SQUIRE SANDERS

PIMA COUNTY, ARIZONA

$50,000,000	$38,375,000
GENERAL OBLIGATION BONDS SERIES 2013A	GENERAL OBLIGATION REFUNDING BONDS SERIES 2013B

Closing: June 5, 2013

PIMA COUNTY, ARIZONA

$50,000,000	**$38,575,000**
GENERAL OBLIGATION BONDS	**GENERAL OBLIGATION REFUNDING BONDS**
SERIES 2013A	**SERIES 2013B**

Closing: June 5, 2013

CLOSING DOCUMENTS

TERMS USED HEREIN

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

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3.	Bond Purchase Agreement, dated May 21, 2013, between the County and the Underwriter.	3
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DISTRIBUTION OF TRANSCRIPTS

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

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

Certificate of Clerk

Board of Supervisors of Pima County, Arizona

State of Arizona
County of Pima ss

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

I further certify that the attached resolution entitled

RESOLUTION NO. 2013 - 31

(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 7th day of May, 2013, at which a quorum was present, and that the original resolution is officially of record in my possession.

In Witness Whereof, I have hereunto set my hand and affixed the seal of the Board of Supervisors of Pima County, Arizona, this 3rd day of June, 2013.

Robin Brigode
Clerk

RESOLUTION NO. 2013-31

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF PIMA COUNTY, ARIZONA, GENERAL OBLIGATION BONDS, SERIES 2013A IN ONE OR MORE SERIES AND THE ISSUANCE AND SALE OF PIMA COUNTY, ARIZONA GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013B IN ONE OR MORE SERIES; PROVIDING FOR THE ANNUAL LEVY OF A TAX FOR THE PAYMENT OF THE BONDS; PROVIDING TERMS, COVENANTS AND CONDITIONS CONCERNING THE BONDS; ACCEPTING A PROPOSAL FOR THE PURCHASE OF THE BONDS; AUTHORIZING AND DIRECTING THE REFUNDING OF CERTAIN OUTSTANDING BONDS; APPOINTING AN INITIAL REGISTRAR AND PAYING AGENT FOR THE BONDS; APPROVING AND RATIFYING ALL ACTIONS TAKEN IN FURTHERANCE OF THIS RESOLUTION.

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

Section 1. Recitals, Findings and Conclusions.

A. New Money Bonds.

(i) Pursuant to Title 35, Chapter 3, Articles 3 and 4, Arizona Revised Statutes (the "Act"), Pima County, Arizona (the "County") is authorized to issue general obligation bonds for authorized purposes after receiving voter approval. A majority of the qualified electors of the County voting at a special bond election held in and for the County on May 20, 1997 (the "1997 Bond Election") authorized the issuance and sale by the County of $256,980,000 aggregate principal amount of bonds for various purposes, of which $248,440,025 in principal amount have been issued, leaving $8,539,975 in principal amount authorized but not yet issued. A majority of the qualified electors of the County voting at a special bond election held in and for the County on May 18, 2004 (the "2004 Bond Election") authorized the issuance and sale by the County of $582,250,000 aggregate principal amount of bonds for various purposes, of which $514,453,839 in principal amount have been issued, leaving $67,796,161 in principal amount authorized but not yet issued. A majority of the qualified electors of the County voting at a special bond election held in and for the County on May 16, 2006 (the "2006 Bond Election" and, together with the 1997 Bond Election and the 2004 Election, the "Bond Elections") authorized the issuance and sale by the County of $54,000,000 aggregate principal amount of bonds for various purposes, of which $51,655,136 in principal amount have been issued, leaving $2,344,864 in principal amount authorized but not yet issued.

(ii) The Board of Supervisors of the County (the "Board of Supervisors") intends to issue bonds in the aggregate principal amount of not to exceed $50,000,000 of Improvement Bonds (as defined below) in one or more series for the purpose of

financing the public improvements in accordance with the authority granted at the Bond Elections and for the purpose of paying a portion of the costs of issuance of the Improvement Bonds.

B. Refunding Bonds.

(i) Pursuant to the Act, the County is authorized to issue general obligation bonds to refund all or any portion of its outstanding general obligation bonds at or prior to maturity. The County has issued and currently has outstanding certain of its General Obligation Bonds, Series 2003, General Obligation Bonds, Series 2004, General Obligation Bonds, Series 2005, General Obligation Bonds, Series 2007, General Obligation Bonds, Series 2008, General Obligation Bonds, Series 2009, General Obligation Bonds, Series 2009A, General Obligation Bonds, Series 2011, General Obligation Bonds, Series 2012A and General Obligation Refunding Bonds, Series 2012B (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 Refunding Bonds (as defined below) and to use the proceeds of those Refunding Bonds to refund the maturities of the Prior Bonds described on Exhibit A 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.

(ii) The Board of Supervisors intends to issue bonds in the aggregate principal amount of not to exceed $40,000,000 (the "Refunding Bonds" and, together with the Improvement Bonds, the "Bonds") in one or more series for the purpose of refunding the Bonds to be Refunded and for the purpose of paying a portion of the costs of issuance of the Refunding Bonds.

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

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

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

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

Section 2. Authorization. The Board of Supervisors hereby authorizes the issuance and sale of Pima County, Arizona, General Obligation Bonds, Series 2013A (the "Improvement

Bonds") to be issued and sold by negotiated sale pursuant to A.R.S. § 35-457(C) in an aggregate principal amount not exceeding $50,000,000, in one or more series for the purpose of (1) providing funds to make certain of the public improvements the bond financing of which was authorized at the Bond Elections and (2) paying the costs of issuance of the Improvement Bonds. The Board of Supervisors hereby authorizes the issuance and sale of Pima County, Arizona General Obligation Refunding Bonds, Series 2013B (the "Refunding Bonds" and, together with the Improvement Bonds, the "Bonds") to be issued and sold by negotiated sale pursuant to A.R.S. § 35-475 in an aggregate principal amount not exceeding $40,000,000, in one or more series for the purpose of (1) refunding the Bonds to be Refunded for which not less than 2.5% aggregate present value debt service savings can be achieved and (2) paying the costs of issuance of the Refunding Bonds. The Bonds shall be issued and sold in accordance with the provisions of this resolution and delivered against payment therefor by the Underwriter.

Section 3. Terms. The Bonds will be dated the date of initial delivery thereof and will bear interest, calculated on the basis of a 360-day year of twelve 30-day months, from such date to the maturity or prior redemption of each of the Bonds at the rates per annum established by the accepted proposal and set forth in the Bond Purchase Agreement as executed and delivered, the first interest payment date to be January 1, 2014, or such other date as is set forth in the Bond Purchase Agreement as executed and delivered, interest to be payable semiannually thereafter on each January 1 and July 1 during the term of the Bonds, the Bonds to be in the denomination of $5,000 each or integral multiples thereof, in fully registered form. The interest rates on the Bonds shall not exceed the maximum rates authorized at the Bond Elections and shall be sold at prices such that the yield on any issue of the Bonds for purposes of the federal income tax law arbitrage rules does not exceed 6.00% per annum. Interest will be paid on each interest payment date by check mailed by the Paying Agent (as hereinafter defined) to each registered owner of the Bonds at the address shown on the registration book of the Registrar (as hereinafter defined) on the Record Date (as described in Section 11 hereof), or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of Bonds. Principal of the Bonds, at maturity or upon redemption prior to maturity, will be payable upon presentation and surrender at the designated office of the Paying Agent. The Bonds will mature (or be subject to mandatory redemption) on July 1 in the years and in the amounts as set forth in the accepted proposal and the Bond Purchase Agreement as executed and delivered and not exceeding the longest period authorized at the Bond Elections. The principal amount of the Improvement Bonds, and, if Refunding Bonds are issued, the principal amount of the Refunding Bonds, the principal amount maturing in each year, the interest rates applicable to each maturity, the optional, mandatory and extraordinary optional redemption, if any, provisions, and any other final terms of the Bonds and of the sale of the Bonds shall be as set forth in the Bond Purchase Agreement as executed and delivered, and such approval shall be evidenced by the execution and delivery of the Bond Purchase Agreement.

Section 4. Prior Redemption.

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

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

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

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

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

Section 5. Use of Improvement Bond Proceeds.

A. Premium received for the Improvement Bonds shall be deposited in the Interest Account in an amount specified by the Director of Finance of the County or his designee as not being used to pay costs associated with the issuance of the Improvement Bonds.

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

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

Section 6. Use of Refunding Bond Proceeds.

A. Premium received for the Refunding Bonds shall be deposited in the Interest Account in an amount specified by the Director of Finance of the County or his designee as not being used to pay costs associated with the issuance of the Refunding Bonds or deposited with the Depository Trustee (as defined herein) as provided in subsection B.

B. If and to the extent that any of the Bonds to be Refunded are to be refunded with proceeds from the sale of the Refunding Bonds, as determined by the Director of Finance of the County, the balance of the proceeds of the Refunding Bonds as shall be required by the Depository Trust Agreement (as defined herein) 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. Pending any disbursement(s), the County Treasurer is directed to invest the proceeds from the sale of the Refunding Bonds in the possession of the County Treasurer 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 7. Form of Bonds.

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

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

Section 8. Book Entry Only System.

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

Bond, in the aggregate principal amount of each maturity, will initially be registered in the name of and held by Cede & Co., as nominee for DTC.

B. So long as the book entry only system is in effect, beneficial ownership interests in the Bonds will be available in book entry form only through direct or indirect participants in DTC, in the principal amount of $5,000 or any integral multiple thereof. Beneficial owners of the Bonds will not receive certificates representing their interests in the Bonds and will not be deemed to be registered owners of the Bonds.

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

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

Section 9. Execution of Bonds.

A. The Improvement 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. The Refunding Bonds shall be executed for and on behalf of the County by the Chairman of the Board of Supervisors, countersigned by the County Treasurer and attested by the Clerk of the Board of Supervisors by their manual or facsimile signatures and a manual or facsimile of the County seal shall be affixed to each bond.

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

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

Section 10. Mutilated, Lost or Destroyed Bonds. In case any Bond becomes mutilated, destroyed or lost, the County shall cause to be executed and delivered a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond destroyed or lost, upon the registered owner's paying the reasonable expenses and charges of the County in connection therewith and, in the case of a Bond destroyed or lost, upon the registered owner filing with the Clerk of the Board of Supervisors and the Registrar evidence satisfactory to the County and the Registrar that

such Bond was destroyed or lost, and furnishing the County with a sufficient indemnity Bond pursuant to Section 47-8405, Arizona Revised Statutes.

Section 11. Acceptance of Offer; Sale of Bonds; Bond Purchase Agreement Approval.

A. The Underwriter proposes to purchase the Bonds pursuant to the Bond Purchase Agreement submitted to and on file with the Clerk of the Board of Supervisors. Such proposal as supplemented by the final terms as contemplated by this resolution is hereby accepted, provided that the Improvement Bonds shall not be sold for less than 99% of the principal amount thereof and the Refunding Bonds shall not be sold for less than 100% of the principal amount thereof. When the final terms of the Bonds are known, the Bond Purchase Agreement shall be finalized. The Chairman of the Board of Supervisors or the Director of Finance of the County are authorized and directed to cause the Bond Purchase Agreement to be completed and executed; provided, however, that the parameters of this resolution shall govern the Bond Purchase Agreement and provided further that no terms or conditions may be inserted in the Bond Purchase Agreement which would be contrary to this resolution. Any other provision of this resolution to the contrary notwithstanding, no premium on the Bonds shall exceed the net premium permitted by A.R.S. § 35-457 or §35-471, as applicable. Upon the completion, execution and delivery of the Bond Purchase Agreement, the Bonds are ordered sold to the Underwriter pursuant to the Bond Purchase Agreement. The execution and delivery of the Bond Purchase Agreement as completed shall be conclusive evidence of such approval of the final terms and provisions.

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

Section 12. Registrar and Paying Agent.

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

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

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

D. The Registrar may appoint an authenticating agent acceptable to the County to authenticate Bonds. An authenticating agent may authenticate Bonds whenever the

Registrar may do so. Each reference in this Resolution to authentication by the Registrar includes authentication by an authenticating agent acting on behalf and in the name of the Registrar and subject to the Registrar's direction.

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

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

Section 13. 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 14. 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 Refunding 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 15. Tax Levy for Payment. For the purpose of providing for the payment of interest on the Bonds herein authorized and to create a redemption fund for the purpose of paying the Bonds at their respective maturity dates, there will be levied on all of the taxable property in the County a continuing, direct, annual, ad valorem tax sufficient to pay the principal of and interest on the Bonds as they become due, without limitation as to rate or amount with respect to the Improvement Bonds, and without limitation as to rate but limited to an amount not greater than the amount of ad valorem taxes that would have been levied to pay the Bonds to be Refunded, which funds are irrevocably pledged for the payment of principal of and interest on the Refunding Bonds when and as the same fall due, subject to the rights of the owners of the

Bonds to be Refunded to payment of the Bonds to be Refunded from the same tax source in the event of a deficiency in the moneys and obligations issued by or guaranteed by the United State of America which will be purchased form the proceeds of the sale of the Refunding Bonds and other moneys available therefor and placed in trust for the purpose of making all payments when due on the Bonds to be Refunded. Upon collection, said taxes will be placed in separate funds to be designated "Interest Fund" and "Redemption Fund" and the taxes therein will be applied solely for the purpose of payment of principal of and interest on the Bonds and for no other purpose whatsoever until all of the Bonds authorized hereunder have been fully paid, satisfied and discharged.

Section 16. Resolution a Contract. This Resolution shall constitute a contract between the County and the registered owners of the Bonds and shall not be repealed or amended in any manner which would impair, impede or lessen the rights of the registered owners of the Bonds then outstanding.

Section 17. Tax Covenants.

A. The County recognizes that the purchasers and owners of the Bonds will have accepted them on and paid a price for them reflecting the understanding that interest thereon is excludable from gross income of the owners thereof for federal income tax purposes under laws in force at the time the Bonds are delivered. In this connection, the County covenants that it will use, and will restrict the use and investment of, the proceeds of the Bonds in such manner and to such extent as may be necessary so that (i) the Bonds will not constitute private activity bonds, arbitrage bonds or hedge bonds under Section 141, 148 or 149 of the Code, or to be treated other than as bonds to which Section 103(a) of the Code applies, and (ii) the interest on the Bonds will not be an item of tax preference under Section 57 of the Code. For purposes of this Section 15, the "Code" means, collectively, the Internal Revenue Code of 1986, as amended, the Treasury Regulations (whether temporary or final) promulgated pursuant thereto, and any amendments or successor provisions thereto, any official rulings, announcements, notices, procedures and judicial determinations regarding any of them.

B. The County further covenants that (i) it will take or cause to be taken such actions that may be required of it for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes; (ii) it will not take or authorize to be taken any actions that would adversely affect that exclusion; (iii) it, or persons acting for it, will, among other acts of compliance, (a) apply the proceeds of the Bonds to the governmental purposes of the borrowing; (b) restrict the yield on investment property acquired with the proceeds; (c) make timely and adequate payments to the federal government as required under the Tax Compliance Certificate of the County (the "Tax Compliance Certificate") relating to the Bonds; (d) maintain books and records and make calculations and reports; and (e) refrain from certain uses of those proceeds, and, as applicable, of property financed with such proceeds all in such manner and to the extent necessary to assure that exclusion of that interest under the Code.

C. The Director of Finance of the County or his designee is authorized to (i) make or effect any election, selection, designation, choice, consent, approval or waiver on behalf of the County with respect to the Bonds as the County is permitted to make or give under the federal income tax laws, including, without limitation, any of the elections provided for in

Section 148(f)(4)(C) of the Code or available under Section 148 of the Code, for the purpose of assuring, enhancing or protecting favorable tax treatment or status of the Bonds or interest thereon or assisting compliance with requirements for that purpose, reducing the burden or expense of such compliance, reducing the rebate amount or payments of penalties, or making payments of special amounts in lieu of making computations to determine, or paying, excess earnings as rebate, or obviating those amounts or payments, as determined by that officer, which actions shall be in writing and signed by that officer; (ii) take any and all other actions, make or obtain calculations, make payments, and make or give reports, covenants and certifications of and on behalf of the County, as may be appropriate to assure the exclusion of interest from gross income and the intended tax status of the Bonds; and (iii) give one or more appropriate certificates, for inclusion in the transcript of proceedings for the Bonds, setting forth the reasonable expectations of the County regarding the amount and use of all the proceeds of the Bonds, the facts, circumstances and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of the interest on and the tax status of the Bonds.

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

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

F. The County further recognizes that Section 149(a) of the Code requires the Bonds to be issued and to remain in fully registered form in order for interest thereon to be excludable from gross income for purpose of federal income taxation under laws in force at the time the Bonds are delivered. In this connection, the County agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form if such action would cause interest on the Bonds to be included in gross income for federal income tax purposes.

Section 18. Continuing Disclosure Undertaking. The County also recognizes that the Underwriter is required to comply with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), in connection with purchasing or selling the Bonds as an underwriter. In order to assist the Underwriter in complying with the Rule, the County will enter into a Continuing Disclosure Undertaking with respect to the Bonds, and a Continuing Disclosure Undertaking in substantially the form on file with the Clerk of the Board of Supervisors is hereby approved. The Director of

Finance of the County or his designee is hereby authorized and directed to execute and deliver the Continuing Disclosure Undertaking and to do all such acts and things necessary to carry out the terms and intent of the Continuing Disclosure Undertaking.

Section 19. Official Statement. The Director of Finance of the County or his designee is hereby authorized and directed to prepare or authorize to be prepared, and to complete a Preliminary Official Statement (the "Preliminary Official Statement") in connection with the original issuance of the Bonds, in substantially the form on file with the Clerk of the Board of Supervisors, and a final Official Statement (the "Official Statement") relating to the original issuance of the Bonds in substantially the form of the Preliminary Official Statement, with such additions, deletions and modifications consistent with this Resolution as shall be approved by the Director of Finance of the County or his designee. If and to the extent applicable, the Director of Finance of the County or his designee shall certify or otherwise represent that the Preliminary Official Statement, in original or revised form, is a "deemed final" official statement (except for permitted omissions) of the County as of a particular date and that a completed version is a "final" official statement for purposes of the Rule. The distribution and use of the Preliminary Official Statement and the final Official Statement by the County and the original purchaser of the Bonds is hereby authorized, ratified, confirmed and approved.

The 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 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 20. Bond Insurance or Other Credit Enhancement. The Director of Finance of the County is authorized to contract for one or more credit enhancements for all or any part of the Bonds, and to pay the costs of them from proceeds of the Bonds or other monies of the County, if he determines that the credit enhancement will result in a savings in financing costs to the County. If he determines that one or more credit enhancements will result in savings in the cost of this financing to the County, the Finance Director of the County is authorized to cause to be completed, signed and delivered, on behalf of the County, appropriate agreements with credit enhancement providers concerning matters customary to be covered by such agreements, including, without limitation, any of the following: (a) the terms of the credit or liquidity support instrument and the amounts to be paid for it, (b) procedures for payments pursuant to the credit or liquidity support instrument and reimbursement of amounts advanced, including subrogation of the provider to the rights of owners of bonds receiving payment from monies furnished by the provider, (c) voting rights, (d) remedies, (e) notices and providing of information, and (f) permitted investments of monies with respect to all or any series of the Bonds. If one or more credit enhancements are obtained with respect to any of the Bonds, the provider of credit enhancement may be deemed to be the owner of the Bonds supported for purposes of demands, requests, consents, waivers or other actions by owners of the Bonds so long as the provider has not failed to comply with its obligations.

Section 21. 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 Refunding 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 22. Severability. If any section, paragraph, subdivision, sentence, clause or phrase of this Resolution is for any reason held to be illegal or unenforceable, such decision will not affect the validity of the remaining portions of this Resolution. The Board of Supervisors hereby declares that the County would have adopted this Resolution and each and every other section, paragraph, subdivision, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Resolution may be held illegal, invalid or unenforceable.

Section 23. Ratification of Actions. All actions of the officers, employees, and agents of the County which conform to the purposes and intent of this Resolution and which further the issuance and sale of the Bonds as contemplated by this Resolution whether heretofore or hereafter taken shall be and are hereby ratified, confirmed and approved. Any change made in the Notice that does not conform to the prior order of this Board of Supervisors is hereby ratified. The proper officers and agents of the County are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the County as may be necessary to carry out the terms and intent of this Resolution.

[Remainder of page left blank intentionally]

PASSED, ADOPTED AND APPROVED by the Board of Supervisors of Pima County, Arizona, on May 7, 2013.

PIMA COUNTY, ARIZONA

By:_____
Chairman, Board of Supervisors MAY 07 2013

ATTEST:

By:_____
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE SANDERS (US) LLP
Bond Counsel

By:_____
Timothy E. Pickrell

646738

EXHIBIT A

RESOLUTION NO. 2013-_____

FORM OF IMPROVEMENT BOND

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

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2013A

Number: _____ Denomination: $_____

Interest Rate	Maturity Date	Original Issue Date	CUSIP
%	July 1, 20___	_____, 2013	721663

Registered Owner: CEDE & CO.

Principal Amount: _____ AND NO/100 DOLLARS

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

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

Interest is payable on January 1 and July 1 of each year, commencing January 1, 2014, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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

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

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

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

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

This bond is issued under the provisions of Title 35, Chapter 3, Article 3 of the Arizona Revised Statutes (the "Act") and a Resolution adopted by the Board of Supervisors of the County on May 7, 2013 (the "Resolution"). Reference is hereby made to the Act and the Resolution referred to above for the provisions thereof, including the provisions with respect to the rights, obligations, duties and immunities of the County and the owners of bonds issued thereunder, to all of which the registered owner of this bond, by acceptance of this bond, assents.

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

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

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

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

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

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

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

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

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

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

PIMA COUNTY, ARIZONA

(facsimile)
Chairman, Board of Supervisors

ATTEST:

(facsimile)
Clerk, Board of Supervisors

AUTHENTICATION CERTIFICATE

This bond is one of the Pima County, Arizona General Obligation Bonds, Series 2013A, described in the 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 B

RESOLUTION NO. 2013-_____

FORM OF REFUNDING BOND

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

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BOND
SERIES 2013B

Number: _____ Denomination: $_____

Interest Rate	Maturity Date	Original Issue Date	CUSIP
%	July 1, 20___	_____, 2013	721663

Registered Owner: CEDE & CO.

Principal Amount: _____ AND NO/100 DOLLARS

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

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

Interest is payable on January 1 and July 1 of each year, commencing January 1, 2014, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed by the Paying Agent

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

This bond is one of an issue of bonds in the total principal amount of $_____ of like tenor except as to maturity date, rate of interest and number, issued by the County to provide funds to refund outstanding general obligations bonds of the County (the "Bonds Being Refunded"), pursuant to a resolution of the Board of Supervisors of the County duly adopted prior to the issuance hereof, and pursuant to the Constitution and laws of the State of Arizona relative to the issuance and sale of such bonds.

For the punctual payment of this bond and the interest hereon and for the levy and collection of ad valorem taxes sufficient for that purpose, the full faith and credit of the County are hereby irrevocably pledged, without limitation as to rate but limited to an amount not greater than the amount of ad valorem taxes that would have been levied to pay the bonds to be refunded by the issue of which this bond is one (the Bonds to be Refunded"), which funds are irrevocably pledged for the payment of principal of and interest on this issue of bonds when and as the same fall due, subject to the rights of the owners of the Bonds to be Refunded to payment of such Bonds to be Refunded from the same tax source in the event of a deficiency in the moneys and obligations issued by or guaranteed by the United States of America which will be purchased form the proceeds of the sale of the issue of which this bond is one and other moneys available therefor and placed in trust for the purpose of making all payments when due on the Bonds to be Refunded. .

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

This bond is issued under the provisions of Title 35, Chapter 3, Article 4 of the Arizona Revised Statutes (the "Act") and a Resolution adopted by the Board of Supervisors of the County on May 7, 2013 (the "Resolution"). Reference is hereby made to the Act and the Resolution referred to above for the provisions thereof, including the provisions with respect to the rights, obligations, duties and immunities of the County and the owners of bonds issued thereunder, to all of which the registered owner of this bond, by acceptance of this bond, assents.

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

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

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

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

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

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

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

It is hereby certified and recited that all conditions, acts and things required by the Constitution and laws of the State of Arizona to exist, to occur and to be performed precedent to and in the issuance of this bond exist, have occurred and have been performed and that the issue of bonds of which this is one, together with all other indebtedness of the County, is within every debt and other limit prescribed by the Constitution and laws of the State of Arizona, and that due provision has been made for the levy and collection of a direct, annual ad valorem tax upon all of the taxable property in the County for the payment of this bond and of the interest hereon as each becomes due, without limitation as to rate but limited to an amount not greater than the amount of ad valorem taxes that would have been levied to pay the Bonds Being Refunded, which funds

are irrevocably pledged for the payment of principal of and interest on the Bonds when and as the same fall due, subject to the rights of the owners of the Bonds Being Refunded to payment of the Bonds Being Refunded from the same tax source in the event of a deficiency in the moneys and obligations issued by or guaranteed by the United State of America which will be purchased form the proceeds of the sale of the Bonds and other moneys available therefor and placed in trust for the purpose of making all payments when due on the Bonds Being Refunded.

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

COUNTERSIGNED:

_____(facsimile)_____
County Treasurer

ATTEST:

_____(facsimile)_____
Clerk, Board of Supervisors

SEAL

AUTHENTICATION CERTIFICATE

This bond is one of the Pima County, Arizona General Obligation Refunding Bonds, Series 2013B, described in the Resolution mentioned herein.

Date of Authentication: _____

U.S. BANK NATIONAL ASSOCIATION,
as Registrar

By: _____
Authorized Representative

ASSIGNMENT

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

_____
(Name and Address of Transferee)

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

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

Dated: _____

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

Signature Guaranteed:

_____

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

ABBREVIATIONS

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

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

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

EXHIBIT C

RESOLUTION NO. 2013-_____

DEPOSITORY TRUST AGREEMENT

THIS DEPOSITORY TRUST AGREEMENT, dated as of _____, 2013 (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 May 7, 2013 (the "Bond Resolution"), has authorized the issuance and sale of the County's General Obligation Refunding Bonds, Series 2013B (the "2013B Bonds"), and the application 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 2013B Bonds (the "Bond Proceeds"); and

WHEREAS, pursuant to the Bond Resolution, the County has sold and delivered the 2013B Bonds to the purchaser thereof against payment therefor and the Bond Proceeds shall be applied to pay the issuance costs of the 2013B 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 General Obligation 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 _____, 2013, 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 _____, 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 [_____], 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 _____ 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

General Obligation 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

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
GENERAL OBLIGATION 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: _____, 2013.

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

PRELIMINARY OFFICIAL STATEMENT DATED MAY 8, 2013

NEW ISSUES – 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.

PIMA COUNTY, ARIZONA

$50,000,000 GENERAL OBLIGATION BONDS SERIES 2013A

$39,675,000* GENERAL OBLIGATION REFUNDING BONDS SERIES 2013B

Dated: Date of Initial Delivery **Due: July 1, as shown on inside cover**

The $50,000,000 principal amount of General Obligation Bonds, Series 2013A (the "Improvement Bonds") and $39,675,000* principal amount of General Obligation Refunding Bonds, Series 2013B (the "Refunding Bonds" and, together with the Improvement Bonds, the "Bonds") being issued by Pima County, Arizona (the "County") will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds for purposes of the book-entry-only system maintained thereby. Purchases of beneficial interests in the Bonds will be made in book-entry-only form in amounts of $5,000 of principal due on a maturity date or any integral multiple thereof.

Interest on the Bonds will accrue from the dated date and will be payable until maturity or prior redemption semiannually on January 1 and July 1 (each an "Interest Payment Date"), commencing January 1, 2014 and principal of the Bonds will be payable annually in accordance with the schedules set forth on the inside cover page hereof. So long as the Bonds are registered in the name of DTC, or its nominee, payments of the principal of and interest on the Bonds will be made directly by the paying agent, initially U.S. Bank National Association, to DTC which, in turn, is obligated to remit such payments to its participants for subsequent distribution to beneficial owners of the Bonds. See Appendix F – "Book-Entry-Only System."

The Improvement Bonds will be subject to redemption prior to their stated maturities on or after July 1, 2023* as provided under "THE BONDS – Redemption Provisions" herein. The Refunding Bonds will not be subject to redemption prior to their stated maturities.

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

Upon their issuance, the Bonds will be direct and general obligations of the County, payable as to principal and interest, from ad valorem taxes to be levied against all taxable property within the County without limitation as to rate or amount to pay the principal of and interest on the Improvement Bonds, and without limitation as to rate but limited to an amount to pay the principal of and interest on the Refunding Bonds of not greater than the amount of ad valorem taxes that would have been levied to pay the Bonds Being Refunded, which funds are irrevocably pledged for the payment of principal of and interest on the Refunding Bonds when and as the same fall due, subject to the rights of the owners of the Bonds Being Refunded to payment of the Bonds Being Refunded from the same tax source in the event of a deficiency in the moneys and obligations issued by or guaranteed by the United State of America which will be purchased from the proceeds of the sale of the Refunding Bonds and other moneys available therefor and placed in trust for the purpose of making all payments when due on the Bonds Being Refunded .

MATURITY SCHEDULES AND ADDITIONAL INFORMATION ON INSIDE FRONT COVER PAGE

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

The Bonds are offered when, as and if issued by the County and received by the underwriter identified below (the "Underwriter") subject to the approving opinion of Squire Sanders (US) LLP, Bond Counsel, as to validity and tax exemption. Certain legal matters will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about June 5, 2013*.

RBC CAPITAL MARKETS

May __, 2013

* Preliminary, subject to change.

MATURITY SCHEDULES*

$50,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2013A

Due July 1	Principal Amount*	Interest Rate	Yield	CUSIP (a)	Due July 1	Principal Amount*	Interest Rate	Yield	CUSIP (a)
2014	$2,250,000				2022	$3,415,000			
2015	2,855,000				2023	3,515,000			
2016	2,915,000				2024	3,620,000			
2017	2,975,000				2025	3,740,000			
2018	3,030,000				2026	3,870,000			
2019	3,125,000				2027	4,005,000			
2020	3,215,000				2028	4,155,000			
2021	3,315,000								

$39,675,000*
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2013B

Due July 1	Principal Amount*	Interest Rate	Yield	CUSIP (a)
2014	$260,000			
2015	4,755,000			
2016	4,890,000			
2017	9,545,000			
2018	9,785,000			
2019	5,275,000			
2020	5,165,000			

(a) Copyright 2013, American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. CUSIP numbers are provided for information only. None of the County, the Underwriter or their counsel take responsibility for the accuracy of such numbers.

* Preliminary, subject to change.

PIMA COUNTY, ARIZONA
BOARD OF SUPERVISORS

Ramón Valadez, *Chairman*

Sharon Bronson

Ray Carroll

Ally Miller

Richard Elías

COUNTY ADMINISTRATIVE OFFICIALS

ELECTED OFFICIALS

Bill Staples
County Assessor

Beth Ford
County Treasurer

Barbara La Wall
County Attorney

APPOINTED OFFICIALS

C. H. Huckelberry
County Administrator

Thomas Burke
Finance and Risk Management Director

BOND COUNSEL

Squire Sanders (US) LLP
Phoenix, Arizona

BOND REGISTRAR AND PAYING AGENT

U.S. Bank National Association
Phoenix, Arizona

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

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

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

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

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

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

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

The County has undertaken to provide continuing disclosure with respect to the Bonds as required by Rule 15c2-12 of the Securities and Exchange Commission. See "Continuing Secondary Market Disclosure" and Appendix D – "Form of Continuing Disclosure Undertaking" herein.

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PIMA COUNTY, ARIZONA

$50,000,000 GENERAL OBLIGATION BONDS SERIES 2013A	$39,675,000* GENERAL OBLIGATION REFUNDING BONDS SERIES 2013B

INTRODUCTORY STATEMENT

The purpose of this Official Statement, which includes the cover page, the inside cover page and the appendices hereto, is to provide information in connection with the sale and issuance of the $50,000,000 principal amount of General Obligation Bonds, Series 2013A (the "Improvement Bonds") and $39,675,000* principal amount of General Obligation Refunding Bonds, Series 2013B (the "Refunding Bonds" and, together with the Improvement Bonds, the "Bonds") by Pima County, Arizona (the "County").

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

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

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

THE BONDS

Authorization and Use of Funds

The Bonds are being issued pursuant to the authority contained in Title 35, Chapter 3, Articles 3 and 4, Arizona Revised Statutes, and under the provisions of an authorizing resolution (the "Bond Resolution") adopted by the Board of Supervisors of Pima County, Arizona (the "Board") on May 7, 2013. The Improvement Bonds are being issued for the purpose of (i) funding various capital projects in the County and (ii) paying costs related to the issuance of the Improvement Bonds. The Refunding Bonds are being issued for the purpose of (i) refunding the Bonds Being Refunded (as defined herein) and (ii) paying costs related to the issuance of the Refunding Bonds. See "SOURCES AND USES OF FUNDS" herein.

The Improvement Bonds offered herein represent a portion of the aggregate principal amount authorized to be issued by the voters of the County at elections held on May 20, 1997, May 18, 2004 and May 16, 2006. After the

* Preliminary, subject to change.

issuance of the Improvement Bonds, the County will have $28,681,000 principal amount of authorized but unissued general obligation bonds. General obligation bonds of the County are outstanding currently, and additional general obligation bonds may be authorized at future elections.

General Description

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

The Bonds will be dated the date of initial delivery thereof and will be available in amounts of $5,000 of principal due on a maturity date or any integral multiple thereof. The Bonds will bear interest from their dated date, payable semiannually on January 1 and July 1 (each an "Interest Payment Date"), commencing January 1, 2014. Interest on the Bonds will be paid by the bond registrar and paying agent, initially U.S. Bank National Association, or its successors (the "Bond Registrar and Paying Agent"), to the owners thereof (initially Cede & Co., as nominee for DTC) as shown on the registration books maintained by the Bond Registrar and Paying Agent, at the close of business on the fifteenth day of the month preceding each Interest Payment Date or if such day is a Saturday, Sunday or holiday on the next preceding business day (the "Record Date"). So long as the Bonds are in DTC's book-entry-only system, and thereafter at the written request and expense of the owners of $1,000,000 or more in aggregate principal amount of Bonds delivered to the Bond Registrar and Paying Agent prior to a Record Date, interest and principal will be paid by wire transfer to a bank account in the continental United States.

Security and Source of Payment

The Bonds will be direct and general obligations of the County and will be payable as to both principal and interest from ad valorem taxes to be levied against all taxable property within the County, without limitation as to rate or amount to pay the principal of and interest on the Improvement Bonds, and without limitation as to rate but limited to an amount to pay the principal of and interest on the Refunding Bonds of not greater than the amount of ad valorem taxes that would have been levied to pay the Bonds Being Refunded, which funds are irrevocably pledged for the payment of principal of and interest on the Refunding Bonds when and as the same fall due, subject to the rights of the owners of the Bonds Being Refunded to payment of the Bonds Being Refunded from the same tax source in the event of a deficiency in the moneys and obligations issued by or guaranteed by the United States of America ("U.S. Government Obligations") which will be purchased from the proceeds of the sale of the Refunding Bonds and other moneys available therefor and placed in trust for the purpose of making all payments when due on the Bonds Being Refunded. See "PLAN OF FINANCE" herein. General obligation and general obligation refunding bonds heretofore and hereafter issued by the County have and will have an equal claim with the Bonds upon the proceeds of taxes levied for debt service by the County with the same limitations described above.

Redemption Provisions*

Improvement Bonds. The Improvement Bonds maturing on or before July 1, 2023 will not be subject to call for redemption prior to their respective maturity dates. The Improvement Bonds maturing on or after July 1, 2024 will be subject to call for redemption on any date on or after July 1, 2023 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 Improvement Bond called for redemption plus accrued interest to the date fixed for redemption, without premium.

No Prior Redemption of Refunding Bonds. The Refunding Bonds will not be subject to redemption prior to their respective maturity dates.

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* Preliminary, subject to change.

Notice of Redemption

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

PLAN OF FINANCE*

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

Issue (Dated Date)	General Obligation Bonds	Original Principal Amount	Maturity Dates to be Refunded* (July 1)	Principal Amount Being Refunded*	Redemption Date	Redemption Premium on Bonds Being Refunded
6-1-2004	Series 2004	$65,000,000	2015 through 2019	$24,420,000	7-1-2014	0%
5-1-2005	Series 2005	65,000,000	2017 through 2018 and 2020	14,435,000	7-1-2015	0%

To the extent that the monies and the U.S. Government Obligations held in the Depository Trust are not sufficient to pay, when due, the principal of, interest and premium due on the Bonds Being Refunded, as they are redeemed as stated above, the ad valorem taxes levied to pay the Refunding Bonds will be subject to the prior right of the owners of the Bonds Being Refunded to payment from the same tax levy. See "THE BONDS – Security and Source of Payment" and "MATHEMATICAL VERIFICATION."

Improvement Bonds. The net proceeds received from the sale of the Improvement Bonds will be used to fund various capital projects within the County and to pay costs related to the issuance of the Improvement 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 verified, in accordance with standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of computations prepared by RBC Capital Markets, LLC, (the "Underwriter"), 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.

* Preliminary, subject to change.

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 Underwriter 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.

SOURCES AND USES OF FUNDS

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

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

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

LEGAL MATTERS

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

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

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

TAX MATTERS

General

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

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

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

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

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

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

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

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

Risk of Future Legislative Changes and/or Court Decisions

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

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

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

Original Issue Discount and Original Issue Premium

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

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

holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount 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 of taxes to pay the principal of and interest on, the Bonds; contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed or delivered; or the validity of the Bonds. Appropriate representatives of the County will deliver a certificate to that effect at the time of the original delivery of the Bonds.

The County has been cooperating fully with the U.S. Office of the Inspector General ("OIG") and the Inspector General of the Arizona Health Care Cost Containment System ("AHCCCS"), Arizona's Medicaid agency, since discovering that the County improperly billed AHCCCS for administration fees on vaccinations for a period of time beginning in 2005. The improper billing, which was inadvertent, ceased as soon as it was discovered, and the County has been accepted into OIG's Self-Disclosure Protocol program (SDP). Nevertheless, it is anticipated that the County will be required to pay some amount of civil penalties and damages under the state and federal false claims acts (31 U.S.C §§ 3729-3733 and A.R.S. § 36-2918). Federal and state authorities have not yet determined the amount of the penalty. It is anticipated that successful completion under the SDP will significantly mitigate the amount of penalties assessed against the County and, in the opinion of County management, that such penalties will not be material to the County.

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

UNDERWRITING

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

The Underwriter may also receive a fee for conducting a competitive bidding process regarding the investment of certain proceeds of the Refunding Bonds.

RATINGS

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

Generally, rating agencies base their ratings on such information and materials and on their own investigations, studies and assumptions. There can be no assurance that a rating when assigned will continue for any

given period of time or that it will not be lowered or withdrawn entirely by a rating agency if in its judgment circumstances so warrant. Any lowering or withdrawal of a rating may have an adverse effect on the marketability or market price of the Bonds.

CONTINUING SECONDARY MARKET DISCLOSURE

The County has covenanted for the benefit of certain holders of the Bonds to provide certain financial information and operating data relating to the County by no later than February 1 in each year commencing February 1, 2014 (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 D – "Form of Continuing Disclosure Undertaking" will be filed by the County with the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's Electronic Municipal Market Access system as described in such Form. The specific nature of the information to be contained in the Annual Reports and the Notices of Listed Events is set forth in such Form.

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

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

FINANCIAL STATEMENTS

Included as Appendix E of this Official Statement are excerpts of the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. 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.

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 2012 population of 990,380. 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
2012 Estimate (a)	990,380	523,471	6,498,569
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, 2012 (released December 2012) 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 360,900 persons were employed, on average (not including the agricultural industry), in the County in 2012. 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 and growth in 2011 and 2012, as reflected in the information shown below.

TABLE 2
Pima County
Average Annual Employment
Number of Persons Employed 2008-2012

Industry	2008	2009	2010	2011	2012
Goods Producing					
Construction	24,700	18,300	16,800	16,400	16,400
Manufacturing	27,200	25,100	24,000	23,400	23,300
Service Providing					
Trade, Transportation and Utilities	62,700	58,200	56,600	57,700	57,700
Information	5,300	4,700	4,300	4,200	4,300
Financial Activities	17,200	17,500	17,600	18,800	18,900
Professional and Business Services	51,400	47,100	45,700	46,700	48,200
Education and Health Services	57,100	58,500	58,300	59,800	61,000
Leisure and Hospitality	40,400	38,700	38,100	39,100	40,400
Other Services	15,700	14,700	14,300	12,500	12,700
Government	79,800	79,100	78,200	76,800	78,000
Total Wage & Salary Employment	381,500	361,900	353,900	355,400	360,900

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 2012 was 7.3%. The average annual unemployment rates for 2011 and 2010 were 8.4% and 9.4%, respectively. The table below shows comparative unemployment rates for the County, the State and the United States for the periods indicated. As reflected for the United States as a whole, the unemployment rate for Arizona and for the County saw significant increases in 2009 and 2010 but decreased in 2011 and 2012.

TABLE 3
Pima County
Comparative Employment Statistics (a)

	Pima County		Unemployment Rate		
Calendar Year	Average Employment	Average Unemployment	Pima County	Arizona	U.S.
2012	429,167	33,581	7.3%	8.3%	8.1%
2011	426,406	39,207	8.4%	9.4%	8.9%
2010	433,795	45,259	9.4%	10.4%	9.6%
2009	441,966	43,817	9.0%	9.8%	9.3%
2008	446,651	26,725	5.6%	6.0%	5.8%

(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 the County, as reported in April 2012.

TABLE 4
Southern Arizona
Major Employers

Company	Type of Business	Approximate Number of Full-Time Equivalents
University of Arizona	Higher Education	10,681
Raytheon Missile Systems	Military & Defense	10,500
State of Arizona	Government	9,061
Davis-Monthan Air Force Base	Military & Defense	8,566
Wal-Mart Stores Inc.	Retailers	7,300
Tucson Unified School District	Education	6,674
U.S. Army Intelligence Center and Fort Huachuca	Military & Defense	6,198
Pima County	Government	6,170
U.S. Customs & Border Protection/ U.S. Border Patrol	Government	6,000
The University of Arizona Health Network	Health Care	5,594
Freeport-McMoRan Copper & Gold Inc.	Mining & Agriculture	5,068
Carondelet Health Network	Health Care	4,635
City of Tucson	Government	4,541
Tohono O'odham Nation	Government	4,350
Fry's Food Stores	Restaurants & Food Distribution	3,100
TMC HealthCare	Health Care	2,904
Corrections Corp. of America (CCA)	Other	2,482
Pima Community College	Higher Education	2,386
Asarco LLC	Mining and Agriculture	2,348
Afni Inc.	Call Centers, Business Services & Staffing	2,198

Source: *The Star 200*, The Arizona Daily Star (April 2012).

Non-Governmental Employment

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%. In 2011 and 2012, employment figures for all categories showed signs of either growth or stabilization, with overall employment up 1.9%, in comparison to the 2010 figures.

The average annual employment in service-providing categories in 2012 was 243,200. 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

Government employment plays an important role in the County with Federal, State and local government employees averaging approximately 78,000 in 2012. 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 2012 was 23,300, representing 6.5% of the County's total wage and salary employment base. Manufacturing employment in the County has decreased each year since 2008, but has shown signs of stabilization in 2012. Since 2008, average manufacturing employment fell by approximately 3,900 jobs, or approximately 14.3%.

The following table presents the major manufacturers in the County and Tucson metropolitan area as of April 2012:

TABLE 5
Southern Arizona
Major Manufacturers

Company	Type of Business	Approximate 2012 Employment
IBM Corp.*	Manufacturing & Research	1,350
Ventana Medical Systems Inc.	Manufacturing & Research	1,070
Bombardier Aerospace	Aerospace & Aircraft	709
Honeywell Aerospace*	Aerospace & Aircraft	650
B/E Aerospace Inc.	Aerospace & Aircraft	500
Texas Instruments Inc.	Manufacturing & Research	370
Marana Aerospace Solutions, Inc.	Aerospace & Aircraft	336
Sargent Aerospace & Defense	Aerospace & Aircraft	275
FLSmidth Krebs	Manufacturing & Research	267
Universal Avionics Systems Corp.	Aerospace & Aircraft	242

* Estimated

Source: *The Star 200*, The Arizona Daily Star (April 2012).

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 688 convention bookings with 222,102 convention delegates visited the Tucson area in fiscal year 2011-12, the most recent data available. In the Tucson area, the Bureau estimated that there were approximately 197 hotels and resorts with 16,727 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 $1.37 billion in calendar year 2011, a slight increase from tourism-related expenditures in calendar year 2010. In calendar year 2012, tourists in the County spent approximately $1.44 billion, an increase of 5.33% 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 2008 through 2012.

TABLE 6
Total Tourist Expenditures
($ in millions)

Year	Pima County	State of Arizona
2012	$1,443	$10,017
2011	1,370	9,549
2010	1,296	8,844
2009	1,304	8,795
2008	1,414	9,871

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 10,681 jobs to the area and is an important link to the economic growth of the County. Its presence as a research university has assisted in attracting new business enterprises over the years. The academic organization of the University is comprised of twelve undergraduate colleges, four graduate and professional colleges and a number of interdisciplinary programs. Enrollment figures for the fall semester of 2012 were estimated at 40,223 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 2011-12 was 59,303 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. As indicated by the following table, retail sales increased by 5.6% in 2012.

TABLE 7
Pima County Retail Sales (a)

Year	Amount	% Change
2012	$7,290,710,677	5.60%
2011	6,904,863,298	7.80%
2010	6,402,891,553	(2.20%)
2009	6,547,084,057	(9.86%)
2008	7,263,583,414	(7.14%)

(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, 2012, there were 18 institutions with 193 offices in the County, with a deposit balance of approximately $12.152 billion.

TABLE 8
Pima County
Bank Deposits

June 30	Amount
2012	$12,152,000,000
2011	11,973,000,000
2010	11,892,000,000
2009	11,502,000,000
2008	11,215,000,000

Source: Federal Deposit Insurance Corporation.

Mining

According to the Arizona Mining Association, Arizona leads the nation in copper production, accounting for approximately 63% of the total U.S. mine production. However, the cyclical nature of this industry has caused consolidation of its resources to improve production. In the early 1980's, the Arizona copper industry's direct economic impact on the Arizona economy regularly exceeded $1.0 billion, peaking in 1981 at approximately $1.612 billion when the industry employed roughly 25,000 persons. Since that time, employment in this sector has significantly decreased, with employment in the mining industry within the County being approximately 2,100 in 2012.

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
2011	$89,334,000
2010	71,595,000
2009	62,422,000
2008	71,663,000
2007	73,400,000

Source: *Arizona Agricultural Statistics,* September 2012.

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 2012-13 fiscal year is $516,422,727. The County's expenditures for the 2012-13 fiscal year are anticipated to be under the limit. The County's 2013-14 fiscal year expenditure limitation is $527,442,812, and the County anticipates that its expenditures for such year will be under the limit.

Ad Valorem Taxes

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

The information which follows under the heading "Ad Valorem Taxes" summarizes the assessment, levy and collection process as it currently exists. It is expected that numerous statutory changes will be required in order to implement this voter-approved constitutional amendment. It is uncertain when or if such additional changes will be made and what form such changes will take if enacted.

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 2009 through 2013 for each class of property are set forth below.

Property Tax Assessment Ratios
2009 through 2013

Property Classification (a)	2009	2010	2011	2012	2013
Mining, Utility, Commercial and Industrial (b)	22.0%	21.0%	20.0%	20.0%	19.5%
Agriculture and Vacant Land (b)	16.0%	16.0%	16.0%	16.0%	16.0%
Owner Occupied Residential	10.0%	10.0%	10.0%	10.0%	10.0%
Leased or Rented Residential	10.0%	10.0%	10.0%	10.0%	10.0%
Railroad, Private Car Company and Airline Flight Property (c)	18.0%	17.0%	17.0%	15.0%	15.0%

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

(b) For each of the tax years 2011, 2012 and 2013, full cash values up to $67,268, $68,079 and $133,868, respectively, 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 20.0% 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 18.0% for 2016 and thereafter. The assessment ratio for agricultural and vacant property will be reduced to 15.0% for tax year 2016 and thereafter.

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

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 various classes of 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 and preliminary valuations for fiscal year 2013-14, which reflect a decline in valuation as shown.

Valuations for 2012-13 Fiscal Year

Estimated Actual Valuation (a)	$67,389,331,666
Net Secondary Assessed Valuation	8,171,211,922
Net Primary Assessed Valuation	8,073,937,734

Estimated Valuations for 2013-14 Fiscal Year (b)

Net Secondary Assessed Valuation	$7,623,691,280
Net Primary Assessed Valuation	7,559,235,262

(a) Actual full cash value net of estimated value of property exempt from taxation.
(b) Estimated valuations for the 2013-14 fiscal year provided by the Pima County Assessor. Valuations for the 2013-14 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: *2012 Property Tax Rates and Assessed Values*, Arizona Tax Research Association; *2012 Abstract of the Assessment Roll*, Arizona Department of Revenue; and *2013 Planning Abstract of Values*, 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
2012-13	$8,171,211,922	$67,389,331,666	12.13%
2011-12	8,448,281,586	70,163,492,245	12.04%
2010-11	9,342,561,193	77,358,317,302	12.08%
2009-10	9,860,980,900	80,653,625,457	12.23%
2008-09	9,594,861,519	79,245,821,370	12.11%

(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 Tax 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
2012-13	$3,377,401,416	(3.17%)	$8,171,211,922	(3.28%)	$56,271,814,583	(8.80%)
2011-12	3,487,959,628	(10.89%)	8,448,281,586	(9.57%)	61,700,292,915	(18.43%)
2010-11	3,914,105,239	(2.88%)	9,342,561,193	(5.26%)	75,643,290,656	(12.56%)
2009-10	4,030,242,132	3.46%	9,860,980,900	2.77%	86,504,734,898	0.48%
2008-09	3,895,581,900	11.80%	9,594,861,519	16.72%	86,090,579,647	19.84%

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

Net Secondary Assessed Valuations of Major Taxpayers

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

Taxpayer (a)	Use of Property	2012-13 Net Secondary Assessed Valuation	As Percent of County's 2012-13 Net Secondary Assessed Valuation
Unisource Energy Corporation	Utility	$179,262,189	2.19%
Phelps Dodge Corporation	Mining	142,418,548	1.74%
Asarco Incorporated	Mining	83,778,094	1.03%
Southwest Gas Corporation	Utility	61,718,147	0.76%
Qwest Corporation	Telecommunications	53,224,503	0.65%
Trico Electric Co-Op Incorporated	Utility	22,132,791	0.27%
DND Neffson Company	Shopping Mall	17,998,093	0.22%
Northwest Hospital LLC	Healthcare	17,723,236	0.22%
Wal-Mart Stores Incorporated	Retail	15,580,807	0.19%
Verizon Wireless	Telecommunications	14,290,781	0.17%
		$608,127,189	7.44%

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

Source: Pima County Assessor.

Record of Real and Secured Personal Property Taxes Levied and Collected

Property taxes are levied and collected on all taxable property within the County and are certified to by the County Treasurer. The following table sets forth the County's real and secured personal property tax collected year-to-date for the current fiscal year and the past 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
2012-13	$324,785,757	(c)	(c)	$182,384,915	56.16%
2011-12	335,466,625	$323,013,333	96.29%	334,920,700	99.84
2010-11	352,275,617	335,747,500	95.31	346,920,223	98.48
2009-10	353,593,620	338,592,132	95.76	351,788,227	99.44
2008-09	322,901,974	309,375,563	95.81	321,859,597	99.66
2007-08	305,699,225	294,220,625	96.25	304,703,860	99.67

(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 March 31, 2013 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
2012-13	$3.4178	$1.4342	$4.8520
2011-12	3.4178	1.4313	4.8491
2010-11	3.3133	1.3665	4.6798
2009-10	3.3133	1.2784	4.5917
2008-09	3.3913	1.2789	4.6702
2007-08	3.6020	1.4654	5.0674

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

Debt Limitation

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

Net Secondary Assessed Valuation (FY 2012-13)	**$8,171,211,922**
15% Constitutional Limitation	1,225,681,788
Net Direct General Obligation Bonds Outstanding (a)	417,290,000*
Plus: The Bonds	89,675,000*
Unused 15% Limitation	$718,716,788*

(a) Net of Bonds Being Refunded.

General Obligation Bonded Debt Outstanding

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

Date of Issue	Original Amount	Original Purpose	Maturity Dates	Average Int. Rates	Remaining Balance Outstanding
01-15-03	$50,000,000	Various Improvements	7-1-03/13	3.900%	$ 3,750,000
06-01-04	65,000,000	Various Improvements	7-1-05/19	4.207%	32,660,000
05-01-05	65,000,000	Various Improvements	7-1-06/20	4.016%	35,635,000
01-01-07	95,000,000	Various Improvements	7-1-07/21	4.028%	62,295,000
02-15-08	100,000,000	Various Improvements	7-1-08/22	3.934%	71,250,000
04-22-09	75,000,000	Various Improvements	7-1-09/23	3.913%	38,000,000
12-02-09	113,535,000	Various Improvements/ Refunding	7-1-10/24	3.579%	84,255,000
05-25-11	75,000,000	Various Improvements	7-1-12/26	4.371%	52,075,000
06-13-12	76,225,000	Various Improvements / Refunding	7-1-13/27	3.311%	76,225,000
Subtotal					$456,145,000
Less: The Bonds Being Refunded					(38,855,000)*
Plus: The Bonds					89,675,000*
Total General Obligation Bonded Debt to be Outstanding					$506,965,000*

* Preliminary, subject to change.

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

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

Fiscal Year Ending (June 30)	Existing General Obligation Bonded Debt Outstanding(a)*		The Bonds		Total Debt Service Requirement (c)*
	Principal	Interest	Principal*	Interest (b)*	
2013	$49,175,000	$16,238,869			$65,413,869
2014	41,775,000	13,890,356	$2,510,000	$2,640,816	60,816,172
2015	32,600,000	12,415,556	7,610,000	2,412,738	55,038,294
2016	33,410,000	11,271,807	7,805,000	2,260,538	54,747,344
2017	30,310,000	10,121,381	12,520,000	2,104,438	55,055,819
2018	27,560,000	9,049,256	12,815,000	1,854,038	51,278,294
2019	35,360,000	7,987,731	8,400,000	1,469,588	53,217,319
2020	33,770,000	6,674,394	8,380,000	1,217,588	50,041,982
2021	35,275,000	5,439,619	3,315,000	966,188	44,995,807
2022	36,735,000	4,097,519	3,415,000	866,738	45,114,257
2023	24,525,000	2,607,019	3,515,000	764,288	31,411,307
2024	15,480,000	1,573,613	3,620,000	658,838	21,332,451
2025	8,355,000	912,063	3,740,000	541,188	13,548,251
2026	8,735,000	533,413	3,870,000	410,288	13,548,701
2027	4,225,000	137,313	4,005,000	274,838	8,642,151
2028			4,155,000	124,650	4,279,650

(a) Net of the Bonds Being Refunded.
(b) The first interest payment date on the Bonds is January 1, 2014. Interest is estimated.
(c) Amounts may not add due to rounding.

Net Direct and Overlapping General Obligation Bonded Debt

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

Jurisdiction	2012-13 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(f)(g)	Portion Applicable to the County		Combined Tax Rate Per $100 Assessed Valuation (e)
			Percent	Net Debt Amount	
State of Arizona	$56,271,814,583	None	100%	None	$0.0000
Pima County	**8,171,211,922**	**$506,965,000***	**100%**	**$506,965,000***	**5.1602 (b)**
Pima County Flood Control District (c)	7,244,629,122	None	100%	None	0.2635
Elementary School Districts	366,458,665	16,000,000	100%	16,000,000	2.0607 (d)
Unified School Districts	7,785,454,018	601,650,000	100%	601,650,000	6.2713 (d)
Cities and Towns	4,629,486,505	209,071,010	100%	209,071,010	0.9362 (d)
Pima County Community College District	8,171,211,922	3,280,000	100%	3,280,000	1.1741
Total				$1,336,966,010*	

* Preliminary, subject to change.

Jurisdiction	2012-13 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(f)(g)	Combined Tax Rate Per $100 Assessed Valuation (e)
State of Arizona	$56,271,814,583	None	None
Pima County	8,171,211,922	$506,965,000*	$5.1602 (b)
Pima County Flood Control District (c)	7,244,629,122	None	0.2635
Pima County Community College District	8,171,211,922	3,280,000	1.1741
Elementary School Districts:			
San Fernando ESD #35	1,521,446	None	4.0331
Empire ESD #37	8,049,979	None	1.2484
Continental ESD #39	320,207,916	16,000,000	1.5729
Redington ESD #44	1,398,244	None	5.9198
Altar Valley ESD #51	35,281,080	None	6.4355
Unified School Districts:			
Tucson USD #1	3,264,316,779	270,675,000	7.3187
Marana USD #6	766,417,621	46,245,000	5.5863
Flowing Wells USD #8	208,197,581	22,370,000	5.9778
Amphitheater USD #10	1,482,678,329	83,035,000	5.5539
Sunnyside USD #12	447,030,726	42,840,000	6.3154
Tanque Verde USD #13	184,878,059	13,370,000	4.1538
Ajo USD #15	20,065,919	None	3.5338
Catalina Foothills USD #16	585,344,020	30,345,000	4.7472
Vail USD #20	452,490,744	47,605,000	5.9120
Sahuarita USD #30	372,866,553	45,165,000	5.5183
Indian Oasis Baboquivari USD #40	1,167,687	None	0.0000
Cities and Towns:			
City of Tucson	3,377,401,416	209,071,010	1.2639
City of South Tucson	23,716,054	None	2.7640
Town of Marana	435,484,019	None	0.0000
Town of Oro Valley	592,761,968	None	0.0000
Town of Sahuarita	200,123,048	None	0.0000

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

Also does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States of America, Department of the Interior, for repayment of certain capital costs for construction of the Central Arizona Project ("CAP"), a major reclamation project that has been substantially completed by the Department of the Interior. The obligation is evidenced by a master contract between CAWCD and the Department of the Interior. In April 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

* Preliminary, subject to change.

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. CAWCD is a multi-county water conservation district having boundaries coterminous with the exterior boundaries of Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. At the date of this Official Statement, the tax levy is limited to fourteen cents per $100 of secondary assessed valuation, of which twelve cents is being currently levied. (See Arizona Revised Statutes, Sections 48-3715 and 48-3715.02.) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

(b) The County's total tax rate shown includes the County's primary and secondary debt service tax rates, the State equalization tax rate of $0.4717, the $0.3460 tax rate of the Free Library District, the $0.1000 tax rate of the Central Arizona Project and the $0.0447 tax rate of the Fire District Assistance Tax.

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

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

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

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

Jurisdiction	Authorized But Unissued General Obligation Bonds
Pima County	$28,681,000
Amphitheater Unified School District No. 10	81,000,000
Catalina Foothills Unified School District No. 16	6,075,000
Marana Unified School District No. 6	16,825000
Sahuarita Unified School District No. 30	1,650,000
Sunnyside Unified School District No. 12	52,650,000

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

Net Direct and Overlapping General Obligation Bonded Debt Ratios

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

		As Percent of County's 2012-13	
	Per Capita Net Debt (Pop. @ 990,380)(a)	**Secondary Assessed Valuation ($8,171,211,922)**	**Est. Actual Valuation ($67,389,331,666)**
Net Direct General Obligation Bonded Debt ($506,965,000*)	$511.89	6.20%	0.75%
Net Direct and Overlapping General Obligation Bonded Debt ($1,336,966,010*)	$1,349.95	16.36%	1.98%

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

Street and Highway Revenue Bonded Debt Outstanding

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

Date of Issue	Original Amount	Purpose	Maturity Dates	Remaining Balance Outstanding
1-15-03	35,000,000	Street & Highway Improvements	7-1-04/13	$2,670,000
5-01-05	51,200,000	Street & Highway Improvements	7-1-09/20	36,865,000
1-01-07	21,000,000	Street & Highway Improvements	7-1-09/22	17,770,000
2-15-08	25,000,000	Street & Highway Improvements	7-1-09/22	24,400,000
12-02-09	23,420,000	Street & Highway Improvements/ Refunding	7-1-13/24	23,420,000
05-30-12	32,945,000	Street & Highway Improvements/ Refunding	7-1-13/27	32,945,000
Total Street and Highway Revenue Bonds Outstanding				$138,070,000

Sewer Revenue Debt Outstanding

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

Date of Issue	Original Amount	Purpose	Remaining Maturity Dates	Balance Outstanding
05-01-04	$25,770,000	Refunding	7-1-05/15	$10,405,000
05-11-04	19,967,331	Sewer Improvements (a)(b)	7-1-05/24	14,542,414
01-01-07	50,000,000	Sewer Improvements	7-1-07/26	38,770,000
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	16,715,000
10-09-09	10,002,383	Sewer Improvements (a)	7-1-10/24	6,626,732
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	29,840,000
12-13-11	189,160,000	Sewer Improvements	7-1-12/16	183,935,000
12-06-12	128,795,000	Sewer Improvements	7-1-13/27	128,795,000
Total Sewer Revenue Bonds, Loans and Obligations Outstanding				$668,209,146

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

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

* Preliminary, subject to change.

Lease, Lease-Purchase and Purchase Agreements

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

	Fiscal Year (in Thousands)				
County Department	**2007-08**	**2008-09**	**2009-10**	**2010-11**	**2011-12**
Clerk of Superior Court	$82	$131	$111	$37	-
Environmental Quality	-	-	-	-	$298
Fiscal Year Total	$82	$131	$111	$37	$298

Source: Pima County Finance and Risk Management Department.

Certificates of Participation (a)

The following table indicates the outstanding and to be outstanding certificates of participation of the County.

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Remaining Balance Outstanding
09-01-99	$ 4,875,000	Refunding	1-1-13/14	$ 1,220,000
10-01-03	27,525,000	Refunding	1-1-05/18	12,335,000
05-01-07	30,320,000	New Money	7-1-08/22	22,505,000
02-04-10	20,000,000	New Money	6-1-11/19	16,225,000
Total Certificates of Participation Outstanding				$52,285,000

(a) Does not include approximately $80,000,000 principal amount of new money Certificates of Participation the County plans to issue prior to the end of fiscal year 2013 pursuant to a separate official statement.

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 2012 and 2013. For the year ended June 30, 2012, active plan members were required by statute to contribute at the actuarially determined rate of 10.74 percent (10.50 percent retirement and 0.24 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 10.74 percent (9.87 percent for retirement, 0.63 percent for health insurance premium, and 0.24 percent long-term disability) of the members' annual covered payroll. For fiscal year 2013, the rate, including retirement and long-term disability, was increased to 11.14 percent for the County and to 11.14 percent for employees.

Legislation enacted by the State in 2012 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 ASRS has reported increases in its unfunded liabilities. The effect of the increase in the ASRS' unfunded liabilities on the County, or on the County's and its employees' future annual contribution to the ASRS, are projected to increase in future years.

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, 2012, active PSPRS members were required by statute to contribute 8.65 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 24.24 percent, the aggregate of which is the actuarially required amount. As allowed by statute, the County contributed 3.65 percent of the members' required contribution, with the members contributing 5.00 percent. The health insurance premium portion of the contribution was set at 1.83 percent of covered payroll. Active CORP members were required by 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 9.38 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.30 percent of covered payroll.

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.

New Reporting Requirements. Government Accounting Standards Board adopted Statement Number 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"), which, beginning with fiscal years starting after June 15, 2014, requires cost-sharing employers to report their "proportionate share" of the plan's net pension liability in their government-wide financial statements. GASB 68 will also require that the cost-sharing employer's pension expense component include its proportionate share of the plan's pension expense, the net effect of annual changes in the employer's proportionate share and the annual differences between the employer's actual contributions and its proportionate share. The new reporting requirements imposed by GASB 68 will change the financial statements of the County, but what the specific effect will be is unknown at this time.

Other Post Employment Benefits

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

The County has, in the past, offered its retired employees, their spouses and survivors continuing access to health care insurance through the County's health plan until they reach an age covered by Medicare, a benefit that was discontinued effective July 1, 2010. Participating retirees were required to pay 100% of applicable health care

insurance premiums. The County makes no payments for OPEB costs for such retirees, but for fiscal year 2007-08 the County reported an implicit rate subsidy described in Note 10 of the 2007-08 Comprehensive Annual Financial Report. For fiscal year 2008-09, the County did not report any OPEB liability because the County determined that, to the degree GASB 45 applied, any OPEB liability would not be material. Because the program was discontinued as of July 1, 2010, the County had no OPEB costs for fiscal year 2009-10, or for subsequent years unless the program is reinstituted.

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

	Actual				
	2007-08	**2008-09**	**2009-10**	**2010-11**	**2011-12**
Revenues by Source:					
Property Taxes	$381,862	$396,241	$423,443	$421,623	$407,711
Special Assessments	556	441	536	330	245
Licenses and Permits	7,710	6,989	7,791	8,494	8,155
Intergovernmental	312,634	292,236	296,004	308,219	327,939
Charges for Services	58,890	55,346	60,376	54,491	56,881
Fines and Forfeits	6,480	6,283	8,443	6,786	10,249
Interest Income	14,218	5,335	4,612	1,723	2,286
Miscellaneous	21,752	22,414	17,442	14,162	24,796
Total Revenues	804,102	785,285	818,647	815,828	838,262
Expenditures by Fund:					
General	460,537	462,276	426,361	429,182	445,798
Special Revenues	218,307	196,677	195,926	204,612	217,139
Debt Service	76,764	121,091	108,092	96,484	104,324
Capital Projects	139,539	146,334	162,306	153,203	149,612
Total Expenditures	895,147	926,378	892,685	883,481	916,873
Excess of Revenues Over (Under) Expenditures	(91,045)	(141,093)	(74,038)	(67,653)	(78,611)
Other Financing Sources (Uses):					
Premium on bonds	1,964	675	1,909	3,276	7,349
Proceeds of Long-Term Debt	175,000	109,400	156,955	75,000	109,170
Payment to Escrow Agent	-	-	(32,361)	-	(33,013)
Gain on Investment	312	-	-	-	-
Operating Transfers In (Out)	714	4,867	445	4,708	26,010
Capital Leases	-	-	-	-	894
Sale of General Fixed Assets	27	876	1,118	59	1,938
Total Other Financing Sources (Uses)	178,017	115,818	128,066	83,043	112,348
Net Change in Fund Balance	86,972	(25,275)	54,028	15,390	33,737
Beginning Fund Balance, as restated	230,660	317,577	292,247	346,270	361,730
Changes in Reserve for Inventory	(55)	(55)	4	43	(55)
Changes in Reserve for Prepaids	-	-	(9)	27	(27)
Ending Fund Balance	$317,577	$292,247	$346,270	$361,730	$395,385

Source: Pima County Finance and Risk Management Department.

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

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

	Actual				
	2007-08	**2008-09**	**2009-10 (b)**	**2010-11**	**2011-12**
General					
Reserved	$ 5,415	$ 4,363	$ -	$ -	$ -
Unreserved	35,438	35,803	-	-	-
Designated	29,536	-	-	-	-
Nonspendable	-	-	4,089	3,315	2,720
Restricted	-	-	522	336	333
Committed	-	-	-	-	-
Assigned	-	-	3,093	357	118
Unassigned	-	-	73,837	73,547	77,596
	70,389	**40,166**	**81,541**	**77,555**	**80,767**
Special Revenue					
Reserved	4,699	5,255	-	-	-
Unreserved	77,451	81,196	-	-	-
Designated	-	4,925	-	-	-
Nonspendable	-	-	2,011	2,011	1,550
Restricted	-	-	82,957	94,567	105,468
Committed	-	-	15,305	37,978	10,264
Assigned	-	-	3,221	4,368	16,682
Unassigned	-	-	(5,793)	(9,180)	(9,013)
	82,150	**91,376**	**97,701**	**129,744**	**124,951**
Debt Service					
Reserved	12,395	33,842	-	-	-
Unreserved	-	-	-	-	-
Assigned	-	-	40,868	35,903	28,298
	12,395	**33,842**	**40,868**	**35,903**	**28,298**
Capital Projects					
Reserved	-	42	-	-	-
Unreserved	152,643	126,821	-	-	-
Nonspendable	-	-	18	12	-
Restricted	-	-	124,830	112,668	157,688
Committed	-	-	1,487	6,639	7,234
Assigned	-	-	52	-	-
Unassigned	-	-	(227)	(791)	(3,553)
	152,643	**126,863**	**126,160**	**118,528**	**161,369**
Total Fund Balance	$317,577	$292,247	$346,270	$361,730	$395,385

Source: Pima County Finance and Risk Management Department.

(a) This table has not been 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					Estimated
	2007-08	**2008-09**	**2009-10 (b)**	**2010-11**	**2011-12**	**2012-13 (c)**
Revenues by Source:						
Property Taxes	$268,493	$281,749	$304,441	$301,493	$291,647	$281,955
Licenses and Permits	2,971	2,747	2,738	2,681	2,696	2,747
Intergovernmental	148,158	131,966	128,927	122,952	127,029	130,300
Charges for Services	32,307	35,330	40,356	35,361	39,117	31,874
Fines and Forfeits	5,020	4,720	7,011	5,344	5,213	5,774
Interest Income	3,343	1,084	1,198	418	621	528
Miscellaneous	8,314	7,099	4,868	4,722	12,659	7,769
Total Revenues	468,606	464,695	489,539	472,971	478,982	460,947
Expenditures:						
Current						
General Government	192,839	184,434	184,606	186,193	197,190	198,445
Public Safety	118,623	121,704	117,378	116,573	123,235	129,039
Health	2,906	2,767	2,702	2,792	2,919	3,774
Welfare	106,502	115,481	87,089	90,572	94,292	98,780
Culture & Recreation	16,325	15,580	14,671	14,183	15,195	17,186
Education & Econ. Opport.	17,418	16,368	13,996	12,949	12,967	12,485
Debt Service:						
Principal	3,115	3,510	3,635	3,800	-	-
Interest	2,805	2,426	2,281	2,113	-	-
Miscellaneous	4	6	3	7	-	-
Total Expenditures	460,537	462,276	426,361	429,182	445,798	459,709
Excess of Revenues Over (Under) Expenditures	8,069	2,419	63,178	43,789	33,184	1,238
Other Financing Sources (Uses):						
Sale of General Fixed Assets	-	371	204	11	1,608	-
Operating Transfers In (Out)	4,760	(33,013)	(22,007)	(47,786)	(31,580)	(35,228)
Total Other Financing Sources (Uses):	4,760	(32,642)	(21,803)	(47,775)	(29,972)	(35,228)
Net Change in Fund Balance	12,829	(30,223)	41,375	(3,986)	3,212	(33,990)
Beginning Fund Balance, as restated	57,560	70,389	40,166	81,541	77,555	80,767
Ending Fund Balance	$70,389	$40,166	$81,541	$77,555	$80,767	$46,777

Source: Pima County Finance and Risk Management Department.

(a) This table has not been subject to any separate audit procedures.
(b) The $28 million decrease in the welfare expense line was primarily due to a $16 million refund that was received for fiscal year 2009-10 from the Arizona Long-Term Care System (ALTCS) and Arizona Health Care Cost Containment System (AHCCCS).
(c) Reflects estimated amounts based on actual data through February 28, 2013, as provided by the County's Finance and Risk Management Department. 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.

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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 $50,000,000 aggregate principal amount of bonds designated the Pima County, Arizona, General Obligation Bonds, Series 2013A (the "Improvement Bonds") and its $39,675,000* aggregate principal amount of bonds designated the Pima County, Arizona, General Obligation Refunding Bonds, Series 2013B (the "Refunding Bonds" and, together the Improvement Bonds, the "Bonds"). The Bonds are issued pursuant to Title 35, Chapter 3, Articles 3 and 4 of the Arizona Revised Statutes, and under the provisions of an authorizing resolution adopted by the Board of Supervisors of the County on May 7, 2013 (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 proceeding relating to the issuance of the Bonds, copy of the signed and authenticated Improvement Bond of the first maturity, copy of the signed and authenticated Refunding Bond of the first maturity, and such other documents, matters and law as we deem necessary to render the opinion set forth in this letter.

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

1. The Bonds constitute valid and legal general obligations of the County, and the principal of and interest on the Bonds, unless paid from other sources, are to be paid from the proceeds of the levy of ad valorem taxes on all property subject to ad valorem taxes levied by the County, without limitation as to rate or amount to pay the principal and interest on the Improvement Bonds, and without limitation as to rate but limited to an amount not greater than the amount of ad valorem taxes that would have been levied to pay the bonds being refunded with proceeds of the sale of the Refunding Bonds (the "Bonds Being Refunded"), which funds are irrevocably pledged for the payment of principal of and interest on the Refunding Bonds when and as the same fall due, subject to the rights of the owners of the Bonds Being Refunded to payment of the Bonds Being Refunded from the same tax source in the event of a deficiency in the moneys and obligations issued by or guaranteed by the United State of America which will be purchased from the proceeds of the sale of the Refunding Bonds and other moneys available therefor and placed in trust for the purpose of making all payments when due on the Bonds Being Refunded. It is required by law that there be levied, assessed and collected, in the same manner as other taxes of the County, an annual tax upon such taxable property in the County sufficient to pay the principal of and interest on the Bonds when due.

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

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* Preliminary, subject to change.

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

Respectfully submitted,

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

PIMA COUNTY, ARIZONA

$50,000,000 GENERAL OBLIGATION BONDS SERIES 2013A	$39,675,000* GENERAL OBLIGATION REFUNDING BONDS SERIES 2013B

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

This Continuing Disclosure Undertaking (this "Undertaking") is executed and delivered by Pima County, Arizona (the "County"), in connection with the issuance and sale of its $50,000,000 aggregate principal amount of Pima County, Arizona, General Obligation Bonds, Series 2013A (the "Improvement Bonds") and its $39,675,000* aggregate principal amount of bonds designated the Pima County, Arizona, General Obligation Refunding Bonds, Series 2013B (together with the Improvement Bonds, the "Bonds"), being issued pursuant to a resolution adopted by the Board of Supervisors of the County on May 7, 2013 (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.

* Preliminary, subject to change.

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

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

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

3. CUSIP Number/Final Official Statement. The base CUSIP Number of the Bonds is 721663. The Final Official Statement relating to the Bonds is dated _____, 2013.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PIMA COUNTY, ARIZONA

By:_____
Thomas Burke
Finance and Risk Management Director

Dated: [Closing Date]

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND AUDITED FINANCIAL STATEMENTS

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

Annual Financial Information exclusive of Audited Financial Statements will be provided to the MSRB through EMMA, no later than the first business day in February of each year, commencing February 1, 2014. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements when available.

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

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

EXHIBIT II

EVENTS FOR WHICH NOTICE OF OCCURRENCE OF LISTED EVENTS IS REQUIRED

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

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

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

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

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

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

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

9. Defeasances;

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

11. Rating changes;

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

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

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

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

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APPENDIX E

EXCERPTS FROM
PIMA COUNTY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2012

The following are excerpts from the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. 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, 2012. 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, 2012, 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 one component unit, which account for the following percentages of the assets, liabilities, revenues, and expenses or expenditures of the opinion units affected:

Opinion Unit/Department	Assets	Liabilities	Revenues	Expenses/ Expenditures
Government-Wide Statements				
Governmental Activities:				
Stadium District	1.47%	2.06%	0.36%	0.90%
School Reserve Fund	0.10%	0.03%	0.46%	0.52%
Self-Insurance Trust	2.74%	4.30%	0.14%	0.00%
Business-Type Activities:				
Regional Wastewater Reclamation Department	98.98%	99.84%	68.83%	63.51%
Development Services	0.29%	0.11%	2.71%	3.73%
Aggregate Discretely Presented Component Units:				
Southwestern Fair Commission	99.84%	100.00%	97.82%	98.82%
Fund Statements				
Major Fund:				
Regional Wastewater Reclamation Department Enterprise Fund	100.00%	100.00%	100.00%	100.00%
Aggregate Remaining Fund Information:				
Stadium District	0.43%	0.37%	1.00%	1.81%
School Reserve Fund	0.34%	0.11%	1.26%	1.43%
Development Services	0.60%	0.51%	2.10%	2.68%
Self-Insurance Trust	10.22%	25.29%	6.85%	3.83%

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

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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, 2012, 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.

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 11 through 29, the Budgetary Comparison Schedule on pages 81 and 82, and the Schedule of Agent Retirement Plans' Funding Progress on page 83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules and the introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of the County's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards by us and the other auditors. In our opinion, based on our audit, the procedures performed as described previously, and the reports of the other auditors, the combining and individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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 18, 2012

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, 2012 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.

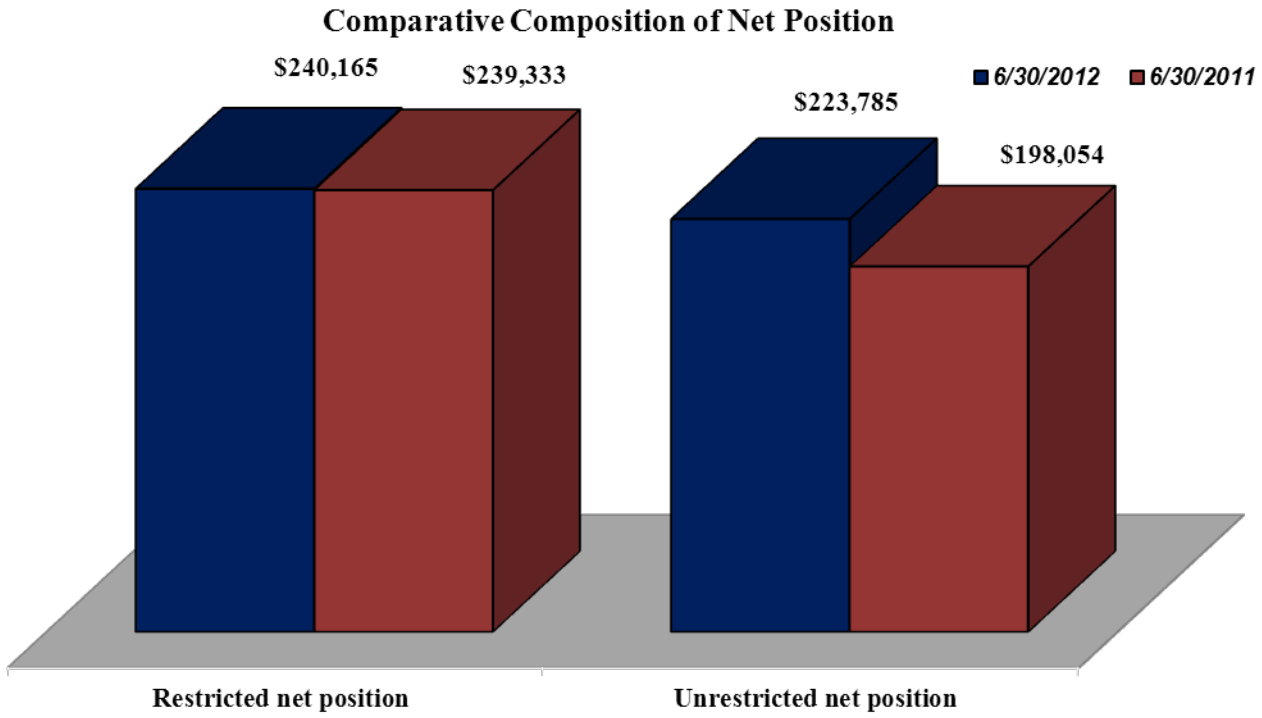
FINANCIAL HIGHLIGHTS

- At June 30, 2012, the net position for the County increased $125 million from the prior year. Increases were experienced in all net asset categories, with a $98 million increase in net investment in capital assets, an increase of $1 million in restricted net position and an increase of $26 million in unrestricted net position.

- Assets of the County exceeded its liabilities by $2,274, an increase of 5.8% from the prior year. Of this amount, $223,785 is available for general government expenditures (unrestricted net position). Unrestricted net position increased by $25,731 from last year, or approximately 13%.

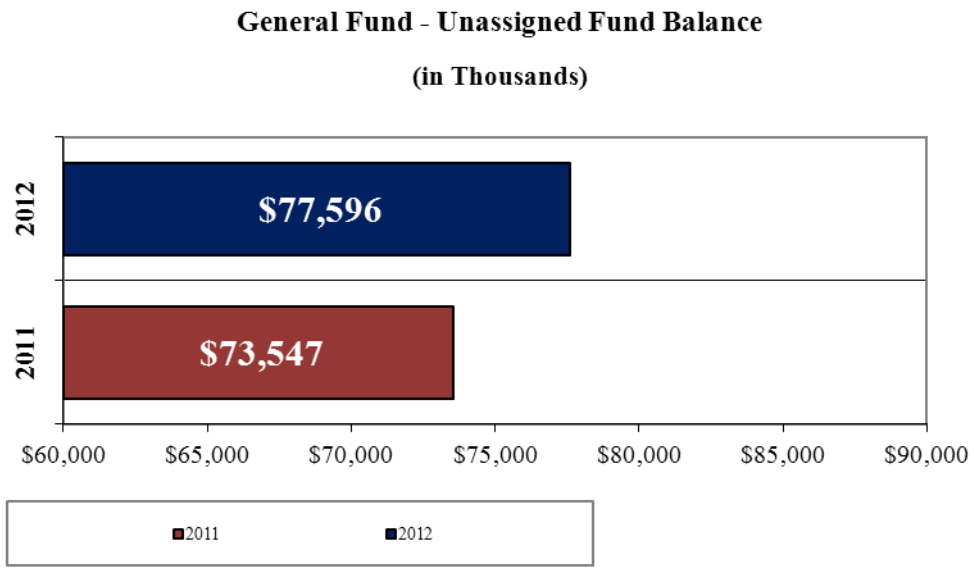
- $240,165 is restricted for specific purposes (restricted net position), and $1,810 is net investment in capital assets.

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



- General Fund revenues increased by $6,011 from the prior year while expenditures increased by $16,616.

- The General Fund unassigned fund balance increased to $77,596, from $73,547 in the prior year. The unassigned fund balances comprise 96% of the total fund balance of $80,767.



OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The *statement of activities* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported

in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation or sick leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) 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 Pima County Sports and Tourism Authority (S&TA) is also reported 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 86-89.

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, deferred outflows, liabilities, and deferred inflows 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 105-112.

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 46-79.

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 81-83.

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 86-116.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. County assets exceeded liabilities by $2,274 at June 30, 2012. The following table shows condensed information for the Schedule of Assets, Liabilities and Net Position:

Table 1

Schedule of Assets, Liabilities, and Net Position
At June 30, 2012 and 2011

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	$596,855	$529,767	$246,415	$226,442	$843,270	$756,209
Capital assets (net):						
Land, buildings, equipment, infrastructure & other assets	1,809,998	1,718,730	1,092,477	905,710	2,902,475	2,624,440
Total assets	$2,406,853	2,248,497	1,338,892	1,132,152	3,745,745	3,380,649
Current and other liabilities	120,443	71,038	42,655	51,975	163,098	123,013
Long-term liabilities	716,370	715,013	592,539	393,678	1,308,909	1,108,691
Total liabilities	836,813	786,051	635,194	445,653	1,472,007	1,231,704
Net position						
Net investment in capital assets	1,245,227	1,136,033	564,561	575,525	1,809,788	1,711,558
Restricted	167,498	161,807	72,667	77,526	240,165	239,333
Unrestricted	157,315	164,606	66,470	33,448	223,785	198,054
Total net position	$1,570,040	$1,462,446	$703,698	$686,499	$2,273,738	$2,148,945

Assets

Current and other assets increased by $87,061 mainly due to an increase in Cash and Cash Equivalents, $91,543.

Capital assets increased by $278,035 primarily due to the following:

- An increase of $221,970 in construction in progress, with $45,340 for governmental activities and $176,630 for business-type activities.
- Capitalization of software, $20,614, resulted in a net increase in Equipment of $23,224 in the governmental activities and an accompanying decrease of $2,799 for business-type activities.

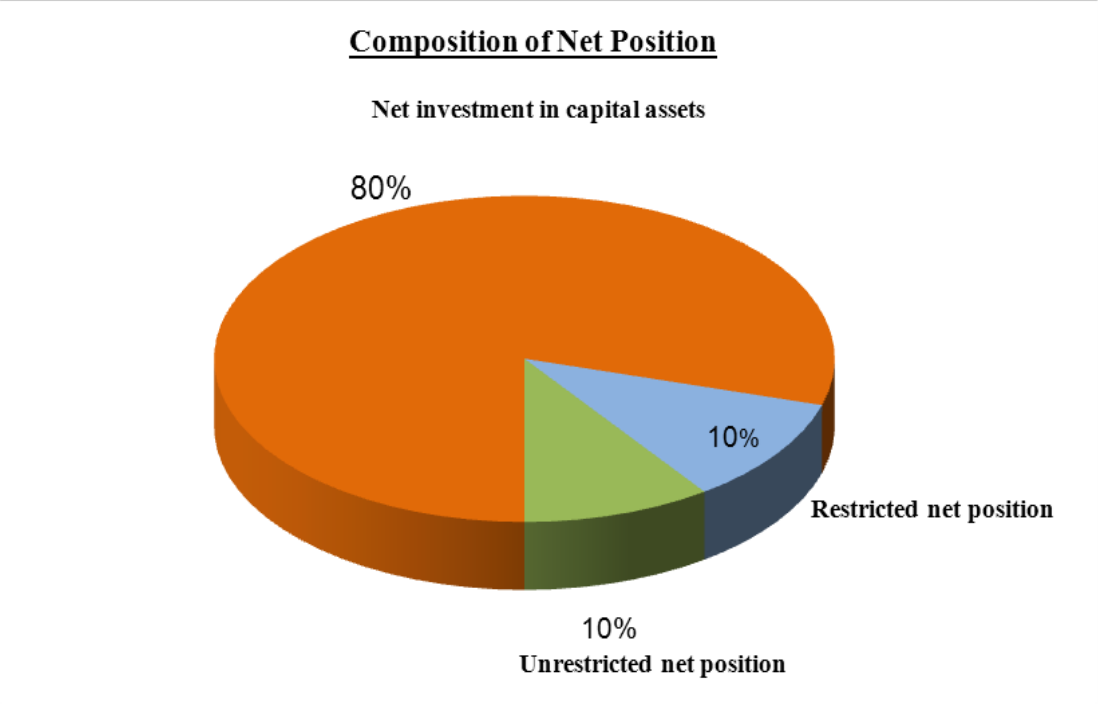
Total liabilities for the primary government increased by $240,303. Current liabilities increased $40,085 mainly due to an overall increase in accounts payable, with accounts payable for governmental activities increasing $47,119 and accounts payable for business-type activities increasing by $10,815.

Net position

The largest portion of the County's net position 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, 2012, net investment in capital assets totaled $1,809,788, comprising approximately 79.6% of total net position. 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 $98,230 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 position for the primary government increased $25,731 mainly due to an increase in business-type activities of 99% ($33,022), specifically; the Regional Wastewater Reclamation Fund had an increase in its unrestricted net position of 120% from $25,652 to $56,462.

The table below provides the composition of net position for the County as of June 30, 2012.



Restricted net position represent resources that are subject to external restrictions on how they may be used. As of June 30, 2012, restricted net position totaled $240,165 and comprised approximately 10% of total net position. This represents an $832 increase in restricted net position from the prior fiscal year.

The remaining balance of the County's net position represents unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors. As of June 30, 2012, unrestricted net position totaled $223,785 and comprised approximately 10% of total net position.

Governmental activities

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

Table 2

Governmental Activities
Schedule of Changes in Net Position
For the Years Ended June 30, 2012 and 2011

	2012	2011	Variance Amount	Variance Percent
Program revenues:				
Charges for services	$ 66,904	$ 60,077	$ 6,827	11.4%
Operating grants and contributions	143,388	136,472	6,916	5.1%
Capital grants and contributions	47,528	65,030	(17,502)	-26.9%
Total program revenues	257,820	261,579	(3,759)	-1.4%
General revenues:				
Property taxes	394,963	416,985	(22,022)	-5.3%
State-shared taxes	116,660	111,804	4,856	4.3%
Investment earnings	3,416	2,153	1,263	58.7%
Other general revenues	43,072	33,336	9,736	29.2%
Total general revenues	558,111	564,278	(6,167)	-1.1%
Total revenues	815,931	825,857	(9,926)	-1.2%
Expenses:				
General government	223,005	218,843	4,162	1.9%
Public safety	150,349	146,395	3,954	2.7%
Highways and streets	69,183	73,348	(4,165)	-5.7%
Sanitation	7,224	6,208	1,016	16.4%
Health	47,248	36,475	10,773	29.5%
Welfare	94,409	90,521	3,888	4.3%
Culture and recreation	61,900	67,063	(5,163)	-7.7%
Education and economic opportunity	55,126	56,626	(1,500)	-2.6%
Amortization	805	(2,626)	3,431	-130.7%
Interest on long-term debt	24,776	26,079	(1,303)	-5.0%
Total expenses	734,025	718,932	15,093	2.1%
Excess before transfers	81,906	106,925	(25,019)	-23.4%
Transfers in	25,688	4,650	21,038	452.4%
Change in net position	107,594	111,575	(3,981)	-3.6%
Ending net position	$ 1,570,040	$ 1,462,446	$ 107,594	7.4%

Ending net position for governmental activities increased by $107,594, a 7.4% increase. This year's change in net position decreased by $3,981 from last year, primarily due to a decrease in overall revenues of $9,926 and an increase in expenses of $15,093.

Factors affecting the $9,926 decrease in revenues from governmental activities:

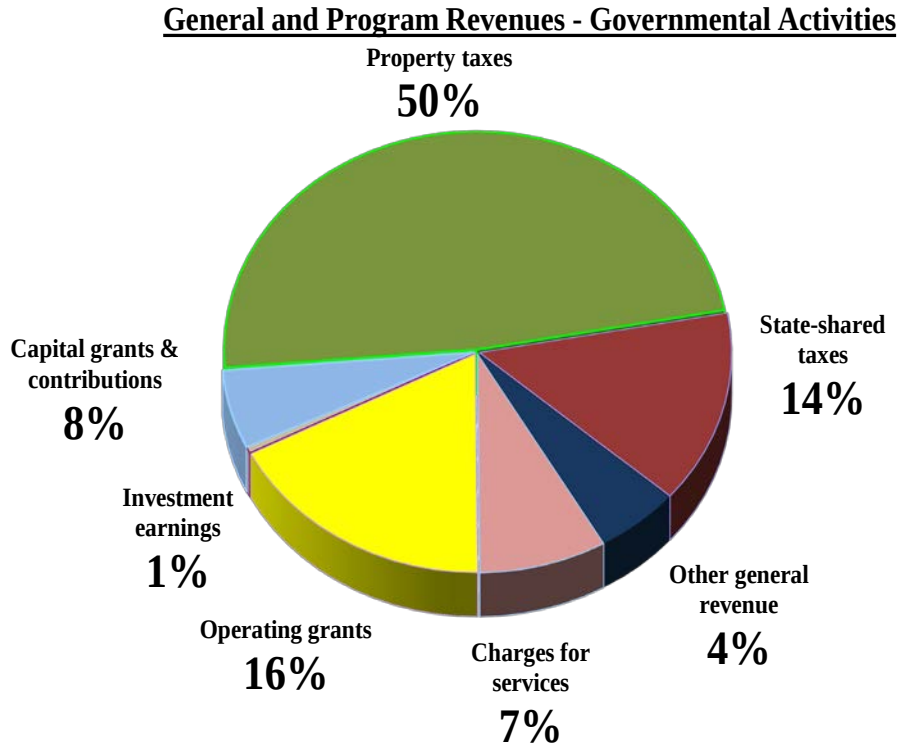
- Revenue from capital grants and contributions decreased by $17,502 in Highway and Streets Activity. This is primarily from a decrease in ARRA Stimulus revenue, $4,071, a decrease in State Revenue of $6,232 and a decrease of $10,348 in Capital Contributions.

Total expenses for governmental activities were $734,025, up 2.1% or $15,093 compared to the previous year's total of $718,932. Factors contributing to the increase in expenses:

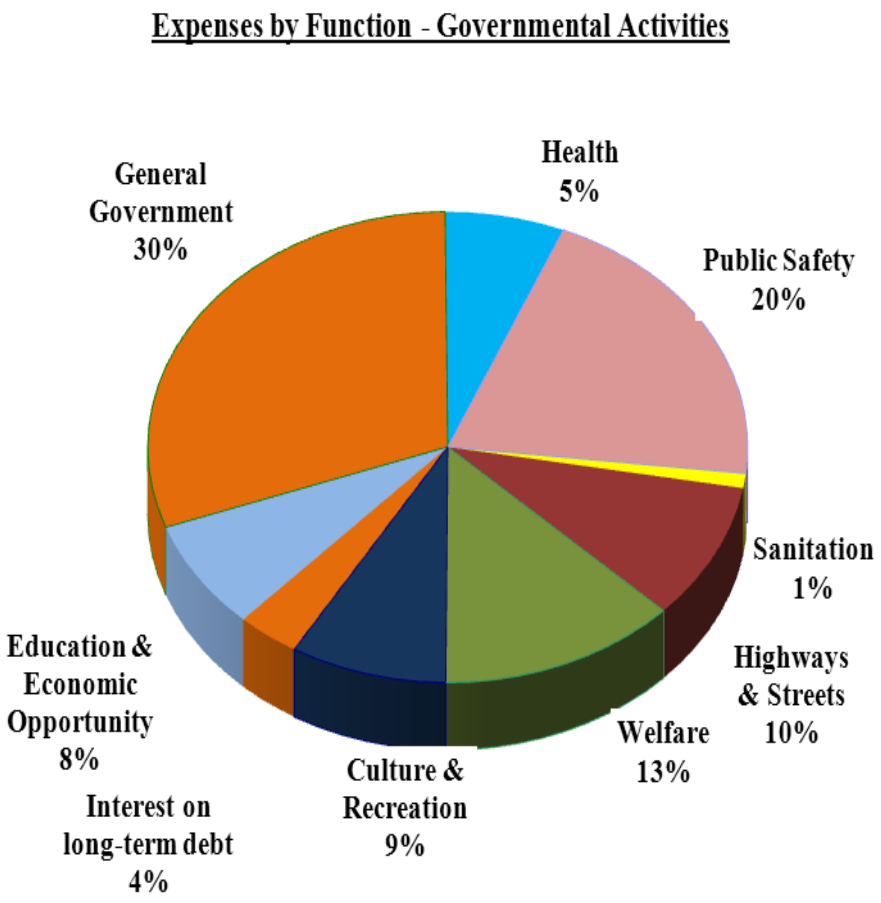
- Health expenses increased by $10,772, of which $7,603 was related to a grant called Communities Putting Prevention to Work which was awarded at $15 million. This grant was predominantly awarded to funding partners in fiscal year 2012.

The increase in the Transfers in line item of $21,038 was due to an equity transfer of $26,436 from Pima Health System & Services to Other Special Revenue 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 72% of the County's revenues.



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



Each expense by function as a proportion to total expenses by function for governmental activities 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 position for business-type activities added $17,199 or 2.5% to the County's $124,793 change in total net position for the year ended June 30, 2012. The following table shows changes in net position for business-type activities:

Table 3

Business-type Activities
Schedule of Changes in Net Position
For the Years Ended June 30, 2012 and 2011

	2012	2011	Variance Amount	Variance Percent
Program revenues:				
Charges for services	$ 221,479	$ 363,421	$ (141,942)	-39.1%
Operating grants and contributions	1,275	4,691	(3,416)	-72.8%
Capital grants and contributions	2,676	4,192	(1,516)	-36.2%
Total program revenues	225,430	372,304	(146,874)	-39.5%
General revenues:				
Investment earnings	1,001	900	101	11.2%
Other general revenues	1,903	2,681	(778)	-29.0%
Total general revenues	2,904	3,581	(677)	-18.9%
Total revenues	228,334	375,885	(147,551)	-39.3%
Expenses:				
Regional Wastewater Reclamation	117,774	113,495	4,279	3.8%
Pima Health System & Services	58,773	200,305	(141,532)	-70.7%
Development Services	6,912	6,982	(70)	-1.0%
Parking Garages	1,988	1,538	450	29.3%
Total expenses	185,447	322,320	(136,873)	-42.5%
Excess before transfers	42,887	53,565	(10,678)	-19.9%
Transfers in (out)	(25,688)	(4,650)	(21,038)	452.4%
Change in net position	17,199	48,915	(31,716)	-64.8%
Beginning net position	686,499	637,584	48,915	7.7%
Ending net position	$ 703,698	$ 686,499	$ 17,199	2.5%

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

- Primarily due to the closing of the Pima Health System & Service Enterprise Fund charges for services revenue decreased by $141,942 and Pima Heath System & Services Expenses decreased $141,532.

- The increase of $21,038 in the Transfers in (out) line is due to an equity transfer $26,436 from Pima Health System & Services to Other Special Revenue 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, 2012, total fund balance of the General Fund was $80,767.

The net change in fund balance for the General Fund was $3,212. Revenues increased by $6,011. Property Taxes decreased by $9,846, while Intergovernmental revenues, Charges for services, and Miscellaneous revenues increased by $15,770.

- Property taxes decreased $9,846 primarily due to lower assessed property valuations with the tax rates remaining constant.

- Intergovernmental revenue increased by $4,077 due to increases in State Shared Sales Tax of $4,093.

- Service fee revenue increased by $3,756 primarily in two areas:
    - Correctional Housing Revenues of $1,772
    - Fees for Recording Documents of $779.

- Miscellaneous earnings increased by $7,937 of which $7,917 was Other Miscellaneous Revenue – Operating.

Expenditures for the General Fund increased by $16,616 primarily in two categories:

- The net increase in General Government expenditures of $10,997:
    - County Administrator expenditures increased by $5,129 primarily from a $1,586 increase in payments to other governments and agencies.

    - Superior Court expenditures increased by $3,463 primarily from increased payroll costs.

- There was an increase in Public Safety expenditures of $6,663, primarily as a result of the Sheriff Department purchasing a helicopter for $2,556, and Sheriff operations expenditures increasing $2,935.

Capital Projects Fund
Revenues for the Capital Projects Fund decreased by $3,530 and expenditures in capital outlay decreased by $3,591. The net change in fund balance was an increase of $42,841.

- Of the decrease in revenues, $3,147, can be attributed to intergovernmental revenues; Federal revenue decreased by $2,947 and State revenue decreased by $871.

- Expenditures decreased by $3,591 in capital outlay primarily from the decrease in expenditures relating to the construction of the Behavioral Health Pavilion, $20,506, with an increase of $15,584 in the Emergency Communications Systems expenditures.

The fund reported a $101,129 deficiency of revenues over expenditures. A net transfer in of $65,545 and that resulted in a net change in the fund balance of $42,841 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. At June 30, 2012, the net change in fund balance was a decrease of $7,605.

Secondary tax revenues remained relatively constant with a decrease of $3,160. Expenditures, mainly as a result of increased principal payments, increased $7,840 from last fiscal year.

Budget to Actual Comparison for the General Fund
Overall, actual revenues were more than budgeted revenues by $18,734 and actual expenditures were less than budgeted expenditures by $45,856. 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.

Overview of all governmental funds

At June 30, 2012, the County's governmental funds reported combined fund balances of $395,385, an increase of $33,655 from the prior year. Approximately 16.4% of the combined fund balances, or $65,030, 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, 2012 and 2011						
	2012		2011		Variance	
	Amount	Percent	Amount	Percent	Amount	Percent
Taxes	$ 407,711	48.6%	$ 421,623	51.7%	$ (13,912)	-3.3%
Special assessments	245	0.0%	330	0.1%	(85)	-25.8%
Licenses and permits	8,155	1.0%	8,494	1.0%	(339)	-4.0%
Intergovernmental	327,939	39.1%	308,219	37.8%	19,720	6.4%
Charges for services	56,881	6.8%	54,491	6.7%	2,390	4.4%
Fines and forfeits	10,249	1.2%	6,786	0.8%	3,463	51.0%
Interest	2,286	0.3%	1,723	0.2%	563	32.7%
Miscellaneous	24,796	3.0%	14,162	1.7%	10,634	75.1%
Total revenues	$ 838,262	100.0%	$ 815,828	100.0%	$ 22,434	2.7%

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

- The $19,720 increase in intergovernmental revenue was due to a $18,798 increase in Other Governmental Funds.

- The $13,912 decrease in tax revenue is due to a $9,846 decrease in the General Fund revenue from decreased property values.

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, 2012 and 2011						
	2012		2011		Variance	
Government Function	Amount	Percent	Amount	Percent	Amount	Percent
General government	$ 236,020	25.7%	$ 223,611	25.3%	$ 12,409	5.5%
Public safety	145,711	15.9%	136,709	15.5%	9,002	6.6%
Highways and streets	33,651	3.7%	34,614	3.9%	(963)	-2.8%
Sanitation	6,317	0.7%	5,375	0.6%	942	17.5%
Health	46,672	5.1%	36,511	4.1%	10,161	27.8%
Welfare	94,360	10.3%	90,572	10.3%	3,788	4.2%
Culture and recreation	52,103	5.7%	49,986	5.7%	2,117	4.2%
Education and economic opportunity	47,798	5.2%	50,432	5.7%	(2,634)	-5.2%
Capital outlay	149,612	16.3%	153,203	17.3%	(3,591)	-2.3%
Debt service:						
- Principal	78,688	8.6%	76,361	8.6%	2,327	3.0%
- Interest	24,762	2.7%	26,086	3.0%	(1,324)	-5.1%
- Miscellaneous	1,179	0.1%	21	0.0%	1,158	5514.3%
Total expenditures	$ 916,873	100.0%	$ 883,481	100.0%	$ 33,392	3.8%

Total expenditures in governmental funds increased during the year by $33,392, primarily due to the following:

- Health expenditures increased by $10,161 primarily from the Communities Putting Prevention to Work grant.

- Public safety expenditures increased by $9,002 due to the Sheriff's Department purchase of a helicopter, $2,556.

- General Government expenditures increased by $12,409 due to a $10,997 increase in the general fund.

Proprietary funds

The County's proprietary fund functions are contained in the enterprise and internal service funds. The enterprise funds of the County are Pima Health System & Services, Regional Wastewater Reclamation, Development Services, and Parking Garages. Pima Health System & Services contract with the Arizona Health Care Cost Containment System (AHCCCS) terminated on September 30, 2011. As a result, the fund was closed and year-end balances were transferred to the other governmental funds as of June 30, 2012. 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 Other Internal Service Funds, which are comprised of multiple smaller funds consisting of Fleet Services, Print Shop, and Wireless/Telecommunications. The change in net position for all Internal Service Funds was $10,128, generated 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 Position For the Years Ended June 30, 2012 and 2011				
			Variance	
	2012	2011	Amount	Percent
Operating revenues:				
Net patient services	$ 52,018	$ 205,814	$ (153,796)	-74.7%
Charges for services	153,128	137,838	15,290	11.1%
Other	1,387	2,821	(1,434)	-50.8%
Total net operating revenues	206,533	346,473	(139,940)	-40.4%
Operating expenses:				
Employee compensation	52,657	67,469	(14,812)	-22.0%
Medical claims	39,096	157,607	(118,511)	-75.2%
Operating supplies and services	10,158	8,986	1,172	13.0%
Utilities		5,845	(5,845)	-100.0%
Sludge and refuse disposal	1,553	1,438	115	8.0%
Repair and maintenance	6,819	7,611	(792)	-10.4%
Insurance premiums	-		-	100.0%
General and administrative	23,318	19,058	4,260	22.4%
Consultants and professional services	5,471	8,157	(2,686)	-32.9%
Depreciation and amortization	35,819	32,022	3,797	11.9%
Total operating expenses	174,891	308,193	(133,302)	-43.3%
Operating gain (loss)	31,642	38,280	(6,638)	-17.3%
Nonoperating revenues (expenses):				
Intergovernmental revenue	1,380	4,856	(3,476)	-71.6%
Investment earnings	1,001	952	49	5.1%
Sewer connection fees	16,507	19,624	(3,117)	-15.9%
Interest expense	(6,539)	(9,567)	3,028	-31.7%
Loss on disposal of capital assets	25	(596)	621	-104.2%
Amortization of deferred charges	(941)	(750)	(191)	25.5%
Claim and judgment contingency losses	(3,080)		(3,080)	100.0%
Premium tax	(1,112)	(4,099)	2,987	-72.9%
Total nonoperating revenues	7,241	10,420	(3,179)	-30.5%
Income (loss) before contributions and transfers	38,883	48,700	(9,817)	-20.2%
Capital contributions	2,571	4,027	(1,456)	-36.2%
Transfers in	1,475	866	609	70.3%
Transfers (out)	(27,163)	(5,516)	(21,647)	392.4%
Change in net position	$ 15,766	$ 48,077	$ (32,311)	-67.2%

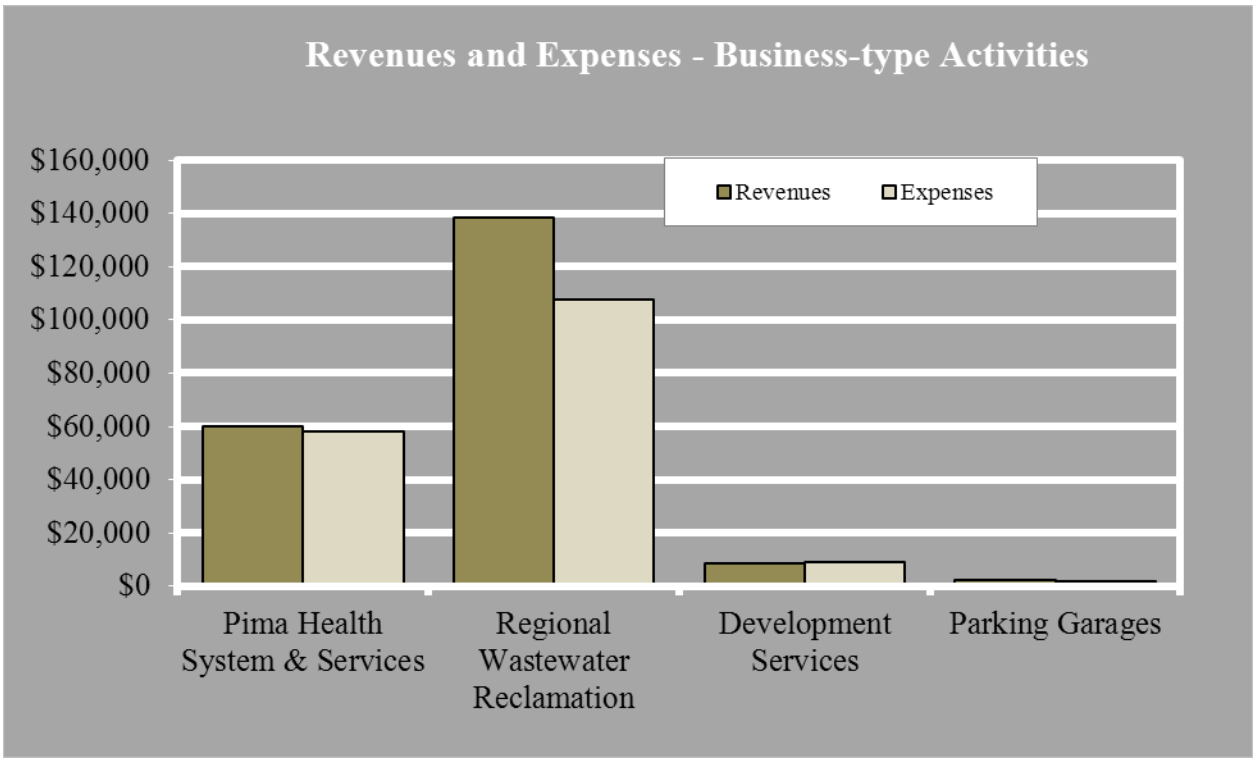
While net patient revenues from Pima Health System & Services decreased by $153,796, revenues continued to exceed operating expenses, generating an operating gain for all enterprise funds this year. Regional Wastewater Reclamation contributed approximately 96%, or $30,476 to the $31,642 operating gain for all enterprise funds.

- Charges for service revenue increased by $15,290 due primarily to a $9,853 increase in Regional Wastewater Reclamation Sewer utility service fees.

- Medical claims expense decreased $118,511 and employee compensation expense decreased $14,812 due to the termination of the AHCCCS contract with Pima Health System & Services

- Transfers in and transfers out are significantly more this year. This fiscal year, the transfer out of $26,436 from Pima Health System & Services to Other Special Revenue was due to the movement of equity from the Enterprise Fund to a new Other Special Revenue Fund**.** Last fiscal 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 net investment in capital assets as of June 30, 2012 amounted to $2,902 (net of accumulated depreciation), an increase of 10.6% ($278,035). Of this amount, $91,268 (32.8%) came from governmental activities and $186,767 (67.2%) 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, 2012 and 2011						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	$ 467,661	$ 448,790	$ 15,409	$ 15,409	$ 483,070	$ 464,199
Construction in progress	248,317	202,977	342,111	165,481	590,428	368,458
Buildings and improvements	422,879	432,149	212,446	207,081	635,325	639,230
Infrastructure	607,049	593,946			607,049	593,946
Sewage conveyance systems			442,803	435,232	442,803	435,232
Equipment	64,092	40,868	79,708	82,507	143,800	123,375
Total	$ 1,809,998	$ 1,718,730	$ 1,092,477	$ 905,710	$ 2,902,475	$ 2,624,440

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

Governmental activities

- Construction in progress increased $45,340 or 22.3% compared to last fiscal year. Current major projects in progress include:
  - the Regional Public Safety Communication System
  - Pavement Preservation Program
  - Magee Rd Cortaro Farms Rd: Thornydale Rd to Mona Lisa
  - Justice Court/Municipal Court Complex
  - Magee Rd, Cortaro Farms Rd, Mona Lisa Rd to La Canada

- Equipment acquisitions increased $23,224, or 56.8%, due to the capitalization of the County's new financial reporting system, $20,614 and a helicopter by the Sheriff department for $2,590.

Business-type activities

- Construction in progress increased approximately $176,630, or 106.7%, 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 pages 58-60.

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, 2012 and 2011		
	2012	**2011**
Bonds issued (at face value):		
General Obligation	$ 76,225	$75,000
Street and Highway Revenue (Transportation)	32,945	
Sewer Revenue		43,625
Sewer System Revenue Obligations	189,160	
Total	$ 298,330	$ 118,625

During the year, $76,225 of General Obligation Bonds were issued, which included $16,225 of General Obligations bonds issued to refund the 2003 Series (maturities 7/1/2014 through 7/1/2017) and $60,000 of new debt issued for the purpose of funding various capital projects in the County.

In addition, the County issued $32,945 in Street and Highway Revenue Bonds. Of the amount issued $18,425 was used for the improvement, construction, and reconstruction of streets and highways, $14,520 was used to partially refund the 2003 Series (maturities 7/1/2014 through 7/1/2018).

$189,160 of Sewer System Revenue Obligations were issued to finance additions and improvements to the sewage and conveyance systems.

The most recent ratings 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+	May-2012	AA-	Apr-2012
General Obligation	AA-	Apr-2012	AA	Apr-2012
Street and Highway Revenue	AA	Apr-2012	AA	Apr-2012
Sewer Bonds*	AA-	Nov-2012	AA	Nov-2012
Sewer Revenue Obligations	A+	Nov-2012	AA-	Nov-2012

* This excludes the 2012A 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 $1,267,242, 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

Primary property taxes

The recession continues to impact the local economy, primarily evident by decreasing market values of existing property. The primary net assessed value for fiscal year 2012-13 decreased $236 million or 2.84%. The contraction of the property tax base is expected to continue into fiscal year 2015-16 with the net assessed value projected to decline by more than 6%.

The tax rate for fiscal year 2012-13 will remain constant, resulting in a levy that is $8 million less than fiscal year 2011-12.

State shared revenues

An indication of increased consumer confidence is evident by positive projections of state shared sales tax revenue. Current projections indicate a $7.4 million increase in fiscal year 2012-13. Even with this positive projection however, it is still $13,286 less than the County received at its peak in fiscal year 2006-07.

Other revenues

General government revenues are expected to decrease by almost $6 million, primarily from $1 million decrease from Federal payments in lieu of property taxes and $4.9 million less from grant, enterprise and special revenue funds for central administrative support services.

University of Arizona Medical Center – South Campus

A two year agreement with the Arizona Board of Regents (ABOR) on behalf of the University Of Arizona College Of Medicine provides funding for the University of Arizona Medical Center – South Campus: $20 million in fiscal year 2010-11, $15 million in fiscal year 2011-12. The Board of Supervisor's have approved a second two year contract with ABOR with an annual funding of $15 million for each fiscal year.

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 Position
June 30, 2012
(in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and cash equivalents	$ 504,113	$ 107,152	$ 611,265	$ 1,056
Property taxes receivable (net)	14,456		14,456	
Interest receivable	209	95	304	
Internal balances	(3,133)	3,133		
Due from other governments	62,462		62,462	
Accounts receivable (net)	6,499	15,343	21,842	5
Inventories	2,476	3,306	5,782	36
Prepaids	3,513	11	3,524	60
Other assets	3,206	5,133	8,339	
Restricted assets:				
Cash and cash equivalents	2,326	112,242	114,568	1,500
Loans receivable	728		728	
Capital assets not being depreciated:				
Land	467,661	15,409	483,070	
Construction in progress	248,317	342,111	590,428	
Capital assets being depreciated (net):				
Buildings and improvements	422,879	212,446	635,325	2,306
Sewage conveyance system		442,803	442,803	
Equipment	64,092	79,708	143,800	666
Infrastructure	607,049		607,049	
Total assets	2,406,853	1,338,892	3,745,745	5,629
Liabilities				
Accounts payable	65,710	35,317	101,027	205
Interest payable		365	365	
Contract retentions	1,991		1,991	
Employee compensation	47,542	4,840	52,382	
Due to other governments	3		3	
Deposits and rebates	2,484		2,484	27
Deferred revenues	2,713	2,133	4,846	
Noncurrent liabilities:				
Due within one year	74,713	26,995	101,708	
Due in more than one year	641,657	565,544	1,207,201	
Total liabilities	836,813	635,194	1,472,007	232
Net Position				
Net investment in capital assets	1,245,227	564,561	1,809,788	2,972
Restricted for:				
Facilities, justice, library, tax stabilization, and community development	103,592		103,592	
Highways and streets	32,322		32,322	
Debt service		22,538	22,538	
Capital projects	30,224	31,680	61,904	
Regional wastewater		18,449	18,449	
Healthcare	1,360		1,360	
Unrestricted	157,315	66,470	223,785	2,425
Total net position	$ 1,570,040	$ 703,698	$ 2,273,738	$ 5,397

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Activities
For the Year Ended June 30, 2012
(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	$ 223,005	$ 30,444	$ 28,533	$ 4,130
Public safety	150,349	12,047	9,303	5,561
Highways and streets	69,183	5,059	51,567	35,251
Sanitation	7,224	3,487	1,133	
Health	47,248	12,605	24,830	
Welfare	94,409		68	
Culture and recreation	61,900	2,254	403	261
Education and economic opportunity	55,126	1,008	27,551	2,325
Amortization - unallocated	805			
Interest on long-term debt	24,776			
Total governmental activities	734,025	66,904	143,388	47,528
Business-type activities:				
Regional Wastewater Reclamation	117,774	154,601		2,571
Pima Health System & Services	58,773	58,722	1,275	
Development Services	6,912	6,073		105
Parking Garages	1,988	2,083		
Total business-type activities	185,447	221,479	1,275	2,676
Total primary government	$ 919,472	$ 288,383	$ 144,663	$ 50,204
Component units:				
Sports & Tourism Authority	$ 59	$ 20	$ 1	
Southwestern Fair Commission	4,959	4,940	120	
Total component units	$ 5,018	$ 4,960	$ 121	

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

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

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Position				
Primary Government				
Governmental Activities	Business-type Activities	Total	Component Units	Functions/Programs
				Primary government:
				Governmental activities:
$ (159,898)		$ (159,898)		General government
(123,438)		(123,438)		Public safety
22,694		22,694		Highways and streets
(2,604)		(2,604)		Sanitation
(9,813)		(9,813)		Health
(94,341)		(94,341)		Welfare
(58,982)		(58,982)		Culture and recreation
(24,242)		(24,242)		Education and economic opportunity
(805)		(805)		Amortization - unallocated
(24,776)		(24,776)		Interest on long-term debt
(476,205)		(476,205)		**Total governmental activities**
				Business-type activities:
	$ 39,398	39,398		Regional Wastewater Reclamation
	1,224	1,224		Pima Health System & Services
	(734)	(734)		Development Services
	95	95		Parking Garages
	39,983	39,983		**Total business-type activities**
(476,205)	39,983	(436,222)		**Total primary government**
				Component units:
			$ (38)	Sports & Tourism Authority
			101	Southwestern Fair Commission
			$ 63	**Total component units**
				General revenues:
280,585		280,585		Property taxes, levied for general purposes
19,991		19,991		Property taxes, levied for regional flood control district
29,015		29,015		Property taxes, levied for library district
65,372		65,372		Property taxes, levied for debt service
6,285		6,285		Hotel/motel taxes, levied for sports facility and tourism
1,608		1,608		Other taxes, levied for stadium district
93,123		93,123		Unrestricted share of state sales tax
23,537		23,537		Unrestricted share of state vehicle license tax
4,268		4,268		Grants and contributions not restricted to specific programs
8,235		8,235		Interest and penalties on delinquent taxes
3,416	1,001	4,417		Investment earnings
22,676	1,903	24,579	92	Miscellaneous
25,688	(25,688)			Transfers
583,799	(22,784)	561,015	92	Total general revenues and transfers
107,594	17,199	124,793	155	Change in net position
1,462,446	686,499	2,148,945	5,242	Net position at beginning of year
$ 1,570,040	$ 703,698	$ 2,273,738	$ 5,397	Net position at end of year

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 3

Balance Sheet - Governmental Funds
June 30, 2012
(in thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 91,085	$ 181,519	$ 26,639	$ 123,579	$ 422,822
Property taxes receivable (net)	10,148		2,440	1,868	14,456
Interest receivable	73	21	16	81	191
Due from other funds	7,528	1,148	1,575	4,892	15,143
Due from other governments	21,513	11,018	11	29,808	62,350
Accounts receivable	1,903	1,046		3,122	6,071
Inventory	67			1,374	1,441
Prepaid expenditures	1,984			72	2,056
Loan receivable	669			59	728
Other assets				1,018	1,018
Restricted cash equivalents		2,281		45	2,326
Total assets	$ 134,970	$ 197,033	$ 30,681	$ 165,918	$ 528,602
Liabilities and fund balances					
Liabilities:					
Accounts payable	$ 20,679	$ 29,136	$ 148	$ 12,787	$ 62,750
Medical claims payable				271	271
Contract retentions		1,980		11	1,991
Employee compensation	12,984	20		4,445	17,449
Due to other funds	543	1,901	77	12,515	15,036
Due to other governments	3				3
Deposits and rebates	199	2,281		4	2,484
Deferred revenues	19,795	346	2,158	10,934	33,233
Total liabilities	54,203	35,664	2,383	40,967	133,217
Fund balances:					
Nonspendable	2,720			1,550	4,270
Restricted	333	157,688		105,468	263,489
Committed		7,234		10,264	17,498
Assigned	118		28,298	16,682	45,098
Unassigned	77,596	(3,553)		(9,013)	65,030
Total fund balances	80,767	161,369	28,298	124,951	395,385
Total liabilities and fund balances	$ 134,970	$ 197,033	$ 30,681	$ 165,918	$ 528,602

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2012
(in thousands)

Fund balances - total governmental funds		$ 395,385
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental capital assets	$ 2,628,502	
Less accumulated depreciation	(840,418)	1,788,084
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	(603,093)	
Certificates of participation payable	(39,772)	
Loans and leases payable	(16,431)	
Unamortized deferred issuance costs reported as other assets	2,188	(657,108)
Some compensated absences are not due and payable shortly after June 30, 2012, and therefore are not reported in the governmental funds		
Employee compensation		(29,138)
Some liabilities are not due and payable shortly after June 30, 2012, and are therefore not reported in the governmental funds		
Landfill liability	(20,872)	
Pollution remediation liability	(805)	(21,677)
Deferred revenue in governmental funds is susceptible to full accrual on the government-wide statements		30,521
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position		63,973
Net position of governmental activities		$ 1,570,040

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 5

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2012
(in thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	$ 291,647		$ 66,148	$ 49,916	$ 407,711
Special assessments				245	245
Licenses and permits	2,696			5,459	8,155
Intergovernmental	127,029	$ 44,141	11	156,758	327,939
Charges for services	39,117	3,079		14,685	56,881
Fines and forfeits	5,213			5,036	10,249
Investment earnings	621	698	242	725	2,286
Miscellaneous	12,659	565		11,572	24,796
Total revenues	478,982	48,483	66,401	244,396	838,262
Expenditures:					
Current:					
General government	197,190			38,830	236,020
Public safety	123,235			22,476	145,711
Highways and streets				33,651	33,651
Sanitation				6,317	6,317
Health	2,919			43,753	46,672
Welfare	94,292			68	94,360
Culture and recreation	15,195			36,908	52,103
Education and economic opportunity	12,967			34,831	47,798
Capital outlay		149,612			149,612
Debt service - principal			78,390	298	78,688
- interest			24,762		24,762
- miscellaneous			1,172	7	1,179
Total expenditures	445,798	149,612	104,324	217,139	916,873
Excess (deficiency) of revenues over (under) expenditures	33,184	(101,129)	(37,923)	27,257	(78,611)
Other financing sources (uses):					
Capital leases				894	894
Premium on bonds			7,349		7,349
Proceeds-refunding debt			30,745		30,745
Payments to escrow agent			(33,013)		(33,013)
Face amount of long-term debt		78,425			78,425
Proceeds from sale of capital assets	1,608			330	1,938
Transfers in	5,190	65,677	25,237	45,820	141,924
Transfers (out)	(36,770)	(132)		(79,012)	(115,914)
Total other financing sources (uses)	(29,972)	143,970	30,318	(31,968)	112,348
Net change in fund balances	3,212	42,841	(7,605)	(4,711)	33,737
Fund balances at beginning of year	77,555	118,528	35,903	129,744	361,730
Changes in nonspendable fund balance:					
Change in inventory				(55)	(55)
Change in prepaids				(27)	(27)
Fund balances at end of year	$ 80,767	$ 161,369	$ 28,298	$ 124,951	$ 395,385

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, 2012
(in thousands)

Net change in fund balances - total governmental funds		$ 33,737
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	$ 141,790	
Less current year depreciation	(58,595)	83,195
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds but increases long-term liabilities in the Statement of Net Position. Repayment of the principal of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of 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	(78,425)	
Premium on bonds	(7,349)	
Proceeds on refunding bonds	(30,745)	
Debt service - principal payments	78,688	
Payments to escrow agent	33,013	
Amendment to capital lease	(894)	
Deferred issuance costs	1,153	
Amortization expense	(805)	(5,364)
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	8,137	
Property tax revenues	4,234	
Intergovernmental	(18,688)	
Other	(1,550)	(7,867)
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	(803)	
Change in landfill liability	(928)	
Pollution remediation liability	228	
Net book value of capital asset disposals	(3,217)	
Other	(82)	(4,802)
Internal service funds are used by management to charge the costs of certain activities to individual funds. A portion of the net expense of the internal service funds is reported with governmental activities		8,695
Change in net position of governmental activities		$ 107,594

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 7

Statement of Net Position - Proprietary Funds
June 30, 2012
(in thousands)

	Business-type Activities Enterprise Funds				
	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents		$ 99,491	$ 7,661	$ 107,152	$ 81,291
Restricted cash and cash equivalents		71,789		71,789	
Interest receivable		91	4	95	18
Due from other funds		44	3	47	218
Due from other governments					112
Accounts receivable (net)		15,198	145	15,343	428
Inventory		3,306		3,306	1,035
Prepaid expense		6	5	11	1,457
Total current assets		189,925	7,818	197,743	84,559
Noncurrent assets:					
Restricted cash and cash equivalents		40,453		40,453	
Capital assets:					
Land and other improvements		13,641	1,768	15,409	592
Buildings and improvements		373,747	12,927	386,674	614
Sewage conveyance system		702,236		702,236	
Equipment		112,298	1,210	113,508	38,895
Less accumulated depreciation		(457,349)	(10,112)	(467,461)	(19,349)
Construction in progress		342,111		342,111	1,162
Total capital assets (net of accumulated depreciation)		1,086,684	5,793	1,092,477	21,914
Deferred financing costs		5,133		5,133	
Total noncurrent assets		1,132,270	5,793	1,138,063	21,914
Total assets		1,322,195	13,611	1,335,806	106,473
Liabilities					
Current liabilities:					
Accounts payable		34,994	323	35,317	2,689
Employee compensation		4,148	692	4,840	955
Interest payable		365		365	
Due to other funds		121		121	251
Deferred revenues		2,131	2	2,133	1
Current sewer revenue bonds and obligations payable		24,445		24,445	
Current portion of wastewater loans payable		2,550		2,550	
Current portion reported but unpaid losses					4,202
Current portion incurred but not reported losses					2,114
Total current liabilities		68,754	1,017	69,771	10,212
Noncurrent liabilities:					
Contracts and notes		15,365		15,365	
Sewer revenue bonds and obligations payable		525,930		525,930	
Wastewater loans payable		21,169		21,169	
Reported but unpaid losses					19,253
Incurred but not reported losses		3,080		3,080	9,828
Total noncurrent liabilities		565,544		565,544	29,081
Total liabilities		634,298	1,017	635,315	39,293
Net position					
Net investment in capital assets		558,768	5,793	564,561	21,914
Restricted for:					
Debt service		22,538		22,538	
Capital projects		31,680		31,680	
Regional wastewater reclamation		18,449		18,449	
Unrestricted		56,462	6,801	63,263	45,266
Total net position		$ 687,897	$ 12,594	700,491	$ 67,180

Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal service fund assets and liabilities are included with business-type activities.	3,207
Net position of business-type activities	$ 703,698

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2012
(in thousands)

	Business-type Activities Enterprise Funds				
	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Operating revenues:					
Net patient services	$ 52,018			$ 52,018	
Charges for services	6,704	$ 138,094	$ 8,330	153,128	$ 42,585
Other	1,182	166	39	1,387	407
Total net operating revenues	59,904	138,260	8,369	206,533	42,992
Operating expenses:					
Employee compensation	11,370	35,474	5,813	52,657	7,646
Medical claims	39,096			39,096	
Operating supplies and services	587	9,476	95	10,158	9,405
Sludge and refuse disposal		1,553		1,553	
Repair and maintenance	96	6,501	222	6,819	1,398
Incurred losses					2,209
Insurance premiums					4,619
General and administrative	6,655	14,212	2,451	23,318	3,707
Consultants and professional services	231	5,091	149	5,471	1,302
Depreciation	115	35,477	227	35,819	3,510
Total operating expenses	58,150	107,784	8,957	174,891	33,796
Operating income (loss)	1,754	30,476	(588)	31,642	9,196
Nonoperating revenues (expenses):					
Intergovernmental revenue	1,275		105	1,380	
Investment earnings	118	848	35	1,001	1,260
Sewer connection fees		16,507		16,507	
Interest expense	(20)	(6,519)		(6,539)	
Gain/(loss) on disposal of capital assets	342	(317)		25	(25)
Amortization of deferred charges		(941)		(941)	
Claim and judgment contingency losses		(3,080)		(3,080)	
Premium tax	(1,112)			(1,112)	
Total nonoperating revenues	603	6,498	140	7,241	1,235
Income (loss) before contributions and transfers	2,357	36,974	(448)	38,883	10,431
Capital contributions		2,571		2,571	19
Transfers in		475	1,000	1,475	
Transfers (out)	(26,436)	(709)	(18)	(27,163)	(322)
Change in net position	(24,079)	39,311	534	15,766	10,128
Net position at beginning of year	24,079	648,586	12,060	684,725	57,052
Net position at end of year	$	$ 687,897	$ 12,594	700,491	$ 67,180

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.	1,433
Change in net position of business-type activities	$ 17,199

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012
(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					$ 42,258
Cash received from customers for goods and services provided	$ 55,170	$ 140,575	$ 8,422	$ 204,167	
Cash received from miscellaneous operations	7,886	166		8,052	402
Cash payments to suppliers for goods and services	(61,250)	(26,849)	(1,454)	(89,553)	(14,962)
Cash payments to other funds for goods and services	(5,099)	(8,540)	(2,123)	(15,762)	(4,496)
Cash payments for incurred losses					(7,607)
Cash payments to employees for services	(12,449)	(35,366)	(4,996)	(52,811)	(6,597)
Net cash provided by (used for) operating activities	(15,742)	69,986	(151)	54,093	8,998
Cash flows from noncapital financing activities:					
Interest paid on short-term credit	(20)			(20)	
Cash transfers in from other funds			1,000	1,000	
Cash transfers out to other funds	(26,436)	(234)	(18)	(26,688)	(322)
Loans with other funds	(555)	(244)	(18)	(817)	306
Premium tax	(1,112)			(1,112)	
Intergovernmental revenues	2,347		105	2,452	
Net cash provided by (used for) noncapital financing activities	(25,776)	(478)	1,069	(25,185)	(16)
Cash flows from capital and related financing activities:					
Proceeds from issuance of bonds and loans		189,160		189,160	
Principal paid on bonds and loans		(22,030)		(22,030)	
Interest paid on bonds and loans		(11,869)		(11,869)	
Proceeds from premium		21,682		21,682	
Sewer connection fees		16,203		16,203	
Proceeds from sale of capital assets	762			762	333
Purchase of capital assets		(199,105)		(199,105)	(7,158)
Net cash provided by (used for) capital and related financing activities	762	(5,959)		(5,197)	(6,825)
Cash flows from investing activities:					
Interest received on cash and investments	133	793	33	959	1,254
Net cash provided by investing activities	133	793	33	959	1,254
Net increase/ (decrease) in cash and cash equivalents	(40,623)	64,342	951	24,670	3,411
Cash and cash equivalents at beginning of year	40,623	147,391	6,710	194,724	77,880
Cash and cash equivalents at end of year	$	$ 211,733	$ 7,661	$ 219,394	$ 81,291

(continued)

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012
(in thousands)

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)	$ 1,754	$ 30,476	$ (588)	$ 31,642	$ 9,196
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	115	35,477	227	35,819	3,510
Other					158
Changes in assets and liabilities:					
Decrease (increase) in assets:					
Accounts receivable	2,976	2,481	4	5,461	(262)
Due from other governments	216		49	265	(71)
Inventory and other assets	91	527		618	(84)
Prepaid expense	78	30	72	180	(433)
Increase (decrease) in liabilities:					
Accounts payable	(19,854)	887	250	(18,717)	2,227
Due to other governments	(39)		(136)	(175)	
Reported but unpaid losses					(1)
Incurred but not reported losses					(5,397)
Other current liabilities	(1,079)	108	(29)	(1,000)	155
Net cash provided by (used for) operating activities	$ (15,742)	$ 69,986	$ (151)	$ 54,093	$ 8,998

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2012:

Regional Wastewater Reclamation Enterprise Fund received developer-built conveyance systems with estimated fair value of $3,520. 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 $951. 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 $2. 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 $314.

Pima Health System & Services retired equipment with a net book value of $286.

Pima Health System & Services transferred equipment with a net book value of $134 to the County's general government.

Internal Service Funds received a capital contribution of $19.

Internal Service Funds sold capital assets with a net book value of $358.

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2012
(in thousands)

	Investment Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	$ 297,724	$ 57,450
Interest receivable	96	
Due from other governments		3,704
Total assets	$ 297,820	$ 61,154
Liabilities		
Employee compensation		$ 496
Due to other governments		38,700
Deposits and rebates		21,958
Total liabilities		$ 61,154
Net position		
Held in trust for pool participants	$ 297,820	

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2012
(in thousands)

	Investment Trust Funds
Additions	
Contributions from participants	$ 2,608,930
Total contributions	2,608,930
Investment earnings	1,426
Total investment earnings	1,426
Total additions	2,610,356
Deductions	
Distributions to participants	2,710,812
Total deductions	2,710,812
Change in net position	(100,456)
Net position held in trust July 1, 2011	398,276
Net position held in trust June 30, 2012	$ 297,820

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Combining Statement of Net Position
Component Units
June 30, 2012
(in thousands)

	Sports & Tourism Authority	Southwestern Fair Commission	Total
Assets			
Cash and cash equivalents	$ 9	$ 1,047	$ 1,056
Accounts receivable (net)		5	5
Inventories		36	36
Prepaids		60	60
Restricted assets:			
Cash and cash equivalents		1,500	1,500
Capital assets (net):			
Buildings and improvements		2,306	2,306
Machinery and equipment		666	666
Total assets	9	5,620	5,629
Liabilities			
Accounts payable		205	205
Deposits and rebates		27	27
Total liabilities		232	232
Net Position			
Net investment in capital assets		2,972	2,972
Unrestricted	9	2,416	2,425
Total net position	$ 9	$ 5,388	$ 5,397

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2012
(in thousands)

		Program Revenues		Net (Expense) Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	S&TA	SFC	Total
Sports & Tourism Authority (S&TA)						
Operations	$ 59	$ 20	$ 1	$ (38)		$ (38)
Total S&TA	59	20	1	(38)		(38)
Southwestern Fair Commission (SFC)						
Operations	4,959	4,940	120		$ 101	101
Total SFC	4,959	4,940	120		101	101
Total component units	$ 5,018	$ 4,960	$ 121	(38)	101	63
General revenues:						
Miscellaneous					92	92
Total general revenues					92	92
Change in net position				(38)	193	155
Net position at beginning of year				47	5,195	5,242
Net position at end of year				$ 9	$ 5,388	$ 5,397

See accompanying notes to financial statements

Note 1: Summary of Significant Accounting Policies

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

During the year ended June 30, 2012, the County early implemented the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*. GASB Statement No. 61 modifies certain requirements for the inclusion of component units in the financial reporting entity. The County also early implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 establishes criteria for reporting the consumption and acquisition of net position that is applicable to future reporting periods.

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. Each blended component described below provides a financial benefit and/or financial burden to the County. Therefore, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County. Each blended and discretely presented component unit discussed below has a June 30 year-end.

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

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

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

Note 1: Summary of Significant Accounting Policies (continued)

The Pima County Street Lighting Improvement Districts (SLIDs) are responsible for street lighting for specific regions of unincorporated Pima County. All budgetary and operational activities are administered by the Pima County Board of Supervisors and meet the criteria for a blended component unit. SLIDs are reported as a special revenue fund in these financial statements. Separate financial statements for the SLIDs are not available.

The Southwestern Fair Commission, Inc. (SFC) is a nonprofit corporation, which manages and maintains the fairgrounds owned by the County and conducts annual fair and other events at the fairgrounds. The Commission's members are appointed and can be removed at any time by the Pima County Board of Supervisors. Based on these factors, and because SFC does not provide services entirely, or almost entirely to the County, but rather to the general citizenry, SFC is reported as a separate component unit (discrete presentation) in these financial statements. Complete financial statements for SFC can be obtained from the Pima County Department of Finance and Risk Management located at 130 West Congress Street, Tucson, Arizona 85701.

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 Supervisors. 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. Separate financial statements are unavailable for S&TA.

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, compensated absences, landfill closure and post-closure care costs, and pollution remediation, which are

Note 1: Summary of Significant Accounting Policies (continued)

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 position, the County uses restricted fund balance/net position 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.

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 authorized 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 formal minimum fund balance policy, however, all County funds' fund balances or net position are analyzed throughout the year and reserved as necessary during the budgetary appropriation process.

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.

Note 1: Summary of Significant Accounting Policies (continued)

Government-wide statements provide information about the primary government and its component units. The statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall government, except for fiduciary activities. They also distinguish between thegovernmental and business-type activities of the County and between the County and its discretely presentedcomponent units. Governmental activities are financed primarily through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties. A statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County does not allocate indirect expenses to programs or functions. Program revenues include:

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

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes levied or imposed by the County, 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**) provided 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,

Note 1: Summary of Significant Accounting Policies (continued)

and long-term nursing care. The County's AHCCCS contracts terminated on September 30, 2011, and the Pima Health System and Services ceased operations. All residual balances of the fund were transferred to the other governmental funds at June 30, 2012.

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

The County reports the following fund types:

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

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

Agency Funds account for the assets held by the County as an agent for individuals, private organizations, or other governmental units. The agency funds are custodial in nature and do 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 Department consist of expendable supplies held for consumption and are recorded as expenditures at the time of purchase. Amounts on hand at year-end are shown on the balance sheet as an asset for informational purposes only and are offset by 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 RWR, an enterprise fund, are valued at lower of cost or market, cost being determined using the moving average method.

Note 1: Summary of Significant Accounting Policies (continued)

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.

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 improvements)	All	Straight Line	20 - 30 Years
Buildings and improvements	$100	Straight Line	10 - 50 Years
Equipment	$5	Straight Line	4 - 25 Years
Infrastructure/Sewer conveyance systems	$100	Straight Line	10 - 50 Years
Intangible (Reported in land, equipment, and infrastructure)	$100	Straight Line	Varies

Discretely presented component units:

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

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 government wide and proprietary fund 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 fund financial statements in Employee Compensation. Compensated absences for the governmental funds is accrued based on vacation and sick leave paid within the first two pay periods after fiscal year end.

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
Net Position:					
Nonspendable:					
Inventory	$ 67			$ 1,374	$ 1,441
Prepaid expenses	1,984			72	2,056
Loan receivable	669			59	728
Permanent fund principal				45	45
Total nonspendable	2,720			1,550	4,270
Restricted for:					
Capital Projects					
Streets and highways		$ 42,385			42,385
Other		78,481			78,481
Justice Court Complex		22,651			22,651
Judicial activities				34,367	34,367
Flood Control District		14,171		9,712	23,883
Health				9,792	9,792
Law enforcement				4,385	4,385
Library District				15,217	15,217
Parks and recreation				17	17
School reserve				508	508
Social services				3,186	3,186
Streets and highways				22,877	22,877
Tire fund				1,214	1,214
Other purposes	333			4,193	4,526
Total restricted	333	157,688		105,468	263,489
Committed to:					
School reserve				414	414
Sports promotion (Stadium)				4,440	4,440
Other purposes		7,234		5,410	12,644
Total committed		7,234		10,264	17,498
Assigned to:					
Debt service reserve			$ 28,298		28,298
Judicial activities	114				114
Health				805	805
Parks and recreation	4			1,648	1,652
Landfill				1,890	1,890
School reserve				1,130	1,130
Other purposes				11,209	11,209
Total assigned	118		28,298	16,682	45,098
Unassigned:	77,596	(3,553)		(9,013)	65,030
Total Net Position	$ 80,767	$ 161,369	$ 28,298	$ 124,951	$ 395,385

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; 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; and bonds of any county municipal district, municipal utility, or special taxing district of any state that are payable from revenues, earnings, or a special tax pledged for all payments on the obligations. 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, 2012, the carrying amount of the County's deposits was $57,136 and the bank balance was $66,485.

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, 2012, $1,977 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, 2012, the County's investments consisted of $552,258 invested in marketable securities and $471,556 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, 2012, credit risk for the County's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
Commercial paper	A1/P1	S&P / Moody's	$ 38,545
Corporate bonds	A-/A3	S&P / Moody's	376,649
Federal Farm Credit Bank	AA+/Aaa	S&P / Moody's	15,204
Federal Home Loan Bank	AA+/Aaa	S&P / Moody's	52,582
Freddie Mac (Federal Home Loan Mortgage Corp)	AA+/Aaa	S&P / Moody's	5,099
Money market mutual fund	AAAm/Aaa	S&P / Moody's	11,175
		Marketable securities	499,254
State Treasurer Investment Pool 5	AAAf/S1+	S&P	234,756
State Treasurer Investment Pool 500	Unrated		72,529
State Treasurer Investment Pool 7	Unrated		164,271
	State Treasurer's Investment Pool		471,556
Total			$ 970,810

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 $1,023,814 of investments, $541,083, consisting of the commercial paper, corporate bonds, Federal Farm Credit Bank, Federal Home Loan Bank, 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. At June 30, 2012, the County had investments in the Federal Home Loan Bank with a fair value of $52,582 or 5.1% of total investments.

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, 2012, the County had the following investments:

Investment Type	Amount	Weighted Average Maturity (Years)
State Treasurer Investment Pool 5	$ 234,756	0.07
State Treasurer Investment Pool 500	72,529	7.36
State Treasurer Investment Pool 7	164,271	0.08
Commercial paper	38,545	0.17
Corporate bonds	376,649	1.72
Federal Farm Credit Bank	15,204	2.40
Federal Home Loan Bank	52,582	1.67
Freddie Mac (Federal Home Loan Mortgage Corp)	5,099	0.48
U.S. Treasury Notes	53,004	1.14
Money market mutual fund	11,175	0.14
Total	$ 1,023,814	

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

	Cash on Hand	Amount of Deposits	Amount of Investments	Total
Cash, deposits, and investments:	$ 57	$ 57,136	$ 1,023,814	$ 1,081,007

	Governmental Activities	Business-type Activities	Investment Trust Funds	Agency Funds	Totals
Statement of Net Position:					
Cash and cash equivalents	$ 504,113	$ 107,152	$ 297,724	$ 57,450	$ 966,439
Restricted cash and cash equivalents	2,326	112,242			114,568
Total	$ 506,439	$ 219,394	$ 297,724	$ 57,450	$ 1,081,007

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)

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

The Pool's assets consist of the following:

	Principal	Interest Rates	Maturities	Fair Value
Commercial paper	$ 38,550	0.1-0.2%	07/12-11/12	$ 38,545
Corporate bonds	358,606	0.4-7.3%	08/12-03/17	376,649
Federal Farm Credit Bank	15,000	0.5-1.7%	10/13-12/15	15,204
Federal Home Loan Bank	52,250	0.3-3.1%	08/12-05/16	52,582
Freddie Mac (Federal Home Loan Mortgage Corp)	5,000	4.1%	12/12	5,099
U.S. Treasury Notes	51,290	1.1-3.9%	08/12-07/14	53,004
State Treasurer Investment Pool 5	76,601	N/A	N/A	76,601
Deposits	19,605	N/A	N/A	19,605
Interest Receivable	96	N/A	N/A	96
Total assets				$ 637,385

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

Statement of Net Position	
Assets held in trust for:	
Internal participants	$ 503,836
External participants	133,549
Total assets	637,385
Total liabilities	
Total net position held in trust	$ 637,385
Statement of Changes in Net Position	
Total additions	$ 7,353,082
Total deductions	(7,321,183)
Net increase	31,899
Net position held in trust:	
July 1, 2011	605,486
June 30, 2012	$ 637,385

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	$ 187			$ 16,951	$ 1	$ 17,139
State of Arizona:						
Taxes and shared revenues	20,083	$ 1,733		7,720		29,536
Grants and contributions				3,305	3	3,308
Other Cities:						
Reimbursement for services	995	802	$ 11	1,544	88	3,440
Other governments:						
Reimbursement for services	248	8,483		288	20	9,039
Total due from other governments fund based statements	$ 21,513	$ 11,018	$ 11	$ 29,808	$ 112	$ 62,462

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

	Balance July 1, 2011 (as reclassified)*	Increases	Decreases	Balance June 30, 2012
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 448,790	$ 19,813	$ (942)	$ 467,661
Construction in progress	202,977	122,018	(76,678)	248,317
Total capital assets not being depreciated	651,767	141,831	(77,620)	715,978
Capital assets being depreciated:				
Buildings and improvements	601,905	9,342	(7,522)	603,725
Infrastructure	1,155,494	47,894	(321)	1,203,067
Equipment	118,810	34,871	(6,686)	146,995
Total capital assets being depreciated	1,876,209	92,107	(14,529)	1,953,787
Less accumulated depreciation for:				
Buildings and improvements	(169,797)	(16,373)	5,324	(180,846)
Infrastructure	(561,651)	(34,688)	321	(596,018)
Equipment	(77,798)	(11,044)	5,939	(82,903)
Total accumulated depreciation	(809,246)	(62,105)	11,584	(859,767)
Total capital assets being depreciated, net	1,066,963	30,002	(2,945)	1,094,020
Governmental activities capital assets, net	$ 1,718,730	$ 171,833	$ (80,565)	$ 1,809,998

Note 5: Capital Assets (continued)

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 15,409			$ 15,409
Construction in progress	165,481	$ 215,835	$ (39,205)	342,111
Total capital assets not being depreciated	180,890	215,835	(39,205)	357,520
Capital assets being depreciated:				
Buildings and improvements	369,351	20,202	(2,879)	386,674
Infrastructure	681,720	21,149	(633)	702,236
Equipment	110,063	5,339	(1,894)	113,508
Total capital assets being depreciated	1,161,134	46,690	(5,406)	1,202,418
Less accumulated depreciation for:				
Buildings and improvements	(162,270)	(14,624)	2,666	(174,228)
Infrastructure	(246,488)	(13,264)	319	(259,433)
Equipment	(27,556)	(7,931)	1,687	(33,800)
Total accumulated depreciation	(436,314)	(35,819)	4,672	(467,461)
Total capital assets being depreciated, net	724,820	10,871	(734)	734,957
Business-type activities capital assets, net	$ 905,710	$ 226,706	$ (39,939)	$ 1,092,477

* At July 1, 2011, the general government buildings, improvements, and infrastructure of $40 and $104, respectively were reclassified to equipment.

Note 5: Capital Assets (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:		
General government	$	10,203
Public safety		9,981
Highways and streets		29,711
Sanitation		1,119
Health		687
Welfare		85
Culture and recreation		5,938
Education and economic opportunity		871
Internal service funds		3,510
Total governmental activities depreciation expense	$	62,105
Business-type activities:		
Pima Health System & Services	$	115
Parking Garages		218
Regional Wastewater Reclamation		35,477
Development Services		9
Total business-type activities depreciation expense	$	35,819

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Discretely presented component units:				
Southwestern Fair Commission (SFC):				
Capital assets being depreciated:				
Buildings and improvements	$ 5,017	$ 366		$ 5,383
Equipment	2,417	171	$ (45)	2,543
Total capital assets being depreciated	7,434	537	(45)	7,926
Less accumulated depreciation for:				
Buildings and improvements	(2,857)	(220)		(3,077)
Equipment	(1,738)	(184)	45	(1,877)
Total accumulated depreciation	(4,595)	(404)	45	(4,954)
Total capital assets being depreciated, net	2,839	133		2,972
SFC capital assets, net	$ 2,839	$ 133		$ 2,972

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 $2,500, per occurrence; workers' compensation claim up to $1,000, per occurrence; or any medical malpractice claims in aggregate up to $5,000, in any policy year. The County purchases commercial insurance for claims in excess of coverage provided by the 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 $35,397 reported in the Fund at June 30, 2012, 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.

	2012	2011
Claims liabilities - beginning	$ 40,795	$ 38,378
Current-year claims and changes in estimates	2,209	9,099
Claims payment	(7,607)	(6,682)
Claims liabilities balance - ending	$ 35,397	$ 40,795

Litigation

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

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

Pollution Remediation

The County has estimated and reported an environmental liability of $805 in the government-wide financial statements for governmental activities (in noncurrent liabilities). Remediation efforts are currently underway at one County site: El Camino del Cerro.

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

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

Note 7: Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2012.

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due within 1 year
Governmental activities:					
General obligation bonds	$ 452,750	$ 76,225	$ 72,830	$ 456,145	$ 49,175
Plus unamortized deferred amount	3,106	3,689	1,383	5,412	400
Total general obligation bonds	455,856	79,914	74,213	461,557	49,575
Transportation revenue bonds	131,410	32,945	26,285	138,070	12,055
Plus unamortized deferred amount	(35)	3,660	159	3,466	73
Total transportation revenue bonds	131,375	36,605	26,444	141,536	12,128
Certificates of participation	46,895		8,165	38,730	3,875
Plus unamortized deferred amount	1,340		298	1,042	23
Total certificates of participation	48,235		8,463	39,772	3,898
Capital leases payable:					
Jail capital lease	18,565		2,230	16,335	2,780
Less unamortized deferred amount	(790)		(290)	(500)	(282)
Other capital leases		894	298	596	298
Total capital leases	17,775	894	2,238	16,431	2,796
Reported but unpaid losses (Note 6)	23,456	2,209	2,210	23,455	4,202
Incurred but not reported losses (Note 6)	17,339		5,397	11,942	2,114
Landfill closure and post-closure care costs (Note 8)	19,944	928		20,872	
Pollution remediation (Note 6)	1,033		228	805	
Total governmental activities long-term liabilities	$ 715,013	$ 120,550	$ 119,193	$ 716,370	$ 74,713

Note 7: Long-Term Liabilities (continued)

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due within 1 year
Business-type activities:					
Sewer revenue bonds	$ 182,430		$ 13,120	$ 169,310	$ 14,895
Plus unamortized deferred amount	2,352		640	1,712	
Total revenue bonds payable	184,782		13,760	171,022	14,895
Sewer revenue obligations	165,000	$ 189,160	5,225	348,935	9,550
Plus unamortized deferred amount	11,849	21,683	3,114	30,418	
Total revenue obligations payable	176,849	210,843	8,339	379,353	9,550
Regional Wastewater Reclamation (RWR) loans payable	27,404		3,685	23,719	2,550
Less unamortized deferred amount	(14)		(14)		
Total loans payable	27,390		3,671	23,719	2,550
Contracts and notes	4,657	12,049	1,341	15,365	
Incurred but not reported losses		3,080		3,080	
Total business-type activities long-term liabilities	$ 393,678	$ 225,972	$ 27,111	$ 592,539	$ 26,995

GENERAL OBLIGATION BONDS OUTSTANDING

Governmental Activities

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

General obligation bonds payable at June 30, 2012, consisted of the outstanding general obligation bonds presented below. Of the total amounts originally authorized, $7,697 from the May 20, 1997, $66,318 from the May 18, 2004, and $4,666 from the May 16, 2006 bond elections remain unissued.

The following table presents amounts outstanding by issue.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2012
Series of 2003	50,000	4.00%	2013	$ 3,750
Series of 2004	65,000	3.00 - 5.00%	2013-19	32,660
Series of 2005	65,000	3.50 - 5.00%	2013-20	35,635
Series of 2007	95,000	3.00 - 4.50%	2013-21	62,295
Series of 2008	100,000	3.50 - 4.00%	2013-22	71,250
Series of 2009	75,000	3.00 - 4.13%	2013-23	38,000
Series of 2009A	90,000	3.00 - 4.00%	2013-24	73,435
Series of 2009A Refunding	23,535	3.00 - 3.50%	2013-16	10,820
Series of 2011	75,000	2.00 - 5.00%	2013-26	52,075
Series of 2012A	60,000	1.00 - 4.00%	2013-27	60,000
Series of 2012B Refunding	16,225	2.00 - 3.00%	2013-17	16,225
G.O. bonds outstanding				456,145
Plus unamortized deferred amount:				5,412
		Total G.O. bonds outstanding		$ 461,557

Note 7: Long-Term Liabilities (continued)

The following schedule details general obligation bond debt service requirements to maturity at June 30, 2012.

Year Ending June 30,	Principal	Interest
2013	$ 49,175	$ 16,974
2014	41,775	15,361
2015	37,015	13,886
2016	38,045	12,560
2017	39,710	11,207
2018 - 2022	189,105	34,457
2023 - 2027	61,320	5,764
Total	$ 456,145	$ 110,209

REFUNDED GENERAL OBLIGATION BONDS

In 2012, the County defeased $15,850 of General Obligation Bonds, Series 2003 by issuing $16,225 of General Obligation Bonds that have an average life of 3.54 years and an average interest rate of 2.355%. This refunding transaction resulted in an economic gain of $875 and a reduction in debt service payments of $910. The proceeds of the new bonds were placed in an irrevocable trust to provide for future debt service payments of the refunded debt. Accordingly, the trust account assets and liability for the defeased bonds are not included in the County's financial statements. The Series 2003 Bonds remain legally defeased in substance at the amount disclosed below.

Issue	Principal Outstanding June 30, 2012
2003 General Obligation Refunded Bonds	$ 15,850

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, $89,375 from the November 4, 1997 bond election remains unissued.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2012
Series of 2003	35,000	4.00%	2013	2,670
Series of 2005	51,200	3.50 - 5.00%	2013-20	36,865
Series of 2007	21,000	3.25 - 4.75%	2013-22	17,770
Series of 2008	25,000	3.25 - 4.50%	2013-22	24,400
Series of 2009	15,000	3.00 - 4.00%	2013-24	15,000
Series of 2009 Refunding	8,420	3.00 - 4.00%	2013-24	8,420
Series of 2012	18,425	3.00 - 5.00%	2013-27	18,425
Series of 2012 Refunding	14,520	4.00 - 5.00%	2013-18	14,520
Transportation bonds outstanding				138,070
Plus unamortized deferred amount:				3,466
Total transportation bonds outstanding				$ 141,536

Note 7: Long-Term Liabilities (continued)

The following schedule details transportation bond debt service requirements to maturity at June 30, 2012.

Year Ending June 30,	Principal	Interest
2013	$ 12,055	$ 5,537
2014	12,425	4,969
2015	12,910	4,488
2016	13,430	3,983
2017	14,050	3,372
2018 - 2022	59,985	8,743
2023 - 2027	13,215	1,116
Total	$ 138,070	$ 32,208

Pima County has pledged future highway user revenues, net of specified operating expenses, to repay $138,070 in transportation revenue bonds issued between 2003 and 2012. 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 2027. Annual principal and interest payments on the bonds are expected to require approximately 96 percent of net revenues. Total principal and interest remaining to be paid on the bonds is $170,278. Principal and interest paid for bonds in the current year and total net highway user revenues were $15,940 and $13,499, respectively.

REFUNDED TRANSPORTATION BONDS

In 2012, the County defeased $15,270 of Transportation Bonds, Series 2003, by issuing $14,520 of Transportation Bonds that have an average life of 4.18 years and an average interest rate of 4.195%. The proceeds of the new bonds were placed in an irrevocable trust to provide for legal defeasance of the refunded debt on July 1, 2013. This refunding transaction was performed primarily to restructure outstanding debt in order to align projected future revenues with corresponding debt service requirements and resulted in a reduction in debt service payments of $1,167 and an economic gain of $1,106. The Series 2003 Bonds remain legally defeased in substance at the amount disclosed below.

Issue	Principal Outstanding June 30, 2012
2003 Transportation Refunded Bonds	$ 15,270

CERTIFICATES OF PARTICIPATION

Governmental Activities

(Payments made from General Fund revenues)

Certificates of Participation represent proportionate interests in semiannual lease payments. The County's obligation to make lease payments is subject to annual appropriations being made by the County for that purpose. On May 1, 2007, the County issued Certificates of Participation Series 2007A for $28,765 to finance the acquisition of and improvements to a 22-story office tower located in downtown Tucson and to acquire and construct replacement facilities for the Pima County Community Services Department. On February 4, 2010, the County issued Certificates of Participation Series 2010 for $20,000 to finance the replacement computer enterprise system composed of servers and other hardware, computer terminals, software, and system training. The new enterprise system will serve the County with finance, budget, procurement, human resources, and material management systems.

Note 7: Long-Term Liabilities (continued)

The following schedule details outstanding Certificates of Participation payable at June 30, 2012.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2012
Series of 2007A	$ 28,765	4.25 - 5.00%	2013-22	$ 22,505
Series of 2010	20,000	3.00 - 5.25%	2013-19	16,225
Certificates of participation outstanding				38,730
Plus unamortized deferred amount:				1,042
Total certificates of participation outstanding				$ 39,772

The following schedule details debt service requirements to maturity for the County's Certificates of Participation payable at June 30, 2012.

Year Ending June 30,	Principal	Interest
2013	$ 3,875	$ 1,766
2014	4,020	1,627
2015	4,170	1,472
2016	4,345	1,297
2017	4,570	1,074
2018 - 2022	17,750	2,269
Total	$ 38,730	$ 9,505

CAPITAL LEASES

Governmental Activities

On February 1, 1997, the County entered into an agreement to sell certain jail facilities and then lease them back for a 15-year term. The jail facilities were sold for $34,500, and the proceeds were used to finance the construction of the baseball stadium. On September 1, 1999 and October 1, 2003, Pima County amended the capital lease agreement between U.S. Bank Trust National Association and Pima County. The amendments extended the lease term to 2014 and 2018 respectively, increased the range of interest rates, and increased the County's obligation under the lease agreement. The County has also entered into capital leases for heavy equipment for use at its landfill sites. The outstanding balance as of June 30, 2012, for these leases totaled $596. The net book value of assets acquired through capital leases consists of $15,908 of buildings and $867 of equipment.

The following schedule details capital lease debt service requirements to maturity at June 30, 2012.

Governmental Activities:

	Buildings		Equipment	
Year Ending June 30,	Principal	Interest	Principal	Interest
2013	$ 2,780	$ 647	$ 298	
2014	2,485	511	298	
2015	2,605	399		
2016	2,710	293		
2017	2,820	181		
2018	2,935	62		
	$ 16,335	$ 2,093	$ 596	

Note 7: Long-Term Liabilities (continued)

SEWER REVENUE BONDS, LOANS, AND OBLIGATIONS

Business-type Activities

(Payments made from user charges received in the RWR)

Pima County sewer revenue bonds, as presented below, were issued to provide monies to construct improvements to the County's Regional Wastewater Reclamation system and for the defeasance of prior sewer revenue bonds. As of June 30, 2012, the County has issued the total amounts originally authorized from the May 20, 1997 and May 18, 2004 bond elections.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2012
Series of 2004 Refunding	25,770	4.60 - 5.50%	2013-15	$ 10,405
Series of 2007	50,000	3.75 - 5.00%	2013-26	38,770
Series of 2008	75,000	4.00 - 5.00%	2013-23	73,580
Series of 2009	18,940	3.25 - 4.25%	2013-24	16,715
Series of 2011 Refunding	43,625	2.00 - 5.00%	2013-16	29,840
Sewer revenue bonds outstanding				169,310
Plus unamortized deferred amount:				1,712
Total sewer revenue bonds outstanding				$ 171,022

The following schedule details sewer revenue bond debt service requirements to maturity at June 30, 2012.

Year Ending June 30,	Principal	Interest
2013	$ 14,895	$ 7,347
2014	16,765	6,661
2015	17,555	5,882
2016	15,950	5,057
2017	11,250	4,354
2018 - 2022	65,300	14,260
2023 - 2026	27,595	2,086
Total	$ 169,310	$ 45,647

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. In December 2011, the County issued Sewer Revenue Obligations Series 2011B for $189,160 to provide additional funding for the construction and improvements of the County's wastewater conveyance systems and treatment facilities.

Note 7: Long-Term Liabilities (continued)

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2012
Series of 2010	$ 165,000	2.50 - 5.00%	2014-25	$ 165,000
Series of 2011B	189,160	1.00 - 5.00%	2013-26	183,935
Sewer revenue obligations outstanding				348,935
Plus unamortized deferred amount:				30,418
Total sewer revenue obligations outstanding				$ 379,353

The following schedule details sewer revenue obligation debt service requirements to maturity at June 30, 2012.

Year Ending June 30,	Principal	Interest
2013	$ 9,550	$ 17,028
2014	11,935	16,646
2015	12,330	16,169
2016	12,850	15,596
2017	25,915	14,984
2018 - 2022	149,710	54,785
2023 - 2026	126,645	14,609
Total	$ 348,935	$ 149,817

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 2004 which was 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, 2012
1996 Loans payable	$ 11,313	3.19%	2013	$ 1,105
2004 Loans payable	19,967	1.81%	2013-24	15,518
2009 Loans payable	8,002	0.96%	2013-24	7,096
		Total loans payable		$ 23,719

The following schedule details loans payable debt service requirements to maturity at June 30, 2012.

Year Ending June 30,	Principal	Interest
2013	$ 2,550	$ 687
2014	1,489	622
2015	1,535	576
2016	1,581	529
2017	1,629	480
2018 - 2022	8,922	1,613
2023 - 2026	6,013	278
Total	$ 23,719	$ 4,785

Note 7: Long-Term Liabilities (continued)

Pima County has pledged future user charges, net of specified operating expenses, to repay $169,310 in sewer revenue bonds issued between 2004 and 2011, $23,719 in sewer revenue loans issued between 1996 and 2009, and $348,935 in sewer revenue obligations issued in 2010 and 2011. 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 42 percent of net revenues. The annual principal and interest payments on the loans are expected to require approximately 9 percent of net revenues. Total principal and interest remaining to be paid on the bonds is $214,957. Total principal and interest remaining to be paid on the loans is $28,504. Total principal and interest remaining to be paid on the obligations is $498,752. Principal and interest paid for bonds, loans and obligations in the current year and total customer net revenues were $39,586, $4,069, and $80,142, respectively.

All sewer revenue bonds were issued and the loan agreements were executed with a first lien on the pledge of the RWR net revenues and have restrictive covenants, primarily related to minimum utility rates and limitations on future bond issues. The bond covenants also require the RWR to either maintain a surety bond guaranteeing the payment of annual debt service or to maintain in the Bond Reserve Account monies equal to the average annual debt service payment. At June 30, 2012, the RWR had a surety bond to meet the requirements of the debt covenants. The County is also authorized to issue for the RWR additional parity bonds if certain conditions are met, primarily that net revenues for the fiscal year immediately preceding issuance of the parity bonds exceed 120 percent of the maximum annual debt service requirements immediately after such issuance.

CONTRACTS AND NOTES

Business-type Activities

(Payments made from restricted assets in the RWR)

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

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, 2012, is as follows:

Net assessed valuation		$ 8,448,282
Debt limit (15% of net assessed valuation):		1,267,242
Less amount of debt applicable to debt limit:		
General obligation bonds outstanding	$ 456,145	
Less fund balance in debt service fund available for payment of general obligation bond principal	(22,602)	433,543
Legal debt margin available		$ 833,699

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 $20,872 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 $5,608 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, 2012; actual costs may change due to inflation, changes in technology, or changes in regulations.

Landfill Site	Capacity Used June 30, 2012	Estimated Remaining Service Life
Ajo	71%	38 Years
Sahuarita	51%	30 Years
Tangerine	95%	5 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 $10,596 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: Pension and Other Post Employment Benefits

Pension Plan Descriptions

The County contributes to the Arizona State Retirement System **(ASRS),** the Corrections Officer Retirement Plan **(CORP),** the Public Safety Personnel Retirement System **(PSPRS),** consisting of Pima County Sheriffs and Pima County - County Attorney Investigators, and the Elected Officials Retirement Plan **(EORP).** The **EORP** and the **PSPRS** 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 retiree's 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.

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

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

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

The **CORP** administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium plan that covers certain 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 Phoenix, AZ 85012 (602) 240-2000 or (800) 621-3778	3010 East Camelback Road Suite 200 Phoenix, AZ 85016-4416 (602) 255-5575

Funding Policy

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

Cost-sharing plans

For the year ended June 30, 2012, active **ASRS** members were required by statute to contribute at the actuarially determined rate of 10.74 percent (10.5 percent for retirement and 0.24 percent for long-term disability) of the members' annual covered payroll. The County is required by statute to contribute at an actuarially determined rate. For the year ended June 30, 2012 the County contributed 10.74 percent (9.87 percent for retirement, 0.63 percent for health insurance premium, and 0.24 percent for long-term disability) of the members' annual covered payroll. For the year ended June 30, 2011, the County contributed 9.85 percent (9.01 percent for retirement, .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.

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

	ASRS Retirement Fund	Health Benefit Supplement Fund	Long-term Disability Fund
Year ended June 30, 2012			
2012	$ 21,290	$ 1,359	$ 518
2011	$ 21,774	$ 1,426	$ 604
2010	$ 20,234	$ 1,601	$ 970

Agent plans

For the year ended June 30, 2012, active **PSPRS** members were required by statute to contribute 8.65 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 24.24 percent, the aggregate of which is the actuarially required amount. As allowed by statute, the County contributed 3.65 percent of the members' required contribution, with the members contributing 5.00 percent. The health insurance premium portion of the contribution was set at 1.83 percent of covered payroll. Active **CORP** members were required by statute to contribute 8.41 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 9.38 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.30 percent of covered payroll.

Actuarial methods and assumptions

The contribution requirements for the year ended June 30, 2012 were established by the June 30, 2010 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 multi-year 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 2012 contribution requirements, are as follows:

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

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

Annual Pension and OPEB Cost

The County's pension/OPEB cost for the PSPRS and CORP agent plans for the year ended June 30, 2012, and related information follows:

	PSPRS		CORP	
	Pension	Health Insurance	Pension	Health Insurance
Annual pension/Healthcare cost	$ 8,445	$ 638	$ 2,076	$ 288
Contributions made	$ 8,699	$ 384	$ 2,218	$ 146

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

Trend Information

Annual pension cost information for the current and 2 preceding years follows for the PSPRS and CORP agent plans. Annual OPEB cost information for FY 2012, FY 2011 and FY 2010 is as follows:

Plan	Year Ended June 30	Annual Pension/ Healthcare Cost	Percentage of Annual Cost Contributed	Net Pension/ Healthcare Obligation
PSPRS				
Pension	2012	$ 8,445	103%	
Health insurance	2012	$ 638	60%	$ 254
Pension	2011	$ 8,303	103%	
Health insurance	2011	$ 624	63%	$ 232
Pension	2010	$ 8,761	102%	
Health insurance	2010	$ 591	75%	$ 151
CORP				
Pension	2012	$ 2,076	107%	
Health insurance	2012	$ 288	51%	$ 142
Pension	2011	$ 1,824	108%	
Health insurance	2011	$ 282	50%	$ 140
Pension	2010	$ 1,943	102%	
Health insurance	2010	$ 232	79%	$ 49

Funded Status

The funded status of the plans, as of the most recent valuation date of June 30, 2012, along with the actuarial assumptions and methods used in those valuations follow. Additionally, the required schedule of funding progress, presented as Exhibit B-2 following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

	PSPRS		CORP	
	Pension	Health Insurance	Pension	Health Insurance
Actuarial accrued liability	$ 268,903	$ 7,325	$ 83,526	$ 3,161
Actuarial value of assets	$ 149,085	0	$ 51,797	0
Unfunded actuarial accrued liability (funding excess)	$ 119,818	$ 7,325	$ 31,729	$ 3,161
Funded ratio	55.4 %	0 %	62.0 %	0 %
Covered payroll	$ 31,920	$ 31,920	$ 21,743	$ 21,743
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	375.4 %	22.9 %	145.9 %	14.5 %

	PSPRS	CORP
Actuarial valuation date	June 30, 2012	June 30, 2012
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment rate of return	8.00%	8.00%
Projected salary increases	5.00% - 9.00%	5.00% - 8.25%
includes inflation at	5.00%	5.00%
Amortization method	Level percentage of pay closed	Level percentage of pay closed
Remaining amortization period	24 Years for unfunded , 20 years for overfunded	24 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	Debt Service	Other Governmental	RWR	Internal Services	Total
General		$ 12		$ 7,408	$ 77	$ 31	$ 7,528
Capital Projects	$ 130		$ 77	680	$ 44	217	1,148
Debt Service		1,575					1,575
Other Governmental	412	50		4,427		3	4,892
RWR	1	43					44
Other Enterprise		3					3
Internal Services		218					218
Total	$ 543	$ 1,901	$ 77	$ 12,515	$ 121	$ 251	$ 15,408

B. Transfers

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

Amounts recorded as transfers out:

Amounts recorded as transfers in:	General	Capital Projects	Other Governmental	PHS&Services	RWR	Other Enterprise	Internal Services	Total
General			$ 5,190					$ 5,190
Capital Projects	$ 8,815		56,512		$ 96		$ 254	65,677
Debt Service	7,420		16,792	$ 326	613	$ 18	68	25,237
Other Governmental	19,535		175	26,110				45,820
RWR		$ 132	343					475
Other Enterprise	1,000							1,000
Total	$ 36,770	$ 132	$ 79,012	$ 26,436	$ 709	$ 18	$ 322	$ 143,399

Note 11: Construction and Other Significant Commitments

At June 30, 2012, Pima County had the following major contractual commitments related to Facilities Management; General Government; Natural Resources, Parks and Recreation; Pima Health System and Services; Regional Flood Control; Regional Wastewater Reclamation; and Transportation.

Facilities Management
At June 30, 2012, the Pima County Facilities Management Department had construction contractual commitments of $42,025 and other contractual commitments related to service contracts of $6,525. Funding for these expenditures will be provided from general fund revenues.

General Government
At June 30, 2012, Pima County had contractual commitments related to service contracts for Community Development and Neighborhood Conservation Department of $11,051, Office of Court Appointed Counsel of $55,324 and, Institutional Health of $63,593. Procurement Department had construction contractual commitments of $95,429 and other contractual commitments related to service contracts of $3,851. Sheriff Department had contractual commitments related to construction contracts of $3,275 and other related contractual commitments related to service contracts of $8,960. Funding for these expenditures will be provided from general fund revenues.

Natural Resources, Parks and Recreation
At June 30, 2012, Pima County had contractual commitments related to construction contracts for Natural Resources, Parks and Recreation of $14 and other contractual commitments related to services of $20,032. Funding for these expenditures will be provided from general obligation bonds.

Pima Health System & Services
At June 30, 2012, Pima County had contractual commitments related to service contracts for Pima Health System & Services of $18,922. Funding for these expenses will be primarily provided from federal and state funding sources.

Regional Flood Control
At June 30, 2012, the Regional Flood Control fund had construction contractual commitments of $790 and other contractual commitments related to service contracts of $7,196. Funding for these expenditures will be primarily from tax levy revenues.

Regional Wastewater Reclamation
At June 30, 2012, the Regional Wastewater Reclamation Enterprise Fund had construction contractual commitments of $77,916 and other contractual commitments related to service contracts of $30,958. Funding for these expenses will be primarily from Sewer Revenue Obligations and related fees.

Transportation
At June 30, 2012, the Pima County Transportation Department had construction contractual commitments of $37,415 and other contractual commitments related to service contracts of $21,481. 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: Subsequent Event

Sewer System Revenue Obligations – On December 1, 2012 the RWR will issue Series 2012A Obligations in the amount of $150,000 to provide funds for the construction of improvements and extensions to the sewer system of the County.

Interest is payable semiannually and is calculated based on the principal amount of the loan outstanding during such period. Payments will be made from user charges received in the Regional Wastewater Reclamation Enterprise Fund.

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APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

So long as Cede & Co. is the registered owner of the Bonds, as nominee 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

$50,000,000 GENERAL OBLIGATION BONDS, SERIES 2013A	$38,575,000 GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013B

BOND PURCHASE AGREEMENT

May 21, 2013

PIMA COUNTY, ARIZONA
c/o Board of Supervisors
130 West Congress, 11th Floor
Tucson, Arizona 85701

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

1. *Purchase and Sale of the Bonds.* Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriter, all, but not less than all, of the Issuer's General Obligation Bonds, Series 2013A (the "*New Money Bonds*") and General Obligation Refunding Bonds, Series 2013B (the "*Refunding Bonds*" and with the New Money Bonds, the "*Bonds*"). Inasmuch as this purchase and sale represents a negotiated transaction, it is agreed that (i) the Underwriter is not acting as an agent or fiduciary of the Issuer, but rather is acting solely in its capacity as underwriter for itself and its own account (ii) the transaction contemplated by this Agreement is an "arm's length," commercial transaction between the Issuer and the Underwriter in which the Underwriter is acting solely

as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer; (iii) the Underwriter has not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Issuer on other matters); (iv) the Underwriter is acting solely in its capacity as underwriter for its own accounts; (v) the only obligations the Underwriter has to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Agreement; and (vi) the Issuer has consulted its own legal, accounting, tax, and other advisors, as applicable, to the extent it has deemed appropriate.

The dated date and first interest payment date, the maturities, the optional redemption provisions and the interest rates per annum and resulting yields for the Bonds are set forth in the Schedule hereto. The Bonds shall be as described in, and shall be issued under and pursuant to the provisions of, the "*Bond Resolution*" adopted by the Board of Supervisors of the Issuer (the "*Board*") at a meeting duly called, noticed and held on May 7, 2013.

The purchase price of the Bonds shall be $93,781,676.10 which represents an aggregate principal amount of the Bonds of $88,575,000.00 plus original issue premium of $5,791,271.10 less an underwriting discount of $584,595.00.

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

3. *The Official Statement*.

(a) The Preliminary Official Statement, dated May 8, 2013, (including the cover page and Appendices thereto, the "*Preliminary Official Statement*"), of the Issuer relating to the Bonds, as to be subsequently revised to reflect the changes resulting from the sale of the Bonds and including amendments or supplements thereto, is hereinafter called the "*Official Statement*."

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

permitted to be excluded by Section (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "*Rule*").

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

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

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

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

(a) The Issuer is duly organized and validly existing as a political subdivision under the laws of the State of Arizona (the "*State*") with powers specifically required for the purposes of this Agreement, specifically Title 35, Chapter 3, Articles 3 and 4, Arizona Revised Statutes, as amended (the "*Act*"), and has now, and at the Closing Date will have, full legal right, power and authority under the Act to adopt the Bond Resolution and under the Act and the Bond Resolution (i) to enter into, execute and deliver this Agreement, the Depository Trust Agreement described in the Official Statement (the "*Depository Trust Agreement*"), the Bond Registrar and Paying Agent Agreement described in the Bond Resolution and an Undertaking which satisfies the requirements of Section (b)(5)(i) of the Rule (the "*Undertaking*") hereof and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Agreement, the Depository Trust Agreement, such Bond Registrar and Paying Agent Agreement and the Undertaking hereinafter referred to as the "*Issuer Documents*"), (ii) to sell, issue and deliver the Bonds to the Underwriter as provided herein and (iii) to carry out and consummate the transactions contemplated by the Bond Resolution, the Issuer Documents and the Official Statement, and the Issuer has complied, and will at the Closing be in compliance in all respects, with the terms of the Act, the Bond Resolution and the Issuer Documents as they pertain to such transactions;

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

(c) The Issuer Documents constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency,

reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights and, in the case of the Undertaking, annual appropriation of amounts to pay for compliance therewith, and the Bonds, when issued, delivered and paid for, in accordance with the Bond Resolution and this Agreement, will constitute legal, valid and binding general obligations of the Issuer, entitled to the benefits of the Bond Resolution and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights and all actions necessary to create a legal, valid and binding levy on all of the taxable property in the Issuer of a direct, annual, ad valorem tax, unlimited as to rate, sufficient to pay all the principal of and interest on the Bonds as the same become due, shall have been or shall be taken to the extent such action may be taken at or prior to the Closing; provided, however, that the total aggregate of taxes levied to pay principal of and interest on the Refunding Bonds in the aggregate shall not exceed the total aggregate principal and interest to become due on the Refunding Bonds from the date of issuance of the Refunding Bonds to the final date of maturity of the hereinafter defined Refunded Bonds;

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

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

approvals, consents and orders as may be required under the "blue sky" or securities laws of any jurisdiction in connection with the offering and sale of the Bonds;

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

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

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

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

(j) If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 3 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the Closing Date, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading;

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

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

(m) The financial statements of, and other financial information regarding, the Issuer in the Official Statement fairly present the financial position and results of the Issuer as of the dates and for the periods therein set forth in accordance with generally accepted governmental accounting principles as applicable to governmental units and have been prepared in accordance with generally accepted governmental accounting principles consistently applied throughout the periods concerned (except as otherwise disclosed in the Official Statement or financial statements); since June 30, 2011, except as disclosed in the Official Statement, the Issuer has not incurred any material liabilities, direct or contingent, nor has there been any material adverse change in the financial position, results of operations or condition, financial or otherwise, of the Issuer that are not described in the Official Statement, whether or not arising from transactions in the ordinary course of business;

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

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

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

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

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

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

5. *Closing.*

(a) Before 10:00 a.m., Arizona time, on June 5, 2013 (the "*Closing Date*"), or at such other time and date as shall have been mutually agreed upon by the Issuer and the Underwriter, the Issuer will, subject to the terms and conditions hereof, deliver the Bonds to the Underwriter duly executed and authenticated, together with the other documents hereinafter mentioned, and the Underwriter will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 of this Agreement by wire transfer payable in immediately available funds to the order of the Issuer (the "*Closing*"). Payment for the Bonds as afore-

said shall be made at the offices of Bond Counsel or such other place as shall have been mutually agreed upon by the Issuer and the Underwriter.

(b) Delivery of the Bonds shall be made through the facilities of The Depository Trust Company, New York, New York ("*DTC*"), or, in the case of a "Fast Automated Securities Transfer" with the bond registrar, transfer agent and paying agent for purposes of the Bond Registrar and Paying Agent or by such other means as shall have been mutually agreed upon by the Issuer and the Underwriter. The Bonds shall be prepared in definitive fully registered form, bearing CUSIP numbers without coupons, with one Bond for each maturity of the Bonds, registered in the name of Cede & Co., all as provided in the Bond Resolution, and shall be made available to the Underwriter at least one business day before the Closing for purposes of inspection.

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

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

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

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

(d) At the time of the Closing, all official action of the Issuer relating to the Bonds, the Bond Resolution and the Issuer Documents shall be in full force and effect and shall not have been amended, modified or supplemented;

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

(f) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or operations of the Issuer, from that set forth in the Official Statement that, in the judgment of the Underwriter, is material and adverse and that makes it, in the judgment of the Underwriter, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

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

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

(i) At or prior to the Closing, the Underwriter shall have received copies of each of the following documents:

(1) The Official Statement, executed on behalf of the Issuer by the Chairman of the Board and the County Administrator, or such other official as may have been agreed to by the Underwriter, and the reports and audits referred to or appearing in the Official Statement;

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

(3) The Issuer Documents;

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

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

(i) the Issuer is duly organized and validly existing as a political subdivision under the laws of the State with powers specifically required for the purpose of this Agreement, specifically the Act, and has full legal right, power and authority under the Act to adopt the Bond Resolution and under the Act and the Bond Resolution (A) to enter into, execute and deliver the Issuer Documents and all documents required hereunder and thereunder to be executed and delivered by the Issuer, (B) to sell, issue and deliver the Bonds to the Underwriter as provided herein and (C) to carry out and consummate the transactions contemplated by the Issuer Documents and the Official Statement, and the Issuer has complied in all respects with the terms of the Act;

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

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

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

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

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

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

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

(6) An opinion of Counsel to the Underwriter, dated the Closing Date, addressed to the Underwriter, substantially to the effect that, based upon their participation in the preparation of the Official Statement as Counsel for the Underwriter and their participation at conferences at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, such counsel has no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect (except for any financial, forecast, technical and statistical statements and data included in the Official Statement);

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

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

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

(iii) the information contained in the Official Statement under the caption "LITIGATION" is true and correct in all material respects and

(iv) based on the examination which such counsel has caused to be made and its participation at conferences at which the Preliminary Official Statement and the Official Statement were discussed

and except as described in subparagraph (iii) of this subsection, such counsel has no reason to believe that the Official Statement as of its date and as of the date hereof contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect (except for any financial forecast, technical and statistical data included in the Official Statement as to which no view need be expressed);

(8) A certificate, dated the Closing Date, of appropriate representatives of the Issuer substantially to the effect that

(i) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date;

(ii) no litigation or proceeding against it is pending or, to the best of such representatives' knowledge, threatened in any court or administrative body which would (a) contest the right of the members or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Bonds or the Issuer Documents or (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and levying, assessing and collecting the property taxes from which the Bonds are payable pursuant to the Bond Resolution, nor, to the best of such representatives' knowledge, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially, adversely affect the validity or enforceability of the Bonds or the Issuer Documents or have a material, adverse effect on the financial condition of the Issuer;

(iii) the Bond Resolution has been duly adopted by the Issuer, is in full force and effect and has not been modified, amended or repealed;

(iv) the financial statements of the Issuer included in the Official Statement were true, correct and complete as of June 30, 2011, and are true, correct and complete as of the date of such certificate, and any other financial statements and statistical data included in the Official Statement are true and correct as of the date of such certificate;

(v) subsequent to June 30, 2011, the Issuer has not incurred any material liabilities, direct or contingent, nor has there been any material adverse change in the financial position, results of operations or condition, financial or otherwise, of the Issuer that are not described in the Official Statement, whether or not arising from transactions in the ordinary course of business and

(vi) to the best of their knowledge and belief, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any respect as of the Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading in any material respect;

(9) A certificate, dated the Closing Date, of appropriate representatives of the Issuer in form and substance satisfactory to Bond Counsel (i) setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "*Code*"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, and (ii) certifying that to the best of their knowledge and belief, there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;

(10) Any other certificates and opinions required by the Bond Resolution for the issuance thereunder of the Bonds;

(11) Evidence satisfactory to the Underwriter that the Bonds have been rated "AA-" by Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, and "AA" by Fitch Ratings, Inc. and that such ratings are in effect as of the Closing Date;

(12) A copy of a special report prepared by Grant Thornton LLP, a firm of independent certified public accountants, dated the Closing Date and addressed to the Issuer, Bond Counsel and the Underwriter, verifying the arithmetical computations of the adequacy of the maturing principal of and interest on the obligations and uninvested cash on hand under the Depository Trust Agreement to pay, when due, the principal of and interest on the bonds which have been refunded with proceeds of the sale of the Refunding Bonds (the "*Refunded Bonds*");

(13) A certificate of the Depository Trustee, dated the Closing Date, to the effect that moneys or obligations sufficient to effectuate the refunding of the Refunded Bonds have been received and that such moneys or obligations have been deposited under the Depository Trust Agreement;

(14) The filing copy of the Information Return Form 8038-G (IRS) for the Bonds;

(15) The filing copy of the Report of Bond and Security Issuance for the Arizona Department of Revenue pursuant to Section 35-501(B), Arizona Revised Statutes, as amended, and

(16) Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing, of the Issuer's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Issuer on or prior to the Closing Date of all the respective agreements then to be performed and conditions then to be satisfied by the Issuer.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Agreement, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriter nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of

the Issuer and the Underwriter set forth in Sections 4 and 8(c) hereof shall continue in full force and effect.

7. *Termination*. The Underwriter shall have the right to cancel its obligation to purchase the Bonds if, between the date of this Agreement and the Closing, the market price or marketability of the Bonds shall be materially adversely affected, in the sole judgment of the Underwriter, by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or the State legislature or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation or State income taxation upon income of the general character to be derived by the Issuer pursuant to the Bond Resolution, or upon interest received on obligations of the general character of the Bonds or, with respect to State taxation, of the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or State income tax consequences of any of the transactions contemplated herein;

(b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Bond Resolution is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) any state "blue sky" or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading in securities on the New York Stock Exchange or the American Stock Exchange, the establishment of minimum prices on either such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(e) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(f) any amendment to the federal or state Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Issuer, its property, income securities (or interest thereon);

(g) any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) there shall have occurred since the date of this Agreement any materially adverse change in the affairs or financial condition of the Issuer;

(i) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise;

(j) any fact or event shall exist or have existed that, in the Underwriter's judgment, requires or has required an amendment of or supplement to the Official Statement;

(k) there shall have occurred or any notice shall have been given of any intended review, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to any of the Issuer's obligations;

(l) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission and

(m) the debt ceiling of the United States is such that the obligations required to fund the Depository Trust Agreement are not available for delivery on the date of the delivery of the Refunding Bonds.

8. *Expenses*.

(a) The Underwriter shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to (i) the cost of preparation and printing of the Bonds, (ii) the fees and disbursements of Bond Counsel and Counsel to the Underwriter; (iii) the fees and disbursements of any other engineers, accountants, and other experts, consultants or advisers retained by the Issuer and (iv) the fees for bond ratings and credit enhancement fees or premiums, if any. The Issuer shall also pay for any expenses (included in the expense component of the Underwriter's discount) incurred by the Underwriter which are incidental to implementing this Agreement and the issuance of the Bonds.

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

(c) If this Agreement shall be terminated by the Underwriter because of any failure or refusal on the part of the Issuer to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Issuer shall be unable to perform its obligations under this Agreement, the Issuer will reimburse the Underwriter for all "out-of-pocket" expenses (including the fees and disbursements of Counsel to the Underwriter) reasonably incurred by the Underwriter in connection with this Agreement or the offering contemplated hereunder.

(d) The Issuer acknowledges that it has had an opportunity to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

9. *Notices*. Any notice or other communication to be given to the Issuer under this Agreement may be given by delivering the same in writing to the address set forth on the first page of this Agreement, and any notice or other communication to be given to the Underwriter under this Agreement may be given by delivering the same in writing to RBC Capital Markets, LLC, 2398 East Camelback Road, Suite 700, Phoenix, Arizona 85016, Attention: Kurt M. Freund.

10. *Parties in Interest*. This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriter (including successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Issuer. All of the Issuer's representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of any of the Underwriter; (ii) delivery of and payment for the Bonds pursuant to this Agreement and (iii) any termination of this Agreement.

11. *Effectiveness*. This Agreement shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance.

12. *Choice of Law*. This Agreement shall be governed by and construed in accordance with the law of the State.

13. *Severability*. If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

14. *Business Day*. For purposes of this Agreement, "business day" means any day on which the New York Stock Exchange is open for trading.

15. *Section Headings*. Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

16. *Counterparts*. This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

17. *Notice Concerning Cancellation of Contracts.* As required by the provisions of Arizona Revised Statutes, Section 38-511, notice is hereby given that the State, its political subdivisions (including the Issuer) or any department or agency of either may, within three years after its execution, cancel any contract, without penalty or further obligation, made by the State, its political subdivisions, or any of the departments or agencies of either if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions, or any of the departments or agencies of either is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. he cancellation shall be effective when written notice from the Governor or the chief executive officer or governing body of the political subdivision is received by all other parties to the contract unless the notice specifies a later time. he State, its political subdivisions or any department or agency of either may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any department or agency of either from any other party to the contract arising as the result of the contract. This section is not intended to expand or enlarge the rights of the Issuer hereunder except as required by such Section 38-511. Each of the parties hereto hereby certifies that it is not presently aware of any violation of such Section 38-511 which would adversely affect the enforceability of this Bond Purchase Agreement and covenants that it shall take no action which would result in a violation of such Section.

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

Very truly yours,

RBC CAPITAL MARKETS, LLC

By.....
Authorized Officer

Accepted and agreed at 2:30 p.m.,
MST, this 21st day of May, 2013

PIMA COUNTY, ARIZONA

By.....
Printed Name: Thomas Burke
Title: Finance and Risk Management Director

330709617.1-5/2/2013

SCHEDULE

$50,000,000 PRINCIPAL AMOUNT
GENERAL OBLIGATION BONDS
SERIES 2013A
DATED DATE: CLOSING DATE

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield
2014	$3,000,000	1.00%	0.31%
2015	2,885,000	1.50	0.48
2016	2,930,000	1.75	0.68
2017	2,980,000	1.75	0.97
2018	3,030,000	2.00	1.26
2019	3,095,000	2.00	1.57
2020	1,700,000	2.00	1.87
2020	1,455,000	3.00	1.87
2021	1,195,000	2.50	2.16
2021	2,035,000	3.00	2.16
2022	3,325,000	3.00	2.35
2023	3,425,000	3.00	2.55
2024	3,525,000	3.00	2.76*
2025	3,630,000	4.00	2.81*
2026	3,775,000	4.00	2.92*
2027	3,930,000	4.00	3.02*
2028	4,085,000	4.00	3.10*

* Yield calculated to first optional redemption date.

First Interest Payment Date is: January 1, 2014

Redemption

The New Money Bonds maturing on or after July 1, 2024, will be subject to call for redemption on any date on or after July 1, 2023, at the election of the Issuer, in whole or in part from maturities selected by the Issuer and within any maturity by lot, by the payment of a redemption price equal to the principal amount of each New Money Bond called for redemption plus accrued interest to the date fixed for redemption, without premium.

$38,575,000 PRINCIPAL AMOUNT
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2013B
DATED DATE: CLOSING DATE

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield
2014	$ 10,000	2.00%	0.39%
2015	4,480,000	3.00	0.48
2016	4,650,000	3.00	0.68
2017	9,355,000	3.00	0.97
2018	3,220,000	3.00	1.26
2018	6,460,000	4.00	1.21
2019	5,245,000	3.00	1.57
2020	5,155,000	3.00	1.87

First Interest Payment Date is: January 1, 2014

Redemption

The Refunding Bonds are not subject to optional redemption prior to maturity.

OFFICIAL STATEMENT

NEW ISSUES – 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.

PIMA COUNTY, ARIZONA

$50,000,000
GENERAL OBLIGATION BONDS
SERIES 2013A

$38,575,000
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2013B

Dated: Date of Initial Delivery **Due: July 1, as shown on inside cover**

The $50,000,000 principal amount of General Obligation Bonds, Series 2013A (the "Improvement Bonds") and $38,575,000 principal amount of General Obligation Refunding Bonds, Series 2013B (the "Refunding Bonds" and, together with the Improvement Bonds, the "Bonds") being issued by Pima County, Arizona (the "County") will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds for purposes of the book-entry-only system maintained thereby. Purchases of beneficial interests in the Bonds will be made in book-entry-only form in amounts of $5,000 of principal due on a maturity date or any integral multiple thereof.

Interest on the Bonds will accrue from the dated date and will be payable until maturity or prior redemption semiannually on January 1 and July 1 (each an "Interest Payment Date"), commencing January 1, 2014 and principal of the Bonds will be payable annually in accordance with the schedules set forth on the inside cover page hereof. So long as the Bonds are registered in the name of DTC, or its nominee, payments of the principal of and interest on the Bonds will be made directly by the paying agent, initially U.S. Bank National Association, to DTC which, in turn, is obligated to remit such payments to its participants for subsequent distribution to beneficial owners of the Bonds. See Appendix F – "Book-Entry-Only System."

The Improvement Bonds will be subject to redemption prior to their stated maturities on or after July 1, 2023 as provided under "THE BONDS – Redemption Provisions" herein. The Refunding Bonds will not be subject to redemption prior to their stated maturities.

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

Upon their issuance, the Bonds will be direct and general obligations of the County, payable as to principal and interest, from ad valorem taxes to be levied against all taxable property within the County without limitation as to rate or amount to pay the principal of and interest on the Improvement Bonds, and without limitation as to rate but limited to an amount to pay the principal of and interest on the Refunding Bonds of not greater than the amount of ad valorem taxes that would have been levied to pay the Bonds Being Refunded, which funds are irrevocably pledged for the payment of principal of and interest on the Refunding Bonds when and as the same fall due, subject to the rights of the owners of the Bonds Being Refunded to payment of the Bonds Being Refunded from the same tax source in the event of a deficiency in the moneys and obligations issued by or guaranteed by the United State of America which will be purchased from the proceeds of the sale of the Refunding Bonds and other moneys available therefor and placed in trust for the purpose of making all payments when due on the Bonds Being Refunded .

MATURITY SCHEDULES AND ADDITIONAL INFORMATION ON INSIDE FRONT COVER PAGE

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

The Bonds are offered when, as and if issued by the County and received by the underwriter identified below (the "Underwriter") subject to the approving opinion of Squire Sanders (US) LLP, Bond Counsel, as to validity and tax exemption. Certain legal matters will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about June 5, 2013.

RBC CAPITAL MARKETS

May 21, 2013

MATURITY SCHEDULES

$50,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2013A

Due July 1	Principal Amount	Interest Rate	Yield	CUSIP (a)
2014	$3,000,000	1.00%	0.31%	721663 WV0
2015	2,885,000	1.50	0.48	721663 WW8
2016	2,930,000	1.75	0.68	721663 WX6
2017	2,980,000	1.75	0.97	721663 WY4
2018	3,030,000	2.00	1.26	721663 WZ1
2019	3,095,000	2.00	1.57	721663 XA5
2020	1,700,000	2.00	1.87	721663 XB3
2020	1,455,000	3.00	1.87	721663 XT4
2021	$1,195,000	2.50%	2.16%	721663 XC1
2021	2,035,000	3.00	2.16	721663 XU1
2022	3,325,000	3.00	2.35	721663 XD9
2023	3,425,000	3.00	2.55	721663 XE7
2024	3,525,000	3.00	2.76*	721663 XF4
2025	3,630,000	4.00	2.81*	721663 XG2
2026	3,775,000	4.00	2.92*	721663 XH0
2027	3,930,000	4.00	3.02*	721663 XJ6
2028	4,085,000	4.00	3.10*	721663 XK3

* Yield calculated to the first optional redemption date, July 1, 2023.

$38,575,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2013B

Due July 1	Principal Amount	Interest Rate	Yield	CUSIP (a)
2014	$10,000	2.00%	0.39%	721663 XL1
2015	4,480,000	3.00	0.48	721663 XM9
2016	4,650,000	3.00	0.68	721663 XN7
2017	9,355,000	3.00	0.97	721663 XP2
2018	3,220,000	3.00	1.26	721663 XQ0
2018	6,460,000	4.00	1.21	721663 XW7
2019	5,245,000	3.00	1.57	721663 XR8
2020	5,155,000	3.00	1.87	721663 XS6

(a) Copyright 2013, American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. CUSIP numbers are provided for information only. None of the County, the Underwriter or their counsel take responsibility for the accuracy of such numbers.

PIMA COUNTY, ARIZONA
BOARD OF SUPERVISORS

Ramón Valadez, *Chairman*

Sharon Bronson

Ray Carroll

Ally Miller

Richard Elías

COUNTY ADMINISTRATIVE OFFICIALS

ELECTED OFFICIALS

Bill Staples
County Assessor

Beth Ford
County Treasurer

Barbara La Wall
County Attorney

APPOINTED OFFICIALS

C. H. Huckelberry
County Administrator

Thomas Burke
Finance and Risk Management Director

BOND COUNSEL

Squire Sanders (US) LLP
Phoenix, Arizona

BOND REGISTRAR AND PAYING AGENT

U.S. Bank National Association
Phoenix, Arizona

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

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

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

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

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

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

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

The County has undertaken to provide continuing disclosure with respect to the Bonds as required by Rule 15c2-12 of the Securities and Exchange Commission. See "Continuing Secondary Market Disclosure" and Appendix D – "Form of Continuing Disclosure Undertaking" herein.

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For The Fiscal Year Ended June 30, 2012

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PIMA COUNTY, ARIZONA

$50,000,000 GENERAL OBLIGATION BONDS SERIES 2013A	$38,575,000 GENERAL OBLIGATION REFUNDING BONDS SERIES 2013B

INTRODUCTORY STATEMENT

The purpose of this Official Statement, which includes the cover page, the inside cover page and the appendices hereto, is to provide information in connection with the sale and issuance of the $50,000,000 principal amount of General Obligation Bonds, Series 2013A (the "Improvement Bonds") and $38,575,000 principal amount of General Obligation Refunding Bonds, Series 2013B (the "Refunding Bonds" and, together with the Improvement Bonds, the "Bonds") by Pima County, Arizona (the "County").

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

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

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

THE BONDS

Authorization and Use of Funds

The Bonds are being issued pursuant to the authority contained in Title 35, Chapter 3, Articles 3 and 4, Arizona Revised Statutes, and under the provisions of an authorizing resolution (the "Bond Resolution") adopted by the Board of Supervisors of Pima County, Arizona (the "Board") on May 7, 2013. The Improvement Bonds are being issued for the purpose of (i) funding various capital projects in the County and (ii) paying costs related to the issuance of the Improvement Bonds. The Refunding Bonds are being issued for the purpose of (i) refunding the Bonds Being Refunded (as defined herein) and (ii) paying costs related to the issuance of the Refunding Bonds. See "SOURCES AND USES OF FUNDS" herein.

The Improvement Bonds offered herein represent a portion of the aggregate principal amount authorized to be issued by the voters of the County at elections held on May 20, 1997, May 18, 2004 and May 16, 2006. After the issuance of the Improvement Bonds, the County will have $28,681,000 principal amount of authorized but unissued

general obligation bonds. General obligation bonds of the County are outstanding currently, and additional general obligation bonds may be authorized at future elections.

General Description

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

The Bonds will be dated the date of initial delivery thereof and will be available in amounts of $5,000 of principal due on a maturity date or any integral multiple thereof. The Bonds will bear interest from their dated date, payable semiannually on January 1 and July 1 (each an "Interest Payment Date"), commencing January 1, 2014. Interest on the Bonds will be paid by the bond registrar and paying agent, initially U.S. Bank National Association, or its successors (the "Bond Registrar and Paying Agent"), to the owners thereof (initially Cede & Co., as nominee for DTC) as shown on the registration books maintained by the Bond Registrar and Paying Agent, at the close of business on the fifteenth day of the month preceding each Interest Payment Date or if such day is a Saturday, Sunday or holiday on the next preceding business day (the "Record Date"). So long as the Bonds are in DTC's book-entry-only system, and thereafter at the written request and expense of the owners of $1,000,000 or more in aggregate principal amount of Bonds delivered to the Bond Registrar and Paying Agent prior to a Record Date, interest and principal will be paid by wire transfer to a bank account in the continental United States.

Security and Source of Payment

The Bonds will be direct and general obligations of the County and will be payable as to both principal and interest from ad valorem taxes to be levied against all taxable property within the County, without limitation as to rate or amount to pay the principal of and interest on the Improvement Bonds, and without limitation as to rate but limited to an amount to pay the principal of and interest on the Refunding Bonds of not greater than the amount of ad valorem taxes that would have been levied to pay the Bonds Being Refunded, which funds are irrevocably pledged for the payment of principal of and interest on the Refunding Bonds when and as the same fall due, subject to the rights of the owners of the Bonds Being Refunded to payment of the Bonds Being Refunded from the same tax source in the event of a deficiency in the moneys and obligations issued by or guaranteed by the United States of America ("U.S. Government Obligations") which will be purchased from the proceeds of the sale of the Refunding Bonds and other moneys available therefor and placed in trust for the purpose of making all payments when due on the Bonds Being Refunded. See "PLAN OF FINANCE" herein. General obligation and general obligation refunding bonds heretofore and hereafter issued by the County have and will have an equal claim with the Bonds upon the proceeds of taxes levied for debt service by the County with the same limitations described above.

Redemption Provisions

Improvement Bonds. The Improvement Bonds maturing on or before July 1, 2023 will not be subject to call for redemption prior to their respective maturity dates. The Improvement Bonds maturing on or after July 1, 2024 will be subject to call for redemption on any date on or after July 1, 2023 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 Improvement Bond called for redemption plus accrued interest to the date fixed for redemption, without premium.

No Prior Redemption of Refunding Bonds. The Refunding Bonds will not be subject to redemption prior to their respective maturity dates.

Notice of Redemption

So long as the Improvement Bonds are in DTC book-entry-only system, notice of redemption of any Improvement Bond will be provided to DTC by electronic media as described herein in Appendix F – "Book-Entry-Only System" not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Thereafter,

notices will be mailed on the same schedule to the registered owner of the Improvement Bond or Improvement Bonds being redeemed at the address shown on the Bond Register maintained by the Bond Registrar. Failure to give proper notice of redemption shall not affect the redemption of any Improvement Bond for which proper notice was given.

PLAN OF FINANCE

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

Issue (Dated Date)	General Obligation Bonds	Original Principal Amount	Maturity Dates to be Refunded (July 1)	Principal Amount Being Refunded	Redemption Date	Redemption Premium on Bonds Being Refunded
6-1-2004	Series 2004	$65,000,000	2015 through 2019	$24,420,000	7-1-2014	0%
5-1-2005	Series 2005	65,000,000	2017 through 2018 and 2020	14,435,000	7-1-2015	0%

To the extent that the monies and the U.S. Government Obligations held in the Depository Trust are not sufficient to pay, when due, the principal of, interest and premium due on the Bonds Being Refunded, as they are redeemed as stated above, the ad valorem taxes levied to pay the Refunding Bonds will be subject to the prior right of the owners of the Bonds Being Refunded to payment from the same tax levy. See "THE BONDS – Security and Source of Payment" and "MATHEMATICAL VERIFICATION."

Improvement Bonds. The net proceeds received from the sale of the Improvement Bonds will be used to fund various capital projects within the County and to pay costs related to the issuance of the Improvement 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 verified, in accordance with standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of computations prepared by RBC Capital Markets, LLC, (the "Underwriter"), 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 Underwriter 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.

SOURCES AND USES OF FUNDS

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

Sources of Funds:	
Proceeds of Bonds	$88,575,000.00
Reoffering Premium	5,791,271.10
Total Sources	$94,366,271.10
Uses of Funds:	
County Capital Project Expenditures	$49,932,000.00
Deposit to Depository Trust	41,511,723.07
Payment of Issuance Expenses (Including Underwriter's Discount)	805,880.00
Deposit to Interest Account (a)	2,116,668.03
Total Uses	$94,366,271.10

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

LEGAL MATTERS

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

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

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

TAX MATTERS

General

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

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

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

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

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

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

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

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

Risk of Future Legislative Changes and/or Court Decisions

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

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

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

Original Issue Premium

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

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

LITIGATION

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

The County has been cooperating fully with the U.S. Office of the Inspector General ("OIG") and the Inspector General of the Arizona Health Care Cost Containment System ("AHCCCS"), Arizona's Medicaid agency, since discovering that the County improperly billed AHCCCS for administration fees on vaccinations for a period of time beginning in 2005. The improper billing, which was inadvertent, ceased as soon as it was discovered, and the County has been accepted into OIG's Self-Disclosure Protocol program (SDP). Nevertheless, it is anticipated that the County will be required to pay some amount of civil penalties and damages under the state and federal false claims acts (31 U.S.C §§ 3729-3733 and A.R.S. § 36-2918). Federal and state authorities have not yet determined the amount of the penalty. It is anticipated that successful completion under the SDP will significantly mitigate the amount of penalties assessed against the County and, in the opinion of County management, that such penalties will not be material to the County.

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

UNDERWRITING

The Underwriter has agreed to purchase the Bonds, subject to certain conditions, at a purchase price of $93,781,676.10. If the Bonds are sold to produce the yields shown on the inside front cover page hereof, the Underwriter's compensation will be $584,595.00. The Underwriter will be obligated to accept delivery and pay for all of the Bonds if any are delivered. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at yields higher than the public offering yields reflected on the inside front cover page hereof. The initial public offering yields may be changed from time to time by the Underwriter.

The Underwriter may also receive a fee for conducting a competitive bidding process regarding the investment of certain proceeds of the Refunding Bonds.

RATINGS

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

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

CONTINUING SECONDARY MARKET DISCLOSURE

The County has covenanted for the benefit of certain holders of the Bonds to provide certain financial information and operating data relating to the County by no later than February 1 in each year commencing February 1, 2014 (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 D – "Form of Continuing Disclosure Undertaking" will be filed by the County with the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's Electronic Municipal Market Access system as described in such Form. The specific nature of the information to be contained in the Annual Reports and the Notices of Listed Events is set forth in such Form.

These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule"). Pursuant to Arizona law, the ability of the County to provide information pursuant to such

covenants is subject to annual appropriation to, among other things, cover the costs of preparing and disseminating the Annual Report and the Notices of Listed Events. A failure by the County to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

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

FINANCIAL STATEMENTS

Included as Appendix E of this Official Statement are excerpts of the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. 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.

CONCLUDING STATEMENT

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

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

By: /s/ *Ramón Valadez*
Chairman, Board of Supervisors

By: /s/ *C.H. Huckelberry*
County Administrator

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 2012 population of 990,380. 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
2012 Estimate (a)	990,380	523,471	6,498,569
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, 2012 (released December 2012) 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 360,900 persons were employed, on average (not including the agricultural industry), in the County in 2012. 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 and growth in 2011 and 2012, as reflected in the information shown below.

TABLE 2
Pima County
Average Annual Employment
Number of Persons Employed 2008-2012

Industry	2008	2009	2010	2011	2012
Goods Producing					
Construction	24,700	18,300	16,800	16,400	16,400
Manufacturing	27,200	25,100	24,000	23,400	23,300
Service Providing					
Trade, Transportation and Utilities	62,700	58,200	56,600	57,700	57,700
Information	5,300	4,700	4,300	4,200	4,300
Financial Activities	17,200	17,500	17,600	18,800	18,900
Professional and Business Services	51,400	47,100	45,700	46,700	48,200
Education and Health Services	57,100	58,500	58,300	59,800	61,000
Leisure and Hospitality	40,400	38,700	38,100	39,100	40,400
Other Services	15,700	14,700	14,300	12,500	12,700
Government	79,800	79,100	78,200	76,800	78,000
Total Wage & Salary Employment	381,500	361,900	353,900	355,400	360,900

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 2012 was 7.3%. The average annual unemployment rates for 2011 and 2010 were 8.4% and 9.4%, respectively. The table below shows comparative unemployment rates for the County, the State and the United States for the periods indicated. As reflected for the United States as a whole, the unemployment rate for Arizona and for the County saw significant increases in 2009 and 2010 but decreased in 2011 and 2012.

TABLE 3
Pima County
Comparative Employment Statistics (a)

	Pima County		Unemployment Rate		
Calendar Year	Average Employment	Average Unemployment	Pima County	Arizona	U.S.
2012	429,167	33,581	7.3%	8.3%	8.1%
2011	426,406	39,207	8.4%	9.4%	8.9%
2010	433,795	45,259	9.4%	10.4%	9.6%
2009	441,966	43,817	9.0%	9.8%	9.3%
2008	446,651	26,725	5.6%	6.0%	5.8%

(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 the County, as reported in April 2012.

TABLE 4
Southern Arizona
Major Employers

Company	Type of Business	Approximate Number of Full-Time Equivalents
University of Arizona	Higher Education	10,681
Raytheon Missile Systems	Military & Defense	10,500
State of Arizona	Government	9,061
Davis-Monthan Air Force Base	Military & Defense	8,566
Wal-Mart Stores Inc.	Retailers	7,300
Tucson Unified School District	Education	6,674
U.S. Army Intelligence Center and Fort Huachuca	Military & Defense	6,198
Pima County	Government	6,170
U.S. Customs & Border Protection/ U.S. Border Patrol	Government	6,000
The University of Arizona Health Network	Health Care	5,594
Freeport-McMoRan Copper & Gold Inc.	Mining & Agriculture	5,068
Carondelet Health Network	Health Care	4,635
City of Tucson	Government	4,541
Tohono O'odham Nation	Government	4,350
Fry's Food Stores	Restaurants & Food Distribution	3,100
TMC HealthCare	Health Care	2,904
Corrections Corp. of America (CCA)	Other	2,482
Pima Community College	Higher Education	2,386
Asarco LLC	Mining and Agriculture	2,348
Afni Inc.	Call Centers, Business Services & Staffing	2,198

Source: *The Star 200*, The Arizona Daily Star (April 2012).

Non-Governmental Employment

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%. In 2011 and 2012, employment figures for all categories showed signs of either growth or stabilization, with overall employment up 1.9%, in comparison to the 2010 figures.

The average annual employment in service-providing categories in 2012 was 243,200. 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

Government employment plays an important role in the County with Federal, State and local government employees averaging approximately 78,000 in 2012. 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 2012 was 23,300, representing 6.5% of the County's total wage and salary employment base. Manufacturing employment in the County has decreased each year since 2008, but has shown signs of stabilization in 2012. Since 2008, average manufacturing employment fell by approximately 3,900 jobs, or approximately 14.3%.

The following table presents the major manufacturers in the County and Tucson metropolitan area as of April 2012:

TABLE 5
Southern Arizona
Major Manufacturers

Company	Type of Business	Approximate 2012 Employment
IBM Corp.*	Manufacturing & Research	1,350
Ventana Medical Systems Inc.	Manufacturing & Research	1,070
Bombardier Aerospace	Aerospace & Aircraft	709
Honeywell Aerospace*	Aerospace & Aircraft	650
B/E Aerospace Inc.	Aerospace & Aircraft	500
Texas Instruments Inc.	Manufacturing & Research	370
Marana Aerospace Solutions, Inc.	Aerospace & Aircraft	336
Sargent Aerospace & Defense	Aerospace & Aircraft	275
FLSmidth Krebs	Manufacturing & Research	267
Universal Avionics Systems Corp.	Aerospace & Aircraft	242

* Estimated

Source: *The Star 200*, The Arizona Daily Star (April 2012).

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 688 convention bookings with 222,102 convention delegates visited the Tucson area in fiscal year 2011-12, the most recent data available. In the Tucson area, the Bureau estimated that there were approximately 197 hotels and resorts with 16,727 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 $1.37 billion in calendar year 2011, a slight increase from tourism-related expenditures in calendar year 2010. In calendar year 2012, tourists in the County spent approximately $1.44 billion, an increase of 5.33% 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 2008 through 2012.

TABLE 6
Total Tourist Expenditures
($ in millions)

Year	Pima County	State of Arizona
2012	$1,443	$10,017
2011	1,370	9,549
2010	1,296	8,844
2009	1,304	8,795
2008	1,414	9,871

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 10,681 jobs to the area and is an important link to the economic growth of the County. Its presence as a research university has assisted in attracting new business enterprises over the years. The academic organization of the University is comprised of twelve undergraduate colleges, four graduate and professional colleges and a number of interdisciplinary programs. Enrollment figures for the fall semester of 2012 were estimated at 40,223 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 2011-12 was 59,303 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. As indicated by the following table, retail sales increased by 5.6% in 2012.

TABLE 7
Pima County Retail Sales (a)

Year	Amount	% Change
2012	$7,290,710,677	5.60%
2011	6,904,863,298	7.80%
2010	6,402,891,553	(2.20%)
2009	6,547,084,057	(9.86%)
2008	7,263,583,414	(7.14%)

(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, 2012, there were 18 institutions with 193 offices in the County, with a deposit balance of approximately $12.152 billion.

TABLE 8
Pima County
Bank Deposits

June 30	Amount
2012	$12,152,000,000
2011	11,973,000,000
2010	11,892,000,000
2009	11,502,000,000
2008	11,215,000,000

Source: Federal Deposit Insurance Corporation.

Mining

According to the Arizona Mining Association, Arizona leads the nation in copper production, accounting for approximately 63% of the total U.S. mine production. However, the cyclical nature of this industry has caused consolidation of its resources to improve production. In the early 1980's, the Arizona copper industry's direct economic impact on the Arizona economy regularly exceeded $1.0 billion, peaking in 1981 at approximately $1.612 billion when the industry employed roughly 25,000 persons. Since that time, employment in this sector has significantly decreased, with employment in the mining industry within the County being approximately 2,100 in 2012.

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
2011	$89,334,000
2010	71,595,000
2009	62,422,000
2008	71,663,000
2007	73,400,000

Source: *Arizona Agricultural Statistics,* September 2012.

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 2012-13 fiscal year is $516,422,727. The County's expenditures for the 2012-13 fiscal year are anticipated to be under the limit. The County's 2013-14 fiscal year expenditure limitation is $527,442,812, and the County anticipates that its expenditures for such year will be under the limit.

Ad Valorem Taxes

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

The information which follows under the heading "Ad Valorem Taxes" summarizes the assessment, levy and collection process as it currently exists. It is expected that numerous statutory changes will be required in order to implement this voter-approved constitutional amendment. It is uncertain when or if such additional changes will be made and what form such changes will take if enacted.

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 2009 through 2013 for each class of property are set forth below.

Property Tax Assessment Ratios
2009 through 2013

Property Classification (a)	2009	2010	2011	2012	2013
Mining, Utility, Commercial and Industrial (b)	22.0%	21.0%	20.0%	20.0%	19.5%
Agriculture and Vacant Land (b)	16.0%	16.0%	16.0%	16.0%	16.0%
Owner Occupied Residential	10.0%	10.0%	10.0%	10.0%	10.0%
Leased or Rented Residential	10.0%	10.0%	10.0%	10.0%	10.0%
Railroad, Private Car Company and Airline Flight Property (c)	18.0%	17.0%	17.0%	15.0%	15.0%

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

(b) For each of the tax years 2011, 2012 and 2013, full cash values up to $67,268, $68,079 and $133,868, respectively, 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 20.0% 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 18.0% for 2016 and thereafter. The assessment ratio for agricultural and vacant property will be reduced to 15.0% for tax year 2016 and thereafter.

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

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 various classes of 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 and preliminary valuations for fiscal year 2013-14, which reflect a decline in valuation as shown.

Valuations for 2012-13 Fiscal Year

Estimated Actual Valuation (a)	$67,389,331,666
Net Secondary Assessed Valuation	8,171,211,922
Net Primary Assessed Valuation	8,073,937,734

Estimated Valuations for 2013-14 Fiscal Year (b)

Net Secondary Assessed Valuation	$7,623,691,280
Net Primary Assessed Valuation	7,559,235,262

(a) Actual full cash value net of estimated value of property exempt from taxation.
(b) Estimated valuations for the 2013-14 fiscal year provided by the Pima County Assessor. Valuations for the 2013-14 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: *2012 Property Tax Rates and Assessed Values*, Arizona Tax Research Association; *2012 Abstract of the Assessment Roll*, Arizona Department of Revenue; and *2013 Planning Abstract of Values*, 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
2012-13	$8,171,211,922	$67,389,331,666	12.13%
2011-12	8,448,281,586	70,163,492,245	12.04%
2010-11	9,342,561,193	77,358,317,302	12.08%
2009-10	9,860,980,900	80,653,625,457	12.23%
2008-09	9,594,861,519	79,245,821,370	12.11%

(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 Tax 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
2012-13	$3,377,401,416	(3.17%)	$8,171,211,922	(3.28%)	$56,271,814,583	(8.80%)
2011-12	3,487,959,628	(10.89%)	8,448,281,586	(9.57%)	61,700,292,915	(18.43%)
2010-11	3,914,105,239	(2.88%)	9,342,561,193	(5.26%)	75,643,290,656	(12.56%)
2009-10	4,030,242,132	3.46%	9,860,980,900	2.77%	86,504,734,898	0.48%
2008-09	3,895,581,900	11.80%	9,594,861,519	16.72%	86,090,579,647	19.84%

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

Net Secondary Assessed Valuations of Major Taxpayers

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

Taxpayer (a)	Use of Property	2012-13 Net Secondary Assessed Valuation	As Percent of County's 2012-13 Net Secondary Assessed Valuation
Unisource Energy Corporation	Utility	$179,262,189	2.19%
Phelps Dodge Corporation	Mining	142,418,548	1.74%
Asarco Incorporated	Mining	83,778,094	1.03%
Southwest Gas Corporation	Utility	61,718,147	0.76%
Qwest Corporation	Telecommunications	53,224,503	0.65%
Trico Electric Co-Op Incorporated	Utility	22,132,791	0.27%
DND Neffson Company	Shopping Mall	17,998,093	0.22%
Northwest Hospital LLC	Healthcare	17,723,236	0.22%
Wal-Mart Stores Incorporated	Retail	15,580,807	0.19%
Verizon Wireless	Telecommunications	14,290,781	0.17%
		$608,127,189	7.44%

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

Source: Pima County Assessor.

Record of Real and Secured Personal Property Taxes Levied and Collected

Property taxes are levied and collected on all taxable property within the County and are certified to by the County Treasurer. The following table sets forth the County's real and secured personal property tax collected year-to-date for the current fiscal year and the past 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
2012-13	$324,785,757	(c)	(c)	$182,384,915	56.16%
2011-12	335,466,625	$323,013,333	96.29%	334,920,700	99.84
2010-11	352,275,617	335,747,500	95.31	346,920,223	98.48
2009-10	353,593,620	338,592,132	95.76	351,788,227	99.44
2008-09	322,901,974	309,375,563	95.81	321,859,597	99.66
2007-08	305,699,225	294,220,625	96.25	304,703,860	99.67

(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 March 31, 2013 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
2012-13	$3.4178	$1.4342	$4.8520
2011-12	3.4178	1.4313	4.8491
2010-11	3.3133	1.3665	4.6798
2009-10	3.3133	1.2784	4.5917
2008-09	3.3913	1.2789	4.6702
2007-08	3.6020	1.4654	5.0674

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

Debt Limitation

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

Net Secondary Assessed Valuation (FY 2012-13)	**$8,171,211,922**
15% Constitutional Limitation	1,225,681,788
Net Direct General Obligation Bonds Outstanding (a)	417,290,000
Plus: The Bonds	88,575,000
Unused 15% Limitation	$719,816,788

(a) Net of Bonds Being Refunded.

General Obligation Bonded Debt Outstanding

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

Date of Issue	Original Amount	Original Purpose	Maturity Dates	Average Int. Rates	Remaining Balance Outstanding
01-15-03	$50,000,000	Various Improvements	7-1-03/13	3.900%	$ 3,750,000
06-01-04	65,000,000	Various Improvements	7-1-05/19	4.207%	32,660,000
05-01-05	65,000,000	Various Improvements	7-1-06/20	4.016%	35,635,000
01-01-07	95,000,000	Various Improvements	7-1-07/21	4.028%	62,295,000
02-15-08	100,000,000	Various Improvements	7-1-08/22	3.934%	71,250,000
04-22-09	75,000,000	Various Improvements	7-1-09/23	3.913%	38,000,000
12-02-09	113,535,000	Various Improvements/ Refunding	7-1-10/24	3.579%	84,255,000
05-25-11	75,000,000	Various Improvements	7-1-12/26	4.371%	52,075,000
06-13-12	76,225,000	Various Improvements / Refunding	7-1-13/27	3.311%	76,225,000
Subtotal					$456,145,000
Less: The Bonds Being Refunded					(38,855,000)
Plus: The Bonds					88,575,000
Total General Obligation Bonded Debt to be Outstanding					$505,865,000

Annual Debt Service Requirements of Outstanding General Obligation Bonded Debt Outstanding

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

Fiscal Year Ending (June 30)	Existing General Obligation Bonded Debt Outstanding(a)		The Bonds		Total Debt Service Requirement (c)
	Principal	Interest	Principal	Interest (b)	
2013	$49,175,000	$16,238,869			$65,413,869
2014	41,775,000	13,890,356	$3,010,000	$2,803,405	61,478,761
2015	32,600,000	12,415,556	7,365,000	2,584,375	54,964,931
2016	33,410,000	11,271,807	7,580,000	2,406,700	54,668,507
2017	30,310,000	10,121,381	12,335,000	2,215,925	54,982,306
2018	27,560,000	9,049,256	12,710,000	1,883,125	51,202,381
2019	35,360,000	7,987,731	8,340,000	1,467,525	53,155,256
2020	33,770,000	6,674,394	8,310,000	1,248,275	50,002,669
2021	35,275,000	5,439,619	3,230,000	1,015,975	44,960,594
2022	36,735,000	4,097,519	3,325,000	925,050	45,082,569
2023	24,525,000	2,607,019	3,425,000	825,300	31,382,319
2024	15,480,000	1,573,613	3,525,000	722,550	21,301,163
2025	8,355,000	912,063	3,630,000	616,800	13,513,863
2026	8,735,000	533,413	3,775,000	471,600	13,515,013
2027	4,225,000	137,313	3,930,000	320,600	8,612,913
2028			4,085,000	163,400	4,248,400

(a) Net of the Bonds Being Refunded.
(b) The first interest payment date on the Bonds is January 1, 2014.
(c) Amounts may not add due to rounding.

Net Direct and Overlapping General Obligation Bonded Debt

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

Jurisdiction	2012-13 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(f)(g)	Portion Applicable to the County		Combined Tax Rate Per $100 Assessed Valuation (e)
			Percent	Net Debt Amount	
State of Arizona	$56,271,814,583	None	100%	None	$0.0000
Pima County	**8,171,211,922**	**$505,865,000**	**100%**	**$505,865,000**	**5.1602 (b)**
Pima County Flood Control District (c)	7,244,629,122	None	100%	None	0.2635
Elementary School Districts	366,458,665	16,000,000	100%	16,000,000	2.0607 (d)
Unified School Districts	7,785,454,018	601,650,000	100%	601,650,000	6.2713 (d)
Cities and Towns	4,629,486,505	209,071,010	100%	209,071,010	0.9362 (d)
Pima County Community College District	8,171,211,922	3,280,000	100%	3,280,000	1.1741
Total				$1,335,866,010	

Jurisdiction	2012-13 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(f)(g)	Combined Tax Rate Per $100 Assessed Valuation (e)
State of Arizona	$56,271,814,583	None	None
Pima County	8,171,211,922	$505,865,000	$5.1602 (b)
Pima County Flood Control District (c)	7,244,629,122	None	0.2635
Pima County Community College District	8,171,211,922	3,280,000	1.1741
Elementary School Districts:			
San Fernando ESD #35	1,521,446	None	4.0331
Empire ESD #37	8,049,979	None	1.2484
Continental ESD #39	320,207,916	16,000,000	1.5729
Redington ESD #44	1,398,244	None	5.9198
Altar Valley ESD #51	35,281,080	None	6.4355
Unified School Districts:			
Tucson USD #1	3,264,316,779	270,675,000	7.3187
Marana USD #6	766,417,621	46,245,000	5.5863
Flowing Wells USD #8	208,197,581	22,370,000	5.9778
Amphitheater USD #10	1,482,678,329	83,035,000	5.5539
Sunnyside USD #12	447,030,726	42,840,000	6.3154
Tanque Verde USD #13	184,878,059	13,370,000	4.1538
Ajo USD #15	20,065,919	None	3.5338
Catalina Foothills USD #16	585,344,020	30,345,000	4.7472
Vail USD #20	452,490,744	47,605,000	5.9120
Sahuarita USD #30	372,866,553	45,165,000	5.5183
Indian Oasis Baboquivari USD #40	1,167,687	None	0.0000
Cities and Towns:			
City of Tucson	3,377,401,416	209,071,010	1.2639
City of South Tucson	23,716,054	None	2.7640
Town of Marana	435,484,019	None	0.0000
Town of Oro Valley	592,761,968	None	0.0000
Town of Sahuarita	200,123,048	None	0.0000

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

Also does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States of America, Department of the Interior, for repayment of certain capital costs for construction of the Central Arizona Project ("CAP"), a major reclamation project that has been substantially completed by the Department of the Interior. The obligation is evidenced by a master contract between CAWCD and the Department of the Interior. In April 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. CAWCD is a multi-county water conservation district having boundaries coterminous with the exterior boundaries of Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. At the date of this Official Statement, the tax levy is limited to fourteen cents per $100 of secondary assessed valuation, of which twelve cents is being currently levied. (See Arizona Revised Statutes, Sections 48-3715 and 48-3715.02.) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

(b) The County's total tax rate shown includes the County's primary and secondary debt service tax rates, the State equalization tax rate of $0.4717, the $0.3460 tax rate of the Free Library District, the $0.1000 tax rate of the Central Arizona Project and the $0.0447 tax rate of the Fire District Assistance Tax.

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

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

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

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

Jurisdiction	Authorized But Unissued General Obligation Bonds
Pima County	$28,681,000
Amphitheater Unified School District No. 10	81,000,000
Catalina Foothills Unified School District No. 16	6,075,000
Marana Unified School District No. 6	16,825000
Sahuarita Unified School District No. 30	1,650,000
Sunnyside Unified School District No. 12	52,650,000

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

Net Direct and Overlapping General Obligation Bonded Debt Ratios

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

		As Percent of County's 2012-13	
	Per Capita Net Debt (Pop. @ 990,380)(a)	**Secondary Assessed Valuation ($8,171,211,922)**	**Est. Actual Valuation ($67,389,331,666)**
Net Direct General Obligation Bonded Debt ($505,865,000)	$510.78	6.19%	0.75%
Net Direct and Overlapping General Obligation Bonded Debt ($1,335,866,010)	$1,348.84	16.35%	1.98%

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

Street and Highway Revenue Bonded Debt Outstanding

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

Date of Issue	Original Amount	Purpose	Maturity Dates	Remaining Balance Outstanding
1-15-03	35,000,000	Street & Highway Improvements	7-1-04/13	$2,670,000
5-01-05	51,200,000	Street & Highway Improvements	7-1-09/20	36,865,000
1-01-07	21,000,000	Street & Highway Improvements	7-1-09/22	17,770,000
2-15-08	25,000,000	Street & Highway Improvements	7-1-09/22	24,400,000
12-02-09	23,420,000	Street & Highway Improvements/ Refunding	7-1-13/24	23,420,000
05-30-12	32,945,000	Street & Highway Improvements/ Refunding	7-1-13/27	32,945,000
Total Street and Highway Revenue Bonds Outstanding				$138,070,000

Sewer Revenue Debt Outstanding

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

Date of Issue	Original Amount	Purpose	Remaining Maturity Dates	Balance Outstanding
05-01-04	$25,770,000	Refunding	7-1-05/15	$10,405,000
05-11-04	19,967,331	Sewer Improvements (a)(b)	7-1-05/24	14,542,414
01-01-07	50,000,000	Sewer Improvements	7-1-07/26	38,770,000
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	16,715,000
10-09-09	10,002,383	Sewer Improvements (a)	7-1-10/24	6,626,732
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	29,840,000
12-13-11	189,160,000	Sewer Improvements	7-1-12/16	183,935,000
12-06-12	128,795,000	Sewer Improvements	7-1-13/27	128,795,000
Total Sewer Revenue Bonds, Loans and Obligations Outstanding				$668,209,146

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

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

Lease, Lease-Purchase and Purchase Agreements

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

	Fiscal Year (in Thousands)				
County Department	**2007-08**	**2008-09**	**2009-10**	**2010-11**	**2011-12**
Clerk of Superior Court	$82	$131	$111	$37	-
Environmental Quality	-	-	-	-	$298
Fiscal Year Total	$82	$131	$111	$37	$298

Source: Pima County Finance and Risk Management Department.

Certificates of Participation

The following table indicates the outstanding and to be outstanding certificates of participation of the County.

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Remaining Balance Outstanding
09-01-99	$ 4,875,000	Refunding	1-1-13/14	$ 1,220,000
10-01-03	27,525,000	Refunding	1-1-05/18	12,335,000
05-01-07	30,320,000	New Money	7-1-08/22	22,505,000
02-04-10	20,000,000	New Money	6-1-11/19	16,225,000
05-22-13	92,880,000	New Money & Refunding	12-1-13/22	92,880,000
Total Certificates of Participation Outstanding				$145,165,000

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 2012 and 2013. For the year ended June 30, 2012, active plan members were required by statute to contribute at the actuarially determined rate of 10.74 percent (10.50 percent retirement and 0.24 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 10.74 percent (9.87 percent for retirement, 0.63 percent for health insurance premium, and 0.24 percent long-term disability) of the members' annual covered payroll. For fiscal year 2013, the rate, including retirement and long-term disability, was increased to 11.14 percent for the County and to 11.14 percent for employees.

Legislation enacted by the State in 2012 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 ASRS has reported increases in its unfunded liabilities. The effect of the increase in the ASRS' unfunded liabilities on the County, or on the County's and its employees' future annual contribution to the ASRS, are projected to increase in future years.

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, 2012, active PSPRS members were required by statute to contribute 8.65 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 24.24 percent, the aggregate of which is the actuarially required amount. As allowed by statute, the County contributed 3.65 percent of the members' required contribution, with the members contributing 5.00 percent. The health insurance premium portion of the contribution was set at 1.83 percent of covered payroll. Active CORP members were required by 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 9.38 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.30 percent of covered payroll.

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.

New Reporting Requirements. Government Accounting Standards Board adopted Statement Number 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"), which, beginning with fiscal years starting after June 15, 2014, requires cost-sharing employers to report their "proportionate share" of the plan's net pension liability in their government-wide financial statements. GASB 68 will also require that the cost-sharing employer's pension expense component include its proportionate share of the plan's pension expense, the net effect of annual changes in the employer's proportionate share and the annual differences between the employer's actual contributions and its proportionate share. The new reporting requirements imposed by GASB 68 will change the financial statements of the County, but what the specific effect will be is unknown at this time.

Other Post Employment Benefits

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

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

to the degree GASB 45 applied, any OPEB liability would not be material. Because the program was discontinued as of July 1, 2010, the County had no OPEB costs for fiscal year 2009-10, or for subsequent years unless the program is reinstituted.

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

	Actual				
	2007-08	**2008-09**	**2009-10**	**2010-11**	**2011-12**
Revenues by Source:					
Property Taxes	$381,862	$396,241	$423,443	$421,623	$407,711
Special Assessments	556	441	536	330	245
Licenses and Permits	7,710	6,989	7,791	8,494	8,155
Intergovernmental	312,634	292,236	296,004	308,219	327,939
Charges for Services	58,890	55,346	60,376	54,491	56,881
Fines and Forfeits	6,480	6,283	8,443	6,786	10,249
Interest Income	14,218	5,335	4,612	1,723	2,286
Miscellaneous	21,752	22,414	17,442	14,162	24,796
Total Revenues	804,102	785,285	818,647	815,828	838,262
Expenditures by Fund:					
General	460,537	462,276	426,361	429,182	445,798
Special Revenues	218,307	196,677	195,926	204,612	217,139
Debt Service	76,764	121,091	108,092	96,484	104,324
Capital Projects	139,539	146,334	162,306	153,203	149,612
Total Expenditures	895,147	926,378	892,685	883,481	916,873
Excess of Revenues Over (Under) Expenditures	(91,045)	(141,093)	(74,038)	(67,653)	(78,611)
Other Financing Sources (Uses):					
Premium on bonds	1,964	675	1,909	3,276	7,349
Proceeds of Long-Term Debt	175,000	109,400	156,955	75,000	109,170
Payment to Escrow Agent	-	-	(32,361)	-	(33,013)
Gain on Investment	312	-	-	-	-
Operating Transfers In (Out)	714	4,867	445	4,708	26,010
Capital Leases	-	-	-	-	894
Sale of General Fixed Assets	27	876	1,118	59	1,938
Total Other Financing Sources (Uses)	178,017	115,818	128,066	83,043	112,348
Net Change in Fund Balance	86,972	(25,275)	54,028	15,390	33,737
Beginning Fund Balance, as restated	230,660	317,577	292,247	346,270	361,730
Changes in Reserve for Inventory	(55)	(55)	4	43	(55)
Changes in Reserve for Prepaids	-	-	(9)	27	(27)
Ending Fund Balance	$317,577	$292,247	$346,270	$361,730	$395,385

Source: Pima County Finance and Risk Management Department.

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

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

	Actual				
	2007-08	**2008-09**	**2009-10 (b)**	**2010-11**	**2011-12**
General					
Reserved	$ 5,415	$ 4,363	$ -	$ -	$ -
Unreserved	35,438	35,803	-	-	-
Designated	29,536	-	-	-	-
Nonspendable	-	-	4,089	3,315	2,720
Restricted	-	-	522	336	333
Committed	-	-	-	-	-
Assigned	-	-	3,093	357	118
Unassigned	-	-	73,837	73,547	77,596
	70,389	**40,166**	**81,541**	**77,555**	**80,767**
Special Revenue					
Reserved	4,699	5,255	-	-	-
Unreserved	77,451	81,196	-	-	-
Designated	-	4,925	-	-	-
Nonspendable	-	-	2,011	2,011	1,550
Restricted	-	-	82,957	94,567	105,468
Committed	-	-	15,305	37,978	10,264
Assigned	-	-	3,221	4,368	16,682
Unassigned	-	-	(5,793)	(9,180)	(9,013)
	82,150	**91,376**	**97,701**	**129,744**	**124,951**
Debt Service					
Reserved	12,395	33,842	-	-	-
Unreserved	-	-	-	-	-
Assigned	-	-	40,868	35,903	28,298
	12,395	**33,842**	**40,868**	**35,903**	**28,298**
Capital Projects					
Reserved	-	42	-	-	-
Unreserved	152,643	126,821	-	-	-
Nonspendable	-	-	18	12	-
Restricted	-	-	124,830	112,668	157,688
Committed	-	-	1,487	6,639	7,234
Assigned	-	-	52	-	-
Unassigned	-	-	(227)	(791)	(3,553)
	152,643	**126,863**	**126,160**	**118,528**	**161,369**
Total Fund Balance	$317,577	$292,247	$346,270	$361,730	$395,385

Source: Pima County Finance and Risk Management Department.

(a) This table has not been 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					Estimated
	2007-08	**2008-09**	**2009-10 (b)**	**2010-11**	**2011-12**	**2012-13 (c)**
Revenues by Source:						
Property Taxes	$268,493	$281,749	$304,441	$301,493	$291,647	$281,955
Licenses and Permits	2,971	2,747	2,738	2,681	2,696	2,747
Intergovernmental	148,158	131,966	128,927	122,952	127,029	130,300
Charges for Services	32,307	35,330	40,356	35,361	39,117	31,874
Fines and Forfeits	5,020	4,720	7,011	5,344	5,213	5,774
Interest Income	3,343	1,084	1,198	418	621	528
Miscellaneous	8,314	7,099	4,868	4,722	12,659	7,769
Total Revenues	468,606	464,695	489,539	472,971	478,982	460,947
Expenditures:						
Current						
General Government	192,839	184,434	184,606	186,193	197,190	198,445
Public Safety	118,623	121,704	117,378	116,573	123,235	129,039
Health	2,906	2,767	2,702	2,792	2,919	3,774
Welfare	106,502	115,481	87,089	90,572	94,292	98,780
Culture & Recreation	16,325	15,580	14,671	14,183	15,195	17,186
Education & Econ. Opport.	17,418	16,368	13,996	12,949	12,967	12,485
Debt Service:						
Principal	3,115	3,510	3,635	3,800	-	-
Interest	2,805	2,426	2,281	2,113	-	-
Miscellaneous	4	6	3	7	-	-
Total Expenditures	460,537	462,276	426,361	429,182	445,798	459,709
Excess of Revenues Over (Under) Expenditures	8,069	2,419	63,178	43,789	33,184	1,238
Other Financing Sources (Uses):						
Sale of General Fixed Assets	-	371	204	11	1,608	-
Operating Transfers In (Out)	4,760	(33,013)	(22,007)	(47,786)	(31,580)	(35,228)
Total Other Financing Sources (Uses):	4,760	(32,642)	(21,803)	(47,775)	(29,972)	(35,228)
Net Change in Fund Balance	12,829	(30,223)	41,375	(3,986)	3,212	(33,990)
Beginning Fund Balance, as restated	57,560	70,389	40,166	81,541	77,555	80,767
Ending Fund Balance	$70,389	$40,166	$81,541	$77,555	$80,767	$46,777

Source: Pima County Finance and Risk Management Department.

(a) This table has not been subject to any separate audit procedures.
(b) The $28 million decrease in the welfare expense line was primarily due to a $16 million refund that was received for fiscal year 2009-10 from the Arizona Long-Term Care System (ALTCS) and Arizona Health Care Cost Containment System (AHCCCS).
(c) Reflects estimated amounts based on actual data through February 28, 2013, as provided by the County's Finance and Risk Management Department. 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.

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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 $50,000,000 aggregate principal amount of bonds designated the Pima County, Arizona, General Obligation Bonds, Series 2013A (the "Improvement Bonds") and its $38,575,000 aggregate principal amount of bonds designated the Pima County, Arizona, General Obligation Refunding Bonds, Series 2013B (the "Refunding Bonds" and, together the Improvement Bonds, the "Bonds"). The Bonds are issued pursuant to Title 35, Chapter 3, Articles 3 and 4 of the Arizona Revised Statutes, and under the provisions of an authorizing resolution adopted by the Board of Supervisors of the County on May 7, 2013 (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 proceeding relating to the issuance of the Bonds, copy of the signed and authenticated Improvement Bond of the first maturity, copy of the signed and authenticated Refunding Bond of the first maturity, and such other documents, matters and law as we deem necessary to render the opinion set forth in this letter.

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

1. The Bonds constitute valid and legal general obligations of the County, and the principal of and interest on the Bonds, unless paid from other sources, are to be paid from the proceeds of the levy of ad valorem taxes on all property subject to ad valorem taxes levied by the County, without limitation as to rate or amount to pay the principal and interest on the Improvement Bonds, and without limitation as to rate but limited to an amount not greater than the amount of ad valorem taxes that would have been levied to pay the bonds being refunded with proceeds of the sale of the Refunding Bonds (the "Bonds Being Refunded"), which funds are irrevocably pledged for the payment of principal of and interest on the Refunding Bonds when and as the same fall due, subject to the rights of the owners of the Bonds Being Refunded to payment of the Bonds Being Refunded from the same tax source in the event of a deficiency in the moneys and obligations issued by or guaranteed by the United State of America which will be purchased from the proceeds of the sale of the Refunding Bonds and other moneys available therefor and placed in trust for the purpose of making all payments when due on the Bonds Being Refunded. It is required by law that there be levied, assessed and collected, in the same manner as other taxes of the County, an annual tax upon such taxable property in the County sufficient to pay the principal of and interest on the Bonds when due.

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

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

Respectfully submitted,

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

PIMA COUNTY, ARIZONA

$50,000,000 GENERAL OBLIGATION BONDS SERIES 2013A	$38,575,000 GENERAL OBLIGATION REFUNDING BONDS SERIES 2013B

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

This Continuing Disclosure Undertaking (this "Undertaking") is executed and delivered by Pima County, Arizona (the "County"), in connection with the issuance and sale of its $50,000,000 aggregate principal amount of Pima County, Arizona, General Obligation Bonds, Series 2013A (the "Improvement Bonds") and its $38,575,000 aggregate principal amount of bonds designated the Pima County, Arizona, General Obligation Refunding Bonds, Series 2013B (together with the Improvement Bonds, the "Bonds"), being issued pursuant to a resolution adopted by the Board of Supervisors of the County on May 7, 2013 (the "Bond Resolution").

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

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

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

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

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

"Commission" means the Securities and Exchange Commission.

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

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

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

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

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

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

3. CUSIP Number/Final Official Statement. The base CUSIP Number of the Bonds is 721663. The Final Official Statement relating to the Bonds is dated May 21, 2013.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PIMA COUNTY, ARIZONA

By:_____
Thomas Burke
Finance and Risk Management Director

Dated: [Closing Date]

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND AUDITED FINANCIAL STATEMENTS

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

Annual Financial Information exclusive of Audited Financial Statements will be provided to the MSRB through EMMA, no later than the first business day in February of each year, commencing February 1, 2014. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements when available.

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

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

EXHIBIT II

EVENTS FOR WHICH NOTICE OF OCCURRENCE OF LISTED EVENTS IS REQUIRED

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

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

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

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

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

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

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

9. Defeasances;

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

11. Rating changes;

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

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

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

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

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APPENDIX E

EXCERPTS FROM
PIMA COUNTY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2012

The following are excerpts from the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. 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, 2012. 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, 2012, 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 one component unit, which account for the following percentages of the assets, liabilities, revenues, and expenses or expenditures of the opinion units affected:

Opinion Unit/Department	Assets	Liabilities	Revenues	Expenses/ Expenditures
Government-Wide Statements				
Governmental Activities:				
Stadium District	1.47%	2.06%	0.36%	0.90%
School Reserve Fund	0.10%	0.03%	0.46%	0.52%
Self-Insurance Trust	2.74%	4.30%	0.14%	0.00%
Business-Type Activities:				
Regional Wastewater Reclamation Department	98.98%	99.84%	68.83%	63.51%
Development Services	0.29%	0.11%	2.71%	3.73%
Aggregate Discretely Presented Component Units:				
Southwestern Fair Commission	99.84%	100.00%	97.82%	98.82%
Fund Statements				
Major Fund:				
Regional Wastewater Reclamation Department Enterprise Fund	100.00%	100.00%	100.00%	100.00%
Aggregate Remaining Fund Information:				
Stadium District	0.43%	0.37%	1.00%	1.81%
School Reserve Fund	0.34%	0.11%	1.26%	1.43%
Development Services	0.60%	0.51%	2.10%	2.68%
Self-Insurance Trust	10.22%	25.29%	6.85%	3.83%

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

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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, 2012, 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.

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 11 through 29, the Budgetary Comparison Schedule on pages 81 and 82, and the Schedule of Agent Retirement Plans' Funding Progress on page 83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules and the introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of the County's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards by us and the other auditors. In our opinion, based on our audit, the procedures performed as described previously, and the reports of the other auditors, the combining and individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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 18, 2012

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, 2012 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.

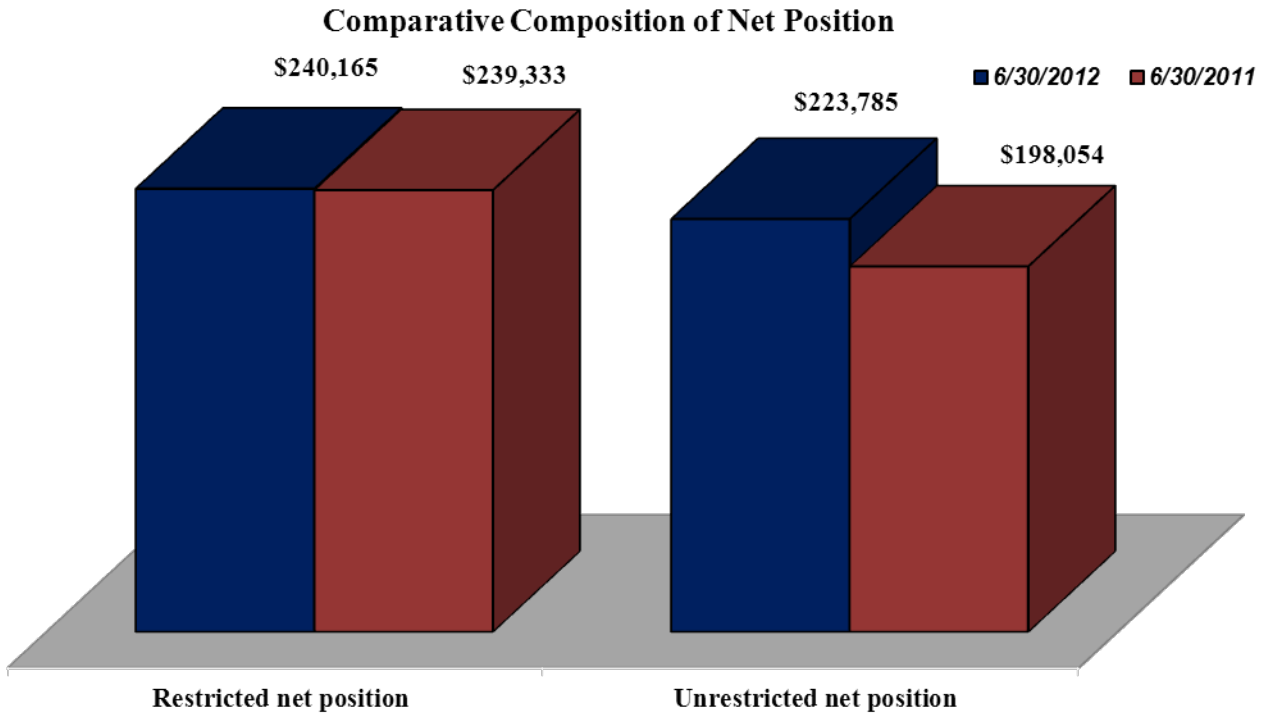
FINANCIAL HIGHLIGHTS

- At June 30, 2012, the net position for the County increased $125 million from the prior year. Increases were experienced in all net asset categories, with a $98 million increase in net investment in capital assets, an increase of $1 million in restricted net position and an increase of $26 million in unrestricted net position.

- Assets of the County exceeded its liabilities by $2,274, an increase of 5.8% from the prior year. Of this amount, $223,785 is available for general government expenditures (unrestricted net position). Unrestricted net position increased by $25,731 from last year, or approximately 13%.

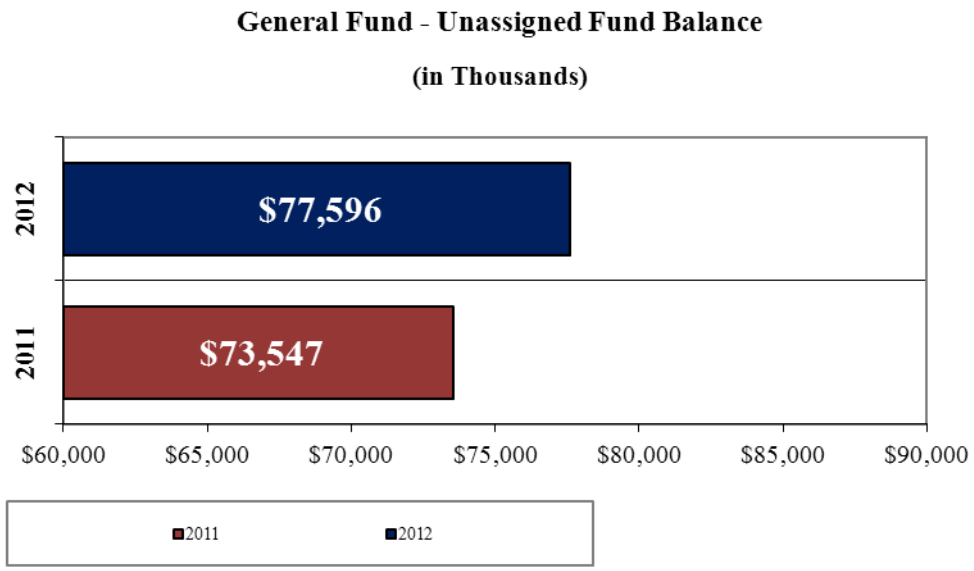
- $240,165 is restricted for specific purposes (restricted net position), and $1,810 is net investment in capital assets.

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



- General Fund revenues increased by $6,011 from the prior year while expenditures increased by $16,616.

- The General Fund unassigned fund balance increased to $77,596, from $73,547 in the prior year. The unassigned fund balances comprise 96% of the total fund balance of $80,767.



OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The *statement of activities* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported

in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation or sick leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) 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 Pima County Sports and Tourism Authority (S&TA) is also reported 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 86-89.

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, deferred outflows, liabilities, and deferred inflows 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 105-112.

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 46-79.

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 81-83.

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 86-116.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. County assets exceeded liabilities by $2,274 at June 30, 2012. The following table shows condensed information for the Schedule of Assets, Liabilities and Net Position:

Table 1

Schedule of Assets, Liabilities, and Net Position
At June 30, 2012 and 2011

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	$596,855	$529,767	$246,415	$226,442	$843,270	$756,209
Capital assets (net):						
Land, buildings, equipment, infrastructure & other assets	1,809,998	1,718,730	1,092,477	905,710	2,902,475	2,624,440
Total assets	$2,406,853	2,248,497	1,338,892	1,132,152	3,745,745	3,380,649
Current and other liabilities	120,443	71,038	42,655	51,975	163,098	123,013
Long-term liabilities	716,370	715,013	592,539	393,678	1,308,909	1,108,691
Total liabilities	836,813	786,051	635,194	445,653	1,472,007	1,231,704
Net position						
Net investment in capital assets	1,245,227	1,136,033	564,561	575,525	1,809,788	1,711,558
Restricted	167,498	161,807	72,667	77,526	240,165	239,333
Unrestricted	157,315	164,606	66,470	33,448	223,785	198,054
Total net position	$1,570,040	$1,462,446	$703,698	$686,499	$2,273,738	$2,148,945

Assets

Current and other assets increased by $87,061 mainly due to an increase in Cash and Cash Equivalents, $91,543.

Capital assets increased by $278,035 primarily due to the following:

- An increase of $221,970 in construction in progress, with $45,340 for governmental activities and $176,630 for business-type activities.
- Capitalization of software, $20,614, resulted in a net increase in Equipment of $23,224 in the governmental activities and an accompanying decrease of $2,799 for business-type activities.

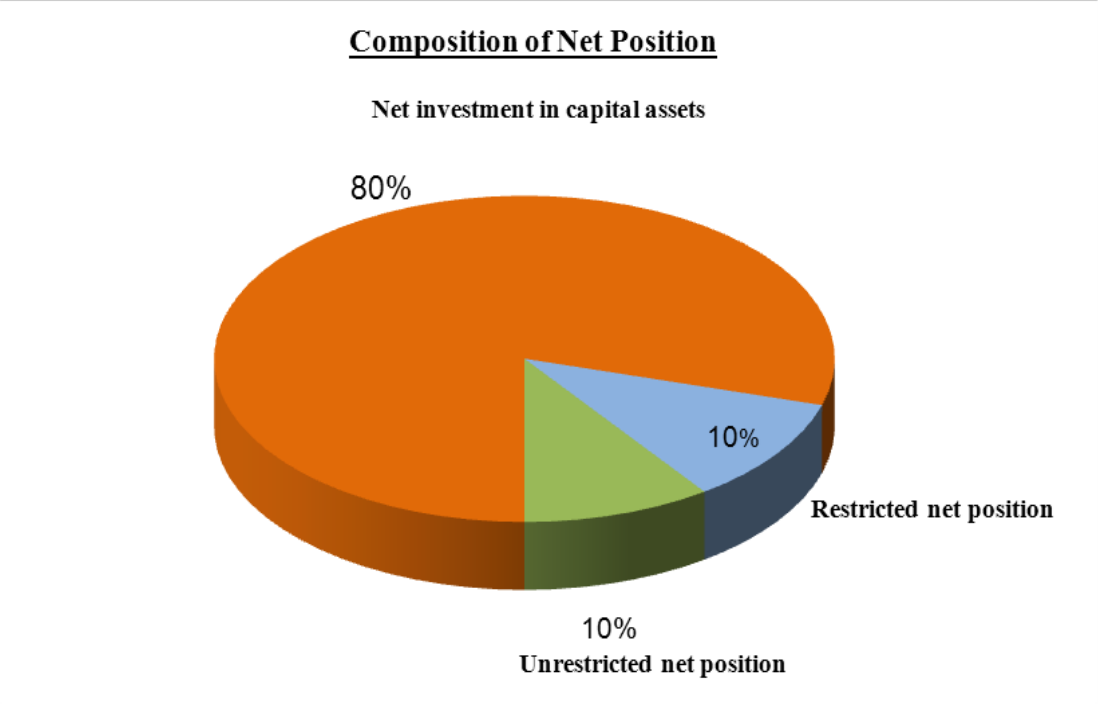
Total liabilities for the primary government increased by $240,303. Current liabilities increased $40,085 mainly due to an overall increase in accounts payable, with accounts payable for governmental activities increasing $47,119 and accounts payable for business-type activities increasing by $10,815.

Net position

The largest portion of the County's net position 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, 2012, net investment in capital assets totaled $1,809,788, comprising approximately 79.6% of total net position. 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 $98,230 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 position for the primary government increased $25,731 mainly due to an increase in business-type activities of 99% ($33,022), specifically; the Regional Wastewater Reclamation Fund had an increase in its unrestricted net position of 120% from $25,652 to $56,462.

The table below provides the composition of net position for the County as of June 30, 2012.



Restricted net position represent resources that are subject to external restrictions on how they may be used. As of June 30, 2012, restricted net position totaled $240,165 and comprised approximately 10% of total net position. This represents an $832 increase in restricted net position from the prior fiscal year.

The remaining balance of the County's net position represents unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors. As of June 30, 2012, unrestricted net position totaled $223,785 and comprised approximately 10% of total net position.

Governmental activities

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

Table 2

Governmental Activities
Schedule of Changes in Net Position
For the Years Ended June 30, 2012 and 2011

	2012	2011	Variance Amount	Variance Percent
Program revenues:				
Charges for services	$ 66,904	$ 60,077	$ 6,827	11.4%
Operating grants and contributions	143,388	136,472	6,916	5.1%
Capital grants and contributions	47,528	65,030	(17,502)	-26.9%
Total program revenues	257,820	261,579	(3,759)	-1.4%
General revenues:				
Property taxes	394,963	416,985	(22,022)	-5.3%
State-shared taxes	116,660	111,804	4,856	4.3%
Investment earnings	3,416	2,153	1,263	58.7%
Other general revenues	43,072	33,336	9,736	29.2%
Total general revenues	558,111	564,278	(6,167)	-1.1%
Total revenues	815,931	825,857	(9,926)	-1.2%
Expenses:				
General government	223,005	218,843	4,162	1.9%
Public safety	150,349	146,395	3,954	2.7%
Highways and streets	69,183	73,348	(4,165)	-5.7%
Sanitation	7,224	6,208	1,016	16.4%
Health	47,248	36,475	10,773	29.5%
Welfare	94,409	90,521	3,888	4.3%
Culture and recreation	61,900	67,063	(5,163)	-7.7%
Education and economic opportunity	55,126	56,626	(1,500)	-2.6%
Amortization	805	(2,626)	3,431	-130.7%
Interest on long-term debt	24,776	26,079	(1,303)	-5.0%
Total expenses	734,025	718,932	15,093	2.1%
Excess before transfers	81,906	106,925	(25,019)	-23.4%
Transfers in	25,688	4,650	21,038	452.4%
Change in net position	107,594	111,575	(3,981)	-3.6%
Ending net position	$ 1,570,040	$ 1,462,446	$ 107,594	7.4%

Ending net position for governmental activities increased by $107,594, a 7.4% increase. This year's change in net position decreased by $3,981 from last year, primarily due to a decrease in overall revenues of $9,926 and an increase in expenses of $15,093.

Factors affecting the $9,926 decrease in revenues from governmental activities:

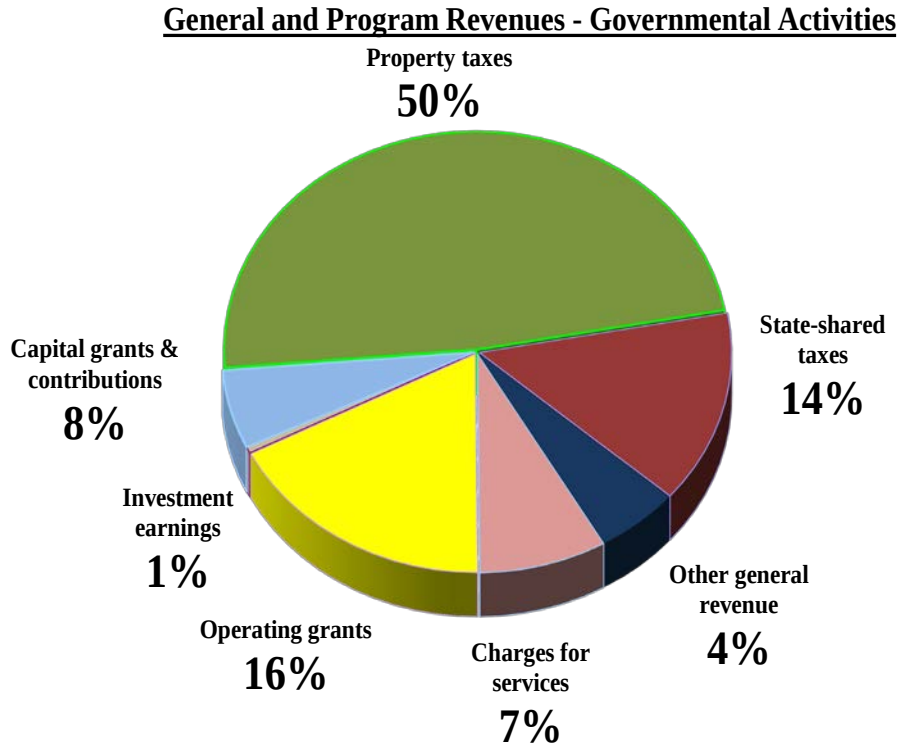
- Revenue from capital grants and contributions decreased by $17,502 in Highway and Streets Activity. This is primarily from a decrease in ARRA Stimulus revenue, $4,071, a decrease in State Revenue of $6,232 and a decrease of $10,348 in Capital Contributions.

Total expenses for governmental activities were $734,025, up 2.1% or $15,093 compared to the previous year's total of $718,932. Factors contributing to the increase in expenses:

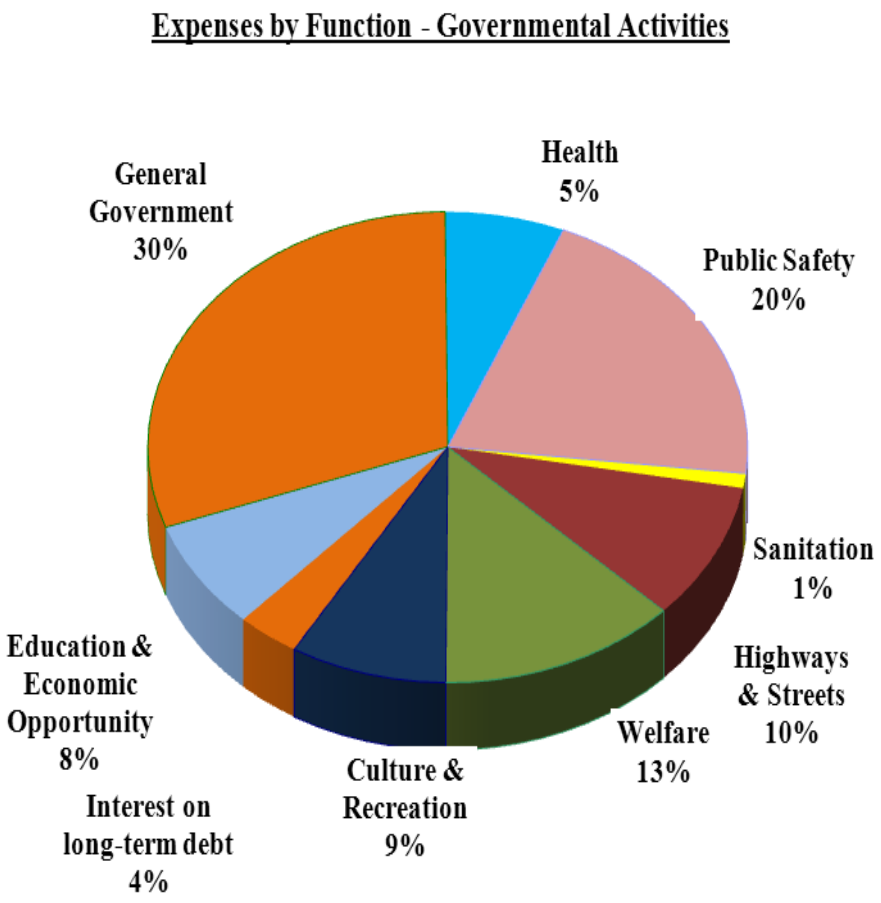
- Health expenses increased by $10,772, of which $7,603 was related to a grant called Communities Putting Prevention to Work which was awarded at $15 million. This grant was predominantly awarded to funding partners in fiscal year 2012.

The increase in the Transfers in line item of $21,038 was due to an equity transfer of $26,436 from Pima Health System & Services to Other Special Revenue 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 72% of the County's revenues.



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



Each expense by function as a proportion to total expenses by function for governmental activities 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 position for business-type activities added $17,199 or 2.5% to the County's $124,793 change in total net position for the year ended June 30, 2012. The following table shows changes in net position for business-type activities:

Table 3

Business-type Activities
Schedule of Changes in Net Position
For the Years Ended June 30, 2012 and 2011

	2012	2011	Variance Amount	Variance Percent
Program revenues:				
Charges for services	$ 221,479	$ 363,421	$ (141,942)	-39.1%
Operating grants and contributions	1,275	4,691	(3,416)	-72.8%
Capital grants and contributions	2,676	4,192	(1,516)	-36.2%
Total program revenues	225,430	372,304	(146,874)	-39.5%
General revenues:				
Investment earnings	1,001	900	101	11.2%
Other general revenues	1,903	2,681	(778)	-29.0%
Total general revenues	2,904	3,581	(677)	-18.9%
Total revenues	228,334	375,885	(147,551)	-39.3%
Expenses:				
Regional Wastewater Reclamation	117,774	113,495	4,279	3.8%
Pima Health System & Services	58,773	200,305	(141,532)	-70.7%
Development Services	6,912	6,982	(70)	-1.0%
Parking Garages	1,988	1,538	450	29.3%
Total expenses	185,447	322,320	(136,873)	-42.5%
Excess before transfers	42,887	53,565	(10,678)	-19.9%
Transfers in (out)	(25,688)	(4,650)	(21,038)	452.4%
Change in net position	17,199	48,915	(31,716)	-64.8%
Beginning net position	686,499	637,584	48,915	7.7%
Ending net position	$ 703,698	$ 686,499	$ 17,199	2.5%

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

- Primarily due to the closing of the Pima Health System & Service Enterprise Fund charges for services revenue decreased by $141,942 and Pima Heath System & Services Expenses decreased $141,532.

- The increase of $21,038 in the Transfers in (out) line is due to an equity transfer $26,436 from Pima Health System & Services to Other Special Revenue 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, 2012, total fund balance of the General Fund was $80,767.

The net change in fund balance for the General Fund was $3,212. Revenues increased by $6,011. Property Taxes decreased by $9,846, while Intergovernmental revenues, Charges for services, and Miscellaneous revenues increased by $15,770.

- Property taxes decreased $9,846 primarily due to lower assessed property valuations with the tax rates remaining constant.

- Intergovernmental revenue increased by $4,077 due to increases in State Shared Sales Tax of $4,093.

- Service fee revenue increased by $3,756 primarily in two areas:
    - Correctional Housing Revenues of $1,772
    - Fees for Recording Documents of $779.

- Miscellaneous earnings increased by $7,937 of which $7,917 was Other Miscellaneous Revenue – Operating.

Expenditures for the General Fund increased by $16,616 primarily in two categories:

- The net increase in General Government expenditures of $10,997:
    - County Administrator expenditures increased by $5,129 primarily from a $1,586 increase in payments to other governments and agencies.

    - Superior Court expenditures increased by $3,463 primarily from increased payroll costs.

- There was an increase in Public Safety expenditures of $6,663, primarily as a result of the Sheriff Department purchasing a helicopter for $2,556, and Sheriff operations expenditures increasing $2,935.

Capital Projects Fund
Revenues for the Capital Projects Fund decreased by $3,530 and expenditures in capital outlay decreased by $3,591. The net change in fund balance was an increase of $42,841.

- Of the decrease in revenues, $3,147, can be attributed to intergovernmental revenues; Federal revenue decreased by $2,947 and State revenue decreased by $871.

- Expenditures decreased by $3,591 in capital outlay primarily from the decrease in expenditures relating to the construction of the Behavioral Health Pavilion, $20,506, with an increase of $15,584 in the Emergency Communications Systems expenditures.

The fund reported a $101,129 deficiency of revenues over expenditures. A net transfer in of $65,545 and that resulted in a net change in the fund balance of $42,841 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. At June 30, 2012, the net change in fund balance was a decrease of $7,605.

Secondary tax revenues remained relatively constant with a decrease of $3,160. Expenditures, mainly as a result of increased principal payments, increased $7,840 from last fiscal year.

Budget to Actual Comparison for the General Fund
Overall, actual revenues were more than budgeted revenues by $18,734 and actual expenditures were less than budgeted expenditures by $45,856. 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.

Overview of all governmental funds

At June 30, 2012, the County's governmental funds reported combined fund balances of $395,385, an increase of $33,655 from the prior year. Approximately 16.4% of the combined fund balances, or $65,030, 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, 2012 and 2011						
	2012		2011		Variance	
	Amount	Percent	Amount	Percent	Amount	Percent
Taxes	$ 407,711	48.6%	$ 421,623	51.7%	$ (13,912)	-3.3%
Special assessments	245	0.0%	330	0.1%	(85)	-25.8%
Licenses and permits	8,155	1.0%	8,494	1.0%	(339)	-4.0%
Intergovernmental	327,939	39.1%	308,219	37.8%	19,720	6.4%
Charges for services	56,881	6.8%	54,491	6.7%	2,390	4.4%
Fines and forfeits	10,249	1.2%	6,786	0.8%	3,463	51.0%
Interest	2,286	0.3%	1,723	0.2%	563	32.7%
Miscellaneous	24,796	3.0%	14,162	1.7%	10,634	75.1%
Total revenues	$ 838,262	100.0%	$ 815,828	100.0%	$ 22,434	2.7%

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

- The $19,720 increase in intergovernmental revenue was due to a $18,798 increase in Other Governmental Funds.

- The $13,912 decrease in tax revenue is due to a $9,846 decrease in the General Fund revenue from decreased property values.

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, 2012 and 2011						
	2012		2011		Variance	
Government Function	Amount	Percent	Amount	Percent	Amount	Percent
General government	$ 236,020	25.7%	$ 223,611	25.3%	$ 12,409	5.5%
Public safety	145,711	15.9%	136,709	15.5%	9,002	6.6%
Highways and streets	33,651	3.7%	34,614	3.9%	(963)	-2.8%
Sanitation	6,317	0.7%	5,375	0.6%	942	17.5%
Health	46,672	5.1%	36,511	4.1%	10,161	27.8%
Welfare	94,360	10.3%	90,572	10.3%	3,788	4.2%
Culture and recreation	52,103	5.7%	49,986	5.7%	2,117	4.2%
Education and economic opportunity	47,798	5.2%	50,432	5.7%	(2,634)	-5.2%
Capital outlay	149,612	16.3%	153,203	17.3%	(3,591)	-2.3%
Debt service:						
- Principal	78,688	8.6%	76,361	8.6%	2,327	3.0%
- Interest	24,762	2.7%	26,086	3.0%	(1,324)	-5.1%
- Miscellaneous	1,179	0.1%	21	0.0%	1,158	5514.3%
Total expenditures	$ 916,873	100.0%	$ 883,481	100.0%	$ 33,392	3.8%

Total expenditures in governmental funds increased during the year by $33,392, primarily due to the following:

- Health expenditures increased by $10,161 primarily from the Communities Putting Prevention to Work grant.

- Public safety expenditures increased by $9,002 due to the Sheriff's Department purchase of a helicopter, $2,556.

- General Government expenditures increased by $12,409 due to a $10,997 increase in the general fund.

Proprietary funds

The County's proprietary fund functions are contained in the enterprise and internal service funds. The enterprise funds of the County are Pima Health System & Services, Regional Wastewater Reclamation, Development Services, and Parking Garages. Pima Health System & Services contract with the Arizona Health Care Cost Containment System (AHCCCS) terminated on September 30, 2011. As a result, the fund was closed and year-end balances were transferred to the other governmental funds as of June 30, 2012. 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 Other Internal Service Funds, which are comprised of multiple smaller funds consisting of Fleet Services, Print Shop, and Wireless/Telecommunications. The change in net position for all Internal Service Funds was $10,128, generated 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 Position For the Years Ended June 30, 2012 and 2011				
			Variance	
	2012	2011	Amount	Percent
Operating revenues:				
Net patient services	$ 52,018	$ 205,814	$ (153,796)	-74.7%
Charges for services	153,128	137,838	15,290	11.1%
Other	1,387	2,821	(1,434)	-50.8%
Total net operating revenues	206,533	346,473	(139,940)	-40.4%
Operating expenses:				
Employee compensation	52,657	67,469	(14,812)	-22.0%
Medical claims	39,096	157,607	(118,511)	-75.2%
Operating supplies and services	10,158	8,986	1,172	13.0%
Utilities		5,845	(5,845)	-100.0%
Sludge and refuse disposal	1,553	1,438	115	8.0%
Repair and maintenance	6,819	7,611	(792)	-10.4%
Insurance premiums	-		-	100.0%
General and administrative	23,318	19,058	4,260	22.4%
Consultants and professional services	5,471	8,157	(2,686)	-32.9%
Depreciation and amortization	35,819	32,022	3,797	11.9%
Total operating expenses	174,891	308,193	(133,302)	-43.3%
Operating gain (loss)	31,642	38,280	(6,638)	-17.3%
Nonoperating revenues (expenses):				
Intergovernmental revenue	1,380	4,856	(3,476)	-71.6%
Investment earnings	1,001	952	49	5.1%
Sewer connection fees	16,507	19,624	(3,117)	-15.9%
Interest expense	(6,539)	(9,567)	3,028	-31.7%
Loss on disposal of capital assets	25	(596)	621	-104.2%
Amortization of deferred charges	(941)	(750)	(191)	25.5%
Claim and judgment contingency losses	(3,080)		(3,080)	100.0%
Premium tax	(1,112)	(4,099)	2,987	-72.9%
Total nonoperating revenues	7,241	10,420	(3,179)	-30.5%
Income (loss) before contributions and transfers	38,883	48,700	(9,817)	-20.2%
Capital contributions	2,571	4,027	(1,456)	-36.2%
Transfers in	1,475	866	609	70.3%
Transfers (out)	(27,163)	(5,516)	(21,647)	392.4%
Change in net position	$ 15,766	$ 48,077	$ (32,311)	-67.2%

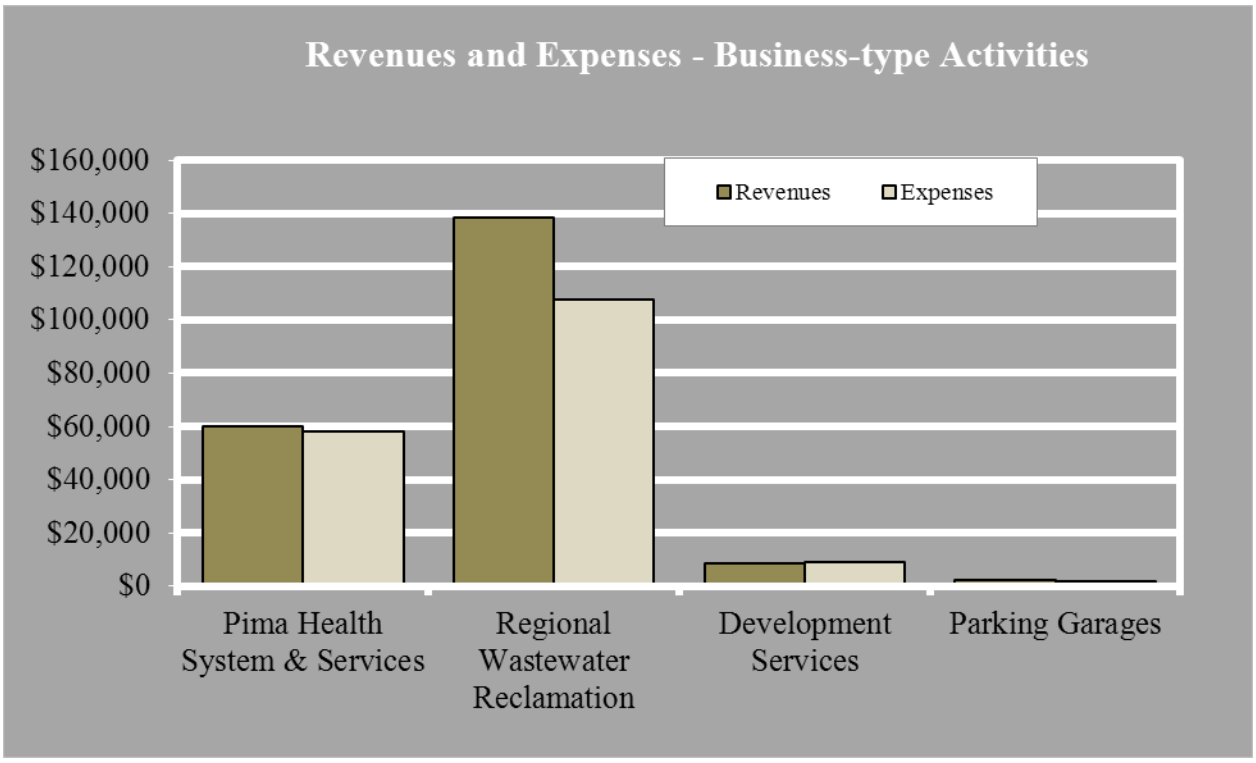
While net patient revenues from Pima Health System & Services decreased by $153,796, revenues continued to exceed operating expenses, generating an operating gain for all enterprise funds this year. Regional Wastewater Reclamation contributed approximately 96%, or $30,476 to the $31,642 operating gain for all enterprise funds.

- Charges for service revenue increased by $15,290 due primarily to a $9,853 increase in Regional Wastewater Reclamation Sewer utility service fees.

- Medical claims expense decreased $118,511 and employee compensation expense decreased $14,812 due to the termination of the AHCCCS contract with Pima Health System & Services

- Transfers in and transfers out are significantly more this year. This fiscal year, the transfer out of $26,436 from Pima Health System & Services to Other Special Revenue was due to the movement of equity from the Enterprise Fund to a new Other Special Revenue Fund**.** Last fiscal 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 net investment in capital assets as of June 30, 2012 amounted to $2,902 (net of accumulated depreciation), an increase of 10.6% ($278,035). Of this amount, $91,268 (32.8%) came from governmental activities and $186,767 (67.2%) 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, 2012 and 2011						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	$ 467,661	$ 448,790	$ 15,409	$ 15,409	$ 483,070	$ 464,199
Construction in progress	248,317	202,977	342,111	165,481	590,428	368,458
Buildings and improvements	422,879	432,149	212,446	207,081	635,325	639,230
Infrastructure	607,049	593,946			607,049	593,946
Sewage conveyance systems			442,803	435,232	442,803	435,232
Equipment	64,092	40,868	79,708	82,507	143,800	123,375
Total	$ 1,809,998	$ 1,718,730	$ 1,092,477	$ 905,710	$ 2,902,475	$ 2,624,440

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

Governmental activities

- Construction in progress increased $45,340 or 22.3% compared to last fiscal year. Current major projects in progress include:
  - the Regional Public Safety Communication System
  - Pavement Preservation Program
  - Magee Rd Cortaro Farms Rd: Thornydale Rd to Mona Lisa
  - Justice Court/Municipal Court Complex
  - Magee Rd, Cortaro Farms Rd, Mona Lisa Rd to La Canada

- Equipment acquisitions increased $23,224, or 56.8%, due to the capitalization of the County's new financial reporting system, $20,614 and a helicopter by the Sheriff department for $2,590.

Business-type activities

- Construction in progress increased approximately $176,630, or 106.7%, 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 pages 58-60.

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, 2012 and 2011		
	2012	**2011**
Bonds issued (at face value):		
General Obligation	$ 76,225	$75,000
Street and Highway Revenue (Transportation)	32,945	
Sewer Revenue		43,625
Sewer System Revenue Obligations	189,160	
Total	$ 298,330	$ 118,625

During the year, $76,225 of General Obligation Bonds were issued, which included $16,225 of General Obligations bonds issued to refund the 2003 Series (maturities 7/1/2014 through 7/1/2017) and $60,000 of new debt issued for the purpose of funding various capital projects in the County.

In addition, the County issued $32,945 in Street and Highway Revenue Bonds. Of the amount issued $18,425 was used for the improvement, construction, and reconstruction of streets and highways, $14,520 was used to partially refund the 2003 Series (maturities 7/1/2014 through 7/1/2018).

$189,160 of Sewer System Revenue Obligations were issued to finance additions and improvements to the sewage and conveyance systems.

The most recent ratings 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+	May-2012	AA-	Apr-2012
General Obligation	AA-	Apr-2012	AA	Apr-2012
Street and Highway Revenue	AA	Apr-2012	AA	Apr-2012
Sewer Bonds*	AA-	Nov-2012	AA	Nov-2012
Sewer Revenue Obligations	A+	Nov-2012	AA-	Nov-2012

* This excludes the 2012A 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 $1,267,242, 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

Primary property taxes

The recession continues to impact the local economy, primarily evident by decreasing market values of existing property. The primary net assessed value for fiscal year 2012-13 decreased $236 million or 2.84%. The contraction of the property tax base is expected to continue into fiscal year 2015-16 with the net assessed value projected to decline by more than 6%.

The tax rate for fiscal year 2012-13 will remain constant, resulting in a levy that is $8 million less than fiscal year 2011-12.

State shared revenues

An indication of increased consumer confidence is evident by positive projections of state shared sales tax revenue. Current projections indicate a $7.4 million increase in fiscal year 2012-13. Even with this positive projection however, it is still $13,286 less than the County received at its peak in fiscal year 2006-07.

Other revenues

General government revenues are expected to decrease by almost $6 million, primarily from $1 million decrease from Federal payments in lieu of property taxes and $4.9 million less from grant, enterprise and special revenue funds for central administrative support services.

University of Arizona Medical Center – South Campus

A two year agreement with the Arizona Board of Regents (ABOR) on behalf of the University Of Arizona College Of Medicine provides funding for the University of Arizona Medical Center – South Campus: $20 million in fiscal year 2010-11, $15 million in fiscal year 2011-12. The Board of Supervisor's have approved a second two year contract with ABOR with an annual funding of $15 million for each fiscal year.

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 Position
June 30, 2012
(in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and cash equivalents	$ 504,113	$ 107,152	$ 611,265	$ 1,056
Property taxes receivable (net)	14,456		14,456	
Interest receivable	209	95	304	
Internal balances	(3,133)	3,133		
Due from other governments	62,462		62,462	
Accounts receivable (net)	6,499	15,343	21,842	5
Inventories	2,476	3,306	5,782	36
Prepaids	3,513	11	3,524	60
Other assets	3,206	5,133	8,339	
Restricted assets:				
Cash and cash equivalents	2,326	112,242	114,568	1,500
Loans receivable	728		728	
Capital assets not being depreciated:				
Land	467,661	15,409	483,070	
Construction in progress	248,317	342,111	590,428	
Capital assets being depreciated (net):				
Buildings and improvements	422,879	212,446	635,325	2,306
Sewage conveyance system		442,803	442,803	
Equipment	64,092	79,708	143,800	666
Infrastructure	607,049		607,049	
Total assets	2,406,853	1,338,892	3,745,745	5,629
Liabilities				
Accounts payable	65,710	35,317	101,027	205
Interest payable		365	365	
Contract retentions	1,991		1,991	
Employee compensation	47,542	4,840	52,382	
Due to other governments	3		3	
Deposits and rebates	2,484		2,484	27
Deferred revenues	2,713	2,133	4,846	
Noncurrent liabilities:				
Due within one year	74,713	26,995	101,708	
Due in more than one year	641,657	565,544	1,207,201	
Total liabilities	836,813	635,194	1,472,007	232
Net Position				
Net investment in capital assets	1,245,227	564,561	1,809,788	2,972
Restricted for:				
Facilities, justice, library, tax stabilization, and community development	103,592		103,592	
Highways and streets	32,322		32,322	
Debt service		22,538	22,538	
Capital projects	30,224	31,680	61,904	
Regional wastewater		18,449	18,449	
Healthcare	1,360		1,360	
Unrestricted	157,315	66,470	223,785	2,425
Total net position	$ 1,570,040	$ 703,698	$ 2,273,738	$ 5,397

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Activities
For the Year Ended June 30, 2012
(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	$ 223,005	$ 30,444	$ 28,533	$ 4,130
Public safety	150,349	12,047	9,303	5,561
Highways and streets	69,183	5,059	51,567	35,251
Sanitation	7,224	3,487	1,133	
Health	47,248	12,605	24,830	
Welfare	94,409		68	
Culture and recreation	61,900	2,254	403	261
Education and economic opportunity	55,126	1,008	27,551	2,325
Amortization - unallocated	805			
Interest on long-term debt	24,776			
Total governmental activities	734,025	66,904	143,388	47,528
Business-type activities:				
Regional Wastewater Reclamation	117,774	154,601		2,571
Pima Health System & Services	58,773	58,722	1,275	
Development Services	6,912	6,073		105
Parking Garages	1,988	2,083		
Total business-type activities	185,447	221,479	1,275	2,676
Total primary government	$ 919,472	$ 288,383	$ 144,663	$ 50,204
Component units:				
Sports & Tourism Authority	$ 59	$ 20	$ 1	
Southwestern Fair Commission	4,959	4,940	120	
Total component units	$ 5,018	$ 4,960	$ 121	

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

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

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Position				
Primary Government				
Governmental Activities	Business-type Activities	Total	Component Units	Functions/Programs
				Primary government:
				Governmental activities:
$ (159,898)		$ (159,898)		General government
(123,438)		(123,438)		Public safety
22,694		22,694		Highways and streets
(2,604)		(2,604)		Sanitation
(9,813)		(9,813)		Health
(94,341)		(94,341)		Welfare
(58,982)		(58,982)		Culture and recreation
(24,242)		(24,242)		Education and economic opportunity
(805)		(805)		Amortization - unallocated
(24,776)		(24,776)		Interest on long-term debt
(476,205)		(476,205)		**Total governmental activities**
				Business-type activities:
	$ 39,398	39,398		Regional Wastewater Reclamation
	1,224	1,224		Pima Health System & Services
	(734)	(734)		Development Services
	95	95		Parking Garages
	39,983	39,983		**Total business-type activities**
(476,205)	39,983	(436,222)		**Total primary government**
				Component units:
			$ (38)	Sports & Tourism Authority
			101	Southwestern Fair Commission
			$ 63	**Total component units**
				General revenues:
280,585		280,585		Property taxes, levied for general purposes
19,991		19,991		Property taxes, levied for regional flood control district
29,015		29,015		Property taxes, levied for library district
65,372		65,372		Property taxes, levied for debt service
6,285		6,285		Hotel/motel taxes, levied for sports facility and tourism
1,608		1,608		Other taxes, levied for stadium district
93,123		93,123		Unrestricted share of state sales tax
23,537		23,537		Unrestricted share of state vehicle license tax
4,268		4,268		Grants and contributions not restricted to specific programs
8,235		8,235		Interest and penalties on delinquent taxes
3,416	1,001	4,417		Investment earnings
22,676	1,903	24,579	92	Miscellaneous
25,688	(25,688)			Transfers
583,799	(22,784)	561,015	92	Total general revenues and transfers
107,594	17,199	124,793	155	Change in net position
1,462,446	686,499	2,148,945	5,242	Net position at beginning of year
$ 1,570,040	$ 703,698	$ 2,273,738	$ 5,397	Net position at end of year

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 3

Balance Sheet - Governmental Funds
June 30, 2012
(in thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 91,085	$ 181,519	$ 26,639	$ 123,579	$ 422,822
Property taxes receivable (net)	10,148		2,440	1,868	14,456
Interest receivable	73	21	16	81	191
Due from other funds	7,528	1,148	1,575	4,892	15,143
Due from other governments	21,513	11,018	11	29,808	62,350
Accounts receivable	1,903	1,046		3,122	6,071
Inventory	67			1,374	1,441
Prepaid expenditures	1,984			72	2,056
Loan receivable	669			59	728
Other assets				1,018	1,018
Restricted cash equivalents		2,281		45	2,326
Total assets	$ 134,970	$ 197,033	$ 30,681	$ 165,918	$ 528,602
Liabilities and fund balances					
Liabilities:					
Accounts payable	$ 20,679	$ 29,136	$ 148	$ 12,787	$ 62,750
Medical claims payable				271	271
Contract retentions		1,980		11	1,991
Employee compensation	12,984	20		4,445	17,449
Due to other funds	543	1,901	77	12,515	15,036
Due to other governments	3				3
Deposits and rebates	199	2,281		4	2,484
Deferred revenues	19,795	346	2,158	10,934	33,233
Total liabilities	54,203	35,664	2,383	40,967	133,217
Fund balances:					
Nonspendable	2,720			1,550	4,270
Restricted	333	157,688		105,468	263,489
Committed		7,234		10,264	17,498
Assigned	118		28,298	16,682	45,098
Unassigned	77,596	(3,553)		(9,013)	65,030
Total fund balances	80,767	161,369	28,298	124,951	395,385
Total liabilities and fund balances	$ 134,970	$ 197,033	$ 30,681	$ 165,918	$ 528,602

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2012
(in thousands)

Fund balances - total governmental funds		$ 395,385
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental capital assets	$ 2,628,502	
Less accumulated depreciation	(840,418)	1,788,084
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	(603,093)	
Certificates of participation payable	(39,772)	
Loans and leases payable	(16,431)	
Unamortized deferred issuance costs reported as other assets	2,188	(657,108)
Some compensated absences are not due and payable shortly after June 30, 2012, and therefore are not reported in the governmental funds		
Employee compensation		(29,138)
Some liabilities are not due and payable shortly after June 30, 2012, and are therefore not reported in the governmental funds		
Landfill liability	(20,872)	
Pollution remediation liability	(805)	(21,677)
Deferred revenue in governmental funds is susceptible to full accrual on the government-wide statements		30,521
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position		63,973
Net position of governmental activities		$ 1,570,040

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 5

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2012
(in thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	$ 291,647		$ 66,148	$ 49,916	$ 407,711
Special assessments				245	245
Licenses and permits	2,696			5,459	8,155
Intergovernmental	127,029	$ 44,141	11	156,758	327,939
Charges for services	39,117	3,079		14,685	56,881
Fines and forfeits	5,213			5,036	10,249
Investment earnings	621	698	242	725	2,286
Miscellaneous	12,659	565		11,572	24,796
Total revenues	478,982	48,483	66,401	244,396	838,262
Expenditures:					
Current:					
General government	197,190			38,830	236,020
Public safety	123,235			22,476	145,711
Highways and streets				33,651	33,651
Sanitation				6,317	6,317
Health	2,919			43,753	46,672
Welfare	94,292			68	94,360
Culture and recreation	15,195			36,908	52,103
Education and economic opportunity	12,967			34,831	47,798
Capital outlay		149,612			149,612
Debt service - principal			78,390	298	78,688
- interest			24,762		24,762
- miscellaneous			1,172	7	1,179
Total expenditures	445,798	149,612	104,324	217,139	916,873
Excess (deficiency) of revenues over (under) expenditures	33,184	(101,129)	(37,923)	27,257	(78,611)
Other financing sources (uses):					
Capital leases				894	894
Premium on bonds			7,349		7,349
Proceeds-refunding debt			30,745		30,745
Payments to escrow agent			(33,013)		(33,013)
Face amount of long-term debt		78,425			78,425
Proceeds from sale of capital assets	1,608			330	1,938
Transfers in	5,190	65,677	25,237	45,820	141,924
Transfers (out)	(36,770)	(132)		(79,012)	(115,914)
Total other financing sources (uses)	(29,972)	143,970	30,318	(31,968)	112,348
Net change in fund balances	3,212	42,841	(7,605)	(4,711)	33,737
Fund balances at beginning of year	77,555	118,528	35,903	129,744	361,730
Changes in nonspendable fund balance:					
Change in inventory				(55)	(55)
Change in prepaids				(27)	(27)
Fund balances at end of year	$ 80,767	$ 161,369	$ 28,298	$ 124,951	$ 395,385

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, 2012
(in thousands)

Net change in fund balances - total governmental funds		$ 33,737
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	$ 141,790	
Less current year depreciation	(58,595)	83,195
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds but increases long-term liabilities in the Statement of Net Position. Repayment of the principal of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of 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	(78,425)	
Premium on bonds	(7,349)	
Proceeds on refunding bonds	(30,745)	
Debt service - principal payments	78,688	
Payments to escrow agent	33,013	
Amendment to capital lease	(894)	
Deferred issuance costs	1,153	
Amortization expense	(805)	(5,364)
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	8,137	
Property tax revenues	4,234	
Intergovernmental	(18,688)	
Other	(1,550)	(7,867)
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	(803)	
Change in landfill liability	(928)	
Pollution remediation liability	228	
Net book value of capital asset disposals	(3,217)	
Other	(82)	(4,802)
Internal service funds are used by management to charge the costs of certain activities to individual funds. A portion of the net expense of the internal service funds is reported with governmental activities		8,695
Change in net position of governmental activities		$ 107,594

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 7

Statement of Net Position - Proprietary Funds
June 30, 2012
(in thousands)

	Business-type Activities Enterprise Funds				
	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents		$ 99,491	$ 7,661	$ 107,152	$ 81,291
Restricted cash and cash equivalents		71,789		71,789	
Interest receivable		91	4	95	18
Due from other funds		44	3	47	218
Due from other governments					112
Accounts receivable (net)		15,198	145	15,343	428
Inventory		3,306		3,306	1,035
Prepaid expense		6	5	11	1,457
Total current assets		189,925	7,818	197,743	84,559
Noncurrent assets:					
Restricted cash and cash equivalents		40,453		40,453	
Capital assets:					
Land and other improvements		13,641	1,768	15,409	592
Buildings and improvements		373,747	12,927	386,674	614
Sewage conveyance system		702,236		702,236	
Equipment		112,298	1,210	113,508	38,895
Less accumulated depreciation		(457,349)	(10,112)	(467,461)	(19,349)
Construction in progress		342,111		342,111	1,162
Total capital assets (net of accumulated depreciation)		1,086,684	5,793	1,092,477	21,914
Deferred financing costs		5,133		5,133	
Total noncurrent assets		1,132,270	5,793	1,138,063	21,914
Total assets		1,322,195	13,611	1,335,806	106,473
Liabilities					
Current liabilities:					
Accounts payable		34,994	323	35,317	2,689
Employee compensation		4,148	692	4,840	955
Interest payable		365		365	
Due to other funds		121		121	251
Deferred revenues		2,131	2	2,133	1
Current sewer revenue bonds and obligations payable		24,445		24,445	
Current portion of wastewater loans payable		2,550		2,550	
Current portion reported but unpaid losses					4,202
Current portion incurred but not reported losses					2,114
Total current liabilities		68,754	1,017	69,771	10,212
Noncurrent liabilities:					
Contracts and notes		15,365		15,365	
Sewer revenue bonds and obligations payable		525,930		525,930	
Wastewater loans payable		21,169		21,169	
Reported but unpaid losses					19,253
Incurred but not reported losses		3,080		3,080	9,828
Total noncurrent liabilities		565,544		565,544	29,081
Total liabilities		634,298	1,017	635,315	39,293
Net position					
Net investment in capital assets		558,768	5,793	564,561	21,914
Restricted for:					
Debt service		22,538		22,538	
Capital projects		31,680		31,680	
Regional wastewater reclamation		18,449		18,449	
Unrestricted		56,462	6,801	63,263	45,266
Total net position		$ 687,897	$ 12,594	700,491	$ 67,180

Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal service fund assets and liabilities are included with business-type activities.	3,207
Net position of business-type activities	$ 703,698

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2012
(in thousands)

	Business-type Activities Enterprise Funds				
	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Operating revenues:					
Net patient services	$ 52,018			$ 52,018	
Charges for services	6,704	$ 138,094	$ 8,330	153,128	$ 42,585
Other	1,182	166	39	1,387	407
Total net operating revenues	59,904	138,260	8,369	206,533	42,992
Operating expenses:					
Employee compensation	11,370	35,474	5,813	52,657	7,646
Medical claims	39,096			39,096	
Operating supplies and services	587	9,476	95	10,158	9,405
Sludge and refuse disposal		1,553		1,553	
Repair and maintenance	96	6,501	222	6,819	1,398
Incurred losses					2,209
Insurance premiums					4,619
General and administrative	6,655	14,212	2,451	23,318	3,707
Consultants and professional services	231	5,091	149	5,471	1,302
Depreciation	115	35,477	227	35,819	3,510
Total operating expenses	58,150	107,784	8,957	174,891	33,796
Operating income (loss)	1,754	30,476	(588)	31,642	9,196
Nonoperating revenues (expenses):					
Intergovernmental revenue	1,275		105	1,380	
Investment earnings	118	848	35	1,001	1,260
Sewer connection fees		16,507		16,507	
Interest expense	(20)	(6,519)		(6,539)	
Gain/(loss) on disposal of capital assets	342	(317)		25	(25)
Amortization of deferred charges		(941)		(941)	
Claim and judgment contingency losses		(3,080)		(3,080)	
Premium tax	(1,112)			(1,112)	
Total nonoperating revenues	603	6,498	140	7,241	1,235
Income (loss) before contributions and transfers	2,357	36,974	(448)	38,883	10,431
Capital contributions		2,571		2,571	19
Transfers in		475	1,000	1,475	
Transfers (out)	(26,436)	(709)	(18)	(27,163)	(322)
Change in net position	(24,079)	39,311	534	15,766	10,128
Net position at beginning of year	24,079	648,586	12,060	684,725	57,052
Net position at end of year	$	$ 687,897	$ 12,594	700,491	$ 67,180

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.	1,433
Change in net position of business-type activities	$ 17,199

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012
(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					$ 42,258
Cash received from customers for goods and services provided	$ 55,170	$ 140,575	$ 8,422	$ 204,167	
Cash received from miscellaneous operations	7,886	166		8,052	402
Cash payments to suppliers for goods and services	(61,250)	(26,849)	(1,454)	(89,553)	(14,962)
Cash payments to other funds for goods and services	(5,099)	(8,540)	(2,123)	(15,762)	(4,496)
Cash payments for incurred losses					(7,607)
Cash payments to employees for services	(12,449)	(35,366)	(4,996)	(52,811)	(6,597)
Net cash provided by (used for) operating activities	(15,742)	69,986	(151)	54,093	8,998
Cash flows from noncapital financing activities:					
Interest paid on short-term credit	(20)			(20)	
Cash transfers in from other funds			1,000	1,000	
Cash transfers out to other funds	(26,436)	(234)	(18)	(26,688)	(322)
Loans with other funds	(555)	(244)	(18)	(817)	306
Premium tax	(1,112)			(1,112)	
Intergovernmental revenues	2,347		105	2,452	
Net cash provided by (used for) noncapital financing activities	(25,776)	(478)	1,069	(25,185)	(16)
Cash flows from capital and related financing activities:					
Proceeds from issuance of bonds and loans		189,160		189,160	
Principal paid on bonds and loans		(22,030)		(22,030)	
Interest paid on bonds and loans		(11,869)		(11,869)	
Proceeds from premium		21,682		21,682	
Sewer connection fees		16,203		16,203	
Proceeds from sale of capital assets	762			762	333
Purchase of capital assets		(199,105)		(199,105)	(7,158)
Net cash provided by (used for) capital and related financing activities	762	(5,959)		(5,197)	(6,825)
Cash flows from investing activities:					
Interest received on cash and investments	133	793	33	959	1,254
Net cash provided by investing activities	133	793	33	959	1,254
Net increase/ (decrease) in cash and cash equivalents	(40,623)	64,342	951	24,670	3,411
Cash and cash equivalents at beginning of year	40,623	147,391	6,710	194,724	77,880
Cash and cash equivalents at end of year	$	$ 211,733	$ 7,661	$ 219,394	$ 81,291

(continued)

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012
(in thousands)

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)	$ 1,754	$ 30,476	$ (588)	$ 31,642	$ 9,196
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	115	35,477	227	35,819	3,510
Other					158
Changes in assets and liabilities:					
Decrease (increase) in assets:					
Accounts receivable	2,976	2,481	4	5,461	(262)
Due from other governments	216		49	265	(71)
Inventory and other assets	91	527		618	(84)
Prepaid expense	78	30	72	180	(433)
Increase (decrease) in liabilities:					
Accounts payable	(19,854)	887	250	(18,717)	2,227
Due to other governments	(39)		(136)	(175)	
Reported but unpaid losses					(1)
Incurred but not reported losses					(5,397)
Other current liabilities	(1,079)	108	(29)	(1,000)	155
Net cash provided by (used for) operating activities	$ (15,742)	$ 69,986	$ (151)	$ 54,093	$ 8,998

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2012:

Regional Wastewater Reclamation Enterprise Fund received developer-built conveyance systems with estimated fair value of $3,520. 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 $951. 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 $2. 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 $314.

Pima Health System & Services retired equipment with a net book value of $286.

Pima Health System & Services transferred equipment with a net book value of $134 to the County's general government.

Internal Service Funds received a capital contribution of $19.

Internal Service Funds sold capital assets with a net book value of $358.

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2012
(in thousands)

	Investment Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	$ 297,724	$ 57,450
Interest receivable	96	
Due from other governments		3,704
Total assets	$ 297,820	$ 61,154
Liabilities		
Employee compensation		$ 496
Due to other governments		38,700
Deposits and rebates		21,958
Total liabilities		$ 61,154
Net position		
Held in trust for pool participants	$ 297,820	

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2012
(in thousands)

	Investment Trust Funds
Additions	
Contributions from participants	$ 2,608,930
Total contributions	2,608,930
Investment earnings	1,426
Total investment earnings	1,426
Total additions	2,610,356
Deductions	
Distributions to participants	2,710,812
Total deductions	2,710,812
Change in net position	(100,456)
Net position held in trust July 1, 2011	398,276
Net position held in trust June 30, 2012	$ 297,820

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Combining Statement of Net Position
Component Units
June 30, 2012
(in thousands)

	Sports & Tourism Authority	Southwestern Fair Commission	Total
Assets			
Cash and cash equivalents	$ 9	$ 1,047	$ 1,056
Accounts receivable (net)		5	5
Inventories		36	36
Prepaids		60	60
Restricted assets:			
Cash and cash equivalents		1,500	1,500
Capital assets (net):			
Buildings and improvements		2,306	2,306
Machinery and equipment		666	666
Total assets	9	5,620	5,629
Liabilities			
Accounts payable		205	205
Deposits and rebates		27	27
Total liabilities		232	232
Net Position			
Net investment in capital assets		2,972	2,972
Unrestricted	9	2,416	2,425
Total net position	$ 9	$ 5,388	$ 5,397

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2012
(in thousands)

		Program Revenues		Net (Expense) Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	S&TA	SFC	Total
Sports & Tourism Authority (S&TA)						
Operations	$ 59	$ 20	$ 1	$ (38)		$ (38)
Total S&TA	59	20	1	(38)		(38)
Southwestern Fair Commission (SFC)						
Operations	4,959	4,940	120		$ 101	101
Total SFC	4,959	4,940	120		101	101
Total component units	$ 5,018	$ 4,960	$ 121	(38)	101	63
General revenues:						
Miscellaneous					92	92
Total general revenues					92	92
Change in net position				(38)	193	155
Net position at beginning of year				47	5,195	5,242
Net position at end of year				$ 9	$ 5,388	$ 5,397

See accompanying notes to financial statements

Note 1: Summary of Significant Accounting Policies

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

During the year ended June 30, 2012, the County early implemented the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*. GASB Statement No. 61 modifies certain requirements for the inclusion of component units in the financial reporting entity. The County also early implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 establishes criteria for reporting the consumption and acquisition of net position that is applicable to future reporting periods.

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. Each blended component described below provides a financial benefit and/or financial burden to the County. Therefore, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County. Each blended and discretely presented component unit discussed below has a June 30 year-end.

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

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

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

Note 1: Summary of Significant Accounting Policies (continued)

The Pima County Street Lighting Improvement Districts (SLIDs) are responsible for street lighting for specific regions of unincorporated Pima County. All budgetary and operational activities are administered by the Pima County Board of Supervisors and meet the criteria for a blended component unit. SLIDs are reported as a special revenue fund in these financial statements. Separate financial statements for the SLIDs are not available.

The Southwestern Fair Commission, Inc. (SFC) is a nonprofit corporation, which manages and maintains the fairgrounds owned by the County and conducts annual fair and other events at the fairgrounds. The Commission's members are appointed and can be removed at any time by the Pima County Board of Supervisors. Based on these factors, and because SFC does not provide services entirely, or almost entirely to the County, but rather to the general citizenry, SFC is reported as a separate component unit (discrete presentation) in these financial statements. Complete financial statements for SFC can be obtained from the Pima County Department of Finance and Risk Management located at 130 West Congress Street, Tucson, Arizona 85701.

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 Supervisors. 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. Separate financial statements are unavailable for S&TA.

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, compensated absences, landfill closure and post-closure care costs, and pollution remediation, which are

Note 1: Summary of Significant Accounting Policies (continued)

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 position, the County uses restricted fund balance/net position 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.

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 authorized 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 formal minimum fund balance policy, however, all County funds' fund balances or net position are analyzed throughout the year and reserved as necessary during the budgetary appropriation process.

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.

Note 1: Summary of Significant Accounting Policies (continued)

Government-wide statements provide information about the primary government and its component units. The statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall government, except for fiduciary activities. They also distinguish between thegovernmental and business-type activities of the County and between the County and its discretely presentedcomponent units. Governmental activities are financed primarily through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties. A statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County does not allocate indirect expenses to programs or functions. Program revenues include:

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

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes levied or imposed by the County, 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**) provided 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,

Note 1: Summary of Significant Accounting Policies (continued)

and long-term nursing care. The County's AHCCCS contracts terminated on September 30, 2011, and the Pima Health System and Services ceased operations. All residual balances of the fund were transferred to the other governmental funds at June 30, 2012.

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

The County reports the following fund types:

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

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

Agency Funds account for the assets held by the County as an agent for individuals, private organizations, or other governmental units. The agency funds are custodial in nature and do 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 Department consist of expendable supplies held for consumption and are recorded as expenditures at the time of purchase. Amounts on hand at year-end are shown on the balance sheet as an asset for informational purposes only and are offset by 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 RWR, an enterprise fund, are valued at lower of cost or market, cost being determined using the moving average method.

Note 1: Summary of Significant Accounting Policies (continued)

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.

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 improvements)	All	Straight Line	20 - 30 Years
Buildings and improvements	$100	Straight Line	10 - 50 Years
Equipment	$5	Straight Line	4 - 25 Years
Infrastructure/Sewer conveyance systems	$100	Straight Line	10 - 50 Years
Intangible (Reported in land, equipment, and infrastructure)	$100	Straight Line	Varies

Discretely presented component units:

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

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 government wide and proprietary fund 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 fund financial statements in Employee Compensation. Compensated absences for the governmental funds is accrued based on vacation and sick leave paid within the first two pay periods after fiscal year end.

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
Net Position:					
Nonspendable:					
Inventory	$ 67			$ 1,374	$ 1,441
Prepaid expenses	1,984			72	2,056
Loan receivable	669			59	728
Permanent fund principal				45	45
Total nonspendable	2,720			1,550	4,270
Restricted for:					
Capital Projects					
Streets and highways		$ 42,385			42,385
Other		78,481			78,481
Justice Court Complex		22,651			22,651
Judicial activities				34,367	34,367
Flood Control District		14,171		9,712	23,883
Health				9,792	9,792
Law enforcement				4,385	4,385
Library District				15,217	15,217
Parks and recreation				17	17
School reserve				508	508
Social services				3,186	3,186
Streets and highways				22,877	22,877
Tire fund				1,214	1,214
Other purposes	333			4,193	4,526
Total restricted	333	157,688		105,468	263,489
Committed to:					
School reserve				414	414
Sports promotion (Stadium)				4,440	4,440
Other purposes		7,234		5,410	12,644
Total committed		7,234		10,264	17,498
Assigned to:					
Debt service reserve			$ 28,298		28,298
Judicial activities	114				114
Health				805	805
Parks and recreation	4			1,648	1,652
Landfill				1,890	1,890
School reserve				1,130	1,130
Other purposes				11,209	11,209
Total assigned	118		28,298	16,682	45,098
Unassigned:	77,596	(3,553)		(9,013)	65,030
Total Net Position	$ 80,767	$ 161,369	$ 28,298	$ 124,951	$ 395,385

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; 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; and bonds of any county municipal district, municipal utility, or special taxing district of any state that are payable from revenues, earnings, or a special tax pledged for all payments on the obligations. 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, 2012, the carrying amount of the County's deposits was $57,136 and the bank balance was $66,485.

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, 2012, $1,977 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, 2012, the County's investments consisted of $552,258 invested in marketable securities and $471,556 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, 2012, credit risk for the County's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
Commercial paper	A1/P1	S&P / Moody's	$ 38,545
Corporate bonds	A-/A3	S&P / Moody's	376,649
Federal Farm Credit Bank	AA+/Aaa	S&P / Moody's	15,204
Federal Home Loan Bank	AA+/Aaa	S&P / Moody's	52,582
Freddie Mac (Federal Home Loan Mortgage Corp)	AA+/Aaa	S&P / Moody's	5,099
Money market mutual fund	AAAm/Aaa	S&P / Moody's	11,175
		Marketable securities	499,254
State Treasurer Investment Pool 5	AAAf/S1+	S&P	234,756
State Treasurer Investment Pool 500	Unrated		72,529
State Treasurer Investment Pool 7	Unrated		164,271
	State Treasurer's Investment Pool		471,556
Total			$ 970,810

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 $1,023,814 of investments, $541,083, consisting of the commercial paper, corporate bonds, Federal Farm Credit Bank, Federal Home Loan Bank, 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. At June 30, 2012, the County had investments in the Federal Home Loan Bank with a fair value of $52,582 or 5.1% of total investments.

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, 2012, the County had the following investments:

Investment Type	Amount	Weighted Average Maturity (Years)
State Treasurer Investment Pool 5	$ 234,756	0.07
State Treasurer Investment Pool 500	72,529	7.36
State Treasurer Investment Pool 7	164,271	0.08
Commercial paper	38,545	0.17
Corporate bonds	376,649	1.72
Federal Farm Credit Bank	15,204	2.40
Federal Home Loan Bank	52,582	1.67
Freddie Mac (Federal Home Loan Mortgage Corp)	5,099	0.48
U.S. Treasury Notes	53,004	1.14
Money market mutual fund	11,175	0.14
Total	$ 1,023,814	

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

	Cash on Hand	Amount of Deposits	Amount of Investments	Total
Cash, deposits, and investments:	$ 57	$ 57,136	$ 1,023,814	$ 1,081,007

	Governmental Activities	Business-type Activities	Investment Trust Funds	Agency Funds	Totals
Statement of Net Position:					
Cash and cash equivalents	$ 504,113	$ 107,152	$ 297,724	$ 57,450	$ 966,439
Restricted cash and cash equivalents	2,326	112,242			114,568
Total	$ 506,439	$ 219,394	$ 297,724	$ 57,450	$ 1,081,007

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)

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

The Pool's assets consist of the following:

	Principal	Interest Rates	Maturities	Fair Value
Commercial paper	$ 38,550	0.1-0.2%	07/12-11/12	$ 38,545
Corporate bonds	358,606	0.4-7.3%	08/12-03/17	376,649
Federal Farm Credit Bank	15,000	0.5-1.7%	10/13-12/15	15,204
Federal Home Loan Bank	52,250	0.3-3.1%	08/12-05/16	52,582
Freddie Mac (Federal Home Loan Mortgage Corp)	5,000	4.1%	12/12	5,099
U.S. Treasury Notes	51,290	1.1-3.9%	08/12-07/14	53,004
State Treasurer Investment Pool 5	76,601	N/A	N/A	76,601
Deposits	19,605	N/A	N/A	19,605
Interest Receivable	96	N/A	N/A	96
Total assets				$ 637,385

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

Statement of Net Position	
Assets held in trust for:	
Internal participants	$ 503,836
External participants	133,549
Total assets	637,385
Total liabilities	
Total net position held in trust	$ 637,385
Statement of Changes in Net Position	
Total additions	$ 7,353,082
Total deductions	(7,321,183)
Net increase	31,899
Net position held in trust:	
July 1, 2011	605,486
June 30, 2012	$ 637,385

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	$ 187			$ 16,951	$ 1	$ 17,139
State of Arizona:						
Taxes and shared revenues	20,083	$ 1,733		7,720		29,536
Grants and contributions				3,305	3	3,308
Other Cities:						
Reimbursement for services	995	802	$ 11	1,544	88	3,440
Other governments:						
Reimbursement for services	248	8,483		288	20	9,039
Total due from other governments fund based statements	$ 21,513	$ 11,018	$ 11	$ 29,808	$ 112	$ 62,462

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

	Balance July 1, 2011 (as reclassified)*	Increases	Decreases	Balance June 30, 2012
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 448,790	$ 19,813	$ (942)	$ 467,661
Construction in progress	202,977	122,018	(76,678)	248,317
Total capital assets not being depreciated	651,767	141,831	(77,620)	715,978
Capital assets being depreciated:				
Buildings and improvements	601,905	9,342	(7,522)	603,725
Infrastructure	1,155,494	47,894	(321)	1,203,067
Equipment	118,810	34,871	(6,686)	146,995
Total capital assets being depreciated	1,876,209	92,107	(14,529)	1,953,787
Less accumulated depreciation for:				
Buildings and improvements	(169,797)	(16,373)	5,324	(180,846)
Infrastructure	(561,651)	(34,688)	321	(596,018)
Equipment	(77,798)	(11,044)	5,939	(82,903)
Total accumulated depreciation	(809,246)	(62,105)	11,584	(859,767)
Total capital assets being depreciated, net	1,066,963	30,002	(2,945)	1,094,020
Governmental activities capital assets, net	$ 1,718,730	$ 171,833	$ (80,565)	$ 1,809,998

Note 5: Capital Assets (continued)

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 15,409			$ 15,409
Construction in progress	165,481	$ 215,835	$ (39,205)	342,111
Total capital assets not being depreciated	180,890	215,835	(39,205)	357,520
Capital assets being depreciated:				
Buildings and improvements	369,351	20,202	(2,879)	386,674
Infrastructure	681,720	21,149	(633)	702,236
Equipment	110,063	5,339	(1,894)	113,508
Total capital assets being depreciated	1,161,134	46,690	(5,406)	1,202,418
Less accumulated depreciation for:				
Buildings and improvements	(162,270)	(14,624)	2,666	(174,228)
Infrastructure	(246,488)	(13,264)	319	(259,433)
Equipment	(27,556)	(7,931)	1,687	(33,800)
Total accumulated depreciation	(436,314)	(35,819)	4,672	(467,461)
Total capital assets being depreciated, net	724,820	10,871	(734)	734,957
Business-type activities capital assets, net	$ 905,710	$ 226,706	$ (39,939)	$ 1,092,477

* At July 1, 2011, the general government buildings, improvements, and infrastructure of $40 and $104, respectively were reclassified to equipment.

Note 5: Capital Assets (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:		
General government	$	10,203
Public safety		9,981
Highways and streets		29,711
Sanitation		1,119
Health		687
Welfare		85
Culture and recreation		5,938
Education and economic opportunity		871
Internal service funds		3,510
Total governmental activities depreciation expense	$	62,105
Business-type activities:		
Pima Health System & Services	$	115
Parking Garages		218
Regional Wastewater Reclamation		35,477
Development Services		9
Total business-type activities depreciation expense	$	35,819

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Discretely presented component units:				
Southwestern Fair Commission (SFC):				
Capital assets being depreciated:				
Buildings and improvements	$ 5,017	$ 366		$ 5,383
Equipment	2,417	171	$ (45)	2,543
Total capital assets being depreciated	7,434	537	(45)	7,926
Less accumulated depreciation for:				
Buildings and improvements	(2,857)	(220)		(3,077)
Equipment	(1,738)	(184)	45	(1,877)
Total accumulated depreciation	(4,595)	(404)	45	(4,954)
Total capital assets being depreciated, net	2,839	133		2,972
SFC capital assets, net	$ 2,839	$ 133		$ 2,972

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 $2,500, per occurrence; workers' compensation claim up to $1,000, per occurrence; or any medical malpractice claims in aggregate up to $5,000, in any policy year. The County purchases commercial insurance for claims in excess of coverage provided by the 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 $35,397 reported in the Fund at June 30, 2012, 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.

	2012	2011
Claims liabilities - beginning	$ 40,795	$ 38,378
Current-year claims and changes in estimates	2,209	9,099
Claims payment	(7,607)	(6,682)
Claims liabilities balance - ending	$ 35,397	$ 40,795

Litigation

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

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

Pollution Remediation

The County has estimated and reported an environmental liability of $805 in the government-wide financial statements for governmental activities (in noncurrent liabilities). Remediation efforts are currently underway at one County site: El Camino del Cerro.

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

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

Note 7: Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2012.

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due within 1 year
Governmental activities:					
General obligation bonds	$ 452,750	$ 76,225	$ 72,830	$ 456,145	$ 49,175
Plus unamortized deferred amount	3,106	3,689	1,383	5,412	400
Total general obligation bonds	455,856	79,914	74,213	461,557	49,575
Transportation revenue bonds	131,410	32,945	26,285	138,070	12,055
Plus unamortized deferred amount	(35)	3,660	159	3,466	73
Total transportation revenue bonds	131,375	36,605	26,444	141,536	12,128
Certificates of participation	46,895		8,165	38,730	3,875
Plus unamortized deferred amount	1,340		298	1,042	23
Total certificates of participation	48,235		8,463	39,772	3,898
Capital leases payable:					
Jail capital lease	18,565		2,230	16,335	2,780
Less unamortized deferred amount	(790)		(290)	(500)	(282)
Other capital leases		894	298	596	298
Total capital leases	17,775	894	2,238	16,431	2,796
Reported but unpaid losses (Note 6)	23,456	2,209	2,210	23,455	4,202
Incurred but not reported losses (Note 6)	17,339		5,397	11,942	2,114
Landfill closure and post-closure care costs (Note 8)	19,944	928		20,872	
Pollution remediation (Note 6)	1,033		228	805	
Total governmental activities long-term liabilities	$ 715,013	$ 120,550	$ 119,193	$ 716,370	$ 74,713

Note 7: Long-Term Liabilities (continued)

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due within 1 year
Business-type activities:					
Sewer revenue bonds	$ 182,430		$ 13,120	$ 169,310	$ 14,895
Plus unamortized deferred amount	2,352		640	1,712	
Total revenue bonds payable	184,782		13,760	171,022	14,895
Sewer revenue obligations	165,000	$ 189,160	5,225	348,935	9,550
Plus unamortized deferred amount	11,849	21,683	3,114	30,418	
Total revenue obligations payable	176,849	210,843	8,339	379,353	9,550
Regional Wastewater Reclamation (RWR) loans payable	27,404		3,685	23,719	2,550
Less unamortized deferred amount	(14)		(14)		
Total loans payable	27,390		3,671	23,719	2,550
Contracts and notes	4,657	12,049	1,341	15,365	
Incurred but not reported losses		3,080		3,080	
Total business-type activities long-term liabilities	$ 393,678	$ 225,972	$ 27,111	$ 592,539	$ 26,995

GENERAL OBLIGATION BONDS OUTSTANDING

Governmental Activities

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

General obligation bonds payable at June 30, 2012, consisted of the outstanding general obligation bonds presented below. Of the total amounts originally authorized, $7,697 from the May 20, 1997, $66,318 from the May 18, 2004, and $4,666 from the May 16, 2006 bond elections remain unissued.

The following table presents amounts outstanding by issue.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2012
Series of 2003	50,000	4.00%	2013	$ 3,750
Series of 2004	65,000	3.00 - 5.00%	2013-19	32,660
Series of 2005	65,000	3.50 - 5.00%	2013-20	35,635
Series of 2007	95,000	3.00 - 4.50%	2013-21	62,295
Series of 2008	100,000	3.50 - 4.00%	2013-22	71,250
Series of 2009	75,000	3.00 - 4.13%	2013-23	38,000
Series of 2009A	90,000	3.00 - 4.00%	2013-24	73,435
Series of 2009A Refunding	23,535	3.00 - 3.50%	2013-16	10,820
Series of 2011	75,000	2.00 - 5.00%	2013-26	52,075
Series of 2012A	60,000	1.00 - 4.00%	2013-27	60,000
Series of 2012B Refunding	16,225	2.00 - 3.00%	2013-17	16,225
G.O. bonds outstanding				456,145
Plus unamortized deferred amount:				5,412
		Total G.O. bonds outstanding		$ 461,557

Note 7: Long-Term Liabilities (continued)

The following schedule details general obligation bond debt service requirements to maturity at June 30, 2012.

Year Ending June 30,	Principal	Interest
2013	$ 49,175	$ 16,974
2014	41,775	15,361
2015	37,015	13,886
2016	38,045	12,560
2017	39,710	11,207
2018 - 2022	189,105	34,457
2023 - 2027	61,320	5,764
Total	$ 456,145	$ 110,209

REFUNDED GENERAL OBLIGATION BONDS

In 2012, the County defeased $15,850 of General Obligation Bonds, Series 2003 by issuing $16,225 of General Obligation Bonds that have an average life of 3.54 years and an average interest rate of 2.355%. This refunding transaction resulted in an economic gain of $875 and a reduction in debt service payments of $910. The proceeds of the new bonds were placed in an irrevocable trust to provide for future debt service payments of the refunded debt. Accordingly, the trust account assets and liability for the defeased bonds are not included in the County's financial statements. The Series 2003 Bonds remain legally defeased in substance at the amount disclosed below.

Issue	Principal Outstanding June 30, 2012
2003 General Obligation Refunded Bonds	$ 15,850

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, $89,375 from the November 4, 1997 bond election remains unissued.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2012
Series of 2003	35,000	4.00%	2013	2,670
Series of 2005	51,200	3.50 - 5.00%	2013-20	36,865
Series of 2007	21,000	3.25 - 4.75%	2013-22	17,770
Series of 2008	25,000	3.25 - 4.50%	2013-22	24,400
Series of 2009	15,000	3.00 - 4.00%	2013-24	15,000
Series of 2009 Refunding	8,420	3.00 - 4.00%	2013-24	8,420
Series of 2012	18,425	3.00 - 5.00%	2013-27	18,425
Series of 2012 Refunding	14,520	4.00 - 5.00%	2013-18	14,520
Transportation bonds outstanding				138,070
Plus unamortized deferred amount:				3,466
Total transportation bonds outstanding				$ 141,536

Note 7: Long-Term Liabilities (continued)

The following schedule details transportation bond debt service requirements to maturity at June 30, 2012.

Year Ending June 30,	Principal	Interest
2013	$ 12,055	$ 5,537
2014	12,425	4,969
2015	12,910	4,488
2016	13,430	3,983
2017	14,050	3,372
2018 - 2022	59,985	8,743
2023 - 2027	13,215	1,116
Total	$ 138,070	$ 32,208

Pima County has pledged future highway user revenues, net of specified operating expenses, to repay $138,070 in transportation revenue bonds issued between 2003 and 2012. 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 2027. Annual principal and interest payments on the bonds are expected to require approximately 96 percent of net revenues. Total principal and interest remaining to be paid on the bonds is $170,278. Principal and interest paid for bonds in the current year and total net highway user revenues were $15,940 and $13,499, respectively.

REFUNDED TRANSPORTATION BONDS

In 2012, the County defeased $15,270 of Transportation Bonds, Series 2003, by issuing $14,520 of Transportation Bonds that have an average life of 4.18 years and an average interest rate of 4.195%. The proceeds of the new bonds were placed in an irrevocable trust to provide for legal defeasance of the refunded debt on July 1, 2013. This refunding transaction was performed primarily to restructure outstanding debt in order to align projected future revenues with corresponding debt service requirements and resulted in a reduction in debt service payments of $1,167 and an economic gain of $1,106. The Series 2003 Bonds remain legally defeased in substance at the amount disclosed below.

Issue	Principal Outstanding June 30, 2012
2003 Transportation Refunded Bonds	$ 15,270

CERTIFICATES OF PARTICIPATION

Governmental Activities

(Payments made from General Fund revenues)

Certificates of Participation represent proportionate interests in semiannual lease payments. The County's obligation to make lease payments is subject to annual appropriations being made by the County for that purpose. On May 1, 2007, the County issued Certificates of Participation Series 2007A for $28,765 to finance the acquisition of and improvements to a 22-story office tower located in downtown Tucson and to acquire and construct replacement facilities for the Pima County Community Services Department. On February 4, 2010, the County issued Certificates of Participation Series 2010 for $20,000 to finance the replacement computer enterprise system composed of servers and other hardware, computer terminals, software, and system training. The new enterprise system will serve the County with finance, budget, procurement, human resources, and material management systems.

Note 7: Long-Term Liabilities (continued)

The following schedule details outstanding Certificates of Participation payable at June 30, 2012.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2012
Series of 2007A	$ 28,765	4.25 - 5.00%	2013-22	$ 22,505
Series of 2010	20,000	3.00 - 5.25%	2013-19	16,225
Certificates of participation outstanding				38,730
Plus unamortized deferred amount:				1,042
Total certificates of participation outstanding				$ 39,772

The following schedule details debt service requirements to maturity for the County's Certificates of Participation payable at June 30, 2012.

Year Ending June 30,	Principal	Interest
2013	$ 3,875	$ 1,766
2014	4,020	1,627
2015	4,170	1,472
2016	4,345	1,297
2017	4,570	1,074
2018 - 2022	17,750	2,269
Total	$ 38,730	$ 9,505

CAPITAL LEASES

Governmental Activities

On February 1, 1997, the County entered into an agreement to sell certain jail facilities and then lease them back for a 15-year term. The jail facilities were sold for $34,500, and the proceeds were used to finance the construction of the baseball stadium. On September 1, 1999 and October 1, 2003, Pima County amended the capital lease agreement between U.S. Bank Trust National Association and Pima County. The amendments extended the lease term to 2014 and 2018 respectively, increased the range of interest rates, and increased the County's obligation under the lease agreement. The County has also entered into capital leases for heavy equipment for use at its landfill sites. The outstanding balance as of June 30, 2012, for these leases totaled $596. The net book value of assets acquired through capital leases consists of $15,908 of buildings and $867 of equipment.

The following schedule details capital lease debt service requirements to maturity at June 30, 2012.

Governmental Activities:

	Buildings		Equipment	
Year Ending June 30,	Principal	Interest	Principal	Interest
2013	$ 2,780	$ 647	$ 298	
2014	2,485	511	298	
2015	2,605	399		
2016	2,710	293		
2017	2,820	181		
2018	2,935	62		
	$ 16,335	$ 2,093	$ 596	

Note 7: Long-Term Liabilities (continued)

SEWER REVENUE BONDS, LOANS, AND OBLIGATIONS

Business-type Activities

(Payments made from user charges received in the RWR)

Pima County sewer revenue bonds, as presented below, were issued to provide monies to construct improvements to the County's Regional Wastewater Reclamation system and for the defeasance of prior sewer revenue bonds. As of June 30, 2012, the County has issued the total amounts originally authorized from the May 20, 1997 and May 18, 2004 bond elections.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2012
Series of 2004 Refunding	25,770	4.60 - 5.50%	2013-15	$ 10,405
Series of 2007	50,000	3.75 - 5.00%	2013-26	38,770
Series of 2008	75,000	4.00 - 5.00%	2013-23	73,580
Series of 2009	18,940	3.25 - 4.25%	2013-24	16,715
Series of 2011 Refunding	43,625	2.00 - 5.00%	2013-16	29,840
Sewer revenue bonds outstanding				169,310
Plus unamortized deferred amount:				1,712
Total sewer revenue bonds outstanding				$ 171,022

The following schedule details sewer revenue bond debt service requirements to maturity at June 30, 2012.

Year Ending June 30,	Principal	Interest
2013	$ 14,895	$ 7,347
2014	16,765	6,661
2015	17,555	5,882
2016	15,950	5,057
2017	11,250	4,354
2018 - 2022	65,300	14,260
2023 - 2026	27,595	2,086
Total	$ 169,310	$ 45,647

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. In December 2011, the County issued Sewer Revenue Obligations Series 2011B for $189,160 to provide additional funding for the construction and improvements of the County's wastewater conveyance systems and treatment facilities.

Note 7: Long-Term Liabilities (continued)

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2012
Series of 2010	$ 165,000	2.50 - 5.00%	2014-25	$ 165,000
Series of 2011B	189,160	1.00 - 5.00%	2013-26	183,935
Sewer revenue obligations outstanding				348,935
Plus unamortized deferred amount:				30,418
Total sewer revenue obligations outstanding				$ 379,353

The following schedule details sewer revenue obligation debt service requirements to maturity at June 30, 2012.

Year Ending June 30,	Principal	Interest
2013	$ 9,550	$ 17,028
2014	11,935	16,646
2015	12,330	16,169
2016	12,850	15,596
2017	25,915	14,984
2018 - 2022	149,710	54,785
2023 - 2026	126,645	14,609
Total	$ 348,935	$ 149,817

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 2004 which was 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, 2012
1996 Loans payable	$ 11,313	3.19%	2013	$ 1,105
2004 Loans payable	19,967	1.81%	2013-24	15,518
2009 Loans payable	8,002	0.96%	2013-24	7,096
		Total loans payable		$ 23,719

The following schedule details loans payable debt service requirements to maturity at June 30, 2012.

Year Ending June 30,	Principal	Interest
2013	$ 2,550	$ 687
2014	1,489	622
2015	1,535	576
2016	1,581	529
2017	1,629	480
2018 - 2022	8,922	1,613
2023 - 2026	6,013	278
Total	$ 23,719	$ 4,785

Note 7: Long-Term Liabilities (continued)

Pima County has pledged future user charges, net of specified operating expenses, to repay $169,310 in sewer revenue bonds issued between 2004 and 2011, $23,719 in sewer revenue loans issued between 1996 and 2009, and $348,935 in sewer revenue obligations issued in 2010 and 2011. 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 42 percent of net revenues. The annual principal and interest payments on the loans are expected to require approximately 9 percent of net revenues. Total principal and interest remaining to be paid on the bonds is $214,957. Total principal and interest remaining to be paid on the loans is $28,504. Total principal and interest remaining to be paid on the obligations is $498,752. Principal and interest paid for bonds, loans and obligations in the current year and total customer net revenues were $39,586, $4,069, and $80,142, respectively.

All sewer revenue bonds were issued and the loan agreements were executed with a first lien on the pledge of the RWR net revenues and have restrictive covenants, primarily related to minimum utility rates and limitations on future bond issues. The bond covenants also require the RWR to either maintain a surety bond guaranteeing the payment of annual debt service or to maintain in the Bond Reserve Account monies equal to the average annual debt service payment. At June 30, 2012, the RWR had a surety bond to meet the requirements of the debt covenants. The County is also authorized to issue for the RWR additional parity bonds if certain conditions are met, primarily that net revenues for the fiscal year immediately preceding issuance of the parity bonds exceed 120 percent of the maximum annual debt service requirements immediately after such issuance.

CONTRACTS AND NOTES

Business-type Activities

(Payments made from restricted assets in the RWR)

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

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, 2012, is as follows:

Net assessed valuation		$ 8,448,282
Debt limit (15% of net assessed valuation):		1,267,242
Less amount of debt applicable to debt limit:		
General obligation bonds outstanding	$ 456,145	
Less fund balance in debt service fund available for payment of general obligation bond principal	(22,602)	433,543
Legal debt margin available		$ 833,699

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 $20,872 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 $5,608 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, 2012; actual costs may change due to inflation, changes in technology, or changes in regulations.

Landfill Site	Capacity Used June 30, 2012	Estimated Remaining Service Life
Ajo	71%	38 Years
Sahuarita	51%	30 Years
Tangerine	95%	5 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 $10,596 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: Pension and Other Post Employment Benefits

Pension Plan Descriptions

The County contributes to the Arizona State Retirement System **(ASRS),** the Corrections Officer Retirement Plan **(CORP),** the Public Safety Personnel Retirement System **(PSPRS),** consisting of Pima County Sheriffs and Pima County - County Attorney Investigators, and the Elected Officials Retirement Plan **(EORP).** The **EORP** and the **PSPRS** 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 retiree's 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.

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

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

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

The **CORP** administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium plan that covers certain 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 Phoenix, AZ 85012 (602) 240-2000 or (800) 621-3778	3010 East Camelback Road Suite 200 Phoenix, AZ 85016-4416 (602) 255-5575

Funding Policy

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

Cost-sharing plans

For the year ended June 30, 2012, active **ASRS** members were required by statute to contribute at the actuarially determined rate of 10.74 percent (10.5 percent for retirement and 0.24 percent for long-term disability) of the members' annual covered payroll. The County is required by statute to contribute at an actuarially determined rate. For the year ended June 30, 2012 the County contributed 10.74 percent (9.87 percent for retirement, 0.63 percent for health insurance premium, and 0.24 percent for long-term disability) of the members' annual covered payroll. For the year ended June 30, 2011, the County contributed 9.85 percent (9.01 percent for retirement, .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.

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

	ASRS Retirement Fund	Health Benefit Supplement Fund	Long-term Disability Fund
Year ended June 30, 2012			
2012	$ 21,290	$ 1,359	$ 518
2011	$ 21,774	$ 1,426	$ 604
2010	$ 20,234	$ 1,601	$ 970

Agent plans

For the year ended June 30, 2012, active **PSPRS** members were required by statute to contribute 8.65 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 24.24 percent, the aggregate of which is the actuarially required amount. As allowed by statute, the County contributed 3.65 percent of the members' required contribution, with the members contributing 5.00 percent. The health insurance premium portion of the contribution was set at 1.83 percent of covered payroll. Active **CORP** members were required by statute to contribute 8.41 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 9.38 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.30 percent of covered payroll.

Actuarial methods and assumptions

The contribution requirements for the year ended June 30, 2012 were established by the June 30, 2010 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 multi-year 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 2012 contribution requirements, are as follows:

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

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

Annual Pension and OPEB Cost

The County's pension/OPEB cost for the PSPRS and CORP agent plans for the year ended June 30, 2012, and related information follows:

	PSPRS		CORP	
	Pension	Health Insurance	Pension	Health Insurance
Annual pension/Healthcare cost	$ 8,445	$ 638	$ 2,076	$ 288
Contributions made	$ 8,699	$ 384	$ 2,218	$ 146

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

Trend Information

Annual pension cost information for the current and 2 preceding years follows for the PSPRS and CORP agent plans. Annual OPEB cost information for FY 2012, FY 2011 and FY 2010 is as follows:

Plan	Year Ended June 30	Annual Pension/ Healthcare Cost	Percentage of Annual Cost Contributed	Net Pension/ Healthcare Obligation
PSPRS				
Pension	2012	$ 8,445	103%	
Health insurance	2012	$ 638	60%	$ 254
Pension	2011	$ 8,303	103%	
Health insurance	2011	$ 624	63%	$ 232
Pension	2010	$ 8,761	102%	
Health insurance	2010	$ 591	75%	$ 151
CORP				
Pension	2012	$ 2,076	107%	
Health insurance	2012	$ 288	51%	$ 142
Pension	2011	$ 1,824	108%	
Health insurance	2011	$ 282	50%	$ 140
Pension	2010	$ 1,943	102%	
Health insurance	2010	$ 232	79%	$ 49

Funded Status

The funded status of the plans, as of the most recent valuation date of June 30, 2012, along with the actuarial assumptions and methods used in those valuations follow. Additionally, the required schedule of funding progress, presented as Exhibit B-2 following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

	PSPRS		CORP	
	Pension	Health Insurance	Pension	Health Insurance
Actuarial accrued liability	$ 268,903	$ 7,325	$ 83,526	$ 3,161
Actuarial value of assets	$ 149,085	0	$ 51,797	0
Unfunded actuarial accrued liability (funding excess)	$ 119,818	$ 7,325	$ 31,729	$ 3,161
Funded ratio	55.4 %	0 %	62.0 %	0 %
Covered payroll	$ 31,920	$ 31,920	$ 21,743	$ 21,743
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	375.4 %	22.9 %	145.9 %	14.5 %

	PSPRS	CORP
Actuarial valuation date	June 30, 2012	June 30, 2012
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment rate of return	8.00%	8.00%
Projected salary increases	5.00% - 9.00%	5.00% - 8.25%
includes inflation at	5.00%	5.00%
Amortization method	Level percentage of pay closed	Level percentage of pay closed
Remaining amortization period	24 Years for unfunded , 20 years for overfunded	24 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	Debt Service	Other Governmental	RWR	Internal Services	Total
General		$ 12		$ 7,408	$ 77	$ 31	$ 7,528
Capital Projects	$ 130		$ 77	680	$ 44	217	1,148
Debt Service		1,575					1,575
Other Governmental	412	50		4,427		3	4,892
RWR	1	43					44
Other Enterprise		3					3
Internal Services		218					218
Total	$ 543	$ 1,901	$ 77	$ 12,515	$ 121	$ 251	$ 15,408

B. Transfers

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

Amounts recorded as transfers out:

Amounts recorded as transfers in:	General	Capital Projects	Other Governmental	PHS&Services	RWR	Other Enterprise	Internal Services	Total
General			$ 5,190					$ 5,190
Capital Projects	$ 8,815		56,512		$ 96		$ 254	65,677
Debt Service	7,420		16,792	$ 326	613	$ 18	68	25,237
Other Governmental	19,535		175	26,110				45,820
RWR		$ 132	343					475
Other Enterprise	1,000							1,000
Total	$ 36,770	$ 132	$ 79,012	$ 26,436	$ 709	$ 18	$ 322	$ 143,399

Note 11: Construction and Other Significant Commitments

At June 30, 2012, Pima County had the following major contractual commitments related to Facilities Management; General Government; Natural Resources, Parks and Recreation; Pima Health System and Services; Regional Flood Control; Regional Wastewater Reclamation; and Transportation.

Facilities Management
At June 30, 2012, the Pima County Facilities Management Department had construction contractual commitments of $42,025 and other contractual commitments related to service contracts of $6,525. Funding for these expenditures will be provided from general fund revenues.

General Government
At June 30, 2012, Pima County had contractual commitments related to service contracts for Community Development and Neighborhood Conservation Department of $11,051, Office of Court Appointed Counsel of $55,324 and, Institutional Health of $63,593. Procurement Department had construction contractual commitments of $95,429 and other contractual commitments related to service contracts of $3,851. Sheriff Department had contractual commitments related to construction contracts of $3,275 and other related contractual commitments related to service contracts of $8,960. Funding for these expenditures will be provided from general fund revenues.

Natural Resources, Parks and Recreation
At June 30, 2012, Pima County had contractual commitments related to construction contracts for Natural Resources, Parks and Recreation of $14 and other contractual commitments related to services of $20,032. Funding for these expenditures will be provided from general obligation bonds.

Pima Health System & Services
At June 30, 2012, Pima County had contractual commitments related to service contracts for Pima Health System & Services of $18,922. Funding for these expenses will be primarily provided from federal and state funding sources.

Regional Flood Control
At June 30, 2012, the Regional Flood Control fund had construction contractual commitments of $790 and other contractual commitments related to service contracts of $7,196. Funding for these expenditures will be primarily from tax levy revenues.

Regional Wastewater Reclamation
At June 30, 2012, the Regional Wastewater Reclamation Enterprise Fund had construction contractual commitments of $77,916 and other contractual commitments related to service contracts of $30,958. Funding for these expenses will be primarily from Sewer Revenue Obligations and related fees.

Transportation
At June 30, 2012, the Pima County Transportation Department had construction contractual commitments of $37,415 and other contractual commitments related to service contracts of $21,481. 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: Subsequent Event

Sewer System Revenue Obligations – On December 1, 2012 the RWR will issue Series 2012A Obligations in the amount of $150,000 to provide funds for the construction of improvements and extensions to the sewer system of the County.

Interest is payable semiannually and is calculated based on the principal amount of the loan outstanding during such period. Payments will be made from user charges received in the Regional Wastewater Reclamation Enterprise Fund.

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APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

So long as Cede & Co. is the registered owner of the Bonds, as nominee 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.

covenants is subject to annual appropriation to, among other things, cover the costs of preparing and disseminating the Annual Report and the Notices of Listed Events. A failure by the County to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

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

FINANCIAL STATEMENTS

Included as Appendix E of this Official Statement are excerpts of the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. 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.

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

DEPOSITORY TRUST AGREEMENT

between

PIMA COUNTY, ARIZONA

and

U.S. BANK NATIONAL ASSOCIATION

as Trustee and Depository Trustee

Dated as of June 1, 2013

providing payment for certain

PIMA COUNTY, ARIZONA

GENERAL OBLIGATION BONDS, SERIES 2004
and
GENERAL OBLIGATION BONDS, SERIES 2005

DEPOSITORY TRUST AGREEMENT

THIS DEPOSITORY TRUST AGREEMENT, dated as of June 1, 2013 (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 and A-2 attached hereto (collectively, the "Bonds to be Refunded"); and

WHEREAS, the County, by a resolution adopted on May 7, 2013 (the "Bond Resolution"), has authorized the issuance and sale of the County's General Obligation Refunding Bonds, Series 2013B (the "2013B Bonds"), and the application 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 2013B Bonds (the "Bond Proceeds"); and

WHEREAS, pursuant to the Bond Resolution, the County has sold and delivered the 2013B Bonds to the purchaser thereof against payment therefor and the Bond Proceeds shall be applied to pay the issuance costs of the 2013B 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 Exhibits A-1 and A-2 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:

"2004 Bonds to be Refunded" means the County's General Obligation Bonds, Series 2004, identified on Exhibit A-1 attached hereto.

"2005 Bonds to be Refunded" means the County's General Obligation Bonds, Series 2005, identified on Exhibit A-2 attached hereto.

"Bonds to be Refunded" means, collectively, the 2004 Bonds to be Refunded and the 2005 Bonds to be Refunded.

"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 June 1, 2013, 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 $41,733,008.07. The Depository Trustee shall deposit $221,285.00 of such moneys in the Expense Account described in Section 12 hereof. The Depository Trustee agrees to hold the remaining amount of the deposit and all investments made with such moneys and all earnings from investment and reinvestment of such moneys as a special trust fund (the "Trust Account") separate from all other funds and investments held by the Depository Trustee.

(c) The amounts credited to the Trust Account, other than an initial cash balance of $343.45, 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, 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 Exhibits D-1 and D-2 attached hereto. The Paying Agents for the Bonds to be Refunded are set forth on Exhibits A-1 and A-2 attached hereto.

(b) The Depository Trustee is also authorized and directed to mail notice of the advance refunding of the 2004 Bonds to be Refunded, in substantially the form set forth as Exhibit C-1 attached hereto, to each registered owner of a 2004 Bond to be Refunded, such mailing to take place within a reasonable time after creation of the Trust Account. The Depository Trustee is also authorized and directed to mail notice of the advance refunding of the 2005 Bonds to be Refunded, in substantially the form set forth as Exhibit C-2 attached hereto, to each registered owner of a 2005 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 respective redemption dates set forth on Exhibit A-1 or A-2 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 dates.

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 on the 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 July 15, 2013, January 15, 2014, July 15, 2014, January 15, 2015 and July 15, 2015, 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 $221,285.00 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, 2013 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: _____
Assistant 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-1
TO
DEPOSITORY TRUST AGREEMENT

2004 Bonds to be Refunded

General Obligation Bonds, Series 2004

Maturity Date (July 1)	Outstanding Principal Amount	Principal Amount Refunded	Redemption Date	Redemption Price
2015	$4,415,000	$4,415,000	July 1, 2014	100%
2016	4,635,000	4,635,000	July 1, 2014	100
2017	4,870,000	4,870,000	July 1, 2014	100
2018	5,115,000	5,115,000	July 1, 2014	100
2019	5,385,000	5,385,000	July 1, 2014	100

Bond Registrar and Paying Agent: U.S. Bank National Association

EXHIBIT A-2
TO
DEPOSITORY TRUST AGREEMENT

2005 Bonds to be Refunded

General Obligation Bonds, Series 2005

Maturity Date (July 1)	Outstanding Principal Amount	Principal Amount Refunded	Redemption Date	Redemption Price
2017	$4,530,000	$4,530,000	July 1, 2015	100%
2018	4,735,000	4,735,000	July 1, 2015	100
2020	5,170,000	5,170,000	July 1, 2015	100

Bond Registrar and Paying Agent: U.S. Bank National Association

EXHIBIT B
TO
DEPOSITORY TRUST AGREEMENT

ACQUIRED OBLIGATIONS FOR BONDS TO BE REFUNDED

Type	Maturity Date	Par Amount	Coupon	Cost	Accrued Interest	Purchase Price
Treasury Note	06/30/13	$ 271,000.00	0.375%	$ 271,090.87	$ 437.94	$ 271,528.81
Treasury Note	12/31/13	270,000.00	1.500	272,145.89	1,745.30	273,891.19
Treasury Note	06/30/14	24,700,000.00	2.625	25,353,540.76	279,410.22	25,632,950.98
Treasury Note	12/31/14	131,000.00	2.625	135,965.56	1,481.89	137,447.45
Treasury Note	06/30/15	14,573,000.00	1.875	15,077,809.74	117,751.45	15,195,561.19
		$39,945,000.00		$41,110,552.82	$400,826.80	$41,511,379.62

EXHIBIT C-1
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
GENERAL OBLIGATION BONDS
SERIES 2004
Dated: June 1, 2004

Maturity Dates Being Refunded	Outstanding Balance	Principal Balances Being Refunded	CUSIP (721663)
July 1, 2015	$4,415,000	$4,415,000	RU8
July 1, 2016	4,635,000	4,635,000	RV6
July 1, 2017	4,870,000	4,870,000	RW4
July 1, 2018	5,115,000	5,115,000	RX2
July 1, 2019	5,385,000	5,385,000	RY0

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 redemption date for the above-referenced bonds is July 1, 2014.

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

Dated: _____, 2013.

U.S. BANK NATIONAL ASSOCIATION,
as Depository Trustee

EXHIBIT C-2
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
GENERAL OBLIGATION BONDS
SERIES 2005
Dated: May 1, 2005

Maturity Dates Being Refunded	Outstanding Balance	Principal Balances Being Refunded	CUSIP (721663)
July 1, 2017	$4,530,000	$4,530,000	SL7
July 1, 2018	4,735,000	4,735,000	SM5
July 1, 2020	5,170,000	5,170,000	SP8

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 redemption date for the above-referenced bonds is July 1, 2015.

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

Dated: _____, 2013.

U.S. BANK NATIONAL ASSOCIATION,
as Depository Trustee

EXHIBIT D-1
TO
DEPOSITORY TRUST AGREEMENT

DEBT SERVICE

2004 Bonds to be Refunded

Payment Date	Principal Retired	Interest	Premium	Total
07/01/13	$ -0-	$ 459,525.00	N/A	$ 459,525.00
01/01/14	-0-	459,525.00	N/A	495,525.00
07/01/14	24,420,000.00	459,525.00	N/A	24,879,525.00
TOTAL	$24,420,000.00	$1,378,575.00		$25,798,575.00

EXHIBIT D-2

TO

DEPOSITORY TRUST AGREEMENT

DEBT SERVICE

2005 Bonds to be Refunded

Payment Date	Principal Retired	Interest	Premium	Total
07/01/13	$ -0-	$ 275,775.00	N/A	$ 275,775.00
01/01/14	-0-	275,775.00	N/A	275,775.00
07/01/14	-0-	275,775.00	N/A	275,775.00
01/01/15	-0-	275,775.00	N/A	275,775.00
07/01/15	$14,435,000.00	275,775.00	N/A	14,710,775.00
TOTAL	$14,435,000.00	$1,378,875.00		$15,813,875.00

SCHEDULE I

Costs and Expenses

Payee	Amount
Underwriter's Counsel	$25,000.00
Fitch Ratings	31,000.00
S&P Ratings Service	29,700.00
Bond Counsel	115,585.00
Verification Agent	3,500.00
Bond Registrar	550.00
Depository Trustee	750.00
Official Statement Printing	5,200.00
Miscellaneous	10,000.00
TOTAL:	$221,285.00

PIMA COUNTY, ARIZONA

$50,000,000	**$38,575,000**
GENERAL OBLIGATION BONDS	**GENERAL OBLIGATION REFUNDING BONDS**
SERIES 2013A	**SERIES 2013B**

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 June 1, 2013 (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 $50,000,000 aggregate prinicipal amount of General Obligation Bonds, Series 2013A and $38,575,000 aggregate principal amount of General Obligation Refunding Bonds, Series 2013B (collectively, the "Bonds"). The Bonds will be issued in the aggregate principal amount of $88,575,000. 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 2013-2014) is $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. **Levy for Expenses**. Except for the initial fiscal year's costs and expenses, all costs and expenses incurred with respect to services for registration, transfer and payment of the Bonds and, if applicable, for costs and expenses in connection with the calculation of arbitrage rebate shall be treated as interest on the Bonds and the County agrees to include the same in the taxes levied for interest debt service during each of the ensuing fiscal years. The transferor of the Bonds will be responsible for all fees and costs relating to the transfer of ownership of the Bonds

26. **Governing Law**. This Agreement is governed by the laws of the State.

27. **Transfer Expenses**. The transferor of any Bond will be responsible for all fees and costs relating to such transfer of ownership.

28. **E-verify Requirements**. To the extent applicable under A.R.S. § 41-4401, the Bank and its subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees and compliance with the E-verify requirements under A.R.S. § 23-214(A). The Bank's, or a subcontractor's, breach of the above-mentioned warranty shall be deemed a material breach of this Agreement and may result in the termination of the Agreement by the County. The County retains the legal right to randomly inspect the papers and records of the Bank and its subcontractors who work on the Agreement to ensure that the Bank and its subcontractors are complying with the above-mentioned warranty.

The Bank and its subcontractors warrant to keep the papers and records open for random inspection by the County during normal business hours. The bank and its subcontractors shall cooperate with the County's random inspections including granting the County entry rights onto its property to perform the random inspections and waiving their respective rights to keep such papers and records confidential.

29. **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.

This Agreement is dated and effective as of June 1, 2013.

U.S. BANK NATIONAL ASSOCIATION

By: _____
Keith Henselen
Assistant 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
Depository Trustee, Bond Registrar and Paying Agent

COUNTY OF PIMA, ARIZONA

General Obligation and Refunding Bonds, Series 2013

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. *Also includes payment of Costs of Issuance, if required*. This is a one-time fee, payable at closing.	$250.00
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.	$750.00
Annual Registrar and Paying Agent Fee Annual administration fee for performance of the routine duties of the registrar and paying agent associated with the management of the account. Payable at closing and annually in advance thereafter.	$300.00
Direct Out of Pocket Expenses Reimbursement of expenses associated with the performance of our duties, including but not limited to publications, legal counsel after the initial close, travel expenses and filing fees.	At Cost

Extraordinary 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: May 28, 2013

PIMA COUNTY, ARIZONA

$50,000,000	**$38,575,000**
GENERAL OBLIGATION BONDS	**GENERAL OBLIGATION REFUNDING BONDS**
SERIES 2013A	**SERIES 2013B**

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

This Continuing Disclosure Undertaking (this "Undertaking") is executed and delivered by Pima County, Arizona (the "County"), in connection with the issuance and sale of its $50,000,000 aggregate principal amount of General Obligation Bonds, Series 2013A (the "Improvement Bonds") and its $38,575,000 aggregate principal amount of General Obligation Refunding Bonds, Series 2013B (together with the Improvement Bonds, the "Bonds"), being issued pursuant to a resolution adopted by the Board of Supervisors of the County on May 7, 2013 (the "Bond Resolution").

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

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

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

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

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

"Commission" means the Securities and Exchange Commission.

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

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

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

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

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

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

3. CUSIP Number/Final Official Statement. The base CUSIP Number of the Bonds is 721663. The Final Official Statement relating to the Bonds is dated May 21, 2013.

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

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

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

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

6. Consequences of Failure of the County to Provide Information. The County shall give notice in a timely manner to the MSRB through EMMA, in a format prescribed by the

MSRB, of any failure to provide Annual Information Disclosure when the same is due hereunder.

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

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

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

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

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

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

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

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

11. Additional Information. Nothing in this Undertaking shall be deemed to prevent the County from disseminating any other information using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Undertaking. If the County chooses to include any information from

any document or notice of occurrence of Listed Event in addition to that which is specifically required by this Undertaking, the County shall have no obligation under this Undertaking to update such information or include it in any future disclosure or notice of occurrence of a Listed Event.

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

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

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

PIMA COUNTY, ARIZONA

By: Thomas Burke
Thomas Burke
Finance and Risk Management Director

Dated: June 5, 2013

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND AUDITED FINANCIAL STATEMENTS

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

Annual Financial Information exclusive of Audited Financial Statements will be provided to the MSRB through EMMA, no later than the first business day in February of each year, commencing February 1, 2014. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements when available.

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

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

EXHIBIT II

EVENTS FOR WHICH NOTICE OF OCCURRENCE OF LISTED EVENTS IS REQUIRED

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

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

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

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

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

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

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

9. Defeasances;

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

11. Rating changes;

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

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

13. The consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the

termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

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

Blanket Issuer Letter of Representations

[To be Completed by Issuer]

PIMA COUNTY, ARIZONA
[Name of Issuer]

JUNE 11, 1998
[Date]

Attention: Underwriting Department — Eligibility
The Depository Trust Company
55 Water Street, 50th Floor
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

PIMA COUNTY, ARIZONA
(Issuer)

By: C. Buckelberry
(Authorized Officer's Signature)

C. H. BUCKELBERRY, COUNTY ADMINISTRATOR
(Typewrite Name & Title)

130 W. Congress, 10th floor
(Street Address)

Tucson, AZ 85701
(City) (State) (Zip)

(520) 740-8661
(Phone Number)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: Roby Brondo

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

June 5, 2013

Contents

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Exhibit A	Schedule of Sources and Uses of Funds
Exhibit B	Escrow Account Cash Flow
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Exhibit C	Debt Service Payments on the Improvement Bonds
Exhibit C-1	Original Issue Premium on the Improvement Bonds
Exhibit C-2	Debt Service Payments on the Refunding Bonds
Exhibit C-3	Original Issue Premium on the Refunding Bonds
Exhibit C-4	Yield on the Bonds
Appendix I	Applicable schedules provided by RBC Capital Markets, LLC

Grant Thornton

Grant Thornton LLP
200 S 6th Street, Suite 1400
Minneapolis, MN 55402-1434

T 612.332.0001
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twitter.com/GrantThorntonUS

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

RBC Capital Markets, LLC
2398 East Camelback Road, Suite 700
Phoenix, Arizona

U.S. Bank National Association
101 North First Avenue, Suite 1600
Phoenix, Arizona

Pima County, Arizona

$50,000,000
General Obligation Bonds
Series 2013A

$38,575,000
General Obligation Refunding Bonds
Series 2013B

Dated June 5, 2013

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 "Underwriter"), to verify the mathematical accuracy of certain computations contained in the schedules attached in Appendix I provided by the Underwriter. The County is responsible for these schedules. These procedures were performed solely to assist you in the issuance of the above-captioned bond issues (the "Improvement Bonds" and the "Refunding Bonds", collectively referred to as the "Bonds") for the purpose, in part, of refunding portions of the County's outstanding General Obligation Bonds, Series 2004 (the "2004 Bonds") and General Obligation Bonds, Series 2005 (the "2005 Bonds") (collectively referred to as the "Refunded Bonds") as summarized on the next page. This agreed-upon procedures engagement was conducted in accordance with attestation standards 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
2004	$65,000,000	June 1, 2004	$24,420,000	7-1-15 to 7-1-19	7-1-14	100%
2005	$65,000,000	May 1, 2005	$14,435,000	7-1-17, 7-1-18 and 7-1-20	7-1-15	100%

VERIFICATION OF ESCROW ACCOUNT CASH FLOW SUFFICIENCY

The Underwriter 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 2004 Bonds will be redeemed on July 1, 2014 at 100 percent of par plus accrued interest and the 2005 Bonds will be redeemed on July 1, 2015 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 Underwriter.

As part of our engagement to recalculate the schedules attached as Appendix I we prepared schedules attached hereto as Exhibits B through B-3 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:

- Trade confirmations provided by the Underwriter used to acquire certain United States Treasury Notes (the "T-Notes") insofar as the T-Notes are described as to the principal amounts, interest rates, purchase prices and maturity dates; and

- Official Statements for the Refunded Bonds provided by the Underwriter insofar as the Refunded Bonds are described as to the maturity and interest payment dates, principal amounts, interest rates and optional redemption dates and price.

Our procedures, as summarized in Exhibits B through B-3, prove the mathematical accuracy of the schedules provided by the Underwriter summarizing future escrow account cash receipts and disbursements. The schedules provided by the Underwriter and those prepared by us reflect that the anticipated receipts from the T-Notes, together with an initial cash deposit of $343.45 to be deposited into the escrow account on June 5, 2013, will be sufficient to pay, when due, the principal and interest related to the Refunded Bonds assuming the 2004 Bonds will be redeemed on July 1, 2014 at 100 percent of par plus accrued interest and the 2005 Bonds will be redeemed on July 1, 2015 at 100 percent of par plus accrued interest.

VERIFICATION OF YIELDS

The Underwriter provided us with schedules (Appendix I) which indicate that the yield on the cash receipts from the T-Notes is less than the yield on the Bonds. These schedules were prepared based on the assumed settlement date of June 5, 2013 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 T-Notes, the purchase price, and in the case of the Bonds, the issue prices. In addition, we found that the schedules provided by the Underwriter, which assume the redemption of the July 1, 2025 through July 1, 2028 maturities of the Improvement Bonds identified on Exhibits C and C-1 at par on July 1, 2023 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 T-Notes calculated on Exhibit B-1, and (ii) the Bonds using the Official Statement provided by the Underwriter 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 prices 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 T-Notes	0.173250%	B-1
• Yield on the Bonds	2.023632%	C-4

Our procedures, as summarized in Exhibits B-1 and C-4, prove the mathematical accuracy of the schedules provided by the Underwriter summarizing the yields. The schedules provided by the Underwriter and those prepared by us reflect that the yield on the cash receipts from the T-Notes is less than the yield on the Bonds.

* * * * * *

We were not engaged to, and did not, conduct an examination or a review in accordance with attestation standards 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
June 5, 2013

Exhibit A

Pima County, Arizona

SCHEDULE OF SOURCES AND USES OF FUNDS

June 5, 2013

	Improvement Bonds	Refunding Bonds	Total
SOURCES:			
Principal amount of the Bonds	$50,000,000.00	$38,575,000.00	$88,575,000.00
Original issue premium	2,499,551.15	3,291,719.95	5,791,271.10
	$52,499,551.15	$41,866,719.95	$94,366,271.10
USES:			
Purchase price of the T-Notes		$41,511,379.62	$41,511,379.62
Beginning cash deposit to escrow account		343.45	343.45
Deposit to Project Fund	$50,000,000.00		50,000,000.00
Costs of issuance	54,022.00	99,263.00	153,285.00
Underwriter's discount	330,000.00	254,595.00	584,595.00
Deposit to Debt Service Fund	2,115,529.15	1,138.88	2,116,668.03
	$52,499,551.15	$41,866,719.95	$94,366,271.10

Exhibit B

Pima County, Arizona

ESCROW ACCOUNT CASH FLOW

Dates	Cash receipts from T-Notes (Exhibit B-1)	Debt service payments on Refunded Bonds (Exhibits B-2 and B-3)	Cash balance
Cash deposit on June 5, 2013			$343.45
06-30-13	$736,061.89		736,405.34
07-01-13		$735,300.00	1,105.34
12-31-13	734,553.76		735,659.10
01-01-14		735,300.00	359.10
06-30-14	25,162,528.76		25,162,887.86
07-01-14		25,155,300.00	7,587.86
12-31-14	269,341.26		276,929.12
01-01-15		275,775.00	1,154.12
06-30-15	14,709,621.88		14,710,776.00
07-01-15		14,710,775.00	1.00
	$41,612,107.55	$41,612,450.00	

Exhibit B-1

Pima County, Arizona

CASH RECEIPTS FROM AND YIELD ON THE T-NOTES

Receipt date	Principal	Interest rate	Interest	Cash receipts from T-Notes	Present value on June 5, 2013 using a yield of 0.173250%
06-30-13	$271,000	0.375%	$465,061.89	$736,061.89	$735,973.38
12-31-13	270,000	1.500%	464,553.76	734,553.76	733,826.22
06-30-14	24,700,000	2.625%	462,528.76	25,162,528.76	25,115,970.63
12-31-14	131,000	2.625%	138,341.26	269,341.26	268,608.92
06-30-15	14,573,000	1.875%	136,621.88	14,709,621.88	14,657,000.47
	$39,945,000		$1,667,107.55	$41,612,107.55	$41,511,379.62

The sum of the present values of the cash receipts from the T-Notes on June 5, 2013, using a yield of 0.173250%, is equal to the purchase price of the T-Notes as shown below:

Type	Maturity date	Principal amount	Interest rate	Price	Cost	Accrued interest	Purchase price
T-Notes	06-30-13	$271,000	0.375%	100.033531%	$271,090.87	$437.94	$271,528.81
T-Notes	12-31-13	270,000	1.500%	100.794773%	272,145.89	1,745.30	273,891.19
T-Notes	06-30-14	24,700,000	2.625%	102.645914%	25,353,540.76	279,410.22	25,632,950.98
T-Notes	12-31-14	131,000	2.625%	103.790504%	135,965.56	1,481.89	137,447.45
T-Notes	06-30-15	14,573,000	1.875%	103.464007%	15,077,809.74	117,751.45	15,195,561.19
		$39,945,000			$41,110,552.82	$400,826.80	$41,511,379.62

Pima County, Arizona

DEBT SERVICE PAYMENTS ON THE 2004 BONDS

Date	Principal	Interest rate	Interest	Debt service payments
07-01-13			$459,525.00	$459,525.00
01-01-14			459,525.00	459,525.00
07-01-14	$24,420,000	(1)	459,525.00	24,879,525.00
	$24,420,000		$1,378,575.00	$25,798,575.00

(1) Actual maturity dates, principal amounts and interest rates are as follows:

Maturity date	Principal amount	Interest rate
07-01-15	$4,415,000	4.125%
07-01-16	4,635,000	4.375%
07-01-17	4,870,000	4.500%
07-01-18	5,115,000	3.000%
07-01-19	5,385,000	3.000%
	$24,420,000	

Exhibit B-3

Pima County, Arizona

DEBT SERVICE PAYMENTS ON THE 2005 BONDS

Date	Principal	Interest rate	Interest	Debt service payments
07-01-13			$275,775.00	$275,775.00
01-01-14			275,775.00	275,775.00
07-01-14			275,775.00	275,775.00
01-01-15			275,775.00	275,775.00
07-01-15	$14,435,000	(1)	275,775.00	14,710,775.00
	$14,435,000		$1,378,875.00	$15,813,875.00

(1) Actual maturity dates, principal amounts and interest rates are as follows:

Maturity date	Principal amount	Interest rate
07-01-17	$4,530,000	4.000%
07-01-18	4,735,000	4.000%
07-01-20	5,170,000	3.500%
	$14,435,000	

Pima County, Arizona

DEBT SERVICE PAYMENTS ON THE IMPROVEMENT BONDS

	$50,000,000 issue dated June 5, 2013				(1)
Date	Principal	Interest rate	Interest	Total debt service	Adjusted debt service
01-01-14			$797,005.42	$797,005.42	$797,005.42
07-01-14	$3,000,000	1.000%	696,412.50	3,696,412.50	3,696,412.50
01-01-15			681,412.50	681,412.50	681,412.50
07-01-15	2,885,000	1.500%	681,412.50	3,566,412.50	3,566,412.50
01-01-16			659,775.00	659,775.00	659,775.00
07-01-16	2,930,000	1.750%	659,775.00	3,589,775.00	3,589,775.00
01-01-17			634,137.50	634,137.50	634,137.50
07-01-17	2,980,000	1.750%	634,137.50	3,614,137.50	3,614,137.50
01-01-18			608,062.50	608,062.50	608,062.50
07-01-18	3,030,000	2.000%	608,062.50	3,638,062.50	3,638,062.50
01-01-19			577,762.50	577,762.50	577,762.50
07-01-19	3,095,000	2.000%	577,762.50	3,672,762.50	3,672,762.50
01-01-20			546,812.50	546,812.50	546,812.50
07-01-20	3,155,000	(2)	546,812.50	3,701,812.50	3,701,812.50
01-01-21			507,987.50	507,987.50	507,987.50
07-01-21	3,230,000	(2)	507,987.50	3,737,987.50	3,737,987.50
01-01-22			462,525.00	462,525.00	462,525.00
07-01-22	3,325,000	3.000%	462,525.00	3,787,525.00	3,787,525.00
01-01-23			412,650.00	412,650.00	412,650.00
07-01-23	3,425,000	3.000%	412,650.00	3,837,650.00	19,257,650.00
01-01-24			361,275.00	361,275.00	52,875.00
07-01-24	3,525,000	3.000%	361,275.00	3,886,275.00	3,577,875.00
01-01-25			308,400.00	308,400.00	
07-01-25	3,630,000	4.000%	308,400.00	3,938,400.00	
01-01-26			235,800.00	235,800.00	
07-01-26	3,775,000	4.000%	235,800.00	4,010,800.00	
01-01-27			160,300.00	160,300.00	
07-01-27	3,930,000	4.000%	160,300.00	4,090,300.00	
01-01-28			81,700.00	81,700.00	
07-01-28	4,085,000	4.000%	81,700.00	4,166,700.00	
	$50,000,000		$13,970,617.92	$63,970,617.92	$61,781,417.92

(1) Assumes that the July 1, 2025 through July 1, 2028 maturities are called on July 1, 2023 at 100 percent of par plus accrued interest.

(2) Actual principal amounts and interest rates are shown on Exhibit C-1.

Pima County, Arizona

ORIGINAL ISSUE PREMIUM ON THE IMPROVEMENT BONDS

Maturity date	Principal	Interest rate	Yield	Initial public offering price	Original issue premium
07-01-14	$3,000,000	1.000%	0.310%	100.737%	$22,110.00
07-01-15	2,885,000	1.500%	0.480%	102.100%	60,585.00
07-01-16	2,930,000	1.750%	0.680%	103.247%	95,137.10
07-01-17	2,980,000	1.750%	0.970%	103.106%	92,558.80
07-01-18	3,030,000	2.000%	1.260%	103.624%	109,807.20
07-01-19	3,095,000	2.000%	1.570%	102.480%	76,756.00
07-01-20	1,700,000	2.000%	1.870%	100.856%	14,552.00
07-01-20	1,455,000	3.000%	1.870%	107.452%	108,426.60
07-01-21	1,195,000	2.500%	2.160%	102.505%	29,934.75
07-01-21	2,035,000	3.000%	2.160%	106.190%	125,966.50
07-01-22	3,325,000	3.000%	2.350%	105.281%	175,593.25
07-01-23	3,425,000	3.000%	2.550%	103.973%	136,075.25
07-01-24	3,525,000	3.000%	2.760%	102.096% (1)	73,884.00
07-01-25	3,630,000	4.000%	2.810%	110.374% (1) (2)	376,576.20
07-01-26	3,775,000	4.000%	2.920%	109.363% (1) (2)	353,453.25
07-01-27	3,930,000	4.000%	3.020%	108.454% (1) (2)	332,242.20
07-01-28	4,085,000	4.000%	3.100%	107.733% (1) (2)	315,893.05
	$50,000,000				$2,499,551.15

(1) Maturities were priced to call on July 1, 2023 at 100 percent of par.

(2) Represents the yield-to-call Improvement Bonds included for purposes of computing yield on the Bonds.

Pima County, Arizona

DEBT SERVICE PAYMENTS ON THE REFUNDING BONDS

	$38,575,000 issue dated June 5, 2013			
Date	Principal	Interest rate	Interest	Total debt service
01-01-14			$699,112.50	$699,112.50
07-01-14	$10,000	2.000%	610,875.00	620,875.00
01-01-15			610,775.00	610,775.00
07-01-15	4,480,000	3.000%	610,775.00	5,090,775.00
01-01-16			543,575.00	543,575.00
07-01-16	4,650,000	3.000%	543,575.00	5,193,575.00
01-01-17			473,825.00	473,825.00
07-01-17	9,355,000	3.000%	473,825.00	9,828,825.00
01-01-18			333,500.00	333,500.00
07-01-18	9,680,000	(1)	333,500.00	10,013,500.00
01-01-19			156,000.00	156,000.00
07-01-19	5,245,000	3.000%	156,000.00	5,401,000.00
01-01-20			77,325.00	77,325.00
07-01-20	5,155,000	3.000%	77,325.00	5,232,325.00
	$38,575,000		$5,699,987.50	$44,274,987.50

(1) Actual principal amounts and interest rates are shown on Exhibt C-3.

Exhibit C-3

Pima County, Arizona

ORIGINAL ISSUE PREMIUM ON THE REFUNDING BONDS

Maturity date	Principal	Interest rate	Yield	Initial public offering price	Original issue premium
07-01-14	$10,000	2.000%	0.390%	101.720%	$172.00
07-01-15	4,480,000	3.000%	0.480%	105.189%	232,467.20
07-01-16	4,650,000	3.000%	0.680%	107.041%	327,406.50
07-01-17	9,355,000	3.000%	0.970%	108.085%	756,351.75
07-01-18	3,220,000	3.000%	1.260%	108.522%	274,408.40
07-01-18	6,460,000	4.000%	1.210%	113.685%	884,051.00
07-01-19	5,245,000	3.000%	1.570%	108.250%	432,712.50
07-01-20	5,155,000	3.000%	1.870%	107.452%	384,150.60
	$38,575,000				$3,291,719.95

Pima County, Arizona

YIELD ON THE BONDS

Date	Total adjusted debt service on the Improvement Bonds (Exhibit C)	Total debt service on the Refunding Bonds (Exhibit C-2)	Total adjusted debt service on the Bonds	Present value on June 5, 2013 using a yield of 2.023632%
01-01-14	$797,005.42	$699,112.50	$1,496,117.92	$1,478,979.34
07-01-14	3,696,412.50	620,875.00	4,317,287.50	4,225,081.34
01-01-15	681,412.50	610,775.00	1,292,187.50	1,251,922.54
07-01-15	3,566,412.50	5,090,775.00	8,657,187.50	8,303,411.64
01-01-16	659,775.00	543,575.00	1,203,350.00	1,142,613.96
07-01-16	3,589,775.00	5,193,575.00	8,783,350.00	8,256,492.19
01-01-17	634,137.50	473,825.00	1,107,962.50	1,031,070.28
07-01-17	3,614,137.50	9,828,825.00	13,442,962.50	12,384,714.91
01-01-18	608,062.50	333,500.00	941,562.50	858,752.47
07-01-18	3,638,062.50	10,013,500.00	13,651,562.50	12,326,194.87
01-01-19	577,762.50	156,000.00	733,762.50	655,888.48
07-01-19	3,672,762.50	5,401,000.00	9,073,762.50	8,029,522.44
01-01-20	546,812.50	77,325.00	624,137.50	546,777.21
07-01-20	3,701,812.50	5,232,325.00	8,934,137.50	7,748,374.11
01-01-21	507,987.50		507,987.50	436,152.93
07-01-21	3,737,987.50		3,737,987.50	3,177,250.34
01-01-22	462,525.00		462,525.00	389,203.40
07-01-22	3,787,525.00		3,787,525.00	3,155,184.35
01-01-23	412,650.00		412,650.00	340,313.28
07-01-23	19,257,650.00		19,257,650.00	15,722,737.42
01-01-24	52,875.00		52,875.00	42,736.91
07-01-24	3,577,875.00		3,577,875.00	2,862,896.69
	$61,781,417.92	$44,274,987.50	$106,056,405.42	$94,366,271.10

The present value of the future payments is equal to:

Principal amount of the Improvement Bonds	$50,000,000.00
Principal amount of the Refunding Bonds	38,575,000.00
Original issue premium on the Improvement Bonds	2,499,551.15
Original issue premium on the Refunding Bonds	3,291,719.95
	$94,366,271.10

The sum of the present values of the adjusted debt service payments of the Bonds on June 5, 2013, using a yield of 2.023632%, is equal to the issue prices of the Bonds.

APPENDIX I

Applicable schedules provided by RBC Capital Markets, LLC

SOURCES AND USES OF FUNDS

PIMA COUNTY, ARIZONA
General Obligation and Refunding Bonds
Series 2013AB

FINAL

Dated Date	06/05/2013
Delivery Date	06/05/2013

Sources:	Series 2013A (New Money)	Series 2013B (Refunding)	Total
Bond Proceeds:			
Par Amount	50,000,000.00	38,575,000.00	88,575,000.00
Premium	2,499,551.15	3,291,719.95	5,791,271.10
	52,499,551.15	41,866,719.95	94,366,271.10

Uses:	Series 2013A (New Money)	Series 2013B (Refunding)	Total
Project Fund Deposits:			
Project Fund	49,932,000.00		49,932,000.00
Costs of Issuance Payable from Project Fund	68,000.00		68,000.00
	50,000,000.00		50,000,000.00
Refunding Escrow Deposits:			
PV cost of cashflows		41,511,723.07	41,511,723.07
Delivery Date Expenses:			
Cost of Issuance	54,022.00	99,263.00	153,285.00
Underwriter's Discount	330,000.00	254,595.00	584,595.00
	384,022.00	353,858.00	737,880.00
Other Uses of Funds:			
Deposit to Debt Service Fund	2,115,529.15	1,138.88	2,116,668.03
	52,499,551.15	41,866,719.95	94,366,271.10

ESCROW SUFFICIENCY

PIMA COUNTY, ARIZONA
General Obligation and Refunding Bonds
Series 2013AB

FINAL

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
06/05/2013		343.45	343.45	343.45
06/30/2013		736,061.89	736,061.89	736,405.34
07/01/2013	735,300.00		-735,300.00	1,105.34
12/31/2013		734,553.76	734,553.76	735,659.10
01/01/2014	735,300.00		-735,300.00	359.10
06/30/2014		25,162,528.76	25,162,528.76	25,162,887.86
07/01/2014	25,155,300.00		-25,155,300.00	7,587.86
12/31/2014		269,341.26	269,341.26	276,929.12
01/01/2015	275,775.00		-275,775.00	1,154.12
06/30/2015		14,709,621.88	14,709,621.88	14,710,776.00
07/01/2015	14,710,775.00		-14,710,775.00	1.00
	41,612,450.00	41,612,451.00	1.00	

ESCROW CASH FLOW

PIMA COUNTY, ARIZONA
General Obligation and Refunding Bonds
Series 2013AB

FINAL

Date	Principal	Interest	Net Escrow Receipts	Present Value to 06/05/2013 @ 0.1732500%
06/30/2013	271,000.00	465,061.89	736,061.89	735,973.38
12/31/2013	270,000.00	464,553.76	734,553.76	733,826.22
06/30/2014	24,700,000.00	462,528.76	25,162,528.76	25,115,970.63
12/31/2014	131,000.00	138,341.26	269,341.26	268,608.92
06/30/2015	14,573,000.00	136,621.88	14,709,621.88	14,657,000.47
	39,945,000.00	1,667,107.55	41,612,107.55	41,511,379.62

Escrow Cost Summary

Purchase date	06/05/2013
Purchase cost of securities	41,511,379.62
Target for yield calculation	41,511,379.62

ESCROW COST

PIMA COUNTY, ARIZONA
General Obligation and Refunding Bonds
Series 2013AB

FINAL

Type of Security	Maturity Date	Par Amount	Rate	Yield	Price	Cost	Accrued Interest	Total Cost
TNote	06/30/2013	271,000	0.375%		100.033531	271,090.87	437.94	271,528.81
TNote	12/31/2013	270,000	1.500%	0.102554%	100.794773	272,145.89	1,745.30	273,891.19
TNote	06/30/2014	24,700,000	2.625%	0.147100%	102.645914	25,353,540.76	279,410.22	25,632,950.98
TNote	12/31/2014	131,000	2.625%	0.204068%	103.790504	135,965.56	1,481.89	137,447.45
TNote	06/30/2015	14,573,000	1.875%	0.196551%	103.464007	15,077,809.74	117,751.45	15,195,561.19
		39,945,000				41,110,552.82	400,826.80	41,511,379.62

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost	Yield
06/05/2013	41,511,379.62	343.45	41,511,723.07	0.173250%
	41,511,379.62	343.45	41,511,723.07	

ESCROW DESCRIPTIONS

PIMA COUNTY, ARIZONA
General Obligation and Refunding Bonds
Series 2013AB

FINAL

	Type of Security	CUSIP or ID	Maturity Date	Par Amount	Rate	Yield	Price	Interest Class	Interest Frequency	Interest Day Basis
Jun 5, 2013:										
	TNote	912828RA0	06/30/2013	271,000	0.375%		100.033531	Periodic	Semiannual	ACT/ACT
	TNote	912828JW1	12/31/2013	270,000	1.500%	0.103%	100.794773	Periodic	Semiannual	ACT/ACT
	TNote	912828KY5	06/30/2014	24,700,000	2.625%	0.147%	102.645914	Periodic	Semiannual	ACT/ACT
	TNote	912828ME7	12/31/2014	131,000	2.625%	0.204%	103.790504	Periodic	Semiannual	ACT/ACT
	TNote	912828NL0	06/30/2015	14,573,000	1.875%	0.197%	103.464007	Periodic	Semiannual	ACT/ACT
				39,945,000						

ESCROW REQUIREMENTS

PIMA COUNTY, ARIZONA
General Obligation and Refunding Bonds
Series 2013AB

FINAL

Dated Date	06/05/2013
Delivery Date	06/05/2013

Period Ending	Interest	Principal Redeemed	Total
07/01/2013	735,300.00		735,300.00
01/01/2014	735,300.00		735,300.00
07/01/2014	735,300.00	24,420,000.00	25,155,300.00
01/01/2015	275,775.00		275,775.00
07/01/2015	275,775.00	14,435,000.00	14,710,775.00
	2,757,450.00	38,855,000.00	41,612,450.00

SUMMARY OF BONDS REFUNDED

PIMA COUNTY, ARIZONA
General Obligation and Refunding Bonds
Series 2013AB

FINAL

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
General Obligation Bonds, Series 2004, 2004:					
SERIAL	07/01/2015	4.125%	4,415,000.00	07/01/2014	100.000
	07/01/2016	4.375%	4,635,000.00	07/01/2014	100.000
	07/01/2017	4.500%	4,870,000.00	07/01/2014	100.000
	07/01/2018	3.000%	5,115,000.00	07/01/2014	100.000
	07/01/2019	3.000%	5,385,000.00	07/01/2014	100.000
			24,420,000.00		
General Obligation Bonds, Series 2005, 2005:					
SERIAL	07/01/2017	4.000%	4,530,000.00	07/01/2015	100.000
	07/01/2018	4.000%	4,735,000.00	07/01/2015	100.000
	07/01/2020	3.500%	5,170,000.00	07/01/2015	100.000
			14,435,000.00		
			38,855,000.00		

BOND DEBT SERVICE

PIMA COUNTY, ARIZONA
General Obligation Bonds
Series 2013A

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
01/01/2014			797,005.42	797,005.42	
07/01/2014	3,000,000	1.000%	696,412.50	3,696,412.50	4,493,417.92
01/01/2015			681,412.50	681,412.50	
07/01/2015	2,885,000	1.500%	681,412.50	3,566,412.50	4,247,825.00
01/01/2016			659,775.00	659,775.00	
07/01/2016	2,930,000	1.750%	659,775.00	3,589,775.00	4,249,550.00
01/01/2017			634,137.50	634,137.50	
07/01/2017	2,980,000	1.750%	634,137.50	3,614,137.50	4,248,275.00
01/01/2018			608,062.50	608,062.50	
07/01/2018	3,030,000	2.000%	608,062.50	3,638,062.50	4,246,125.00
01/01/2019			577,762.50	577,762.50	
07/01/2019	3,095,000	2.000%	577,762.50	3,672,762.50	4,250,525.00
01/01/2020			546,812.50	546,812.50	
07/01/2020	3,155,000	** %	546,812.50	3,701,812.50	4,248,625.00
01/01/2021			507,987.50	507,987.50	
07/01/2021	3,230,000	** %	507,987.50	3,737,987.50	4,245,975.00
01/01/2022			462,525.00	462,525.00	
07/01/2022	3,325,000	3.000%	462,525.00	3,787,525.00	4,250,050.00
01/01/2023			412,650.00	412,650.00	
07/01/2023	3,425,000	3.000%	412,650.00	3,837,650.00	4,250,300.00
01/01/2024			361,275.00	361,275.00	
07/01/2024	3,525,000	3.000%	361,275.00	3,886,275.00	4,247,550.00
01/01/2025			308,400.00	308,400.00	
07/01/2025	3,630,000	4.000%	308,400.00	3,938,400.00	4,246,800.00
01/01/2026			235,800.00	235,800.00	
07/01/2026	3,775,000	4.000%	235,800.00	4,010,800.00	4,246,600.00
01/01/2027			160,300.00	160,300.00	
07/01/2027	3,930,000	4.000%	160,300.00	4,090,300.00	4,250,600.00
01/01/2028			81,700.00	81,700.00	
07/01/2028	4,085,000	4.000%	81,700.00	4,166,700.00	4,248,400.00
	50,000,000		13,970,617.92	63,970,617.92	63,970,617.92

BOND DEBT SERVICE

PIMA COUNTY, ARIZONA
General Obligation Refunding Bonds
Series 2013B

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
01/01/2014			699,112.50	699,112.50	
07/01/2014	10,000	2.000%	610,875.00	620,875.00	1,319,987.50
01/01/2015			610,775.00	610,775.00	
07/01/2015	4,480,000	3.000%	610,775.00	5,090,775.00	5,701,550.00
01/01/2016			543,575.00	543,575.00	
07/01/2016	4,650,000	3.000%	543,575.00	5,193,575.00	5,737,150.00
01/01/2017			473,825.00	473,825.00	
07/01/2017	9,355,000	3.000%	473,825.00	9,828,825.00	10,302,650.00
01/01/2018			333,500.00	333,500.00	
07/01/2018	9,680,000	** %	333,500.00	10,013,500.00	10,347,000.00
01/01/2019			156,000.00	156,000.00	
07/01/2019	5,245,000	3.000%	156,000.00	5,401,000.00	5,557,000.00
01/01/2020			77,325.00	77,325.00	
07/01/2020	5,155,000	3.000%	77,325.00	5,232,325.00	5,309,650.00
	38,575,000		5,699,987.50	44,274,987.50	44,274,987.50

BOND PRICING

PIMA COUNTY, ARIZONA
General Obligation and Refunding Bonds
Series 2013AB

FINAL

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Premium (-Discount)	Principal Cost
Series 2013A (New Money), Series 2013A Bonds:								
	07/01/2014	3,000,000	1.000%	0.310%	100.737		22,110.00	3,022,110.00
	07/01/2015	2,885,000	1.500%	0.480%	102.100		60,585.00	2,945,585.00
	07/01/2016	2,930,000	1.750%	0.680%	103.247		95,137.10	3,025,137.10
	07/01/2017	2,980,000	1.750%	0.970%	103.106		92,558.80	3,072,558.80
	07/01/2018	3,030,000	2.000%	1.260%	103.624		109,807.20	3,139,807.20
	07/01/2019	3,095,000	2.000%	1.570%	102.480		76,756.00	3,171,756.00
	07/01/2020	1,700,000	2.000%	1.870%	100.856		14,552.00	1,714,552.00
	07/01/2020	1,455,000	3.000%	1.870%	107.452		108,426.60	1,563,426.60
	07/01/2021	1,195,000	2.500%	2.160%	102.505		29,934.75	1,224,934.75
	07/01/2021	2,035,000	3.000%	2.160%	106.190		125,966.50	2,160,966.50
	07/01/2022	3,325,000	3.000%	2.350%	105.281		175,593.25	3,500,593.25
	07/01/2023	3,425,000	3.000%	2.550%	103.973		136,075.25	3,561,075.25
	07/01/2024	3,525,000	3.000%	2.760%	102.096 C	2.779%	73,884.00	3,598,884.00
	07/01/2025	3,630,000	4.000%	2.810%	110.374 C	2.971%	376,576.20	4,006,576.20
	07/01/2026	3,775,000	4.000%	2.920%	109.363 C	3.122%	353,453.25	4,128,453.25
	07/01/2027	3,930,000	4.000%	3.020%	108.454 C	3.247%	332,242.20	4,262,242.20
	07/01/2028	4,085,000	4.000%	3.100%	107.733 C	3.343%	315,893.05	4,400,893.05
		50,000,000					2,499,551.15	52,499,551.15
Series 2013B (Refunding), Series 2013B Bonds:								
	07/01/2014	10,000	2.000%	0.390%	101.720		172.00	10,172.00
	07/01/2015	4,480,000	3.000%	0.480%	105.189		232,467.20	4,712,467.20
	07/01/2016	4,650,000	3.000%	0.680%	107.041		327,406.50	4,977,406.50
	07/01/2017	9,355,000	3.000%	0.970%	108.085		756,351.75	10,111,351.75
	07/01/2018	3,220,000	3.000%	1.260%	108.522		274,408.40	3,494,408.40
	07/01/2018	6,460,000	4.000%	1.210%	113.685		884,051.00	7,344,051.00
	07/01/2019	5,245,000	3.000%	1.570%	108.250		432,712.50	5,677,712.50
	07/01/2020	5,155,000	3.000%	1.870%	107.452		384,150.60	5,539,150.60
		38,575,000					3,291,719.95	41,866,719.95
		88,575,000					5,791,271.10	94,366,271.10

Dated Date	06/05/2013	
Delivery Date	06/05/2013	
First Coupon	01/01/2014	
Par Amount	88,575,000.00	
Premium	5,791,271.10	
Production	94,366,271.10	106.538268%
Underwriter's Discount	-584,595.00	-0.660000%
Purchase Price	93,781,676.10	105.878268%
Accrued Interest		
Net Proceeds	93,781,676.10	

BOND SUMMARY STATISTICS

PIMA COUNTY, ARIZONA
General Obligation and Refunding Bonds
Series 2013AB

FINAL

Dated Date	06/05/2013
Delivery Date	06/05/2013
Last Maturity	07/01/2028
Arbitrage Yield	2.023632%
True Interest Cost (TIC)	2.270101%
Net Interest Cost (NIC)	2.387981%
All-In TIC	2.296851%
Average Coupon	3.247598%
Average Life (years)	6.838
Weighted Average Maturity (years)	6.865
Duration of Issue (years)	6.187
Par Amount	88,575,000.00
Bond Proceeds	94,366,271.10
Total Interest	19,670,605.42
Net Interest	14,463,929.32
Total Debt Service	108,245,605.42
Maximum Annual Debt Service	14,593,125.00
Average Annual Debt Service	7,181,794.68
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	6.600000
Total Underwriter's Discount	6.600000
Bid Price	105.878268

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Series 2013B Bonds	38,575,000.00	108.533	3.183%	4.642	18,035.30
Series 2013A Bonds	50,000,000.00	104.999	3.275%	8.532	33,817.65
	88,575,000.00			6.838	51,852.95

	TIC	All-In TIC	Arbitrage Yield
Par Value	88,575,000.00	88,575,000.00	88,575,000.00
+ Accrued Interest			
+ Premium (Discount)	5,791,271.10	5,791,271.10	5,791,271.10
- Underwriter's Discount	-584,595.00	-584,595.00	
- Cost of Issuance Expense		-153,285.00	
- Other Amounts			
Target Value	93,781,676.10	93,628,391.10	94,366,271.10
Target Date	06/05/2013	06/05/2013	06/05/2013
Yield	2.270101%	2.296851%	2.023632%

PIMA COUNTY, ARIZONA

$50,000,000 GENERAL OBLIGATION BONDS SERIES 2013A	$38,575,000 GENERAL OBLIGATION REFUNDING BONDS SERIES 2013B

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 $50,000,000 aggregate principal amount of Pima County, Arizona, General Obligation Bonds, Series 2013A (the "2013A Bonds"), and $38,575,000 aggregate principal amount of Pima County, Arizona General Obligation Refunding Bonds, Series 2013B (the "2013B Bonds" and, together with the 2013A Bonds, the "Bonds") issued by the County pursuant to Resolution No. 2013-31, passed, adopted and approved by the Board of Supervisors of the County on May 7, 2013 (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 May 7, 2013, in accordance with the laws of the State of Arizona. Copies of the notice and agenda for such meeting are attached hereto as Exhibit A. The Resolution, as executed by the Chairman and attested by the Clerk, is in the same form and text as the copy of such Resolution that was before and adopted by the Board of Supervisors of the County at the meeting of May 7, 2013.

3. The persons named below were on May 7, 2013, 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
Ally Miller	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 June 1, 2013 (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 June 1, 2013 (the "Depository Trust Agreement"), between the County and U.S. Bank National Association (the "Depository Trustee"), the Bond Purchase Agreement, dated May 21, 2013 (the "Purchase Agreement") between the County and RBC Capital Markets, LLC (the "Underwriter"), the Continuing Disclosure Undertaking, dated June 5, 2013 (the "Continuing Disclosure Undertaking"), entered into by the County, and all the other documents, instruments and certificates contemplated therein (all of the foregoing are hereinafter collectively referred to as the "County Documents") and to authorize and issue the Bonds and to carry out the transactions contemplated by the County Documents; and the County Documents have been duly authorized, executed and delivered by the County and are the legal, valid and binding general obligations of the County enforceable against the County in accordance with their respective terms and, in the case of the Resolution, have not been amended, modified or repealed in any respect subsequent to their execution and are in full force and effect on the date hereof.

5. The execution and delivery of the County Documents and compliance with the provisions thereof will not conflict with or constitute a breach of or default under any law, governmental rule or regulation, judgment, order, writ, injunction, consent decree, agreement, ordinance, resolution, or other instrument to which the County is a party or to which it or any of its property is subject, and does not require any consent or approval by any governmental authority, agency or body not already obtained.

6. The Chairman and the Clerk hereby authorize, ratify and adopt the facsimile signatures of the Chairman and the Clerk executing and attesting, respectively, the 2013A Bonds in the aggregate principal amount of $50,000,000, and the 2013B Bonds in the aggregate principal amount of $38,575,000, issued under the Resolution in the form of fully-registered bonds without coupons, in the denomination of $5,000, or integral multiples thereof and maturing and bearing interest at the rates per annum from the date of the Bonds to the maturity or earlier redemption of each of the Bonds, as shown on Exhibit A attached hereto.

7. All representations and warranties of the County contained in the County Documents are true, correct and complete in all material respects as of the date hereof and the County has satisfied and performed all of the conditions and agreements required in the County Documents to be satisfied or performed by the County at or prior to this date in connection with the issuance, sale and delivery of the Bonds in the manner and with the effect contemplated in the County Documents and, as of the date hereof, to the best knowledge of the County, no default or event of default has occurred, nor has any event occurred which, with the giving of notice or the passage of time, or both, will constitute a default or an event of default with respect to the County Documents.

8. There is no action, suit, proceeding, inquiry, or investigation at law or in equity, or before or by any public board or body, pending or threatened against the County, which questions its right to levy and collect taxes to pay the principal of and interest on the Bonds, or questions the proceedings and authority pursuant to which the levy is made, or questions its right

to issue securities, including the Bonds, or to restrain or enjoin the issuance, offer and sale of the Bonds, or in any way affecting or questioning any authority for or the validity of the County Documents, the Bonds or the proceedings for the issuance thereof or the County's right to use the proceeds of the Bonds in the manner contemplated in the Resolution, which, if determined adversely to the County or its interests, individually or in the aggregate, would 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 21, 2013 (the "Official Statement"), prepared and distributed in connection with the offer and sale of the Bonds, or (c) an adverse effect on the validity or enforceability of the County Documents, or (d) impair the County's ability to comply with the requirements set forth in the Resolution.

9. The County is not in default with respect to any order or decree of any court or any order, regulation or demand of any Federal, state, municipal or governmental agency, which default would materially and adversely affect the existence or operation of the County or its properties or the execution, delivery, receipt and the performance of the County Documents or the other agreements contemplated thereby.

10. U.S. Bank National Association, as Registrar, pursuant to the Resolution and the Bond Registrar and Paying Agent Agreement, is hereby authorized and directed to authenticate the fully-registered Bonds and to receipt for and deliver said Bonds to the Underwriter, pursuant to The Depository Trust Company's F.A.S.T. closing procedures, after authentication and upon receipt by the Treasurer of the County and the Depository Trustee of $93,781,676.10, representing the sum of (i) $52,169,551.15 for the 2013A Bonds, comprised of (A) $50,000,000.00 principal amount thereof, plus (B) a reoffering premium of $2,499,551.15, and less (C) an Underwriter's discount of $330,000.00, and (ii) $41,612,124.95 for the 2013B Bonds, comprised of (A) $38,575,000.00 principal amount thereof, plus (B) a reoffering premium of $3,291,719.95, and less (C) an Underwriter's discount of $254,595.00.

11. The County is currently in material compliance with its reporting requirements pursuant to all prior Continuing Disclosure Undertakings.

12. To the best of our knowledge, no public officer, supervisor or employee of the County has been compensated or will be compensated for acting as such in connection with the issuance, sale and delivery of the Bonds, except that they may be reimbursed for their actual expenses incurred in the performance of their duties as such officers, supervisors or employees of the County and no officer, supervisor or employee of the County, or relative of such officer, supervisors or employee, has any "substantial interest" (as defined in Section 38-502 of the Arizona Revised Statutes) in any of the transactions contemplated by the County Documents.

13. Upon the issuance of the Bonds, the outstanding general obligation bonded debt of the County, less principal redemption funds on hand, will be not more than $505,865,000.00.

14. The County will use the proceeds of the 2013A Bonds (other than the proceeds deposited into the Interest Account) in a manner and for purposes consistent with the voter approval obtained at the special bond elections held in and for the County on May 20, 1997, May 18, 2004 and/or May 16, 2006.

15. Any defined term identified herein by an initial capital letter but not otherwise defined herein shall have the meaning ascribed to it in the Resolution.

Dated: June 5, 2013

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]

EXHIBIT A

2013A Bonds

Maturity Date (July 1)	Principal Amount	Interest Rate
2014	$3,000,000	1.00%
2015	2,885,000	1.50
2016	2,930,000	1.75
2017	2,980,000	1.75
2018	3,030,000	2.00
2019	3,095,000	2.00
2020	1,700,000	2.00
2020	1,455,000	3.00
2021	1,195,000	2.50
2021	2,035,000	3.00
2022	3,325,000	3.00
2023	3,425,000	3.00
2024	3,525,000	3.00
2025	3,630,000	4.00
2026	3,775,000	4.00
2027	3,930,000	4.00
2028	4,085,000	4.00

2013B Bonds

Maturity Date (July 1)	Principal Amount	Interest Rate
2014	$ 10,000	2.00%
2015	4,480,000	3.00
2016	4,650,000	3.00
2017	9,355,000	3.00
2018	3,220,000	3.00
2018	6,460,000	4.00
2019	5,245,000	3.00
2020	5,155,000	3.00

TAX COMPLIANCE CERTIFICATE
OF ISSUER

Pertaining to

PIMA COUNTY, ARIZONA

$50,000,000	**$38,575,000**
GENERAL OBLIGATION BONDS	**GENERAL OBLIGATION REFUNDING BONDS**
SERIES 2013A	**SERIES 2013B**

Dated as of June 5, 2013

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 May 7, 2013 (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:

"**2004 Prior Issue**" means the Issuer's General Obligation Bonds, Series 2004, issued on June 24, 2004 to fund the 2004 Prior Issue Project.

"**2004 Prior Issue Project**" means the costs incurred by the Issuer in connection with the acquisition, constructing and equipping of various capital projects pursuant to the authorization granted by the qualified electors of the Issuer voting at the bond elections held on May 20, 1997 and May 18, 2004, and includes interest on the 2004 Prior Issue for up to three years from the Issuance Date or, if later, one year after the date the 2004 Prior Issue Project was placed in service, all of which are governmental purposes for purposes of the Code.

"**2005 Prior Issue**" means the Issuer's General Obligation Bonds, Series 2005, issued on May 26, 2005 to fund the 2005 Prior Issue Project.

"**2005 Prior Issue Project**" means the costs incurred by the Issuer in connection with the acquisition, constructing and equipping of various capital projects pursuant to the authorization granted by the qualified electors of the Issuer voting at the bond elections held on May 20, 1997 and May 18, 2004, and includes interest on the 2005 Prior Issue for up to three years from the Issuance Date or, if later, one year after the date the 2005 Prior Issue Project was placed in service, all of which are governmental purposes for purposes of the Code.

"**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 June 1, 2013, 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 capital projects pursuant to the authorization granted by the qualified electors of the Issuer voting at the bond elections held on May 20, 1997, May 18, 2004 and May 16, 2006, and includes interest on the Issue for up to three years from the Issuance Date or, if later, one year after the date the New Money Project is placed in service, all of which are governmental purposes for purposes of the Code.

"**Prior Issues**" means, collectively, the 2004 Prior Issue and the 2005 Prior Issue.

"**Prior Issue Projects**" means, collectively, the 2004 Prior Issue Project and the 2005 Prior Issue Project.

"**Refunded Bonds**" means that portion of the 2004 Prior Issue maturing on July 1 of the years 2015 through 2019, in the principal amount of $24,420,000, and that portion of the 2005 Prior Issue maturing on July 1 in the years 2017, 2018 and 2020, in the principal amount of $14,435,000.

"**Underwriter**" means RBC Capital Markets, LLC.

"**Verification Report**" means the verification report dated the date hereof prepared by Grant Thornton LLP relating to the Issue and the Escrow Fund, attached as Attachment D.

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 21, 2013 and the Issuance Date is June 5, 2013. The final maturity date of the Issue is July 1, 2028.

2.40 **Issue Price**. The Issue Price is set forth in Attachment B and is computed as follows:

	New Money Portion	Refunding Portion	Total
Par amount	$50,000,000.00	$38,575,000.00	$88,575,000.00
Original issue premium	2,499,551.15	3,291,719.95	5,791,271.10
Pre-Issuance Accrued Interest	0.00	0.00	0.00
Issue Price	$52,499,551.15	$41,866,719.95	$94,366,271.10

2.50 **Sale Proceeds, Net Proceeds and Net Sale Proceeds**. The Sale Proceeds, Net Proceeds and Net Sale Proceeds are as follows:

	New Money Portion	Refunding Portion	Total
Issue Price	$52,499,551.15	$41,866,719.95	$94,366,271.10
Pre-Issuance Accrued Interest	(0.00)	(0.00)	(0.00)
Sale Proceeds	$52,499,551.15	$41,866,719.95	$94,366,271.10
Deposit to reserve fund	(0.00)	(0.00)	(0.00)
Net Proceeds	$52,499,551.15	$41,866,719.95	$94,366,271.10
Minor Portion			(100,000.00)
Net Sale Proceeds			$94,266,271.10

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:

	New Money Portion	Refunding Portion	Total
Deposit to the Escrow Fund		$41,511,723.07	$41,511,723.07
Deposit to Bond Fund	$ 2,115,529.15	1,138.88	2,116,668.03
To pay costs of the New Money Project	49,932,000.00		49,932,000.00
To pay Underwriter's discount	330,000.00	254,595.00	584,595.00
To pay other Issuance Costs	122,022.00	99,263.00	221,285.00
Total Sale Proceeds	$52,499,551.15	$41,866,719.95	$94,366,271.10

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 D, 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 Discount and Issuance Costs.** Sale Proceeds in the amount of $584,595.00 will be retained by the Underwriter from the Issue Price otherwise paid to the Issuer to purchase the Issue as compensation for its services in marketing the Issue to the public. Sale Proceeds in the amount of $221,285.00 will be used to pay other Issuance Costs within 13 months from the Issuance Date, such period being the Temporary Period for that amount.

(C) **Refunding of Refunded Bonds.**

(1) Sale Proceeds of the Refunding Portion in the amount of $41,511,723.07 will be deposited in the Escrow Fund and used on the Issuance Date (except for $343.45 that will remain in cash, uninvested as the "Initial Cash Balance") to purchase the United States Treasury Obligations identified on Exhibit B to the Escrow Agreement ("Restricted Securities"). The Restricted Securities were purchased at their fair market value pursuant to the bidding procedures reflected in the Bidding Agent's Certificate (Attachment E) and the Provider's Certificate (Attachment F). Sale Proceeds of the Refunding Portion in

the amount of $1,138.88 will be used to pay interest on the Refunding Portion on January 1, 2014, and may be invested in Higher Yielding Investments prior to such date as a part of a Bona Fide Debt Service Fund (see 3.30).

(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 respective 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 2.023632%, and the Yield on the Restricted Securities is 0.173250%.

(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) All of the Proceeds of the Prior Issues have been spent. Accordingly, there will be no Transferred Proceeds.

(5) There are no Excess Gross Proceeds.

(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.

(D) **Payment of New Money Project Costs**.

(1) Sale Proceeds of the New Money Portion in the amount of $49,932,000.00 will be used to pay a portion of the costs of the New Money Project and Sale Proceeds of the New Money Portion in the amount of $2,115,529.15 will be used to pay interest on the New Money Portion on or before January 1, 2015. All of such Sale Proceeds may be used to acquire or hold Higher Yielding Investments for a period ending on the third anniversary of the Issuance Date (such period being the Temporary Period for such amount) because the following three tests are reasonably expected to be satisfied:

(a) At least 85% of the Net Sale Proceeds of the 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) No Sale Proceeds of the New Money Portion are being used to reimburse the Issuer for costs paid prior to the date hereof.

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 (Compliance Policy) and C-2 (Rebate Instructions) constitute the Issuer's written procedures to monitor compliance with the arbitrage Yield restriction and rebate requirements of Section 148.

IV. REBATE MATTERS

4.10 **Issuer Obligation Regarding Rebate**. Consistently with its covenants contained in the Resolution, the Issuer will calculate and make, or cause to be calculated and made, payments of the Rebate Amount in the amounts and at the times and in the manner provided in Section 148(f) and the Instructions with respect to Gross Proceeds to the extent not exempted under Section 148(f)(4) and the Instructions.

4.20 **No Avoidance of Rebate Amount**. No amounts that are required to be paid to the United States will be used to make any payment to a party other than the United States through a transaction or a series of transactions that reduces the amount earned on any Investment Property or that results in a smaller profit or a larger loss on any Investment Property than would have resulted in an arm's length transaction in which the Yield on the Issue was not relevant to either party to the transaction.

4.30 **Exceptions**.

(A) Notwithstanding the foregoing, the computations and payments of amounts to the United States referred to in IV need not be made to the extent that such failure will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Issue, based on an Opinion of Bond Counsel.

(B) The 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 Prior Issues 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 Prior Issues and the amount of Private Security or Payments with respect to the Prior Issues 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 Prior Issue Projects or any portion thereof during the term of the Issue except for dispositions of property in the normal course at the end of such property's useful life to the Issuer. With respect to tangible personal property, if any, that is part of the New Money Project or the Prior Issue Projects 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 each of the Prior Issues that not less than 85% of the Spendable Proceeds of the respective Prior Issue would be used, and such amounts were used, to carry out the governmental purposes of such 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 either of the Prior Issues 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 New Money Project and the Prior Issue Projects 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, the representations of the Bidding Agent set forth in Attachment E and the representations of the Provider set forth in Attachment F. To the best of the knowledge, information and belief of the undersigned, all expectations stated in this Certificate and in such Attachments are the expectations of the Issuer and are reasonable, all facts stated are true and there are no other existing facts, estimates, or circumstances that would or could materially change the statements made in this Certificate or in such Attachments. The certifications and representations made in this Certificate and in such Attachments are intended to be relied upon as certifications described in Regulations § 1.148-2(b) and may be relied upon by Bond Counsel in connection with the rendering of any opinion with respect to the Issue. The Issuer acknowledges that any change in the facts or expectations from those set forth in this Certificate or in such Attachments may result in different requirements or a change in status of the Issue or interest thereon under the Code, and that bond counsel should be contacted if such changes are to occur.

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The date of this Certificate is June 5, 2013.

PIMA COUNTY, ARIZONA

By: _____
Thomas Burke
Finance and Risk Management Director

[Signature page of Tax Compliance Certificate of Issuer]

List of Attachments

Attachment A – Definitions for Tax Compliance Certificate

Attachment B – Underwriter's Certificate

Attachment C-1 – Compliance Policy

Attachment C-2 – Rebate Instructions

Attachment D – Verification Report

Attachment E – Bidding Agent's Certificate

Attachment F – Provider's Certificate

Attachment A

Definitions for Tax Compliance Certificate

The following terms, as used in Attachment A and in the Tax Compliance Certificate to which it is attached and in the other Attachments to the Tax Compliance Certificate, have the following meanings unless therein otherwise defined or unless a different meaning is indicated by the context in which the term is used. Capitalized terms used within these definitions that are not defined in Attachment A have the meanings ascribed to them in the Tax Compliance Certificate to which this Attachment A is attached. The word "Issue," in lower case, refers either to the Issue or to another issue of obligations or portion thereof treated as a separate issue for the applicable purposes of Section 148, as the context requires. The word "obligation" or "obligations," in lower case, includes any obligation, whether in the form of bonds, notes, certificates, or any other obligation that is a "bond" within the meaning of Section 150(a)(1). All capitalized terms used in this Certificate include either the singular or the plural. All terms used in this Attachment A or in the Tax Compliance Certificate to which this Attachment A is attached, including terms specifically defined, shall be interpreted in a manner consistent with Sections 103 and 141-150 and the applicable Regulations thereunder except as otherwise specified. All references to Section, unless otherwise noted, refer to the Code.

"Advance Refunding Issue" means any Refunding Issue that is not a Current Refunding Issue.

"Advance Refunding Portion" means that portion of a Multipurpose Issue that constitutes a separate governmental purpose and that would be treated as an Advance Refunding Issue if it had been issued as a separate issue.

"Available Construction Proceeds" means an amount equal to (a) the sum of (i) the Issue Price of an issue, (ii) Investment Proceeds on that Issue Price, (iii) earnings on any reasonably required reserve or replacement fund allocable to the issue not funded from the Issue Price, and (iv) Investment Proceeds and earnings on (ii) and (iii), (b) reduced by the portions, if any, of the Issue Price of the issue (i) attributable to Pre-Issuance Accrued Interest and earnings thereon, (ii) allocable to the underwriter's discount, (iii) used to pay other Issuance Costs of the issue, and (iv) deposited in a reasonably required reserve or replacement fund allocable to the issue. "Available Construction Proceeds" does not include Investment Proceeds or earnings on a reasonably required reserve or replacement fund allocable to the issue for any period after the earlier of (a) the close of the 2-year period that begins on the Issuance Date or (b) the date the construction of the project financed by the issue is substantially completed, provided, however, that such Investment Proceeds or earnings shall be excluded from "Available Construction Proceeds" if the Issuer has timely elected such exclusion. If an issue is a Multipurpose Issue that includes a New Money Portion that is a Construction Issue, this definition shall be applied by substituting "New Money Portion" for "issue" each place the latter term appears. If an issue or the New Money Portion of a Multipurpose Issue, as applicable, is not a Construction Issue, and the Issuer makes the bifurcation election under Regulations §1.148-7(j)(1) and Section 148(f)(4)(C)(v) to treat the issue or the New Money Portion as two separate issues consisting of

the Construction Portion and the Nonconstruction Portion, this definition shall be applied by substituting "Construction Portion" for "issue" each place the latter term appears.

"Available Project Proceeds" means "available project proceeds" as defined in Section 54A(e)(4), being (A) the excess of (i) Sale Proceeds, over (ii) Issuance Costs paid with Proceeds (to the extent that such Issuance Costs do not exceed 2% of Sale Proceeds), plus (B) Proceeds actually or constructively received from any investment of such excess.

"Bifurcated Issue" means a New Money Issue or the New Money Portion of a Multipurpose Issue that the Issuer, pursuant to Section 148(f)(4)(C)(v) and Regulations §1.148-7(j), has elected in its Tax Compliance Certificate to bifurcate into a Construction Portion, which finances 100% of the Construction Expenditures, and a Nonconstruction Portion.

"Bona Fide Debt Service Fund" means a fund, including a portion of or an account in that fund (or in the case of a fund established for two or more issues, the portion of that fund properly allocable to an issue), or a combination of such funds, accounts or portions that is used primarily to achieve a proper matching of revenues with Debt Service on an issue within each Bond Year and that is depleted at least once each year except for a reasonable carryover amount not to exceed the greater of the earnings thereon for the immediately preceding Bond Year or one-twelfth of the annual Debt Service on the issue for the immediately preceding Bond Year.

"Bond Counsel's Opinion" or **"Opinion of Bond Counsel"** means an opinion or opinions of a nationally recognized bond counsel firm whose opinion is given with respect to the Issue when issued, or its successors or other nationally recognized bond counsel appointed by the Issuer.

"Bond Year" means the annual period relevant to the application of Section 148(f) to an issue, except that the first and last Bond Years may be less than 12 months long. The last day of a Bond Year shall be the close of business on the day preceding the anniversary of the Issuance Date of an issue unless the Issuer selects another date on which to end a Bond Year in the manner permitted by the Code.

"Build America Bond" means any obligation described in Section 54AA(d)(1), including, where applicable, any Recovery Zone Economic Development Bond.

"Capital Expenditures" means costs of a type that are properly chargeable to a capital account (or would be so chargeable with a proper election) under general federal income tax principles, including capitalized interest computed taking into account the Placed in Service date.

"Code" means the Internal Revenue Code of 1986, the Regulations (whether temporary or final) under that Code or the statutory predecessor of that Code, and any amendments of, or successor provisions to, the foregoing and any official rulings, announcements, notices, procedures and judicial determinations regarding any of the foregoing,

all as and to the extent applicable. Unless otherwise indicated, reference to a Section includes any applicable successor section or provision and such applicable Regulations, rulings, announcements, notices, procedures and determinations pertinent to that Section.

"Commingled Fund" means any fund or account of the Issuer that contains both Gross Proceeds of an issue and amounts in excess of $25,000 that are not Gross Proceeds of the issue if the amounts in the fund or account are invested and accounted for collectively, without regard to the source of funds deposited in the fund or account.

"Commingled Investment Proceeds" means Investment Proceeds of an issue (other than Investment Proceeds held in a Refunding Escrow) that are deposited in a Commingled Fund with substantial tax or other revenues from governmental operations of the Issuer and that are reasonably expected to be spent for governmental purposes within six months from the date of deposit in the Commingled Fund, using any reasonable accounting assumptions.

"Computation Date" means each date on which the Rebate Amount for an issue is required to be computed under Regulations §1.148-3(e). In the case of a Fixed Yield Issue, the first Computation Date shall not be later than five years after the Issuance Date of the issue. Subsequent Computation Dates shall be not later than five years after the immediately preceding Computation Date for which an installment payment of the Rebate Amount was paid. In the case of a Variable Yield Issue, the first Computation Date shall be the last day of any Bond Year irrevocably selected by the Issuer ending on or before the fifth anniversary of the Issuance Date of such issue and subsequent Computation Dates shall be the last day of each Bond Year thereafter or each fifth Bond Year thereafter, whichever is irrevocably selected by the Issuer after the first date on which any portion of the Rebate Amount is required to be paid to the United States. The final Computation Date is the date an issue is retired.

"Computational Base" means the amount of Gross Proceeds the Issuer or Conduit Borrower reasonably expects, as of the date a Guaranteed Investment Contract is required, to be deposited in that Guaranteed Investment Contract over its term.

"Conduit Borrower" means the obligor on a purpose investment.

"Conduit Financing Issue" means an issue the Proceeds of which are reasonably expected to be used to finance one or more Conduit Loans.

"Conduit Loan" means a purpose investment acquired by the Issuer with Proceeds of a Conduit Financing Issue, thereby effecting a loan to the Conduit Borrower.

"Construction Expenditures" means Capital Expenditures allocable to the cost of real property (including the construction or making of improvements to real property, but excluding acquisitions of interests in land or other existing real property) or constructed personal property within the meaning of Regulations §1.148-7(g).

"Construction Issue" means an issue at least 75% of the Available Construction Proceeds of which are to be used for Construction Expenditures with respect to property that is, or upon completion will be, owned by a Governmental Unit or a 501(c)(3) Organization. If an issue is a Multipurpose Issue that includes a New Money Portion, this definition shall be applied by substituting "New Money Portion" for "Construction Issue" each place the latter term appears. If an election under Section 148(f)(4)(C)(v) and Regulations §1.148-7(j) is made to bifurcate an issue or the New Money Portion of a Multipurpose Issue, this definition shall be applied by substituting "Construction Portion" for "Construction Issue" each place the latter term appears.

"Construction Portion" means that portion of an issue or the New Money Portion of a Multipurpose Issue at least 75% of the Available Construction Proceeds of which are to be used for Construction Expenditures with respect to property that is, or upon completion will be, owned by a Governmental Unit or a 501(c)(3) Organization and that finances 100% of the Construction Expenditures.

"Controlled Group" means a group of entities controlled directly or indirectly by the same entity or group of entities within the meaning of Regulations §1.150-1(e).

"Current Refunding Issue" means a Refunding Issue that is issued not more than 90 days before the last expenditure of any Proceeds of the Refunding Issue for the payment of Debt Service on the Refunded Bonds.

"Current Refunding Portion" means that portion of a Multipurpose Issue that constitutes a separate governmental purpose and that would be treated as a Current Refunding Issue if it had been issued as a separate issue.

"Debt Service" means principal of and interest and any redemption premium on an issue.

"Excess Gross Proceeds" means all Gross Proceeds of an Advance Refunding Issue that exceed an amount equal to 1% of the Sale Proceeds of such Advance Refunding Issue, other than Gross Proceeds allocable to: (a) payment of Debt Service on the Refunded Bonds; (b) payment of Pre-Issuance Accrued Interest on the Advance Refunding Issue and interest on the Advance Refunding Issue that accrues for a period up to the completion date of any capital project financed by the Prior Issue, plus one year; (c) a reasonably required reserve or replacement fund for the Advance Refunding Issue or Investment Proceeds of such fund; (d) payment of Issuance Costs of the Advance Refunding Issue; (e) payment of administrative costs allocable to repaying the Refunded Bonds, carrying and repaying the Advance Refunding Issue, or investments of the Advance Refunding Issue; (f) Transferred Proceeds allocable to expenditures for the governmental purpose of the Prior Issue (treating for this purpose all unspent Proceeds of the Prior Issue properly allocable to the Refunded Bonds as of the Issuance Date of the Advance Refunding Issue as Transferred Proceeds); (g) interest on purpose investments; (h) Replacement Proceeds in a sinking fund for the Advance Refunding Issue; and (i) fees for a Qualified Guarantee for the Advance Refunding Issue or the Prior Issue. If an Issue

is a Multipurpose Issue that includes an Advance Refunding Portion, this definition shall be applied by substituting "Advance Refunding Portion" for "Advance Refunding Issue" each place the latter term appears.

"Federally Guaranteed" means that (a) the payment of Debt Service on an issue, or the payment of principal or interest with respect to any loans made from the Proceeds of the issue, is directly or indirectly guaranteed in whole or in part by the United States or by an agency or instrumentality of the United States, within the meaning of Section 149(b), or (b) more than 5% of the Proceeds of an issue will be invested directly or indirectly in federally insured deposits or accounts. The preceding sentence does not apply to (a) Proceeds invested during an initial Temporary Period until such Proceeds are needed to pay costs of the project, (b) investments of a Bona Fide Debt Service Fund, (c) direct purchases from the United States of obligations issued by the United States Treasury, or (d) other investments permitted by Section 149(b) or Regulations §1.149(b)-1(b).

"501(c)(3) Organization" means an organization described in Section 501(c)(3) and exempt from tax under Section 501(a).

"Fixed Yield Issue" means an issue of obligations the Yield on which is fixed and determinable on the Issuance Date.

"Future Value" means the value of a Payment or Receipt at the end of a period determined using the economic accrual method as the value of that Payment or Receipt when it is paid or received (or treated as paid or received), plus interest assumed to be earned and compounded over the period at a rate equal to the Yield on the applicable issue, using the same compounding interval and financial conventions that were used to compute that Yield.

"Governmental Unit" means a state, territory or possession of the United States, the District of Columbia, or any political subdivision thereof referred to as a "State or local governmental unit" in Regulations §1.103-1(a). "Governmental Unit" does not include the United States or any agency or instrumentality of the United States.

"Guaranteed Investment Contract" means any Nonpurpose Investment that has specifically negotiated withdrawal or retirement provisions and a specifically negotiated interest rate and any agreement to supply investments on two or more future dates (*e.g.*, a forward supply contract).

"Gross Proceeds" means Proceeds and Replacement Proceeds of an issue.

"Hedge" means a contract entered into by the Issuer or the Conduit Borrower primarily to modify the Issuer's or the Conduit Borrower's risk of interest rate changes with respect to an obligation (*e.g.*, an interest rate swap, an interest rate cap, a futures contract, a forward contract or an option).

"Higher Yielding Investments" means any Investment Property that produces a Yield that (a) in the case of Investment Property allocable to Replacement Proceeds of an issue and Investment Property in a Refunding Escrow, is more than one thousandth of one percentage point (.00001) higher than the Yield on the applicable issue, and (b) for all other purposes is more than one-eighth of one percentage point (.00125) higher than the Yield on the issue.

"Investment Proceeds" means any amounts actually or constructively received from investing Proceeds of an issue in Investment Property.

"Investment Property" means investment property within the meaning of Sections 148(b)(2) and 148(b)(3), including any security (within the meaning of Section 165(g)(2)(A) or (B)), any obligation, any annuity contract and any other investment-type property (including certain residential rental property for family units as described in Section 148(b)(2)(E) in the case of any bond other than a Private Activity Bond). Investment Property includes a Tax-Exempt Obligation that is a "specified private activity bond" as defined in Section 57(a)(5)(C), but does not include other Tax-Exempt Obligations.

"Issuance Costs" means costs to the extent incurred in connection with, and allocable to, the issuance of an issue, and includes underwriter's compensation withheld from the Issue Price, counsel fees, financial advisory fees, rating agency fees, trustee fees, paying agent fees, bond registrar, certification and authentication fees, accounting fees, printing costs for bonds and offering documents, public approval process costs, engineering and feasibility study costs, guarantee fees other than for a Qualified Guarantee and similar costs, but does not include fees charged by the Issuer.

"Issuance Date" means the date of physical delivery of an issue by the Issuer in exchange for the purchase price of the issue.

"Issue Price" means in the circumstances applicable to an issue:

(1) Public Offering. In the case of obligations actually offered to the general public in a bona fide public offering at the initial offering price for each maturity set forth in the certificate of the underwriter or placement agent attached to the Tax Compliance Certificate of the Issuer, the aggregate of the initial offering price for each maturity (including any Pre-Issuance Accrued Interest and taking into account any original issue premium and original issue discount), which price is not more than the fair market value thereof as of the Sale Date, and at which initial offering price not less than 10% of the principal amount of each maturity, as of the Sale Date, was sold or reasonably expected to be sold (other than to bond houses, brokers or other intermediaries). In the case of publicly offered obligations that are not described in the preceding sentence, Issue Price means the aggregate of the initial offering price to the public of each maturity set forth in the certificate of the underwriter or placement agent attached to the Tax Compliance Certificate of the Issuer, at which initial offering price not less than 10% of the principal amount of each maturity was sold to the public.

Notwithstanding the foregoing, in no event shall the Issue Price of an issue exceed the fair market value of the issue as of the Sale Date thereof.

(2) Private Placement. In the case of obligations sold by private placement, the aggregate of the prices (including any Pre-Issuance Accrued Interest and original issue premium, but excluding any original issue discount) paid to the Issuer by the first purchaser(s) (other than bond houses, brokers or other intermediaries). Notwithstanding the foregoing, in no event shall the Issue Price of an issue exceed the fair market value of the issue as of the Sale Date thereof.

"Minor Portion" means an amount equal to the lesser of $100,000 or 5% of the Sale Proceeds of an issue.

"Multipurpose Issue" means an issue the bonds of which are allocable to two or more separate governmental purposes within the meaning of Regulations §1.148-9(h).

"Net Proceeds" means the Sale Proceeds of an issue less the portion thereof, if any, deposited in a reasonably required reserve or replacement fund for the issue.

"Net Sale Proceeds" means the Sale Proceeds of an issue less (a) the portion thereof, if any, deposited in a reasonably required reserve or replacement fund for the issue and (b) the portion invested as a part of a Minor Portion for the issue.

"New Money Issue" means an issue that is not a Refunding Issue.

"New Money Portion" means that portion of a Multipurpose Issue other than the Refunding Portion.

"Nonconstruction Portion" means that portion of a New Money Issue or of the New Money Portion other than the Construction Portion.

"Nonpurpose Investments" means any Investment Property that is acquired with Gross Proceeds as an investment and not in carrying out any governmental purpose of an issue. "Nonpurpose Investments" does not include any investment that is not regarded as "investment property" or a "nonpurpose investment" for the particular purposes of Section 148 (such as certain investments in U.S. Treasury obligations in the State and Local Government Series and certain temporary investments), but does include any other investment that is a "nonpurpose investment" within the applicable meaning of Section 148.

"Payment" means payments actually or constructively made to acquire Nonpurpose Investments, as specified in Regulations §1.148-3(d)(1)(i) through (v).

"Placed in Service" means the date on which, based on all the facts and circumstances, a facility has reached a degree of completion that would permit its operation at substantially its design level and the facility is, in fact, in operation at such level.

"Pre-Issuance Accrued Interest" means interest on an obligation that accrued for a period not greater than one year before its Issuance Date and that will be paid within one year after such Issuance Date.

"Preliminary Expenditures" means any Capital Expenditures that are "preliminary expenditures" within the meaning of Regulations §1.150-2(f)(2), *i.e.*, architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of a project other than land acquisition, site preparation, and similar costs incident to commencement of construction. The aggregate amount of Preliminary Expenditures may not exceed 20% of the aggregate Issue Price of the issue or issues that financed or are reasonably expected to finance the project for which such Preliminary Expenditures are or were incurred.

"Prior Issue" means an issue of obligations all or a portion of the Debt Service on which is paid or provided for with Proceeds of a Refunding Issue. The Prior Issue may be a Refunding Issue.

"Private Activity Bond" means (a) obligations of an issue more than 10% of the Proceeds of which, directly or indirectly, are or are to be used for a Private Business Use and more than 10% of the Debt Service on which, directly or indirectly, is or is to be paid from or secured by payments with respect to property, or secured by property, used for a Private Business Use, or (b) obligations of an issue, the Proceeds of which are or are to be used to make or finance loans to any Private Person that, in the aggregate, exceed the lesser of 5% of such Proceeds or $5,000,000. In the event of Unrelated or Disproportionate Use, the tests in (a) shall be applied by substituting 5% for 10% each place the latter term is used.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any Private Person other than use as a member of, and on the same basis as, the general public. Any activity carried on by a Private Person (other than a natural person) shall be treated as a trade or business. In the case of a Qualified 501(c)(3) Bond, Private Business Use excludes use by a 501(c)(3) Organization that is not an unrelated trade or business activity by such 501(c)(3) Organization within the meaning of Section 513(a).

"Private Person" means any natural person or any artificial person, including a corporation, partnership, trust or other entity, other than a Governmental Unit. "Private Person" includes the United States and any agency or instrumentality of the United States.

"Private Security or Payments" means (i) any interest in property used or to be used for a Private Business Use, or in payments in respect of such property, that directly or indirectly secures any payment of principal of, or interest on, an issue, or (ii) payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a Private Business Use from which payments of principal of, or interest on, an issue are directly or indirectly derived, all as determined and measured in accordance with Treasury Regulations Section 1.141-4.

"Proceeds" means any Sale Proceeds, Investment Proceeds and Transferred Proceeds of an issue. "Proceeds" does not include Replacement Proceeds.

"Qualified Administrative Costs" means the reasonable, direct administrative costs, other than carrying costs, of purchasing or selling Nonpurpose Investments such as separately stated brokerage or selling commissions. Qualified Administrative Costs do not include legal and accounting fees, recordkeeping, custody and similar costs, general overhead costs and similar indirect costs of the Issuer such as employee salaries and office expenses and costs associated with computing the Rebate Amount. In general, Qualified Administrative Costs are not reasonable unless they are comparable to administrative costs that would be charged for the same investment or a reasonably comparable investment if acquired with a source of funds other than Gross Proceeds of Tax-Exempt Obligations.

"Qualified 501(c)(3) Bonds" means an issue of obligations that satisfies the requirements of Section 145(a).

"Qualified Guarantee" means any guarantee of an obligation that constitutes a "qualified guarantee" within the meaning of Regulations §1.148-4(f).

"Qualified Hedge" means a Hedge that is a "qualified hedge" within the meaning of Regulations §1.148-4(h)(2).

"Reasonable Retainage" means an amount, with respect to an issue, not to exceed 5% of the Net Sale Proceeds of the issue, that is retained for reasonable business purposes relating to the property financed with Proceeds of the issue. For example, Reasonable Retainage may include a retention to ensure or promote compliance with a construction contract in circumstances in which the retained amount is not yet payable, or in which the Issuer reasonably determines that a dispute exists regarding completion or payment.

"Rebate Amount" means the excess of the future value, as of any date, of all receipts on Nonpurpose Investments acquired with Gross Proceeds of an issue over the future value, as of that date, of all payments on those Nonpurpose Investments, computed in accordance with Section 148(f) and Regulations §1.148-3.

"Rebate Analyst" means an independent individual, firm or entity experienced in the computation of the Rebate Amount pursuant to Section 148(f).

"Receipt" means amounts actually or constructively received from Nonpurpose Investments as specified in Regulations §1.148-3(d)(2)(i) through (iii).

"Recovery Zone Economic Development Bond" means any Build America Bond described in Section 1400U-2(b)(1).

"Refunded Bonds" means obligations of a Prior Issue the Debt Service on which is or is to be paid from Proceeds of a Refunding Issue.

"Refunding Bonds" means obligations of a Refunding Issue.

"Refunding Escrow" means one or more funds established as part of a single transaction, or a series of related transactions, containing Proceeds of a Refunding Issue and any other amounts to be used to pay Debt Service on Refunded Bonds of one or more issues.

"Refunding Issue" means an issue the Proceeds of which are or are to be used to pay Debt Service on Refunded Bonds and includes Issuance Costs, Pre-Issuance Accrued Interest or permitted capitalized interest, a reasonably required reserve or replacement fund and similar costs of the Refunding Issue.

"Refunding Portion" means that portion of a Multipurpose Issue the Proceeds of which are, or are to be, used to pay Debt Service on Refunded Bonds and includes Issuance Costs, Pre-Issuance Accrued Interest or permitted capitalized interest, a reasonably required reserve or replacement fund and similar costs properly allocable to the Refunding Portion.

"Regulations" or **"Reg."** means Treasury Regulations.

"Reimbursement Allocation" means an allocation of the Proceeds of an issue for the reimbursement of Capital Expenditures paid prior to the Issuance Date of such issue that: (a) is evidenced on the books or records of the Issuer maintained with respect to the issue, (b) identifies either actual prior Capital Expenditures or the fund or account from which the prior Capital Expenditures were paid, (c) evidences the Issuer's use of Proceeds of the issue to reimburse a Capital Expenditure for a governmental purpose that was originally paid from a source other than the Proceeds of the issue and (d) satisfies the following requirements: except for Preliminary Expenditures, (i) the Issuer adopted an official intent for the Capital Expenditure that satisfies Regulations §1.150-2(e) prior to, or within 60 days after, payment of the Capital Expenditure, and (ii) the allocation in reimbursement of that Capital Expenditure occurs or will occur within 18 months after the later of the date the Capital Expenditure was paid or the date the project resulting from such Capital Expenditure was Placed in Service or abandoned, but in no event more than three years after the Capital Expenditure was paid.

"Related Party" means, in reference to a Governmental Unit or 501(c)(3) Organization, any member of the same Controlled Group and, in reference to any person that is not a Governmental Unit or 501(c)(3) Organization, a "related person" as defined in Section 144(a)(3).

"Replacement Proceeds" means, with respect to an issue, amounts (including any investment income, but excluding any Proceeds of any issue) replaced by Proceeds of that issue within the meaning of Section 148(a)(2). "Replacement Proceeds" includes amounts, other than Proceeds, held in a sinking fund, pledged fund or reserve or replacement fund for an issue.

"Sale Date" means, with respect to an issue, the first date on which there is a binding contract in writing with the Issuer for the sale and purchase of an issue (or of respective

obligations of the issue if sold by the Issuer on different dates) on specific terms that are not later modified or adjusted in any material respect.

"Sale Proceeds" means that portion of the Issue Price actually or constructively received by the Issuer upon the sale or other disposition of an issue, including any underwriter's compensation withheld from the Issue Price, but excluding Pre-Issuance Accrued Interest.

"Spendable Proceeds" means the Net Sale Proceeds of an issue.

"Tax-Exempt Obligation" means any obligation or issue of obligations (including bonds, notes and lease obligations treated for federal income tax purposes as evidence of indebtedness) the interest on which is excluded from gross income for federal income tax purposes within the meaning of Section 150, and includes any obligation or any investment treated as a "tax-exempt bond" for the applicable purpose of Section 148.

"Tax-Exempt Organization" means a Governmental Unit or a 501(c)(3) Organization.

"Temporary Period" means the period of time, as set forth in the Tax Compliance Certificate, applicable to particular categories of Gross Proceeds of an issue during which such category of Gross 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 Issuer

Pertaining to

PIMA COUNTY, ARIZONA

$50,000,000	**$38,575,000**
GENERAL OBLIGATION BONDS	**GENERAL OBLIGATION REFUNDING BONDS**
SERIES 2013A	**SERIES 2013B**

Dated: June 5, 2013

UNDERWRITER'S CERTIFICATE

RBC Capital Markets, LLC ("Underwriter"), as underwriter for the bonds identified above (the "Issue"), issued by Pima County, Arizona (the "Issuer"), based on its knowledge regarding the sale of the Issue, certifies as of this date as follows:

(1) **Issue Price -- Section 148**. All of the bonds of the Issue have been the subject of a bona fide offering to the public pursuant to a Bond Purchase Agreement by and between the Issuer and the Underwriter, dated May 21, 2013, and at least 10% of the principal amount of each maturity initially was sold or was reasonably expected to be sold (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at the respective price for that maturity shown in the Final Official Statement for the Issue. For purposes of this Certificate, the Underwriter has assumed that the phrase "bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers" refers only to persons who, to the actual knowledge of representatives of the Underwriter, have an arrangement with the Issuer or the Underwriter to act in such capacity on behalf of the Issuer or the Underwriter. The aggregate Issue Price of the Issue, there being no Pre-Issuance Accrued Interest, is $94,366,271.10.

(2) **Information Return**. To the extent that we provided the Issuer and Squire Sanders (US) LLP, as bond counsel, with certain computations that show a bond yield, issue price, weighted average maturity and certain other information with respect to the Issue, these computations are provided for informational purposes and are based on our understanding of directions that we have received from bond counsel regarding interpretation of the applicable law. We express no view regarding the legal sufficiency of any such computations or the correctness of any legal interpretation made by bond counsel. For purposes of the Information Return required by Section 149(e) of the Code to be filed in connection with the Issue:

- The Initial Offering Price of the entire Issue is $94,366,271.10.
- The weighted average maturity of the Issue is 6.8652 years and the remaining weighted average maturity of the Refunded Bonds is 4.6555 years.
- The Yield on the Issue is 2.0236%. That is the Yield that, when used in computing the present worth of all payments of principal and interest to be paid on the Issue, computed on the basis of a 360-day year and semi-annual

compounding, produces an amount equal to the aggregate Issue Price of the Issue as stated in paragraph (1) and computed with the adjustments stated in paragraph (4).

- The Underwriter's discount is $584,595.00.
- The CUSIP Number assigned to the final maturity of the Issue is 721663XK3.

(3) **Discount Bonds Subject to Mandatory Early Redemption**. No bond of the Issue is subject to mandatory early redemption.

(4) **Premium Bonds Subject to Optional Redemption**. The bonds of the Issue maturing in the years 2025 through 2028 are the only bonds of the Issue that are subject to optional redemption before maturity and have an Initial Offering Price that exceeds their stated redemption price at maturity by more than one-fourth of 1% multiplied by the product of their stated redemption price at maturity and the number of complete years to their first optional redemption date. Accordingly, in computing the Yield on the Issue stated in paragraph (2), such bonds were treated, pursuant to Treasury Regulations §1.148-4(b)(3), as retired on their optional redemption date or at maturity to result in the lowest Yield on the Issue. No bond of the Issue is subject to optional redemption within five years of the Issuance Date of the Issue.

(5) **No Stepped Coupon Bonds**. No bond of the Issue bears interest at an increasing interest rate.

All capitalized terms not defined in this Certificate have the meaning set forth in the Issuer's Tax Compliance Certificate or in Attachment A to it.

The Issuer may rely on the foregoing representations in making its certification as to issue price of the Issue under the Internal Revenue Code of 1986, as amended (the "Code"), and bond counsel may rely on the foregoing representations in rendering certain of its legal opinions in connection with the execution and delivery of the Issue, including its opinion on the exclusion from federal gross income of the interest evidenced by the Issue; provided, however, that nothing herein represents an interpretation of any laws, and, in particular, regulations under Section 148 of the Internal Revenue Code of 1986, as amended.

The Underwriter has performed these computations with the express understanding and agreement of the Issuer that, notwithstanding the performance of these computations and the delivery of this Certificate, in doing so, the Underwriter is (i) not acting as a municipal advisor (as defined in Section 15B of the Securities Exchange Act), (ii) does not have a fiduciary duty to the Issuer, and (iii) is not to be construed as a "paid preparer" of any tax returns of the Issuer, including specifically (but not limited to) Form 8038-G.

Dated: June 5, 2013.

RBC CAPITAL MARKETS, LLC

By: _____
Kurt Freund

Title: Managing Director

Attachment C-1
to
Tax Compliance Certificate of Issuer

Compliance Policy

Pima County Department of Finance and Risk Management Internal Operating Procedures	Effective Date: 11-30-11 Review Date: Revision Date: Page: 1 of 12
Responsible Division: Financial Management and Audit	Responsible Section: Cash Management
SUBJECT: Post Issuance Compliance for Debt Issues	

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Statement: The policies and procedures provided herein shall be complied with in order to ensure compliance with the requirements of the Internal Revenue Code (the "Code") that are applicable to the issuance of Tax-Exempt Bonds or other Obligations (hereinafter called "Bonds"). Undefined terms used herein have the meanings assigned to them in the Code and the related Treasury Regulations. These policies and procedures, coupled with requirements contained in the Arbitrage Certificate (the "Tax Certificate") executed at the time of issuance of the Bonds, are intended to constitute written procedures for compliance with the federal tax requirements applicable to the Bonds and for timely identification of violations of such requirements.

I. GENERAL MATTERS.

A. Responsible Officer. The Director of the Finance Department will have overall responsibility for ensuring that the ongoing requirements described herein are met with respect to the Bonds (the "Responsible Officer").

B. Identify Additional Responsible Employees. The Responsible Officer shall identify any additional employees who will be responsible for each of the procedures described herein, notify the current holder of that office of the responsibilities, and provide that person a copy of the procedures. (For each procedure, this may be the Responsible Officer or another person who is assigned the particular responsibility.)

1. Upon employee or officer transitions, new personnel should be advised of responsibilities under the procedures and ensure they understand the importance of the procedures.

2. If employee or officer positions are restructured or eliminated, responsibilities should be reassigned as necessary to ensure that all procedures have been appropriately assigned.

C. Periodic Review. The Responsible Officer should periodically review compliance with these procedures and with the terms of the Tax Certificate to determine whether any violations have occurred so that such violations can be remedied through the "remedial action" regulations (Treasury Regulation §1.141-12) or the Voluntary Closing Agreement Program described in Internal Revenue Service ("IRS") Notice 2008-31 (or successor guidance).

D. Change in Bond Terms. If any changes to the terms of the Bonds are contemplated, bond counsel will be consulted.

II. **ISSUE PRICE AND PREMIUM LIMIT.** The following procedures shall be followed:

A. Involving Bond Counsel Pre-pricing. Consult with bond counsel to ensure that:

1. Premium on each maturity of the Bonds (stated as a percentage of principal amount) does not exceed one-quarter of one-percent (0.25%) multiplied by the number of complete years to the earlier of final maturity of the Bond or, generally, the earliest call date of the Bond.

2. The excess of the issue price of the Bond issue over the price at which the Bond issue is sold to the underwriter or placement agent, when combined with other issuance costs paid from proceeds of the Bond issue, does not exceed 2% of the sale proceeds of the Bond issue.

B. Working with Financial Advisor. Ensure that the market trading activity of the Bonds is reviewed after their sale date but before their issuance date that questions concerning such data are answered, and that reports concerning the sales data as necessary are produced. (Market trading information is generally available through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System (EMMA) (http://www.emma.msrb.org.)

1. Records of reports produced, including copies of the market trading information, should be maintained.

III. **IRS INFORMATION RETURN FILING.** The following procedures shall be followed:

A. 8038-G. Ensure that IRS Form 8038-G is timely filed with respect to each Bond issue, including the required debt service schedule and other required schedules and attachments and maintain it as part of the transcript for the Bond issue.

IV. **USE OF PROCEEDS.** The following procedures shall be followed:

A. Consistent Accounting Procedures. Clear accounting procedures for tracking investment and expenditures of proceeds, including investment proceeds.

B. Reimbursement Allocations at Closing. At or shortly after issuance of a Bond issue, allocation of proceeds of the Bond issue to reimbursement of prior expenditures, as appropriate.

C. Cost of Issuance. Ensure that no more than 2% of the sale proceeds of a Bond issue are used to pay issuance costs.

D. Capital Expenditures. Ensure that 100% of all sale proceeds and investment proceeds, other than sale proceeds used to pay issuance costs (up to the 2% limit described above) or deposited in a reasonably required reserve fund, are allocated to capital expenditures.

E. Requisitions. Ensure that requisitions are used to draw Bond proceeds and make sure the requisitions contain the information needed to show what and how Bond proceeds were spent, reviewing them carefully before submission to ensure proper use of Bond proceeds to minimize need for reallocations.

F. Final Allocation. Ensure that a final allocation of Bond proceeds (including investment proceeds) to qualifying expenditures is made if Bond proceeds are to be allocated to project expenditures on a basis other than "direct tracing" (direct tracing means treating the Bond proceeds as spent as shown in the accounting records for bond draws and project expenditures). An allocation other than on the basis of "direct tracing" is often made to reduce the private business use (see E., below) of Bond proceeds that would otherwise result from "direct tracing" of Bond proceeds to project expenditures. *This allocation must be made within 18 months after the later of the date the expenditure was made or the date the project was placed in service, but not later than five years and 60 days after the issuance date of the Bonds or 60 days after the Bond issue is retired.* Bond counsel can assist with the final allocation of Bond proceeds to project costs.

G. Record Retention. Maintain careful records of all project and other costs (e.g., issuance costs, credit enhancement and capitalized interest) and uses (e.g., deposit to reserve fund) for which Bond proceeds were spent or used. These records should be maintained separately for each issue of Bonds.

V. **MONITORING PRIVATE BUSINESS USE.** The following procedures shall be followed:

A. Review Of Contracts With Private Persons. Review all of the following contracts or arrangements with non-governmental persons or organizations or the federal government (collectively referred to as "Private Persons") with respect to the Bond-financed facilities which could result in private business use of the Bond-financed facilities:

1. Sales of Bond-financed facilities.

2. Leases of Bond-financed facilities.

3. Management or service contracts relating to Bond-financed facilities.

4. Research contracts under which a Private Person sponsors research in Bond-financed facilities.

5. Any other contracts involving "special legal entitlements" (such as naming rights or exclusive provider arrangements) granted to a Private Person with respect to Bond-financed facilities.

B. Review of New Leases, Management, Research and Other Contracts. Before amending an existing agreement with a Private Person or entering into any new lease, management, service, or research agreement with a Private Person, review such amendment or agreement to determine whether it results in private business use.

C. Establish Procedures to Ensure Proper Use. Establish procedures to ensure Bond financed facilities are identified and are not used for private use without written approval of the Responsible Officer.

D. Analyze Use. Analyze any private business use of Bond-financed facilities and, for each issue of Bonds, determining whether the 10% limit on private business use (5% in the case of "unrelated or disproportionate" private business use) is exceeded, and contacting bond counsel or other tax advisors if either of these limits is exceeded.

E. Record Retention. Retain copies of all of the above contracts or arrangements (or, if no written contract exists, detailed records of the contracts or arrangements) with Private Persons for the period indicated in VII. below.

VI. **ARBITRAGE AND REBATE.** The following procedures shall be followed:

A. Yield. Record the yield of the Bond issue, as shown on the Form 8038-G.

B. Temporary Period. Review the Tax Certificate to determine the temporary periods for the Bond issue, during which periods various categories of gross proceeds of the Bond issue may be invested without yield restriction.

C. Post-Temporary Period Investments. Ensure that proceeds of the Bond issue are not invested in investments with a yield above the yield for the Bonds following the end of the applicable temporary period identified above unless Yield reduction payments may be made.

D. Monitoring Temporary Period Compliance. Monitor expenditures of Bond proceeds, including investment proceeds, against issuance date expectations for satisfaction of three-year or five-year temporary period from yield restriction on investment of Bond proceeds and to avoid "hedge bond" status.

E. Establishing Fair Market Value of Investments. Ensure that investments acquired with Bond proceeds satisfy IRS regulatory safe harbors for establishing fair market value (e.g., through the use of bidding procedures), and maintaining records to demonstrate satisfaction of such safe harbors.

F. Debt Service, Credit Enhancement and Sinking Funds. Consult with bond counsel before engaging in credit enhancement or hedging transactions in respect of a Bond issue, and before creating separate funds that are reasonably expected to be used to pay debt service on the Bonds.

G. Document Retention. Maintain copies of all contracts and certificates relating to credit enhancement and hedging transactions.

H. Donations. Before beginning a capital campaign that may result in gifts that are restricted to Bond-financed projects (or, in the absence of such a campaign, upon the receipt of such restricted gifts), to determine whether replacement proceeds may result.

I. Bona Fide Debt Service Fund. Even after all proceeds of a given Bond issue have been spent, ensure that the debt service fund meets the requirements of a bona fide debt service fund, i.e., one used primarily to achieve a proper matching of revenues with debt service that is depleted at least once each bond year, except for a reasonable carryover amount not to exceed the greater of: (i) the earnings on the fund for the immediately preceding bond year; or (ii) one-twelfth of the debt service on the issue for the immediately preceding bond year. To the extent that a debt service fund qualifies as a bona fide debt service fund for a given bond year, the investment of amounts held in that fund is not subject to yield restriction for that year.

J. Debt Service Reserve Fund. Ensure that amounts invested in any reasonably required debt service reserve fund do not exceed the least of: (i) 10% of the stated principal amount of the Bonds (or the sale proceeds of the Bond issue if the Bond issue has original issue discount or original issue premium that exceeds 2% of the stated principal of the Bond issue plus, in the case of premium, reasonable underwriter's compensation); (ii) maximum annual debt service on the Bond issue; or (iii) 125% of average annual debt service on the Bond issue.

K. Rebate Requirement. Review the arbitrage rebate covenants noted in the Tax Certificate. Subject to the exceptions described below, investment earnings on Bond proceeds at a yield in excess of the bond yield (i.e., positive arbitrage) generally must be rebated to the U.S. Treasury, even if a temporary period exception from yield restriction allowed the earning of positive arbitrage.

1. Ensuring that rebate calculations will be timely performed and payment of rebate amounts, if any, will be timely made; such payments are generally due 60 days after the fifth anniversary of the issuance date of the Bond issue, then in succeeding installments every five years; the final rebate payment for a Bond issue is due 60 days after retirement of the last Bond of the issue; hiring a rebate consultant if necessary.

2. Reviewing the rebate section of the Tax Certificate to determine whether the "small issuer" rebate exception applies to the Bond issue.

3. If the 6-month, 18-month, or 24-month spending exceptions from the rebate requirement may apply to the Bonds, ensuring that the spending of proceeds is monitored prior to semi-annual spending dates for the applicable exception.

4. Timely making rebate and yield reduction payments and filing Form 8038-T.

5. Even after all other proceeds of a given Bond issue have been spent, ensuring compliance with rebate requirements for any debt service reserve fund and any debt service fund that is not exempt from the rebate requirement.

L. Record Retention. Maintain records of investments and expenditures of Proceeds, rebate exception analyses, rebate calculations, Forms 8038-T, and rebate and Yield reduction payments, and any other records relevant to compliance with the arbitrage restrictions.

VII. **RECORD RETENTION.** Procedures will be set forth for maintaining all records and documents described in these procedures while any of the bonds of the issue are outstanding and during the three-year period following the final maturity or redemption of the bond issue or, if later, while any bonds that refund (or re-refund) bonds of that original issue are outstanding and for the three year period following the final maturity or redemption date of the latest refunding bond issue.

The County will spend the Gross Proceeds of the Issue and use the facilities financed with those Gross Proceeds ("Bond-Financed Facilities") in a manner that complies with the restrictions and requirements imposed by the Code and Regulations on Tax-Exempt Bonds. The County will comply with the remedial action requirements, if necessary, set forth in Regulations §1.141-12. These Instructions provide guidance for that compliance.

VIII. USE OF PROCEEDS CHECKLIST AND REMEDIAL ACTION

A. Use of Proceeds

1. Ensure there exists a clearly established accounting procedure for tracking investment and expenditures of Proceeds, including Investment Proceeds.

2. At or shortly after issuance of the Issue, allocate Proceeds to reimbursement of prior expenditures, as appropriate.

3. Ensure that a final allocation of Proceeds (including Investment Proceeds) to qualifying expenditures is made if Proceeds are to be allocated to Project expenditures on a basis other than "direct tracing" (direct tracing means treating the Proceeds as spent as shown in the accounting records for Proceeds draws and Project expenditures). An allocation other than on the basis of "direct tracing" is often made to reduce the Private Business Use (see Section 2, below) of Proceeds that would otherwise result from "direct tracing" of Proceeds to Project expenditures. This allocation must be made within 18 months after the later of the date the expenditure was made or the date the Project was placed in service, but not later than five years and 60 days after the Issuance Date of the Issue or 60 days after the Issue is retired. Bond counsel can assist with the final allocation of Proceeds to Project costs.

4. Maintain careful records of all Bond-Financed Facilities and other costs (e.g., Issuance Costs, credit enhancement and capitalized interest) and uses (e.g., deposit to reserve fund) for which Proceeds were spent or used. These records should be maintained separately for each issue of Tax-Exempt Bonds.

5. On at least an annual basis, identify all current and contemplated uses of Bond-Financed Facilities and ensure that the use of the Bond-Financed Facilities complies with the covenants and restrictions set forth in the Certificate.

B. Monitoring Private Business Use

1. Before entering into any new management, service, or research agreements described in 3. below, review the agreements to determine whether they result in Private Business Use.
2. Analyze any Private Business Use of Bond-Financed Facilities to determine whether the 5% or 10% limitation, as applicable, on Private Business Use of Proceeds is exceeded. Contact Bond Counsel if this limit is exceeded.
3. Maintain copies of all of the following contracts or arrangements (or, if no written contract exists, maintain detailed records of the following contracts or arrangements) with a Private Person:

   a. Sales of Bond-Financed Facilities.
   b. Leases of Bond-Financed Facilities.
   c. Management or service contracts relating to Bond-Financed Facilities
   d. Research contracts under which a Private Person sponsors research in Bond-Financed Facilities.
   e. Any other contracts involving "special legal entitlements" (such as naming rights or exclusive provider arrangements) granted to a Private Person with respect to Bond-Financed Facilities.

Each of the foregoing contracts or arrangements may result in Private Business Use of the Bond-Financed Facilities. Consult with Bond Counsel to undertake any necessary remedial actions, discussed below, in respect of "nonqualified bonds" of the Issue.

C. Remedial Action

1. Deliberate Action. A "deliberate action" ("Deliberate Action") is any action taken after the Issuance Date by the Issuer that is within the Issuer's control and that causes: more than 5% or 10%, as applicable, of the Proceeds to be used for a Private Business Use (the "Private Business Use Limit"), and more than 5% or 10%, as applicable, of either the principal of or interest on the Issue to be secured by or derived, directly or indirectly, from Private Security or Payments (collectively with the Private Business Use Limit, the "Private Business Limits").

An action by the Issuer is not a Deliberate Action if the action was (i) the result of an involuntary conversion of all or a portion of the Project, or (ii) an action that was taken in response to a regulatory directive made by the federal government (see Regulations §1.141-2(d)(3)(ii)).

2. Timely Reallocation. If a Deliberate Action occurs, the Issuer may reallocate the Proceeds that had been allocated to the Project or portion thereof as to which the Deliberate Action occurred to other permitted uses not later than 18 months after the later of (i) the date of the expenditure to which the

Proceeds were originally allocated or (ii) the placed in service date of the Project or portion thereof to which such Proceeds were originally allocated, but not later than 60 days after the fifth anniversary of the Issuance Date or the retirement of the Issue, if earlier (see Regulations §§1.141-6(a) and 1.148-6(d)(1)(iii)).

3. Remedial Action.

a) Effect. A "remedial action" cures the use of Proceeds that caused the Private Business Use limit to be exceeded. A remedial action will not impact the amount of Private Security or Payments.

b) Ability to Use. In order to achieve either or both of the effects set forth in 3.a, five conditions must be satisfied (see 3.c) and one of three alternative remedial actions must be taken (see D.).

c) Conditions. The Issuer may use a "remedial action" only if the following five conditions are satisfied:

1) On the Issuance Date, the Issuer did not reasonably expect the Private Business Limits to be exceeded at any time while any portion of the Issue was outstanding.
2) On the Issuance Date, the weighted average maturity of the Issue did not exceed 120% of the weighted average of the reasonably expected economic lives of the assets comprising the Project.
3) Unless the Project is being used for an alternative use (as described in 4 below), the new user of all or any portion of the Project must have paid fair market value therefor.
4) The Issuer must treat any "disposition proceeds," which are all proceeds received from the sale, transfer or other disposition of all or a portion of the Project, as Gross Proceeds for arbitrage (Section 148) purposes.
5) Prior to the Deliberate Action, the Proceeds were used for a governmental purpose unless the remedial action to be taken is described in D.1.

D. Types of Remedial Action.

1. *Redemption of Non-Qualified Bonds.* The "non-qualified bonds" are the portion of the Issue allocable to the Deliberate Action that causes the Issue to exceed the Private Business Limits. In general, within 90 days after the Deliberate Action, either the non-qualified

bonds must be redeemed or an escrow that defeases the non-qualified bonds to their earliest redemption date must be established. A defeasance escrow may not be used, however, if the period between the Issuance Date and the earliest redemption date of the non-qualified bonds is more than 10.5 years; in such case, a closing agreement with the Internal Revenue Service ("IRS") may be necessary. If a defeasance escrow is established, the Issuer must notify the IRS within 90 days of its establishment. Notwithstanding the general requirement stated above that all non-qualified bonds must be redeemed or defeased, if the disposition proceeds consist exclusively of cash, it is sufficient that the disposition proceeds be used to redeem or defease a pro rata portion of the non-qualified bonds.

2. *Alternative Use of Disposition Proceeds.* The Issue satisfies the requirements of this remedial action if:

   a) all disposition proceeds consist exclusively of cash;

   b) the Issuer reasonably expects to spend the disposition proceeds within two years after the date of the Deliberate Action;

   c) the disposition proceeds are treated as Proceeds for purposes of the Private Business Limits, the use of the disposition proceeds does not cause the Issue to exceed these Limits, and the Issuer does not take a subsequent Deliberate Action that causes either of these Limits to be exceeded;

   d) any unspent disposition proceeds must be used to redeem all or a portion of the Issue; and

   e) if the disposition proceeds are to be used by a 501(c)(3) Organization, from the date of the Deliberate Action, the non-qualified bonds must constitute Qualified 501(c)(3) Bonds and be treated as reissued for that purpose.

3. *Alternative Use of Project.* The Issuer satisfies the requirements of this remedial action if:

   a) the portion of the Project that is transferred or disposed of could have been financed by another type of Tax-Exempt Bond;

   b) the Deliberate Action taken by the Issuer did not involve a purchase financed by another issue of Tax-Exempt Bonds; and

   c) any disposition proceeds resulting from the Deliberate Action (other than those related to the provision of services) are used to pay Debt Service on the Issue on the next available

payment date or, within 90 days of receipt, are deposited into a Yield-restricted escrow to be used to pay Debt Service on the next available payment date.

Under these circumstances, the non-qualified bonds are treated as re-issued as of the date of the Deliberate Action, and must remain qualifying Tax-Exempt Bonds throughout their term.

E. Examples of Deliberate Action.

1. Lease to a Private Person. A Deliberate Action generally occurs if the Issuer (i) leases space within the Project to a Private Person and that use, when added to any other Private Business Use, exceeds 5% or 10%, as applicable, of the Bond-Financed Facilities so that more than 5% or 10%, as applicable, of the Proceeds of the Issue are considered used for a Private Business Use and (ii) receives rent under that lease that, when added to any other Private Security or Payments, exceeds 5% or 10%, as applicable, of the Proceeds.

2. Service Contract. A Deliberate Action generally occurs if (i) (1) the Issuer enters into a "service contract" (defined below) with a Private Person, (2) that Service Contract will be performed (or will be deemed to be performed) within the Project, (3) that Service Contract does not satisfy the requirements set forth in Revenue Procedure 97-13 (or its successor), and (4) that use, when added to any other Private Business Use of the Project, exceeds 5% or 10%, as applicable, of the Proceeds, and (ii) payments received or deemed received with respect to the Project in which the Service Contract is performed, when added to any other Private Security or Payments, exceed 5% or 10%, as applicable, of the Proceeds. A service contract is an arrangement under which services are to be provided by a Private Person involving the use of all or any portion of, or any function of, the Bond-Financed Facilities (for example, management services for an entire facility or a specific department of a facility).

3. Sale of Project. A Deliberate Action generally occurs if the Issuer sells all or more than 5% or 10%, as applicable, of the Bond-Financed Facilities to a Private Person, which results in Private Business Use, and receives commensurate disposition proceeds for that sale.

Attachment C-2
To
Tax Compliance Certificate of Issuer

Pertaining to

PIMA COUNTY, ARIZONA

$50,000,000 GENERAL OBLIGATION BONDS SERIES 2013A	**$38,575,000 GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013B**

INSTRUCTIONS FOR COMPLIANCE WITH REBATE REQUIREMENTS OF SECTION 148(f) OF THE CODE (Governmental Use Bonds)

The Issuer[1] covenanted in the operative documents (*i.e.*, Ordinance/Resolution/ Trust Indenture/Tax Compliance Certificate) to comply with the arbitrage rebate requirement of Section 148(f) of the Code. These Instructions provide guidance for that compliance, including the spending exceptions that free the Issue from all or part of the rebate requirements. Capitalized terms that are not defined in these Rebate Instructions are defined in Attachment A to the Tax Compliance Certificate.

PART I: GENERAL

SECTION 1.01. REBATE GENERALLY.

The Rebate Amount with respect to the Issue must be paid (rebated) to the United States to prevent the bonds of the Issue from being arbitrage bonds, the interest on which is subject to federal income tax. In general, the Rebate Amount is the amount by which the actual earnings on Nonpurpose Investments purchased (or deemed to have been purchased) with Gross Proceeds of the Issue exceed the amount of earnings that would have been received if those Nonpurpose Investments had a Yield equal to the Yield on the Issue.[2] Stated differently, the Rebate Amount for the Issue as of any date is the excess of the Future Value, as of that date, of all Receipts on Nonpurpose Investments over the Future Value, as of that date, of all Payments on Nonpurpose Investments, computed using the Yield on the Issue as the Future Value rate.[3]

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1 For purposes of these Instructions, the term "Issuer" includes the borrower in a conduit financing issue.

2 Amounts earned on the Bona Fide Debt Service Fund for the Issue are not taken into account in determining the Rebate Amount: (1) for any Bond Year in which the gross earnings on such Fund for such Year are less than $100,000; (2) if the average annual Debt Service on the Issue does not exceed $2,500,000; or (3) if none of the obligations of the Issue are Private Activity Bonds, the rates of interest on the Issue do not vary and the average maturity of the Issue is at least five years.

3 The scope of these Instructions does not permit a detailed description of the computation of the Rebate Amount with respect to the Issue. If you need assistance in computing the Rebate Amount on the Issue or

If the Issue is a Fixed Yield Issue, the Yield on the Issue generally is the Yield to maturity, taking into account mandatory redemptions prior to maturity. If the Issue is a Variable Yield Issue, the Yield on the Issue is computed separately for each Yield Period selected by the Issuer.

PART II: EXCEPTIONS TO REBATE

SECTION 2.01. SPENDING EXCEPTIONS.

The rebate requirements with respect to the Issue are deemed to have been satisfied if any one of three spending exceptions (the 6-Month, the 18-Month, or the 2-Year Spending Exception, collectively, the "Spending Exceptions") is satisfied. The Spending Exceptions are each independent exceptions. The Issue need not meet the requirements of any other exception in order to use any one of the three exceptions. For example, a Construction Issue may qualify for the 6-Month Spending Exception or the 18-Month Spending Exception even though the Issuer makes one or more elections under the 2-Year Exception with respect to the Issue.

The following rules apply for purposes of all of the Spending Exceptions except as otherwise noted.

Refunding Issues. The only spending exception available for a Refunding Issue[4] is the 6-Month Spending Exception.

Special Transferred Proceeds Rules. In applying the Spending Exceptions to a Refunding Issue, unspent Proceeds of the Prior Issue that become Transferred Proceeds of the Refunding Issue are ignored. If the Prior Issue satisfies one of the rebate Spending Exceptions, the Proceeds of the Prior Issue that are excepted from rebate under that exception are not subject to rebate either as Proceeds of the Prior Issue or as Transferred Proceeds of the Refunding Issue.

However, if the Prior Issue does not satisfy any of the Spending Exceptions and is not otherwise exempt from rebate, the Transferred Proceeds from the Prior Issue will be subject to rebate, even if the Refunding Issue satisfies the 6-Month Spending Exception. The Rebate Amount will be calculated on the Transferred Proceeds on the basis of the Yield of the Prior Issue up to each transfer date and on the basis of the Yield of the Refunding Issue after each transfer date.

Application of Spending Exceptions to a Multipurpose Issue. If the Issue is a Multipurpose Issue, the Refunding Portion and the New Money Portion are treated for purposes of the rebate Spending Exceptions as separate issues. Thus, the Refunding Portion is eligible to use only the 6-Month Spending Exception. The New Money Portion is eligible to use any of the three Spending Exceptions.

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want Squire Sanders (US) LLP to do the computations, please feel free to contact the Squire Sanders (US) LLP attorney with whom you normally consult to discuss engaging the Firm to provide such assistance.

4 For purposes of these Instructions, references to "Refunding Issue" include the Refunding Portion of a Multipurpose Issue.

Expenditures for Governmental Purposes of the Issue. Each of the spending exceptions requires that expenditures of Gross Proceeds be for the governmental purposes of the Issue. These purposes include payment of interest (but not principal) on the Issue.

SECTION 2.02. 6-MONTH SPENDING EXCEPTION.

The Issue will be treated as satisfying the rebate requirements if all of the Gross Proceeds of the Issue are allocated to expenditures for the governmental purposes of the Issue within the 6-month period beginning on the Issuance Date and the Rebate Amount, if any, with respect to earnings on amounts deposited in a reasonably required reserve or replacement fund or a Bona Fide Debt Service Fund if and to the extent that such Fund is subject to rebate (see footnote 3) is timely paid to the United States. If no bond of the Issue is a Private Activity Bond (other than a Qualified 501(c)(3) Bond) or a tax or revenue anticipation bond, the 6-month period is extended for an additional six months if the unexpended Gross Proceeds of the Issue at the end of the 6-month period do not exceed 5% of the Proceeds of the Issue.

For purposes of the 6-Month Spending Exception, Gross Proceeds required to be spent within six months do not include amounts in a reasonably required reserve or replacement fund for the Issue or in a Bona Fide Debt Service Fund for the Issue.

SECTION 2.03. 18-MONTH SPENDING EXCEPTION.

The Issue (or the New Money Portion if the Issue is a Multipurpose Issue) is treated as satisfying the rebate requirement if the conditions set forth in (A), (B) and (C) are satisfied.

(A) All of the Gross Proceeds of the Issue (excluding amounts in a reasonably required reserve or replacement fund for the Issue or in a Bona Fide Debt Service Fund for the Issue) are allocated to expenditures for the governmental purposes of the Issue in accordance with the following schedule, measured from the Issuance Date:

(1) at least 15% within six months;

(2) at least 60% within 12 months; and

(3) 100% within 18 months, subject to the Reasonable Retainage exception described below.

(B) The Rebate Amount, if any, with respect to earnings on amounts deposited in a reasonably required reserve or replacement fund or in a Bona Fide Debt Service Fund for the Issue, to the extent such Fund is subject to rebate (see footnote 3), is timely paid to the United States.

(C) The Gross Proceeds of the Issue qualify for the initial 3-year Temporary Period.

If the only unspent Gross Proceeds at the end of the 18th month are Reasonable Retainage, the requirement that 100% of the Gross Proceeds be spent by the end of the 18th

month is treated as met if the Reasonable Retainage, and all earnings thereon, are spent for the governmental purposes of the Issue within 30 months of the Issuance Date.

For purposes of determining whether the spend-down requirements have been met as of the end of each of the first two spending periods, the amount of Investment Proceeds that the Issuer reasonably expects as of the Issuance Date to earn on the Sale Proceeds and Investment Proceeds of the Issue during the 18-month period are included in Gross Proceeds of the Issue. The final spend-down requirement includes actual Investment Proceeds for the entire 18 months.

The 18-Month Spending Exception does not apply to the Issue (or the New Money Portion, as applicable) if any portion of the Issue (or New Money Portion) is treated as meeting the rebate requirement under the 2-Year Spending Exception discussed below. This rule prohibits use of the 18-Month Spending Exception for the Nonconstruction Portion of a Bifurcated Issue. The only Spending Exception available for the Nonconstruction Portion of a Bifurcated Issue is the 6-Month Spending Exception.

SECTION 2.04. 2-YEAR SPENDING EXCEPTION FOR CERTAIN CONSTRUCTION ISSUES.

(A) In general. A Construction Issue no bond of which is a Private Activity Bond (other than a Qualified 501(c)(3) Bond or a Bond that finances property to be owned by a Governmental Unit or a 501(c)(3) Organization) is treated as satisfying the rebate requirement if the Available Construction Proceeds of the Issue are allocated to expenditures for the governmental purposes of the Issue in accordance with the following schedule, measured from the Issuance Date:

(1) at least 10% within six months;

(2) at least 45% within one year;

(3) at least 75% within 18 months; and

(4) 100% within two years, subject to the Reasonable Retainage exception described below.

Amounts in a Bona Fide Debt Service Fund or a reasonably required reserve or replacement fund for the Issue are not treated as Gross Proceeds for purposes of the expenditure requirements. However, unless the Issuer has elected otherwise in the Tax Compliance Certificate, earnings on amounts in a reasonably required reserve or replacement fund for the Issue are treated as Available Construction Funds during the 2-year period and therefore must be allocated to expenditures for the governmental purposes of the Issue.

If the Issuer elected in the Tax Compliance Certificate to exclude from Available Construction Proceeds the Investment Proceeds or earnings on a reasonably required reserve or replacement fund for the Issue during the 2-year spend-down period, the Rebate Amount, if any, with respect to such Investment Proceeds or earnings from the Issuance Date must be timely paid to the United States. If the election is not made, the Rebate Amount, if any, with respect to such

Investment Proceeds or earnings after the earlier of the date construction is substantially completed or two years after the Issuance Date must be timely paid to the United States. The Rebate Amount, if any, with respect to earnings on amounts in a Bona Fide Debt Service Fund must be timely paid to the extent such Fund is subject to the rebate requirements (see footnote 3).

The Issue does not fail to satisfy the spending requirement for the fourth spend-down period (*i.e.*, 100% within two years of the Issuance Date) if the only unspent Available Construction Proceeds are amounts for Reasonable Retainage if such amounts (together with all earnings on such amounts) are allocated to expenditures within three years of the Issuance Date.

For purposes of determining whether the spend down requirements have been met as of the end of each of the first three spend-down periods, Available Construction Proceeds include the amount of Investment Proceeds or earnings that the Issuer reasonably expected as of the Issuance Date to earn during the 2-year period unless the Issuer elects, on or before the Issuance Date, to apply these spend-down requirements on the basis of actual facts rather than reasonable expectations. For purposes of satisfying the final spend-down requirement, Available Construction Proceeds include actual Investment Proceeds or earnings from the Issuance Date through the end of the 2-year period.

Available Construction Proceeds do not include Gross Proceeds used to pay Issuance Costs financed by the Issue, but do include earnings on such Proceeds. Thus, an expenditure of Gross Proceeds to pay Issuance Costs does not count toward meeting the spend-down requirements, but expenditures of earnings on such Gross Proceeds to pay Issuance Costs do count.

(B) 1½% penalty in lieu of rebate for Construction Issues. If the Issuer elected in the Tax Compliance Certificate for a Construction Issue, or for the Construction Portion of a Bifurcated Issue, to pay a 1½% penalty in lieu of the Rebate Amount on Available Construction Proceeds in the event that the Construction Issue fails to satisfy any of the spend-down requirements, the 1½% penalty is calculated separately for each spend-down period, including each semiannual period after the end of the fourth spend-down period until all Available Construction Proceeds have been spent. The penalty is equal to 0.015 times the underexpended Proceeds as of the end of the applicable spend-down period. The fact that no arbitrage is in fact earned during such spend-down period is not relevant. The Rebate Amount with respect to Gross Proceeds other than Available Construction Proceeds (*e.g.*, amounts in a reasonably required reserve or replacement fund or in a Bona Fide Debt Service Fund, to the extent subject to rebate (see footnote 3)) must be timely paid.

PART III: COMPUTATION AND PAYMENT

SECTION 3.01. COMPUTATION AND PAYMENT OF REBATE AMOUNT.

If none of the Spending Exceptions described above is satisfied (and if the 1½% penalty election for a Construction Issue or the Construction Portion of a Bifurcated Issue has not been made), then within 45 days after each Computation Date the Issuer shall compute, or cause to be computed, the Rebate Amount as of such Computation Date. The first Computation

Date is a date selected by the Issuer, but shall be not later than five years after the Issuance Date. Each subsequent Computation Date shall end five years after the previous Computation Date except that, in a Variable Yield Issue, the Issuer may select annual Yield Periods. The final Computation Date shall be the date the last obligation of the Issue matures or is finally discharged.

Within 60 days after each Computation Date (except the final Computation Date), the Issuer shall pay to the United States not less than 90% of the Rebate Amount, if any, computed as of such Computation Date. Within 60 days after the final Computation Date, the Issuer shall pay to the United States 100% of the Rebate Amount, if any, computed as of the final Computation Date. In computing the Rebate Amount, a computation credit may be taken into account on the last day of each Bond Year to the Computation Date during which there are unspent Gross Proceeds that are subject to the rebate requirement, and on the final maturity date.

If the operative documents pertaining to the Issue establish a Rebate Fund and require the computation of the Rebate Amount at the end of each Bond Year, the Issuer shall calculate, or cause to be calculated, within 45 days after the end of each Bond Year the Rebate Amount, taking into account the computation credit for each Bond Year. Within 50 days after the end of each Bond Year, if the Rebate Amount is positive, the Issuer shall deposit in the Rebate Fund such amount as will cause the amount on deposit therein to equal the Rebate Amount, and may withdraw any amount on deposit in the Rebate Fund in excess of the Rebate Amount. Payments of the Rebate Amount to the Internal Revenue Service on a Computation Date shall be made first from amounts on deposit in the Rebate Fund and second from other amounts specified in the operative documents.

Each payment of the Rebate Amount or portion thereof shall be payable to the Internal Revenue Service and shall be made to the Internal Revenue Service Center, Ogden, UT 84201 by certified mail. Each payment shall be accompanied by Internal Revenue Service Form 8038-T and any other form or forms required to be submitted with such remittance.

SECTION 3.02. BOOKS AND RECORDS.

(A) The Issuer or Trustee, as applicable, shall keep proper books of record and accounts containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the Gross Proceeds of the Issue. Such records shall specify the account or fund to which each Nonpurpose Investment (or portion thereof) held by the Issuer or Trustee is to be allocated and shall set forth as to each Nonpurpose Investment (1) its purchase price, (2) identifying information, including par amount, interest rate, and payment dates, (3) the amount received at maturity or its sales price, as the case may be, including accrued interest, (4) the amounts and dates of any payments made with respect thereto, and (5) the dates of acquisition and disposition or maturity.

(B) The Issuer, Trustee, or Rebate Analyst, as applicable, shall retain the records of all calculations and payments of the Rebate Amount until three years after the retirement of the last obligation that is a part of the Issue.

SECTION 3.03. FAIR MARKET VALUE.

(A) No Nonpurpose Investment shall be acquired for an amount in excess of its fair market value. No Nonpurpose Investment shall be sold or otherwise disposed of for an amount less than its fair market value.

(B) The fair market value of any Nonpurpose Investment shall be the price at which a willing buyer would purchase the Nonpurpose Investment from a willing seller in an arm's-length transaction. Fair market value generally is determined on the date on which a contract to purchase or sell the Nonpurpose Investment becomes binding (*i.e.*, the trade date rather than the settlement date). Except as otherwise provided in this Section, a Nonpurpose Investment that is not of a type traded on an established securities market (within the meaning of Section 1273 of the Code) is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value.

(C) Obligations purchased directly from the Treasury. The fair market value of a United States Treasury obligation that is purchased directly from the United States Treasury is its purchase price.

(D) Safe harbor for Guaranteed Investment Contracts. The purchase price of a Guaranteed Investment Contract shall be treated as its fair market value on the purchase date if all the following conditions are met.

(1) The Issuer or broker makes a bona fide solicitation for a specified Guaranteed Investment Contract and receives at least three bona fide bids from reasonably competitive providers (of Guaranteed Investment Contracts) that have no material financial interest in the Issue.

(2) The Issuer purchases the highest-yielding Guaranteed Investment Contract for which a qualifying bid is made (determined net of broker's fees).

(3) The Yield on the Guaranteed Investment Contract (determined net of broker's fees) is not less than the Yield then available from the provider on reasonably comparable Guaranteed Investment Contracts, if any, offered to other persons from a source of funds other than Gross Proceeds of Tax-Exempt Obligations.

(4) The determination of the terms of the Guaranteed Investment Contract takes into account as a significant factor the Issuer's reasonably expected drawdown schedule for the amounts to be invested, exclusive of amounts deposited in a Bona Fide Debt Service Fund and a reasonably required reserve or replacement fund.

(5) The terms of the Guaranteed Investment Contract, including collateral security requirements, are reasonable.

(6) The obligor on the Guaranteed Investment Contract certifies the administrative costs that it is paying (or expects to pay) to third parties in connection with the Guaranteed Investment Contract.

(E) Safe harbor for certificates of deposit. The purchase price of a certificate of deposit shall be treated as its fair market value on the purchase date if all of the following requirements are met.

(1) The certificate of deposit has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal.

(2) The Yield on the certificate of deposit is not less than (a) the Yield on reasonably comparable direct obligations of the United States, or (b) the highest Yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

Certificates evidencing the foregoing requirements should be obtained before purchasing any Guaranteed Investment Contract or certificate of deposit.

SECTION 3.04. CONSTRUCTIVE SALE/PURCHASE.

(A) Nonpurpose Investments that are held by the Issuer or Trustee as of any Computation Date (or Bond Year if the computations are required to be done annually) shall be treated for purposes of computing the Rebate Amount as of such date as having been sold for their fair market value as of such date. Investment Property that becomes allocated to Gross Proceeds of the Issue on a date after such Investment Property has actually been purchased shall be treated for purposes of the rebate requirements as having been purchased by the Issuer on such date of allocation at its fair market value on such date.

(B) For purposes of constructive or deemed sales or purchases of Investment Property (other than Investment Property in the Escrow Fund or that is otherwise not invested for a Temporary Period or is not part of a reasonably required reserve or replacement fund for the Issue) must be valued at its fair market value on the date of constructive or deemed sale or purchase.

(C) Except as set forth in (B), fixed-rate Investment Property that is (1) issued with not more than 2% of original issue discount or original issue premium, (2) issued with original issue premium that is attributable exclusively to reasonable underwriters' compensation or (3) acquired with not more than 2% of market discount or market premium may be treated as having a fair market value equal to its outstanding stated principal amount plus accrued interest. Fixed-rate Investment Property also may be treated as having a fair market value equal to its present value.

SECTION 3.05. ADMINISTRATIVE COSTS.

(A) Administrative costs shall not be taken into account in determining the payments for or receipts from a Nonpurpose Investment unless such administrative costs are

Qualified Administrative Costs. Thus, administrative costs or expenses paid, directly or indirectly, to purchase, carry, sell, or retire Nonpurpose Investments generally do not increase the Payments for, or reduce the Receipts from, Nonpurpose Investments.

(B) Qualified Administrative Costs are taken into account in determining the Payments and Receipts on Nonpurpose Investments and thus increase the Payments for, or decrease the Receipts from, Nonpurpose Investments. In the case of a Guaranteed Investment Contract, a broker's commission or similar fee paid on behalf of either the Issuer or the provider is a Qualified Administrative Cost to the extent that (1) the amount of the fee treated as a Qualified Administrative Cost does not exceed the lesser of (a) $37,000, or such higher amount as determined and published by the Internal Revenue Service as the "cost of living adjustment" for the calendar year in which the Guaranteed Investment Contract is acquired and (b) 0.2% of the Computational Base or, if more, $4,000, or such higher amount as determined and published by the Internal Revenue Service as the "cost of living adjustment" for the calendar year in which the Guaranteed Investment Contract is acquired and (2) the aggregate amount of broker's commissions or similar fees with respect to all Guaranteed Investment Contracts and Nonpurpose Investments acquired for a yield-restricted defeasance escrow purchased with Gross Proceeds of the Issue treated as Qualified Administrative Costs does not exceed a cap of $106,000, or such higher amount as determined and published by the Internal Revenue Service as the "cost-of-living adjustment" for the calendar year in which the Guaranteed Investment Contract is acquired less the portion of such cap, if any, used in prior years with respect to the Issue.

PART IV: COMPLIANCE AND AMENDMENT

SECTION 4.01. COMPLIANCE.

The Issuer, Trustee or Rebate Analyst, as applicable, shall take all necessary steps to comply with the requirements of these Instructions in order to ensure that interest on the Issue is excluded from gross income for federal income tax purposes under Section 103(a) of the Code. However, compliance shall not be required in the event and to the extent stated therein the Issuer and the Trustee receive a Bond Counsel's Opinion that either (A) compliance with such requirement is not required to maintain the exclusion from gross income for federal income tax purposes of interest on the Issue or (B) compliance with some other requirement in lieu of such requirement will comply with Section 148(f) of the Code, in which case compliance with the other requirement specified in the Bond Counsel's Opinion shall constitute compliance with such requirement.

SECTION 4.02. LIABILITY.

If for any reason any requirement of these Instructions is not complied with, the Issuer and the Trustee, if applicable, shall take all necessary and desirable steps to correct such noncompliance within a reasonable period of time after such noncompliance is discovered or should have been discovered with the exercise of reasonable diligence. The Trustee shall have no duty or responsibility to independently verify any of the Issuer's, or the Rebate Analyst's, calculations with respect to the payments of the Rebate Amount due and owing to the United States. Under no circumstances whatsoever shall the Trustee be liable to the Issuer, any bondholder or any other person for any inclusion of the interest on the Issue in gross income for

federal income tax purposes, or any claims, demands, damages, liabilities, losses, costs or expenses resulting therefrom or in any way connected therewith, so long as the Trustee acts only in accordance with these Instructions and the operative documents pertaining to the Issue.

(End of Attachment C-2)

Attachment D
To
Tax Compliance Certificate of Issuer

Pertaining to

PIMA COUNTY, ARIZONA

$50,000,000
GENERAL OBLIGATION BONDS
SERIES 2013A

$38,575,000
GENERAL OBLIGATION REFUNDING
BONDS, SERIES 2013B

VERIFICATION REPORT

(See Tab No. 9)

Attachment E
To
Tax Compliance Certificate of Issuer

Pertaining to

PIMA COUNTY, ARIZONA

$50,000,000	**$38,575,000**
GENERAL OBLIGATION BONDS	**GENERAL OBLIGATION REFUNDING BONDS**
SERIES 2013A	**SERIES 2013B**

CERTIFICATE OF BIDDING AGENT
REGARDING INVESTMENTS FOR YIELD
RESTRICTED DEFEASANCE ESCROW

The undersigned is an officer of RBC Capital Markets ("Bidding Agent") and is authorized to execute and deliver this Certificate of the Bidding Agent in connection with the issuance by Pima County, Arizona ("Issuer") of its General Obligation Bonds, Series 2013A and General Obligation Refunding Bonds, Series 2013B ("Issue"). (Capitalized terms used but not defined in this Certificate have the meaning set forth in the Issuer's Tax Compliance Certificate or in Attachment A to that Certificate.) The Bidding Agent hereby certifies as follows:

(1) The Bidding Agent made a bona fide solicitation for the purchase of open market United States Treasury securities (collectively, the "Securities") to be purchased with certain proceeds of the Issue that satisfies all of the following requirements:

(a) the bid specifications ("Bid Specifications"), a copy of which is attached hereto as Exhibit 1, are in writing and were timely forwarded to at least three different reasonably competitive providers (*i.e.*, providers that have an established industry reputation as a competitive provider of investments such as the Securities);

(b) the Bid Specifications include all material terms of the bid (*i.e.*, all terms that may directly or indirectly affect the Yield or the cost of the Securities);

(c) the Bid Specifications include a statement notifying potential providers that submission of a bid is a representation and certification that (i) the potential provider did not consult with any other potential provider about its bid, (ii) its bid was determined without regard to any other formal or informal agreement that the potential provider has with the Issuer or any other person (whether or not in connection with the Issue), and (iii) the bid is not being submitted solely as a courtesy to the Issuer or any other person for purposes of satisfying the safe harbor bidding requirements set forth in Treasury Regulations § 1.148-5(d)(6)(iii)(B)(1) and (2);

(d) the terms of the Bid Specifications are commercially reasonable (*i.e.*, there is a legitimate business purpose for each term other than to increase the purchase price or reduce the Yield of the Securities); and

(e) all potential providers had an equal opportunity to bid and no potential provider was given the opportunity to review other bids (*i.e.*, a last look) before providing a bid.

(2) Pursuant to the solicitation described in paragraph (1), the Bidding Agent received bona fide bids from at least three different providers of Securities that have no material financial interest in the Issue (*e.g.*, as the lead underwriter for the Issue, financial advisor for the Issuer, etc.) and that are not a Related Party to a person having a material financial interest in the Issue. A copy of each bid received is attached as Exhibit 2. At least one of the bids received is from a reasonably competitive provider described in paragraph (1)(a). Attached as Exhibit 3 is a complete summary of all of the bids received, showing the name of each bidder, the time and date of each bid, and the bid results.

(3) The Bidding Agent did not bid to provide the Securities.

(4) The winning bid was submitted by Credit Suisse Securities (USA) LLC ("Provider") and is the lowest cost bona fide bid received for the Securities, taking into account the Fee described in paragraph (5). The terms for the purchase of the Securities do not deviate from the Bid Specification or from the bid submitted by the Provider and, in the Bidding Agent's judgment, none of the conditions to which the Provider's bid is subject caused the yield that was bid by the Provider to differ from the yield that Provider otherwise would have bid.

(5) The Provider is paying a fee of $12,500.00 ("Fee") on the date hereof to the Bidding Agent for its services in connection with the purchase of the Securities. The Fee does not exceed the lesser of (a) $37,000 or (b) the greater of (i) $4,000 or (ii) 0.2% of the amount initially invested in the Securities. No portion of the Fee has been or will be paid to the Issuer, Underwriter for the Issue, financial advisor to the Issuer, or any other person.

(6) To the best of Bidding Agent's knowledge, no payments have been or will be made by or on behalf of Provider, other than as set forth in paragraph (5) and the usual and customary fees of the Provider's legal counsel incurred in connection with the sale of the Securities pursuant to the solicitation described in paragraph (1).

The signer 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 by Squire Sanders (US) LLP, as bond counsel, in rendering certain of its opinions in connection with the issuance of the Issue.

Dated: June 5, 2013.

RBC CAPITAL MARKETS

By: _____

Title: Managing Director

Attachment F
to Tax Compliance Certificate of Issuer

Pertaining to

PIMA COUNTY, ARIZONA

$50,000,000	$38,575,000
GENERAL OBLIGATION BONDS	GENERAL OBLIGATION REFUNDING BONDS
SERIES 2013A	SERIES 2013B

Dated: June 5, 2013

Provider's Certificate

CERTIFICATE OF CREDIT SUISSE SECURITIES LLC
FOR ESCROW SECURITIES SALE

CREDIT SUISSE SECURITIES (USA) LLC (the *"Provider"*), in connection with the sale of certain securities (the *"Escrow Securities"*) to Pima County, Arizona (the *"Issuer"*), relating to the Issuer's General Obligation Refunding Bonds, Series 2013B (the *"Bonds"*), hereby certifies as follows:

(a) The Provider had sufficient time to formulate its bid and received all material terms necessary to formulate its bid in a timely manner.

(b) The Provider did not have the opportunity to review competitors' bids prior to finalizing its bid.

(c) The Provider did not consult with any other potential seller of the Escrow Securities about its bid.

(d) The Provider's bid was determined without regard to any formal or informal agreement that the Provider has or had with the Issuer or any other person (whether or not in connection with the Bonds).

(e) The Provider's bid was not submitted solely as a courtesy to the Issuer, RBC Capital Markets (the *"Bidding Agent"*) or any other person for the purposes of satisfying the requirement to obtain a minimum number of bids of any type or from any class of bidders.

(f) The Provider will pay a fee of $12,500.00 to the Bidding Agent, in connection with the sale of the Escrow Securities; The Bidding Agent is unrelated to the Provider. The Provider is paying no brokerage commissions to other third parties in connection with the sale of the Escrow Securities.

(g) Except as may be described in the previous paragraph and normal and customary fees of its legal counsel, the Provider is neither paying nor expects to pay any administrative costs (including costs or expenses paid directly or indirectly to purchase, carry, sell or retire investments) to or for the benefit of the Issuer, the Bidding Agent or any other person known by the Provider to be involved in the sale or issuance of the Bonds.

(h) The Provider is providing the services described in this certificate as an arm's length counterparty and not as an advisor or fiduciary to the Issuer. In connection with the provision of any such services, there is no agreement, direct or indirect, between the Issuer (including the officials, management, employees or agents thereof) and the Provider for the Provider to provide advice to the Issuer. The Issuer should consult with its financial, accounting and legal advisors regarding any such services provided by the Provider. In addition, the Provider is not acting for direct or indirect compensation to

solicit the Issuer on behalf of an unaffiliated bidding agent, dealer, municipal securities dealer, municipal advisor, or investment adviser for the purpose of obtaining or retaining an engagement by the Issuer for or in connection with Municipal Financial Products, the issuance of municipal securities, or of an investment adviser to provide investment advisory services to or on behalf of Issuer.

The Provider understands that Bond Counsel will rely upon this certificate, among other things, in reaching its conclusion that the Bonds do not constitute "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

IN WITNESS WHEREOF, Credit Suisse Securities (USA) LLC has signed this certificate on June 5th, 2013.

CREDIT SUISSE SECURITIES (USA) LLC

By

Name: CHRIS PATRONIS

Title: DIRECTOR

PIMA COUNTY, ARIZONA

$50,000,000	**$38,575,000**
GENERAL OBLIGATION BONDS	**GENERAL OBLIGATION REFUNDING BONDS**
SERIES 2013A	**SERIES 2013B**

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 June 1, 2013 (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 June 1, 2013 (the "Bond Registrar and Paying Agent Agreement"), between the County and the Bank, entered into in connection with the issuance by the County of its $50,000,000 aggregate principal amount of General Obligation Bonds, Series 2013A and $38,575,000 aggregate principal amount of General Obligation Refunding Bonds, Series 2013B (collectively, 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 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
Keith Henselen	Assistant 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: June 5, 2013.

U.S. BANK NATIONAL ASSOCIATION

By: _____
Its: AVP

[Signature page of Certificate of Depository Trustee, Registrar and Paying Agent]

EXHIBIT A

ASSISTANT SECRETARY'S CERTIFICATE AS TO SIGNATURE AUTHORITY

U.S. BANK NATIONAL ASSOCIATION
ASSISTANT SECRETARY CERTIFICATE

I, Melissa S. Larson, an Assistant Secretary of U.S. Bank National Association, hereby certify that the following is a true and exact extract from the Bylaws of U.S. Bank National Association, a national banking association organized under the laws of the United States.

ARTICLE VI.
CONVEYANCES, CONTRACTS, ETC.

All transfers and conveyances of real estate, mortgages, and transfers, endorsements or assignments of stock, bonds, notes, debentures or other negotiable instruments, securities or personal property shall be signed by any elected or appointed officer.

All checks, drafts, certificates of deposit and all funds of the Association held in its own or in a fiduciary capacity may be paid out by an order, draft or check bearing the manual or facsimile signature of any elected or appointed officer of the Association.

All mortgage satisfactions, releases, all types of loan agreements, all routine transactional documents of the Association, and all other instruments not specifically provided for, whether to be executed in a fiduciary capacity or otherwise, may be signed on behalf of the Association by any elected or appointed officer thereof.

The Secretary or any Assistant Secretary of the Association or other proper officer may execute and certify that required action or authority has been given or has taken place by resolution of the Board under this Bylaw without the necessity of further action by the Board.

I further certify the following officers of U.S. Bank National Association have been duly appointed and qualified officers of the Association authorized to act under Article VI of the Bylaws of the Association and that such authority is in full force and effect as of the date hereof and have not been modified, amended or revoked.

Mary J. Ambriz-Reyes	Vice President	Michelle A. Knutson	Trust Officer
Robert L. Von Hess	Vice President	Linda Y. Riley	Trust Officer
Keith N. Henselen	Asst.Vice President		

IN WITNESS WHEREOF, I have set my hand this 30th day of January, 2013.

(No corporate seal)

Melissa S. Larson, Assistant Secretary

S:\affidavit\sec-certs\ Reyes-Riley

PIMA COUNTY, ARIZONA

$50,000,000 **GENERAL OBLIGATION BONDS** **SERIES 2013A**	**$38,575,000** **GENERAL OBLIGATION REFUNDING BONDS** **SERIES 2013B**

CERTIFICATE OF COUNTY ASSESSOR

I, the undersigned, hereby certify that the total secondary assessed valuation of all the taxable property within Pima County, Arizona, derived by applying the applicable percentages specified in Title 42, Chapter 15, Article 1, Arizona Revised Statues, to the full cash value of the property, as shown on the most recent assessment roll for State and County taxes as of the third Monday in August, 2012 (which value shall not include the in-lieu value of the Salt River Project or the property of other tax-exempt entities), is $8,171,211,922.

Dated: May 31, 2013

PIMA COUNTY ASSESSOR

By:_____
Bill Staples

PIMA COUNTY, ARIZONA

$50,000,000	**$38,575,000**
GENERAL OBLIGATION BONDS	**GENERAL OBLIGATION REFUNDING BONDS**
SERIES 2013A	**SERIES 2013B**

CERTIFICATE OF DIRECTOR OF FINANCE AND RISK MANAGEMENT

The undersigned Director of Finance and Risk Management of Pima County, Arizona (the "County"), does hereby certify or direct, as applicable, as follows with respect to the issuance of the County's $50,000,000 aggregate principal amount of General Obligation Bonds, Series 2013A (the "2013A Bonds") and $38,575,000 aggregate principal amount of General Obligation Refunding Bonds, Series 2013B (the "2013B Bonds" and, together with the 2013A Bonds, the "Bonds"), authorized by Resolution No. 2013-31, adopted by the Board of Supervisors of the County on May 7, 2013 (the "Bond Resolution"), with respect to the application of proceeds of the Bonds pursuant to Sections 5 and 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 in the amount of $2,116,668.03 (representing $2,115,529.15 of premium received from the sale of the 2013A Bonds and $1,138.88 of premium received from the sale of the 2013B Bonds) shall be deposited in the Interest Account.

2. $41,733,008.07 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, (a) $41,511,723.07 (representing $38,575,000.00 principal amount and $2,936,723.07 of premium received with respect to the 2013B Bonds) to the payment and redemption of the Bonds to be Refunded, and (b) $221,285.00 (representing $68,000.00 of principal amount of the 2013A Bonds, $54,022.00 of premium received with respect to the 2013A Bonds and $99,263.00 of premium received with respect to the 2013B Bonds) to pay costs associated with the issuance of the Bonds, subject to the reserved right of the County to modify such determination as permitted by law).

3. The balance of the proceeds received from the sale of the Bonds, $49,932,000.00 (representing $50,000,000.00 principal amount of the 2013A Bonds less $68,000.00 reserved to pay costs associated with the issuance of the 2013A Bonds) shall be set aside and used for the purposes and amounts shown on Exhibit A attached hereto, subject to the reserved right of the County under Arizona Revised Statutes Section 35-456 to modify this determination).

[Remainder of page left blank intentionally]

Dated: June 5, 2013

PIMA COUNTY, ARIZONA

By: _____
Thomas Burke
Finance and Risk Management Director

[Signature page of Certificate of Director of Finance and Risk Management]

EXHIBIT A

Election	Ballot Question and Purpose	Amount
1997	Question 2: Public Safety, Law Enforcement and Superior Courts	$
	Question 3: Parks	605,000
	Question 4: Sonoran Desert Open Space and Historic Preservation	60,667
	Question 5: Public Health, Safety, Recreational and Cultural Facilities	792,703
	Question 6: Flood Control Improvements	
	Question 7: Solid Waste Improvements	1,287,905
	Total 1997 Purposes:	**2,746,275**
2004	Question 1: Sonoran Desert Open Space and Habitat Protection; Prevention of Urban Encroachment of Davis Monthan Air Force Base	4,722,326
	Question 2: Public Health and Community Facilities	4,727,274
	Question 3: Pubic Safety and Justice Facilities	24,384,294
	Question 4: Parks and Recreational Facilities	6,483,615
	Question 5: River Parks and Flood Control Improvements	4,871,468
	Total 2004 Purposes:	**45,188,977**
2006	Question 3: Psychiatric Urgent Care Facilities	
	Question 4: Psychiatric Inpatient Hospital Facilities	2,064,748
	Total 2006 Purposes:	**2,064,748**
	Total:	**$50,000,000**

PIMA COUNTY, ARIZONA

$50,000,000	**$38,575,000**
GENERAL OBLIGATION BONDS	**GENERAL OBLIGATION REFUNDING BONDS**
SERIES 2013A	**SERIES 2013B**

CERTIFICATE OF THE COUNTY RESPONSIVE TO THE BOND PURCHASE AGREEMENT

Responsive to the Bond Purchase Agreement, dated May 21, 2013 (the "Purchase Contract"), between Pima County, Arizona (the "Issuer") and RBC Capital Markets, LLC (the "Underwriter"), the undersigned certifies as follows to the best of his knowledge. Capitalized terms used herein which are not otherwise defined herein shall have the meaning set forth in the Purchase Contract.

1. The representations and warranties of the Issuer contained in the Purchase Contract are true and correct in all material respects on and as of the date hereof as if made on the date hereof;

2. No litigation or proceeding against the Issuer is pending or threatened in any court or administrative body nor is there a basis for litigation which would (a) contest the right of the members or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Bonds or the Issuer Documents or (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and levying, assessing and collecting the property taxes from which the Bonds are payable pursuant to the Bond Resolution, nor is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Issuer Documents or have a material, adverse effect on the financial condition of the Issuer;

3. The Bond Resolution has been duly adopted by the Issuer, are in full force and effect and have not been modified, amended or repealed;

4. The financial statements of the Issuer included in the Official Statement were true, correct and complete as of June 30, 2012, and are true, correct and complete as of the date hereof, and any other financial statements and statistical data included in the Official Statement are true and correct as of the date hereof;

5. Subsequent to June 30, 2012, the Issuer has not incurred any material liabilities, direct or contingent, nor has there been any material adverse change in the financial position, results of operations or condition, financial or otherwise, of the Issuer that are not described in the Official Statement, whether or not arising from transactions in the ordinary course of business; and

6. No event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any respect as of the date hereof, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date hereof does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading in any material respect.

[Remainder of page left blank intentionally]

Dated: June 5, 2013

PIMA COUNTY, ARIZONA

By: _____
Thomas Burke
Finance and Risk Management Director

[Signature page of Certificate of the County Responsive to the Bond Purchase Agreement]

PIMA COUNTY, ARIZONA

$50,000,000	**$38,575,000**
GENERAL OBLIGATION BONDS	**GENERAL OBLIGATION REFUNDING BONDS**
SERIES 2013A	**SERIES 2013B**

COUNTY TREASURER'S RECEIPT FOR BOND PROCEEDS

I, the undersigned, hereby certify that I am the duly elected and acting Treasurer of Pima County, Arizona (the "County"), and that in connection with the sale and delivery by the County of its $50,000,000 aggregate principal amount of General Obligation Bonds, Series 2013A (the "2013A Bonds") and $38,575,000 aggregate principal amount of General Obligation Refunding Bonds, Series 2013B (the "2013B Bonds" and, together with the 2013A Bonds, the "Bonds"), issued pursuant to Resolution No. 2013-31, passed, adopted and approved by the Board of Supervisors of the County on May 7, 2013 (the "Bond Resolution"), authorizing and providing for the issuance and ordering the sale of the Bonds, the undersigned has received from RBC Capital Markets, LLC (the "Underwriter"), the sum of $52,048,668.03, representing a portion of the total purchase price of the Bonds, as follows:

(i) $93,781,676.10 (representing an aggregate principal amount of the Bonds of $88,575,000.00 plus original issue premium of $5,791,271.10, less an underwriting discount of $584,595.00) received from the Underwriter on the date hereof;

<u>less</u>

(ii) $41,733,008.07 paid by the Underwriter directly to U.S. Bank National Association, as Depository Trustee under a Depository Trust Agreement, dated as of June 1, 2013 (the "Depository Trust Agreement"), between the County and such Depository Trustee, which amount represents the following:

(a) $41,511,723.07 from the par amount and a portion of the premium of the 2013B Bonds to refund the Bonds to be Refunded pursuant to the Depository Trust Agreement; and

(b) $68,000.00 from the par amount of the 2013A Bonds to pay a portion of the costs of issuance for the 2013A Bonds; and

(c) $54,022.00 from the premium of the 2013A Bonds to pay a portion of the costs of issuance for the 2013A Bonds; and

(d) $99,263.00 from the premium of the 2013B Bonds to pay a portion of the costs of issuance for the 2013B Bonds.

I do further certify that the proceeds from the sale of the Bonds received by the undersigned have been apportioned and applied in the following manner.

(a) $49,932,000.00 will be set aside in the account established by the Bond Resolution for such proceeds of the 2013A Bonds to be used for projects to be financed with such proceeds;

(b) $2,115,529.15 from the proceeds of the 2013A Bonds will be deposited into the Interest Account of the Debt Service Fund established by the Bond Resolution; and

(c) $1,138.88 from the proceeds of the 2013B Bonds will be deposited into the Interest Account of the Debt Service Fund established by the Bond Resolution.

The undersigned approves and ratifies her facsimile countersignature appearing on the 2013B Bonds.

Dated: June 5, 2013

PIMA COUNTY, ARIZONA

Beth Ford, County Treasurer

By: Beth Ford

[Signature page of County Treasurer's Receipt for Bond Proceeds]

PIMA COUNTY, ARIZONA

$50,000,000	**$38,575,000**
GENERAL OBLIGATION BONDS	**GENERAL OBLIGATION REFUNDING BONDS**
SERIES 2013A	**SERIES 2013B**

RECEIPT OF DEPOSITORY TRUSTEE FOR FUNDS AND SECURITIES

U.S. Bank National Association, as depository trustee (the "Depository Trustee") pursuant to a Depository Trust Agreement, dated as of June 1, 2013 (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 by the County of its $50,000,000 aggregate principal amount of General Obligation Bonds, Series 2013A and $38,575,000 aggregate principal amount of General Obligation Refunding Bonds, Series 2013B (collectively, the "Bonds"), 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 $343.45, and (c) purchase the Acquired Obligations (as defined in the Depository Trust Agreement).

[Remainder of page left blank intentionally]

Dated: June 5, 2013

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name: Keith Henselen
Its: Assistant Vice President

[Signature page of Receipt of Depository Trustee for Funds and Securities]

PIMA COUNTY, ARIZONA

$50,000,000 **GENERAL OBLIGATION BONDS** **SERIES 2013A**	**$38,575,000** **GENERAL OBLIGATION REFUNDING BONDS** **SERIES 2013B**

UNDERWRITER'S RECEIPT FOR BONDS

Receipt of the Pima County, Arizona General Obligation Bonds, Series 2013A in the aggregate principal amount of $50,000,000 and General Obligation Refunding Bonds, Series 2013B in aggregate principal amount of $38,575,000 (collectively, the "Bonds"), is hereby acknowledged as of the date hereof on behalf of the undersigned, RBC Capital Markets, LLC, as underwriter of the Bonds.

The Bonds are dated June 5, 2013, are in denominations of $5,000 or integral multiples thereof, mature in the years, and bear interest at the rate per annum from the date of the Bonds to the maturity of each Bond as set forth on the inside cover page of the Official Statement, dated as of May 21, 2013, relating to the Bonds.

Dated: June 5, 2013

RBC CAPITAL MARKETS, LLC

By: _____
Name: Kurt Freund
Its: Managing Director

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
squiresanders.com

June 5, 2013

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 $50,000,000 aggregate principal amount of bonds designated the Pima County, Arizona, General Obligation Bonds, Series 2013A (the "Improvement Bonds") and its $38,575,000 aggregate principal amount of bonds designated the Pima County, Arizona, General Obligation Refunding Bonds, Series 2013B (the "Refunding Bonds" and, together the Improvement Bonds, the "Bonds"). The Bonds are issued pursuant to Title 35, Chapter 3, Articles 3 and 4 of the Arizona Revised Statutes, and under the provisions of an authorizing resolution adopted by the Board of Supervisors of the County on May 7, 2013 (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 proceeding relating to the issuance of the Bonds, copy of the signed and authenticated Improvement Bond of the first maturity, copy of the signed and authenticated Refunding Bond of the first maturity, and such other documents, matters and law as we deem necessary to render the opinion set forth in this letter.

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

1. The Bonds constitute valid and legal general obligations of the County, and the principal of and interest on the Bonds, unless paid from other sources, are to be paid from the proceeds of the levy of ad valorem taxes on all property subject to ad valorem taxes levied by the County, without limitation as to rate or amount to pay the principal and interest on the Improvement Bonds, and without limitation as to rate but limited to an amount not greater than the amount of ad valorem taxes that would have been levied to pay the bonds being refunded with proceeds of the sale of the Refunding Bonds (the "Bonds Being Refunded"), which funds are irrevocably pledged for the payment of principal of and interest on the Refunding Bonds when and as the same fall due, subject to the rights of the owners of the Bonds Being Refunded to payment of the Bonds Being Refunded from the same tax source in the event of a deficiency

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in the moneys and obligations issued by or guaranteed by the United State of America which will be purchased from the proceeds of the sale of the Refunding Bonds and other moneys available therefor and placed in trust for the purpose of making all payments when due on the Bonds Being Refunded. It is required by law that there be levied, assessed and collected, in the same manner as other taxes of the County, an annual tax upon such taxable property in the County sufficient to pay the principal of and interest on the Bonds when due.

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

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

In 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 opinion 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

SQUIRE SANDERS

Squire Sanders (US) LLP
CityScape, Suite 2700
1 East Washington Street
Phoenix, Arizona 85004

O +1 602 528 4000
F +1 603 253 8129
squiresanders.com

June 5, 2013

To: Pima County, Arizona
Tucson, Arizona

RBC Capital Markets, LLC
Phoenix, Arizona

We have served as bond counsel to our client Pima County, Arizona (the "Issuer") and not as counsel to any other person in connection with the issuance by the Issuer of its $50,000,000 aggregate principal amount of General Obligation Bonds, Series 2013A and $38,575,000 aggregate principal amount of General Obligation Refunding Bonds, Series 2013B (collectively, the "Bonds"), dated the date of this letter.

We have rendered on this date our legal opinion as bond counsel concerning the Bonds (the "Legal Opinion"). This Supplemental Opinion is rendered pursuant to Section 6(i)(5) of the Bond Purchase Agreement, dated May 21, 2013 (the "Purchase Agreement"), between the Issuer and the Underwriter therein named. Capitalized terms not otherwise defined in this letter are used as defined in the Purchase Agreement. In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Bonds, the Bond Resolution, the Depository Trust Agreement, the Bond Registrar and Paying Agent Agreement, the Undertaking (the Depository Trust Agreement, the Purchase Agreement, the Bond Registrar and Paying Agent Agreement and the Undertaking are hereinafter referred to as the "Issuer Documents") and such other documents, matters and law as we deem necessary to render the opinions and advice set forth in this letter.

The Underwriter may rely upon the Legal Opinion as if it were addressed to the Underwriter.

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

1. The Issuer is duly organized and validly existing as a political subdivision under the laws of the State with powers specifically required for the purpose of the Purchase Agreement, specifically the Act, and has a full legal right, power and authority under the Act to adopt the Bond Resolution and under the Act and the Bond Resolution (a) to enter into, execute and deliver the Issuer Documents and all

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documents required thereunder to be executed and delivered by the Issuer, (b) to sell, issue and deliver the Bonds to the Underwriter as provided in the Purchase Agreement and (c) to carry out and consummate the transactions contemplated by the Issuer Documents and the Official Statement, and the Issuer has complied in all respects with the terms of the Act.

2. By all necessary official action of the Issuer, the Issuer has duly authorized all necessary action to be taken by it for (a) the adoption of the Bond Resolution and the issuance and sale of the Bonds, (b) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part contained in, the Bonds and the Issuer Documents, and (c) the consummation by it of all other transactions contemplated by the Official Statement and the Issuer Documents.

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

4. The Issuer Documents have been duly authorized, executed and delivered by the Issuer, and constitute legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms subject to the qualification that the enforcement thereof may be limited by laws relating to bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights and except that the availability of equitable remedies is subject to the discretion of the court before which any proceedings may be brought.

5. The distribution of the Preliminary Official Statement and the Official Statement has been duly authorized by the Issuer.

6. All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization, execution and delivery of, or the performance by the Issuer of its obligations under, the Bonds or the Issuer Documents have been obtained.

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

8. The information in the tax caption on the front cover page of, under the captions "THE BONDS" (other than the information relating to DTC and its book-entry system, as to which we express no view), "PLAN OF FINANCE," "TAX

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

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

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

This letter is furnished to the Underwriter solely for its benefit in its capacity as Underwriter in connection with the original issuance of the Bonds and may not be relied upon for any other purpose or by any other person, including the holders, owners or beneficial owners of the Bonds. The opinions and advice in this letter are stated only as of this date, and no other opinion or advice shall be implied or inferred as a result of anything contained in or omitted from this letter. Our engagement as bond counsel with respect to the Bonds has concluded on this date.

Respectfully submitted,

Squire Sanders (US) LLP

OFFICE OF THE
Pima County Attorney
Civil Division
32 N. STONE
SUITE 2100
Tucson, Arizona 85701-1412
(520) 740-5750
FAX (520) 620-6556

Barbara LaWall
PIMA COUNTY ATTORNEY

June 5, 2013

RBC Capital Markets, LLC
Phoenix, Arizona

U.S. Bank National Association, as Registrar and Paying Agent
Phoenix, Arizona

Squire Sanders (US) LLP
Phoenix, Arizona

This opinion is rendered pursuant to Section 6(i)(7) of the Bond Purchase Agreement, dated May 21, 2013 (the "Bond Purchase Agreement"), between Pima County, Arizona (the "Issuer") and RBC Capital Markets, LLC, as underwriter, and is given in connection with the issuance by the Issuer of its $50,000,000 aggregate principal amount of General Obligation Bonds, Series 2013A and $38,575,000 aggregate principal amount of General Obligation Refunding Bonds, Series 2013B (the "Bonds"). Capitalized terms used herein which are not otherwise defined herein shall have the meaning set forth in the Purchase Contract.

Pursuant to existing laws, regulations and rulings, it is my opinion that:

1. The Issuer is duly organized and validly existing as a political subdivision pursuant to the laws of the State of Arizona.

2. Except as disclosed in the Official Statement, to the best of my knowledge, there is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or affecting the corporate existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale issuance or delivery of the Bonds or the levying, assessment and collection of the property taxes securing the payment of principal of and interest on, the Bonds pursuant to the Bond Resolution or in any way contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents, or contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes or State income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Bond Resolution or the execution and delivery of the Issuer Documents, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Issuer Documents or have a material, adverse effect on the financial condition of the Issuer.

3. The adoption of the Bond Resolution and the execution and delivery of the Issuer Documents and compliance by the Issuer with the provisions thereof, under the circumstances contemplated therein, will not conflict with or constitute on the part of the Issuer a material breach of or a default under any agreement or instrument to which the Issuer is a party, or violate any existing law, administrative regulation, court order, or consent decree to which the Issuer is subject.

4. The information contained in the Official Statement under the caption "LITIGATION" is true and correct in all material respects.

5. Based solely on my examination and participation at conferences at which the Preliminary Official Statement and the Official Statement were discussed and except as described in paragraph 4 above, I have no reason to believe that the Official Statement as of its date and as of the date hereof contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect (except for any financial forecast, technical and statistical data included in the Official Statement, as to which no view is expressed).

Very truly yours,

Regina Nassen

Regina L. Nassen
Deputy County Attorney

GT GreenbergTraurig

June 5, 2013

RBC Capital Markets, LLC
2398 East Camelback Road, Suite 700
Phoenix, Arizona 85016

Re: Pima County, Arizona General Obligation Bonds, Series 2013A and General Obligation Refunding Bonds, Series 2013B

We have acted as counsel for you in connection with the purchase by you of the captioned Bonds (the "Bonds"). As your counsel, we have examined the Official Statement, dated May 21, 2013 (the "Official Statement"), relating to the Bonds as well as the Bond Resolution (as such term is defined in the Official Statement) and the Depository Trust Agreement described in the Bond Resolution. In addition, we have examined such matters of law and originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate for the purposes of the opinions rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and other documents.

Based on the examination described above, we are of the opinion that, under the law existing on the date of this opinion the Bonds are exempt securities under the federal Securities Act of 1933, as amended (the "1933 Act"), and the Trust Indenture Act of 1939, as amended (the "1939 Act"), and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act or to qualify the Bond Resolution or the Depository Trust Agreement under the 1939 Act.

Based upon our participation in the preparation of the Official Statement as your counsel, our participation at conferences at which the Official Statement was discussed and the examination described hereinabove, but without having undertaken to determine independently the accuracy, completeness

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or fairness of the statements contained in the Official Statement and except as otherwise indicated herein, we have no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect (except for any financial, forecast, technical and statistical statements and data included in the Official Statement and the information in Appendices "E" and "F" to, or regarding The Depository Trust Company, New York, New York, in, the Official Statement, as to which we express no view.

This opinion is furnished by us as your counsel in connection with the issuance and delivery of the Bonds and is intended solely for your benefit.

Respectfully submitted,

Greenberg Traurig, LLP

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 06/05/2013
8 Name of issue General Obligation Bonds, Series 2013A and General Obligation Refunding Bonds, Series 2013B	9 CUSIP number 721663 XK3
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		
14	Public safety	14		
15	Environment (including sewage bonds)	15		
16	Housing	16		
17	Utilities	17		
18	Other. Describe ▶ Various capital improvement projects	18	94,366,271	10
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	07/01/2028	$ 94,366,271.10	$ 88,575,000.00	6.8652 years	2.0236 %

Part IV **Uses of Proceeds of Bond Issue (including underwriters' discount)**

22	Proceeds used for accrued interest			22	0	00
23	Issue price of entire issue (enter amount from line 21, column (b))			23	94,366,271	10
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	805,880 00			
25	Proceeds used for credit enhancement	25	0 00			
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0 00			
27	Proceeds used to currently refund prior issues	27	0 00			
28	Proceeds used to advance refund prior issues	28	41,511,723 07			
29	Total (add lines 24 through 28)			29	42,249,603	07
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	52,048,668	03

Part V **Description of Refunded Bonds.** Complete this part only for refunding bonds.

31	Enter the remaining weighted average maturity of the bonds to be currently refunded ▶	N/A years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	4.6555 years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) ▶	07/01/2015
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	06/24/2004 05/26/2005

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 63773S Form **8038-G** (Rev. 9-2011)

#649786

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	0	00
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a	0	00
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		N/A

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: June 5, 2013 — ▶ 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
Robert J. Eidnier		June 5, 2013		P01064240

Firm's name ▶	Squire Sanders (US) LLP	Firm's EIN ▶	34-0648199
Firm's address ▶	127 Public Square, Cleveland, OH 454114	Phone no.	216 479-8676

SQUIRE SANDERS

SQUIRE SANDERS (US) LLP
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Timothy E. Pickrell, Partner
Telephone: 602 528 4031
timothy.pickrell@squiresanders.com

June 12, 2013

Via Certified Mail

Department of the Treasury
Internal Revenue Service Center
Ogden, Utah 84201

Re: Pima County, Arizona
$50,000,000 General Obligation Bonds, Series 2013A
$38,575,000 General Obligation Refunding Bonds, Series 2013B

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:me
Enclosure
Certified 7012 140 0000 4506 5050

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CERTIFICATE OF MAILING

I hereby certify and declare that I deposited in the United States mail, postage prepaid, certified mail, return receipt requested (Certified Number 7002 1640 0000 4506 5050), the Form 8038-G Information Return for Tax-Exempt Governmental Obligations for the above-captioned financing addressed to Department of the Treasury, Internal Revenue Service Center, Ogden, Utah 84201, on June 12, 2013.

Timothy E. Pickrell

653908.1

7012 1640 0000 4506 5050

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City, State, ZIP+4

Department of the Treasury
Internal Revenue Service Center
Ogden, Utah 84201

PS Form 3800, August 2006 See Reverse for Instructions

Report of Bond and Security Issuance
Pursuant to A.R.S. § 35-501B

This information is due to the Department of Revenue within 60 days of the issue.

1. Jurisdiction: Pima County, Arizona	
2. Issue name/title: General Obligation Bonds, Series 2013A and General Obligation Refunding Bonds, Series 2013B	
3. Dated Date: 06/05/2013 Closing Date: 06/05/2013	4. Par amount: $88,575,000
5. Overall Interest rate (TIC-OR ~~NIC~~): 2.270101%	6. Type of Bond or Security: General Obligation
7. Repayment sources: ad valorem property taxes to be levied on all taxable property within the County.	
8. Total amount outstanding: $505,865,000.00	9. Total amount outstanding of senior or subordinate bonds: $-0-
10. Original issue price: Attach Schedule 1 a. Par Amount (Principal Amount) $ 88,575,000.00	11. Total limitations (Constitutional or Statutory) on the type of bonds/securities issued: For general obligation Bonds: 15% a. Secondary net assessed value: $8,171,211,922
b. Original Issue Discount (-) ($ 0.00)	
c. Premium Amount (+) $ 5,791,271.10	b. Debt limit percentage: 15%
d. Original Issue Price (=) $ 94,366,271.10	c. Total debt limit: $1,225,681,788
e. Underwriter Compensation (Discount) (-) ($ 584,595.00)	12. Available debt limit: $ 719,816,788
f. Net Proceeds (=) $ 93,781,676.10	13. Total amount authorized: $ 893,230,000
14. Remaining authorized amount: $28,681,000.00	15. If voter authorized, Election dates: May 20, 1997 ($256,980,000), May 18, 2004 ($582,250,000) and May 16, 2006 ($54,000,000)

16 – 19 Please attach 1) a schedule providing a detailed listing of Issue Costs; 2) the Debt Service Schedule; 3) Form 8038, and 4) the Final Official Statement. Please refer to instructions on back of form.

Signature

June 5, 2013
Date

Political Subdivision Contact Name, address, phone number

Thomas E. Burke, Finance & Risk Mngt. Director
Pima County Finance Department
130 West Congress, 6th Floor
Tucson, Arizona 85701
(520) 724-3030

Trustee name, address and phone number

Keith Henselen, Assistant Vice President
U.S. Bank National Association
101 North First Avenue, Suite 1600
Phoenix, Arizona 85003
(602) 257-5331

Submit this form with attachments within 60 days of issuance to:
Arizona Department of Revenue
Attention: OERA, 9th Floor
1600 W Monroe
Phoenix AZ 85007

ARIZONA DEPARTMENT OF REVENUE
Report of Bond and Security Issuance
Schedule 1

For each maturity date, list either the Original Issue Discount or the Premium Amount. The total of these figures should equal the amounts listed on 10b and 10c on the form. In all cases, 10a – 10b + 10c – 10e = 10f.

Name of Issue: PIMA COUNTY, ARIZONA GENERAL OBLIGATION BONDS, SERIES 2013A and GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013B

Par Amount: $88,575,000 Date Closed: June 5, 2013

Maturity Date	Par Amount (Principal Amount) 10a	Coupon Rate	Yield	Original Issue Price	Premium or Discount 10b or 10c
Series 2013A					
7/1/2014	$ 3,000,000	1.000%	0.310%	$ 3,022,110.00	$ 22,110.00
7/1/2015	2,885,000	1.500	0.480	2,945,585.00	60,585.00
7/1/2016	2,930,000	1.750	0.680	3,025,137.10	95,137.10
7/1/2017	2,980,000	1.750	0.970	3,072,558.80	92,558.80
7/1/2018	3,030,000	2.000	1.260	3,139,807.20	109,807.20
7/1/2019	3,095,000	2.000	1.570	3,171,756.00	76,756.00
7/1/2020	1,700,000	2.000	1.870	1,714,552.00	14,552.00
7/1/2020	1,455,000	3.000	1.870	1,563,426.60	108,426.60
7/1/2021	1,195,000	2.500	2.160	1,224,934.75	29,934.75
7/1/2021	2,035,000	3.000	2.160	2,160,966.50	125,966.50
7/1/2022	3,325,000	3.000	2.350	3,500,593.25	175,593.25
7/1/2023	3,425,000	3.000	2.550	3,561,075.25	136,075.25
7/1/2024	3,525,000	3.000	2.760	3,598,884.00	73,884.00
7/1/2025	3,630,000	4.000	2.810	4,006,576.20	376,576.20
7/1/2026	3,775,000	4.000	2.920	4,128,453.25	353,453.25
7/1/2027	3,930,000	4.000	3.020	4,262,242.20	332,242.20
7/1/2028	4,085,000	4.000	3.100	4,400,893.05	315,893.05
Series 2013B					
7/1/2014	$ 10,000	2.000%	0.390%	$ 10,172.00	$ 172.00
7/1/2015	4,480,000	3.000	0.480	4,712,467.20	232,467.20
7/1/2016	4,650,000	3.000	0.680	4,977,406.50	327,406.50
7/1/2017	9,355,000	3.000	0.970	10,111,351.75	756,351.75
7/1/2018	3,220,000	3.000	1.260	3,494,408.40	274,408.40
7/1/2018	6,460,000	4.000	1.210	7,344,051.00	884,051.00
7/1/2019	5,245,000	3.000	1.570	5,677,712.50	432,712.50
7/1/2020	5,155,000	3.000	1.870	5,539,150.60	384,150.60
Total	$88,575,000	N/A	N/A	$94,366,271.10	$5,791,271.10
10e Underwriter's Discount and/or Placement Agent Fee, if any				(584,595.00)	
10f Net Proceeds (as shown on issuance form)				$93,781,676.10	

*Yield calculated to July 1, 2023 the first optional call date.

ATTACHMENT TO
REPORT OF BOND AND SECURITY ISSUANCE

Name of Issue: PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS SERIES 2013A and
GENERAL OBLIGATION REFUNDING BONDS SERIES 2013B

COSTS OF ISSUANCE

Underwriter's Counsel	$25,000.00
Fitch Ratings	31,000.00
S&P Ratings Service	29,700.00
Bond Counsel	115,585.00
Verification Agent	3,500.00
Bond Registrar	550.00
Depository Trustee	750.00
Official Statement Printing	5,200.00
Miscellaneous	10,000.00
TOTAL:	$221,285.00

Exhibit A

ARIZONA BOARD OF REGENTS
University of Arizona
SPEED Revenue Bonds
Series 2013

Dated: May 30, 2013

Payment Date	Principal (a)	Coupon	Interest	Total Debt Service	Fiscal Year Debt Service	CUSIP (040484)
02/01/2014			$ 2,185,970.41	$ 2,185,970.41		
08/01/2014			1,632,675.00	1,632,675.00	$ 3,818,645.41	
02/01/2015			1,632,675.00	1,632,675.00		
08/01/2015			1,632,675.00	1,632,675.00	3,265,350.00	
02/01/2016			1,632,675.00	1,632,675.00		
08/01/2016	$ 1,095,000	5.000%	1,632,675.00	2,727,675.00	4,360,350.00	JM0
02/01/2017			1,605,300.00	1,605,300.00		
08/01/2017	1,155,000	5.000%	1,605,300.00	2,760,300.00	4,365,600.00	JN8
02/01/2018			1,576,425.00	1,576,425.00		
08/01/2018	1,210,000	5.000%	1,576,425.00	2,786,425.00	4,362,850.00	JP3
02/01/2019			1,546,175.00	1,546,175.00		
08/01/2019	1,270,000	5.000%	1,546,175.00	2,816,175.00	4,362,350.00	JQ1
02/01/2020			1,514,425.00	1,514,425.00		
08/01/2020	1,335,000	5.000%	1,514,425.00	2,849,425.00	4,363,850.00	JR9
02/01/2021			1,481,050.00	1,481,050.00		
08/01/2021	1,400,000	5.000%	1,481,050.00	2,881,050.00	4,362,100.00	JS7
02/01/2022			1,446,050.00	1,446,050.00		
08/01/2022	1,470,000	5.000%	1,446,050.00	2,916,050.00	4,362,100.00	JT5
02/01/2023			1,409,300.00	1,409,300.00		
08/01/2023	1,550,000	5.000%	1,409,300.00	2,959,300.00	4,368,600.00	JU2
02/01/2024			1,370,550.00	1,370,550.00		
08/01/2024	1,625,000	5.000%	1,370,550.00	2,995,550.00	4,366,100.00	JV0
02/01/2025			1,329,925.00	1,329,925.00		
08/01/2025	1,700,000	5.000%	1,329,925.00	3,029,925.00	4,359,850.00	JW8
02/01/2026			1,287,425.00	1,287,425.00		
08/01/2026	1,790,000	4.000%	1,287,425.00	3,077,425.00	4,364,850.00	JX6
02/01/2027			1,251,625.00	1,251,625.00		
08/01/2027	1,860,000	5.000%	1,251,625.00	3,111,625.00	4,363,250.00	JY4
02/01/2028			1,205,125.00	1,205,125.00		
08/01/2028	1,950,000	5.000%	1,205,125.00	3,155,125.00	4,360,250.00	JZ1
02/01/2029			1,156,375.00	1,156,375.00		
08/01/2029	2,050,000	5.000%	1,156,375.00	3,206,375.00	4,362,750.00	KA4
02/01/2030			1,105,125.00	1,105,125.00		
08/01/2030	2,155,000	5.000%	1,105,125.00	3,260,125.00	4,365,250.00	KB2
02/01/2031			1,051,250.00	1,051,250.00		
08/01/2031	2,265,000	5.000%	1,051,250.00	3,316,250.00	4,367,500.00	KC0
02/01/2032			994,625.00	994,625.00		
08/01/2032	2,375,000	3.750%	994,625.00	3,369,625.00	4,364,250.00	
02/01/2033			950,093.75	950,093.75		
08/01/2033	2,465,000	3.750%	950,093.75	3,415,093.75	4,365,187.50	KD8 (b)
02/01/2034			903,875.00	903,875.00		
08/01/2034	1,840,000	5.000%	903,875.00	2,743,875.00	3,647,750.00	
02/01/2035			857,875.00	857,875.00		
08/01/2035	1,935,000	5.000%	857,875.00	2,792,875.00	3,650,750.00	
02/01/2036			809,500.00	809,500.00		
08/01/2036	2,030,000	5.000%	809,500.00	2,839,500.00	3,649,000.00	
02/01/2037			758,750.00	758,750.00		
08/01/2037	2,130,000	5.000%	758,750.00	2,888,750.00	3,647,500.00	
02/01/2038			705,500.00	705,500.00		
08/01/2038	2,240,000	5.000%	705,500.00	2,945,500.00	3,651,000.00	KE6 (c)
02/01/2039			649,500.00	649,500.00		
08/01/2039	2,350,000	5.000%	649,500.00	2,999,500.00	3,649,000.00	
02/01/2040			590,750.00	590,750.00		
08/01/2040	2,465,000	5.000%	590,750.00	3,055,750.00	3,646,500.00	
02/01/2041			529,125.00	529,125.00		
08/01/2041	2,590,000	5.000%	529,125.00	3,119,125.00	3,648,250.00	
02/01/2042			464,375.00	464,375.00		
08/01/2042	2,720,000	5.000%	464,375.00	3,184,375.00	3,648,750.00	
02/01/2043			396,375.00	396,375.00		
08/01/2043	2,855,000	5.000%	396,375.00	3,251,375.00	3,647,750.00	KF3 (d)
02/01/2044			325,000.00	325,000.00		
08/01/2044	3,000,000	4.000%	325,000.00	3,325,000.00	3,650,000.00	
02/01/2045			265,000.00	265,000.00		
08/01/2045	3,120,000	4.000%	265,000.00	3,385,000.00	3,650,000.00	
02/01/2046			202,600.00	202,600.00		
08/01/2046	3,245,000	4.000%	202,600.00	3,447,600.00	3,650,200.00	
02/01/2047			137,700.00	137,700.00		
08/01/2047	3,375,000	4.000%	137,700.00	3,512,700.00	3,650,400.00	
02/01/2048			70,200.00	70,200.00		
08/01/2048	3,510,000	4.000%	70,200.00	3,580,200.00	3,650,400.00	KG1 (e)
	$ 70,125,000		$ 70,243,282.91	$ 140,368,282.91	$ 140,368,282.91	

(a) The 2013 Bonds are subject to optional redemption prior to their maturity on or after August 1, 2023.
(b) Represents the final maturity of the $4,840,000 3.750% Term Bond due August 1, 2033.
(c) Represents the final maturity of the $10,175,000 5.000% Term Bond due August 1, 2038.
(d) Represents the final maturity of the $12,080,000 5.000% Term Bond due August 1, 2043.
(e) Represents the final maturity of the $16,250,000 4.000% Term Bond due August 1, 2048.

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 06/05/2013
8 Name of issue General Obligation Bonds, Series 2013A and General Obligation Refunding Bonds, Series 2013B	9 CUSIP number 721663 XK3
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		
14	Public safety	14		
15	Environment (including sewage bonds)	15		
16	Housing	16		
17	Utilities	17		
18	Other. Describe ▶ Various capital improvement projects	18	94,366,271	10
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	07/01/2028	$ 94,366,271.10	$ 88,575,000.00	6.8652 years	2.0236 %

Part IV **Uses of Proceeds of Bond Issue (including underwriters' discount)**

22	Proceeds used for accrued interest			22	0	00
23	Issue price of entire issue (enter amount from line 21, column (b))			23	94,366,271	10
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	805,880 00			
25	Proceeds used for credit enhancement	25	0 00			
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0 00			
27	Proceeds used to currently refund prior issues	27	0 00			
28	Proceeds used to advance refund prior issues	28	41,511,723 07			
29	Total (add lines 24 through 28)			29	42,249,603	07
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	52,048,668	03

Part V **Description of Refunded Bonds.** Complete this part only for refunding bonds.

31	Enter the remaining weighted average maturity of the bonds to be currently refunded ▶	N/A years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	4.6555 years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) ▶	07/01/2015
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	06/24/2004 05/26/2005

For Paperwork Reduction Act Notice, see separate instructions.

#649786

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	0	00
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a	0	00
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		N/A

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: June 5, 2013 ▶ 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
Robert J. Eidnier		June 5, 2013		P01064240

Firm's name ▶ Squire Sanders (US) LLP — Firm's EIN ▶ 34-0648199

Firm's address ▶ 127 Public Square, Cleveland, OH 454114 — Phone no. 216 479-8676

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 2013 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 2013 Bonds is exempt from Arizona state income tax. Interest on the 2013 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.

$70,125,000
Arizona Board of Regents
University of Arizona SPEED Revenue Bonds
(Stimulus Plan for Economic and Educational Development)
Series 2013

Dated: Date of Initial Delivery **Due: August 1, as shown on inside front cover**

The $70,125,000 principal amount of University of Arizona SPEED Revenue Bonds (Stimulus Plan for Economic and Educational Development), Series 2013 (the "2013 Bonds") are being issued by the Arizona Board of Regents (the "Board") for and on behalf of The University of Arizona (the "University"), pursuant to resolutions adopted by the Board (together the "SPEED Bond Resolution"). The 2013 Bonds will be dated the date of initial delivery thereof, will mature on August 1 of the years and in the amounts, and will bear interest from their dated date at the rates per annum, all as shown on the inside front cover hereof.

The 2013 Bonds will be issuable only in fully registered form and, when issued, will be available to purchasers in amounts of $5,000 or any integral multiple thereof of principal due on specified maturity dates, only through a book-entry system maintained by The Depository Trust Company ("DTC"). The 2013 Bonds will be registered in the name of DTC or its nominee as described herein. While the 2013 Bonds are in the book-entry system, no physical delivery of the 2013 Bonds will be made to the ultimate purchasers thereof and all payments of principal of and interest on the 2013 Bonds will be made when due to such purchasers by The Bank of New York Mellon Trust Company, N.A., as trustee or any successor trustee (the "Trustee"), through DTC, as described herein. Interest on the 2013 Bonds will be payable on February 1, 2014 and on each February 1 and August 1 thereafter.

The 2013 Bonds will be subject to optional and mandatory redemption prior to their stated maturity dates, as more fully described herein. See "THE 2013 BONDS – Redemption Provisions."

The 2013 Bonds will be issued for the purpose of providing funds (i) to acquire, construct, equip and improve the 2013 Project (as defined herein) and (ii) to pay costs relating to the issuance of the 2013 Bonds. See "THE 2013 PROJECT."

The 2013 Bonds will be limited obligations of the Board and, together with any SPEED Fund Parity Obligations (as defined herein) currently outstanding and subsequently issued or incurred on a parity therewith, are payable from and secured solely by a pledge of, a lien on and a security interest in (a) first, amounts on deposit in the Bond Fund established by the SPEED Bond Resolution from monies transferred thereto from the UA Account of the SPEED Fund (as defined herein), derived from certain revenues of the Arizona State Lottery and other monies of the University, and (b) to the extent that amounts in the Bond Fund from such sources are not sufficient to pay debt service on the 2013 Bonds and any SPEED Fund Parity Obligations, from System Revenues of the University (as defined herein), (i) on a basis junior and subordinate to the pledge of, lien on and security interest in such System Revenues of the University securing the Board's $575,985,000 outstanding principal amount of Senior Obligations (as defined herein) and additional Senior Obligations subsequently issued or incurred, and (ii) on a parity with the pledge of, lien on and security interest in such System Revenues securing any Subordinate Obligations (as defined herein), including any SPEED Fund Parity Obligations outstanding, or hereafter issued or incurred. See "SECURITY FOR THE 2013 BONDS," "SOURCES OF PAYMENT FOR THE 2013 BONDS" and "RISK FACTORS" herein.

NEITHER THE FAITH AND CREDIT OF THE BOARD, THE UNIVERSITY OR THE STATE OF ARIZONA (THE "STATE"), NOR THE TAXING POWER OF THE STATE, IS PLEDGED TO THE 2013 BONDS. THE 2013 BONDS DO NOT CONSTITUTE A DEBT OF THE BOARD, THE UNIVERSITY OR THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE BOARD HAS NO TAXING POWER.

This cover page contains only a brief description of the 2013 Bonds and the security therefor. It is not a summary of material information with respect to the 2013 Bonds. Investors should read the entire Official Statement to obtain information necessary to make an informed investment decision.

The 2013 Bonds are offered, when, as and if issued by the Board and received by the underwriters identified below (the "Underwriters"), subject to the approving opinion of Squire Sanders (US) LLP, Bond Counsel, as to validity and tax exemption matters. In addition, certain legal matters will be passed upon for the Board by the Senior Vice President for Academic, Legal and External Affairs of the Board, and for the Underwriters by Greenberg Traurig, LLP. It is expected that the 2013 Bonds will be available for delivery in book-entry form through the facilities of DTC, on or about May 30, 2013.

Wells Fargo Securities

Barclays **Citigroup**

May 16, 2013

SQUIRE SANDERS

Direct: +1.602.528.4031
tpickrell@ssd.com

June 12, 2013

Via Certified Mail
Return Receipt Requested

Arizona Department of Revenue
Attention: OERA, 9th Floor
1600 W. Monroe
Phoenix, AZ 85007

Re: Pima County, Arizona
$50,000,000 General Obligation Bonds, Series 2013A
$38,575,000 General Obligation Refunding Bonds, Series 2013B

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:me
Enclosure
Certified No. 7012 1640 0000 4506 5043

653909.1

CERTIFICATE OF MAILING

I hereby certify and declare that I deposited in the United States mail, postage prepaid, certified mail, return receipt requested (Certified Number 7012 1640 0000 4506 5043), the Report of Bond and Security Issuance Pursuant to A.R.S. §35-501B for the above-captioned financing addressed to the Arizona Department of Revenue, Attention: OERA, 9th Floor, 1600 W. Monroe, Phoenix, Arizona 85007, on June 12, 2013.

Timothy E. Pickrell

653909.1

7012 1640 0000 4506 5043

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(Domestic Mail Only; No Insurance Coverage Provided)

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OFFICIAL USE

Postage	$ 3.32
Certified Fee	3.10
Return Receipt Fee (Endorsement Required)	2.55
Restricted Delivery Fee (Endorsement Required)	—
Total Postage & Fees	$ 8.97

Postmark Here

Picked

Sent To Arizona Department of Revenue
Attention: OERA, 9th Floor
Street, or PO Box 1600 W. Monroe
City, St. Phoenix, AZ 85007

PS Form 3800, August 2006 See Reverse for Instructions

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Calculate a Price
Find a ZIP Code™
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Change of Address

Find Ship a Package Send Mail Manage Your Mail Shop Business Solutions

Track & Confirm

GET LATEST UPDATES PRINT DETAILS

YOUR LABEL NUMBER	SERVICE	STATUS OF YOUR ITEM	DATE & TIME	LOCATION	FEATURES
70121640000045065043		Delivered	June 13, 2013, 10:31 am	PHOENIX, AZ 85007	Certified Mail™
		Arrival at Unit	June 13, 2013, 5:22 am	PHOENIX, AZ 85009	
		Depart USPS Sort Facility	June 13, 2013	PHOENIX, AZ 85043	
		Processed through USPS Sort Facility	June 13, 2013, 3:42 am	PHOENIX, AZ 85043	

Check on Another Item

What's your label (or receipt) number?

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

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2013A

Number: 1 Denomination: $3,000,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
1.000%	July 1, 2014	June 5, 2013	721663 WV0

Registered Owner: CEDE & CO.

Principal Amount: THREE MILLION AND NO/100 DOLLARS

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

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

Interest is payable on January 1 and July 1 of each year, commencing January 1, 2014, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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

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
GENERAL OBLIGATION BONDS
SERIES 2013A

Number: 2 Denomination: $2,885,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
1.500%	July 1, 2015	July 5, 2013	721663 WW8

Registered Owner: CEDE & CO.

Principal Amount: TWO MILLION EIGHT HUNDRED EIGHTY-FIVE THOUSAND AND NO/100 DOLLARS

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

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

Interest is payable January 1 and July 1 of each year, commencing January 1, 2014, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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

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
GENERAL OBLIGATION BOND
SERIES 2013A

Number: 3 Denomination: $2,930,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
1.750%	July 1, 2016	June 5, 2013	721663 WX6

Registered Owner: CEDE & CO.

Principal Amount: TWO MILLION NINE HUNDRED THIRTY THOUSAND AND NO/100 DOLLARS

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

Certain bonds of the series 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, 2014, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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

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
GENERAL OBLIGATION BOND
SERIES 2013A

Number: 4 Denomination: $2,980,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
1.750%	July 1, 2017	June 5, 2013	721663 WY4

Registered Owner: CEDE & CO.

Principal Amount: TWO MILLION NINE HUNDRED EIGHTY THOUSAND AND NO/100 DOLLARS

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

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

Interest is payable on January 1 and July 1 of each year, commencing January 1, 2014, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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

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
GENERAL OBLIGATION BOND
SERIES 2013A

Number: 5 Denomination: $3,030,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
2.000%	July 1, 2018	June 5, 2013	721663 WZ1

Registered Owner: CEDE & CO.

Principal Amount: THREE MILLION THIRTY THOUSAND AND NO/100 DOLLARS

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

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

Interest is payable on January 1 and July 1 of each year, commencing January 1, 2014, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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

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
GENERAL OBLIGATION BOND
SERIES 2013A

SPECIMEN

Number: 6 Denomination: $3,095,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
2.000%	July 1, 2019	July [illegible], 2013	721663 XA5

Registered Owner: CEDE & CO.

Principal Amount: THREE MILLION NINETY-FIVE THOUSAND AND NO/100 DOLLARS

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

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

Interest is payable on January 1 and July 1 of each year, commencing January 1, 2014, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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

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

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2013A

Number: 7 Denomination: $1,700,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
2.000%	July 1, 2020	June 5, 2013	721663 XB3

Registered Owner: CEDE & CO.

Principal Amount: ONE MILLION SEVEN HUNDRED THOUSAND AND NO/100 DOLLARS

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

Certain maturities 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, 2014, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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

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
GENERAL OBLIGATION BONDS
SERIES 2013A

Number: 8 Denomination: $1,455,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	July 1, 2020	June 5, 2013	721663 XT4

Registered Owner: CEDE & CO.

Principal Amount: ONE MILLION FOUR HUNDRED FIFTY-FIVE THOUSAND AND NO/100 DOLLARS

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

Certain bonds of this 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, 2014, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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

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
GENERAL OBLIGATION BOND
SERIES 2013A

Number: 9 Denomination: $1,195,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
2.500%	July 1, 2021	June 1, 2013	721663 XC1

Registered Owner: CEDE & CO.

Principal Amount: ONE MILLION ONE HUNDRED NINETY-FIVE THOUSAND AND NO/100 DOLLARS

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

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

Interest is payable on January 1 and July 1 of each year, commencing January 1, 2014, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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

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
GENERAL OBLIGATION BOND
SERIES 2013A

Number: 10 Denomination: $2,035,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	July 1, 2021	June 5, 2013	721663 XU1

Registered Owner: CEDE & CO.

Principal Amount: TWO MILLION THIRTY-FIVE THOUSAND AND NO/100 DOLLARS

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

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

Interest is payable on January 1 and July 1 of each year, commencing January 1, 2014, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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

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
GENERAL OBLIGATION BOND
SERIES 2013A

Number: 11 Denomination: $3,325,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	July 1, 2022	June 5, 2013	721663 XD9

Registered Owner: CEDE & CO.

Principal Amount: THREE MILLION THREE HUNDRED TWENTY-FIVE THOUSAND AND NO/100 DOLLARS

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

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

Interest is payable on January 1 and July 1 of each year, commencing January 1, 2014, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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

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
GENERAL OBLIGATION BOND
SERIES 2013A

Number: 12 Denomination: $3,425,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	July 1, 2023	June 5, 2013	721663 XE7

Registered Owner: CEDE & CO.

Principal Amount: THREE MILLION FOUR HUNDRED TWENTY-FIVE THOUSAND AND NO/100 DOLLARS

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

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

Interest is payable on January 1 and July 1 of each year, commencing January 1, 2014, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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

SPECIMEN

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ANY BOND ISSUED REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, 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.

SPECIMEN

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2013A

Number: 13 Denomination: $3,525,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	July 1, 2021	June 5, 2013	721663 XF4

Registered Owner: CEDE & CO.

Principal Amount: THREE MILLION FIVE HUNDRED TWENTY-FIVE THOUSAND AND 00/100 DOLLARS

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

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

Interest is payable on January 1 and July 1 of each year, commencing January 1, 2014, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ANY BOND ISSUED REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, 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.

SPECIMEN

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2013A

Number: 14 Denomination: $3,630,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2025	June 5, 2013	721663 XG2

Registered Owner: CEDE & CO.

Principal Amount: THREE MILLION SIX HUNDRED THIRTY THOUSAND AND NO/100 DOLLARS

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

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

Interest is payable on January 1 and July 1 of each year, commencing January 1, 2014, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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

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

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2013A

Number: 15 Denomination: $3,775,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2026	[illegible] 2013	721663 XH0

Registered Owner: CEDE & CO.

Principal Amount: THREE MILLION SEVEN HUNDRED SEVENTY-FIVE THOUSAND AND NO/100 DOLLARS

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

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, 2014, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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

SPECIMEN

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

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2013A

Number: 16 Denomination: $3,930,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2027	June 5, 2013	721663 XJ6

Registered Owner: CEDE & CO.

Principal Amount: THREE MILLION NINE HUNDRED THIRTY THOUSAND AND NO/100 DOLLARS

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

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

Interest is payable on January 1 and July 1 of each year, commencing January 1, 2014, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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

SPECIMEN

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

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2013A

Number: 17 Denomination: $4,085,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2028	June 5, 2013	721663 XK3

Registered Owner: CEDE & CO.

Principal Amount: FOUR MILLION EIGHTY-FIVE THOUSAND AND NO/100 DOLLARS

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

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

Interest is payable on January 1 and July 1 of each year, commencing January 1, 2014, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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

SPECIMEN

This bond is one of an issue of bonds in the total principal amount of $50,000,000 of like tenor except as to maturity date, rate of interest and number, issued by the County to provide funds to make those certain public improvements approved by a majority vote of qualified electors voting at elections duly called and held in and for the County on May 20, 1997, May 18, 2004 and May 16, 2006, pursuant to a resolution of the Board of Supervisors of the County duly adopted prior to the issuance hereof, and pursuant to the Constitution and laws of the State of Arizona relative to the issuance and sale of such bonds.

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

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

This bond is issued under the provisions of Title 35, Chapter 3, Article 3 of the Arizona Revised Statutes (the "Act") and a Resolution adopted by the Board of Supervisors of the County on May 7, 2013 (the "Resolution"). Reference is hereby made to the Act and the Resolution referred to above for the provisions thereof, including the provisions with respect to the rights, obligations, duties and immunities of the County and the owners of bonds issued thereunder, to all of which the registered owner of this bond, by acceptance of this bond, assents.

The bonds maturing on or before July 1, 2023 are not subject to call for redemption prior to their respective maturity dates. The bonds maturing on or after July 1, 2024 are subject to call for redemption on any date on or after July 1, 2023 at the election of the County, in whole or in part from maturities selected by the County and within any maturity by lot, by the payment of a redemption price equal to the principal amount of each bond called for redemption plus accrued interest to the date fixed for redemption, without premium.

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

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

This bond is transferable by the registered owner in person or by attorney duly authorized in writing at the designated office of the Registrar upon surrender and cancellation of this bond, but only in the manner and subject to the limitation and upon payment of the charges provided in the Resolution. Upon such transfer, a new bond or bonds of the same aggregate principal amount, maturity and interest rate will be issued to the transferee in exchange. The Registrar may require an owner, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Resolution. The County has chosen the 15th day of the month preceding an interest payment date as the record

SPECIMEN

date for this issue of bonds. Should this bond be submitted to the Registrar for transfer during the period commencing after the close of business on the record date and continuing to and including the next subsequent interest payment date, ownership will be transferred in the normal manner but the interest payment will be made payable to and mailed to the registered owner as shown on the Registrar's books at the close of business on the record date.

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

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

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

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

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

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 General Obligation Bonds, Series 2013A, described in the Resolution mentioned herein.

Date of Authentication: June 5, 2013

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.

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.

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
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2013B

Number: 1 Denomination: $10,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
2.000%	July 1, 2014	June [illegible], 2013	721663 XL1

Registered Owner: CEDE & CO.

Principal Amount: TEN THOUSAND AND NO/100 DOLLARS

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

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

Interest is payable on January 1 and July 1 of each year, commencing January 1, 2014, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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

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
GENERAL OBLIGATION REFUNDING BOND
SERIES 2013

Number: 2 Denomination: $4,480,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	July 1, 2015	June 5, 2013	721663 XM9

Registered Owner: CEDE & CO.

Principal Amount: FOUR MILLION FOUR HUNDRED EIGHTY THOUSAND AND NO/100 DOLLARS

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

Certain years 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, 2014, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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

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 OTHERWISE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BOND
SERIES 2013B

Number: 3 Denomination: $4,650,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	July 1, 2016	June 7, 2013	721663 XN7

Registered Owner: CEDE & CO.

Principal Amount: FOUR MILLION SIX HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS

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

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

Interest is payable on January 1 and July 1 of each year, commencing January 1, 2014, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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

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
GENERAL OBLIGATION REFUNDING BOND
SERIES 2013B

Number: 4 Denomination: $9,355,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	July 1, 2017	June 5, 2013	721663 XP2

Registered Owner: CEDE & CO.

Principal Amount: NINE MILLION THREE HUNDRED FIFTY-FIVE THOUSAND AND NO/100 DOLLARS

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

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, 2014, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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

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
GENERAL OBLIGATION REFUNDING BOND
SERIES 2013B

Number: 5 Denomination: $3,220,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	July 1, 2018	June 2, 2013	721663 XQ0

Registered Owner: CEDE & CO.

Principal Amount: THREE MILLION TWO HUNDRED TWENTY THOUSAND AND NO/100 DOLLARS

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

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

Interest is payable on January 1 and July 1 of each year, commencing January 1, 2014, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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

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
GENERAL OBLIGATION REFUNDING BOND
SERIES 2013B

Number: 6 Denomination: $6,460,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2018	June 5, 2013	721663 XW7

Registered Owner: CEDE & CO.

Principal Amount: SIX MILLION FOUR HUNDRED SIXTY THOUSAND AND NO/100 DOLLARS

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

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

Interest is payable on January 1 and July 1 of each year, commencing January 1, 2014, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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

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
GENERAL OBLIGATION REFUNDING BOND
SERIES 2013B

Number: 7 Denomination: $5,245,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	July 1, 2019	July 5, 2013	721663 XR8

Registered Owner: CEDE & CO.

Principal Amount: FIVE MILLION TWO HUNDRED FORTY-FIVE THOUSAND AND NO/100 DOLLARS

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

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

Interest is payable on January 1 and July 1 of each year, commencing January 1, 2014, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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

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
GENERAL OBLIGATION REFUNDING BOND
SERIES 2013B

Number: 8 Denomination: $5,155,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	July 1, 2020	June 5, 2013	721663 XS6

Registered Owner: CEDE & CO.

Principal Amount: FIVE MILLION ONE HUNDRED FIFTY-FIVE THOUSAND AND NO/100 DOLLARS

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

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, 2014, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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

SPECIMEN

This bond is one of an issue of bonds in the total principal amount of $38,575,000 of like tenor except as to maturity date, rate of interest and number, issued by the County to provide funds to refund outstanding general obligations bonds of the County (the "Bonds Being Refunded"), pursuant to a resolution of the Board of Supervisors of the County duly adopted prior to the issuance hereof, and pursuant to the Constitution and laws of the State of Arizona relative to the issuance and sale of such bonds.

For the punctual payment of this bond and the interest hereon and for the levy and collection of ad valorem taxes sufficient for that purpose, the full faith and credit of the County are hereby irrevocably pledged, without limitation as to rate but limited to an amount not greater than the amount of ad valorem taxes that would have been levied to pay the bonds to be refunded by the issue of which this bond is one (the Bonds to be Refunded), which funds are irrevocably pledged for the payment of principal of and interest on this issue of bonds when and as the same fall due, subject to the rights of the owners of the Bonds to be Refunded to payment of such Bonds to be Refunded from the same tax source in the event of a deficiency in the moneys and obligations issued by or guaranteed by the United States of America which will be purchased form the proceeds of the sale of the issue of which this bond is one and other moneys available therefor and placed in trust for the purpose of making all payments when due on the Bonds to be Refunded.

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

This bond is issued under the provisions of Title 35, Chapter 3, Article 4 of the Arizona Revised Statutes (the "Act") and a Resolution adopted by the Board of Supervisors of the County on May 7, 2013 (the "Resolution"). Reference is hereby made to the Act and the Resolution referred to above for the provisions thereof, including the provisions with respect to the rights, obligations, duties and immunities of the County and the owners of bonds issued thereunder, to all of which the registered owner of this bond, by acceptance of this bond, assents.

The bonds are not subject to redemption prior to maturity.

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

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

This bond is transferable by the registered owner in person or by attorney duly authorized in writing at the designated office of the Registrar upon surrender and cancellation of this bond, but only in the manner and subject to the limitation and upon payment of the charges provided in the Resolution. Upon such transfer, a new bond or bonds of the same aggregate principal amount, maturity and interest rate will be issued to the transferee in exchange. The Registrar

SPECIMEN

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

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

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

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

It is hereby certified and recited that all conditions, acts and things required by the Constitution and laws of the State of Arizona to exist, to occur and to be performed precedent to and in the issuance of this bond exist, have occurred and have been performed and that the issue of bonds of which this is one, together with all other indebtedness of the County, is within every debt and other limit prescribed by the Constitution and laws of the State of Arizona, and that due provision has been made for the levy and collection of a direct, annual ad valorem tax upon all of the taxable property in the County for the payment of this bond and of the interest hereon as each becomes due, without limitation as to rate but limited to an amount not greater than the amount of ad valorem taxes that would have been levied to pay the Bonds Being Refunded, which funds are irrevocably pledged for the payment of principal of and interest on the Bonds when and as the same fall due, subject to the rights of the owners of the Bonds Being Refunded to payment of the Bonds Being Refunded from the same tax source in the event of a deficiency in the moneys and obligations issued by or guaranteed by the United State of America which will be purchased form the proceeds of the sale of the Bonds and other moneys available therefor and placed in trust for the purpose of making all payments when due on the Bonds Being Refunded.

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

COUNTERSIGNED:

_____

County Treasurer

ATTEST:

_____

Clerk, Board of Supervisors

SPECIMEN

AUTHENTICATION CERTIFICATE

This bond is one of the Pima County, Arizona General Obligation Refunding Bonds, Series 2013B, described in the Resolution mentioned herein.

Date of Authentication: June 5, 2013

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.

ABBREVIATIONS

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

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

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

SPECIMEN

STANDARD
& POOR'S
RATINGS SERVICES

One Market
Steuart Tower, 15th Floor
San Francisco, CA 94105-1000
tel 415 371-5000
reference no.:686400

April 20, 2013

Pima County
Finance Department
130 West Congress Street, 10th Floor
Tucson, AZ 85701
Attention: Mr. Thomas Burke, Finance and Risk Management Director

Re: ***US$50,000,000 Pima County, Arizona, General Obligation Bonds, Series 2013A, dated: Date of delivery, due: July 01,2028***

US$30,000,000 Pima County, Arizona, General Obligation Refunding Bonds, Series 2013B, dated: Date of delivery, due: July 01,2028

Dear Mr. Burke:

Pursuant to your request for a Standard & Poor's Ratings Services ("Ratings Services") rating on the above-referenced obligations, Ratings Services has assigned a rating of "AA-". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

This letter constitutes Ratings Services' permission for you to disseminate the above-assigned ratings to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements) will become effective only after we've released the rating on standardandpoors.com. Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable.

To maintain the rating, Standard & Poor's must receive all relevant financial and other information, including notice of material changes to financial and other information provided to us and in relevant documents, as soon as such information is available. You understand that Ratings Services relies on you and your agents and advisors for the accuracy, timeliness and completeness of the information submitted in connection with the rating and the continued flow of material information as part of the surveillance process. Please send all information via electronic delivery to: pubfin_statelocalgovt@standardandpoors.com. If SEC rule 17g-5 is applicable, you may post such information on the appropriate website. For any information not available in electronic format or posted on the applicable website,

Please send hard copies to:

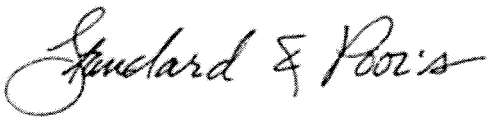
Standard & Poor's Ratings Services
Public Finance Department
55 Water Street

New York, NY 10041-0003.

The rating is subject to the Terms and Conditions, if any, attached to the Engagement Letter applicable to the rating. In the absence of such Engagement Letter and Terms and Conditions, the rating is subject to the attached Terms and Conditions. The applicable Terms and Conditions are incorporated herein by reference.

Ratings Services is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at www.standardandpoors.com. If you have any questions, please contact us. Thank you for choosing Ratings Services.

Sincerely yours,



Standard & Poor's Ratings Services
a Standard & Poor's Financial Services LLC business.

tw
enclosures
cc: Mr. Kurt M. Freund, Managing Director
RBC Capital Markets

STANDARD
& POOR'S
RATINGS SERVICES

Standard & Poor's Ratings Services
Terms and Conditions Applicable To Public Finance Credit Ratings

General. The credit ratings and other views of Standard & Poor's Ratings Services ("Ratings Services") are statements of opinion and not statements of fact. Credit ratings and other views of Ratings Services are not recommendations to purchase, hold, or sell any securities and do not comment on market price, marketability, investor preference or suitability of any security. While Ratings Services bases its credit ratings and other views on information provided by issuers and their agents and advisors, and other information from sources it believes to be reliable, Ratings Services does not perform an audit, and undertakes no duty of due diligence or independent verification, of any information it receives. Such information and Ratings Services' opinions should not be relied upon in making any investment decision. Ratings Services does not act as a "fiduciary" or an investment advisor. Ratings Services neither recommends nor will recommend how an issuer can or should achieve a particular credit rating outcome nor provides or will provide consulting, advisory, financial or structuring advice. Unless otherwise indicated, the term "issuer" means both the issuer and the obligor if the obligor is not the issuer.

All Credit Rating Actions in Ratings Services' Sole Discretion. Ratings Services may assign, raise, lower, suspend, place on CreditWatch, or withdraw a credit rating, and assign or revise an Outlook, at any time, in Ratings Services' sole discretion. Ratings Services may take any of the foregoing actions notwithstanding any request for a confidential or private credit rating or a withdrawal of a credit rating, or termination of a credit rating engagement. Ratings Services will not convert a public credit rating to a confidential or private credit rating, or a private credit rating to a confidential credit rating.

Publication. Ratings Services reserves the right to use, publish, disseminate, or license others to use, publish or disseminate a credit rating and any related analytical reports, including the rationale for the credit rating, unless the issuer specifically requests in connection with the initial credit rating that the credit rating be assigned and maintained on a confidential or private basis. If, however, a confidential or private credit rating or the existence of a confidential or private credit rating subsequently becomes public through disclosure other than by an act of Ratings Services or its affiliates, Ratings Services reserves the right to treat the credit rating as a public credit rating, including, without limitation, publishing the credit rating and any related analytical reports. Any analytical reports published by Ratings Services are not issued by or on behalf of the issuer or at the issuer's request. Ratings Services reserves the right to use, publish, disseminate or license others to use, publish or disseminate analytical reports with respect to public credit ratings that have been withdrawn, regardless of the reason for such withdrawal. Ratings Services may publish explanations of Ratings Services' credit ratings criteria from time to time and Ratings Services may modify or refine its credit ratings criteria at any time as Ratings Services deems appropriate.

Reliance on Information. Ratings Services relies on issuers and their agents and advisors for the accuracy and completeness of the information submitted in connection with credit ratings and the surveillance of credit ratings including, without limitation, information on material changes to information previously provided by issuers, their agents or advisors. Credit ratings, and the maintenance of credit ratings, may be affected by Ratings Services' opinion of the information received from issuers, their agents or advisors.

Confidential Information. Ratings Services has established policies and procedures to maintain the confidentiality of certain non-public information received from issuers, their agents or advisors. For these purposes, "Confidential Information" shall mean verbal or written information that the issuer or its agents or advisors have provided to Ratings Services and, in a specific and particularized manner, have marked or otherwise indicated in writing (either prior to or promptly following such disclosure) that such information is "Confidential."

Ratings Services Not an Expert, Underwriter or Seller under Securities Laws. Ratings Services has not consented to and will not consent to being named an "expert" or any similar designation under any applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation, Section 7 of the U.S. Securities Act of 1933. Rating Services has not performed and will not perform the role or tasks associated with an "underwriter" or "seller" under the United States federal securities laws or other regulatory guidance, rules or recommendations in connection with a credit rating engagement.

Disclaimer of Liability. Ratings Services does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a credit 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 any person 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 a credit rating or the related analytic services even if advised of the possibility of such damages or other amounts.

No Third Party Beneficiaries. Nothing in any credit rating engagement, or a credit rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of a credit rating. No person is intended as a third party beneficiary of any credit rating engagement or of a credit rating when issued.

FitchRatings

One State Street Plaza
New York, NY 10004

T 212 908 0500 / 800 75 FITCH
www.fitchratings.com

April 24, 2013

Mr. Thomas Burke
Finance & Risk Management Director
Pima County
130 West Congress, 10th Floor
Tucson, AZ 85701

Dear Mr. Burke:

Fitch Ratings has assigned one or more ratings and/or otherwise taken rating action(s), as detailed in the attached Notice of Rating Action.

In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of Fitch's ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

Fitch seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. Fitch is not your advisor, nor is Fitch providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services.

The assignment of a rating by Fitch does not constitute consent by Fitch to the use of its name as an expert in connection with any registration statement or other filings under US, UK or any other relevant securities laws. Fitch does not consent to the inclusion of its ratings nor this letter communicating our rating action in any offering document.

It is important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason Fitch deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between Fitch and you or between us and any user of the ratings.

In this letter, "Fitch" means Fitch, Inc. and Fitch Ratings Ltd and any subsidiary of either of them together with any successor in interest to any such person.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please feel free to contact us at any time.

Jeff Schaub
Managing Director, Operations
U.S. Public Finance /
Global Infrastructure & Project Finance

JS/jh

Enc: Notice of Rating Action
(Doc ID: 181950)

Notice of Rating Action

Bond Description	Rating Type	Action	Rating	Outlook/ Watch	Eff Date	Notes
Pima County (AZ) COPs ser 2013A	Long Term	New Rating	AA-	RO:Sta	18-Apr-2013	
Pima County (AZ) GO bonds ser 2013A	Long Term	New Rating	AA	RO:Sta	18-Apr-2013	
Pima County (AZ) GO rfdg bonds ser 2013B	Long Term	New Rating	AA	RO:Sta	18-Apr-2013	
Pima County (AZ) rfdg COPs ser 2013B	Long Term	New Rating	AA-	RO:Sta	18-Apr-2013	

Key: RO: Rating Outlook, RW: Rating Watch; Pos: Positive, Neg: Negative, Sta: Stable, Evo: Evolving

RBC Capital Markets®

FINAL

SETTLEMENT, DELIVERY & CLOSING PROCEDURES

ISSUE: Pima County, Arizona

$50,000,000	$38,575,000
General Obligation Bonds	General Obligation Refunding Bonds
Series 2013A	Series 2013B

BONDS DATED: June 5, 2013

INTEREST PAYMENT DATES: Interest payable semiannually on January 1 and July 1 of each year, commencing January 1, 2014.

MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES: See Exhibit A.

CLOSING: The Closing will be held telephonically on **Wednesday, June 5, 2013** at **8:30 a.m.** (MST). Details for the call are as follows:

Dial-In No. 1-866-365-4406
Access Code 3815365

PARTICIPANTS: See Exhibit D.

REGISTRATION & AUTHENTICATION: After the Bonds have been registered and executed, U.S. Bank National Association (the "Bond Registrar and Paying Agent") will confirm arrangements for a F.A.S.T. closing with the Depository Trust Co. (DTC), 55 Water Street, 1st Floor, New York, New York 10041.

SETTLEMENT INSTRUCTIONS:

Par Value @ 100	$88,575,000.00
Plus: Original Issue Premium	5,791,271.10
Less: Underwriter's Discount	(584,595.00)
Purchase Price	$93,781,676.10

FLOW OF FUNDS:

On the day of closing, **RBC Capital Markets, LLC ("RBC")** will initiate the following wire transfers:

(A) **$52,048,668.03,** representing the amount necessary to pay project costs and make a deposit to the debt service fund, will be wire transferred by RBC, in federal or immediately available funds, to the **Pima County Treasurer's Office** (the "County Treasurer") as follows:

Bank of America
201 E Washington
Phoenix, AZ 85004
ABA No.: 026009593
Credit to: Pima County Treasurer
Account Number: 412724156
Reference: PC GO Bonds 2013A

Confirmation of the receipt of funds will be made on the morning of closing with Rosemary Davenport at the Pima County Treasurer's Office at (520) 724-8814.

(B) **41,733,008.07,** representing the amount necessary to purchase escrow securities to provide for the Bonds Being Refunded (see attached Exhibit B) and pay costs of issuance, will be wire transferred by RBC, in federal or immediately available funds, to U.S. Bank National Association (the "Depository Trustee") as follows:

U.S. Bank
ABA #091000022
U.S. Bank Trust A/C # 180121167365
BNF: Corp Trust Wire Clearing Acct
Ref: Account #204303000, Pima County GO 2013B
Attention: Veverly Saucer (602) 257-5413

USES:

(1) The amount listed under (A) above will be applied as follows:

(A) **$49,932,000.00** in proceeds received by the County Treasurer will be used for project costs.
(B) **$2,116,668.03** in proceeds received by the County Treasurer will be deposited into the Debt Service Fund and used to pay interest on the Bonds.

(2) The amount listed under (B) above will be applied as follows:

(A) **$41,511,723.07** in proceeds received by the Depository Trustee will be deposited into the Trust Account and used to fund an initial cash deposit and purchase escrow securities (see attached Exhibit C) to provide for the Bonds Being Refunded.
(B) **$221,285.00** in proceeds received by the Depository Trustee will be deposited into the Expense Account and used to pay delivery costs for the Bonds.

DELIVERY INSTRUCTIONS:

When all parties are satisfied that all monies have been transferred and that documentation is in order, the Bonds will be released to the credit of RBC, via the DTC closing desk (212) 855-3752.

Exhibit A-1

$50,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2013A

Maturity Dates, Principal Amount, Interest Rates and CUSIPs

Dated: **06/05/2013** **Delivered:** **06/05/2013**

Date	Principal (1)	Coupon	Interest	Total D/S	FY Total	CUSIP (721663)
01/01/2014			$797,005.42	$797,005.42		
07/01/2014	$3,000,000	1.000%	696,412.50	3,696,412.50	4,493,417.92	WV0
01/01/2015			681,412.50	681,412.50		
07/01/2015	2,885,000	1.500%	681,412.50	3,566,412.50	4,247,825.00	WW8
01/01/2016			659,775.00	659,775.00		
07/01/2016	2,930,000	1.750%	659,775.00	3,589,775.00	4,249,550.00	WX6
01/01/2017			634,137.50	634,137.50		
07/01/2017	2,980,000	1.750%	634,137.50	3,614,137.50	4,248,275.00	WY4
01/01/2018			608,062.50	608,062.50		
07/01/2018	3,030,000	2.000%	608,062.50	3,638,062.50	4,246,125.00	WZ1
01/01/2019			577,762.50	577,762.50		
07/01/2019	3,095,000	2.000%	577,762.50	3,672,762.50	4,250,525.00	XA5
01/01/2020			546,812.50	546,812.50		
07/01/2020	3,155,000	(2)	546,812.50	3,701,812.50	4,248,625.00	(2)
01/01/2021			507,987.50	507,987.50		
07/01/2021	3,230,000	(3)	507,987.50	3,737,987.50	4,245,975.00	(3)
01/01/2022			462,525.00	462,525.00		
07/01/2022	3,325,000	3.000%	462,525.00	3,787,525.00	4,250,050.00	XD9
01/01/2023			412,650.00	412,650.00		
07/01/2023	3,425,000	3.000%	412,650.00	3,837,650.00	4,250,300.00	XE7
01/01/2024			361,275.00	361,275.00		
07/01/2024	3,525,000	3.000%	361,275.00	3,886,275.00	4,247,550.00	XF4
01/01/2025			308,400.00	308,400.00		
07/01/2025	3,630,000	4.000%	308,400.00	3,938,400.00	4,246,800.00	XG2
01/01/2026			235,800.00	235,800.00		
07/01/2026	3,775,000	4.000%	235,800.00	4,010,800.00	4,246,600.00	XH0
01/01/2027			160,300.00	160,300.00		
07/01/2027	3,930,000	4.000%	160,300.00	4,090,300.00	4,250,600.00	XJ6
01/01/2028			81,700.00	81,700.00		
07/01/2028	4,085,000	4.000%	81,700.00	4,166,700.00	4,248,400.00	XK3
Totals	**$50,000,000**		**$13,970,617.92**	**$63,970,617.92**	**$63,970,617.92**	

(1) The Series 2013A Bonds maturing on or after July 1, 2024 are subject to optional redemption prior to their stated maturity on or after July 1, 2023 at Par.

(2) Represents a split maturity: $1,700,000 with CUSIP 721663XB3 at 2.000% coupon and $1,455,000 with CUSIP 721663XT4 at 3.000% coupon.

(3) Represents a split maturity: $1,195,000 with CUSIP 721663XC1 at 2.500% coupon and $2,035,000 with CUSIP 721663XU1 at 3.000% coupon.

Exhibit A-2

$38,575,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2013B

Maturity Dates, Principal Amount, Interest Rates and CUSIPs

Dated: **06/05/2013** **Delivered:** **06/05/2013**

Date	Principal (1)	Coupon	Interest	Total D/S	FY Total	CUSIP (721663)
01/01/2014			$699,112.50	$699,112.50		
07/01/2014	$10,000	2.000%	610,875.00	620,875.00	1,319,987.50	XL1
01/01/2015			610,775.00	610,775.00		
07/01/2015	4,480,000	3.000%	610,775.00	5,090,775.00	5,701,550.00	XM9
01/01/2016			543,575.00	543,575.00		
07/01/2016	4,650,000	3.000%	543,575.00	5,193,575.00	5,737,150.00	XN7
01/01/2017			473,825.00	473,825.00		
07/01/2017	9,355,000	3.000%	473,825.00	9,828,825.00	10,302,650.00	XP2
01/01/2018			333,500.00	333,500.00		
07/01/2018	9,680,000	(2)	333,500.00	10,013,500.00	10,347,000.00	(2)
01/01/2019			156,000.00	156,000.00		
07/01/2019	5,245,000	3.000%	156,000.00	5,401,000.00	5,557,000.00	XR8
01/01/2020			77,325.00	77,325.00		
07/01/2020	5,155,000	3.000%	77,325.00	5,232,325.00	5,309,650.00	XS6
Totals	**$38,575,000**		**$5,699,987.50**	**$44,274,987.50**	**$44,274,987.50**	

(1) The Series 2012B Bonds are not subject to optional redemption prior to their stated maturity.

(2) Represents a split maturity: $3,220,000 with CUSIP 721663XQ0 at 3.000% coupon and $6,460,000 with CUSIP 721663XW7 at 4.000% coupon.

Exhibit B

$38,575,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2013B

Bonds to be Refunded

Pima County, Arizona
General Obligation Bonds, Series 2004

Maturity Date	CUSIP (721663)	Par Amount	Interest Rate	Call Date	Call Price
07/01/2015	RU8	$4,415,000	4.125%	07/01/2014	100%
07/01/2016	RV6	4,635,000	4.375%	07/01/2014	100%
07/01/2017	RW4	4,870,000	4.500%	07/01/2014	100%
07/01/2018	RX2	5,115,000	3.000%	07/01/2014	100%
07/01/2019	RY0	5,385,000	3.000%	07/01/2014	100%
Total		$24,420,000			

Pima County, Arizona
General Obligation Bonds, Series 2005

Maturity Date	CUSIP (721663)	Par Amount	Interest Rate	Call Date	Call Price
07/01/2017	SL7	$4,530,000	4.000%	07/01/2015	100%
07/01/2018	SM5	4,735,000	4.000%	07/01/2015	100%
07/01/2020	SP8	5,170,000	3.500%	07/01/2015	100%
Total		$14,435,000			

Exhibit C

$38,575,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2013B

Escrow Securities*

Type of Security	Maturity Date	Par Amount	Rate	Price	Cost	Accrued Interest	Total Cost
T-Note	06/30/2013	$ 271,000	0.375%	100.033531%	$ 271,090.87	$ 437.94	$ 271,528.81
T-Note	12/31/2013	270,000	1.500%	100.794773%	272,145.89	1,745.30	273,891.19
T-Note	06/30/2014	24,700,000	2.625%	102.645914%	25,353,540.76	279,410.22	25,632,950.98
T-Note	12/31/2014	131,000	2.625%	103.790504%	135,965.56	1,481.89	137,447.45
T-Note	06/30/2015	14,573,000	1.875%	103.464007%	15,077,809.74	117,751.45	15,195,561.19
		$ 39,945,000					

* Does not include initial cash deposit of $343.45 into the Trust Account.

Exhibit D

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS, SERIES 2013A
AND
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013B

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