SQUIRE PATTON BOGGS

Bond Counsel

$122,070,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016

Closing: July 6, 2016

squirepattonboggs.com

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PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
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Closing: July 6, 2016

CLOSING DOCUMENTS

TERMS USED HEREIN

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

DISTRIBUTION OF TRANSCRIPTS

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

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

Certificate of Clerk

Board of Supervisors of Pima County, Arizona

State of Arizona
County of Pima ss

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

I further certify that the attached resolution entitled

RESOLUTION NO. 2016 - 29

(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 19th day of April, 2016, 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 23rd day of June, 2016.

Robin Brigode

Clerk

RESOLUTION NO. 2016-29

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF PIMA COUNTY, ARIZONA, GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016, 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; AND 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. (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 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 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, General Obligation Refunding Bonds, Series 2012B, General Obligation Bonds, Series 2013A, General Obligation Refunding Bonds, Series 2013B, General Obligation Bonds, Series 2014 and General Obligation Bonds, Series 2015 (collectively, the "Prior Bonds") which were issued pursuant to the provisions of the Act.

(ii) The Board of Supervisors of the County (the "Board of Supervisors") has determined that it is expedient and necessary to issue the Bonds (as defined below) and to use the proceeds of those Bonds to refund the maturities of the Prior Bonds described on Exhibit A to the hereinafter-described Depository Trust Agreement, as executed and delivered (the "Bonds to be Refunded"), in advance of their maturity.

B. The Board of Supervisors intends to issue bonds (the "Bonds"), in one or more series, for the purpose of and in an aggregate principal amount sufficient to refund the Bonds to be Refunded and for the purpose of paying costs of issuance of the Bonds.

C. The Board of Supervisors shall receive a proposal for the purchase of the Bonds from RBC Capital Markets, LLC (the "Underwriter") which will be in substantially the form executed and delivered by the County in connection with the sale of the General Obligation Bonds, 2015 Bonds, with such changes as are approved by the Director of Finance of the County, and the County desires that the Bonds be sold through negotiation pursuant to A.R.S. § 35-475 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 Refunding Bonds, Series 2016 (the "Bonds") to be issued and sold by negotiated sale pursuant to A.R.S. § 35-475, in one or more series, in an aggregate principal amount not exceeding an amount sufficient to refund the Bonds to be Refunded and pay the costs of issuance of the Bonds. The Bonds shall be issued and sold in accordance with the provisions of this resolution provided that the refunding shall produce debt service savings, net of all issuance costs, of at least 2.5% of the par amount of the Bonds to be Refunded and delivered against payment therefor by the Underwriter.

Section 3. Terms. The Bonds will be dated the date of initial delivery thereof and will bear interest, calculated on the basis of a 360-day year of twelve 30-day months, from such date to the maturity or prior redemption of each of the Bonds at the rates per annum established by the accepted proposal and set forth in the Bond Purchase Agreement as executed and delivered, the first interest payment date to be July 1, 2016, 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 Bonds 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, but not later than the final maturity of the Bonds to be Refunded. The principal amount of the Bonds, the principal amount maturing in each year, the interest rates applicable to each maturity, the optional, mandatory and extraordinary optional redemption, if any, provisions, and any other final terms of the Bonds and of the sale of the Bonds shall be as set forth in the Bond Purchase Agreement as executed and delivered, and such approval shall be evidenced by the execution and delivery of the Bond Purchase Agreement.

Section 4. Prior Redemption.

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

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

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

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

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

Section 5. Use of Bond Proceeds.

A. Premium received for the Bonds shall be deposited in the Interest Account in an amount specified by the Director of Finance of the County or his designee as not being used to pay costs associated with the issuance of the Bonds 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 Bonds, as determined by the Director of Finance of the County, the balance of the proceeds of the 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 Bonds that are not deposited with the Depository Trustee and that are 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 6. Form of Bonds.

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

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

Section 7. Book Entry Only System.

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

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

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

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

Section 8. Execution of Bonds.

A. The Bonds shall be executed for and on behalf of the County by the Chair of the Board of Supervisors, 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.

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

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

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

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

A. The Underwriter proposes to purchase the Bonds pursuant to the Bond Purchase Agreement submitted to and on file with the Clerk of the Board of Supervisors. Such proposal as supplemented by the final terms as contemplated by this resolution is hereby accepted, provided that the Bonds shall not be sold for less than 100% of the principal amount thereof. When the final terms of the Bonds are known, the Bond Purchase Agreement shall be finalized. The Chair of the Board of Supervisors or the Director of Finance of the County are authorized and directed to cause the Bond Purchase Agreement to be completed and executed; provided, however, that the parameters of this resolution shall govern the Bond Purchase Agreement and provided further that no terms or conditions may be inserted in the Bond Purchase Agreement which would be contrary to this resolution. Any other provision of this resolution to the contrary notwithstanding, no premium on the Bonds shall exceed the net premium permitted by A.R.S. § 35-473.01(G). Upon the completion, execution and delivery of the Bond Purchase Agreement, the Bonds are ordered sold to the Underwriter pursuant to the Bond Purchase Agreement. The execution and delivery of the Bond Purchase Agreement as completed shall be conclusive evidence of such approval of the final terms and provisions.

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

Section 11. Registrar and Paying Agent.

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

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

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

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

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

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

Section 12. 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"), which will be in substantially the form executed and delivered by the County in connection with the sale of the 2015 Bonds, with such changes as are approved by the Director of Finance of the County is hereby approved, and the Chair of the Board is hereby authorized, empowered and directed, for and on behalf of the County, to execute and deliver the Depository Trust Agreement with such changes therein as he shall approve, his execution and delivery thereof to serve as conclusive evidence of such approval.

Section 13. Call for Redemption of Bonds To Be Refunded. The County does hereby exercise its right to redeem, and does hereby call for redemption (subject to the delivery of the Bonds) on the first available redemption dates, each maturity of the Bonds to be Refunded, as provided in the Depository Trust Agreement, as executed and delivered.

Section 14. 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 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 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 from 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 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 15. 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 16. 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 16, 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 17. Continuing Disclosure Undertaking. The County 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, which will be in substantially the form entered into by the County in connection with the sale of the 2015 Bonds with such changes as are approved by the Director of Finance of the County 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 18. 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, which will be in substantially the form distributed by the County in connection with the sale of the 2015 Bonds, with such changes as are approved by the Director of Finance of the County, and a final Official Statement (the "Official Statement") relating to the original issuance of the Bonds in substantially the form of the Preliminary Official Statement, with such additions, deletions and modifications consistent with this Resolution as shall be approved by the Director of Finance of the County or his designee. If and to the extent applicable, the Director of Finance of the County or his designee shall certify or otherwise represent that the Preliminary Official Statement, in original or revised form, is a "deemed final" official statement (except for permitted omissions) of the County as of a particular date and that a completed version is a "final" official statement for purposes of the Rule. The distribution and use of the Preliminary Official Statement and the final Official Statement by the County and the original purchaser of the Bonds is hereby authorized, ratified, confirmed and approved.

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

Section 19. 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 20. Authorization to Purchase Government Obligations. The Depository Trustee is hereby authorized to purchase United States Government Obligations to be purchased and held pursuant to the provisions of the Depository Trust Agreement. The maturing principal of and interest income earned on said United States Government Obligations will be calculated to be sufficient to pay when due all principal of and interest and, where applicable, premium on the Bonds to be Refunded. An opinion of a firm of qualified certified public accountants will be provided as to the arithmetical accuracy of such calculations. The yields on the investments purchased with the proceeds of the Bonds held under the Depository Trust Agreement shall not exceed the yield permitted under the Code and the regulations thereunder, as determined by the County's bond counsel upon a report of such certified public accountants.

Section 21. 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 22. 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 April 19, 2016.

PIMA COUNTY, ARIZONA

By: ______________________________
Chair, Board of Supervisors

ATTEST:

By: ______________________________
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE PATTON BOGGS (US) LLP
Bond Counsel

By: ______________________________
Timothy E. Pickrell

EXHIBIT A

RESOLUTION NO. 2016-_____

FORM OF BOND

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

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BOND
SERIES 2016

Number: _____ Denomination: $__________

Interest Rate	Maturity Date	Original Issue Date	CUSIP
________%	July 1, 20___	_________, 2016	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 ______________, 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 April 19, 2016 (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 Chair of its Board of Supervisors and attested by the Clerk of its Board of Supervisors, which signatures may be facsimile signatures.

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

PIMA COUNTY, ARIZONA

(facsimile)
Chair, Board of Supervisors

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 2016, described in the Resolution mentioned herein.

Date of Authentication: _________, 2016

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.

PRELIMINARY OFFICIAL STATEMENT DATED MAY 17, 2016

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

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

$125,530,000*
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016

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

The $125,530,000* principal amount of General Obligation Refunding Bonds, Series 2016 (the "Bonds") are being issued by Pima County, Arizona (the "County") and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds for purposes of the book-entry-only system maintained thereby. Purchases of beneficial interests in the Bonds will be made in book-entry-only form in amounts of $5,000 of principal due on a maturity date or any integral multiple thereof.

Interest on the Bonds will accrue from the dated date and will be payable until maturity or prior redemption semiannually on January 1 and July 1 of each year (each an "Interest Payment Date"), commencing January 1, 2017* and principal of the Bonds will be payable annually in accordance with the schedule set forth on the inside front cover page. So long as the Bonds are registered in the name of DTC, or its nominee, payments of the principal of and interest on the Bonds will be made directly by the paying agent, initially U.S. Bank National Association, to DTC which, in turn, is obligated to remit such payments to its participants for subsequent distribution to beneficial owners of the Bonds. See Appendix F – "BOOK-ENTRY-ONLY SYSTEM."

The Bonds will not be subject to redemption prior to their stated maturities.

The Bonds are being issued for the purpose of (i) refunding in advance of maturity portions of certain outstanding general obligation bonds of the County (the "Bonds Being Refunded") and (ii) paying costs related to the issuance of the Bonds. See "SOURCES AND USES OF FUNDS" and "PLAN OF REFUNDING" 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 but limited to an amount to pay the principal of and interest on the 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 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 which will be purchased from 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.

MATURITY SCHEDULE 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 Patton Boggs (US) LLP, Bond Counsel, as to validity and tax exemption. Certain legal matters will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about July 6, 2016.*

RBC CAPITAL MARKETS

__________, 2016

* Preliminary, subject to change.

$125,530,000*
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016

MATURITY SCHEDULE*

Due July 1	Principal Amount*	Interest Rate	Yield	CUSIP (a) Base 721663
2018	$8,410,000			
2019	8,650,000			
2020	16,880,000			
2021	21,625,000			
2022	28,980,000			
2023	20,520,000			
2024	11,435,000			
2025	4,425,000			
2026	4,605,000			

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

* Preliminary, subject to change.

PIMA COUNTY, ARIZONA
BOARD OF SUPERVISORS

Sharon Bronson, *Chair*

Ray Carroll	Richard Elías
Ally Miller	Ramón Valadez

COUNTY ADMINISTRATIVE OFFICIALS

ELECTED OFFICIALS

Bill Staples *County Assessor*	Beth Ford *County Treasurer*	Barbara LaWall *County Attorney*

APPOINTED OFFICIALS

C.H. Huckelberry
County Administrator

Thomas Burke
Deputy County Administrator

Keith Dommer
Finance and Risk Management Director

BOND COUNSEL

Squire Patton Boggs (US) LLP
Phoenix, Arizona

BOND REGISTRAR AND PAYING AGENT

U.S. Bank National Association
Phoenix, Arizona

This Official Statement, which includes the cover page, the inside front 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 inside front cover page hereof. No person has been authorized by Pima County, Arizona (the "County"), to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the County.

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

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

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

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

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

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

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

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$125,530,000*
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016

INTRODUCTORY STATEMENT

The purpose of this Official Statement, which includes the cover page, the inside front cover page and the appendices hereto, is to provide information in connection with the sale and issuance of the $125,530,000* principal amount of General Obligation Refunding Bonds, Series 2016 (the "Bonds") by Pima County, Arizona (the "County").

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

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

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

THE BONDS

Authorization and Use of Funds

The Bonds are being issued pursuant to the authority contained in Title 35, Chapter 3, Article 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 April 19, 2016. The Bonds are being issued for the purpose of (i) refunding in advance of maturity portions of certain outstanding general obligation bonds of the County identified under "PLAN OF REFUNDING" herein (the "Bonds Being Refunded") and (ii) paying costs related to the issuance of the Bonds. See "SOURCES AND USES OF FUNDS" and "PLAN OF REFUNDING" herein.

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

* Preliminary, subject to change.

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

The Bonds will be dated the date of initial delivery thereof and will be available in amounts of $5,000 of principal due on a maturity date or any integral multiple thereof. The Bonds will bear interest from their dated date, payable semiannually on January 1 and July 1 of each year (each an "Interest Payment Date"), commencing January 1, 2017*. Interest on the Bonds will be paid by the bond registrar and paying agent, initially U.S. Bank National Association, or its successors (the "Bond Registrar and Paying Agent"), to the owners thereof (initially Cede & Co., as nominee of DTC) as shown on the registration books maintained by the Bond Registrar and Paying Agent, at the close of business on the fifteenth day of the month preceding each Interest Payment Date or if such day is a Saturday, Sunday or holiday on the next preceding business day (the "Record Date"). So long as the Bonds are in DTC's book-entry-only system, and thereafter at the written request and expense of the owners of $1,000,000 or more in aggregate principal amount of Bonds delivered to the Bond Registrar and Paying Agent prior to a Record Date, interest and principal will be paid by wire transfer to a bank account in the continental United States.

Security and Source of Payment

The Bonds will be direct and general obligations of the County and will be payable as to both principal and interest from ad valorem taxes to be levied against all taxable property within the County, without limitation as to rate but limited to an amount to pay the principal of and interest on the 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 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 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 REFUNDING" 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.

No Prior Redemption

The Bonds will not be subject to call for redemption prior to their respective maturity dates.

PLAN OF REFUNDING

A portion of the net proceeds of the Bonds will be placed in a trust account (the "Depository Trust") with U.S. Bank National Association, as depository trustee 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 which shall constitute the Bonds Being Refunded:

* Preliminary, subject to change.

Issue Series	Maturity Date (July 1)	Coupon	Principal Amount Outstanding	Bonds Being Refunded*	Redemption Date (July 1)	Redemption Price	CUSIP®[a] (721663)
Series 2007	2018	4.125%	$7,810,000	$7,810,000	2017	100%	TB8
	2019	4.250	8,205,000	8,205,000	2017	100	TC6
	2020	3.000	8,615,000	8,615,000	2017	100	TD4
	2021	3.000	3,845,000	3,845,000	2017	100	TE2
Series 2008	2020	4.000	8,000,000	8,000,000	2018	100	TW2
	2021	4.000	12,750,000	12,750,000	2018	100	TX0
	2022	4.000	15,000,000	15,000,000	2018	100	TY8
Series 2009	2021	4.000	5,000,000	5,000,000	2019	100	UM2
	2022	4.000	7,500,000	7,500,000	2019	100	UN0
	2023	4.125	9,685,000	9,685,000	2019	100	UP5
Series 2009A	2022	3.750	6,920,000	6,920,000	2019	100	VC3
	2023	4.000	7,195,000	7,195,000	2019	100	VD1
	2024	4.000	7,485,000	7,485,000	2019	100	VE9
Series 2011	2023	5.000	4,030,000	4,030,000	2021	100	VL3
	2024	5.000	4,235,000	4,235,000	2021	100	VM1
	2025	5.000	4,445,000	4,445,000	2021	100	VN9
	2026	5.000	4,670,000	4,670,000	2021	100	VP4
Total			$125,390,000	$125,390,000			

(a) See footnote (a) on the inside front cover page hereof.

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 and interest due on the Bonds Being Refunded, as they are redeemed as stated above, the ad valorem taxes levied to pay the 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."

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 U.S. 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 U.S. 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.

* Preliminary, subject to change.

SOURCES AND USES OF FUNDS

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

Sources of Funds:

Proceeds of the Bonds	$
Net Original Issue Premium/(Discount)	
Total Sources	$

Uses of Funds:

Deposit to Depository Trust	$
Payment of Issuance Expenses (Including Underwriter's Discount)	
Deposit to Interest Account (a)	
Total Uses	$

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

LEGAL MATTERS

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

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

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

TAX MATTERS

General

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) interest on the Bonds is exempt from Arizona state income taxes. 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 front cover page of this Official Statement and prospective purchasers of the Bonds at other than their original issuance, should consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

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

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

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

No Litigation Relating to the Bonds. 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, or the adoption of the Bond Resolution, or in any way contesting or affecting any authority for the issuance of the Bonds, or the validity of the Bonds, the proceeds from the issuance thereof or any agreements entered into in connection therewith, or in any way contesting the existence or powers of the County with regard to the Bonds, the Bond Resolution or any agreement, document, duty or covenant pertaining thereto.

Other Litigation; Self-Insurance or Commercial Insurance Coverage. The County has been named as a defendant in several lawsuits for which the County believes either that it has adequate self-insurance or insurance coverage in the event of liability or that such liability would not otherwise materially and adversely affect the financial condition of the County. In one such matter, the County is currently defending a lawsuit filed against it, and others, in federal court in April 2016 by a plaintiff who claims his constitutional rights were violated and he was wrongfully imprisoned for 42 years. The plaintiff is seeking damages in excess of $40 million. The County believes that it has meritorious defenses against all claims and intends to file motions for summary judgment and otherwise vigorously defend the lawsuit. The County is currently determining whether the claim, if it is ultimately successful in whole or in part, is covered by any commercial liability insurance policies covering the County. If there is no available coverage, and if and to the extent the claim is successful, damages would be paid from the County's self-insurance trust.

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 and its respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriter and its affiliates may have certain creditor and/or other rights against the County and its affiliates in connection with such activities. In the various course of their various business activities, the Underwriter and its respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the County (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the County. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

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

RATINGS

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

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

RELATIONSHIP AMONG PARTIES

Bond Counsel has previously represented, and is currently representing, the Underwriter with respect to other financings of the County and has acted or is acting as bond counsel with respect to other bonds underwritten by the Underwriter and may do so in the future. Counsel to the Underwriter has previously represented, and is currently representing, the County with respect to other financings of the County and has acted or is acting as bond counsel with respect to other bonds underwritten by the Underwriter and may do so in the future. Bond Counsel and Counsel to the Underwriter also serve and have served as bond counsel for one or more of the political subdivisions that the County territorially overlaps.

CERTIFICATION CONCERNING OFFICIAL STATEMENT

The closing documents will include a certificate confirming that, to the best knowledge, information and belief of the County's Finance and Risk Management Director, the descriptions and statements contained in this Official Statement relating to the County and its operation and properties were at the time of the sale of the Bonds, and are at the time of the delivery thereof, true, correct and complete in all material respects and did not and do not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein in order to make the statements, in light of the circumstances under which they are made, not misleading. In the event this Official Statement is supplemented or amended prior to the date of delivery of the Bonds, the foregoing confirmation will also encompass such supplements or amendments.

CONTINUING SECONDARY MARKET DISCLOSURE

The County has covenanted for the benefit of holders of the Bonds to provide certain financial information and operating data relating to the County by not later than February 1 in each year commencing February 1, 2017 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notices"). The Annual Reports and the Notices will be filed with the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's Electronic Municipal Market Access system as described in Appendix D - "FORM OF CONTINUING DISCLOSURE UNDERTAKING." The specific nature of the information to be contained in the Annual Reports and the Notices is set forth in Appendix D - "FORM OF CONTINUING DISCLOSURE UNDERTAKING."

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

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, 2015. The County has not requested or obtained the consent of the Office of the Arizona Auditor General to include such excerpts in the Official Statement and the Office of the Arizona Auditor General has performed no procedures subsequent to rendering its opinion on such Comprehensive Annual Financial Report.

CONCLUDING STATEMENT

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

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

By: ____
Chair, Board of Supervisors

By: ____
County Administrator

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APPENDIX A

PIMA COUNTY, ARIZONA
General Economic and Demographic Information

General Information

Pima County, Arizona (the "County") is located in the southern portion of the State of Arizona ("Arizona" or the "State"), with a section of its southern boundary bordering Mexico. The boundaries of the County encompass an area of approximately 9,184 square miles. Organized in 1864 by the Arizona Territorial Legislature as one of the State's four original counties, the County is today the second most populous county in Arizona with an estimated 2015 population of 1,009,371. Approximately 52% 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
2015 Estimate (a)	1,009,371	529,845	6,758,251
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, 2015 (released December 2015) provided by the Office of Employment and Population Statistics, Arizona Department of Administration.

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

Organization

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

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

Mr. Thomas Burke was appointed Deputy County Administrator in April 2015. He was the Finance and Risk Management Director from 2005 through 2015 and had served as Deputy Director of Finance from May 2004.

Prior to his move to Finance, Mr. Burke served as Deputy Director of Pima County's Department of Natural Resources, Parks and Recreation from 2003 to 2004. From 2000 to 2003, he was a Deputy County Attorney representing various Pima County departments including the County Assessor, County Treasurer and Public Works departments. From 1989 to 1998, Mr. Burke served as the Manager of Pima County's Real Property Services and from 1994 to 1998 also served as the County's Superintendent of Streets overseeing special taxing districts. During 1998 to 2000, he was a partner in an Arizona law firm representing local governments. Prior to his work with the County, Mr. Burke was an attorney with a Tucson law firm from 1983 to 1989 and was a Certified Public Accountant with Ernst & Whinney from 1976 to 1980. Mr. Burke holds a Bachelor of Science in Business Administration with a major in Accounting and a Juris Doctor, both from The University of Arizona, and is licensed as an attorney in the State.

Mr. Keith Dommer was appointed Finance and Risk Management Director in June 2015. Prior to his appointment, Mr. Dommer served the Arizona Auditor General's Office from 1988 to June 2015 where he managed their Tucson office and performed financial statement, compliance, and fraud audits of the State of Arizona and many local governments, including Pima County and its Regional Wastewater Reclamation Department. Mr. Dommer lectured at the University of Arizona's Accounting Department in 1987 and 1988. Mr. Dommer has been a Certified Public Accountant since 1992 and is active in various professional organizations speaking regularly at their conferences and training events. Mr. Dommer holds a Bachelor of Arts degree with a major in mathematics from Concordia University in Seward, Nebraska and a Master of Business Administration degree from Chapman University in Orange, California.

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 370,000 persons were employed, on average (not including the agricultural industry), in the County in 2015. The following table presents the County's average annual total employment by industry for the periods indicated. During the recent recession, employment decreased in the County. Beginning in 2011, employment levels have either stabilized or grown across most employment sectors, as reflected in the information shown below.

TABLE 2
Pima County
Average Annual Employment
Number of Persons Employed 2011-2015

Industry	2011	2012	2013	2014	2015
Goods Producing					
Mining and Construction	16,400	16,500	17,700	17,200	17,200
Manufacturing	23,400	23,400	23,200	22,700	22,700
Service Providing					
Trade, Transportation and Utilities	58,000	58,000	59,200	60,600	61,100
Information	4,200	4,300	4,300	4,200	4,200
Financial Activities	16,900	16,900	17,300	17,500	17,800
Professional and Business Services	47,100	48,900	49,900	49,800	51,600
Education and Health Services	59,900	61,000	61,600	61,700	63,500
Leisure and Hospitality	39,100	40,300	40,100	41,500	42,700
Other Services	12,600	12,800	12,700	12,900	12,900
Government	76,800	77,700	77,200	76,900	76,300
Total Wage & Salary Employment	354,400	359,800	363,200	365,000	370,000

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

The average annual unemployment rate for the County in 2015 was 5.5%. The average annual unemployment rates for 2014 and 2013 were 6.2% and 6.8%, respectively. The table below shows comparative unemployment rates for the County, the State and the United States for the periods indicated. As reflected for the United States as a whole, the unemployment rate for Arizona and for the County saw significant increases in 2009 and 2010 but has decreased each year since 2011.

TABLE 3
Pima County
Comparative Employment Statistics (a)

	Pima County		Average Unemployment Rate		
Calendar Year	**Average Employment**	**Average Unemployment**	**Pima County**	**Arizona**	**U.S.**
2015	442,372	25,822	5.5%	6.1%	5.3%
2014	433,321	28,485	6.2%	6.9%	6.2%
2013	427,412	31,207	6.8%	7.8%	7.4%
2012	429,190	34,390	7.4%	8.4%	8.1%
2011	427,460	39,827	8.5%	9.5%	8.9%

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

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

The following table indicates the major employers in southern Arizona, which includes the County, as reported in April 2016.

TABLE 4
Southern Arizona
Major Employers

Company	Type of Business	Approximate Number of Full-Time Equivalents
University of Arizona	Higher Education	11,251
Raytheon Missile Systems	Military and Defense	9,600
State of Arizona	Government	8,580
Davis-Monthan Air Force Base	Military and Defense	8,406
Pima County	Government	7,060
Tucson Unified School District	Education	6,770
Banner University Medical Center	Health Care	6,272
U.S. Customs and Border Patrol	Government	5,739
Freeport-McMoRan Inc.	Mining and Agriculture	5,530
Wal-Mart Stores Inc.	Retailers	5,500
Fort Huachuca	Military and Defense	5,477
City of Tucson	Government	4,595
Tohono O'odham Nation	Government	4,350
Carondelet Health Network	Health Care	3,860
TMC HealthCare	Health Care	3,162
Southern Arizona VA Health Care System	Health Care	2,464
Corrections Corp. of America (CCA)	Other	2,413
Fry's Food Stores	Retailers	2,346
Pima Community College	Higher Education	2,235
Asarco LLC	Mining and Agriculture	2,200

Source: *The Star 200*, The Arizona Daily Star (April 2016).

Non-Governmental Employment

During the recent recession, average employment figures in Mining and Construction, Manufacturing, Information and Other Services categories showed declines each year. All other non-governmental employment categories had a decrease of employment in 2010 and/or 2011 which was followed by growth. From 2011 through 2015, employment figures for all non-government categories showed signs of either growth or stabilization, with overall employment up by approximately 16,100 jobs, or 5.8%.

The average annual employment in service-providing categories in 2015 was 253,800. It is anticipated that as the County continues to grow in population and economic activity, service-providing employment will continue to provide the primary source of jobs in the County. As detailed in TABLE 2, employment in the Education and Health Services and Trade, Transportation and Utilities industries have been the primary areas of employment in the service-providing industry.

Government

Government employment plays an important role in the County with federal, State and local government employees averaging 76,300 in 2015, representing 20.6% of the County's total wage and salary employment base. The State, Davis-Monthan Air Force Base and U.S. Border Patrol are significant contributors to government employment in the County. (See "Southern Arizona - Major Employers" listed in TABLE 4.) Davis-Monthan Air Force Base is a major training ground for active duty members on the A-10 "Warthog" aircraft. The facility is also responsible for the education of tactical missile crews. Its storage capacity of 4,400 aircraft is the largest in the world. In the past, Davis-Monthan Air Force Base reportedly has been included on lists of installations considered for closure or realignment by the Defense Base Closure and Realignment Commission. There can be no assurances that Davis-Monthan Air Force Base will not be included on similar lists in the future. Any such closure or realignment would most likely be subject to review and approval by, among others, the Department of Defense and the President of the United States and would have a negative but unquantifiable effect on the County.

Manufacturing

The manufacturing sector in the County continues to be dominated by the high technology industries of aerospace and electronics. Raytheon Missile Systems, the largest manufacturing company and second largest employer in the County, is a major supplier of advanced munitions. Civilian aviation products and services are provided by Bombardier, which has an aircraft maintenance facility in Tucson; Honeywell Aerospace, which manufactures air data solutions, auxiliary power units, flight management systems and sensors; and B/E Aerospace, which manufactures aircraft cabin and interior products. Ventana Medical Systems provides computerized medical laboratory equipment; IBM Corp. manufactures storage hardware; and Texas Instruments produces electronic circuitry and data storage devices.

Average annual employment in the manufacturing sector within the County in 2015 was 22,700, representing 6.1% of the County's total wage and salary employment base. Manufacturing employment in the County has continued to show small declines in employment each year since the recession.

The following table presents the major manufacturers in the County and Tucson metropolitan area as of April 2016:

TABLE 5
Southern Arizona
Major Manufacturers

Company	Type of Business	Approximate 2016 Employment
Raytheon Missile Systems	Military and Defense	9,600
Ventana Medical Systems Inc.	Manufacturing & Research	1,286
Bombardier Aerospace	Aerospace & Aircraft	984
IBM Corp.	Manufacturing & Research	900
Honeywell Aerospace	Aerospace & Aircraft	715
Hexcel	Manufacturing & Research	500
Texas Instruments Inc.	Manufacturing & Research	370
Marana Aerospace Solutions	Aerospace & Aircraft	365
CAID Industries Inc.	Manufacturing & Research	352
Frito-Lay	Manufacturing & Research	325
Sargent Aerospace & Defense	Aerospace & Aircraft	310
FLSmidth Krebs	Manufacturing & Research	250
R&R Products Inc.	Manufacturing & Research	239
Precision Shooting Equipment	Manufacturing & Research	235
Solar Industries	Manufacturing & Research	232

Source: *The Star 200*, The Arizona Daily Star (April 2016).

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

Tourism

Tourism is an important economic mainstay in the County and the Tucson area. The County's climate, historical and cultural sites, location and proximity to vacation areas in California, Mexico, and other Southwest destinations attract vacationers, conventioneers and other visitors. The Metropolitan Tucson Convention and Visitors Bureau estimated that 570 convention bookings creating 401,541 room nights in the Tucson area in fiscal year 2014-15, the most recent data available (representing convention sales and sporting events). In the Tucson area, the Bureau estimated that there were approximately 105 hotels and resorts with 12,826 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 $1.647 billion in calendar year 2015, an increase from tourism-related expenditures in calendar year 2014. In calendar year 2014, tourists in the County spent approximately $1.54 billion, an increase of 3.56% 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 2011 through 2015, which is the most current data available as of the date of this Official Statement.

TABLE 6
Total Tourist Expenditures
($ in millions)

Year	Pima County	State of Arizona
2015	$1,647	$12,303
2014	1,540	11,311
2013	1,487	10,624
2012	1,443	10,017
2011	1,370	9,549

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

Education

The University of Arizona (the "University") provides approximately 11,235 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 2015 were estimated at 43,088 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 2014-15 was 47,588 students.

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

Wholesale and Retail Trade

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

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

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

TABLE 7
Pima County Retail Sales (a)

Year	Amount	% Change
2015	$8,413,970,122	6.96%
2014	7,866,774,190	3.40%
2013	7,608,383,644	4.36%
2012	7,290,710,677	5.60%
2011	6,904,863,298	7.80%

(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, 2015, there were 18 institutions with 180 offices in the County, with a deposit balance of approximately $13.760 billion.

TABLE 8
Pima County
Bank Deposits

June 30	Amount
2015	$13,760,000,000
2014	13,055,000,000
2013	12,762,000,000
2012	12,152,000,000
2011	11,973,000,000

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 average employment in the mining industry within the County being approximately 2,300 in 2014 and 2015.

Agriculture

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

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APPENDIX B

PIMA COUNTY, ARIZONA
Financial Information

Introduction

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

Expenditure Limitation

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

The County's expenditure limitation for the 2014-15 fiscal year was $525,447,388. The County's expenditures for the 2014-15 fiscal year did not exceed the limit. The County's 2015-16 fiscal year expenditure limitation is $541,485,059, and the County anticipates that its expenditures for such year will not exceed the limit.

PROPERTY TAX INFORMATION

Recent Constitutional and Statutory Changes Affecting Property Taxes

Beginning in fiscal year 2015-16 and for each fiscal year thereafter, a voter-approved constitutional amendment and related enabling legislation imposes additional limits on the growth in taxable value of most real property and improvements, including mobile homes, used for levying ad valorem property taxes, including both primary and secondary ad valorem taxes. Primary ad valorem taxes are levied for the maintenance and operation of counties, cities, towns, school districts, community college districts and certain special taxing districts as described below. Secondary ad valorem taxes are levied for debt retirement, voter-approved budget overrides and the maintenance and operation of special service districts as described below.

Prior to fiscal year 2015-16, the value of real property and improvements, including mobile homes, used for levying primary ad valorem taxes was based on a limited property value described below ("Primary Property Tax Value") and the value used for levying secondary ad valorem taxes ("Secondary Property Tax Value") was based on full cash value ("Full Cash Value") described below. The Primary Property Tax Value for property increased by the greater of either 10% of the prior year's Primary Property Tax Value or 25% of the difference between the prior year's Primary Property Tax Value and the current year's Full Cash Value. There was no limit on the growth of Full Cash Value or Secondary Property Tax Value. See "Tax Procedure – Determination of Full Cash Value" herein. As more fully described below, property assessment ratios were then applied against these respective values, and property exempt from taxation was netted out of the valuation, to arrive at "Net Assessed Primary Value" and "Net Assessed Secondary Value". The tax rate imposed for primary tax and secondary tax purposes was then applied against the respective Net Assessed Primary or Secondary Value to determine the respective primary and secondary tax levy amounts.

Beginning with fiscal year 2015-16 and thereafter, both primary ad valorem taxes and secondary ad valorem taxes are levied based upon a revised limited property value (the "Limited Property Value"), which (i) for locally assessed property (as described below) in existence in the prior year that did not undergo modification through construction, destruction, split or change in use, is equal to the lesser of (a) the Full Cash Value of the property or (b) an amount five percent greater than the Limited Property Value of such property determined for the prior year and (ii) for centrally valued property (as described below) is equal to the Full Cash Value. Property that is subject to an equalization order that the State Legislature exempts from the above property tax limitation is also valued at Full Cash Value. There is no limit on the growth of Full Cash Value of such exempted or centrally assessed property. The property tax assessment ratios are then applied against the Limited Property Value, and property exempt from taxation is netted out of the Limited Property Value, to arrive at "Net Assessed Limited Property Value." The tax rates imposed for both primary tax and secondary tax purposes are then applied against the Net Assessed Limited Property Value to determine the respective primary and secondary tax levy amounts.

Because fiscal year 2015-16 is the first year for implementation of the constitutional amendment and use of Limited Property Values and Net Assessed Limited Property Values, there is currently no comparative data for such property values from prior fiscal years to present in this Official Statement. Accordingly, prior-year information is presented using the then-applicable, but now replaced valuation rules, including Net Assessed Primary Values and Net Assessed Secondary Values.

Additional changes may be made to the manner in which properties are valued for tax purposes and taxes are levied. The County cannot determine whether any such measures will become law or how they might affect property tax collections for the County. However, removing or amending limits on the growth rate of Limited Property Value for locally assessed property would require further amendment to the State Constitution.

Ad Valorem Taxes

General

For tax purposes in Arizona, real property is either valued by the Assessor of the County or by the Arizona Department of Revenue. Property valued by the Assessor of the County is referred to as "locally assessed" property and generally encompasses residential, agricultural and traditional commercial and industrial property. Property valued by the Arizona Department of Revenue is referred to as "centrally valued" property and includes: (1) property used in the business of patented or unpatented producing mines, mills and smelters; (2) producing oil, gas and geothermal interests; (3) real property and improvements used for operation of telephone, telegraph, gas, water and electric utilities; (4) aircraft regularly scheduled and operated by an aircraft company; (5) standing timber; (6) pipelines; and (7) personal property, except mobile home.

Primary Taxes

Taxes levied for the maintenance and operation of counties, cities, towns, school districts, community college districts, certain special taxing districts, and the State are primary taxes. These taxes are levied against the Net Assessed Limited Property Value of the taxing jurisdiction. The State does not currently levy ad valorem taxes but the State currently requires a county (including the County) to levy a "State equalization assistance property tax" to provide equalization assistance to school districts in such county which is used to offset the cost of State equalization to those school districts.

The amount of primary taxes levied by a county (including the County), city, town and community college district is constitutionally limited to a maximum increase of 2% over the maximum allowable prior year's levy limit amount plus any taxes on property not subject to tax in the preceding year (e.g., new construction and property brought into the jurisdiction because of annexation). Each taxing entity's maximum allowable property tax levy limit amount was rebased to the amount of actual 2005 primary property taxes levied (plus amounts levied against property not subject to taxation in the prior year). The 2% limitation does not apply to primary taxes levied on behalf of school districts.

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

Secondary Taxes

Taxes levied for debt retirement, voter-approved budget overrides and the maintenance and operation of special service districts such as sanitary, fire and road improvement districts are secondary taxes. These taxes are levied against the Net Assessed Limited Property Value. There is no limitation on annual levies for voter-approved bond indebtedness and certain special district assessments are also unlimited. Debt service on the Bonds is payable solely from secondary property taxes.

Tax Procedures

Tax Year

The Arizona tax year is defined as the calendar year, although tax procedures begin prior to January 1 of the tax year and continue through May of the succeeding calendar year, when payment of the second installment of property taxes for the prior tax year becomes delinquent.

Determination of Full Cash Value

The first step in the tax process is the determination of the Full Cash Value of each parcel of real property within the State. Full Cash Value is statutorily defined to mean "that value determined as prescribed by statute" or if no statutory method is prescribed it is "synonymous with market value." "Market value" means that estimate of value that is derived annually by use of standard appraisal methods and techniques, which generally includes the market approach, the cost approach and the income approach. As a general matter, the various county assessors use a cost approach for commercial/industrial property and a sales data approach for residential property. Arizona law allows taxpayers to appeal the county assessor's valuations by providing evidence of a lower value, which may be based upon another valuation approach.

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

Arizona law provides for a property valuation "freeze" on Full Cash Value for certain residential property owners 65 years of age and older. Owners of residential property may obtain such freeze against valuation increases (the "Property Valuation Protection Option") if the owners' total income from all sources does not exceed 400% (500% for two or more owners of the same property) of the "Social Security Income Benefit Rate." The Property Valuation Protection Option must be renewed every three years. If the property is sold to a person who does not qualify, the valuation reverts to its then-current Full Cash Value. Any freeze on increases in Full Cash Value will translate to the assessed value of the affected property as hereinafter described.

Following the determination of the Full Cash Value, the Assessor of the County then determines the Limited Property Value by applying any applicable property growth limitations as described under " Recent Constitutional and Statutory Changes Affecting Property Taxes" above.

Assessment Ratios

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) that is multiplied by the applicable Limited Property Value to obtain the assessed valuation. The appropriate property classification ratio is applied to the applicable Limited Property Value of each property parcel to determine the assessed valuation for such parcel. The current assessment ratios for each class of property are set forth in the following table.

Property Tax Assessment Ratios
Tax Years 2011 through 2016

	Assessment as Percentage of Taxable Value					
Property Classification (a)	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Mining, Utilities, Commercial and Industrial (b)	20%	20%	19.5%	19%	18.5%	18%
Agriculture and Vacant Land (b)	16%	16%	16%	16%	16%	15%
Owner Occupied Residential	10%	10%	10%	10%	10%	10%
Leased or Rented Residential	10%	10%	10%	10%	10%	10%
Railroad, Private Car Company and Airline Flight Property (c)	15%	15%	15%	15%	15%	15%

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

(b) For tax year 2016, Full Cash Values, up to an amount established by law for each tax year, on commercial, industrial and agricultural personal property are exempt from taxation (for tax year 2016, such maximum amount is $146,973). This exemption is indexed annually for inflation. Any portion of the Full Cash Value in excess of that amount will be assessed at the applicable rate. The assessment ratio for mining, utility, commercial and industrial property will be reduced to 18% for tax year 2016 and thereafter. The assessment ratio for agricultural and vacant property will be reduced to 15% for tax year 2016 and thereafter.

(c) This percentage is determined annually to be equal to the ratio of (i) the total Limited Property Value 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 Value of such properties.

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

On or before the third Monday in August of each year, the Board of Supervisors of the County prepares the tax roll that sets forth the valuation by taxing district of all property in the County subject to taxation. The Assessor of the County is required to complete the assessment roll by December 15th of the year prior to the levy. This tax roll also shows the valuation and classification of each parcel of land located within the County for the tax year. The tax roll is then forwarded to the Treasurer. With the various budgetary procedures having been completed by the governmental entities, the appropriate primary and secondary tax rate for each jurisdiction is then applied to the Net Assessed Limited Property Value of each parcel of property in order to determine the total tax owed by each property owner. Any subsequent decrease in the value of the tax roll as it existed on the date of the levy due to appeals or other reasons would reduce the amount of taxes received by each jurisdiction.

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

The State Legislature, from time to time, may change the manner in which taxes are levied, including changing the assessment ratios and property classifications. The County cannot determine whether any such measures will become law or how they might affect property tax collections for the County. However, removing or amending limits on the growth rate of Limited Property Value for locally assessed property would require further amendment to the State Constitution.

Delinquent Tax Procedures

The property taxes due the County are billed, along with State, County, and other taxes, in September of each year and are payable in two installments on the subsequent October 1 and March 1. The delinquent tax dates are November 1 and May 1 and delinquent taxes are subject to a penalty of 16% per annum unless the full year's taxes are paid by December 31. (Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31.) At the close of the tax collection period, the 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 property is reoffered for sale from time to time until such time as it is sold, subject to redemption, for an amount sufficient to cover all delinquent taxes.

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

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 attach 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 over secured, 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 bankrupt 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 automatic stay of a bankruptcy court may not prevent the sale of tax liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor would be subject to the stay of a bankruptcy court. It is reasonable to conclude that "tax sale investors" may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of post-bankruptcy petition tax collections becomes uncertain.

It cannot be determined what impact any deterioration of the financial condition of any taxpayer, whether or not protection under the Bankruptcy Code is sought, may have on payment of or the secondary market for the Bonds. Neither the County nor the Underwriter has undertaken any independent investigation of the operations and financial condition of any taxpayer, nor have they assumed responsibility for the same.

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

Property Valuations

The following tables list the property valuations for the County for fiscal year 2015-16. The County's preliminary Net Assessed Limited Property Value for fiscal year 2016-17 is estimated at $7,816,699,760, an increase of approximately 2.59% from fiscal year 2015-16. As used herein, "Estimated Net Full Cash Value" is the Full Cash Value net of the estimated Full Cash Value of property exempt from taxation. For more information on constitutional and statutory changes in the taxable values of property beginning in fiscal year 2015-16 and thereafter, see "Recent Constitutional and Statutory Changes Affecting Property Taxes" above.

Property Valuations for Fiscal Year 2015-16

Estimated Net Full Cash Value (a)	$67,373,304,653
Net Assessed Limited Property Value	7,620,360,873

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

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

Net Assessed Valuation Comparisons and Trends

The tables shown below indicate (a) for fiscal year 2015-16, the Net Assessed Limited Property Value for the City of Tucson (the "City"), the County and the State of Arizona, utilizing new constitutional and statutory property valuation requirements, and (b) for fiscal years 2011-12 through 2014-15, changes in the then-applicable, but now-replaced Net Assessed Secondary Values of the City, the County and the State of Arizona.

Fiscal Year 2015-16
Net Assessed Limited Property Values

Fiscal Year	City of Tucson	Percent Increase/(Decrease) From 2014-15 Net Assessed Secondary Value	Pima County	Percent Increase/(Decrease) From 2014-15 Net Assessed Secondary Value	State of Arizona	Percent Increase/(Decrease) From 2014-15 Net Assessed Secondary Value
2015-16	$3,123,670,375	(0.26%)	$7,620,360,873	0.53%	$54,838,548,829	(0.93%)

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

Fiscal Years 2011-12 to 2014-15
Changes in Net Assessed Secondary Values

Fiscal Year	City of Tucson	Percent Change	Pima County	Percent Change	State of Arizona	Percent Change
2014-15	$3,131,952,246	(0.61%)	$7,579,898,868	(0.57%)	$55,352,051,074	5.24%
2013-14	3,151,042,287	(6.70%)	7,623,691,280	(6.70%)	52,594,377,492	(6.54%)
2012-13	3,377,401,416	(3.17%)	8,171,211,922	(3.28%)	56,271,814,583	(8.80%)
2011-12	3,487,959,628	(10.89%)	8,448,281,586	(9.57%)	61,700,292,915	(18.43%)

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

County Net Assessed Valuation and Estimated Net Full Cash Value Comparison

The following tables indicate (a) for fiscal year 2015-16, the ratio between Net Assessed Limited Property Value and estimated Net Full Cash Value for the County, utilizing new constitutional and statutory property valuation requirements, and (b) for fiscal years 2011-12 through 2014-15, the ratio between Net Assessed Secondary Values and estimated Net Full Cash Values for the County, using the then-applicable but now-replaced Net Assessed Secondary Values of the County. As used herein, "Estimated Net Full Cash Value" is the Full Cash Value net of the estimated Full Cash Value of property exempt from taxation.

Fiscal Year 2015-16
Ratio Between Net Assessed Limited Property Value and Estimated Net Full Cash Value

Fiscal Year	Net Assessed Limited Property Value	Estimated Net Full Cash Value (a)	Percent of Net Assessed Limited Property Value to Estimated Net Full Cash Value
2015-16	$7,620,360,873	$67,373,304,653	11.31%

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

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

Fiscal Years 2011-12 to 2014-15
Ratio Between Net Assessed Secondary Values and
Estimated Net Full Cash Values (a)

Fiscal Year	Net Secondary Assessed Value	Estimated Actual Valuation (a)	Net Secondary Assessed Value as a Percentage of the Estimated Actual Valuation
2014-15	$7,579,898,868	$63,492,262,442	11.94%
2013-14	7,623,691,280	63,198,953,329	12.06%
2012-13	8,171,211,922	67,389,331,666	12.13%
2011-12	8,448,281,586	70,163,492,245	12.04%

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

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

Net Assessed Property Values of Major Taxpayers

The tables shown indicate (a) for fiscal year 2015-16, the major property taxpayers located within the County, an estimate of their 2015-16 Net Assessed Limited Property Value, utilizing new constitutional and statutory property valuation requirements, and their relative proportion of the total Net Assessed Limited Property Value for the County, and (b) for fiscal year 2014-15, the major property taxpayers located within the County, an estimate of their 2014-15 Net Assessed Secondary Value and their relative proportion of the total Net Assessed Secondary Value for the County using the then-applicable but now-replaced Net Assessed Secondary Values.

Fiscal Year 2015-16
Major Taxpayers

Taxpayer (a)	Use of Property	2015-16 Net Assessed Limited Property Values	As % of County's Net Assessed Limited Property Values
Unisource Energy Corp	Utility	$199,643,861	2.62%
Phelps Dodge Sierrita Inc-Sierrita Mine	Mining	91,456,084	1.20
Southwest Gas Corporation	Utility	70,297,083	0.92
Asarco LLC-Mission Mine	Mining	48,495,531	0.64
Qwest Corporation	Telecommunications	37,877,202	0.50
Wal-Mart Stores Inc.	Retail	18,494,443	0.24
Northwest Hospital LLC	Healthcare	17,058,342	0.22
DND Neffson Company	Shopping Mall	15,694,637	0.21
Raytheon Company	Defense Contracting	14,703,103	0.19
Trico Electric Coop Inc.	Utility	14,130,718	0.19
		$527,851,004	6.93%

Fiscal Year 2014-15
Major Taxpayers

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

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

Source: Pima County Assessor.

Record of Real and Secured Property Taxes Levied and Collected

Property taxes are levied and collected on property within the County and certified by the Treasurer of the County. The following table sets forth the tax collection record of the County for the current fiscal year and past five fiscal years.

Fiscal Year	Real and Secured Personal Property Tax Levy (a)	Fiscal Year Collections (b)		Total Collections (c)	
		Amount	Percent of Tax Levy	Amount	Percent of Tax Levy
2015-16	$374,101,317	(d)	(d)	$353,848,846	94.59%
2014-15	359,297,850	$347,288,004	96.66%	358,425,642	99.76%
2013-14	323,026,354	311,703,395	96.49%	322,141,717	99.73%
2012-13	324,785,757	313,137,754	96.41%	323,915,682	99.73%
2011-12	335,466,625	323,013,333	96.29%	335,088,858	99.89%

(a) Reflects the Primary Tax Levy and the Secondary Debt Service Levy.
(b) Reflects collections made through June 30th, the end of the fiscal year, on such year's levy. Property taxes are payable in two installments. The first installment is due on October 1 and becomes delinquent on November 1, but is waived if the full tax year's taxes are paid in full by December 31. The second installment is due on March 1 and becomes delinquent on May 1. Interest at the rate of 16% per annum attaches on first and second installments following their delinquent dates. Penalties for delinquent payments are not included in the above collection figures.
(c) Reflects collections made through May 5, 2016 against the current and prior levies.
(d) 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 and the secondary tax rate, which are levied against the Net Assessed Limited Property Value within the County, the County Library District, the County Fire District Assistance Tax and the County Flood Control District (except in the case of the Flood Control District, which excludes the value of personal property).

Fiscal Year	Primary Tax Rate	Secondary Tax Rate	Total Tax Rate
2015-16	$4.3877	$1.5755	$5.9632
2014-15	4.2779	1.4860	5.7639
2013-14	3.6665	1.4644	5.1309
2012-13	3.4178	1.4342	4.8520
2011-12	3.4178	1.4313	4.8491

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

Debt Limitation

Pursuant to the Arizona Constitution and Arizona statutes, outstanding general obligation debt for county purposes may not exceed 15% of a county's Net Assessed Limited Property Value. The following indicates the County's current bonding capacity.

Net Secondary Assessed Valuation (FY 2014-15)	$7,620,360,873
15% Constitutional Limitation	1,143,054,131
Net Direct General Obligation Bonds Outstanding (a)	258,545,000*
Plus: The Bonds	125,530,000*
Unused 15% Limitation	$758,979,131*

(a) Net of the Bonds Being Refunded.

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* Preliminary, subject to change

General Obligation Bonded Debt Outstanding

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

Date of Issue	Original Amount	Original Purpose	Original Maturity Dates	Remaining Balance Outstanding
01-01-07	$95,000,000	Various Improvements	7-1-07/21	$41,800,000
02-15-08	100,000,000	Various Improvements	7-1-08/22	58,500,000
04-22-09	75,000,000	Various Improvements	7-1-09/23	34,185,000
12-02-09	113,535,000	Various Improvements and Refunding	7-1-10/24	58,010,000
05-25-11	75,000,000	Various Improvements	7-1-12/26	41,210,000
06-13-12	76,225,000	Various Improvements and Refunding	7-1-13/27	49,555,000
06-05-13	88,575,000	Various Improvements and Refunding	7-1-14/28	78,200,000
01-30-14	10,000,000	Various Improvements	7-1-15/28	9,000,000
04-14-15	15,000,000	Various Improvements	7-1-15/29	13,475,000
Subtotal				$383,935,000
Less: The Bonds Being Refunded				(125,390,000)*
Plus: The Bonds				125,530,000*
Total General Obligation Bonded Debt to be Outstanding				$384,075,000*

Annual Debt Service Requirements of Outstanding General Obligation Bonded Debt Outstanding

The following table 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		Less: Bonds Being Refunded*	The Bonds*		Total Debt Service Requirements (b)*
	Principal	Interest		Principal	Interest (a)	
2016	$39,315,000	$14,017,463				$53,332,463
2017	41,445,000	12,801,713	$5,089,881		$3,569,821	52,726,652
2018	43,005,000	11,444,788	12,899,881	$8,410,000	3,620,100	53,580,006
2019	40,475,000	9,873,513	12,972,719	8,650,000	3,451,900	49,477,694
2020	43,450,000	8,460,700	21,034,006	16,880,000	3,278,900	51,035,594
2021	39,935,000	6,932,525	25,435,556	21,625,000	2,941,300	45,998,269
2022	41,560,000	5,435,700	32,435,206	28,980,000	2,508,800	46,049,294
2023	29,495,000	3,792,588	22,765,706	20,520,000	1,639,400	32,681,281
2024	20,610,000	2,599,681	12,686,900	11,435,000	818,600	22,776,381
2025	13,635,000	1,786,331	4,900,750	4,425,000	361,200	15,306,781
2026	14,210,000	1,212,981	4,903,500	4,605,000	184,200	15,308,681
2027	9,910,000	609,419				10,519,419
2028	5,905,000	255,569				6,160,569
2029	985,000	29,550				1,014,550

(a) The first interest payment date on the Bonds is January 1, 2017*. Interest is estimated.
(b) Amounts may not add due to rounding.

* Preliminary, subject to change.

Net Direct and Overlapping General Obligation Bonded Debt

Overlapping bonded debt figures were compiled from information obtained from the Treasurer of the County and individual jurisdictions. A breakdown of each overlapping jurisdiction's applicable general obligation bonded debt, Net Assessed Limited Property Value and combined tax rate per $100 of Net Assessed Limited Property Value follows. Outstanding bonded debt is comprised of general obligation bonds outstanding and general obligation bonds scheduled for sale. The applicable percentage of each municipality's Net Assessed Limited Property Value which lies within the County's boundaries (see the "Approximate Percent" column below) was derived from information obtained from the Treasurer of the County.

Direct and Overlapping Jurisdiction	2015-16 Net Assessed Limited Property Value	General Obligation Bonded Debt Outstanding (a)(f)(g)	Portion Applicable to the County		2015-16 Combined Tax Rate Per $100 Assessed (e)
			Approx. Percent	Net Debt Amount	
State of Arizona	$54,838,548,829	None	100%	None	$0.0000
Pima County	7,620,360,873	**$384,075,000*(e)**	**100%**	**$384,075,000*(e)**	**6.2951 (b)**
Pima County Flood Control District (c)	6,917,200,982	None	100%	None	0.3135
Pima County Community College District	7,620,360,873	None	100%	None	1.3689
Joint Technical Education District	7,404,566,982	None	100%	None	0.5000
Avra Valley Fire District	33,496,571	3,015,000	100%	3,015,000	3.8300
Northwest Fire District	993,806,475	26,400,000	100%	26,400,000	2.9138
Rincon Valley Fire District	101,167,100	4,565,000	100%	4,565,000	3.2675
Gladden Farms Community Facilities District	17,050,662	7,835,000	100%	7,835,000	2.8000
Quail Creek Community Facilities District	12,388,712	10,070,000	100%	10,070,000	3.3000
Elementary School Districts	351,569,085	15,145,000	100%	15,145,000	3.0595 (d)
Unified School Districts	7,250,522,604	610,800,000	100%	610,800,000	6.4474 (d)
Cities and Towns	4,341,058,245	213,495,000	100%	213,495,000	1.1527 (d)
Total				$1,275,400,000*	

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* Preliminary, subject to change.

Jurisdiction	2015-16 Net Assessed Limited Property Value	General Obligation Bonded Debt Outstanding (a)(f)(g)	2015-16 Combined Tax Rate Per $100 Assessed (e)
State of Arizona	$54,838,548,829	None	None
Pima County	7,620,360,873	$384,075,000*(e)	$6.2951 (b)
Pima County Flood Control District (c)	6,917,200,982	None	0.3135
Pima County Community College District	7,620,360,873	None	1.3689
Joint Technical Education District	7,404,566,982	None	0.5000
Avra Valley Fire District	33,496,571	3,015,000	3.8300
Northwest Fire District	993,806,475	26,400,000	2.9138
Rincon Valley Fire District	101,167,100	4,565,000	3.2675
Gladden Farms Community Facilities District	17,050,662	7,835,000	2.8000
Quail Creek Community Facilities District	12,388,712	10,070,000	3.3000
Elementary School Districts:			
San Fernando ESD #35	1,259,692	None	5.9538
Empire ESD #37	7,673,071	None	1.7677
Continental ESD #39	312,442,202	15,145,000	2.6512
Redington ESD #44	1,326,759	None	4.5901
Altar Valley ESD #51	28,867,361	None	7.6255
Unified School Districts:			
Tucson USD #1	3,026,614,777	183,655,000	7.3425
Marana USD #6	736,010,522	103,100,000	6.3370
Flowing Wells USD #8	183,908,030	17,455,000	6.6292
Amphitheater USD #10	1,403,630,578	97,530,000	5.6725
Sunnyside USD #12	405,450,968	60,830,000	3.9987
Tanque Verde USD #13	173,314,046	11,785,000	5.3069
Ajo USD #15	18,505,877	None	4.5540
Catalina Foothills USD #16	572,819,113	36,840,000	4.9985
Vail USD #20	429,133,979	61,390,000	7.0189
Sahuarita USD #30	299,026,901	38,215,000	7.2847
Indian Oasis Baboquivari USD #40	2,107,813	None	0.0000
Cities and Towns:			
City of Tucson	3,131,952,246	213,495,000	1.5960
City of South Tucson	21,566,232	None	0.2528
Town of Marana	431,118,714	None	0.0000
Town of Oro Valley	560,863,509	None	0.0000
Town of Sahuarita	195,557,544	None	0.0000

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

Also does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States of America, Department of the Interior, for repayment of certain capital costs for construction of the Central Arizona Project ("CAP"), a major reclamation project that has been substantially completed by the Department of the Interior. The obligation is evidenced by a master contract between CAWCD and the Department of the Interior. In April of 2003, the United States and CAWCD agreed to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits against such obligations and costs. Under the agreement, CAWCD's obligation for substantially all of the CAP features

* Preliminary, subject to change.

that have been constructed so far will be set at $1.646 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 667,724 acre feet of CAP water for federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of CAP at no additional cost to CAWCD. Of the $1.646 billion repayment obligation, 73% is interest bearing and the remaining 27% is non-interest bearing. These percentages are fixed for the entire 50-year repayment period, which commenced October l, 1993. CAWCD is a multi-county water conservation district having boundaries coterminous with the exterior boundaries of Arizona's Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. At the date of this Official Statement, the tax levy is limited to fourteen cents per $100 of Net Assessed Limited Property Value, of which fourteen cents is being currently levied. (See Sections 48-3715 and 48-3715.02, Arizona Revised Statutes.) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

(b) The County's total tax rate shown includes the County's primary and secondary debt service tax rates, the State equalization tax rate of $0.5054, the $0.5153 tax rate of the Free Library District, the $0.1400 tax rate of the CAP and the $0.0467 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 Net Assessed Limited Property Value.

(e) The combined tax rate includes the tax rate for debt service and for all other purposes such as maintenance and operation and capital outlay.

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

Jurisdiction	**Authorized But Unissued General Obligation Bonds**
Pima County	$25,681,000
City of Tucson	40,000,000
Marana Unified School District No. 6	70,000,000
Amphitheater Unified School District No. 10	40,000,000
Sunnyside Unified School District No. 12	18,875,000
Catalina Foothills Unified School District No. 16	14,500,000
Vail Unified School District No. 20	8,775,000
Avra Valley Fire District	1,200,000
Rincon Valley Fire District	10,285,000
Gladden Farms Community Facilities District	59,570,000
Quail Creek Community Facilities District	17,340,000

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

(e) Includes the Bonds, net of the Bonds Being Refunded.

Net Direct and Overlapping General Obligation Bonded Debt Ratios

The County' direct and overlapping general obligation bonded debt as described in above table is shown below on a per capita basis and as a percent of the County's Net Assessed Limited Property Value and estimated Net Full Cash Value. As used herein, "Estimated Net Full Cash Value" is the Full Cash Value net of the estimated Full Cash Value of property exempt from taxation.

		As Percent of County's 2015-16	
	Per Capita Net Debt (Pop. @ 1,009,371) (a)	**Net Assessed Limited Property Value ($7,620,360,873)**	**Estimated Net Full Cash Value ($67,373,304,653)**
Net Direct General Obligation Bonded Debt ($384,075,000*) (b)	$380.51*	5.04%*	0.57%*
Net Direct and Overlapping General Obligation Bonded Debt ($1,275,400,000*) (b)	$1,263.56*	16.74%*	1.89%*

(a) Population estimates as of July 1, 2015 (released December 2015) provided by the Office of Employment and Population Statistics, Arizona Department of Administration.
(b) Includes the Bonds, net of the Bonds Being Refunded.

Street and Highway Revenue Bonded Debt Outstanding (a)

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

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Remaining Balance Outstanding
01-01-07	$21,000,000	Street & Highway Improvements	7-1-09/22	$13,315,000
02-15-08	25,000,000	Street & Highway Improvements	7-1-09/22	18,285,000
12-02-09	23,420,000	Street & Highway Improvements/Refunding	7-1-13/24	19,870,000
05-30-12	32,945,000	Street & Highway Improvements/Refunding	7-1-13/27	24,685,000
01-30-14	24,805,000	Street & Highway Improvements/Refunding	7-1-15/28	24,030,000
04-16-15	13,685,000	Refunding	7-1-16/20	13,685,000
Total Street and Highway Revenue Bonds Outstanding				$113,870,000

(a) Does not reflect the impact of street and highway revenue refunding bonds the County plans to issue in July 2016 pursuant to a separate official statement.

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* Preliminary, subject to change

Sewer Revenue Debt Outstanding (a)

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

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Balance Outstanding
05-11-04	$19,967,331	Sewer Improvements (b)(c)	7-1-05/24	$11,416,849
01-01-07	50,000,000	Sewer Improvements	7-1-07/26	32,535,000
05-01-08	75,000,000	Sewer Improvements	7-1-09/23	68,945,000
05-06-09	18,940,000	Sewer Improvements	7-1-10/24	13,385,000
10-09-09	10,002,383	Sewer Improvements (b)	7-1-10/24	5,146,867
06-17-10	165,000,000	Sewer Improvements	7-1-14/25	161,000,000
03-30-11	43,625,000	Refunding	7-1-12/16	5,230,000
12-13-11	189,160,000	Sewer Improvements	7-1-12/26	154,120,000
12-06-12	128,795,000	Sewer Improvements	7-1-13/27	111,185,000
02-12-14	48,500,000	Sewer Improvements	7-1-15/28	45,935,000
Total Sewer Revenue Bonds, Loans and Obligations Outstanding				$608,898,716

(a) Does not reflect the impact of sewer revenue refunding obligations the County plans to issue in July 2016 pursuant to a separate official statement.
(b) Represents funds borrowed under separate Loan Agreements with the Water Infrastructure Finance Authority of Arizona ("WIFA").
(c) On May 11, 2004, the County entered into certain Loan Agreements with WIFA totaling $18,015,219. In September 2005, the County amended those Loan Agreements and added an additional $1,952,112.

Lease, Lease-Purchase and Purchase Agreements

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

	Fiscal Year (in Thousands)				
County Department	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**
Clerk of Superior Court	$37	-	-	$ 63	$84
Environmental Quality	-	$298	$298	298	-
Sheriff	-	-	160	160	160
County Administration (a)	-	-	-	-	-
Fiscal Year Total	$37	$298	$458	$521	$244

(a) County Administration entered into two notes for which payments begin in fiscal year 2016.

Source: Pima County Finance and Risk Management Department.

Certificates of Participation

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

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Balance Outstanding
05-01-07	$28,765,000	New Money	7-1-08/22	$6,515,000
02-04-10	20,000,000	New Money	6-1-11/19	9,830,000
05-22-13	92,880,000	New Money & Refunding	12-1-13/22	22,840,000
02-12-14	52,160,000	New Money	12-1-15/28	47,820,000
04-15-15	57,025,000	New Money	12-1-15/18	42,025,000
04-14-16	43,935,000	New Money & Refunding	12-1-16/30	43,935,000
Total Certificates of Participation Outstanding				$172,965,000

Retirement Plans

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

New Reporting Requirements. In June 2012, the Government Accounting Standards Board issued GASB Statement 68, effective for the County's fiscal year ended June 30, 2015. This statement revises existing standards for measuring and reporting pension liabilities for pension plans provided to County employees and requires recognition of a liability equal to the County's proportionate share of net pension liability, which is measured as the total pension liability less the amount of the pension plan's fiduciary net position. The total pension liability is determined by discounting projected benefit payments based on the benefit terms and legal agreements existing at the pension plan's fiscal year end. For fiscal year 2015, the County is reporting a net pension liability of $697 million, which includes, $47 million of net deferred outflows, $84 million of incremental pension expense, and a $622 million reduction in unrestricted net position.

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

For the year ended June 30, 2015, active ASRS members and the County were each required by statute to contribute at the actuarially determined rate of 11.60% (11.48% for retirement and for health insurance premiums, and 0.12% for long-term disability) of the member's annual covered payroll. The annual contribution rate for the fiscal year ending June 30, 2016 is 11.47% (11.35% for retirement and for health insurance premiums, and 0.12% for long-term disability). The County's employer contributions to ASRS for the year ended June 30, 2015 was $25.2 million, which was equal to the required contribution for such year, and the budgeted contribution for the fiscal year ending June 30, 2016 is $29.0 million. The contributions by County employees to ASRS are collectively equal to the contributions made by the County.

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

2. The Arizona Public Safety Personnel Retirement System ("PSPRS"), an agent multiple-employer defined benefit plan that covers public safety personnel who are regularly assigned to hazardous duties, for which the Arizona State Legislature establishes and may amend active plan members' contribution rate, has reported

increases in its unfunded liabilities. The most recent annual reports for the PSPRS may be accessed at http://psprs.com/sys_psprs/AnnualReports/cato_annual_rpts_psprs.htm.

For the year ended June 30, 2015, active PSPRS members were required by statute to contribute 11.05 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 41.92 percent, the aggregate of which is the actuarially required amount. As allowed by statute, the County also contributed 3.65 percent of the members' required contribution, with the members' net contribution as a result falling to 7.40 percent.

For the fiscal year ending June 30, 2016, the employee contribution rate increased to 8.00% for employees hired before January 1, 2015, and to 11.65% for employees hired on or after January 1, 2015 (net of the 3.65% paid by the County in both cases). The County's employer contribution rate increased to 53.69% for employees hired before January 1, 2015 and to 50.04% for employees hired on or after January 1, 2015 (not including, in each case, the 3.65% of the member's required contribution that the County also pays as noted above).

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

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

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

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

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

Other Post Employment Benefits

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

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

	Actual				
	2010-11	**2011-12**	**2012-13**	**2013-14**	**2014-15**
Revenues by Source:					
Property Taxes	$421,623	$407,711	$391,630	$385,829	$431,371
Special Assessments	330	245	-	-	-
Licenses and Permits	8,494	8,155	8,371	8,275	8,456
Intergovernmental	308,219	327,939	301,223	292,082	296,628
Charges for Services	54,491	56,881	53,521	57,826	60,222
Fines and Forfeits	6,786	10,249	9,904	8,652	9,509
Interest Income	1,723	2,286	2,282	1,737	1,155
Miscellaneous	14,162	24,796	22,182	17,464	15,680
Total Revenues	815,828	838,262	789,113	771,865	823,021
Expenditures by Fund:					
General	429,182	445,798	451,858	469,984	497,425
Special Revenues	204,612	217,139	211,659	135,746	197,172
Debt Service	96,484	104,324	93,442	140,623	108,992
Capital Projects	153,203	149,612	174,976	195,400	100,788
Total Expenditures	883,481	916,873	931,935	941,753	904,377
Excess of Revenues Over (Under) Expenditures	(67,653)	(78,611)	(142,822)	(169,888)	(81,356)
Other Financing Sources (Uses):					
Premium on bonds	3,276	7,349	11,959	9,488	5,949
Proceeds of Long-Term Debt	75,000	109,170	130,175	78,160	72,025
Proceeds from Refunding Debt	-	-	51,280	8,805	13,685
Payment to Escrow Agent	-	(33,013)	(55,423)	(10,131)	(15,250)
Operating Transfers In (Out)	4,708	26,010	(9,017)	(27,457)	(27,247)
Capital Lease/Installment Note	-	894	764	239	11,500
Sale of General Fixed Assets	59	1,938	31	360	119
Total Other Financing Sources (Uses)	83,043	112,348	129,769	59,464	60,781
Net Change in Fund Balance	15,390	33,737	(13,053)	(110,424)	(20,575)
Beginning Fund Balance, as restated	346,270	361,730	395,385	382,556	271,883
Changes in Reserve for Inventory	43	(55)	224	(228)	50
Changes in Reserve for Prepaids	27	(27)	-	-	15
Ending Fund Balance	$361,730	$395,385	$382,556	$271,904	$251,373

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				
	2010-11	**2011-12**	**2012-13**	**2013-14**	**2014-15**
General					
Nonspendable	$3,315	$2,720	$3,848	$5,278	$4,053
Restricted	336	333	-	-	-
Committed	-	-	-	-	-
Assigned	357	118	158	181	194
Unassigned	73,547	77,596	56,526	42,731	47,878
	77,555	**80,767**	**60,532**	**48,190**	**52,125**
Special Revenue					
Nonspendable	2,011	1,550	1,939	1,894	2,515
Restricted	94,567	105,468	76,570	60,984	53,155
Committed	37,978	10,264	7,746	6,308	6,320
Assigned	4,368	16,682	23,784	4,204	3,769
Unassigned	(9,180)	(9,013)	(8,385)	(6,536)	(4,770)
	129,744	**124,951**	**101,654**	**66,854**	**60,989**
Debt Service					
Assigned	35,903	28,298	25,640	7,848	8,424
	35,903	**28,298**	**25,640**	**7,848**	**8,424**
Capital Projects					
Nonspendable	12	-	-	-	-
Restricted	112,668	157,688	187,855	145,256	126,827
Committed	6,639	7,234	6,958	3,836	3,065
Assigned	-	-	-	-	-
Unassigned	(791)	(3,553)	(83)	(80)	(57)
	118,528	**161,369**	**194,730**	**149,012**	**129,835**
Total Fund Balance	$361,730	$395,385	$382,556	$271,904	$251,373

Source: Pima County Finance and Risk Management Department.

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

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

	Actual				
	2010-11	**2011-12**	**2012-13**	**2013-14**	**2014-15**
Revenues by Source:					
Property Taxes	$301,493	$291,647	$281,017	$280,965	$324,840
Licenses and Permits	2,681	2,696	2,816	2,928	2,989
Intergovernmental	122,952	127,029	131,984	135,953	142,459
Charges for Services	35,361	39,117	32,721	35,671	41,253
Fines and Forfeits	5,344	5,213	4,799	4,211	3,789
Interest Income	418	621	591	287	225
Miscellaneous	4,722	12,659	10,907	7,322	6,167
Total Revenues	472,971	478,982	464,835	467,337	521,722
Expenditures:					
Current					
General Government	186,193	197,190	193,097	206,356	217,325
Public Safety	116,573	123,235	131,087	136,825	138,723
Sanitation					1,290
Health	2,792	2,919	3,320	3,543	3,527
Welfare	90,572	94,292	95,076	92,858	93,211
Culture & Recreation	14,183	15,195	16,468	17,859	30,915
Education & Econ. Opport.	12,949	12,967	12,650	12,383	12,274
Debt Service:					
Principal	3,800	-	159	146	149
Interest	2,113	-	1	14	11
Miscellaneous	7	-	-	-	-
Total Expenditures	429,182	445,798	451,858	469,984	497,425
Excess of Revenues Over (Under) Expenditures	43,789	33,184	12,977	(2,647)	24,297
Other Financing Sources (Uses):					
Capital Lease/Installment Note	-	-	764	-	11,500
Sale of General Fixed Assets	11	1,608	-	-	15
Operating Transfers In (Out)	(47,786)	(31,580)	(33,976)	(9,695)	(31,877)
Total Other Financing Sources (Uses):	(47,775)	(29,972)	(33,212)	(9,695)	(20,362)
Net Change in Fund Balance	(3,986)	3,212	(20,235)	(12,342)	3,935
Beginning Fund Balance, as restated	81,541	77,555	80,767	60,532	48,190
Ending Fund Balance	$77,555	$80,767	$60,532	$48,190	$52,125

Source: Pima County Finance and Risk Management Department.

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

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

___________, 2016

To: Pima County, Arizona
Tucson, Arizona

Ladies and Gentlemen:

We have served as bond counsel to our client Pima County, Arizona (the "County") and not as counsel to any other person in connection with the issuance by the County of its $125,530,000* aggregate principal amount of bonds designated the Pima County, Arizona General Obligation Refunding Bonds, Series 2016 (the "Bonds"), dated the date of this letter. The Bonds are issued pursuant to Title 35, Chapter 3, Article 4 of the Arizona Revised Statutes, and under the provisions of an authorizing resolution adopted by the Board of Supervisors of the County on April 19, 2016 (the "Bond Resolution"). Capitalized terms not defined in this letter are used as defined in the Bond Resolution. In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Bonds, a copy of the signed and authenticated Bond of the first maturity, and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

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

1. The Bonds constitute valid, legal and binding general obligations of the County, and the principal of and interest on the Bonds, unless paid from other sources, are to be paid from the proceeds of the levy of ad valorem taxes on all property subject to ad valorem taxes levied by the County, without limitation as to rate 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 Bonds (the "Bonds Being Refunded"), which funds are irrevocably pledged for the payment of principal 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 States of America which will be purchased from 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. It is required by law that there be levied, assessed and collected, in the same manner as other taxes of the County, an annual tax upon such taxable property in the County sufficient to pay the principal of and interest on the Bonds when due.

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

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

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* Preliminary, subject to change.

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

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

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

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

Respectfully submitted,

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

$125,530,000*
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016

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 $125,530,000* aggregate principal amount of General Obligation Refunding Bonds, Series 2016 (the "Bonds"), being issued pursuant to a resolution adopted by the Board of Supervisors of the County on April 19, 2016 (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.

* Preliminary, subject to change.

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

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

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

3. CUSIP Number/Final Official Statement. The base CUSIP Number of the Bonds is 721663. The Final Official Statement relating to the Bonds is dated ___________, 2016.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PIMA COUNTY, ARIZONA

By: ______________________________

Keith Dommer
Finance and Risk Management Director

Dated: ___________, 2016

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 Assessed Valuation Comparisons and Trends" in the table entitled "Net Assessed Limited Property Values" (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, 2017. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements when available.

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

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

EXHIBIT II

EVENTS FOR WHICH NOTICE OF OCCURRENCE OF LISTED EVENTS IS REQUIRED

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

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

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

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

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

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

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

9. Defeasances;

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

11. Rating changes;

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

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

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

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

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APPENDIX E

EXCERPTS FROM
PIMA COUNTY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

The following are excerpts from the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. 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, 2015. These are the most recent audited financial statements available to the County. These financial statements are not current and may not represent the current financial position of the County.

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STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of
Pima County, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

Opinion Unit/Department	Assets and Deferred Outflows	Liabilities and Deferred Inflows	Revenues	Expenses/ Expenditures
Government-Wide Statements				
Governmental Activities:				
Stadium District	1.63%	0.72%	1.73%	0.72%
School Reserve Fund	0.07%	0.17%	0.23%	0.29%
Office of Emergency Management's Radio System	0.06%	0.02%	0.33%	0.22%
Self-Insurance Trust	2.76%	1.90%	2.20%	0.99%
Health Benefit Trust	1.14%	0.99%	7.94%	7.10%
Business-Type Activities:				
Regional Wastewater Reclamation Department	98.08%	98.86%	90.97%	95.50%
Development Services	0.29%	1.05%	3.10%	3.59%
Discretely Presented Component Unit:				
Southwestern Fair Commission	100.00%	100.00%	100.00%	100.00%
Fund Statements				
Major Fund:				
Regional Wastewater Reclamation Department Enterprise Fund	100.00%	100.00%	100.00%	100.00%

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Opinion Unit/Department	Assets and Deferred Outflows	Liabilities and Deferred Inflows	Revenues	Expenses/ Expenditures
Aggregate Remaining Fund Information:				
Stadium District	0.08%	0.85%	0.30%	0.30%
School Reserve Fund	0.25%	0.08%	0.07%	0.09%
Office of Emergency Management's Radio System	0.28%	0.17%	0.10%	0.07%
Development Services	0.71%	4.52%	0.24%	0.27%
Self-Insurance Trust	11.93%	17.71%	0.67%	0.31%
Health Benefit Trust	4.90%	9.20%	2.41%	2.23%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the reports of the other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 2 to the financial statements, for the year ended June 30, 2015, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement (GASB) Statement No. 68*, Accounting and Financial Reporting for Pensions,* as amended by GASB Statement No. 71*, Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 15 through 33, the Budgetary Comparison Schedules on pages 97 and 98, Schedule of the County's Proportionate Share of the Net Pension Liability—Cost-Sharing Pension Plans on page 99, Schedule of Changes in the County's Net Pension Liability and Related Ratios—Agent Pension Plans on pages 100 and 101, Schedule of County Pension Contributions on page 102, and Schedule of Agent OPEB Plans' Funding Progress on page 104 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules and the introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

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

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

Other Reporting Required by *Government Auditing Standards*

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

Debbie Davenport
Auditor General

December 3, 2015

PIMA COUNTY

Management's Discussion and Analysis

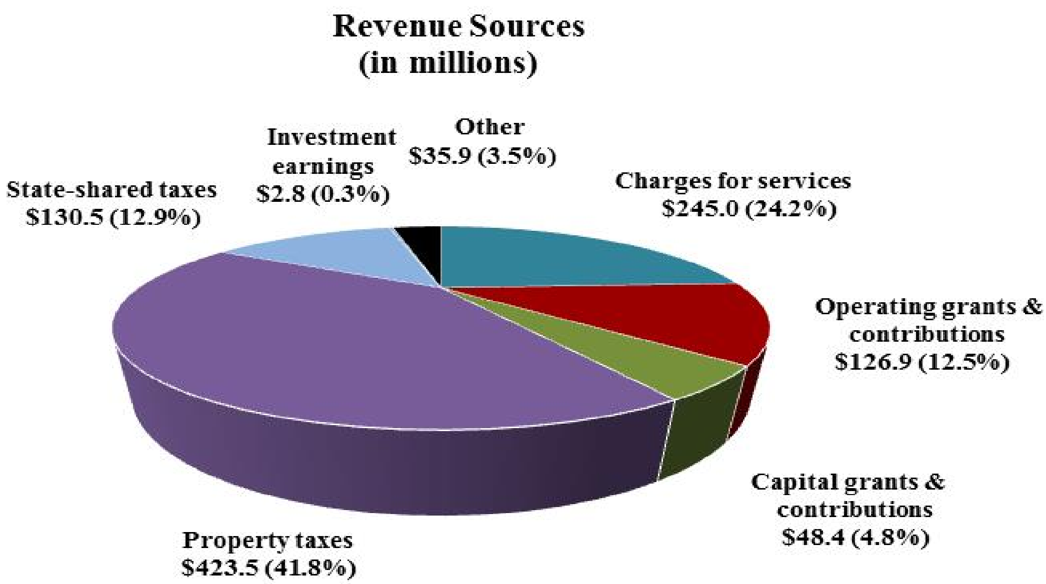
Our discussion and analysis of the County's financial performance provides an overview of the County's financial activities for the year ended June 30, 2015. Please read it in conjunction with the transmittal letter which begins on page 1 and the County's basic financial statements, which begin on page 35. All dollar amounts are expressed in thousands (000's) unless otherwise noted.

Financial Highlights

- The County's total net position decreased $575,960, primarily due to the implementation of the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* (GASB 68).

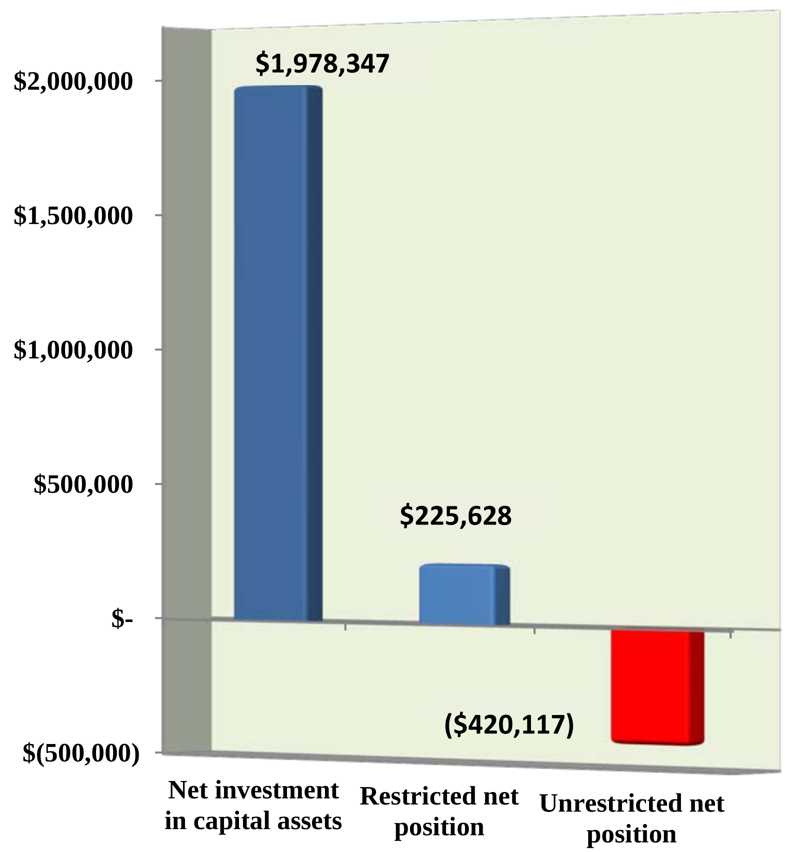
- Governmental Activities unrestricted net position decreased from $84,514 in fiscal year 2013-14 to a deficit of ($507,127) in the current fiscal year, while Business-type Activities unrestricted net position decreased by $30,415 from $117,425 in the prior fiscal year to $87,010 in the current fiscal year, primarily due to the implementation of GASB 68.

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



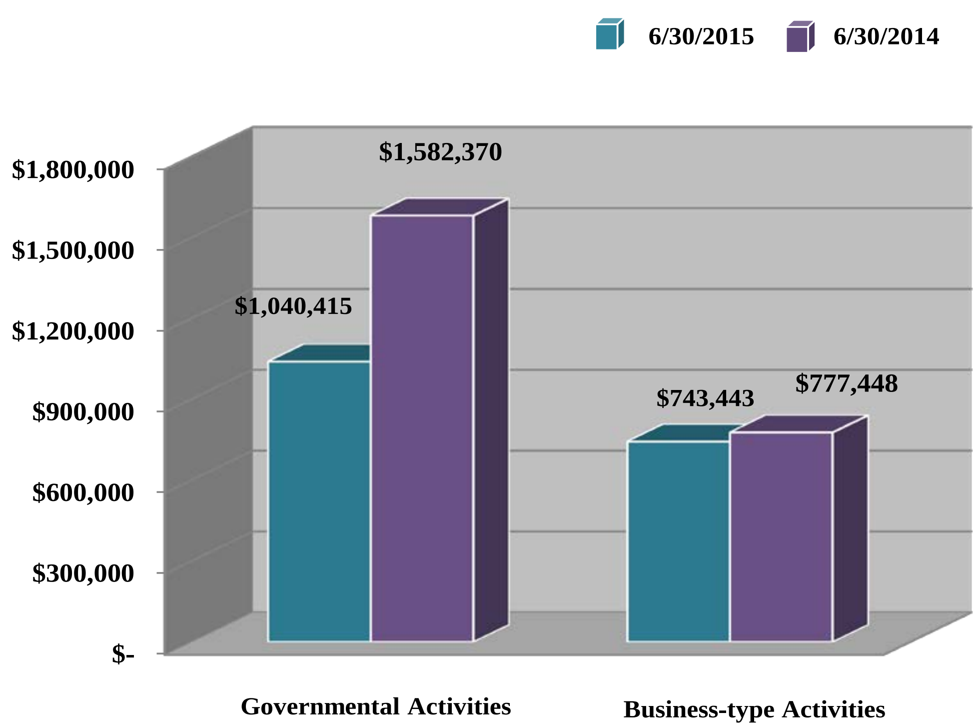
- The County's total net position at June 30, 2015, is $1,783,858. Composition of net position is illustrated in the following chart.

Composition of Net Position, as of June 30, 2015

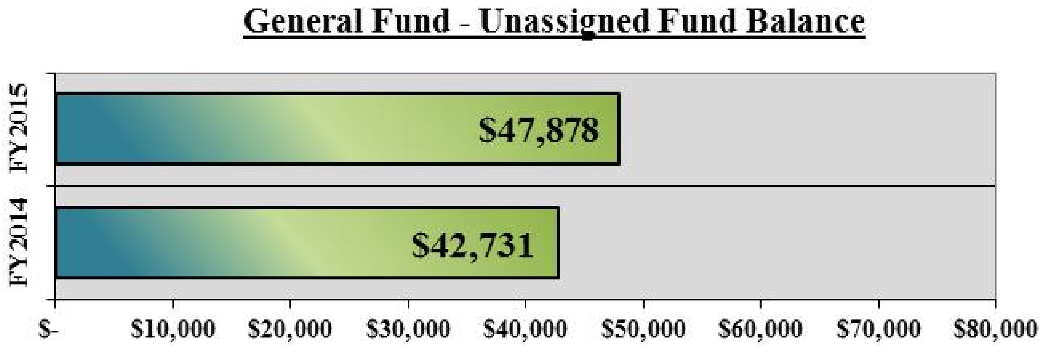


- Governmental Activities total net position at June 30, 2015, is $1,040,415, a decrease of $541,955 (34.3%) from the prior fiscal year. Business-type Activities total net position decreased by $34,005 (4.4%) in the current fiscal year, closing at $743,443.

Comparative Total Net Position



- The General Fund unassigned fund balance increased by 12% to $47,878, from $42,731 in the prior fiscal year. The unassigned fund balance comprises 91.9% of the total fund balance of $52,125.



The County continues to use debt to finance the construction of roads, streets, and buildings, and reports long-term liabilities related to programs. During the current year, total capital assets increased $30,778 (1.0%); long-term liabilities increased $622,742 (41.4%).

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 35-37.

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

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

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

The County maintains fifteen individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Capital Projects, and Debt Service funds which are reported as major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements.

The governmental fund financial statements can be found on pages 38-41. The combining statements for non-major governmental funds can be found on pages 106-109.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The RWR Enterprise Fund is considered to be a major fund of the County. Data from the other enterprise funds are combined into a single, aggregated presentation. Similarly, the County's internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the other enterprise and internal service funds are provided in the form of combining statements.

The proprietary fund financial statements can be found on pages 42-45. The combining statements for other enterprise and internal service funds can be found on pages 125-132.

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

The fiduciary fund financial statements can be found on pages 46-47.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 48-96.

Required Supplementary Information (RSI) is presented concerning the County's General Fund budgetary schedule and the schedule of the County's Proportionate Share of The Net Pension Liability for Cost Sharing Plans, The Schedule of Changes in the County's Net Pension Liability and Related Ratios for Agent Pension Plans, the

Schedule of County Pension Contributions, and the Schedule of Agent OPEB Plans' Funding Progress. Required supplementary information can be found on pages 97-104.

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 106-136.

Government-Wide Financial Analysis

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

Schedule of Results of Operations and Net Position For the Years Ended June 30, 2015 and 2014

	2015	2014	Variance
Charges for services	$ 245,000	$ 246,421	$ (1,421)
Operating grants and contributions	126,897	113,129	13,768
Capital grants and contributions	48,424	61,390	(12,966)
Total program revenues	420,321	420,940	(619)
Total general revenues and transfers	592,725	545,804	46,921
Total program and general revenues	1,013,046	966,744	46,302
Total expenses	973,479	922,503	50,976
Change in net position	$ 39,567	$ 44,241	$ (4,674)

Total program and general revenues increased $46,302, primarily due to the increase of $46,921 in total general revenues and transfers. Operating grants and contributions increased $13,768, partially offset by a decrease of $12,966 in capital grants and contributions. Total expenses increased $50,976, resulting in a decrease of $4,674 (10.6%) in change of net position.

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

The graph presented below illustrates at a summary level and detail level the changes in the elements of the Statement of Net Position for the County at June 30, 2015, and June 30, 2014.

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

Total County assets at June 30, 2015, were $3,954,841, representing a decrease of $21,456 (0.5%) from the prior year. Total liabilities were $2,220,959, an increase of $600,960 (37.1%) from the prior year. Deferred outflows of resources increased from $3,520 to $127,865, while deferred inflows totaled $77,889. No deferred inflows were reported the prior year.

The largest portion of the County's net position reflects its net investment in capital assets (i.e., land, buildings, infrastructure, and equipment), less any related outstanding debt used to acquire those assets. At June 30, 2015, net investment in capital assets totaled $1,978,347, an increase of $37,023 (1.9%) from the prior year. The County uses a portion of these capital assets to provide services to its citizens, with the other portion available to its citizens for use; consequently, these assets are *not* available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Resources subject to external restrictions on how they may be used comprise the restricted net position of $225,628, representing an increase of $9,073 (4.2%) from the prior year and approximately 12.6% of total net position.

As indicated in the Financial Highlights section, unrestricted net position decreased $622,056 in the current year, due to the restatement of net position as of July 1, 2014, in connection with implementation of GASB 68.

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

Schedule of Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position At June 30, 2015 and 2014									
	Governmental Activities			Business-type Activities			Total		
	FY2015	FY2014	Variance	FY2015	FY2014	Variance	FY2015	FY2014	Variance
Current and other assets	$ 478,797	$ 499,542	$ (20,745)	$ 223,188	$ 254,677	$ (31,489)	$ 701,985	$ 754,219	$ (52,234)
Capital assets (net):									
Land, buildings, equipment,									
infrastructure & other assets	2,011,236	1,965,669	45,567	1,241,620	1,256,409	(14,789)	3,252,856	3,222,078	30,778
Total assets	2,490,033	2,465,211	24,822	1,464,808	1,511,086	(46,278)	3,954,841	3,976,297	(21,456)
Deferred outflows of resources									
Pension	119,381		119,381	5,626		5,626	125,007		125,007
Deferred charges on refunding	2,858	3,520	(662)				2,858	3,520	(662)
Total deferred outflows of resources	122,239	3,520	118,719	5,626		5,626	127,865	3,520	124,345
Current and other liabilities	72,501	91,818	(19,317)	21,657	24,122	(2,465)	94,158	115,940	(21,782)
Long-term liabilities	1,429,188	794,543	634,645	697,613	709,516	(11,903)	2,126,801	1,504,059	622,742
Total liabilities	1,501,689	886,361	615,328	719,270	733,638	(14,368)	2,220,959	1,619,999	600,960
Deferred inflows of resources									
Pension	70,168		70,168	7,721		7,721	77,889		77,889
Total deferred inflows of resources	70,168		70,168	7,721		7,721	77,889		77,889
Net position:									
Net investment in capital assets	1,385,996	1,354,456	31,540	592,351	586,868	5,483	1,978,347	1,941,324	37,023
Restricted	161,546	143,400	18,146	64,082	73,155	(9,073)	225,628	216,555	9,073
Unrestricted (deficit)	(507,127)	84,514	(591,641)	87,010	117,425	(30,415)	(420,117)	201,939	(622,056)
Total net position	$ 1,040,415	$ 1,582,370	$ (541,955)	$ 743,443	$ 777,448	$ (34,005)	$ 1,783,858	$ 2,359,818	$ (575,960)

Analysis of Net Position for Governmental activities

Current and other assets decreased by $20,745 (4.2%) from $499,542 in the prior fiscal year, mainly due to a decrease of $13,437 in cash and cash equivalents, primarily within capital projects and transportation, and a change in internal balances as a result of transfers between RWR and Capital Projects.

Capital assets increased $45,567 (2.3%) to $2,011,236, primarily due to the following increases:

- Acquisition of Painted Hills for $7,555.
- Purchase of land at Tucson Mountain Park for $1,211.
- Acquisition of Stardust property for $8,751.
- Increase in machinery and equipment of $8,455.
- Completion of Roy Place building restoration project for $1,060.
- Completion of tenant improvements at Administration East building, 4th floor, for $1,051.

Additionally, the completion of the Public Service Center and other buildings provided an increase of $7,493 in building assets for the County.

The implementation of GASB 68, which included a restatement of net position, also significantly contributed to the following changes:

- An increase of $118,719 in total deferred outflows of resources.
- An increase of $70,168 in total deferred inflows of resources.
- An increase of $634,645 in long-term liabilities.
- A decrease of $591,641 in unrestricted net position.

Analysis of Net Position for Business-type activities

Current and other assets of $223,188 represents a decrease of $31,489 (12.4%) compared to the prior year, primarily due to a decrease in restricted cash and cash equivalents for RWR of $28,443.

The decrease in capital assets of $14,789 (1.2%) is primarily due to the closure of the Randolph Park Reclamation Facility, which reported a net loss of $27,554.

The increase of $5,626 in deferred outflows of resources, and the increase of $7,721 in deferred inflows of resources is due to the implementation of GASB 68.

Long-term liabilities decreased a net of $11,903 (1.7%) primarily due to a decrease of $55,974 offset with an increase of $44,154 for the net pension liability. The decreases in liabilities were from the following:

- $40,980 decrease for payments of RWR bonds, obligations and loans.
- $8,150 for bond discount and premium.
- $6,844 decrease in contract retention for construction projects.

In summary, the decrease of $41,938 in the current year's change in net position is primarily due to a decrease in total revenues of $2,560 and an increase in total expenses of $39,796. Total net position of $743,443 at June 30, 2015, represents a 4.4% decrease from the prior year.

Governmental activities

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

Governmental Activities
Schedule of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2015 and 2014

			Variance	
	FY2015	**FY2014**	**Amount**	**Percent**
Program revenues:				
Charges for services	$ 63,808	$ 64,856	$ (1,048)	-1.6%
Operating grants and contributions	126,862	113,129	13,733	12.1%
Capital grants and contributions	42,570	54,583	(12,013)	-22.0%
Total program revenues	233,240	232,568	672	0.3%
General revenues:				
Property taxes	423,538	378,032	45,506	12.0%
State-shared taxes	130,498	125,504	4,994	4.0%
Investment earnings	1,931	2,955	(1,024)	-34.7%
Other general revenues	35,306	36,592	(1,286)	-3.5%
Total general revenues	591,273	543,083	48,190	8.9%
Total revenues	824,513	775,651	48,862	6.3%
Expenses:				
General government	259,734	230,742	28,992	12.6%
Public safety	188,189	188,782	(593)	-0.3%
Highways and streets	85,618	93,675	(8,057)	-8.6%
Sanitation	(4,882)	4,252	(9,134)	-214.8%
Health	38,219	36,085	2,134	5.9%
Welfare	93,524	93,224	300	0.3%
Culture and recreation	62,981	63,961	(980)	-1.5%
Education and economic opportunity	35,051	35,756	(705)	-2.0%
Amortization	(6,237)	(5,758)	(479)	8.3%
Interest on long-term debt	27,696	27,994	(298)	-1.1%
Total expenses	779,893	768,713	11,180	1.5%
Excess before contributions and transfers	44,620	6,938	37,682	543.1%
Transfers out	(17,133)	(16,715)	(418)	2.5%
Change in net position	27,487	(9,777)	37,264	-381.1%
Beginning net position, as restated *	1,012,928	1,592,147	(579,219)	-36.4%
Ending net position	$ 1,040,415	$ 1,582,370	$ (541,955)	-34.2%

**Beginning net position as restated July 1, 2014, due to the provisions of GASB 68.*

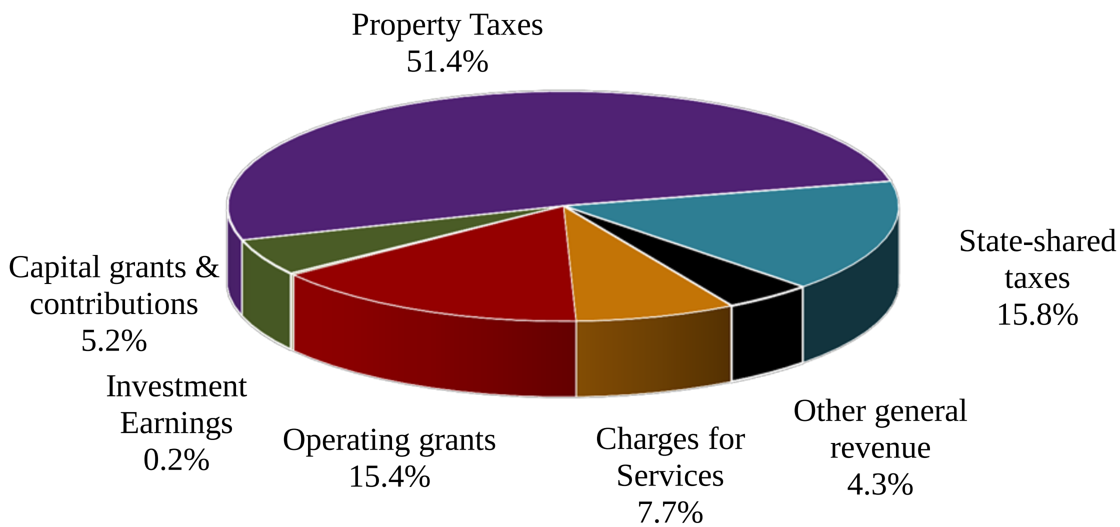
Revenues

Total revenues of $824,513 was an increase of $48,862 (6.3%) over the prior year, primarily due to an increase of $45,506 (12.0%) in property taxes, an increase of $4,994 (4.0%) in State-shared taxes, partially offset by a decrease in investment earnings of $1,024 and a decrease of $1,286 in other general revenues. The property tax increase is primarily due to a higher primary property tax rate, while the property valuations remained relatively stable.

Program revenues increased $672 (0.3%) over the prior year, primarily from an increase of $13,733 (12.1%) in operating grants and contributions, offset by a decrease of $12,013 (22.0%) in capital grants and contributions, and a decrease of $1,048 (1.6%) in charges for services.

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 account for approximately 82.7% of the County's revenues.

General and Program Revenues - Governmental Activities



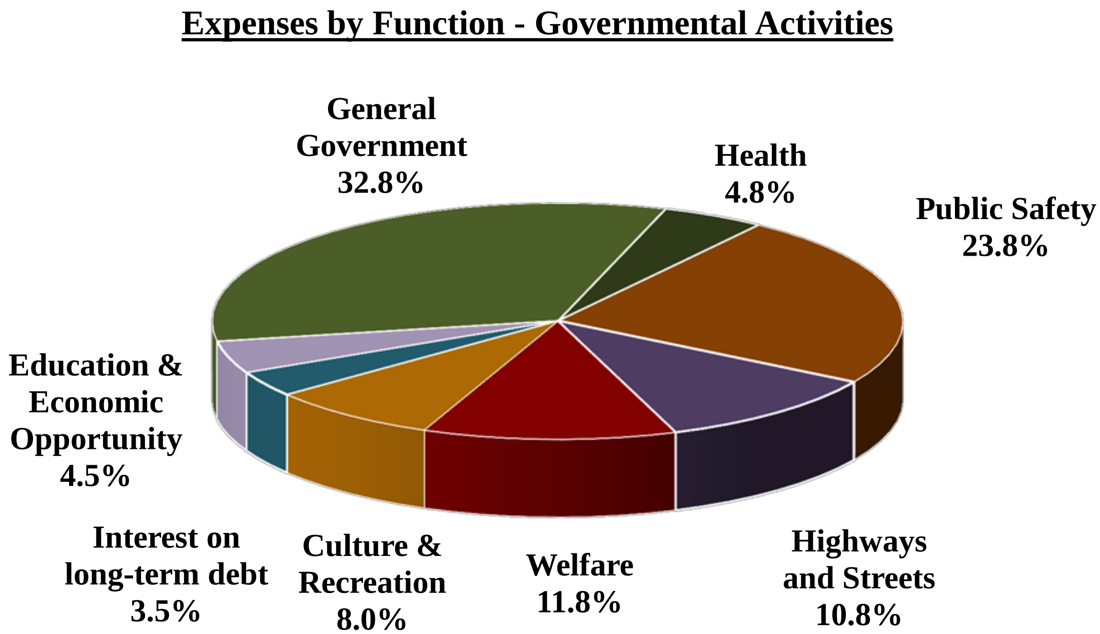
Expenses

Total expenses increased $11,180 or 1.5% over the prior year, primarily due to the increase of $28,992 (12.6%) in general government expenses, partially offset by a decrease of $8,057 (8.6%) in highways and streets expenses and a decrease of $9,134 in sanitation expenses. The general government increase of $28,992 includes $24,492 due to the implementation of GASB 68. The highways and streets decrease of $8,057 is due to current year's transportation expenses of $50,804 representing a decrease from transportation project expenses in the prior year ($59,397). Project expenses vary from year to year, some of the larger highways and streets cost increases and decreases are as follows:

- Valencia Road - Alvernon Way, increase of $4,139.
- Magee Road – La Canada Drive – Oracle Road, increase of $1,328.
- Valencia Road - Mark Road - Wade Road, increase of $4,538.
- La Cholla Blvd. – Magee Road – Overton Road, decrease of $6,484.
- La Canada – River Road – Ina Road, decrease of $3,634.
- Orange Grove – Camino de la Tierra – La Cholla Blvd., decrease of $3,119.
- Ina Road at Oracle Road, decrease of $2,302.
- Houghton Road – I10 – Tanque Verde Road, decrease of $2,572.
- Homer Davis Elementary Bicycle and Pedestrian Enhancement, decrease of $1,424.

The decrease of $9,134 in sanitation expenses is primarily due to a decrease of $7,696, resulting from a change in the estimate for the landfill liability.

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



The current year's excess before contributions and transfers total of $44,620 and transfers (out) of $17,133 result in a change in net position of $27,487, representing an increase of $37,264 over the prior year's change in net position deficit of ($9,777).

At July 1, 2014, the governmental activities beginning net position was restated due to the implementation of the provisions of GASB 68. Ending net position of $1,040,415 in the current year is a decrease of $541,955 from the prior year amount of $1,582,370 (before the restatement); the decrease resulted primarily from the aforementioned GASB 68 implementation.

Business-type activities

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

Business-type Activities
Schedule of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2015 and 2014

	FY2015	FY2014	Variance Amount	Variance Percent
Program revenues:				
Charges for services	$ 181,192	$ 181,565	$ (373)	-0.2%
Operating grants and contributions	35		35	100.0%
Capital grants and contributions	5,854	6,807	(953)	-14.0%
Total program revenues	187,081	188,372	(1,291)	-0.7%
General revenues:				
Investment earnings	903	1,237	(334)	-27.0%
Other general revenues	549	1,484	(935)	-63.0%
Total general revenues	1,452	2,721	(1,269)	-46.6%
Total revenues	188,533	191,093	(2,560)	-1.3%
Expenses:				
Regional Wastewater Reclamation	184,884	145,117	39,767	27.4%
Development Services	6,888	6,796	92	1.4%
Parking Garages	1,814	1,877	(63)	-3.4%
Total expenses	193,586	153,790	39,796	25.9%
Excess before transfers	(5,053)	37,303	(42,356)	-113.5%
Transfers in	17,133	16,715	418	2.5%
Change in net position	12,080	54,018	(41,938)	-77.6%
Beginning net position, as restated*	731,363	723,430	7,933	1.1%
Ending net position	$ 743,443	$ 777,448	$ (34,005)	-4.4%

**Beginning net position as restated July 1, 2014, due to the provisions of GASB 68.*

Revenues

Total revenues for business-type activities decreased $2,560 (1.3%) mainly due to a decrease in capital grants and contributions of $953 (14.0%) resulting from a decrease in the RWR capital contributions, and a decrease of $935 (63.0%) in other general revenues.

Expenses

Total expenses for business-type activities increased $39,796 (25.9%), largely due to the increase of $39,767 (27.4%) in RWR expenses, including capitalized interest expense of $5,558 and the loss on disposal of capital assets of $29,542, mainly due to the $27,554 loss from the closure of the Randolph Park Reclamation Facility.

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 and generally accepted accounting principles (GAAP).

Governmental funds

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

Major Governmental Funds

General Fund

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

Property taxes revenues for the General Fund increased $43,875 reflecting a higher primary property tax rate, while property valuation remained relatively stable. Intergovernmental revenues increased $6,506 primarily due to increases in the state-shared sales tax and state-shared vehicle license tax associated with an anticipated gradual recovery in the local economy. Overall, revenues for the General Fund increased $54,385.

General fund expenditures increased $27,441, primarily due to:

- An increase of $10,969 in general government, which includes current year operating expenditures of $4,925 that are no longer allocated to other departments, $4,365 increase in the Elections and Recorder departments primarily associated with primary and general elections held during the year, and $1,387 increase in facilities management department due to higher operating costs.

- An increase of $13,056 in culture and recreation expenditures as a result of two property acquisitions, Stardust property and Painted Hills.

Other financing sources-installment note increased $11,500 from two notes payable: one financing $7,000 towards the acquisition of Stardust property, and the other financing $4,500 towards purchase of the Painted Hills property.

Transfers in decreased $14,659 in the current year, primarily due to a one-time transfer in of $18,500 from residual Pima Health Services transition monies in the prior year.

Transfers (out) increased $7,523, primarily due to transfers out of $6,117 to the information technology fund, an internal services fund, in accordance with a budget initiative to provide capital and operating costs in support of the County's information technology infrastructure.

The $54,385 increase in revenues, the $27,441 increase in expenses, and a total net increase of $10,667 in other financing uses yielded an increase of $16,277 in net change in fund balance, which ended the year at $52,125.

Budget to Actual Comparison for the General Fund

Overall, actual revenues were lower than budgeted revenues by $251 and actual expenditures were less than budgeted expenditures by $23,977.

Actual expenditures for the General Fund were less than budgeted, primarily within General government- County Administration. The Board of Supervisors' contingency is available to respond to changing needs or unforeseen circumstances. The under budget variance was primarily due to the contingency expenditures being $25,480 less than budgeted.

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

Capital Projects Fund

Revenues for the Capital Projects Fund decreased $3,089, primarily due to a $7,000 decrease in Regional Transportation Authority revenue that was partially offset by an increase in state and city revenue of $4,501.

Expenditures (capital outlays) decreased $34,958. This variance results from decreases in capital expenditures from prior year programs. In fiscal year 2013-14, $15,000 more was spent on telecommunications equipment than in fiscal year 2014-15; additionally, transportation project expenditures reported a decrease of $8,057 in the current year, as indicated in the analysis of the governmental activities.

The $72,025 face amount of long-term debt issued represents a decrease of $6,135 from fiscal year 2013-14. Proceeds received included $57,025 from certificates of participation and $15,000 from general obligation bonds.

Transfers out decreased by $16,082 primarily due to a reduction of transfers out to RWR. Fiscal year 2014-2015 had a transfer out to RWR of $28,651 from the 2015 COPs, the prior fiscal year had a transfer out to RWR of $51,404. There was also an $11,979 transfer to Parking Garages for construction of the garage at the new Public Service Center.

The $3,089 decrease in revenues, the $34,958 decrease in expenses and a total decrease of $5,328 in other financing sources yield an increase of $26,541in net change in fund balance in the current year.

Debt Service Fund

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

Revenues for the Debt Service Fund decreased $5,691 primarily due to a decrease in property tax revenues as a result of a decreasing secondary property tax rate. Expenditures for the Debt Service Fund decreased $31,631 mainly from a decrease in principal payments. Please see Note 7 beginning on page 65 for more information on bond and certificate of participation details.

Issuance of refunding debt was $13,685, an increase of $4,880. The refunding consisted of $13,685 for 2015 HURF bonds. The issuance was used to refund part of the remaining debt of the 2005 HURF bond series.

Payments to escrow agents increased to $15,250, an increase of $5,119 from $10,131 in the prior year. These payments were deposited into the trust account and used to pay the defeasance costs for the partial refunding of the 2005 HURF bond series.

Transfers in decreased by $6,650, mainly due to a decrease of $15,350 from RWR COPs 2013A that was partially offset by $4,060 from General Fund COPS 2014.

The resulting fund balance of $8,424 reflects a $576 increase from prior year.

Major Proprietary Fund

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

A significant change in the Fund's net position is the restatement of net position at July 1, 2014, due to the implementation of GASB Statement No. 68 *Accounting and Financial Reporting for Pension*, resulting in a decrease of $39,705. Significant changes during the fiscal year that also reduced the fund's net position included a loss of $27,554 due to the closure of the Randolph Park Wastewater Reclamation Facility. Net transfers resulted in a decrease of $7,189, and capitalized interest expense increased by $5,558.

Operating revenues of $159,959 represent a decrease of $1,717 (1.1%) over the previous year, due to a decrease of $941in other revenues and a decrease of $776 in charges for services.

Operating expenses of $134,671 increased $9,511 (7.6%) over the prior year, mainly due to an increase of $4,372 for consultants and professional services, and an increase of $3,478 for repair and maintenance.

The deficit in total nonoperating revenues increased $28,333 primarily due to loss on disposal of capital assets resulting from the Randolph Park Reclamation Facility closure of $27,554.

Transfers in decreased by $22,753, mainly because the prior fiscal year included a cash transfer from the 2013 COPs. Transfers out decreased by $15,564 as the prior fiscal year funded a debt service payment of $34,645 representing the first principal payment of the 2013A COPs, and the current fiscal year transfers funded a debt service payment of $20,728.

The increase in net position of $2,211 together with the decrease resulting from the restatement of net position at July 1, 2014, of $39,705, brings the total net position to $723,537 at fiscal year-end.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets consists of land, buildings and improvements, sewage conveyance systems, infrastructure, equipment, and construction in progress.

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

Governmental and Business-type Activities
Capital Assets
As of June 30, 2015 and 2014

	Governmental Activities			Business-type Activities			Total		
	FY2015	FY2014	Variance	FY2015	FY2014	Variance	FY2015	FY2014	Variance
Land	$ 521,049	$ 499,163	$ 21,886	$ 13,994	$ 12,630	$ 1,364	$ 535,043	$ 511,793	$ 23,250
Construction in progress	104,275	212,314	(108,039)	50,204	63,730	(13,526)	154,479	276,044	(121,565)
Buildings and improvements	593,714	478,182	115,532	624,068	651,642	(27,574)	1,217,782	1,129,824	87,958
Infrastructure	675,035	667,302	7,733				675,035	667,302	7,733
Sewage conveyance systems				457,524	439,754	17,770	457,524	439,754	17,770
Equipment	117,163	108,708	8,455	95,830	88,653	7,177	212,993	197,361	15,632
Total	$ 2,011,236	$ 1,965,669	$ 45,567	$ 1,241,620	$ 1,256,409	$ (14,789)	$ 3,252,856	$ 3,222,078	$ 30,778

The County's total capital assets increased $30,778 (1.0%). The most significant changes were: buildings and improvements increased $87,958 (7.8%), land increased $23,250 (4.5 %), equipment increased $15,632 (7.9%), and conveyance systems increased by $17,770 (4.0%); these increases were partially offset by a decrease of $121,565 (44.0%) in construction in progress.

Governmental activities

Capital assets of Governmental activities increased $45,567 (2.3%), with the increase resulting largely from the following activity:

- Acquisition of Painted Hills for $7,555.
- Purchase of land at Tucson Mountain Park for $1,211.
- Acquisition of Stardust property for $8,751.
- Completion of Roy Place building restoration project for $1,060.
- Completion of tenant improvements at Administration East building, 4th floor, for $1,051.
- Increase of $7,493 in building and improvements assets resulting from capitalization of the Public Service Center and other buildings.
- Increase in machinery and equipment of $8,455.

Business-type activities

Total capital assets decreased $14,789 (1.2%), mainly due to a decrease in building and improvements of $27,574, related to the closure of the Randolph Park Reclamation Facility. Construction in progress decreased $13,526 (21.2%) due in part to the capitalization of $3,667 for the Public Service garage, and $9,799 capitalizations in RWR.

Sewage conveyance systems increased $17,770, primarily due to the capitalization of $6,286 for the Conveyance Rehabilitation Program, $6,132 for North Rillito Interceptor Rehabilitation, and $6,306 in the program Minor Rehabilitation Projects 14/15.

Equipment increase of $7,177 is largely from the capitalization of $12,539 for Regional Optimization Master Plan Supervisory Control and Data Acquisition, partially offset by a decrease of $7,326 resulting from the disposal of equipment and machinery.

The County's infrastructure assets are recorded at historical cost and estimated historical cost in the government-wide financial statements. Additional information regarding the County's capital assets can be found in Note 5 of the financial statements on pages 61-62.

Long-term Debt

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

Long-Term Debt
For the Years Ended June 30, 2015 and 2014

	2015	2014
Bonds issued (at face value):		
General Obligation	$ 15,000	$ 10,000
Street and Highway Revenue	13,685	24,805
Sewer System Revenue Obligations		48,500
Certificates of Participation (COPs)	57,025	52,160
Installment note payable	11,500	239
Total	$ 97,210	$ 135,704

During the year, $15,000 of general obligation bonds were issued. The $15,000 of new debt issued in Series 2015 was for the purpose of funding various capital projects in the County. The County also issued $13,685 of transportation revenue bonds for a refunding transaction. This refunding resulted in an economic gain of $848 and a reduction in debt service payments of $857.

In addition, the County issued $57,025 in Certificates of Participation Series 2015. The County intends to use the proceeds to expand and improve the existing sewer system facilities. The County may also use a portion of the funds for other capital projects.

During the year, the County acquired Stardust and Painted Hills properties with at a total installment purchase contracts payable of $7,000 and $4,500, respectively.

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

Credit Ratings				
	Standard & Poor's		Fitch Ratings	
	Rating	Date	Rating	Date
Certificates of Participation (COPs)	A+	Feb-2015	AA-	Feb-2015
General Obligation	AA-	Feb-2015	AA	Feb-2015
Street and Highway Revenue	AA	Feb-2015	AA	Feb-2015
Sewer Revenue Bonds	AA	Mar-2014	AA	Dec-2013
Sewer Revenue Obligations	AA-	Jan-2014	AA-	Dec-2013

The State of Arizona Constitution limits the amount of general obligation debt a governmental entity may issue to 6.0% of its net assessed valuation without voter approval. However, Pima County has voter approval for general obligation debt up to 15.0%. The current debt limitation for Pima County is $1,136,985, which is significantly in excess of Pima County's outstanding general obligation debt.

Additional information regarding the County's debt can be found in Note 7 of the financial statements, on Pages 65-74.

Economic Factors and Next Year's Budget

Pima County is still contending with a slow, and at times, uneven recovery from the Great Recession. Like all governments in Arizona, Pima County has necessarily adjusted to reduced revenues and increased service demands during this time. The upcoming fiscal 2015-16 budget will be based largely on the County's response to a set of unique challenges from a variety of outside sources. Primary amongst these is the decision by the Arizona Legislature to balance the State Budget by transferring $23.2 million of fiscal year 2015-16 State costs to Pima County. These additional costs imposed by the State cause significant uncertainties in the development of the County budget and will impact all of Pima County's existing service priorities and programs, including law enforcement, healthcare and economic development. Recognizing this, the budget that was adopted by the Board of Supervisors for fiscal year 2015-16 is primarily a "maintenance of effort" budget, which will sustain the County's existing service priorities. The following discussion identifies other significant activities that are expected to affect the County in fiscal 2015-16.

State Budget Cost Shifts

In attempting to balance the State Budget this year, the Governor and Legislature have accelerated cost transfers to the counties throughout the State. However, Pima County will experience the largest increase this year than any other county in the State. The proposed new cost transfers to the County presently enacted into law equal up to $21.6 million. When added to last year's transfers, the total is $104.4 million for fiscal year 2015-16, or nearly 31% of the primary property tax levy. Immediate impacts of these cost transfers to the County budget include a two-percent across-the-board reduction in all County expenditures, a $5,000,000 reduction in funding for the Pavement Preservation Program and a primary property tax rate increase of $0.1098. The additional property tax revenues from the rate increase are anticipated to offset $8.1 million of State cost shifts to Pima County. However, the remaining $4.7 million to $13.5 million of these cost shifts must be absorbed within the County's fiscal year 2015-16 budget.

State Aid to Education Cost Shifts

A significant portion of the state cost transfers is the cost related to the State Aid to Education tax credit, which has been paid for by the State for the last 35 years. The County is currently mounting a legal challenge to this portion of the State budget. Although the County is hopeful that it will prevail in litigation in the future, an increase in the primary property tax rate of $0.1098 and levy of $8.1 million to partially offset the cost transfer has been adopted for fiscal year 2015-16. If the County prevails in its litigation, the primary property tax rate will be reduced next fiscal year.

Property Taxes

As previously mentioned, the fiscal year 2015-16 Adopted Budget relies on a $0.1098 increase in the primary property tax rate for the General Government over the fiscal year 2014-15 tax rate. The Library District secondary property tax rate will increase by $0.0800. Debt Service's secondary tax rate remains unchanged from fiscal year 2014-15 and the Regional Flood Control District secondary property tax rate increases by $0.0100. The total property tax rate for Pima County (excluding the State mandated Fire District Assistance Tax) increased from $5.7167 to 5.9165 per $100 of net taxable value, a net increase of $0.1998.

State Shared Revenues

State shared sales tax revenue is projected to increase by $1.86 million in fiscal year 2015-16. This increase reflects a gradual recovery in the local economy and continued statewide economic growth.

Employee Benefits Costs

Over the years, Pima County has continued to change and upgrade its benefits package for employees. Over time, the cost to provide these benefits has steadily increased. As a comparison, the actual cost to the County for employee benefits in fiscal year 2003-04 totaled $65 million whereas the budgeted benefit costs in fiscal year 2015-16 totals nearly $139 million; resulting in an increase that is more than double the fiscal year 2003-04 amount. A significant portion of this increase is due to higher cost of employee medical insurance, retirement contributions and other benefit costs. Fiscal year 2015-16 aggregate benefits will increase in excess of $5 million over fiscal year 2014-15. The County will have to absorb these increases in the face of other budgetary challenges.

Rainy Day Funds

Maintaining a budget reserve has given the County a favorable bond rating which in turn has yielded substantial savings from lower interest payments on County bonds. The reserve has also enabled the County to minimize the negative fiscal impacts of a variety of unforeseen events over which the County has had little or no control. The General Fund Reserve for fiscal year 2015-16 totals $30,256,247. This reserve represents 5.6% of projected revenues for fiscal year 2015-16 compared to the ending fund balance of 3.6% of revenue last fiscal year. The reserve has been increased to accommodate a worst-case scenario of State Budget cost shifts totaling $21.6 million. If this reserve is not spent, it will represent the base ending fund balance for fiscal year 2015-16.

Requests for Information

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

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PIMA COUNTY

Basic Financial Statements

PIMA COUNTY, ARIZONA

Exhibit A -1

Statement of Net Position
June 30, 2015
(in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit SW Fair Commission
Assets				
Cash and cash equivalents	$ 402,263	$ 116,984	$ 519,247	$ 1,698
Property taxes receivable (net)	13,150		13,150	
Interest receivable	151	90	241	
Internal balances	(7,852)	7,852		
Due from other governments	49,471	416	49,887	
Accounts receivable (net)	9,975	19,245	29,220	
Inventories	2,158	2,383	4,541	32
Prepaids	7,149	116	7,265	71
Restricted assets:				
Cash and cash equivalents	789	76,102	76,891	1,450
Loans receivable	1,543		1,543	
Capital assets not being depreciated:				
Land	521,049	13,994	535,043	
Construction in progress	104,275	50,204	154,479	
Capital assets being depreciated (net):				
Buildings and improvements	593,714	624,068	1,217,782	3,172
Sewage conveyance system		457,524	457,524	
Equipment	117,163	95,830	212,993	397
Infrastructure	675,035		675,035	
Total assets	2,490,033	1,464,808	3,954,841	6,820
Deferred outflows of resources				
Pension	119,381	5,626	125,007	
Deferred charge on refunding	2,858		2,858	
Total deferred outflows of resources	122,239	5,626	127,865	
Liabilities				
Accounts payable	42,483	17,758	60,241	203
Interest payable	3	277	280	
Contract retentions	2,742		2,742	
Employee compensation	22,225	2,023	24,248	
Due to other governments	21	5	26	
Deposits and rebates	908		908	40
Unearned revenue	4,119	1,594	5,713	53
Noncurrent liabilities:				
Due within one year	104,634	47,526	152,160	
Due in more than one year	1,324,554	650,087	1,974,641	40
Total liabilities	1,501,689	719,270	2,220,959	336
Deferred inflows of resources				
Pension	70,168	7,721	77,889	
Total deferred inflows of resources	70,168	7,721	77,889	
Net Position				
Net investment in capital assets	1,385,996	592,351	1,978,347	3,569
Restricted for:				
Facilities, justice, library, tax stabilization, and community development	60,285		60,285	
Highways and streets	8,039		8,039	
Debt service		36,683	36,683	
Capital projects	64,612	7,980	72,592	
Regional wastewater		19,419	19,419	
Healthcare	28,610		28,610	
Unrestricted (deficit)	(507,127)	87,010	(420,117)	2,915
Total net position	$ 1,040,415	$ 743,443	$ 1,783,858	$ 6,484

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Activities
For the Year Ended June 30, 2015
(in thousands)

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary government:				
Governmental activities:				
General government	$ 259,734	$ 27,974	$ 30,208	$ 828
Public safety	188,189	12,883	6,541	398
Highways and streets	85,618	6,136	58,864	37,665
Sanitation	(4,882)		1,161	
Health	38,219	12,894	10,105	156
Welfare	93,524	200	190	
Culture and recreation	62,981	3,144	963	3,386
Education and economic opportunity	35,051	577	18,830	137
Amortization - unallocated	(6,237)			
Interest on long-term debt	27,696			
Total governmental activities	779,893	63,808	126,862	42,570
Business-type activities:				
Regional Wastewater Reclamation	184,884	172,597	35	5,854
Development Services	6,888	6,324		
Parking Garages	1,814	2,271		
Total business-type activities	193,586	181,192	35	5,854
Total primary government	$ 973,479	$ 245,000	$ 126,897	$ 48,424
Component unit:				
Southwestern Fair Commission	5,743	5,959	120	
Total component unit	$ 5,743	$ 5,959	$ 120	

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

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year, as restated

Net position at end of year

See accompanying notes to financial statements

Functions/Programs	Governmental Activities	Business-type Activities	Total	Component Unit SW Fair Commission
	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			
Primary government:				
Governmental activities:				
General government	$ (200,724)		$ (200,724)	
Public safety	(168,367)		(168,367)	
Highways and streets	17,047		17,047	
Sanitation	6,043		6,043	
Health	(15,064)		(15,064)	
Welfare	(93,134)		(93,134)	
Culture and recreation	(55,488)		(55,488)	
Education and economic opportunity	(15,507)		(15,507)	
Amortization - unallocated	6,237		6,237	
Interest on long-term debt	(27,696)		(27,696)	
Total governmental activities	(546,653)		(546,653)	
Business-type activities:				
Regional Wastewater Reclamation		$ (6,398)	(6,398)	
Development Services		(564)	(564)	
Parking Garages		457	457	
Total business-type activities		(6,505)	(6,505)	
Total primary government	(546,653)	(6,505)	(553,158)	
Component unit:				
Southwestern Fair Commission				336
Total component unit				$ 336
General revenues:				
Property taxes, levied for general purposes	317,682		317,682	
Property taxes, levied for regional flood control district	20,455		20,455	
Property taxes, levied for library district	32,771		32,771	
Property taxes, levied for debt service	52,630		52,630	
Hotel/motel taxes, levied for sports facility and tourism	6,155		6,155	
Other taxes, levied for stadium district	1,536		1,536	
Unrestricted share of state sales tax	105,522		105,522	
Unrestricted share of state vehicle license tax	24,976		24,976	
Grants and contributions not restricted to specific programs	4,562		4,562	
Interest and penalties on delinquent taxes	6,164		6,164	
Investment earnings (loss)	1,931	903	2,834	(17)
Miscellaneous	16,889	549	17,438	83
Transfers	(17,133)	17,133		
Total general revenues and transfers	574,140	18,585	592,725	66
Change in net position	27,487	12,080	39,567	402
Net position at beginning of year, as restated	1,012,928	731,363	1,744,291	6,082
Net position at end of year	$ 1,040,415	$ 743,443	$ 1,783,858	$ 6,484

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Balance Sheet - Governmental Funds
June 30, 2015
(in thousands)

Exhibit A - 3

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 60,743	$ 149,153	$ 7,822	$ 68,276	$ 285,994
Property taxes receivable (net)	9,577		1,837	1,736	13,150
Interest receivable	34	23	34	36	127
Due from other funds	2,999	131		813	3,943
Due from other governments	20,932	8,983		19,478	49,393
Accounts receivable	1,938	1,698		3,728	7,364
Inventory				1,453	1,453
Prepaid expenditures	2,510			1,017	3,527
Loan receivable	1,543				1,543
Restricted cash and cash equivalents		744		45	789
Total assets	$ 100,276	$ 160,732	$ 9,693	$ 96,582	$ 367,283
Liabilities, deferred inflows of resources and fund balances					
Liabilities:					
Accounts payable	$ 13,269	$ 12,991	$ 1	$ 12,194	$ 38,455
Interest payable				3	3
Contract retentions		2,742			2,742
Employee compensation	16,041	285		5,465	21,791
Due to other funds	712	7,990		3,136	11,838
Due to other governments	7			10	17
Deposits and rebates	159	744		5	908
Unearned revenue	1,696	106		2,317	4,119
Total liabilities	31,884	24,858	1	23,130	79,873
Deferred inflows of resources:					
Unavailable revenue - intergovernmental	8,767	4,665		10,688	24,120
Unavailable revenue - property taxes	7,014		1,268	1,306	9,588
Unavailable revenue - other	486	1,374		469	2,329
Total deferred inflows of resources	16,267	6,039	1,268	12,463	36,037
Total liabilities and deferred inflows of resources	48,151	30,897	1,269	35,593	115,910
Fund balances					
Nonspendable	4,053			2,515	6,568
Restricted		126,827		53,155	179,982
Committed		3,065		6,320	9,385
Assigned	194		8,424	3,769	12,387
Unassigned	47,878	(57)		(4,770)	43,051
Total fund balances	52,125	129,835	8,424	60,989	251,373
Total liabilities, deferred inflows of resources and fund balances	$ 100,276	$ 160,732	$ 9,693	$ 96,582	$ 367,283

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 4

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

June 30, 2015

(in thousands)

Fund balances - total governmental funds		$ 251,373
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	$ 2,971,429	
Less accumulated depreciation	(1,008,253)	1,963,176
Long-term liabilities, such as pension liabilities and bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable	(510,068)	
Certificates of participation payable	(177,771)	
Leases and notes payable	(11,912)	
Compensated absences liability	(29,023)	
Landfill liability	(15,075)	
Pollution remediation liability	(294)	
Net pension liability	(644,592)	(1,388,735)
Deferred outflows and inflows of resources related to pensions and deferred charges on debt refundings are applicable to future periods and, therefore are not reported in the governmental funds.		
Deferred outflows of resources related to pensions	118,285	
Deferred inflows of resources related to pensions	(68,663)	
Deferred outflows for bond refunding	2,858	52,480
Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.		36,037
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, deferred outflow of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Net Position.		126,084
Net position of governmental activities		$ 1,040,415

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, 2015
(in thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	$ 324,840		$ 53,164	$ 53,367	$ 431,371
Licenses and permits	2,989			5,467	8,456
Intergovernmental	142,459	$ 23,038	12	131,119	296,628
Charges for services	41,253	4,728		14,241	60,222
Fines and forfeits	3,789			5,720	9,509
Investment earnings	225	462	181	287	1,155
Miscellaneous	6,167	1,276	12	8,225	15,680
Total revenues	521,722	29,504	53,369	218,426	823,021
Expenditures:					
Current:					
General government	217,325			39,006	256,331
Public safety	138,723			22,761	161,484
Highways and streets				39,664	39,664
Sanitation	1,290			1,113	2,403
Health	3,527			34,260	37,787
Welfare	93,211			207	93,418
Culture and recreation	30,915			38,072	68,987
Education and economic opportunity	12,274			22,006	34,280
Capital outlay		100,788			100,788
Debt Service - principal	149		81,705	79	81,933
- interest	11		26,424	4	26,439
- miscellaneous			863		863
Total expenditures	497,425	100,788	108,992	197,172	904,377
Excess (deficiency) of revenues over (under) expenditures	24,297	(71,284)	(55,623)	21,254	(81,356)
Other financing sources (uses):					
Installment note	11,500				11,500
Premium on bonds			5,949		5,949
Issuance of refunding debt			13,685		13,685
Payments to escrow agent			(15,250)		(15,250)
Face amount of long-term debt issued		72,025			72,025
Proceeds from sale of capital assets	15			104	119
Transfers in	9,533	31,335	54,839	25,790	121,497
Transfers (out)	(41,410)	(51,253)	(3,024)	(53,057)	(148,744)
Total other financing sources (uses)	(20,362)	52,107	56,199	(27,163)	60,781
Net change in fund balances	3,935	(19,177)	576	(5,909)	(20,575)
Fund balances at beginning of year, as restated	48,190	149,012	7,848	66,833	271,883
Changes in nonspendable fund balance:					
Change in inventory				50	50
Change in prepaids				15	15
Fund balances at end of year	$ 52,125	$ 129,835	$ 8,424	$ 60,989	$ 251,373

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2015
(in thousands)

Net change in fund balances - total governmental funds		$ (20,575)
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	$ 101,957	
Less current year depreciation	(69,046)	32,911
Debt proceeds provide current financial resources to governmental funds but issuing debt 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 premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Face amount of long-term debt issued	(72,025)	
Premium on bonds	(5,949)	
Proceeds from issuance of refunding bonds	(13,685)	
Debt service - principal payments	81,933	
Payments to escrow agent	15,250	
Installment note	(11,500)	
Amortization expense	6,237	
Deferred outflows - interest	(1,244)	(983)
Some revenues reported in the Statement of Activities do not represent the collection of current financial resources and therefore are not reported as revenues in the governmental funds. In addition, collections of some revenues in the governmental funds exceeded revenues reported in the Statement of Activities.		
Donations of capital assets	7,488	
Intergovernmental	7,154	
Property tax revenues	(1,668)	
Other	869	13,843
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	1,271	
Change in landfill liability	7,696	
Pollution remediation liability	345	
Net book value of capital asset disposals	(1,169)	
Other	65	8,208
County pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the County's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions is reported in the Statement of Activities.		
Pension contributions	41,464	
Pension expense	(75,995)	(34,531)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The incorporation of the external activities of these funds, and the elimination of profit/loss generated by primary government customers results in net revenue (expense) for governmental activities.		28,614
Change in net position of governmental activities		$ 27,487

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Net Position - Proprietary Funds
June 30, 2015
(in thousands)

	Business-type Activities Enterprise Funds			
	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Assets				
Current assets:				
Cash and cash equivalents	$ 110,741	$ 6,243	$ 116,984	$ 116,269
Restricted cash and cash equivalents	27,014		27,014	
Interest receivable	86	4	90	24
Due from other funds	7,878		7,878	130
Due from other governments	410	6	416	78
Accounts receivable	18,941	304	19,245	2,611
Inventory	2,383		2,383	705
Prepaid expense	90	26	116	3,622
Total current assets	167,543	6,583	174,126	123,439
Noncurrent assets:				
Restricted cash and cash equivalents	49,088		49,088	
Loan receivable				10,000
Capital assets:				
Land	12,226	1,768	13,994	449
Buildings and improvements	739,850	27,608	767,458	18,969
Sewage conveyance system	751,093		751,093	
Equipment	139,942	1,580	141,522	49,250
Less accumulated depreciation	(472,540)	(10,111)	(482,651)	(23,955)
Construction in progress	50,201	3	50,204	3,347
Total capital assets (net)	1,220,772	20,848	1,241,620	48,060
Total noncurrent assets	1,269,860	20,848	1,290,708	58,060
Total assets	1,437,403	27,431	1,464,834	181,499
Deferred outflows of resources				
Pension	4,847	779	5,626	1,096
Total deferred outflows of resources	4,847	779	5,626	1,096
Liabilities				
Current liabilities:				
Accounts payable	17,363	395	17,758	4,028
Employee compensation	1,758	265	2,023	434
Interest payable	277		277	
Due to other funds	25	1	26	87
Due to other governments	5		5	4
Unearned revenue	1,594		1,594	
Current sewer revenue bonds and obligations payable	45,945		45,945	
Current portion of wastewater loans payable	1,581		1,581	
Current portion reported but unpaid losses				4,608
Current portion incurred but not reported losses				6,406
Total current liabilities	68,548	661	69,209	15,567
Noncurrent liabilities:				
Compensated absences payable	2,631	461	3,092	471
Loan payable				10,000
Contracts and notes	1,098		1,098	
Sewer revenue bonds and obligations payable	585,179		585,179	
Wastewater loans payable	16,564		16,564	
Reported but unpaid losses				11,628
Incurred but not reported losses				8,735
Net pension liability	38,041	6,113	44,154	8,605
Total noncurrent liabilities	643,513	6,574	650,087	39,439
Total liabilities	712,061	7,235	719,296	55,006
Deferred inflows of resources				
Pension	6,652	1,069	7,721	1,505
Total deferred inflows of resources	6,652	1,069	7,721	1,505
Net position				
Net investment in capital assets	571,503	20,848	592,351	48,060
Restricted for:				
Debt service	36,683		36,683	
Capital projects	7,980		7,980	
Healthcare				14,088
Regional wastewater reclamation	19,419		19,419	
Unrestricted	87,952	(942)	87,010	63,936
Total net position	$ 723,537	$ 19,906	$ 743,443	$ 126,084

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Revenues, Expenditures and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2015
(in thousands)

	Business-type Activities Enterprise Funds			
	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities-Internal Service Funds
Operating revenues:				
Charges for services	$ 159,453	$ 8,595	$ 168,048	$ 105,548
Other	506	43	549	2,426
Total net operating revenues	159,959	8,638	168,597	107,974
Operating expenses:				
Employee compensation	33,028	5,222	38,250	7,933
Operating supplies and services	7,248	70	7,318	8,437
Utilities	7,296		7,296	
Sludge and refuse disposal	1,628		1,628	
Repair and maintenance	9,745	104	9,849	1,568
Incurred losses				45,653
Insurance premiums				10,335
General and administrative	12,739	2,708	15,447	7,012
Consultants and professional services	11,739	377	12,116	4,743
Depreciation	51,248	221	51,469	4,749
Total operating expenses	134,671	8,702	143,373	90,430
Operating income (loss)	25,288	(64)	25,224	17,544
Nonoperating revenues (expenses):				
Intergovernmental revenue	499		499	
Investment earnings	874	29	903	767
Sewer connection fees	13,144		13,144	
Interest expense	(20,671)		(20,671)	
Gain/(loss) on disposal of capital assets	(29,542)		(29,542)	43
Total nonoperating revenues (expenses)	(35,696)	29	(35,667)	810
Income (loss) before contributions and transfers	(10,408)	(35)	(10,443)	18,354
Capital contributions	5,390		5,390	146
Transfers in	28,651	11,979	40,630	12,542
Transfers (out)	(21,422)	(2,075)	(23,497)	(2,428)
Change in net position	2,211	9,869	12,080	28,614
Net position at beginning of year, as restated	721,326	10,037	731,363	97,470
Net position at end of year	$ 723,537	$ 19,906	$ 743,443	$ 126,084

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 9

Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2015
(in thousands)

	Business-Type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	
Cash flows from operating activities:				
Cash received from other funds for goods and services provided				$ 106,092
Cash received from customers for goods and services provided	$ 158,144	$ 8,489	$ 166,633	
Cash received from miscellaneous operations	506		506	2,477
Cash payments to suppliers for goods and services	(38,008)	(1,440)	(39,448)	(30,222)
Cash payments to other funds for goods and services	(14,190)	(1,929)	(16,119)	(5,511)
Cash payments for incurred losses				(55,137)
Cash payments to employees for services	(32,812)	(5,190)	(38,002)	(7,261)
Net cash provided by (used for) operating activities	73,640	(70)	73,570	10,438
Cash flows from noncapital financing activities:				
Cash transfers in from other funds	28,651		28,651	12,121
Cash transfers out to other funds	(21,048)	(2,075)	(23,123)	(2,417)
Loans with other funds	(7,858)		(7,858)	(1)
Intergovernmental revenues	499		499	
Net cash provided by (used for) noncapital financing activities	244	(2,075)	(1,831)	9,703
Cash flows from capital and related financing activities:				
Principal paid on bonds and loans	(40,980)		(40,980)	
Interest paid on bonds and loans	(28,844)		(28,844)	
Sewer connection fees	12,480		12,480	
Proceeds from sale of capital assets				370
Transfers received for capital acquisition		11,979	11,979	
Purchase of capital assets	(56,651)	(11,979)	(68,630)	(11,464)
Net cash used for capital and related financing activities	(113,995)		(113,995)	(11,094)
Cash flows from investing activities:				
Interest received on cash and investments	982	34	1,016	815
Net cash provided by investing activities	982	34	1,016	815
Net increase (decrease) in cash and cash equivalents	(39,129)	(2,111)	(41,240)	9,862
Cash and cash equivalents at beginning of year	225,972	8,354	234,326	106,407
Cash and cash equivalents at end of year	$ 186,843	$ 6,243	$ 193,086	$ 116,269

(continued)

PIMA COUNTY, ARIZONA

Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2015
(in thousands)

(continued)

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	Business-Type Activities Enterprise Funds: Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Operating income (loss)	$ 25,288	$ (64)	$ 25,224	$ 17,544
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	51,248	221	51,469	4,749
Changes in assets and deferred outflows of resources:				
Decrease (increase) in assets:				
Accounts receivable	(902)	(149)	(1,051)	533
Due from other governments	(407)		(407)	63
Inventory and other assets	(505)		(505)	12
Prepaid expense	(36)	(6)	(42)	(2,469)
Decrease in deferred outflows of resources:				
Pension plans	(2,367)	(381)	(2,748)	(535)
Changes in liabilities and deferred inflows of resources:				
Increase (decrease) in liabilities:				
Accounts payable	(1,264)	(104)	(1,368)	(533)
Due to other funds		1	1	
Due to other governments	2		2	4
Reported but unpaid losses				(5,485)
Incurred but not reported losses				(3,999)
Net pension liability	(4,145)	(667)	(4,812)	(937)
Other liabilities	76	10	86	(14)
Increase in deferred inflows of resources:				
Pension plans	6,652	1,069	7,721	1,505
Net cash provided by (used for) operating activities	$ 73,640	$ (70)	$ 73,570	$ 10,438

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2015:

Regional Wastewater Reclamation Enterprise Fund received developer-built conveyance systems with an estimated fair value of $5,143. These contributions were recorded as an increase in capital assets and capital contributions.

Regional Wastewater Reclamation Enterprise Fund retired capital assets with a net book value of $29,542.

Regional Wastewater Reclamation Enterprise Fund transferred out assets with a net book value of $374 to the County's Internal Service Funds.

Regional Wastewater Reclamation Enterprise Fund retired expired Sewer Credit Agreements totaling $247. These transactions were recorded as a decrease in unearned revenue and an increase in capital contributions.

Other Enterprise Funds retired fully depreciated capital assets with an original cost of $330.

Internal Service Funds had an exchange of unequal sized parcels of land. The parcel obtained in the exchange was valued at $271. The parcel given up had a value of $417.

Internal Service Funds received a transfer in of capital assets from Regional Wastewater Reclamation Fund with a net book value of $374.

Internal Service Funds received capital contributions with a net book value of $146 from General Government.

Internal Service Funds sold capital assets with a net book value of $180 and donated a capital asset with a net book value of $1.

PIMA COUNTY, ARIZONA
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2015
(in thousands)

	Investment Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	$ 229,269	$ 68,649
Interest receivable	62	
Due from other governments		163
Total assets	$ 229,331	$ 68,812
Liabilities		
Employee compensation		$ 104
Due to other governments		40,181
Deposits and rebates		28,527
Total liabilities		$ 68,812
Net position		
Held in trust for pool participants	$ 229,331	

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2015
(in thousands)

	Investment Trust Funds
Additions	
Contributions from participants	$ 2,268,651
Total contributions	2,268,651
Investment earnings	580
Total investment earnings	580
Total additions	2,269,231
Deductions	
Distributions to participants	2,184,552
Total deductions	2,184,552
Change in net position	84,679
Net position held in trust July 1, 2014	144,652
Net position held in trust June 30, 2015	$ 229,331

See accompanying notes to financial statements

Note 1: Summary of Significant Accounting Policies

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

For the year ended June 30, 2015, the County implemented the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, and GASB Statement No. 69, Government Combinations and Disposals of Governmental Operations. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits. GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The implementation of GASB Statement No. 69 had no impact on the County's fiscal year 2014-15 financial statements and therefore no additional note disclosures were required.

A. Reporting Entity

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

Component units are legally separate entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are so intertwined with the County that they are in substance part of the County's operations. Component units should be blended in the County's financial statements when the component unit's governing body is substantively the same as the County's governing body and there is either a financial benefit or burden relationship between the County and the component unit or County management has operational responsibility for it; the component unit provides services entirely, or almost entirely, to the County; or the component unit's total debt outstanding is expected to be repaid entirely or almost entirely with the County's resources. Therefore, data from these units is combined with data of the County. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County. Each blended and discretely presented component unit discussed below has a June 30 year-end.

The following describes the County's component units:

The Pima County Stadium District, a legally separate entity, was created in 1991 when the Board of Supervisors adopted a resolution to create the Stadium District to manage Kino Sports Complex. The District is a tax-levying, public improvement district and political taxing subdivision of the state of Arizona. The Stadium District, in conjunction with Pima County government, maintains the fiscal resources of the entire complex including facilities, grounds, personnel and the various services provided at the venue. Kino Sports Complex, which covers 155 acres, is the largest professional sports and entertainment venue of its kind in Pima County. The facility hosts youth athletics, amateur and professional sports, concerts and community events on its fields. The County Board of Supervisors serves as the Board of Directors of the District. Acting in the capacity of the Board of Directors, the Pima County Board of Supervisors is able to impose its will on the District. The Board of Directors levies the car rental surcharge rates and the recreational vehicle (RV) park tax for the District. The District is reported as a special revenue fund (blended component unit) in these financial statements. Complete financial statements for the District can be obtained from the Pima County Department of Finance and Risk Management located at 130 West Congress Street, Tucson, Arizona 85701.

The Pima County Library District was established in 1986 when legislation allowed full taxing authority and the ability to enter into agreements with other jurisdictions for the provision of library services. The Library District provides and maintains library services for the County's residents. The Pima County Board of Supervisors is the

Note 1: Summary of Significant Accounting Policies (continued)

Board of Directors of the District. The Library District is reported as a special revenue fund (blended component unit) in these financial statements. Separate financial statements for the District are not available.

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

The Pima County Street Lighting Districts (SLDs) operate and maintain street lighting for specific regions in areas outside local city jurisdictions. The Pima County Board of Supervisors serves as the Board of Directors. SLDs are reported as a special revenue fund in these financial statements and meet substantively the same criteria as blended component units. Separate financial statements for the SLDs are not available.

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

Related Organization:

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

B. Basis of Presentation

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

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

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

Note 1: Summary of Significant Accounting Policies (continued)

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

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

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

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

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

The County reports the following major governmental funds:

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

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

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

The County reports the following major enterprise fund:

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

The County also reports the following fund types:

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

Note 1: Summary of Significant Accounting Policies (continued)

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

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

C. Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The agency funds are custodial in nature and do not have a measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

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

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

D. Cash and Investments

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

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

E. Inventories and Prepaids

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

(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

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

The County accounts for its inventories in the OEM Radio System Fund using the purchases method. Inventories of the OEM Radio System Fund consist of spare parts for the fixed network equipment held for consumption and are recorded as expenditures at the time of purchase. These inventories are stated at cost using the first-in, first-out method or average cost method.

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

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

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

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 fair market value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	All	N/A	N/A
Land improvements (Reported in buildings and improvements)	All	Straight Line	20 - 30 Years
Buildings and improvements	$100	Straight Line	10 - 50 Years
Equipment	$5	Straight Line	4 - 25 Years
Infrastructure/Sewer conveyance systems	$100	Straight Line	10 - 50 Years
Intangible (Reported in land and infrastructure)	$100	Straight Line	Varies
Software (Reported in equipment)	$5,000	Straight Line	Varies

Note 1: Summary of Significant Accounting Policies (continued)

Discretely presented component unit:

The Southwestern Fair Commission, Inc. capital assets are reported at actual cost. Depreciation is calculated using the straight-line method over the assets' estimated useful life, which range from 3 to 40 years.

H. Deferred Outflows and Inflows of Resources

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as a revenue in future periods.

I. Fund Balance Classifications

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

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

The unrestricted fund balance category is composed of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations that the County's Board of Supervisors, the highest level of decision-making authority within the County, approved by formal action (ordinance). Only the Board can remove or change the constraints placed on committed fund balances. This approval must be given at a regular supervisory meeting by taking the same type of action it employed to previously commit those amounts.

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

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

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

J. Investment Earnings

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

Note 1: Summary of Significant Accounting Policies (continued)

K. Compensated Absences

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

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

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

In addition, since vacation and sick leave used by employees within the first two pay periods after fiscal year-end is paid for with current financial resources, a compensated absences liability for these amounts is reported in the governmental funds' financial statements within Employee Compensation.

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(in thousands)

Note 2: Change in Accounting Principle and Correction of a Misstatement - Prior Period Adjustment.

Net Position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* as amended by GASB Statement No. 71, *Pensions Transition for Contributions Made Subsequent to the Measurement Date.* In addition, the School Reserve's governmental activities net position at July 1, 2014, has been restated for adjustments affecting the cumulative results of operations due to error in the prior year's financial statements.

	Governmental Activities	Business-type Activities	Major Enterprise Fund	Nonmajor Enterprise Funds	Nonmajor Governmental Funds	Internal Service Funds
Net position/fund balance as previously reported at June 30, 2014	$ 1,582,370	$ 777,448	$ 761,031	$ 16,417	$ 66,854	$ 106,451
Prior period adjustment						
Implementation of GASB 68:						
Net pension liability (measurement date as of June 30, 2013)	(609,604)	(48,964)	(42,185)	(6,779)		(9,542)
Deferred outflows - county contributions made during fiscal year 2014	40,183	2,879	2,480	399		561
Other:						
School Reserve reporting error	(21)				(21)	
Total prior period adjustment	(569,442)	(46,085)	(39,705)	(6,380)	(21)	(8,981)
Net position/fund balance as restated, July 1, 2014	$ 1,012,928	$ 731,363	$ 721,326	$ 10,037	$ 66,833	$ 97,470

Note 3: Cash and Investments

Primary Government

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

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

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

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

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

Custodial credit risk—Statutes require a pooled collateral program for public deposits and a Statewide Collateral Pool Administrator (Administrator) in the State Treasurer's Office. The purpose of the pooled collateral program is to ensure that governmental entities' public deposits placed in participating depositories are secured with collateral of 102 percent of the public deposits, less any applicable deposit insurance. An eligible depository may not retain or accept any public deposit unless it has deposited the required collateral with a qualified escrow agent or the Administrator. The Administrator manages the pooled collateral program, including reporting on each depository's compliance with the program.

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

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

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

Deposits—At June 30, 2015, the carrying amount of the County's deposits was $76,765, and the bank balance was $56,588.

(in thousands)

Note 3: Cash and Investments (continued)

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, 2015, $3,568 of the County's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments—At June 30, 2015, the County's investments consisted of $344,840 invested in marketable securities and $472,404 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, 2015, credit risk for the County's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
Commercial paper	A- 1/P1	S&P / Moody's	$ 14,985
Corporate bonds	BBB-/Baa3	S&P / Moody's	232,797
Municipal bonds	Unrated		5,818
Federal Farm Credit Bank	AA+/Aaa	S&P / Moody's	24,053
Federal Home Loan Bank	AA+/Aaa	S&P / Moody's	33,089
Money market mutual fund	AAAm/Aaa-mf	S&P / Moody's	29,088
		Marketable securities	339,830
State Treasurer Investment Pool 5	AAAf/S1+	S&P	248,520
State Treasurer Investment Pool 500	Unrated		101,273
State Treasurer Investment Pool 7	Unrated		122,611
		State Treasurer's Investment Pool	472,404
Total			$ 812,234

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 $817,244 of investments, $315,752, consisting of the commercial paper, corporate bonds, municipal bonds, Federal Farm Credit Bank, Federal Home Loan Bank, and U.S. Treasury notes, is uninsured and held by a counterparty in the County's name in book entry form.

(in thousands)

Note 3: Cash and Investments (continued)

Concentration of credit risk—The County has no formal policy with respect to limiting the amount the Treasurer may invest in any one issuer. The County's exposure as of June 30, 2015 is less than 5% per issuer.

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

As of June 30, 2015, the County had the following investments:

Investment Type		Amount	Weighted Average Maturity (Years)
State Treasurer Investment Pool 5	$	248,520	0.15
State Treasurer Investment Pool 500		101,273	4.41
State Treasurer Investment Pool 7		122,611	0.10
Commercial paper		14,985	0.41
Corporate bonds		232,797	1.48
Municipal bonds		5,818	2.03
Federal Farm Credit Bank		24,053	1.13
Federal Home Loan Bank		33,089	2.12
U.S. Treasury Notes		5,010	2.03
Money market mutual fund		29,088	0.11
Total	$	817,244	

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:	$ 47	$ 76,765	$ 817,244	$ 894,056

	Governmental Activities	Business-type Activities	Investment Trust Funds	Agency Funds	Totals
Statement of Net Position:					
Cash and cash equivalents	$ 402,263	$ 116,984	$ 229,269	$ 68,649	$ 817,165
Restricted cash and cash equivalents	789	76,102			76,891
Total	$ 403,052	$ 193,086	$ 229,269	$ 68,649	$ 894,056

County Treasurer's Investment Pool—Arizona Revised Statutes require community colleges, school districts, and other local governments to deposit certain public monies with the County Treasurer. The County Treasurer has a fiduciary responsibility to administer those and the County monies under her stewardship. The County Treasurer invests, on a pool basis, all monies not specifically invested for a fund or program. In addition, the County Treasurer determines the fair value of those pooled investments annually at June 30. The County Treasurer's Investment Pool is not registered with the Securities and Exchange Commission as an investment

(in thousands)

Note 3: Cash and Investments (continued)

company and there is no regulatory oversight of its operations. The structure of the Pool does not provide for shares and the County has not provided or obtained any legally binding guarantees to support the value of the participants' investments. The County Treasurer allocates interest earnings to each of the Pool's participants. Substantially, all deposits and investments of the County's primary government are included in the County Treasurer's investment pool. Therefore, the deposit and investment risks of the Treasurer's investment pool are substantially the same as the County's deposit and investment risks disclosed above.

The Pool's assets consist of the following:

	Principal	Interest Rates	Maturities	Fair Value
Commercial paper	$ 15,000	0.00%	10/15-12/15	$ 14,985
Corporate bonds	225,728	0.40-7.13%	09/15-12/18	232,797
Municipal bonds	5,710	0.95-1.50%	07/17	5,818
Federal Farm Credit Bank	24,000	0.35-0.80%	11/15-2/17	24,053
Federal Home Loan Bank	33,000	0.28-2.00%	12/15-04/19	33,089
U.S. Treasury Notes	5,000	0.75%	06/17	5,010
State Treasurer Investment Pool 5	156,743	N/A	N/A	156,743
Deposits	45,467	N/A	N/A	45,467
Interest receivable	62	N/A	N/A	62
Total assets				$ 518,024

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	$ 417,481
External participants	100,543
Total assets	518,024
Total liabilities	
Total net position held in trust	$ 518,024
Statement of Changes in Net Position	
Total additions	$ 5,866,075
Total deductions	(5,849,328)
Net increase	16,747
Net position held in trust:	
July 1, 2014	501,277
June 30, 2015	$ 518,024

(in thousands)

Note 4: Fund Balance Classification of the Governmental Funds

The table below details the fund balance categories and classifications:

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	CAFR Total
Fund Balance:					
Nonspendable:					
Inventory				$ 1,453	$ 1,453
Prepaid expenditures	$ 2,510			1,017	3,527
Loan receivable	1,543				1,543
Permanent fund principal				45	45
Total nonspendable	4,053			2,515	6,568
Restricted for:					
Flood Control District		$ 16,406		8,098	24,504
Health				5,584	5,584
Judicial activities				20,028	20,028
Justice Court /Public Service Center		8,191			8,191
Law enforcement				2,810	2,810
Library District				6,517	6,517
Pima animal care		4,009			4,009
Sanitation		31,368			31,368
School reserve				493	493
Streets and highways		44,773		6,816	51,589
Waste Tire				1,435	1,435
Other purposes		22,080		1,374	23,454
Total restricted		126,827		53,155	179,982
Committed to:					
Judicial activities				124	124
Parks and recreation		10		1,236	1,246
School reserve				283	283
Sports promotion (Stadium)				1,213	1,213
Other purposes		3,055		3,464	6,519
Total committed		3,065		6,320	9,385
Assigned to:					
Debt service reserve			$ 8,424		8,424
Health				1,665	1,665
Law enforcement	190			1,368	1,558
Parks and recreation	4				4
School reserve				562	562
Other purposes				174	174
Total assigned	194		8,424	3,769	12,387
Unassigned:	47,878	(57)		(4,770)	43,051
Total Fund Balance	$ 52,125	$ 129,835	$ 8,424	$ 60,989	$ 251,373

(in thousands)

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 499,163	$ 22,392	$ (506)	$ 521,049
Construction in progress	212,314	85,901	(193,940)	104,275
Total capital assets not being depreciated	711,477	108,293	(194,446)	625,324
Capital assets being depreciated:				
Buildings and improvements	693,391	136,128	(283)	829,236
Infrastructure	1,332,681	46,457	(1,812)	1,377,326
Equipment	194,395	24,191	(7,028)	211,558
Total capital assets being depreciated	2,220,467	206,776	(9,123)	2,418,120
Less accumulated depreciation for:				
Buildings and improvements	(215,209)	(20,455)	142	(235,522)
Infrastructure	(665,379)	(38,305)	1,393	(702,291)
Equipment	(85,687)	(15,035)	6,327	(94,395)
Total accumulated depreciation	(966,275)	(73,795)	7,862	(1,032,208)
Total capital assets being depreciated, net	1,254,192	132,981	(1,261)	1,385,912
Governmental activities capital assets, net	$ 1,965,669	$ 241,274	$ (195,707)	$ 2,011,236

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 12,630	$ 1,364		$ 13,994
Construction in progress	63,730	63,494	$ (77,020)	50,204
Total capital assets not being depreciated	76,360	64,858	(77,020)	64,198
Capital assets being depreciated:				
Buildings and improvements*	851,787	28,346	(112,675)	767,458
Sewage conveyance systems	721,515	33,117	(3,539)	751,093
Equipment	132,469	16,922	(7,869)	141,522
Total capital assets being depreciated	1,705,771	78,385	(124,083)	1,660,073
Less accumulated depreciation for:				
Buildings and improvements	(200,145)	(28,270)	85,025	(143,390)
Sewage conveyance systems	(281,761)	(13,980)	2,172	(293,569)
Equipment	(43,816)	(9,219)	7,343	(45,692)
Total accumulated depreciation	(525,722)	(51,469)	94,540	(482,651)
Total capital assets being depreciated, net	1,180,049	26,916	(29,543)	1,177,422
Business-type activities capital assets, net	$ 1,256,409	$ 91,774	$ (106,563)	$ 1,241,620

* The Regional Wastewater Reclamation Enterprise Fund closed the Randolph Park Wastewater Reclamation Facility during the fiscal year with a net book value of $27,554.

(in thousands)

Note 5: Capital Assets (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:		
General government	$	12,459
Public safety		13,463
Highways and streets		34,475
Sanitation		377
Health		571
Welfare		92
Culture and recreation		6,758
Education and economic opportunity		851
Internal service funds		4,749
Total governmental activities depreciation expense	$	73,795
Business-type activities:		
Parking Garages	$	221
Regional Wastewater Reclamation Department		51,248
Total business-type activities depreciation expense	$	51,469

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Discretely presented component units:				
Southwestern Fair Commission (SFC):				
Capital assets being depreciated:				
Buildings and improvements	$ 6,465	$ 665		$ 7,130
Equipment	2,631	106		2,737
Total capital assets being depreciated	9,096	771		9,867
Less accumulated depreciation for:				
Buildings and improvements	(3,643)	(315)		(3,958)
Equipment	(2,186)	(154)		(2,340)
Total accumulated depreciation	(5,829)	(469)		(6,298)
Total capital assets being depreciated, net	3,267	302		3,569
SFC capital assets, net	$ 3,267	$ 302		$ 3,569

(in thousands)

Note 6: Claims, Judgments and Risk Management

Self-Insurance Trust Fund (SIT Fund)

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

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

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

Claims liabilities at June 30, 2015, for each insurable area are as follows:

Auto liability	$ 213
General liability	5,405
Workers' compensation	19,955
Medical malpractice	104
Environmental liability	1,500
	$ 27,177

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

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

Year	Balance July 1	Current-Year Claims and Changes in Estimates	Claims Payments	Balance June 30
2013-14	35,768	4,851	(6,458)	34,161
2014-15	34,161	(470)*	(6,514)	27,177

*This reduction is due to a decrease in the actuarial estimate for unpaid claims, which was greater than actual claims during the fiscal year ended June 30, 2015.

Health Benefits Self-Insurance Trust Fund (HBT Fund)

During fiscal year 2013-14, the County created the HBT Fund, an internal service fund, to account for the financing of the County's self-insured medical/pharmacy plan for employees and their dependents. The HBT Fund is responsible for collecting employer and employee premiums through payroll deductions and reimbursing Aetna, acting as a third-party administrator, for the payment of claims. The plan consists of two plan options, a High Deductible Health Plan and a Preferred Provider Organization Plan. The County purchases commercial stop-loss insurance coverage for claims in excess of coverage provided by the HBT Fund. Settled claims have not exceeded insurance coverage during the past 2 fiscal years.

(in thousands)

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

Claim liabilities are computed using a combination of two actuarial methods: the completion factor approach and the exposure approach. Accrued actuarial liabilities for the HBT Fund at June 30, 2015 for each plan option are as follows:

High-Deductible Health Plan:	
Medical	$ 1,805
Pharmacy	675
Preferred Provider Organization Plan:	
Medical	1,196
Pharmacy	524
	$ 4,200

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

Year	Balance July 1	Current-Year Claims and Changes in Estimates	Claims Payments	Balance June 30
2013-14*		$ 47,161	$ (40,461)	$ 6,700
2014-15	$ 6,700	46,123	(48,623)	4,200

* The HBT Fund began in fiscal year 2013-14

Litigation

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

Pollution Remediation

The County has estimated and reported an environmental liability of $294 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.

(in thousands)

Note 7: Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2015.

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due within 1 year
Governmental activities:					
General obligation bonds	$ 407,275	$ 15,000	$ 38,340	$ 383,935	$ 39,315
Unamortized premium/discount	8,731	731	2,099	7,363	1,848
Total general obligation bonds	416,006	15,731	40,439	391,298	41,163
Transportation revenue bonds	128,825	13,685	28,640	113,870	13,210
Unamortized premium/discount	4,256	1,750	1,106	4,900	1,599
Total transportation revenue bonds	133,081	15,435	29,746	118,770	14,809
Certificates of participation	138,900	57,025	29,680	166,245	31,240
Unamortized premium/discount	10,803	3,468	2,745	11,526	3,228
Total certificates of participation	149,703	60,493	32,425	177,771	34,468
Installment note payable	640	11,500	228	11,912	3,180
Total installment note payable	640	11,500	228	11,912	3,180
Net pension liabilities *	609,604	80,663	37,070	653,197	
Reported but unpaid losses (Note 6)	21,721	8	5,493	16,236	4,608
Incurred but not reported losses (Note 6)	19,140	46,115	50,114	15,141	6,406
Landfill closure and post-closure care costs (Note 9)	22,771		7,696 **	15,075	
Pollution remediation (Note 6)	639		345	294	
Compensated absences payable	30,842		1,348	29,494	
Total governmental activities long-term liabilities	$ 1,404,147	$ 229,945	$ 204,904	$ 1,429,188	$ 104,634

*There was a restatement of net position as a result of the implementation of GASB Statement No.68 (see Note 2).

** This reduction in landfill closure and post-closure costs was due to a change in actuarial estimate associated with the closure of the Tangerine landfill. This reduction in the estimate results in negative Sanitation expenses on the government-wide Statement of Activities (see Exhibit A-2).

(in thousands)

Note 7: Long-Term Liabilities (continued)

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due within 1 year
Business-type activities:					
Sewer revenue bonds	$ 137,650		$ 17,555	$ 120,095	$ 15,950
Unamortized premium/discount	781		515	266	259
Total revenue bonds payable	138,431		18,070	120,361	16,209
Sewer revenue obligations	494,130		21,890	472,240	22,740
Unamortized premium/discount	46,158		7,635	38,523	6,996
Total revenue obligations payable	540,288		29,525	510,763	29,736
Regional Wastewater Reclamation Loans payable	19,680		1,535	18,145	1,581
Total loans payable	19,680		1,535	18,145	1,581
Net pension liabilities *	48,964		4,810	44,154	
Contracts and notes	7,942	$ 9,344	16,188	1,098	
Compensated absences payable	3,175		83	3,092	
Total business-type activities long-term liabilities	$ 758,480	$ 9,344	$ 70,211	$ 697,613	$ 47,526

* There was a restatement of net position as a result of the implementation of GASB Statement No.68 (see Note 2).

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

GENERAL OBLIGATION BONDS OUTSTANDING

Governmental Activities

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

General obligation bonds payable at June 30, 2015, consisted of the outstanding general obligation bonds presented below. Of the total amounts originally authorized, $1,642 from the May 20, 1997, $5,610 from the May 18, 2004, $475 from the May 16, 2006, and $17,954 from November 4, 2014 bond elections remain unissued.

(in thousands)

Note 7: Long-Term Liabilities (continued)

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2015
Series of 2007	$ 95,000	3.00 - 4.50%	2016-21	July 1, 2017	$ 41,800
Series of 2008	100,000	4.00%	2016-22	July 1, 2018	58,500
Series of 2009	75,000	3.25 - 4.13%	2016-23	July 1, 2019	34,185
Series of 2009A	90,000	3.25 - 4.00%	2016-24	July 1, 2019	57,890
Series of 2009A Refunding	23,535	3.25%	2016		120
Series of 2011	75,000	2.25 - 5.00%	2016-26	July 1, 2021	41,210
Series of 2012A	60,000	2.00 - 4.00%	2016-27	July 1, 2022	41,500
Series of 2012B Refunding	16,225	2.00 - 3.00%	2016-17		8,055
Series of 2013A	50,000	1.75 - 4.00%	2016-28	July 1, 2023	44,115
Series of 2013B Refunding	38,575	3.00 - 4.00%	2016-20		34,085
Series of 2014	10,000	1.00 - 5.00%	2016-28	July 1, 2023	9,000
Series of 2015	15,000	2.00 - 4.00%	2016-29	July 1, 2025	13,475
G.O. bonds outstanding					383,935
Plus unamortized premium/discount:					7,363
		Total G.O. bonds outstanding			$ 391,298

The following schedule details general obligation bond debt service requirements to maturity at June 30, 2015.

Year Ending June 30,	Principal	Interest
2016	$ 39,315	$ 14,017
2017	41,445	12,802
2018	43,005	11,445
2019	40,475	9,873
2020	43,450	8,461
2021 - 2025	145,235	20,547
2026 - 2029	31,010	2,108
Total	$ 383,935	$ 79,253

REFUNDED GENERAL OBLIGATION BONDS

In prior years, the County defeased $1,200 of General Obligation Bonds, Series 2007 with County funds. County funds were placed in an irrevocable trust to provide for future debt service payments of the defeased debt. Accordingly, the trust account assets and liability for the defeased bonds are not included in the County's financial statements. At June 30, 2015, $1,200 of outstanding bonds are considered defeased.

(in thousands)

Note 7: Long-Term Liabilities (continued)

TRANSPORTATION BONDS PAYABLE

Governmental Activities

(Payments made from street and highway revenues)

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

During fiscal year 2014-15, the County defeased $14,955 of Transportation Bonds, Series 2005, by issuing $13,685 of Transportation Bonds that have an average life of 3.84 years and an average interest rate of 4.92%. This refunding transaction resulted in an economic gain of $848 and a reduction in debt service between the refunding debt and the refunded debt of $857. 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 following table presents amounts outstanding by issue.

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2015
Series of 2007	$ 21,000	3.25 - 4.75%	2016-22	July 1, 2017	$ 13,315
Series of 2008	25,000	3.50 - 4.50%	2016-22	July 1, 2018	18,285
Series of 2009	15,000	3.00 - 4.00%	2016-24	July 1, 2019	13,000
Series of 2009 Refunding	8,420	3.00 - 4.00%	2016-24	July 1, 2019	6,870
Series of 2012	18,425	3.00 - 5.00%	2016-27	July 1, 2022	15,565
Series of 2012 Refunding	14,520	4.00 - 5.00%	2016-18		9,120
Series of 2014	16,000	3.00 - 5.00%	2016-28	July 1, 2023	15,225
Series of 2014 Refunding	8,805	5.00%	2017-18		8,805
Series of 2015 Refunding	13,685	4.00 - 5.00%	2016-20		13,685
Transportation bonds outstanding					113,870
Plus unamortized premium/discount:					4,900
Total transportation bonds outstanding					$ 118,770

The following schedule details transportation bond debt service requirements to maturity at June 30, 2015.

Year Ending June 30,	Principal	Interest
2016	$ 13,210	$ 4,711
2017	14,585	4,146
2018	15,245	3,497
2019	14,160	2,825
2020	14,875	2,204
2021 - 2025	34,485	4,353
2026 - 2028	7,310	423
Total	$ 113,870	$ 22,159

Note 7: Long-Term Liabilities (continued)

Pima County has pledged future street and highway revenues, to repay $113,870 in transportation revenue bonds issued between 2007 and 2015. Proceeds from the bonds provide financing for construction of various highways and streets within Pima County. The bonds are payable from transportation revenues and are payable through 2028. Total principal and interest remaining to be paid on the bonds is $136,029. It is expected that approximately 35 percent of revenues will be used to pay annual principal and interest on the bonds. Prior year street and highway revenues are required to be greater than two times the maximum annual debt service payment. Principal and interest paid for bonds in the current year, the maximum principal and interest to be paid in any one future year, and total street and highway revenues for the prior fiscal year were $18,722, $18,742 and $49,212, respectively.

CERTIFICATES OF PARTICIPATION

Governmental Activities

(Payments made from General Fund revenues)

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

On February 4, 2010, the County issued Certificates of Participation Series 2010 for $20,000 to finance the replacement computer enterprise system composed of servers and other hardware, computer terminals, software and system training. The new enterprise system will serve the County with finance, budget, procurement, human resources, and material management systems.

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

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

On April 15, 2015, the County issued Certificates of Participation Series 2015 for $57,025 to expand and improve the County's existing sewer system facilities. The County may also use a portion of the funds for other capital projects.

(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details outstanding Certificates of Participation payable at June 30, 2015.

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2015
Series of 2007A	$ 28,765	5.00%	2016-22	July 1, 2017	$ 16,835
Series of 2010	20,000	4.00 - 5.25%	2016-19		9,830
Series of 2013A	80,175	5.00%	2016-23		24,195
Series of 2013B Refunding	12,705	5.00%	2016-18		7,955
Series of 2014	52,160	4.00 - 5.00%	2016-29	December 1, 2023	50,405
Series of 2015	57,025	1.00 - 5.00%	2016-19		57,025
Certificates of participation outstanding					166,245
Plus unamortized premium/discount:					11,526
Total certificates of participation outstanding					$ 177,771

The following schedule details debt service requirements to maturity for the County's Certificates of Participation payable at June 30, 2015.

Year Ending June 30,	Principal	Interest
2016	$ 31,240	$ 7,044
2017	26,955	5,910
2018	27,615	4,784
2019	22,695	3,557
2020	8,505	2,737
2021 - 2025	31,105	7,891
2026 - 2029	18,130	1,869
Total	$ 166,245	$ 33,792

INSTALLMENT NOTE PAYABLE

Governmental Activities

In prior years, the County acquired tasers and computer equipment under contract agreements at a total purchase price of $764 and $239, respectively. During fiscal year 2014-15, the County acquired Stardust and Painted Hills properties under contract agreements at a total purchase price of $8,750 with a down payment of $1,750, and at a total purchase price of $7,500 with a down payment of $3,000, respectively. The following schedule details debt service requirements to maturity for the County's installment note payable at June 30, 2015.

	Equipment		Land	
Year Ending June 30,	Principal	Interest	Principal	Interest
2016	$ 234	$ 10	$ 2,946*	$ 679
2017	178	4	2,216	506
2018			2,347	376
2019			2,423	237
2020			1,568	94
	$ 412	$ 14	$ 11,500	$ 1,892

* In September of 2015, the County made an additional payment of $902 on the installment note for the Painted Hills property.

(in thousands)

Note 7: Long-Term Liabilities (continued)

SEWER REVENUE BONDS, OBLIGATIONS, AND LOANS

Business-type Activities

(Payments made from user charges received in the RWR)

Pima County sewer revenue bonds, as presented below, were issued to provide monies to construct improvements to the County's Regional Wastewater Reclamation system and for the defeasance of prior sewer revenue bonds. As of June 30, 2015, the County has issued the total amounts originally authorized from the May 20, 1997 and May 18, 2004 bond elections.

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2015
Series of 2007	$ 50,000	4.00 - 5.00%	2016-26	July 1, 2017	$ 32,535
Series of 2008	75,000	4.00 - 5.00%	2016-23	July 1, 2018	68,945
Series of 2009	18,940	3.50 - 4.25%	2016-24	July 1, 2019	13,385
Series of 2011 Refunding	43,625	3.00 - 5.00%	2016		5,230
Sewer revenue bonds outstanding					120,095
Plus unamortized premium/discount:					266
Total sewer revenue bonds outstanding					$ 120,361

The following schedule details sewer revenue bond debt service requirements to maturity at June 30, 2015.

Year Ending June 30,	Principal	Interest
2016	$ 15,950	$ 5,057
2017	11,250	4,354
2018	11,810	3,886
2019	12,405	3,414
2020	13,025	2,914
2021 - 2025	51,925	5,983
2026	3,730	149
Total	$ 120,095	$ 25,757

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

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

(in thousands)

Note 7: Long-Term Liabilities (continued)

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

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2015
Series of 2010	$ 165,000	3.00 - 5.00%	2016-25	July 1, 2020	$ 161,000
Series of 2011B	189,160	5.00%	2016-26	July 1, 2021	154,120
Series of 2012A	128,795	1.75 - 5.00%	2016-27	July 1, 2022	111,185
Series of 2014	48,500	4.00 - 5.00%	2016-28	July 1, 2023	45,935
Sewer revenue obligations outstanding					472,240
Plus unamortized premium/discount:					38,523
Total sewer revenue obligations outstanding					$ 510,763

The following schedule details sewer revenue obligation debt service requirements to maturity at June 30, 2015.

Year Ending June 30,	Principal	Interest
2016	$ 22,740	$ 22,967
2017	36,170	21,989
2018	37,795	20,366
2019	39,615	18,548
2020	41,585	16,571
2021 - 2025	240,345	50,461
2026 - 2028	53,990	3,976
Total	$ 472,240	$ 154,878

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

Issue	Issue Amount	Interest Rate	Maturities	Outstanding June 30, 2015
2004 Loans payable	$ 19,967	1.81%	2016-24	$ 12,493
2009 Loans payable	8,002	0.96%	2016-24	5,652
Total loans payable				$ 18,145

(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details loans payable debt service requirements to maturity at June 30, 2015.

Year Ending June 30,	Principal	Interest
2016	$ 1,581	$ 529
2017	1,629	480
2018	1,679	430
2019	1,730	378
2020	1,783	324
2021 - 2024	9,743	759
Total	$ 18,145	$ 2,900

Pima County has pledged future user charges, net of specified operating expenses, to repay $120,095 in sewer revenue bonds issued between 2007 and 2011, $18,145 in sewer revenue loans issued between 2004 and 2009, and $472,240 in sewer revenue obligations issued between 2010 and 2014. Proceeds from the bonds, loans and obligations provided financing for construction of various treatment facilities and sewer infrastructure within Pima County. The bonds, loans and obligations are payable from net sewer revenues and are payable through fiscal year 2028. It is expected that approximately 71 percent of net revenues will be used to pay annual principal and interest payments on the bonds and obligations and approximately 2 percent of net revenues will be used to pay annual principal and interest on the loans. Total principal and interest remaining to be paid on the bonds, loans and obligations are $145,852, $21,045, and $627,118, respectively. Principal and interest paid for loans, bonds and obligations in the current year, and total customer net revenues were $2,134, $69,198, and $94,739, 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 in amounts set by each debt issue. At June 30, 2015, the RWR met the requirements of the debt covenants, including maintaining a surety bond. The County is also authorized to issue for the RWR additional parity bonds or revenue obligations if certain conditions are met, primarily that net revenues for parity bonds and pledged revenues for revenue obligations for the fiscal year immediately preceding issuance of the new debt 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.

(in thousands)

Note 7: Long-Term Liabilities (continued)

LEGAL DEBT MARGIN

County General Obligation Bonds

General obligation debt may not exceed 6 percent of the value of the County's taxable property as of the latest assessment. However, with voter approval, debt may be incurred up to 15 percent of the value of taxable property. Pima County has received voter approval for all general obligation debt. The legal debt margin at June 30, 2015, is as follows:

Net assessed valuation		$ 7,579,899
Debt limit (15% of net assessed valuation):		$ 1,136,985
Less amount of debt applicable to debt limit:		
General obligation bonds outstanding	$ 383,935	
Less fund balance in debt service fund available for payment of general obligation bond principal	(6,037)	377,898
Legal debt margin available		$ 759,087

Note 8: Short-Term Liabilities

LINE OF CREDIT

The County maintains a revolving line of credit with Bank of America National Trust and Savings Association to meet its short-term cash needs. At June 30, 2015, the County had an outstanding balance of $0. Advances on the line of credit are payable on demand. The credit line is secured by the County's general taxing authority.

	July 1, 2014 Balance	Draws	Repayments	June 30, 2015 Balance
Line of credit	$0	$50,000	$50,000	$0

(in thousands)

Note 9: Landfill Liabilities

Solid Waste Landfill Closure and Post-Closure Care Costs:

State and Federal laws and regulations require the County to place a final cover on its solid waste landfill sites when these sites stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after their closure. Although closure and post-closure care costs will not be paid until near or after the date the landfills stop accepting waste, the County records a portion of these closure and post-closure care costs as a long-term liability in each period, based on landfill capacity used as of each balance sheet date. The $15,075 reported as landfill closure and post-closure care long-term liability within the governmental activities represents the cumulative amount reported to date, based on the percentage used of each landfill's total estimated capacity. The County will recognize the remaining estimated cost of closure and post-closure care of $4,408 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, 2015; actual costs may change due to inflation, changes in technology, or changes in regulations.

Landfill Site	Capacity Used June 30, 2015	Estimated Remaining Service Life
Ajo	74%	36 Years
Sahuarita	58%	27 Years
*Tangerine	98%	1 Year

*The Tangerine Landfill stopped accepting waste from the public on December 1, 2013 but remains open for internal County waste disposal needs until its remaining capacity is fully used.

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

According to State and Federal laws and regulations, the County must comply with the local government financial test requirements that ensure the County can meet the costs of landfill closure, post-closure, and corrective action when needed. The County is in compliance with these requirements. The Ina Road Landfill facility is closed to municipal solid waste and only receives green waste and construction debris. It is not subject to the closure and post-closure cost requirements referred to above. Pima County estimates that it will cost approximately $11,121 when closure occurs and plans to fund the costs with proceeds of general obligation bonds. At this time, there is no closure date available.

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

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits

The County contributes to the Arizona State Retirement System (ASRS), the Corrections Officer Retirement Plan - Detention Officers (CORP), the Corrections Officer Retirement Plan - Administrative Office of the Courts (CORP AOC), the Public Safety Personnel Retirement System (PSPRS), consisting of Pima County Sheriffs and Pima County - County Attorney Investigators, and the Elected Officials Retirement Plan (EORP), all component units of the State of Arizona.

At June 30, 2015, the County reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-Type Activities	Total
Net pension liabilities	$ 653,197	$ 44,154	$ 697,351
Deferred outflows of resources	119,381	5,626	125,007
Deferred inflows of resources	70,168	7,721	77,889
Pension expense	81,256	3,099	84,355

The County's accrued payroll and employee benefits includes $2,375 of outstanding pension contribution amounts payable to all pension plans for the year ended June 30, 2015. Also, the County reported $80,652 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

The ASRS, CORP, CORP AOC, PSPRS - Pima County Sheriffs, and EORP plans are described below. The PSPRS, Pima County - County Attorney Investigators is not described due to its relative insignificance to the County's financial statements.

A. Arizona State Retirement System

Plan description—County employees not covered by the other pension plans described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its Web site at www.azasrs.gov.

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

Benefits provided—The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

ASRS	Retirement Initial membership date: Before July 1, 2011	 On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50* any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* any years age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*With actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Contributions—In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2015, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.6 percent (11.48 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll, and the County was required by statute to contribute at the actuarially determined rate of 11.6 percent (10.89 percent for retirement, 0.59 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll. In addition, the County was required by statute to contribute at the actuarially determined rate of 9.57 percent (9.31 percent for retirement, 0.20 percent for health insurance premium benefit, and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked for the County in positions that would typically be filled by an employee who contributes to the ASRS. The County's contributions to the pension plan for the year ended June 30, 2015, were $25,218. The County's contributions for the current and 2 preceding years for OPEB, all of which were equal to the required contributions, were as follows:

ASRS

Year ended June 30	Health Benefit Supplement Fund	Long-Term Disability Fund
2015	$ 1,363	$ 277
2014	1,387	555
2013	1,452	536

During fiscal year 2015, the County paid for ASRS pension and OPEB contributions as follows: 60 percent from the General Fund, 10 percent from major funds, and 30 percent from other funds.

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

Pension liability—At June 30, 2015, the County reported a liability of $379,139 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The County's proportion of the net pension liability was based on the County's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2014. The County's proportion measured as of June 30, 2014, was 2.56 percent, which was an increase of 0.03 from its proportion measured as of June 30, 2013.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2015, the County recognized pension expense for ASRS of $26,439. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ASRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 19,269	
Net difference between projected and actual earnings on pension plan investments		$ 66,300
Changes in proportion and differences between county contributions and proportionate share of contributions	3,803	378
County contributions subsequent to the measurement date	25,218	
Total	$ 48,290	$ 66,678

The $25,218 reported as deferred outflows of resources related to ASRS pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year ending June 30	
2016	$ (6,708)
2017	(6,708)
2018	(13,615)
2019	(16,575)

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

Actuarial Assumptions—The significant actuarial assumptions used to measure the total pension liability are as follows:

ASRS	
Actuarial valuation date	June 30, 2013
Actuarial roll forward date	June 30, 2014
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3–6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ASRS Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	63%	7.03%
Fixed income	25%	3.20%
Real estate	8%	4.75%
Commodities	4%	4.50%
Total	100%	

Discount Rate—The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

Sensitivity of the County's proportionate share of the ASRS net pension liability to changes in the discount rate—The following table presents the County's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate:

ASRS	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
County's proportionate share of the net pension liability	$ 479,213	$ 379,139	$ 324,845

Pension plan fiduciary net position—Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report.

B. Public Safety Personnel Retirement System and Corrections Officer Retirement Plan

Plan descriptions—County sheriff employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan (agent plans). A seven-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

County detention officers and Administrative Office of the Courts (AOC) probation, surveillance, and juvenile detention officers participate in the Corrections Officer Retirement Plan (CORP). The CORP administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan for county detention officers (agent plans), and a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan for AOC officers (cost-sharing plans). The PSPRS Board of Trustees and the participating local boards govern CORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

The PSPRS and CORP issue publicly available financial reports that include their financial statements and required supplementary information. The reports are available on the PSPRS Web site at www.psprs.com.

Benefits provided—The PSPRS and CORP provide retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

PSPRS	Initial membership date: Before January 1, 2012	Initial membership date: On or after January 1, 2012
Retirement and Disability		
Years of service and age required to receive benefit	20 years any age 15 years age 62	25 years age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

PSPRS	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Benefit percent		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor Benefit		
Retired Members	80% to 100% of retired member's pension benefit	
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

CORP	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Retirement and Disability		
Years of service and age required to receive benefit	Sum of years and age equals 80 20 years any age 10 years age 62	25 years age 52.5 10 years age 62
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years
Benefit percent		
Normal Retirement	2.0% to 2.5% per year of credited service, not to exceed 80%	
Accidental Disability Retirement	50% or normal retirement if more than 20 years of credited service	50% or normal retirement if more than 25 years of credited service
Total and Permanent Disability Retirement	50% or normal retirement if more than 25 years of credited service	

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

CORP	Initial membership date: Before January 1, 2012	On or after January 1, 2012
Ordinary Disability Retirement	2.5% per year of credited service or normal retirement, whichever is greater	
Survivor Benefit		
Retired Members	80% of retired member's pension benefit	
Active Members	40% of average monthly compensation or 100% of average monthly compensation if death was the result of injuries received on the job. If there is no surviving spouse or eligible children, the beneficiary is entitled to 2 times the member's contributions.	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earnings. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Employees covered by benefit terms—At June 30, 2015, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Sheriff	CORP Detention
Inactive employees or beneficiaries currently receiving benefits	360	176
Inactive employees entitled to but not yet receiving benefits	91	85
Active employees	491	461
Total	942	722

Contributions and annual OPEB cost—State statutes establish the pension contribution requirements for active PSPRS and CORP employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS and CORP pension and health insurance premium benefits. As allowed by statute, the County contributed 3.65 percent of the PSPRS members' required contribution. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2015, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Sheriff	CORP Detention	CORP AOC
Active members—Pension	7.40%	8.41%	8.41%
County			
Pension	40.11%	16.53%	14.88%
Health insurance premium benefit	1.81%	1.23%	1.24%

In addition, the County was required by statute to contribute at the actuarially determined rate of 19.65 percent for the PSPRS and 7.34 percent for the CORP of annual covered payroll of retired members who worked for the County in positions that would typically be filled by an employee who contributes to the PSPRS or CORP.

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

For the agent plans, the County's contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended June 30, 2015, were:

	PSPRS Sheriff	CORP Detention
Pension Contributions made	$ 12,612	$ 3,441
Health Insurance Premium Benefit		
Annual OPEB cost	608	264
Contributions made	608	264

Contributions to the CORP AOC pension plan for the year ended June 30, 2015, were $2,062. The County's contributions for the current and 2 preceding years for the CORP AOC OPEB, all of which were equal to the required contributions, were as follows:

CORP AOC

Year ended June 30	Health Insurance Fund
2015	$ 172
2014	151
2013	169

During fiscal year 2015, the County paid for PSPRS and CORP pension and OPEB contributions as follows: 98 percent from the General Fund and 2 percent from other nonmajor funds.

Pension liability—At June 30, 2015, the County reported the following net pension liabilities:

	Net Pension Liability
PSPRS Sheriff	$ 184,979
CORP Detention	51,973
CORP AOC (County's proportionate share)	27,888

The net pension liabilities were measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liabilities as of June 30, 2014, reflect the following changes of benefit terms and actuarial assumptions.

- In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law that changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, the plans changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases.

- The wage growth actuarial assumption was decreased from 4.5 percent to 4.0 percent.

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

Pension actuarial assumptions—The significant actuarial assumptions used to measure the total pension liability are as follows:

PSPRS and CORP—Pension	
Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Discount rate	7.85%
Projected salary increases	4.0%–8.0% for PSPRS and 4.0%–7.25% for CORP
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table (adjusted by 105% for both males and females)

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on PSPRS and CORP pension plan investments was determined to be 7.85 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

PSPRS and CORP Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Short term investments	2%	3.25%
Absolute return	4%	6.75%
Risk parity	4%	6.04%
Fixed income	7%	4.75%
Real assets	8%	5.96%
GTAA	10%	5.73%
Private equity	11%	9.50%
Real estate	11%	6.50%
Credit opportunities	13%	8.00%
Non-U.S. equity	14%	8.63%
U.S. equity	16%	7.60%
Total	100%	

Pension discount rates—The following discount rates were used to measure the total pension liabilities:

	PSPRS Sheriff	CORP Detention	CORP AOC
Discount rates	7.85%	7.85%	7.85%

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

The projection of cash flows used to determine the PSPRS and CORP discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

PSPRS - Sheriff	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2014	$ 274,018	$ 126,625	$ 147,393
Changes for the year:			
Service cost	6,346		6,346
Interest on the total pension liability	21,060		21,060
Changes of benefit terms	7,336		7,336
Differences between expected and actual experience in the measurement of the pension liability	(462)		(462)
Changes of assumptions or other inputs	34,338		34,338
Contributions—employer		11,691	(11,691)
Contributions—employee		2,351	(2,351)
Net investment income		17,221	(17,221)
Benefit payments, including refunds of employee contributions	(17,811)	(17,811)	
Administrative expense		(139)	139
Other changes		(92)	92
Net changes	50,807	13,221	37,586
Balances at June 30, 2015	$ 324,825	$ 139,846	$ 184,979

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

CORP - Detention	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2014	$ 86,428	$ 44,686	$ 41,742
Changes for the year:			
Service cost	2,852		2,852
Interest on the total pension liability	6,623		6,623
Changes of benefit terms	1,459		1,459
Differences between expected and actual experience in the measurement of the pension liability	(609)		(609)
Changes of assumptions or other inputs	10,555		10,555
Contributions—employer		2,970	(2,970)
Contributions—employee		1,686	(1,686)
Net investment income		6,030	(6,030)
Benefit payments, including refunds of employee contributions	(6,975)	(6,975)	
Administrative expense		(48)	48
Other changes		11	(11)
Net changes	13,905	3,674	10,231
Balances at June 30, 2015	$ 100,333	$ 48,360	$ 51,973

The County's proportion of the CORP AOC net pension liability as of June 30, 2013 and 2014 was based on the County's actual contributions to the plan relative to the total of all participating counties' actual contributions for the year ended June 30, 2014. The County's proportion measured as of June 30, 2013 and 2014 was 12.43 percent.

Sensitivity of the County's net pension liability to changes in the discount rate—The following table presents the County's net pension liabilities calculated using the discount rates noted above, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
PSPRS Sheriff			
Rate	6.85%	7.85%	8.85%
Net pension liability	$ 222,343	$ 184,979	$ 153,640
CORP Detention			
Rate	6.85%	7.85%	8.85%
Net pension liability	$ 64,884	$ 51,973	$ 41,274
CORP AOC			
Rate	6.85%	7.85%	8.85%
County's proportionate share of the net pension liability	$ 36,826	$ 27,888	$ 20,462

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

Pension plan fiduciary net position—Detailed information about the pension plans' fiduciary net position is available in the separately issued PSPRS and CORP financial reports.

Pension expense—For the year ended June 30, 2015, the County recognized the following pension expense:

	Pension Expense
PSPRS Sheriff	$ 26,929
CORP Detention	7,060
CORP AOC (County's proportionate share)	3,732

Pension deferred outflows/inflows of resources—At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PSPRS - Sheriff	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		$ 383
Changes of assumptions or other inputs	$ 28,475	
Net difference between projected and actual earnings on pension plan investments		5,744
County contributions subsequent to the measurement date	12,612	
Total	$ 41,087	$ 6,127

CORP - Detention	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		$ 498
Changes of assumptions or other inputs	$ 8,641	
Net difference between projected and actual earnings on pension plan investments		2,001
County contributions subsequent to the measurement date	3,441	
Total	$ 12,082	$ 2,499

CORP - AOC	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,324	
Changes of assumptions or other inputs	4,097	
Net difference between projected and actual earnings on pension plan investments		$ 1,544
County contributions subsequent to the measurement date	2,062	
Total	$ 7,483	$ 1,544

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

The amounts reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PSPRS Sheriff	CORP Detention	CORP AOC
Year ending June 30			
2016	$ 4,348	$ 1,303	$ 798
2017	4,348	1,303	798
2018	4,348	1,303	798
2019	4,348	1,303	798
2020	4,956	930	685

Agent plan OPEB actuarial assumptions—The health insurance premium benefit contribution requirements for the year ended June 30, 2015, were established by the June 30, 2013, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the reported amounts' value and assumptions about the probability of events in the future. Amounts determined regarding the plans' funded status 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 for the health insurance premium benefit presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on (1) the plans as the County and plans' members understand them 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 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 PSPRS and CORP plans and related benefits (unless noted), and the following actuarial methods and assumptions were used to establish the fiscal year 2015 contribution requirements:

PSPRS and CORP—OPEB Contribution Requirements

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4.5%–8.5% for PSPRS and 4.5%–7.75% for CORP
Wage growth	4.5% for PSPRS and CORP

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

Agent plan OPEB trend information—Annual OPEB cost information for the health insurance premium benefit for the current and 2 preceding years follows for each of the agent plans:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
PSPRS Sheriff			
2015	$ 608	100%	
2014	563	100%	
2013	591	64%	$ 215
CORP Detention			
2015	$ 264	100%	
2014	252	100%	
2013	264	54%	$ 121

Agent plan OPEB funded status—The health insurance premium benefit plans' funded status as of the most recent valuation date, June 30, 2014, along with the actuarial assumptions and methods used in those valuations follow.

	PSPRS Sheriff	CORP Detention
Actuarial value of assets (a)	$ 7,549	$ 3,248
Actuarial accrued liability (b)	7,337	3,122
Unfunded actuarial accrued liability (funding excess) (b) – (a)	$ (212)	$ (126)
Funded ratio (a)/(b)	102.9%	104.0%
Annual covered payroll (c)	$ 31,544	$ 19,765
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (b) – (a) / (c)	(0.7)%	(0.6)%

The actuarial methods and assumptions used are the same for all the PSPRS and CORP health insurance premium benefit plans (unless noted), and for the most recent valuation date are as follows:

PSPRS and CORP—OPEB Funded Status	
Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	22 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4%–8% for PSPRS and 4%–7.25% for CORP
Wage growth	4% for PSPRS and CORP

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

C. Elected Officials Retirement Plan

Plan description—Elected officials and judges participate in the Elected Officials Retirement Plan (EORP). EORP administers a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan for elected officials and judges who were members of the plan on December 31, 2013. This plan was closed to new members as of January 1, 2014. The PSPRS Board of Trustees governs the EORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 3. The EORP issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on PSPRS's Web site at www.psprs.com.

Benefits provided—The EORP provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average yearly compensation, and service credit as follows:

EORP	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Retirement and Disability		
Years of service and age required to receive benefit	20 years any age 10 years age 62 5 years age 65 5 years any age* any years and age if disabled	10 years age 62 5 years age 65 any years and age if disabled
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years
Benefit percent		
Normal Retirement	4% per year of service, not to exceed 80%	3% per year of service, not to exceed 75%
Disability Retirement	80% with 10 or more years of service 40% with 5 to 10 years of service 20% with less than 5 years of service	75% with 10 or more years of service 37.5% with 5 to 10 years of service 18.75% with less than 5 years of service
Survivor Benefit		
Retired Members	75% of retired member's benefit	50% of retired member's benefit
Active Members and Other Inactive Members	75% of disability retirement benefit	50% of disability retirement benefit

* With reduced benefits of 0.25% for each month early retirement precedes the member's normal retirement age, with a maximum reduction of 30%.

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning.

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

Contributions—State statutes establish active member and employer contribution requirements. Statute also appropriates $5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability and designates a portion of certain court fees for the EORP. For the year ended June 30, 2015, active EORP members were required by statute to contribute 13 percent of the members' annual covered payroll, and the County was required to contribute 23.5 percent of active EORP members' annual covered payroll. In addition, the County was required by statute to contribute 23.5 percent of annual covered payroll of retired members who worked for the County in positions that would typically be filled by an employee who contributes to the EORP. The County's contributions to the pension plan for the year ended June 30, 2015, were $1,502. No OPEB contributions were required or made for the year ended June 30, 2015. The County's contributions for the current and 2 preceding years for OPEB, all of which were equal to the required contributions, were as follows:

EORP

Year ended June 30	Health Insurance Fund
2015	
2014	$ 54
2013	122

During fiscal year 2015, the County paid for EORP pension contributions as follows: 100 percent from the General Fund.

Pension liability—At June 30, 2015, the County reported a liability for its proportionate share of the EORP's net pension liability that reflected a reduction for the County's proportionate share of the State's appropriation for EORP. The amount the County recognized as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the County were as follows:

County's proportionate share of the EORP net pension liability	$ 51,259
State's proportionate share of the EORP net pension liability associated with the County	15,717
Total	$ 66,976

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law that changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, for the June 30, 2014, actuarial valuation, the plan changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases.

The County's proportion of the net pension liability as of June 30, 2013 and 2014 was based on the County's actual contributions to the plan relative to the total of all participating employers' actual contributions for the year ended June 30, 2014. The County's proportion measured as of June 30, 2013 and 2014 was 7.64 percent.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2015, the County recognized pension expense for EORP of $19,852 and revenue of $4,658 for the County's proportionate share of the State's appropriation to EORP.

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

EORP	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 225	
Changes of assumptions or other inputs	13,872	
Net difference between projected and actual earnings on pension plan investments		$ 972
County contributions subsequent to the measurement date	1,502	
Total	$ 15,599	$ 972

The $1,502 reported as deferred outflows of resources related to EORP pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions will be recognized in pension expense as follows:

Year ending June 30	
2016	$ 7,876
2017	5,736
2018	(243)
2019	(244)

Actuarial assumptions—The significant actuarial assumptions used to measure the total pension liability are as follows:

EORP	
Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Investment rate of return	7.85%
Projected salary increases	4.25%
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table projected to 2025 with projection scale AA

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

The long-term expected rate of return on EORP pension plan investments was determined to be 7.85 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

EORP Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Short term investments	2%	3.25%
Absolute return	4%	6.75%
Risk parity	4%	6.04%
Fixed income	7%	4.75%
Real assets	8%	5.96%
GTAA	10%	5.73%
Private equity	11%	9.50%
Real estate	11%	6.50%
Credit opportunities	13%	8.00%
Non-U.S. equity	14%	8.63%
U.S. equity	16%	7.60%
Total	100%	

Discount rate—At June 30, 2014, the discount rate used to measure the EORP total pension liability was 5.67 percent, which was a decrease of 2.18 from the discount rate used as of June 30, 2013. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the statutorily set rates, and state contributions will be made as currently required by statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. Therefore, to determine the total pension liability for the plan, the long-term expected rate of return on pension plan investments of 7.85 percent was applied to periods of projected benefit payments through the year ended June 30, 2030. A municipal bond rate of 4.29 percent obtained from the 20-year Bond Buyer Index, as published by the Federal Reserve as of June 30, 2014, was applied to periods of projected benefit payments after June 30, 2030.

Sensitivity of the County's proportionate share of the EORP net pension liability to changes in the discount rate—The following table presents the County's proportionate share of the net pension liability calculated using the discount rate of 5.67 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.67 percent) or 1 percentage point higher (6.67 percent) than the current rate:

EORP	1% Decrease (4.67%)	Current Discount Rate (5.67%)	1% Increase (6.67%)
County's proportionate share of the net pension liability	$ 59,841	$ 51,259	$ 44,013

Pension Plan Fiduciary Net Position—Detailed information about the pension plan's fiduciary net position is available in the separately issued EORP financial report.

(in thousands)

Note 11: Due from Other Governments

Governmental activities:

	General Fund	Capital Projects Fund	Other Governmental Funds	Internal Service Funds	Total Governmental Activities
Federal government:					
Grants and contributions	$ 103		$ 2,689		$ 2,792
State of Arizona:					
Taxes and shared revenues	19,443	$ 3,186	5,005		27,634
Grants and contributions			10,250	$ 2	10,252
Cities:					
Reimbursement for services	1,280	907	1,469	76	3,732
Other governments:					
Reimbursement for services	106	4,890	65		5,061
Total due from other governments fund based statements	$ 20,932	$ 8,983	$ 19,478	$ 78	$ 49,471

(in thousands)

Note 12: Interfund Transactions

A. Interfund Assets/Liabilities

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

Amounts recorded as due to:

Amounts recorded as due from:

	General	Capital Projects	Other Governmental	Regional Wastewater Reclamation	Other Enterprise	Internal Services	Total
General		$ 48	$ 2,951				$ 2,999
Capital Projects			130	$ 1			131
Other Governmental	$ 712	46	55				813
Regional Wastewater Reclamation		7,878					7,878
Internal Services		18		24	$ 1	$ 87	130
Total	$ 712	$ 7,990	$ 3,136	$ 25	$ 1	$ 87	$ 11,951

B. Transfers

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

Amounts recorded as transfers out:

Amounts recorded as transfers in:

	General	Capital Projects	Debt service	Other Governmental	Regional Wastewater Reclamation	Other Enterprise	Internal Services	Total
General		$ 4,442		$ 4,906	$ 185			$ 9,533
Capital Projects	$ 341		$ 3,024	27,707		$ 56	$ 207	31,335
Debt Service	11,918	78		18,875	20,728	1,019	2,221	54,839
Other Governmental	23,034	52		1,569	135	1,000		25,790
Regional Wastewater Reclamation		28,651						28,651
Other Enterprise		11,979						11,979
Internal Service	6,117	6,051			374			12,542
Total	$ 41,410	$ 51,253	$ 3,024	$ 53,057	$ 21,422	$ 2,075	$ 2,428	$ 174,669

Note 13: Construction and Other Significant Commitments

At June 30, 2015, Pima County had the following major contractual commitments related to Community Services, Facilities Management, General Government, Stadium District, Natural Resources, Parks and Recreation, Regional Wastewater Reclamation and Transportation.

Community Services

At June 30, 2015, the Pima County Community Services Department had contractual commitments related to service contracts of $5,057. Funding for these expenditures will be provided from reimbursements on intergovernmental grant awards, including federal and state entities.

Facilities Management

At June 30, 2015, the Pima County Facilities Management Department had construction contractual commitments of $3,554 and other contractual commitments related to service contracts of $4,297. Funding for these expenditures will be provided from general fund revenues and general obligation bonds.

General Government

At June 30, 2015, Pima County had contractual commitments related to service contracts for the Office of Medical Services of $18,574. Procurement had construction contractual commitments of $10,221. Information Technology had commitments related to service contracts of $7,779. Funding for these expenditures will be provided from general fund revenues, the OEM Radio System special revenue fund and general obligation bonds.

Stadium District

At June 30, 2015, the Pima County Stadium District had contractual commitments related to service contracts of $8,546. Funding for these expenditures will be provided from general fund revenues and various taxes, such as Hotel/Motel tax revenue.

Natural Resources, Parks and Recreation

At June 30, 2015, the Pima County Natural Resources, Parks and Recreation Department had construction contractual commitments of $2,199 and other contractual commitments related to service contracts of $14,103. Funding for these expenditures will be provided from general fund revenues.

Regional Wastewater Reclamation

At June 30, 2015, the Regional Wastewater Reclamation Enterprise fund had construction contractual commitments of $24,596 and other contractual commitments related to service contracts of $14,232. Funding for these expenses will be primarily from Sewer Revenue Bonds and sewer user fees.

Transportation

At June 30, 2015, the Pima County Transportation Department had construction contractual commitments of $46,857 and other contractual commitments related to service contracts of $21,633. Funding for these expenditures will be primarily provided from Transportation Revenue Bonds, federal grants funding and Highway User Tax Revenue, which is the primary source of revenue for the Transportation Department.

Note 14: Deficit Fund Balances/Net Position

The Stadium District and Other Grants – Special Revenue Fund had deficit fund balances at June 30, 2015 of $952 and $2,520 respectively. In addition, the Development Services Enterprise Fund had a deficit net position at June 30, 2015 of $3,379. The deficits can be eliminated in the future through normal operations.

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APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

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

$122,070,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016

BOND PURCHASE AGREEMENT

June 1, 2016

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

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

1. *Purchase and Sale of the Bonds*. Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter shall purchase from the Issuer, and the Issuer shall sell and deliver to the Underwriter, all, but not less than all, of the Issuer's General Obligation Refunding Bonds, Series 2016 (the "*Bonds*"). The Issuer acknowledges and agrees that: (i) the primary role of the Underwriter, as an underwriter, is to purchase securities, for resale to investors, in an

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

The dated date and first interest payment date, the maturities and the interest rates per annum and resulting yields for the Bonds are set forth in the Schedule hereto. The Bonds shall be as described in, and shall be issued under and pursuant to the provisions of, the resolution adopted by the Board of Supervisors of the Issuer (the "*Board*") at a meeting duly called, noticed and held on April 19, 2016 (the "*Bond Resolution*").

The purchase price of the Bonds shall be $135,309,915.70, which represents an aggregate principal amount of the Bonds of $122,070,000.00, plus original issue premium of $13,844,162.20, less an underwriting discount of $604,246.50.

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

3. *The Official Statement*.

(a) The Preliminary Official Statement, dated May 17, 2016 (including the cover page and Appendices thereto, the "*Preliminary Official Statement*"), of the Issuer relating to the Bonds, as will be subsequently revised to reflect the changes resulting from the sale of the Bonds and including amendments or supplements thereto, is hereinafter called the "*Official Statement*."

(b) The Preliminary Official Statement has been prepared for use by the Underwriter in connection with the public offering, sale and distribution of the Bonds by the Underwriter. The Issuer hereby deems the Preliminary Official Statement "final" as of its date, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "*Rule*").

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

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

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

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

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

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

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

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

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

(f) The Bonds and the Bond Resolution 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 "PLAN OF REFUNDING" and the Undertaking conforms to the description thereof contained in the Official Statement under the caption "CONTINUING SECONDARY MARKET DISCLOSURE";

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

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

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

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

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

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

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

(n) Except as otherwise disclosed in the Official Statement, since June 30, 2015, the Issuer has not incurred any material liabilities, direct or contingent, nor has there been any material adverse change in the financial position, results of operations or condition, financial or otherwise, of the Issuer that are not described in the Official Statement, whether or not arising from transactions in the ordinary course of business;

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

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

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

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

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

5. *Closing*.

(a) Before 10:00 a.m., Arizona time, on July 6, 2016 (the "*Closing Date*"), or at such other time and date as shall have been mutually agreed upon by the Issuer and the Underwriter, the Issuer will, subject to the terms and conditions hereof, deliver the Bonds to the Underwriter duly executed and authenticated, together with the other documents hereinafter mentioned, and the Underwriter will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 of this Agreement by wire transfer payable in immediately available funds to the order of the Issuer (the "*Closing*"). Payment for the Bonds as aforesaid shall be made at the offices of Bond Counsel or such other place as shall have been mutually agreed upon by the Issuer and the Underwriter.

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

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

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

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

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

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

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

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

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

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

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

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

(3) the Issuer Documents;

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

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

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

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

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

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

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

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

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

(viii) the information in the tax caption on the cover page of, under the captions "THE BONDS," "PLAN OF REFUNDING," "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 Depository Trust Agreement, the Undertaking and the approving legal opinion of bond counsel, is accurate and fairly presents the information purported to be shown;

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

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

(ii) the Undertaking meets the requirements of paragraph (b)(5)(i) of the Rule and

(iii) based upon their participation in the preparation of the Official Statement as Counsel to 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 and the information regarding DTC and its book-entry system);

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

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

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

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

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

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

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

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

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

(iv) the financial statements of the Issuer included in the Official Statement were true, correct and complete as of June 30, 2015, 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, 2015, the Issuer has not incurred any material liabilities, direct or contingent, nor has there been any material adverse change in the financial position, results of operations or condition, financial or otherwise, of the Issuer that are not described in the Official Statement, whether or not arising from transactions in the ordinary course of business and

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

(9) A certificate, dated the Closing Date, of appropriate representatives of the Issuer in form and substance satisfactory to Bond Counsel (i) setting forth the facts, estimates and circumstances in existence on the Closing Date, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "*Code*"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, and (ii) certifying that to the best of

their knowledge and belief, there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;

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

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

(12) A copy of a special report prepared by Grant Thornton LLP, a firm of independent certified public accountants, addressed to the Issuer, Bond Counsel and the Underwriter, verifying the arithmetical computations of the adequacy of the maturing principal 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 Bonds (the "*Bonds Being Refunded*") and the yields on the Bonds and amounts held under the Depository Trust Agreement;

(13) A certificate of the depository trustee under the Depository Trust Agreement, to the effect that moneys or obligations sufficient to effectuate the refunding of the Bonds Being Refunded 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 pursuant to Section 35-501(B), Arizona Revised Statutes 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 Preliminary Official Statement or 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 (including the ratings to be accorded to the Bonds);

(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 Bonds, and the Issuer has not, in the opinion of Bond Counsel, successfully obtained equivalent open market securities.

8. *Expenses*.

(a) The Underwriter shall be under no obligation to pay, and the Issuer shall pay, all expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to (i) the cost of preparation and printing of the Bonds, the Preliminary Official Statement and the Official Statement and any amendment or supplement thereto, (ii) the fees and disbursements of Bond Counsel and Counsel to the Underwriter; (iii) the fees and disbursements of U.S. Bank National Association, the bond registrar, transfer and paying agent and the depository trustee, (iv) the fees and disbursements of any engineers, accountants, and other experts, consultants or advisers retained by the Issuer and (v) the fees for bond ratings. The Issuer shall also pay for any expenses (included in the expense component of the Underwriter's discount) incurred by the Underwriter which are incidental to implementing this Agreement and the issuance of the Bonds, including miscellaneous closing costs.

(b) Except as provided for above, the Underwriter shall pay (i) all advertising expenses in connection with the public offering of the Bonds and (ii) all other expenses incurred by it in connection with the public offering of the Bonds.

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

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

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

10. *Parties in Interest*. This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriter (including successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Issuer. All of the Issuer's representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of 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. *Notice Concerning Cancellation of Contracts*. To the extent applicable by provision of law, this Agreement is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, the provisions of which are incorporated herein.

17. *Counterparts; Electronic Signature*. This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document. The electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. For purposes hereof: (i) "electronic signature" means a manually signed original signature that is then transmitted by electronic means; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format (pdf) or other replicating image attached to an email or internet message.

[Remainder of page left blank intentionally]

If you agree with the foregoing, please sign the 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........................

Name: Kurt Freund

Title: Managing Director

Accepted and agreed at .2:52 p.m., MST, this ..1st. day of June, 2016

PIMA COUNTY, ARIZONA

By...........................

Name: Keith Dommer

Title: Finance and Risk Management Director

SCHEDULE

$122,070,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016
DATED DATE: CLOSING DATE

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield
2018	$ 8,065,000	2.00%	0.88%
2019	8,300,000	2.00	1.05
2020	16,240,000	2.00	1.23
2021	5,945,000	3.00	1.39
2021	14,700,000	4.00	1.39
2022	28,210,000	4.00	1.52
2023	20,225,000	4.00	1.63
2024	11,325,000	4.00	1.74
2025	4,440,000	4.00	1.88
2026	4,620,000	4.00	2.00

First Interest Payment Date is: January 1, 2017

The Bonds will not be subject to call for redemption prior to maturity.

331695260.3

OFFICIAL STATEMENT

<u>NEW ISSUES</u> – BOOK-ENTRY-ONLY **<u>RATINGS</u>: See "Ratings" Herein**

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

$122,070,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016

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

The $122,070,000 principal amount of General Obligation Refunding Bonds, Series 2016 (the "Bonds") are being issued by Pima County, Arizona (the "County") and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds for purposes of the book-entry-only system maintained thereby. Purchases of beneficial interests in the Bonds will be made in book-entry-only form in amounts of $5,000 of principal due on a maturity date or any integral multiple thereof.

Interest on the Bonds will accrue from the dated date and will be payable until maturity or prior redemption semiannually on January 1 and July 1 of each year (each an "Interest Payment Date"), commencing January 1, 2017 and principal of the Bonds will be payable annually in accordance with the schedule set forth on the inside front cover page. So long as the Bonds are registered in the name of DTC, or its nominee, payments of the principal of and interest on the Bonds will be made directly by the paying agent, initially U.S. Bank National Association, to DTC which, in turn, is obligated to remit such payments to its participants for subsequent distribution to beneficial owners of the Bonds. See Appendix F – "BOOK-ENTRY-ONLY SYSTEM."

The Bonds will not be subject to redemption prior to their stated maturities.

The Bonds are being issued for the purpose of (i) refunding in advance of maturity portions of certain outstanding general obligation bonds of the County (the "Bonds Being Refunded") and (ii) paying costs related to the issuance of the Bonds. See "SOURCES AND USES OF FUNDS" and "PLAN OF REFUNDING" 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 but limited to an amount to pay the principal of and interest on the 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 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 which will be purchased from 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.

MATURITY SCHEDULE 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 Patton Boggs (US) LLP, Bond Counsel, as to validity and tax exemption. Certain legal matters will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about July 6, 2016.

RBC CAPITAL MARKETS

June 1, 2016

$122,070,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016

MATURITY SCHEDULE

Due July 1	Principal Amount	Interest Rate	Yield	CUSIP (a) Base 721663
2018	$8,065,000	2.00%	0.88%	ZF2
2019	8,300,000	2.00	1.05	ZG0
2020	16,240,000	2.00	1.23	ZH8
2021	5,945,000	3.00	1.39	ZJ4
2021	14,700,000	4.00	1.39	ZQ8
2022	28,210,000	4.00	1.52	ZK1
2023	20,225,000	4.00	1.63	ZL9
2024	11,325,000	4.00	1.74	ZM7
2025	4,440,000	4.00	1.88	ZN5
2026	4,620,000	4.00	2.00	ZP0

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PIMA COUNTY, ARIZONA
BOARD OF SUPERVISORS

Sharon Bronson, *Chair*

Ray Carroll	Richard Elías
Ally Miller	Ramón Valadez

COUNTY ADMINISTRATIVE OFFICIALS

ELECTED OFFICIALS

Bill Staples *County Assessor*	Beth Ford *County Treasurer*	Barbara LaWall *County Attorney*

APPOINTED OFFICIALS

C.H. Huckelberry
County Administrator

Thomas Burke
Deputy County Administrator

Keith Dommer
Finance and Risk Management Director

BOND COUNSEL

Squire Patton Boggs (US) LLP
Phoenix, Arizona

BOND REGISTRAR AND PAYING AGENT

U.S. Bank National Association
Phoenix, Arizona

This Official Statement, which includes the cover page, the inside front 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 inside front cover page hereof. No person has been authorized by Pima County, Arizona (the "County"), to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the County.

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

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

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

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

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

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

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

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$122,070,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016

INTRODUCTORY STATEMENT

The purpose of this Official Statement, which includes the cover page, the inside front cover page and the appendices hereto, is to provide information in connection with the sale and issuance of the $122,070,000 principal amount of General Obligation Refunding Bonds, Series 2016 (the "Bonds") by Pima County, Arizona (the "County").

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

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

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

THE BONDS

Authorization and Use of Funds

The Bonds are being issued pursuant to the authority contained in Title 35, Chapter 3, Article 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 April 19, 2016. The Bonds are being issued for the purpose of (i) refunding in advance of maturity portions of certain outstanding general obligation bonds of the County identified under "PLAN OF REFUNDING" herein (the "Bonds Being Refunded") and (ii) paying costs related to the issuance of the Bonds. See "SOURCES AND USES OF FUNDS" and "PLAN OF REFUNDING" herein.

General Description

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

The Bonds will be dated the date of initial delivery thereof and will be available in amounts of $5,000 of principal due on a maturity date or any integral multiple thereof. The Bonds will bear interest from their dated date, payable semiannually on January 1 and July 1 of each year (each an "Interest Payment Date"), commencing January 1, 2017. Interest on the Bonds will be paid by the bond registrar and paying agent, initially U.S. Bank National Association, or its successors (the "Bond Registrar and Paying Agent"), to the owners thereof (initially Cede & Co., as nominee of DTC) as shown on the registration books maintained by the Bond Registrar and Paying Agent, at the close of business on the fifteenth day of the month preceding each Interest Payment Date or if such day is a Saturday, Sunday or holiday on the next preceding business day (the "Record Date"). So long as the Bonds are in DTC's book-entry-only system, and thereafter at the written request and expense of the owners of $1,000,000 or more in aggregate principal amount of Bonds delivered to the Bond Registrar and Paying Agent prior to a Record Date, interest and principal will be paid by wire transfer to a bank account in the continental United States.

Security and Source of Payment

The Bonds will be direct and general obligations of the County and will be payable as to both principal and interest from ad valorem taxes to be levied against all taxable property within the County, without limitation as to rate but limited to an amount to pay the principal of and interest on the 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 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 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 REFUNDING" 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.

No Prior Redemption

The Bonds will not be subject to call for redemption prior to their respective maturity dates.

PLAN OF REFUNDING

A portion of the net proceeds of the Bonds will be placed in a trust account (the "Depository Trust") with U.S. Bank National Association, as depository trustee 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 which shall constitute the Bonds Being Refunded:

Issue Series	Maturity Date (July 1)	Coupon	Principal Amount Outstanding	Bonds Being Refunded	Redemption Date (July 1)	Redemption Price	CUSIP®[(a)] (721663)
Series 2007	2018	4.125%	$7,810,000	$7,810,000	2017	100%	TB8
	2019	4.250	8,205,000	8,205,000	2017	100	TC6
	2020	3.000	8,615,000	8,615,000	2017	100	TD4
	2021	3.000	3,845,000	3,845,000	2017	100	TE2
Series 2008	2020	4.000	8,000,000	8,000,000	2018	100	TW2
	2021	4.000	12,750,000	12,750,000	2018	100	TX0
	2022	4.000	15,000,000	15,000,000	2018	100	TY8
Series 2009	2021	4.000	5,000,000	5,000,000	2019	100	UM2
	2022	4.000	7,500,000	7,500,000	2019	100	UN0
	2023	4.125	9,685,000	9,685,000	2019	100	UP5
Series 2009A	2022	3.750	6,920,000	6,920,000	2019	100	VC3
	2023	4.000	7,195,000	7,195,000	2019	100	VD1
	2024	4.000	7,485,000	7,485,000	2019	100	VE9
Series 2011	2023	5.000	4,030,000	4,030,000	2021	100	VL3
	2024	5.000	4,235,000	4,235,000	2021	100	VM1
	2025	5.000	4,445,000	4,445,000	2021	100	VN9
	2026	5.000	4,670,000	4,670,000	2021	100	VP4
Total			$125,390,000	$125,390,000			

(a) See footnote (a) on the inside front cover page hereof.

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 and interest due on the Bonds Being Refunded, as they are redeemed as stated above, the ad valorem taxes levied to pay the 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."

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 U.S. 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 U.S. 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 the Bonds	$122,070,000.00
Original Issue Premium	13,844,162.20
Total Sources	$135,914,162.20

Uses of Funds:

Deposit to Depository Trust	$134,991,748.30
Payment of Issuance Expenses (Including Underwriter's Discount)	922,413.90
Total Uses	$135,914,162.20

LEGAL MATTERS

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

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

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

TAX MATTERS

General

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) interest on the Bonds is exempt from Arizona state income taxes. 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 front cover page of this Official Statement and prospective purchasers of the Bonds at other than their original issuance, should consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

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

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

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

Original Issue Premium

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

No Litigation Relating to the Bonds. 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, or the adoption of the Bond Resolution, or in any way contesting or affecting any authority for the issuance of the Bonds, or the validity of the Bonds, the proceeds from the issuance thereof or any agreements entered into in connection therewith, or in any way contesting the existence or powers of the County with regard to the Bonds, the Bond Resolution or any agreement, document, duty or covenant pertaining thereto.

Other Litigation; Self-Insurance or Commercial Insurance Coverage. The County has been named as a defendant in several lawsuits for which the County believes either that it has adequate self-insurance or insurance coverage in the event of liability or that such liability would not otherwise materially and adversely affect the financial condition of the County. In one such matter, the County is currently defending a lawsuit filed against it, and others, in federal court in April 2016 by a plaintiff who claims his constitutional rights were violated and he was wrongfully imprisoned for 42 years. The plaintiff is seeking damages in excess of $40 million. The County believes that it has meritorious defenses against all claims and intends to file motions for summary judgment and otherwise vigorously defend the lawsuit. The County is currently determining whether the claim, if it is ultimately successful in whole or in part, is covered by any commercial liability insurance policies covering the County. If there is no available coverage, and if and to the extent the claim is successful, damages would be paid from the County's self-insurance trust.

UNDERWRITING

The Underwriter has agreed to purchase the Bonds, subject to certain conditions, at a purchase price of $135,309,915.70. If the Bonds are sold to produce the yields shown on the inside front cover page hereof, the Underwriter's compensation will be $604,246.50. 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 and its respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriter and its affiliates may have certain creditor and/or other rights against the County and its affiliates in connection with such activities. In the various course of their various business activities, the Underwriter and its respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the County (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the County. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

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

RATINGS

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

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

RELATIONSHIP AMONG PARTIES

Bond Counsel has previously represented, and is currently representing, the Underwriter with respect to other financings of the County and has acted or is acting as bond counsel with respect to other bonds underwritten by the Underwriter and may do so in the future. Counsel to the Underwriter has previously represented, and is currently representing, the County with respect to other financings of the County and has acted or is acting as bond counsel with respect to other bonds underwritten by the Underwriter and may do so in the future. Bond Counsel and Counsel to the Underwriter also serve and have served as bond counsel for one or more of the political subdivisions that the County territorially overlaps.

CERTIFICATION CONCERNING OFFICIAL STATEMENT

The closing documents will include a certificate confirming that, to the best knowledge, information and belief of the County's Finance and Risk Management Director, the descriptions and statements contained in this Official Statement relating to the County and its operation and properties were at the time of the sale of the Bonds, and are at the time of the delivery thereof, true, correct and complete in all material respects and did not and do not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein in order to make the statements, in light of the circumstances under which they are made, not misleading. In the event this Official Statement is supplemented or amended prior to the date of delivery of the Bonds, the foregoing confirmation will also encompass such supplements or amendments.

CONTINUING SECONDARY MARKET DISCLOSURE

The County has covenanted for the benefit of holders of the Bonds to provide certain financial information and operating data relating to the County by not later than February 1 in each year commencing February 1, 2017 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notices"). The Annual Reports and the Notices will be filed with the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's Electronic Municipal Market Access system as described in Appendix D - "FORM OF CONTINUING DISCLOSURE UNDERTAKING." The specific nature of the information to be contained in the Annual Reports and the Notices is set forth in Appendix D - "FORM OF CONTINUING DISCLOSURE UNDERTAKING."

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

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, 2015. The County has not requested or obtained the consent of the Office of the Arizona Auditor General to include such excerpts in the Official Statement and the Office of the Arizona Auditor General has performed no procedures subsequent to rendering its opinion on such Comprehensive Annual Financial Report.

CONCLUDING STATEMENT

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

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

By: /s/ Sharon Bronson
Chair, Board of Supervisors

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

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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 2015 population of 1,009,371. Approximately 52% 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
2015 Estimate (a)	1,009,371	529,845	6,758,251
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, 2015 (released December 2015) provided by the Office of Employment and Population Statistics, Arizona Department of Administration.

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

Organization

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

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

Mr. Thomas Burke was appointed Deputy County Administrator in April 2015. He was the Finance and Risk Management Director from 2005 through 2015 and had served as Deputy Director of Finance from May 2004.

Prior to his move to Finance, Mr. Burke served as Deputy Director of Pima County's Department of Natural Resources, Parks and Recreation from 2003 to 2004. From 2000 to 2003, he was a Deputy County Attorney representing various Pima County departments including the County Assessor, County Treasurer and Public Works departments. From 1989 to 1998, Mr. Burke served as the Manager of Pima County's Real Property Services and from 1994 to 1998 also served as the County's Superintendent of Streets overseeing special taxing districts. During 1998 to 2000, he was a partner in an Arizona law firm representing local governments. Prior to his work with the County, Mr. Burke was an attorney with a Tucson law firm from 1983 to 1989 and was a Certified Public Accountant with Ernst & Whinney from 1976 to 1980. Mr. Burke holds a Bachelor of Science in Business Administration with a major in Accounting and a Juris Doctor, both from The University of Arizona, and is licensed as an attorney in the State.

Mr. Keith Dommer was appointed Finance and Risk Management Director in June 2015. Prior to his appointment, Mr. Dommer served the Arizona Auditor General's Office from 1988 to June 2015 where he managed their Tucson office and performed financial statement, compliance, and fraud audits of the State of Arizona and many local governments, including Pima County and its Regional Wastewater Reclamation Department. Mr. Dommer lectured at the University of Arizona's Accounting Department in 1987 and 1988. Mr. Dommer has been a Certified Public Accountant since 1992 and is active in various professional organizations speaking regularly at their conferences and training events. Mr. Dommer holds a Bachelor of Arts degree with a major in mathematics from Concordia University in Seward, Nebraska and a Master of Business Administration degree from Chapman University in Orange, California.

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 370,000 persons were employed, on average (not including the agricultural industry), in the County in 2015. The following table presents the County's average annual total employment by industry for the periods indicated. During the recent recession, employment decreased in the County. Beginning in 2011, employment levels have either stabilized or grown across most employment sectors, as reflected in the information shown below.

TABLE 2
Pima County
Average Annual Employment
Number of Persons Employed 2011-2015

Industry	2011	2012	2013	2014	2015
Goods Producing					
Mining and Construction	16,400	16,500	17,700	17,200	17,200
Manufacturing	23,400	23,400	23,200	22,700	22,700
Service Providing					
Trade, Transportation and Utilities	58,000	58,000	59,200	60,600	61,100
Information	4,200	4,300	4,300	4,200	4,200
Financial Activities	16,900	16,900	17,300	17,500	17,800
Professional and Business Services	47,100	48,900	49,900	49,800	51,600
Education and Health Services	59,900	61,000	61,600	61,700	63,500
Leisure and Hospitality	39,100	40,300	40,100	41,500	42,700
Other Services	12,600	12,800	12,700	12,900	12,900
Government	76,800	77,700	77,200	76,900	76,300
Total Wage & Salary Employment	354,400	359,800	363,200	365,000	370,000

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

The average annual unemployment rate for the County in 2015 was 5.5%. The average annual unemployment rates for 2014 and 2013 were 6.2% and 6.8%, respectively. The table below shows comparative unemployment rates for the County, the State and the United States for the periods indicated. As reflected for the United States as a whole, the unemployment rate for Arizona and for the County saw significant increases in 2009 and 2010 but has decreased each year since 2011.

TABLE 3
Pima County
Comparative Employment Statistics (a)

	Pima County		Average Unemployment Rate		
Calendar Year	**Average Employment**	**Average Unemployment**	**Pima County**	**Arizona**	**U.S.**
2015	442,372	25,822	5.5%	6.1%	5.3%
2014	433,321	28,485	6.2%	6.9%	6.2%
2013	427,412	31,207	6.8%	7.8%	7.4%
2012	429,190	34,390	7.4%	8.4%	8.1%
2011	427,460	39,827	8.5%	9.5%	8.9%

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

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

The following table indicates the major employers in southern Arizona, which includes the County, as reported in April 2016.

TABLE 4
Southern Arizona
Major Employers

Company	Type of Business	Approximate Number of Full-Time Equivalents
University of Arizona	Higher Education	11,251
Raytheon Missile Systems	Military and Defense	9,600
State of Arizona	Government	8,580
Davis-Monthan Air Force Base	Military and Defense	8,406
Pima County	Government	7,060
Tucson Unified School District	Education	6,770
Banner University Medical Center	Health Care	6,272
U.S. Customs and Border Patrol	Government	5,739
Freeport-McMoRan Inc.	Mining and Agriculture	5,530
Wal-Mart Stores Inc.	Retailers	5,500
Fort Huachuca	Military and Defense	5,477
City of Tucson	Government	4,595
Tohono O'odham Nation	Government	4,350
Carondelet Health Network	Health Care	3,860
TMC HealthCare	Health Care	3,162
Southern Arizona VA Health Care System	Health Care	2,464
Corrections Corp. of America (CCA)	Other	2,413
Fry's Food Stores	Retailers	2,346
Pima Community College	Higher Education	2,235
Asarco LLC	Mining and Agriculture	2,200

Source: *The Star 200*, The Arizona Daily Star (April 2016).

Non-Governmental Employment

During the recent recession, average employment figures in Mining and Construction, Manufacturing, Information and Other Services categories showed declines each year. All other non-governmental employment categories had a decrease of employment in 2010 and/or 2011 which was followed by growth. From 2011 through 2015, employment figures for all non-government categories showed signs of either growth or stabilization, with overall employment up by approximately 16,100 jobs, or 5.8%.

The average annual employment in service-providing categories in 2015 was 253,800. It is anticipated that as the County continues to grow in population and economic activity, service-providing employment will continue to provide the primary source of jobs in the County. As detailed in TABLE 2, employment in the Education and Health Services and Trade, Transportation and Utilities industries have been the primary areas of employment in the service-providing industry.

Government

Government employment plays an important role in the County with federal, State and local government employees averaging 76,300 in 2015, representing 20.6% of the County's total wage and salary employment base. The State, Davis-Monthan Air Force Base and U.S. Border Patrol are significant contributors to government employment in the County. (See "Southern Arizona - Major Employers" listed in TABLE 4.) Davis-Monthan Air Force Base is a major training ground for active duty members on the A-10 "Warthog" aircraft. The facility is also responsible for the education of tactical missile crews. Its storage capacity of 4,400 aircraft is the largest in the world. In the past, Davis-Monthan Air Force Base reportedly has been included on lists of installations considered for closure or realignment by the Defense Base Closure and Realignment Commission. There can be no assurances that Davis-Monthan Air Force Base will not be included on similar lists in the future. Any such closure or realignment would most likely be subject to review and approval by, among others, the Department of Defense and the President of the United States and would have a negative but unquantifiable effect on the County.

Manufacturing

The manufacturing sector in the County continues to be dominated by the high technology industries of aerospace and electronics. Raytheon Missile Systems, the largest manufacturing company and second largest employer in the County, is a major supplier of advanced munitions. Civilian aviation products and services are provided by Bombardier, which has an aircraft maintenance facility in Tucson; Honeywell Aerospace, which manufactures air data solutions, auxiliary power units, flight management systems and sensors; and B/E Aerospace, which manufactures aircraft cabin and interior products. Ventana Medical Systems provides computerized medical laboratory equipment; IBM Corp. manufactures storage hardware; and Texas Instruments produces electronic circuitry and data storage devices.

Average annual employment in the manufacturing sector within the County in 2015 was 22,700, representing 6.1% of the County's total wage and salary employment base. Manufacturing employment in the County has continued to show small declines in employment each year since the recession.

The following table presents the major manufacturers in the County and Tucson metropolitan area as of April 2016:

TABLE 5
Southern Arizona
Major Manufacturers

Company	Type of Business	Approximate 2016 Employment
Raytheon Missile Systems	Military and Defense	9,600
Ventana Medical Systems Inc.	Manufacturing & Research	1,286
Bombardier Aerospace	Aerospace & Aircraft	984
IBM Corp.	Manufacturing & Research	900
Honeywell Aerospace	Aerospace & Aircraft	715
Hexcel	Manufacturing & Research	500
Texas Instruments Inc.	Manufacturing & Research	370
Marana Aerospace Solutions	Aerospace & Aircraft	365
CAID Industries Inc.	Manufacturing & Research	352
Frito-Lay	Manufacturing & Research	325
Sargent Aerospace & Defense	Aerospace & Aircraft	310
FLSmidth Krebs	Manufacturing & Research	250
R&R Products Inc.	Manufacturing & Research	239
Precision Shooting Equipment	Manufacturing & Research	235
Solar Industries	Manufacturing & Research	232

Source: *The Star 200*, The Arizona Daily Star (April 2016).

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

Tourism

Tourism is an important economic mainstay in the County and the Tucson area. The County's climate, historical and cultural sites, location and proximity to vacation areas in California, Mexico, and other Southwest destinations attract vacationers, conventioneers and other visitors. The Metropolitan Tucson Convention and Visitors Bureau estimated that 570 convention bookings creating 401,541 room nights in the Tucson area in fiscal year 2014-15, the most recent data available (representing convention sales and sporting events). In the Tucson area, the Bureau estimated that there were approximately 105 hotels and resorts with 12,826 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 $1.647 billion in calendar year 2015, an increase from tourism-related expenditures in calendar year 2014. In calendar year 2014, tourists in the County spent approximately $1.54 billion, an increase of 3.56% 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 2011 through 2015, which is the most current data available as of the date of this Official Statement.

TABLE 6
Total Tourist Expenditures
($ in millions)

Year	Pima County	State of Arizona
2015	$1,647	$12,303
2014	1,540	11,311
2013	1,487	10,624
2012	1,443	10,017
2011	1,370	9,549

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

Education

The University of Arizona (the "University") provides approximately 11,235 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 2015 were estimated at 43,088 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 2014-15 was 47,588 students.

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

Wholesale and Retail Trade

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

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

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

TABLE 7
Pima County Retail Sales (a)

Year	Amount	% Change
2015	$8,413,970,122	6.96%
2014	7,866,774,190	3.40%
2013	7,608,383,644	4.36%
2012	7,290,710,677	5.60%
2011	6,904,863,298	7.80%

(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, 2015, there were 18 institutions with 180 offices in the County, with a deposit balance of approximately $13.760 billion.

TABLE 8
Pima County
Bank Deposits

June 30	Amount
2015	$13,760,000,000
2014	13,055,000,000
2013	12,762,000,000
2012	12,152,000,000
2011	11,973,000,000

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 average employment in the mining industry within the County being approximately 2,300 in 2014 and 2015.

Agriculture

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

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APPENDIX B

PIMA COUNTY, ARIZONA
Financial Information

Introduction

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

Expenditure Limitation

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

The County's expenditure limitation for the 2014-15 fiscal year was $525,447,388. The County's expenditures for the 2014-15 fiscal year did not exceed the limit. The County's 2015-16 fiscal year expenditure limitation is $541,485,059, and the County anticipates that its expenditures for such year will not exceed the limit.

PROPERTY TAX INFORMATION

Recent Constitutional and Statutory Changes Affecting Property Taxes

Beginning in fiscal year 2015-16 and for each fiscal year thereafter, a voter-approved constitutional amendment and related enabling legislation imposes additional limits on the growth in taxable value of most real property and improvements, including mobile homes, used for levying ad valorem property taxes, including both primary and secondary ad valorem taxes. Primary ad valorem taxes are levied for the maintenance and operation of counties, cities, towns, school districts, community college districts and certain special taxing districts as described below. Secondary ad valorem taxes are levied for debt retirement, voter-approved budget overrides and the maintenance and operation of special service districts as described below.

Prior to fiscal year 2015-16, the value of real property and improvements, including mobile homes, used for levying primary ad valorem taxes was based on a limited property value described below ("Primary Property Tax Value") and the value used for levying secondary ad valorem taxes ("Secondary Property Tax Value") was based on full cash value ("Full Cash Value") described below. The Primary Property Tax Value for property increased by the greater of either 10% of the prior year's Primary Property Tax Value or 25% of the difference between the prior year's Primary Property Tax Value and the current year's Full Cash Value. There was no limit on the growth of Full Cash Value or Secondary Property Tax Value. See "Tax Procedure – Determination of Full Cash Value" herein. As more fully described below, property assessment ratios were then applied against these respective values, and property exempt from taxation was netted out of the valuation, to arrive at "Net Assessed Primary Value" and "Net Assessed Secondary Value". The tax rate imposed for primary tax and secondary tax purposes was then applied against the respective Net Assessed Primary or Secondary Value to determine the respective primary and secondary tax levy amounts.

Beginning with fiscal year 2015-16 and thereafter, both primary ad valorem taxes and secondary ad valorem taxes are levied based upon a revised limited property value (the "Limited Property Value"), which (i) for locally assessed property (as described below) in existence in the prior year that did not undergo modification through construction, destruction, split or change in use, is equal to the lesser of (a) the Full Cash Value of the property or (b) an amount five percent greater than the Limited Property Value of such property determined for the prior year and (ii) for centrally valued property (as described below) is equal to the Full Cash Value. Property that is subject to an equalization order that the State Legislature exempts from the above property tax limitation is also valued at Full Cash Value. There is no limit on the growth of Full Cash Value of such exempted or centrally assessed property. The property tax assessment ratios are then applied against the Limited Property Value, and property exempt from taxation is netted out of the Limited Property Value, to arrive at "Net Assessed Limited Property Value." The tax rates imposed for both primary tax and secondary tax purposes are then applied against the Net Assessed Limited Property Value to determine the respective primary and secondary tax levy amounts.

Because fiscal year 2015-16 is the first year for implementation of the constitutional amendment and use of Limited Property Values and Net Assessed Limited Property Values, there is currently no comparative data for such property values from prior fiscal years to present in this Official Statement. Accordingly, prior-year information is presented using the then-applicable, but now replaced valuation rules, including Net Assessed Primary Values and Net Assessed Secondary Values.

Additional changes may be made to the manner in which properties are valued for tax purposes and taxes are levied. The County cannot determine whether any such measures will become law or how they might affect property tax collections for the County. However, removing or amending limits on the growth rate of Limited Property Value for locally assessed property would require further amendment to the State Constitution.

Ad Valorem Taxes

General

For tax purposes in Arizona, real property is either valued by the Assessor of the County or by the Arizona Department of Revenue. Property valued by the Assessor of the County is referred to as "locally assessed" property and generally encompasses residential, agricultural and traditional commercial and industrial property. Property valued by the Arizona Department of Revenue is referred to as "centrally valued" property and includes: (1) property used in the business of patented or unpatented producing mines, mills and smelters; (2) producing oil, gas and geothermal interests; (3) real property and improvements used for operation of telephone, telegraph, gas, water and electric utilities; (4) aircraft regularly scheduled and operated by an aircraft company; (5) standing timber; (6) pipelines; and (7) personal property, except mobile home.

Primary Taxes

Taxes levied for the maintenance and operation of counties, cities, towns, school districts, community college districts, certain special taxing districts, and the State are primary taxes. These taxes are levied against the Net Assessed Limited Property Value of the taxing jurisdiction. The State does not currently levy ad valorem taxes but the State currently requires a county (including the County) to levy a "State equalization assistance property tax" to provide equalization assistance to school districts in such county which is used to offset the cost of State equalization to those school districts.

The amount of primary taxes levied by a county (including the County), city, town and community college district is constitutionally limited to a maximum increase of 2% over the maximum allowable prior year's levy limit amount plus any taxes on property not subject to tax in the preceding year (e.g., new construction and property brought into the jurisdiction because of annexation). Each taxing entity's maximum allowable property tax levy limit amount was rebased to the amount of actual 2005 primary property taxes levied (plus amounts levied against property not subject to taxation in the prior year). The 2% limitation does not apply to primary taxes levied on behalf of school districts.

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

Secondary Taxes

Taxes levied for debt retirement, voter-approved budget overrides and the maintenance and operation of special service districts such as sanitary, fire and road improvement districts are secondary taxes. These taxes are levied against the Net Assessed Limited Property Value. There is no limitation on annual levies for voter-approved bond indebtedness and certain special district assessments are also unlimited. Debt service on the Bonds is payable solely from secondary property taxes.

Tax Procedures

Tax Year

The Arizona tax year is defined as the calendar year, although tax procedures begin prior to January 1 of the tax year and continue through May of the succeeding calendar year, when payment of the second installment of property taxes for the prior tax year becomes delinquent.

Determination of Full Cash Value

The first step in the tax process is the determination of the Full Cash Value of each parcel of real property within the State. Full Cash Value is statutorily defined to mean "that value determined as prescribed by statute" or if no statutory method is prescribed it is "synonymous with market value." "Market value" means that estimate of value that is derived annually by use of standard appraisal methods and techniques, which generally includes the market approach, the cost approach and the income approach. As a general matter, the various county assessors use a cost approach for commercial/industrial property and a sales data approach for residential property. Arizona law allows taxpayers to appeal the county assessor's valuations by providing evidence of a lower value, which may be based upon another valuation approach.

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

Arizona law provides for a property valuation "freeze" on Full Cash Value for certain residential property owners 65 years of age and older. Owners of residential property may obtain such freeze against valuation increases (the "Property Valuation Protection Option") if the owners' total income from all sources does not exceed 400% (500% for two or more owners of the same property) of the "Social Security Income Benefit Rate." The Property Valuation Protection Option must be renewed every three years. If the property is sold to a person who does not qualify, the valuation reverts to its then-current Full Cash Value. Any freeze on increases in Full Cash Value will translate to the assessed value of the affected property as hereinafter described.

Following the determination of the Full Cash Value, the Assessor of the County then determines the Limited Property Value by applying any applicable property growth limitations as described under " Recent Constitutional and Statutory Changes Affecting Property Taxes" above.

Assessment Ratios

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) that is multiplied by the applicable Limited Property Value to obtain the assessed valuation. The appropriate property classification ratio is applied to the applicable Limited Property Value of each property parcel to determine the assessed valuation for such parcel. The current assessment ratios for each class of property are set forth in the following table.

Property Tax Assessment Ratios
Tax Years 2011 through 2016

Property Classification (a)	Assessment as Percentage of Taxable Value					
	2011	2012	2013	2014	2015	2016
Mining, Utilities, Commercial and Industrial (b)	20%	20%	19.5%	19%	18.5%	18%
Agriculture and Vacant Land (b)	16%	16%	16%	16%	16%	15%
Owner Occupied Residential	10%	10%	10%	10%	10%	10%
Leased or Rented Residential	10%	10%	10%	10%	10%	10%
Railroad, Private Car Company and Airline Flight Property (c)	15%	15%	15%	15%	15%	15%

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

(b) For tax year 2016, Full Cash Values, up to an amount established by law for each tax year, on commercial, industrial and agricultural personal property are exempt from taxation (for tax year 2016, such maximum amount is $146,973). This exemption is indexed annually for inflation. Any portion of the Full Cash Value in excess of that amount will be assessed at the applicable rate. The assessment ratio for mining, utility, commercial and industrial property will be reduced to 18% for tax year 2016 and thereafter. The assessment ratio for agricultural and vacant property will be reduced to 15% for tax year 2016 and thereafter.

(c) This percentage is determined annually to be equal to the ratio of (i) the total Limited Property Value 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 Value of such properties.

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

On or before the third Monday in August of each year, the Board of Supervisors of the County prepares the tax roll that sets forth the valuation by taxing district of all property in the County subject to taxation. The Assessor of the County is required to complete the assessment roll by December 15th of the year prior to the levy. This tax roll also shows the valuation and classification of each parcel of land located within the County for the tax year. The tax roll is then forwarded to the Treasurer. With the various budgetary procedures having been completed by the governmental entities, the appropriate primary and secondary tax rate for each jurisdiction is then applied to the Net Assessed Limited Property Value of each parcel of property in order to determine the total tax owed by each property owner. Any subsequent decrease in the value of the tax roll as it existed on the date of the levy due to appeals or other reasons would reduce the amount of taxes received by each jurisdiction.

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

The State Legislature, from time to time, may change the manner in which taxes are levied, including changing the assessment ratios and property classifications. The County cannot determine whether any such measures will become law or how they might affect property tax collections for the County. However, removing or amending limits on the growth rate of Limited Property Value for locally assessed property would require further amendment to the State Constitution.

Delinquent Tax Procedures

The property taxes due the County are billed, along with State, County, and other taxes, in September of each year and are payable in two installments on the subsequent October 1 and March 1. The delinquent tax dates are November 1 and May 1 and delinquent taxes are subject to a penalty of 16% per annum unless the full year's taxes are paid by December 31. (Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31.) At the close of the tax collection period, the 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 property is reoffered for sale from time to time until such time as it is sold, subject to redemption, for an amount sufficient to cover all delinquent taxes.

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

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 attach 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 over secured, 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 bankrupt 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 automatic stay of a bankruptcy court may not prevent the sale of tax liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor would be subject to the stay of a bankruptcy court. It is reasonable to conclude that "tax sale investors" may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of post-bankruptcy petition tax collections becomes uncertain.

It cannot be determined what impact any deterioration of the financial condition of any taxpayer, whether or not protection under the Bankruptcy Code is sought, may have on payment of or the secondary market for the Bonds. Neither the County nor the Underwriter has undertaken any independent investigation of the operations and financial condition of any taxpayer, nor have they assumed responsibility for the same.

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

Property Valuations

The following tables list the property valuations for the County for fiscal year 2015-16. The County's preliminary Net Assessed Limited Property Value for fiscal year 2016-17 is estimated at $7,816,699,760, an increase of approximately 2.59% from fiscal year 2015-16. As used herein, "Estimated Net Full Cash Value" is the Full Cash Value net of the estimated Full Cash Value of property exempt from taxation. For more information on constitutional and statutory changes in the taxable values of property beginning in fiscal year 2015-16 and thereafter, see "Recent Constitutional and Statutory Changes Affecting Property Taxes" above.

Property Valuations for Fiscal Year 2015-16

Estimated Net Full Cash Value (a)	$67,373,304,653
Net Assessed Limited Property Value	7,620,360,873

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

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

Net Assessed Valuation Comparisons and Trends

The tables shown below indicate (a) for fiscal year 2015-16, the Net Assessed Limited Property Value for the City of Tucson (the "City"), the County and the State of Arizona, utilizing new constitutional and statutory property valuation requirements, and (b) for fiscal years 2011-12 through 2014-15, changes in the then-applicable, but now-replaced Net Assessed Secondary Values of the City, the County and the State of Arizona.

Fiscal Year 2015-16
Net Assessed Limited Property Values

Fiscal Year	City of Tucson	Percent Increase/(Decrease) From 2014-15 Net Assessed Secondary Value	Pima County	Percent Increase/(Decrease) From 2014-15 Net Assessed Secondary Value	State of Arizona	Percent Increase/(Decrease) From 2014-15 Net Assessed Secondary Value
2015-16	$3,123,670,375	(0.26%)	$7,620,360,873	0.53%	$54,838,548,829	(0.93%)

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

Fiscal Years 2011-12 to 2014-15
Changes in Net Assessed Secondary Values

Fiscal Year	City of Tucson	Percent Change	Pima County	Percent Change	State of Arizona	Percent Change
2014-15	$3,131,952,246	(0.61%)	$7,579,898,868	(0.57%)	$55,352,051,074	5.24%
2013-14	3,151,042,287	(6.70%)	7,623,691,280	(6.70%)	52,594,377,492	(6.54%)
2012-13	3,377,401,416	(3.17%)	8,171,211,922	(3.28%)	56,271,814,583	(8.80%)
2011-12	3,487,959,628	(10.89%)	8,448,281,586	(9.57%)	61,700,292,915	(18.43%)

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

County Net Assessed Valuation and Estimated Net Full Cash Value Comparison

The following tables indicate (a) for fiscal year 2015-16, the ratio between Net Assessed Limited Property Value and estimated Net Full Cash Value for the County, utilizing new constitutional and statutory property valuation requirements, and (b) for fiscal years 2011-12 through 2014-15, the ratio between Net Assessed Secondary Values and estimated Net Full Cash Values for the County, using the then-applicable but now-replaced Net Assessed Secondary Values of the County. As used herein, "Estimated Net Full Cash Value" is the Full Cash Value net of the estimated Full Cash Value of property exempt from taxation.

Fiscal Year 2015-16
Ratio Between Net Assessed Limited Property Value and Estimated Net Full Cash Value

Fiscal Year	Net Assessed Limited Property Value	Estimated Net Full Cash Value (a)	Percent of Net Assessed Limited Property Value to Estimated Net Full Cash Value
2015-16	$7,620,360,873	$67,373,304,653	11.31%

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

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

Fiscal Years 2011-12 to 2014-15
Ratio Between Net Assessed Secondary Values and
Estimated Net Full Cash Values (a)

Fiscal Year	Net Secondary Assessed Value	Estimated Actual Valuation (a)	Net Secondary Assessed Value as a Percentage of the Estimated Actual Valuation
2014-15	$7,579,898,868	$63,492,262,442	11.94%
2013-14	7,623,691,280	63,198,953,329	12.06%
2012-13	8,171,211,922	67,389,331,666	12.13%
2011-12	8,448,281,586	70,163,492,245	12.04%

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

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

Net Assessed Property Values of Major Taxpayers

The tables shown indicate (a) for fiscal year 2015-16, the major property taxpayers located within the County, an estimate of their 2015-16 Net Assessed Limited Property Value, utilizing new constitutional and statutory property valuation requirements, and their relative proportion of the total Net Assessed Limited Property Value for the County, and (b) for fiscal year 2014-15, the major property taxpayers located within the County, an estimate of their 2014-15 Net Assessed Secondary Value and their relative proportion of the total Net Assessed Secondary Value for the County using the then-applicable but now-replaced Net Assessed Secondary Values.

Fiscal Year 2015-16
Major Taxpayers

Taxpayer (a)	Use of Property	2015-16 Net Assessed Limited Property Values	As % of County's Net Assessed Limited Property Values
Unisource Energy Corp	Utility	$199,643,861	2.62%
Phelps Dodge Sierrita Inc-Sierrita Mine	Mining	91,456,084	1.20
Southwest Gas Corporation	Utility	70,297,083	0.92
Asarco LLC-Mission Mine	Mining	48,495,531	0.64
Qwest Corporation	Telecommunications	37,877,202	0.50
Wal-Mart Stores Inc.	Retail	18,494,443	0.24
Northwest Hospital LLC	Healthcare	17,058,342	0.22
DND Neffson Company	Shopping Mall	15,694,637	0.21
Raytheon Company	Defense Contracting	14,703,103	0.19
Trico Electric Coop Inc.	Utility	14,130,718	0.19
		$527,851,004	6.93%

Fiscal Year 2014-15
Major Taxpayers

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

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

Source: Pima County Assessor.

Record of Real and Secured Property Taxes Levied and Collected

Property taxes are levied and collected on property within the County and certified by the Treasurer of the County. The following table sets forth the tax collection record of the County for the current fiscal year and past five fiscal years.

Fiscal Year	Real and Secured Personal Property Tax Levy (a)	Fiscal Year Collections (b)		Total Collections (c)	
		Amount	Percent of Tax Levy	Amount	Percent of Tax Levy
2015-16	$374,101,317	(d)	(d)	$353,848,846	94.59%
2014-15	359,297,850	$347,288,004	96.66%	358,425,642	99.76%
2013-14	323,026,354	311,703,395	96.49%	322,141,717	99.73%
2012-13	324,785,757	313,137,754	96.41%	323,915,682	99.73%
2011-12	335,466,625	323,013,333	96.29%	335,088,858	99.89%

(a) Reflects the Primary Tax Levy and the Secondary Debt Service Levy.
(b) Reflects collections made through June 30th, the end of the fiscal year, on such year's levy. Property taxes are payable in two installments. The first installment is due on October 1 and becomes delinquent on November 1, but is waived if the full tax year's taxes are paid in full by December 31. The second installment is due on March 1 and becomes delinquent on May 1. Interest at the rate of 16% per annum attaches on first and second installments following their delinquent dates. Penalties for delinquent payments are not included in the above collection figures.
(c) Reflects collections made through May 5, 2016 against the current and prior levies.
(d) 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 and the secondary tax rate, which are levied against the Net Assessed Limited Property Value within the County, the County Library District, the County Fire District Assistance Tax and the County Flood Control District (except in the case of the Flood Control District, which excludes the value of personal property).

Fiscal Year	Primary Tax Rate	Secondary Tax Rate	Total Tax Rate
2015-16	$4.3877	$1.5755	$5.9632
2014-15	4.2779	1.4860	5.7639
2013-14	3.6665	1.4644	5.1309
2012-13	3.4178	1.4342	4.8520
2011-12	3.4178	1.4313	4.8491

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

Debt Limitation

Pursuant to the Arizona Constitution and Arizona statutes, outstanding general obligation debt for county purposes may not exceed 15% of a county's Net Assessed Limited Property Value. The following indicates the County's current bonding capacity.

Net Assessed Limited Property Value (FY 2015-16)	$7,620,360,873
15% Constitutional Limitation	1,143,054,131
Net Direct General Obligation Bonds Outstanding (a)	258,545,000
Plus: The Bonds	122,070,000
Unused 15% Limitation	$762,439,131

(a) Net of the Bonds Being Refunded.

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General Obligation Bonded Debt Outstanding

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

Date of Issue	Original Amount	Original Purpose	Original Maturity Dates	Remaining Balance Outstanding
01-01-07	$95,000,000	Various Improvements	7-1-07/21	$41,800,000
02-15-08	100,000,000	Various Improvements	7-1-08/22	58,500,000
04-22-09	75,000,000	Various Improvements	7-1-09/23	34,185,000
12-02-09	113,535,000	Various Improvements and Refunding	7-1-10/24	58,010,000
05-25-11	75,000,000	Various Improvements	7-1-12/26	41,210,000
06-13-12	76,225,000	Various Improvements and Refunding	7-1-13/27	49,555,000
06-05-13	88,575,000	Various Improvements and Refunding	7-1-14/28	78,200,000
01-30-14	10,000,000	Various Improvements	7-1-15/28	9,000,000
04-14-15	15,000,000	Various Improvements	7-1-15/29	13,475,000
Subtotal				$383,935,000
Less: The Bonds Being Refunded				(125,390,000)
Plus: The Bonds				122,070,000
Total General Obligation Bonded Debt to be Outstanding				$380,615,000

Annual Debt Service Requirements of Outstanding General Obligation Bonded Debt Outstanding

The following table 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		Less: Bonds Being Refunded	The Bonds		Total Debt Service Requirements (b)
	Principal	Interest		Principal	Interest (a)	
2016	$39,315,000	$14,017,463				$53,332,463
2017	41,445,000	12,801,713	$5,089,881		$4,113,316	53,270,147
2018	43,005,000	11,444,788	12,899,881	$8,065,000	4,171,250	53,786,156
2019	40,475,000	9,873,513	12,972,719	8,300,000	4,009,950	49,685,744
2020	43,450,000	8,460,700	21,034,006	16,240,000	3,843,950	50,960,644
2021	39,935,000	6,932,525	25,435,556	20,645,000	3,519,150	45,596,119
2022	41,560,000	5,435,700	32,435,206	28,210,000	2,752,800	45,523,294
2023	29,495,000	3,792,588	22,765,706	20,225,000	1,624,400	32,371,281
2024	20,610,000	2,599,681	12,686,900	11,325,000	815,400	22,663,181
2025	13,635,000	1,786,331	4,900,750	4,440,000	362,400	15,322,981
2026	14,210,000	1,212,981	4,903,500	4,620,000	184,800	15,324,281
2027	9,910,000	609,419				10,519,419
2028	5,905,000	255,569				6,160,569
2029	985,000	29,550				1,014,550

(a) The first interest payment date on the Bonds is January 1, 2017.
(b) Amounts may not add due to rounding.

Net Direct and Overlapping General Obligation Bonded Debt

Overlapping bonded debt figures were compiled from information obtained from the Treasurer of the County and individual jurisdictions. A breakdown of each overlapping jurisdiction's applicable general obligation bonded debt, Net Assessed Limited Property Value and combined tax rate per $100 of Net Assessed Limited Property Value follows. Outstanding bonded debt is comprised of general obligation bonds outstanding and general obligation bonds scheduled for sale. The applicable percentage of each municipality's Net Assessed Limited Property Value which lies within the County's boundaries (see the "Approximate Percent" column below) was derived from information obtained from the Treasurer of the County.

Direct and Overlapping Jurisdiction	2015-16 Net Assessed Limited Property Value	General Obligation Bonded Debt Outstanding (a)(f)(g)	Portion Applicable to the County: Approx. Percent	Portion Applicable to the County: Net Debt Amount	2015-16 Combined Tax Rate Per $100 Assessed (e)
State of Arizona	$54,838,548,829	None	100%	None	$0.0000
Pima County	7,620,360,873	**$380,615,000 (e)**	**100%**	**$380,615,000 (e)**	**6.2951 (b)**
Pima County Flood Control District (c)	6,917,200,982	None	100%	None	0.3135
Pima County Community College District	7,620,360,873	None	100%	None	1.3689
Joint Technical Education District	7,404,566,982	None	100%	None	0.5000
Avra Valley Fire District	33,496,571	3,015,000	100%	3,015,000	3.8300
Northwest Fire District	993,806,475	26,400,000	100%	26,400,000	2.9138
Rincon Valley Fire District	101,167,100	4,565,000	100%	4,565,000	3.2675
Gladden Farms Community Facilities District	17,050,662	7,835,000	100%	7,835,000	2.8000
Quail Creek Community Facilities District	12,388,712	10,070,000	100%	10,070,000	3.3000
Elementary School Districts	351,569,085	15,145,000	100%	15,145,000	3.0595 (d)
Unified School Districts	7,250,522,604	610,800,000	100%	610,800,000	6.4474 (d)
Cities and Towns	4,341,058,245	213,495,000	100%	213,495,000	1.1527 (d)
Total				$1,271,940,000	

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Jurisdiction	2015-16 Net Assessed Limited Property Value	General Obligation Bonded Debt Outstanding (a)(f)(g)	2015-16 Combined Tax Rate Per $100 Assessed (e)
State of Arizona	$54,838,548,829	None	None
Pima County	7,620,360,873	$380,615,000 (e)	$6.2951 (b)
Pima County Flood Control District (c)	6,917,200,982	None	0.3135
Pima County Community College District	7,620,360,873	None	1.3689
Joint Technical Education District	7,404,566,982	None	0.5000
Avra Valley Fire District	33,496,571	3,015,000	3.8300
Northwest Fire District	993,806,475	26,400,000	2.9138
Rincon Valley Fire District	101,167,100	4,565,000	3.2675
Gladden Farms Community Facilities District	17,050,662	7,835,000	2.8000
Quail Creek Community Facilities District	12,388,712	10,070,000	3.3000
Elementary School Districts:			
San Fernando ESD #35	1,259,692	None	5.9538
Empire ESD #37	7,673,071	None	1.7677
Continental ESD #39	312,442,202	15,145,000	2.6512
Redington ESD #44	1,326,759	None	4.5901
Altar Valley ESD #51	28,867,361	None	7.6255
Unified School Districts:			
Tucson USD #1	3,026,614,777	183,655,000	7.3425
Marana USD #6	736,010,522	103,100,000	6.3370
Flowing Wells USD #8	183,908,030	17,455,000	6.6292
Amphitheater USD #10	1,403,630,578	97,530,000	5.6725
Sunnyside USD #12	405,450,968	60,830,000	3.9987
Tanque Verde USD #13	173,314,046	11,785,000	5.3069
Ajo USD #15	18,505,877	None	4.5540
Catalina Foothills USD #16	572,819,113	36,840,000	4.9985
Vail USD #20	429,133,979	61,390,000	7.0189
Sahuarita USD #30	299,026,901	38,215,000	7.2847
Indian Oasis Baboquivari USD #40	2,107,813	None	0.0000
Cities and Towns:			
City of Tucson	3,131,952,246	213,495,000	1.5960
City of South Tucson	21,566,232	None	0.2528
Town of Marana	431,118,714	None	0.0000
Town of Oro Valley	560,863,509	None	0.0000
Town of Sahuarita	195,557,544	None	0.0000

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

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

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

(b) The County's total tax rate shown includes the County's primary and secondary debt service tax rates, the State equalization tax rate of $0.5054, the $0.5153 tax rate of the Free Library District, the $0.1400 tax rate of the CAP and the $0.0467 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 Net Assessed Limited Property Value.

(e) The combined tax rate includes the tax rate for debt service and for all other purposes such as maintenance and operation and capital outlay.

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

Jurisdiction	**Authorized But Unissued General Obligation Bonds**
Pima County	$25,681,000
City of Tucson	40,000,000
Marana Unified School District No. 6	70,000,000
Amphitheater Unified School District No. 10	40,000,000
Sunnyside Unified School District No. 12	18,875,000
Catalina Foothills Unified School District No. 16	14,500,000
Vail Unified School District No. 20	8,775,000
Avra Valley Fire District	1,200,000
Rincon Valley Fire District	10,285,000
Gladden Farms Community Facilities District	59,570,000
Quail Creek Community Facilities District	17,340,000

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

(e) Includes the Bonds, net of the Bonds Being Refunded.

Net Direct and Overlapping General Obligation Bonded Debt Ratios

The County' direct and overlapping general obligation bonded debt as described in above table is shown below on a per capita basis and as a percent of the County's Net Assessed Limited Property Value and estimated Net Full Cash Value. As used herein, "Estimated Net Full Cash Value" is the Full Cash Value net of the estimated Full Cash Value of property exempt from taxation.

		As Percent of County's 2015-16	
	Per Capita Net Debt (Pop. @ 1,009,371) (a)	**Net Assessed Limited Property Value ($7,620,360,873)**	**Estimated Net Full Cash Value ($67,373,304,653)**
Net Direct General Obligation Bonded Debt ($380,615,000) (b)	$377.08	4.99%	0.56%
Net Direct and Overlapping General Obligation Bonded Debt ($1,271,940,000) (b)	$1,260.13	16.69%	1.89%

(a) Population estimates as of July 1, 2015 (released December 2015) provided by the Office of Employment and Population Statistics, Arizona Department of Administration.
(b) Includes the Bonds, net of the Bonds Being Refunded.

Street and Highway Revenue Bonded Debt Outstanding (a)

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

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Remaining Balance Outstanding
01-01-07	$21,000,000	Street & Highway Improvements	7-1-09/22	$13,315,000
02-15-08	25,000,000	Street & Highway Improvements	7-1-09/22	18,285,000
12-02-09	23,420,000	Street & Highway Improvements/Refunding	7-1-13/24	19,870,000
05-30-12	32,945,000	Street & Highway Improvements/Refunding	7-1-13/27	24,685,000
01-30-14	24,805,000	Street & Highway Improvements/Refunding	7-1-15/28	24,030,000
04-16-15	13,685,000	Refunding	7-1-16/20	13,685,000
Total Street and Highway Revenue Bonds Outstanding				$113,870,000

(a) Does not reflect the impact of street and highway revenue refunding bonds the County plans to issue in July 2016 pursuant to a separate official statement.

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Sewer Revenue Debt Outstanding (a)

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

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Balance Outstanding
05-11-04	$19,967,331	Sewer Improvements (b)(c)	7-1-05/24	$11,416,849
01-01-07	50,000,000	Sewer Improvements	7-1-07/26	32,535,000
05-01-08	75,000,000	Sewer Improvements	7-1-09/23	68,945,000
05-06-09	18,940,000	Sewer Improvements	7-1-10/24	13,385,000
10-09-09	10,002,383	Sewer Improvements (b)	7-1-10/24	5,146,867
06-17-10	165,000,000	Sewer Improvements	7-1-14/25	161,000,000
03-30-11	43,625,000	Refunding	7-1-12/16	5,230,000
12-13-11	189,160,000	Sewer Improvements	7-1-12/26	154,120,000
12-06-12	128,795,000	Sewer Improvements	7-1-13/27	111,185,000
02-12-14	48,500,000	Sewer Improvements	7-1-15/28	45,935,000
Total Sewer Revenue Bonds, Loans and Obligations Outstanding				$608,898,716

(a) Does not reflect the impact of sewer revenue refunding obligations the County plans to issue in July 2016 pursuant to a separate official statement.
(b) Represents funds borrowed under separate Loan Agreements with the Water Infrastructure Finance Authority of Arizona ("WIFA").
(c) On May 11, 2004, the County entered into certain Loan Agreements with WIFA totaling $18,015,219. In September 2005, the County amended those Loan Agreements and added an additional $1,952,112.

Lease, Lease-Purchase and Purchase Agreements

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

	Fiscal Year (in Thousands)				
County Department	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**
Clerk of Superior Court	$37	-	-	$ 63	$84
Environmental Quality	-	$298	$298	298	-
Sheriff	-	-	160	160	160
County Administration (a)	-	-	-	-	-
Fiscal Year Total	$37	$298	$458	$521	$244

(a) County Administration entered into two notes for which payments begin in fiscal year 2016.

Source: Pima County Finance and Risk Management Department.

Certificates of Participation

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

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Balance Outstanding
05-01-07	$28,765,000	New Money	7-1-08/22	$6,515,000
02-04-10	20,000,000	New Money	6-1-11/19	9,830,000
05-22-13	92,880,000	New Money & Refunding	12-1-13/22	22,840,000
02-12-14	52,160,000	New Money	12-1-15/28	47,820,000
04-15-15	57,025,000	New Money	12-1-15/18	42,025,000
04-14-16	43,935,000	New Money & Refunding	12-1-16/30	43,935,000
Total Certificates of Participation Outstanding				$172,965,000

Retirement Plans

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

New Reporting Requirements. In June 2012, the Government Accounting Standards Board issued GASB Statement 68, effective for the County's fiscal year ended June 30, 2015. This statement revises existing standards for measuring and reporting pension liabilities for pension plans provided to County employees and requires recognition of a liability equal to the County's proportionate share of net pension liability, which is measured as the total pension liability less the amount of the pension plan's fiduciary net position. The total pension liability is determined by discounting projected benefit payments based on the benefit terms and legal agreements existing at the pension plan's fiscal year end. For fiscal year 2015, the County is reporting a net pension liability of $697 million, which includes, $47 million of net deferred outflows, $84 million of incremental pension expense, and a $622 million reduction in unrestricted net position.

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

For the year ended June 30, 2015, active ASRS members and the County were each required by statute to contribute at the actuarially determined rate of 11.60% (11.48% for retirement and for health insurance premiums, and 0.12% for long-term disability) of the member's annual covered payroll. The annual contribution rate for the fiscal year ending June 30, 2016 is 11.47% (11.35% for retirement and for health insurance premiums, and 0.12% for long-term disability). The County's employer contributions to ASRS for the year ended June 30, 2015 was $25.2 million, which was equal to the required contribution for such year, and the budgeted contribution for the fiscal year ending June 30, 2016 is $29.0 million. The contributions by County employees to ASRS are collectively equal to the contributions made by the County.

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

2. The Arizona Public Safety Personnel Retirement System ("PSPRS"), an agent multiple-employer defined benefit plan that covers public safety personnel who are regularly assigned to hazardous duties, for which the Arizona State Legislature establishes and may amend active plan members' contribution rate, has reported

increases in its unfunded liabilities. The most recent annual reports for the PSPRS may be accessed at http://psprs.com/sys_psprs/AnnualReports/cato_annual_rpts_psprs.htm.

For the year ended June 30, 2015, active PSPRS members were required by statute to contribute 11.05 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 41.92 percent, the aggregate of which is the actuarially required amount. As allowed by statute, the County also contributed 3.65 percent of the members' required contribution, with the members' net contribution as a result falling to 7.40 percent.

For the fiscal year ending June 30, 2016, the employee contribution rate increased to 8.00% for employees hired before January 1, 2015, and to 11.65% for employees hired on or after January 1, 2015 (net of the 3.65% paid by the County in both cases). The County's employer contribution rate increased to 53.69% for employees hired before January 1, 2015 and to 50.04% for employees hired on or after January 1, 2015 (not including, in each case, the 3.65% of the member's required contribution that the County also pays as noted above).

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

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

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

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

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

Other Post Employment Benefits

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

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

	Actual				
	2010-11	**2011-12**	**2012-13**	**2013-14**	**2014-15**
Revenues by Source:					
Property Taxes	$421,623	$407,711	$391,630	$385,829	$431,371
Special Assessments	330	245	-	-	-
Licenses and Permits	8,494	8,155	8,371	8,275	8,456
Intergovernmental	308,219	327,939	301,223	292,082	296,628
Charges for Services	54,491	56,881	53,521	57,826	60,222
Fines and Forfeits	6,786	10,249	9,904	8,652	9,509
Interest Income	1,723	2,286	2,282	1,737	1,155
Miscellaneous	14,162	24,796	22,182	17,464	15,680
Total Revenues	815,828	838,262	789,113	771,865	823,021
Expenditures by Fund:					
General	429,182	445,798	451,858	469,984	497,425
Special Revenues	204,612	217,139	211,659	135,746	197,172
Debt Service	96,484	104,324	93,442	140,623	108,992
Capital Projects	153,203	149,612	174,976	195,400	100,788
Total Expenditures	883,481	916,873	931,935	941,753	904,377
Excess of Revenues Over (Under) Expenditures	(67,653)	(78,611)	(142,822)	(169,888)	(81,356)
Other Financing Sources (Uses):					
Premium on bonds	3,276	7,349	11,959	9,488	5,949
Proceeds of Long-Term Debt	75,000	109,170	130,175	78,160	72,025
Proceeds from Refunding Debt	-	-	51,280	8,805	13,685
Payment to Escrow Agent	-	(33,013)	(55,423)	(10,131)	(15,250)
Operating Transfers In (Out)	4,708	26,010	(9,017)	(27,457)	(27,247)
Capital Lease/Installment Note	-	894	764	239	11,500
Sale of General Fixed Assets	59	1,938	31	360	119
Total Other Financing Sources (Uses)	83,043	112,348	129,769	59,464	60,781
Net Change in Fund Balance	15,390	33,737	(13,053)	(110,424)	(20,575)
Beginning Fund Balance, as restated	346,270	361,730	395,385	382,556	271,883
Changes in Reserve for Inventory	43	(55)	224	(228)	50
Changes in Reserve for Prepaids	27	(27)	-	-	15
Ending Fund Balance	$361,730	$395,385	$382,556	$271,904	$251,373

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				
	2010-11	**2011-12**	**2012-13**	**2013-14**	**2014-15**
General					
Nonspendable	$3,315	$2,720	$3,848	$5,278	$4,053
Restricted	336	333	-	-	-
Committed	-	-	-	-	-
Assigned	357	118	158	181	194
Unassigned	73,547	77,596	56,526	42,731	47,878
	77,555	**80,767**	**60,532**	**48,190**	**52,125**
Special Revenue					
Nonspendable	2,011	1,550	1,939	1,894	2,515
Restricted	94,567	105,468	76,570	60,984	53,155
Committed	37,978	10,264	7,746	6,308	6,320
Assigned	4,368	16,682	23,784	4,204	3,769
Unassigned	(9,180)	(9,013)	(8,385)	(6,536)	(4,770)
	129,744	**124,951**	**101,654**	**66,854**	**60,989**
Debt Service					
Assigned	35,903	28,298	25,640	7,848	8,424
	35,903	**28,298**	**25,640**	**7,848**	**8,424**
Capital Projects					
Nonspendable	12	-	-	-	-
Restricted	112,668	157,688	187,855	145,256	126,827
Committed	6,639	7,234	6,958	3,836	3,065
Assigned	-	-	-	-	-
Unassigned	(791)	(3,553)	(83)	(80)	(57)
	118,528	**161,369**	**194,730**	**149,012**	**129,835**
Total Fund Balance	$361,730	$395,385	$382,556	$271,904	$251,373

Source: Pima County Finance and Risk Management Department.

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

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

	Actual				
	2010-11	**2011-12**	**2012-13**	**2013-14**	**2014-15**
Revenues by Source:					
Property Taxes	$301,493	$291,647	$281,017	$280,965	$324,840
Licenses and Permits	2,681	2,696	2,816	2,928	2,989
Intergovernmental	122,952	127,029	131,984	135,953	142,459
Charges for Services	35,361	39,117	32,721	35,671	41,253
Fines and Forfeits	5,344	5,213	4,799	4,211	3,789
Interest Income	418	621	591	287	225
Miscellaneous	4,722	12,659	10,907	7,322	6,167
Total Revenues	472,971	478,982	464,835	467,337	521,722
Expenditures:					
Current					
General Government	186,193	197,190	193,097	206,356	217,325
Public Safety	116,573	123,235	131,087	136,825	138,723
Sanitation					1,290
Health	2,792	2,919	3,320	3,543	3,527
Welfare	90,572	94,292	95,076	92,858	93,211
Culture & Recreation	14,183	15,195	16,468	17,859	30,915
Education & Econ. Opport.	12,949	12,967	12,650	12,383	12,274
Debt Service:					
Principal	3,800	-	159	146	149
Interest	2,113	-	1	14	11
Miscellaneous	7	-	-	-	-
Total Expenditures	429,182	445,798	451,858	469,984	497,425
Excess of Revenues Over (Under) Expenditures	43,789	33,184	12,977	(2,647)	24,297
Other Financing Sources (Uses):					
Capital Lease/Installment Note	-	-	764	-	11,500
Sale of General Fixed Assets	11	1,608	-	-	15
Operating Transfers In (Out)	(47,786)	(31,580)	(33,976)	(9,695)	(31,877)
Total Other Financing Sources (Uses):	(47,775)	(29,972)	(33,212)	(9,695)	(20,362)
Net Change in Fund Balance	(3,986)	3,212	(20,235)	(12,342)	3,935
Beginning Fund Balance, as restated	81,541	77,555	80,767	60,532	48,190
Ending Fund Balance	$77,555	$80,767	$60,532	$48,190	$52,125

Source: Pima County Finance and Risk Management Department.

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

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

___________, 2016

To: Pima County, Arizona
Tucson, Arizona

Ladies and Gentlemen:

We have served as bond counsel to our client Pima County, Arizona (the "County") and not as counsel to any other person in connection with the issuance by the County of its $122,070,000 aggregate principal amount of bonds designated the Pima County, Arizona General Obligation Refunding Bonds, Series 2016 (the "Bonds"), dated the date of this letter. The Bonds are issued pursuant to Title 35, Chapter 3, Article 4 of the Arizona Revised Statutes, and under the provisions of an authorizing resolution adopted by the Board of Supervisors of the County on April 19, 2016 (the "Bond Resolution"). Capitalized terms not defined in this letter are used as defined in the Bond Resolution. In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Bonds, a copy of the signed and authenticated Bond of the first maturity, and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

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

1. The Bonds constitute valid, legal and binding general obligations of the County, and the principal of and interest on the Bonds, unless paid from other sources, are to be paid from the proceeds of the levy of ad valorem taxes on all property subject to ad valorem taxes levied by the County, without limitation as to rate 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 Bonds (the "Bonds Being Refunded"), which funds are irrevocably pledged for the payment of principal 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 States of America which will be purchased from 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. It is required by law that there be levied, assessed and collected, in the same manner as other taxes of the County, an annual tax upon such taxable property in the County sufficient to pay the principal of and interest on the Bonds when due.

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

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

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

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

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

Respectfully submitted,

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

$122,070,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016

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 $122,070,000 aggregate principal amount of General Obligation Refunding Bonds, Series 2016 (the "Bonds"), being issued pursuant to a resolution adopted by the Board of Supervisors of the County on April 19, 2016 (the "Bond Resolution").

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

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

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

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

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

"Commission" means the Securities and Exchange Commission.

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

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

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

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

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

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

3. CUSIP Number/Final Official Statement. The base CUSIP Number of the Bonds is 721663. The Final Official Statement relating to the Bonds is dated June 1, 2016.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PIMA COUNTY, ARIZONA

By: ______________________________

Keith Dommer
Finance and Risk Management Director

Dated: ___________, 2016

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 Assessed Valuation Comparisons and Trends" in the table entitled "Net Assessed Limited Property Values" (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, 2017. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements when available.

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

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

EXHIBIT II

EVENTS FOR WHICH NOTICE OF OCCURRENCE OF LISTED EVENTS IS REQUIRED

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

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

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

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

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

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

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

9. Defeasances;

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

11. Rating changes;

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

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

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

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

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APPENDIX E

EXCERPTS FROM
PIMA COUNTY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

The following are excerpts from the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. 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, 2015. These are the most recent audited financial statements available to the County. These financial statements are not current and may not represent the current financial position of the County.

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STATE OF ARIZONA

DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of
Pima County, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

Opinion Unit/Department	Assets and Deferred Outflows	Liabilities and Deferred Inflows	Revenues	Expenses/ Expenditures
Government-Wide Statements				
Governmental Activities:				
Stadium District	1.63%	0.72%	1.73%	0.72%
School Reserve Fund	0.07%	0.17%	0.23%	0.29%
Office of Emergency Management's Radio System	0.06%	0.02%	0.33%	0.22%
Self-Insurance Trust	2.76%	1.90%	2.20%	0.99%
Health Benefit Trust	1.14%	0.99%	7.94%	7.10%
Business-Type Activities:				
Regional Wastewater Reclamation Department	98.08%	98.86%	90.97%	95.50%
Development Services	0.29%	1.05%	3.10%	3.59%
Discretely Presented Component Unit:				
Southwestern Fair Commission	100.00%	100.00%	100.00%	100.00%
Fund Statements				
Major Fund:				
Regional Wastewater Reclamation Department Enterprise Fund	100.00%	100.00%	100.00%	100.00%

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Opinion Unit/Department	Assets and Deferred Outflows	Liabilities and Deferred Inflows	Revenues	Expenses/ Expenditures
Aggregate Remaining Fund Information:				
Stadium District	0.08%	0.85%	0.30%	0.30%
School Reserve Fund	0.25%	0.08%	0.07%	0.09%
Office of Emergency Management's Radio System	0.28%	0.17%	0.10%	0.07%
Development Services	0.71%	4.52%	0.24%	0.27%
Self-Insurance Trust	11.93%	17.71%	0.67%	0.31%
Health Benefit Trust	4.90%	9.20%	2.41%	2.23%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the reports of the other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 2 to the financial statements, for the year ended June 30, 2015, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement (GASB) Statement No. 68*, Accounting and Financial Reporting for Pensions,* as amended by GASB Statement No. 71*, Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 15 through 33, the Budgetary Comparison Schedules on pages 97 and 98, Schedule of the County's Proportionate Share of the Net Pension Liability—Cost-Sharing Pension Plans on page 99, Schedule of Changes in the County's Net Pension Liability and Related Ratios—Agent Pension Plans on pages 100 and 101, Schedule of County Pension Contributions on page 102, and Schedule of Agent OPEB Plans' Funding Progress on page 104 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules and the introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

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

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

Other Reporting Required by *Government Auditing Standards*

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

Debbie Davenport
Auditor General

December 3, 2015

PIMA COUNTY

Management's Discussion and Analysis

Pima County, Arizona
Management's Discussion and Analysis
For the Year Ended June 30, 2015

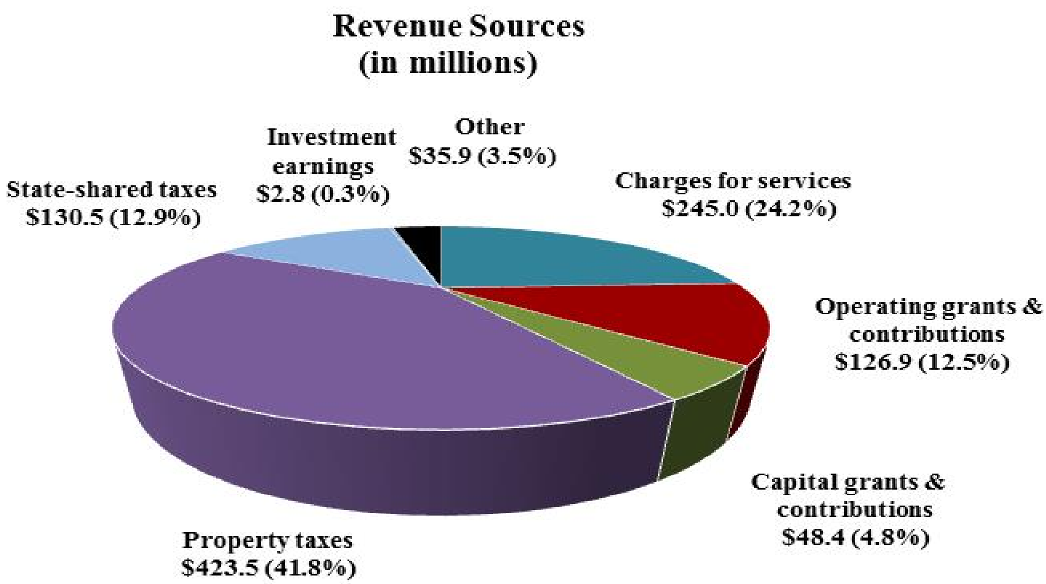
Our discussion and analysis of the County's financial performance provides an overview of the County's financial activities for the year ended June 30, 2015. Please read it in conjunction with the transmittal letter which begins on page 1 and the County's basic financial statements, which begin on page 35. All dollar amounts are expressed in thousands (000's) unless otherwise noted.

Financial Highlights

- The County's total net position decreased $575,960, primarily due to the implementation of the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* (GASB 68).

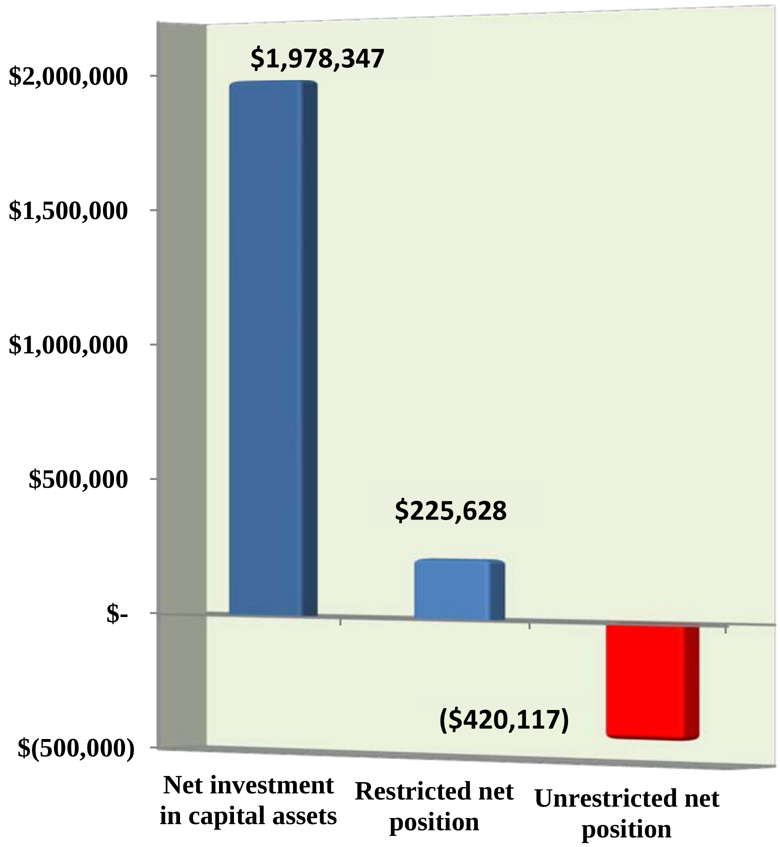
- Governmental Activities unrestricted net position decreased from $84,514 in fiscal year 2013-14 to a deficit of ($507,127) in the current fiscal year, while Business-type Activities unrestricted net position decreased by $30,415 from $117,425 in the prior fiscal year to $87,010 in the current fiscal year, primarily due to the implementation of GASB 68.

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



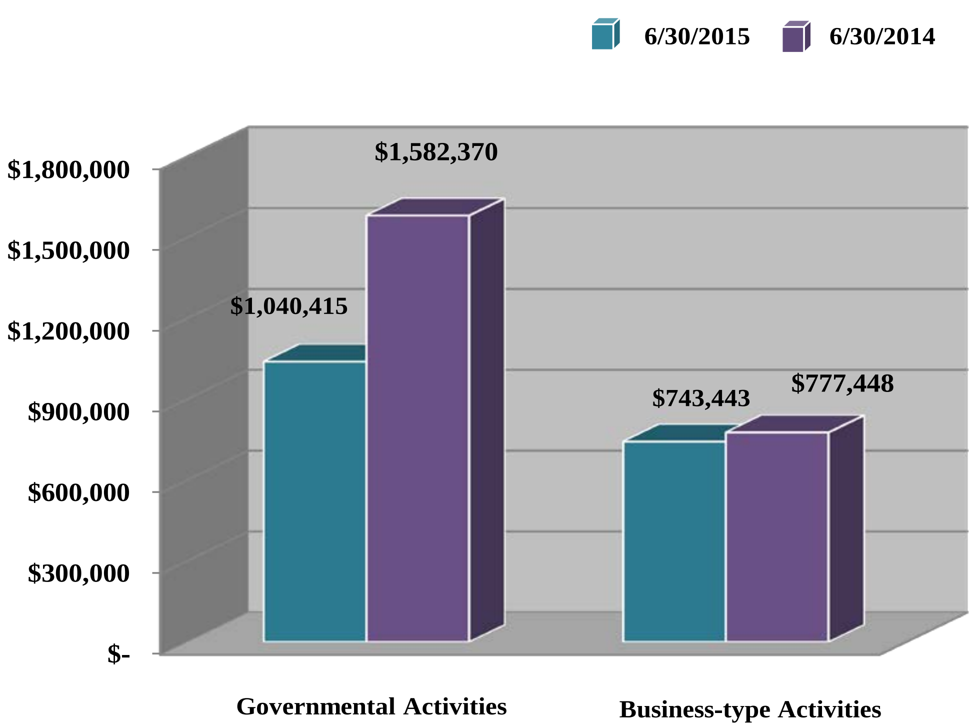
- The County's total net position at June 30, 2015, is $1,783,858. Composition of net position is illustrated in the following chart.

Composition of Net Position, as of June 30, 2015

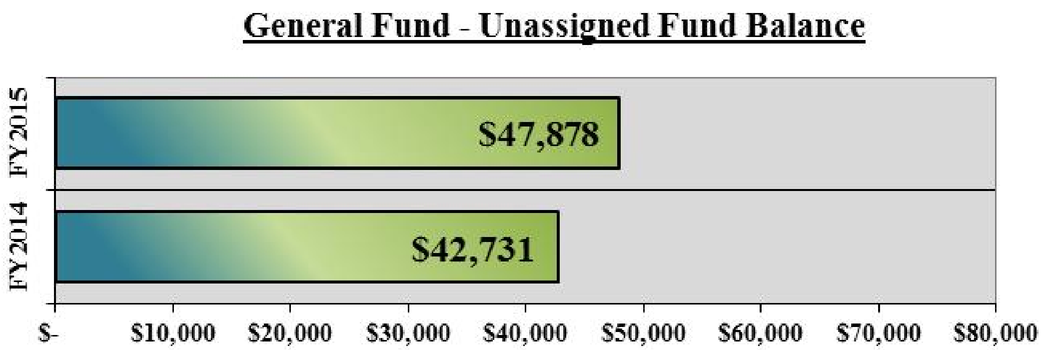


- Governmental Activities total net position at June 30, 2015, is $1,040,415, a decrease of $541,955 (34.3%) from the prior fiscal year. Business-type Activities total net position decreased by $34,005 (4.4%) in the current fiscal year, closing at $743,443.

Comparative Total Net Position



- The General Fund unassigned fund balance increased by 12% to $47,878, from $42,731 in the prior fiscal year. The unassigned fund balance comprises 91.9% of the total fund balance of $52,125.



The County continues to use debt to finance the construction of roads, streets, and buildings, and reports long-term liabilities related to programs. During the current year, total capital assets increased $30,778 (1.0%); long-term liabilities increased $622,742 (41.4%).

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 35-37.

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

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

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

The County maintains fifteen individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Capital Projects, and Debt Service funds which are reported as major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements.

The governmental fund financial statements can be found on pages 38-41. The combining statements for non-major governmental funds can be found on pages 106-109.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The RWR Enterprise Fund is considered to be a major fund of the County. Data from the other enterprise funds are combined into a single, aggregated presentation. Similarly, the County's internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the other enterprise and internal service funds are provided in the form of combining statements.

The proprietary fund financial statements can be found on pages 42-45. The combining statements for other enterprise and internal service funds can be found on pages 125-132.

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

The fiduciary fund financial statements can be found on pages 46-47.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 48-96.

Required Supplementary Information (RSI) is presented concerning the County's General Fund budgetary schedule and the schedule of the County's Proportionate Share of The Net Pension Liability for Cost Sharing Plans, The Schedule of Changes in the County's Net Pension Liability and Related Ratios for Agent Pension Plans, the

Schedule of County Pension Contributions, and the Schedule of Agent OPEB Plans' Funding Progress. Required supplementary information can be found on pages 97-104.

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 106-136.

Government-Wide Financial Analysis

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

Schedule of Results of Operations and Net Position For the Years Ended June 30, 2015 and 2014

	2015	2014	Variance
Charges for services	$ 245,000	$ 246,421	$ (1,421)
Operating grants and contributions	126,897	113,129	13,768
Capital grants and contributions	48,424	61,390	(12,966)
Total program revenues	420,321	420,940	(619)
Total general revenues and transfers	592,725	545,804	46,921
Total program and general revenues	1,013,046	966,744	46,302
Total expenses	973,479	922,503	50,976
Change in net position	$ 39,567	$ 44,241	$ (4,674)

Total program and general revenues increased $46,302, primarily due to the increase of $46,921 in total general revenues and transfers. Operating grants and contributions increased $13,768, partially offset by a decrease of $12,966 in capital grants and contributions. Total expenses increased $50,976, resulting in a decrease of $4,674 (10.6%) in change of net position.

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

The graph presented below illustrates at a summary level and detail level the changes in the elements of the Statement of Net Position for the County at June 30, 2015, and June 30, 2014.

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

Total County assets at June 30, 2015, were $3,954,841, representing a decrease of $21,456 (0.5%) from the prior year. Total liabilities were $2,220,959, an increase of $600,960 (37.1%) from the prior year. Deferred outflows of resources increased from $3,520 to $127,865, while deferred inflows totaled $77,889. No deferred inflows were reported the prior year.

The largest portion of the County's net position reflects its net investment in capital assets (i.e., land, buildings, infrastructure, and equipment), less any related outstanding debt used to acquire those assets. At June 30, 2015, net investment in capital assets totaled $1,978,347, an increase of $37,023 (1.9%) from the prior year. The County uses a portion of these capital assets to provide services to its citizens, with the other portion available to its citizens for use; consequently, these assets are *not* available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Resources subject to external restrictions on how they may be used comprise the restricted net position of $225,628, representing an increase of $9,073 (4.2%) from the prior year and approximately 12.6% of total net position.

As indicated in the Financial Highlights section, unrestricted net position decreased $622,056 in the current year, due to the restatement of net position as of July 1, 2014, in connection with implementation of GASB 68.

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

Schedule of Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position At June 30, 2015 and 2014									
	Governmental Activities			Business-type Activities			Total		
	FY2015	FY2014	Variance	FY2015	FY2014	Variance	FY2015	FY2014	Variance
Current and other assets	$ 478,797	$ 499,542	$ (20,745)	$ 223,188	$ 254,677	$ (31,489)	$ 701,985	$ 754,219	$ (52,234)
Capital assets (net):									
Land, buildings, equipment,									
infrastructure & other assets	2,011,236	1,965,669	45,567	1,241,620	1,256,409	(14,789)	3,252,856	3,222,078	30,778
Total assets	2,490,033	2,465,211	24,822	1,464,808	1,511,086	(46,278)	3,954,841	3,976,297	(21,456)
Deferred outflows of resources									
Pension	119,381		119,381	5,626		5,626	125,007		125,007
Deferred charges on refunding	2,858	3,520	(662)				2,858	3,520	(662)
Total deferred outflows of resources	122,239	3,520	118,719	5,626		5,626	127,865	3,520	124,345
Current and other liabilities	72,501	91,818	(19,317)	21,657	24,122	(2,465)	94,158	115,940	(21,782)
Long-term liabilities	1,429,188	794,543	634,645	697,613	709,516	(11,903)	2,126,801	1,504,059	622,742
Total liabilities	1,501,689	886,361	615,328	719,270	733,638	(14,368)	2,220,959	1,619,999	600,960
Deferred inflows of resources									
Pension	70,168		70,168	7,721		7,721	77,889		77,889
Total deferred inflows of resources	70,168		70,168	7,721		7,721	77,889		77,889
Net position:									
Net investment in capital assets	1,385,996	1,354,456	31,540	592,351	586,868	5,483	1,978,347	1,941,324	37,023
Restricted	161,546	143,400	18,146	64,082	73,155	(9,073)	225,628	216,555	9,073
Unrestricted (deficit)	(507,127)	84,514	(591,641)	87,010	117,425	(30,415)	(420,117)	201,939	(622,056)
Total net position	$ 1,040,415	$ 1,582,370	$ (541,955)	$ 743,443	$ 777,448	$ (34,005)	$ 1,783,858	$ 2,359,818	$ (575,960)

Analysis of Net Position for Governmental activities

Current and other assets decreased by $20,745 (4.2%) from $499,542 in the prior fiscal year, mainly due to a decrease of $13,437 in cash and cash equivalents, primarily within capital projects and transportation, and a change in internal balances as a result of transfers between RWR and Capital Projects.

Capital assets increased $45,567 (2.3%) to $2,011,236, primarily due to the following increases:

- Acquisition of Painted Hills for $7,555.
- Purchase of land at Tucson Mountain Park for $1,211.
- Acquisition of Stardust property for $8,751.
- Increase in machinery and equipment of $8,455.
- Completion of Roy Place building restoration project for $1,060.
- Completion of tenant improvements at Administration East building, 4th floor, for $1,051.

Additionally, the completion of the Public Service Center and other buildings provided an increase of $7,493 in building assets for the County.

The implementation of GASB 68, which included a restatement of net position, also significantly contributed to the following changes:

- An increase of $118,719 in total deferred outflows of resources.
- An increase of $70,168 in total deferred inflows of resources.
- An increase of $634,645 in long-term liabilities.
- A decrease of $591,641 in unrestricted net position.

Analysis of Net Position for Business-type activities

Current and other assets of $223,188 represents a decrease of $31,489 (12.4%) compared to the prior year, primarily due to a decrease in restricted cash and cash equivalents for RWR of $28,443.

The decrease in capital assets of $14,789 (1.2%) is primarily due to the closure of the Randolph Park Reclamation Facility, which reported a net loss of $27,554.

The increase of $5,626 in deferred outflows of resources, and the increase of $7,721 in deferred inflows of resources is due to the implementation of GASB 68.

Long-term liabilities decreased a net of $11,903 (1.7%) primarily due to a decrease of $55,974 offset with an increase of $44,154 for the net pension liability. The decreases in liabilities were from the following:

- $40,980 decrease for payments of RWR bonds, obligations and loans.
- $8,150 for bond discount and premium.
- $6,844 decrease in contract retention for construction projects.

In summary, the decrease of $41,938 in the current year's change in net position is primarily due to a decrease in total revenues of $2,560 and an increase in total expenses of $39,796. Total net position of $743,443 at June 30, 2015, represents a 4.4% decrease from the prior year.

Governmental activities

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

Governmental Activities
Schedule of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2015 and 2014

	FY2015	FY2014	Variance Amount	Variance Percent
Program revenues:				
Charges for services	$ 63,808	$ 64,856	$ (1,048)	-1.6%
Operating grants and contributions	126,862	113,129	13,733	12.1%
Capital grants and contributions	42,570	54,583	(12,013)	-22.0%
Total program revenues	233,240	232,568	672	0.3%
General revenues:				
Property taxes	423,538	378,032	45,506	12.0%
State-shared taxes	130,498	125,504	4,994	4.0%
Investment earnings	1,931	2,955	(1,024)	-34.7%
Other general revenues	35,306	36,592	(1,286)	-3.5%
Total general revenues	591,273	543,083	48,190	8.9%
Total revenues	824,513	775,651	48,862	6.3%
Expenses:				
General government	259,734	230,742	28,992	12.6%
Public safety	188,189	188,782	(593)	-0.3%
Highways and streets	85,618	93,675	(8,057)	-8.6%
Sanitation	(4,882)	4,252	(9,134)	-214.8%
Health	38,219	36,085	2,134	5.9%
Welfare	93,524	93,224	300	0.3%
Culture and recreation	62,981	63,961	(980)	-1.5%
Education and economic opportunity	35,051	35,756	(705)	-2.0%
Amortization	(6,237)	(5,758)	(479)	8.3%
Interest on long-term debt	27,696	27,994	(298)	-1.1%
Total expenses	779,893	768,713	11,180	1.5%
Excess before contributions and transfers	44,620	6,938	37,682	543.1%
Transfers out	(17,133)	(16,715)	(418)	2.5%
Change in net position	27,487	(9,777)	37,264	-381.1%
Beginning net position, as restated *	1,012,928	1,592,147	(579,219)	-36.4%
Ending net position	$ 1,040,415	$ 1,582,370	$ (541,955)	-34.2%

**Beginning net position as restated July 1, 2014, due to the provisions of GASB 68.*

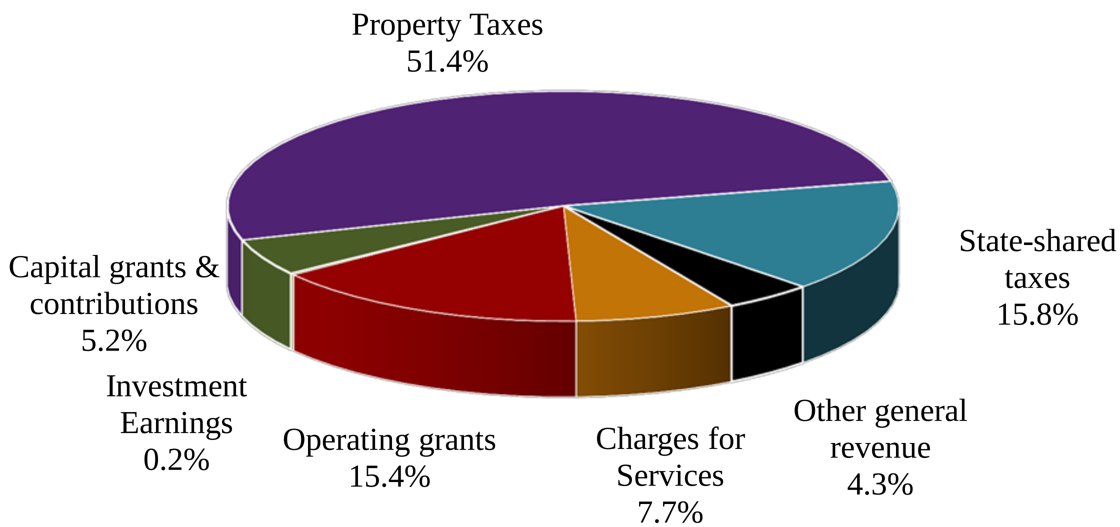
Revenues

Total revenues of $824,513 was an increase of $48,862 (6.3%) over the prior year, primarily due to an increase of $45,506 (12.0%) in property taxes, an increase of $4,994 (4.0%) in State-shared taxes, partially offset by a decrease in investment earnings of $1,024 and a decrease of $1,286 in other general revenues. The property tax increase is primarily due to a higher primary property tax rate, while the property valuations remained relatively stable.

Program revenues increased $672 (0.3%) over the prior year, primarily from an increase of $13,733 (12.1%) in operating grants and contributions, offset by a decrease of $12,013 (22.0%) in capital grants and contributions, and a decrease of $1,048 (1.6%) in charges for services.

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 account for approximately 82.7% of the County's revenues.

General and Program Revenues - Governmental Activities



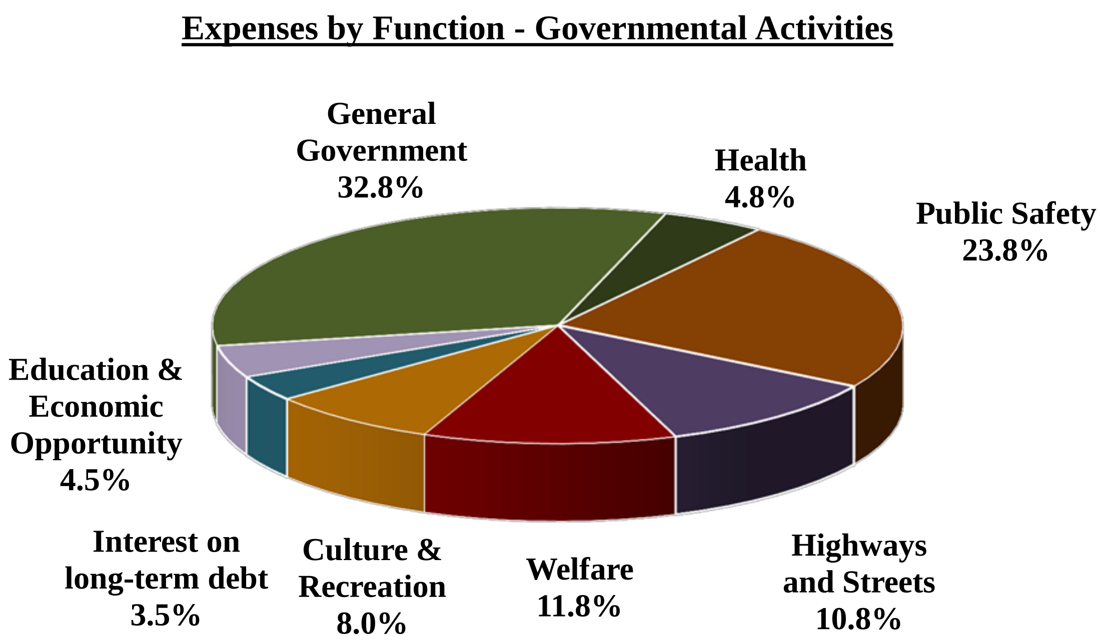
Expenses

Total expenses increased $11,180 or 1.5% over the prior year, primarily due to the increase of $28,992 (12.6%) in general government expenses, partially offset by a decrease of $8,057 (8.6%) in highways and streets expenses and a decrease of $9,134 in sanitation expenses. The general government increase of $28,992 includes $24,492 due to the implementation of GASB 68. The highways and streets decrease of $8,057 is due to current year's transportation expenses of $50,804 representing a decrease from transportation project expenses in the prior year ($59,397). Project expenses vary from year to year, some of the larger highways and streets cost increases and decreases are as follows:

- Valencia Road - Alvernon Way, increase of $4,139.
- Magee Road – La Canada Drive – Oracle Road, increase of $1,328.
- Valencia Road - Mark Road - Wade Road, increase of $4,538.
- La Cholla Blvd. – Magee Road – Overton Road, decrease of $6,484.
- La Canada – River Road – Ina Road, decrease of $3,634.
- Orange Grove – Camino de la Tierra – La Cholla Blvd., decrease of $3,119.
- Ina Road at Oracle Road, decrease of $2,302.
- Houghton Road – I10 – Tanque Verde Road, decrease of $2,572.
- Homer Davis Elementary Bicycle and Pedestrian Enhancement, decrease of $1,424.

The decrease of $9,134 in sanitation expenses is primarily due to a decrease of $7,696, resulting from a change in the estimate for the landfill liability.

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



The current year's excess before contributions and transfers total of $44,620 and transfers (out) of $17,133 result in a change in net position of $27,487, representing an increase of $37,264 over the prior year's change in net position deficit of ($9,777).

At July 1, 2014, the governmental activities beginning net position was restated due to the implementation of the provisions of GASB 68. Ending net position of $1,040,415 in the current year is a decrease of $541,955 from the prior year amount of $1,582,370 (before the restatement); the decrease resulted primarily from the aforementioned GASB 68 implementation.

Business-type activities

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

Business-type Activities
Schedule of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2015 and 2014

			Variance	
	FY2015	**FY2014**	**Amount**	**Percent**
Program revenues:				
Charges for services	$ 181,192	$ 181,565	$ (373)	-0.2%
Operating grants and contributions	35		35	100.0%
Capital grants and contributions	5,854	6,807	(953)	-14.0%
Total program revenues	187,081	188,372	(1,291)	-0.7%
General revenues:				
Investment earnings	903	1,237	(334)	-27.0%
Other general revenues	549	1,484	(935)	-63.0%
Total general revenues	1,452	2,721	(1,269)	-46.6%
Total revenues	188,533	191,093	(2,560)	-1.3%
Expenses:				
Regional Wastewater Reclamation	184,884	145,117	39,767	27.4%
Development Services	6,888	6,796	92	1.4%
Parking Garages	1,814	1,877	(63)	-3.4%
Total expenses	193,586	153,790	39,796	25.9%
Excess before transfers	(5,053)	37,303	(42,356)	-113.5%
Transfers in	17,133	16,715	418	2.5%
Change in net position	12,080	54,018	(41,938)	-77.6%
Beginning net position, as restated*	731,363	723,430	7,933	1.1%
Ending net position	$ 743,443	$ 777,448	$ (34,005)	-4.4%

**Beginning net position as restated July 1, 2014, due to the provisions of GASB 68.*

Revenues

Total revenues for business-type activities decreased $2,560 (1.3%) mainly due to a decrease in capital grants and contributions of $953 (14.0%) resulting from a decrease in the RWR capital contributions, and a decrease of $935 (63.0%) in other general revenues.

Expenses

Total expenses for business-type activities increased $39,796 (25.9%), largely due to the increase of $39,767 (27.4%) in RWR expenses, including capitalized interest expense of $5,558 and the loss on disposal of capital assets of $29,542, mainly due to the $27,554 loss from the closure of the Randolph Park Reclamation Facility.

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 and generally accepted accounting principles (GAAP).

Governmental funds

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

Major Governmental Funds

General Fund

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

Property taxes revenues for the General Fund increased $43,875 reflecting a higher primary property tax rate, while property valuation remained relatively stable. Intergovernmental revenues increased $6,506 primarily due to increases in the state-shared sales tax and state-shared vehicle license tax associated with an anticipated gradual recovery in the local economy. Overall, revenues for the General Fund increased $54,385.

General fund expenditures increased $27,441, primarily due to:

- An increase of $10,969 in general government, which includes current year operating expenditures of $4,925 that are no longer allocated to other departments, $4,365 increase in the Elections and Recorder departments primarily associated with primary and general elections held during the year, and $1,387 increase in facilities management department due to higher operating costs.

- An increase of $13,056 in culture and recreation expenditures as a result of two property acquisitions, Stardust property and Painted Hills.

Other financing sources-installment note increased $11,500 from two notes payable: one financing $7,000 towards the acquisition of Stardust property, and the other financing $4,500 towards purchase of the Painted Hills property.

Transfers in decreased $14,659 in the current year, primarily due to a one-time transfer in of $18,500 from residual Pima Health Services transition monies in the prior year.

Transfers (out) increased $7,523, primarily due to transfers out of $6,117 to the information technology fund, an internal services fund, in accordance with a budget initiative to provide capital and operating costs in support of the County's information technology infrastructure.

The $54,385 increase in revenues, the $27,441 increase in expenses, and a total net increase of $10,667 in other financing uses yielded an increase of $16,277 in net change in fund balance, which ended the year at $52,125.

Budget to Actual Comparison for the General Fund

Overall, actual revenues were lower than budgeted revenues by $251 and actual expenditures were less than budgeted expenditures by $23,977.

Actual expenditures for the General Fund were less than budgeted, primarily within General government- County Administration. The Board of Supervisors' contingency is available to respond to changing needs or unforeseen circumstances. The under budget variance was primarily due to the contingency expenditures being $25,480 less than budgeted.

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

Capital Projects Fund

Revenues for the Capital Projects Fund decreased $3,089, primarily due to a $7,000 decrease in Regional Transportation Authority revenue that was partially offset by an increase in state and city revenue of $4,501.

Expenditures (capital outlays) decreased $34,958. This variance results from decreases in capital expenditures from prior year programs. In fiscal year 2013-14, $15,000 more was spent on telecommunications equipment than in fiscal year 2014-15; additionally, transportation project expenditures reported a decrease of $8,057 in the current year, as indicated in the analysis of the governmental activities.

The $72,025 face amount of long-term debt issued represents a decrease of $6,135 from fiscal year 2013-14. Proceeds received included $57,025 from certificates of participation and $15,000 from general obligation bonds.

Transfers out decreased by $16,082 primarily due to a reduction of transfers out to RWR. Fiscal year 2014-2015 had a transfer out to RWR of $28,651 from the 2015 COPs, the prior fiscal year had a transfer out to RWR of $51,404. There was also an $11,979 transfer to Parking Garages for construction of the garage at the new Public Service Center.

The $3,089 decrease in revenues, the $34,958 decrease in expenses and a total decrease of $5,328 in other financing sources yield an increase of $26,541in net change in fund balance in the current year.

Debt Service Fund

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

Revenues for the Debt Service Fund decreased $5,691 primarily due to a decrease in property tax revenues as a result of a decreasing secondary property tax rate. Expenditures for the Debt Service Fund decreased $31,631 mainly from a decrease in principal payments. Please see Note 7 beginning on page 65 for more information on bond and certificate of participation details.

Issuance of refunding debt was $13,685, an increase of $4,880. The refunding consisted of $13,685 for 2015 HURF bonds. The issuance was used to refund part of the remaining debt of the 2005 HURF bond series.

Payments to escrow agents increased to $15,250, an increase of $5,119 from $10,131 in the prior year. These payments were deposited into the trust account and used to pay the defeasance costs for the partial refunding of the 2005 HURF bond series.

Transfers in decreased by $6,650, mainly due to a decrease of $15,350 from RWR COPs 2013A that was partially offset by $4,060 from General Fund COPS 2014.

The resulting fund balance of $8,424 reflects a $576 increase from prior year.

Major Proprietary Fund

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

A significant change in the Fund's net position is the restatement of net position at July 1, 2014, due to the implementation of GASB Statement No. 68 *Accounting and Financial Reporting for Pension*, resulting in a decrease of $39,705. Significant changes during the fiscal year that also reduced the fund's net position included a loss of $27,554 due to the closure of the Randolph Park Wastewater Reclamation Facility. Net transfers resulted in a decrease of $7,189, and capitalized interest expense increased by $5,558.

Operating revenues of $159,959 represent a decrease of $1,717 (1.1%) over the previous year, due to a decrease of $941in other revenues and a decrease of $776 in charges for services.

Operating expenses of $134,671 increased $9,511 (7.6%) over the prior year, mainly due to an increase of $4,372 for consultants and professional services, and an increase of $3,478 for repair and maintenance.

The deficit in total nonoperating revenues increased $28,333 primarily due to loss on disposal of capital assets resulting from the Randolph Park Reclamation Facility closure of $27,554.

Transfers in decreased by $22,753, mainly because the prior fiscal year included a cash transfer from the 2013 COPs. Transfers out decreased by $15,564 as the prior fiscal year funded a debt service payment of $34,645 representing the first principal payment of the 2013A COPs, and the current fiscal year transfers funded a debt service payment of $20,728.

The increase in net position of $2,211 together with the decrease resulting from the restatement of net position at July 1, 2014, of $39,705, brings the total net position to $723,537 at fiscal year-end.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets consists of land, buildings and improvements, sewage conveyance systems, infrastructure, equipment, and construction in progress.

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

Governmental and Business-type Activities
Capital Assets
As of June 30, 2015 and 2014

	Governmental Activities			Business-type Activities			Total		
	FY2015	FY2014	Variance	FY2015	FY2014	Variance	FY2015	FY2014	Variance
Land	$ 521,049	$ 499,163	$ 21,886	$ 13,994	$ 12,630	$ 1,364	$ 535,043	$ 511,793	$ 23,250
Construction in progress	104,275	212,314	(108,039)	50,204	63,730	(13,526)	154,479	276,044	(121,565)
Buildings and improvements	593,714	478,182	115,532	624,068	651,642	(27,574)	1,217,782	1,129,824	87,958
Infrastructure	675,035	667,302	7,733				675,035	667,302	7,733
Sewage conveyance systems				457,524	439,754	17,770	457,524	439,754	17,770
Equipment	117,163	108,708	8,455	95,830	88,653	7,177	212,993	197,361	15,632
Total	$ 2,011,236	$ 1,965,669	$ 45,567	$ 1,241,620	$ 1,256,409	$ (14,789)	$ 3,252,856	$ 3,222,078	$ 30,778

The County's total capital assets increased $30,778 (1.0%). The most significant changes were: buildings and improvements increased $87,958 (7.8%), land increased $23,250 (4.5 %), equipment increased $15,632 (7.9%), and conveyance systems increased by $17,770 (4.0%); these increases were partially offset by a decrease of $121,565 (44.0%) in construction in progress.

Governmental activities

Capital assets of Governmental activities increased $45,567 (2.3%), with the increase resulting largely from the following activity:

- Acquisition of Painted Hills for $7,555.
- Purchase of land at Tucson Mountain Park for $1,211.
- Acquisition of Stardust property for $8,751.
- Completion of Roy Place building restoration project for $1,060.
- Completion of tenant improvements at Administration East building, 4th floor, for $1,051.
- Increase of $7,493 in building and improvements assets resulting from capitalization of the Public Service Center and other buildings.
- Increase in machinery and equipment of $8,455.

Business-type activities

Total capital assets decreased $14,789 (1.2%), mainly due to a decrease in building and improvements of $27,574, related to the closure of the Randolph Park Reclamation Facility. Construction in progress decreased $13,526 (21.2%) due in part to the capitalization of $3,667 for the Public Service garage, and $9,799 capitalizations in RWR.

Sewage conveyance systems increased $17,770, primarily due to the capitalization of $6,286 for the Conveyance Rehabilitation Program, $6,132 for North Rillito Interceptor Rehabilitation, and $6,306 in the program Minor Rehabilitation Projects 14/15.

Equipment increase of $7,177 is largely from the capitalization of $12,539 for Regional Optimization Master Plan Supervisory Control and Data Acquisition, partially offset by a decrease of $7,326 resulting from the disposal of equipment and machinery.

The County's infrastructure assets are recorded at historical cost and estimated historical cost in the government-wide financial statements. Additional information regarding the County's capital assets can be found in Note 5 of the financial statements on pages 61-62.

Long-term Debt

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

Long-Term Debt
For the Years Ended June 30, 2015 and 2014

	2015	2014
Bonds issued (at face value):		
General Obligation	$ 15,000	$ 10,000
Street and Highway Revenue	13,685	24,805
Sewer System Revenue Obligations		48,500
Certificates of Participation (COPs)	57,025	52,160
Installment note payable	11,500	239
Total	$ 97,210	$ 135,704

During the year, $15,000 of general obligation bonds were issued. The $15,000 of new debt issued in Series 2015 was for the purpose of funding various capital projects in the County. The County also issued $13,685 of transportation revenue bonds for a refunding transaction. This refunding resulted in an economic gain of $848 and a reduction in debt service payments of $857.

In addition, the County issued $57,025 in Certificates of Participation Series 2015. The County intends to use the proceeds to expand and improve the existing sewer system facilities. The County may also use a portion of the funds for other capital projects.

During the year, the County acquired Stardust and Painted Hills properties with at a total installment purchase contracts payable of $7,000 and $4,500, respectively.

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

Credit Ratings				
	Standard & Poor's		Fitch Ratings	
	Rating	Date	Rating	Date
Certificates of Participation (COPs)	A+	Feb-2015	AA-	Feb-2015
General Obligation	AA-	Feb-2015	AA	Feb-2015
Street and Highway Revenue	AA	Feb-2015	AA	Feb-2015
Sewer Revenue Bonds	AA	Mar-2014	AA	Dec-2013
Sewer Revenue Obligations	AA-	Jan-2014	AA-	Dec-2013

The State of Arizona Constitution limits the amount of general obligation debt a governmental entity may issue to 6.0% of its net assessed valuation without voter approval. However, Pima County has voter approval for general obligation debt up to 15.0%. The current debt limitation for Pima County is $1,136,985, which is significantly in excess of Pima County's outstanding general obligation debt.

Additional information regarding the County's debt can be found in Note 7 of the financial statements, on Pages 65-74.

Economic Factors and Next Year's Budget

Pima County is still contending with a slow, and at times, uneven recovery from the Great Recession. Like all governments in Arizona, Pima County has necessarily adjusted to reduced revenues and increased service demands during this time. The upcoming fiscal 2015-16 budget will be based largely on the County's response to a set of unique challenges from a variety of outside sources. Primary amongst these is the decision by the Arizona Legislature to balance the State Budget by transferring $23.2 million of fiscal year 2015-16 State costs to Pima County. These additional costs imposed by the State cause significant uncertainties in the development of the County budget and will impact all of Pima County's existing service priorities and programs, including law enforcement, healthcare and economic development. Recognizing this, the budget that was adopted by the Board of Supervisors for fiscal year 2015-16 is primarily a "maintenance of effort" budget, which will sustain the County's existing service priorities. The following discussion identifies other significant activities that are expected to affect the County in fiscal 2015-16.

State Budget Cost Shifts

In attempting to balance the State Budget this year, the Governor and Legislature have accelerated cost transfers to the counties throughout the State. However, Pima County will experience the largest increase this year than any other county in the State. The proposed new cost transfers to the County presently enacted into law equal up to $21.6 million. When added to last year's transfers, the total is $104.4 million for fiscal year 2015-16, or nearly 31% of the primary property tax levy. Immediate impacts of these cost transfers to the County budget include a two-percent across-the-board reduction in all County expenditures, a $5,000,000 reduction in funding for the Pavement Preservation Program and a primary property tax rate increase of $0.1098. The additional property tax revenues from the rate increase are anticipated to offset $8.1 million of State cost shifts to Pima County. However, the remaining $4.7 million to $13.5 million of these cost shifts must be absorbed within the County's fiscal year 2015-16 budget.

State Aid to Education Cost Shifts

A significant portion of the state cost transfers is the cost related to the State Aid to Education tax credit, which has been paid for by the State for the last 35 years. The County is currently mounting a legal challenge to this portion of the State budget. Although the County is hopeful that it will prevail in litigation in the future, an increase in the primary property tax rate of $0.1098 and levy of $8.1 million to partially offset the cost transfer has been adopted for fiscal year 2015-16. If the County prevails in its litigation, the primary property tax rate will be reduced next fiscal year.

Property Taxes

As previously mentioned, the fiscal year 2015-16 Adopted Budget relies on a $0.1098 increase in the primary property tax rate for the General Government over the fiscal year 2014-15 tax rate. The Library District secondary property tax rate will increase by $0.0800. Debt Service's secondary tax rate remains unchanged from fiscal year 2014-15 and the Regional Flood Control District secondary property tax rate increases by $0.0100. The total property tax rate for Pima County (excluding the State mandated Fire District Assistance Tax) increased from $5.7167 to 5.9165 per $100 of net taxable value, a net increase of $0.1998.

State Shared Revenues

State shared sales tax revenue is projected to increase by $1.86 million in fiscal year 2015-16. This increase reflects a gradual recovery in the local economy and continued statewide economic growth.

Employee Benefits Costs

Over the years, Pima County has continued to change and upgrade its benefits package for employees. Over time, the cost to provide these benefits has steadily increased. As a comparison, the actual cost to the County for employee benefits in fiscal year 2003-04 totaled $65 million whereas the budgeted benefit costs in fiscal year 2015-16 totals nearly $139 million; resulting in an increase that is more than double the fiscal year 2003-04 amount. A significant portion of this increase is due to higher cost of employee medical insurance, retirement contributions and other benefit costs. Fiscal year 2015-16 aggregate benefits will increase in excess of $5 million over fiscal year 2014-15. The County will have to absorb these increases in the face of other budgetary challenges.

Rainy Day Funds

Maintaining a budget reserve has given the County a favorable bond rating which in turn has yielded substantial savings from lower interest payments on County bonds. The reserve has also enabled the County to minimize the negative fiscal impacts of a variety of unforeseen events over which the County has had little or no control. The General Fund Reserve for fiscal year 2015-16 totals $30,256,247. This reserve represents 5.6% of projected revenues for fiscal year 2015-16 compared to the ending fund balance of 3.6% of revenue last fiscal year. The reserve has been increased to accommodate a worst-case scenario of State Budget cost shifts totaling $21.6 million. If this reserve is not spent, it will represent the base ending fund balance for fiscal year 2015-16.

Requests for Information

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

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PIMA COUNTY

Basic Financial Statements

Exhibit A -1

PIMA COUNTY, ARIZONA
Statement of Net Position
June 30, 2015
(in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit SW Fair Commission
Assets				
Cash and cash equivalents	$ 402,263	$ 116,984	$ 519,247	$ 1,698
Property taxes receivable (net)	13,150		13,150	
Interest receivable	151	90	241	
Internal balances	(7,852)	7,852		
Due from other governments	49,471	416	49,887	
Accounts receivable (net)	9,975	19,245	29,220	
Inventories	2,158	2,383	4,541	32
Prepaids	7,149	116	7,265	71
Restricted assets:				
Cash and cash equivalents	789	76,102	76,891	1,450
Loans receivable	1,543		1,543	
Capital assets not being depreciated:				
Land	521,049	13,994	535,043	
Construction in progress	104,275	50,204	154,479	
Capital assets being depreciated (net):				
Buildings and improvements	593,714	624,068	1,217,782	3,172
Sewage conveyance system		457,524	457,524	
Equipment	117,163	95,830	212,993	397
Infrastructure	675,035		675,035	
Total assets	2,490,033	1,464,808	3,954,841	6,820
Deferred outflows of resources				
Pension	119,381	5,626	125,007	
Deferred charge on refunding	2,858		2,858	
Total deferred outflows of resources	122,239	5,626	127,865	
Liabilities				
Accounts payable	42,483	17,758	60,241	203
Interest payable	3	277	280	
Contract retentions	2,742		2,742	
Employee compensation	22,225	2,023	24,248	
Due to other governments	21	5	26	
Deposits and rebates	908		908	40
Unearned revenue	4,119	1,594	5,713	53
Noncurrent liabilities:				
Due within one year	104,634	47,526	152,160	
Due in more than one year	1,324,554	650,087	1,974,641	40
Total liabilities	1,501,689	719,270	2,220,959	336
Deferred inflows of resources				
Pension	70,168	7,721	77,889	
Total deferred inflows of resources	70,168	7,721	77,889	
Net Position				
Net investment in capital assets	1,385,996	592,351	1,978,347	3,569
Restricted for:				
Facilities, justice, library, tax stabilization, and community development	60,285		60,285	
Highways and streets	8,039		8,039	
Debt service		36,683	36,683	
Capital projects	64,612	7,980	72,592	
Regional wastewater		19,419	19,419	
Healthcare	28,610		28,610	
Unrestricted (deficit)	(507,127)	87,010	(420,117)	2,915
Total net position	$ 1,040,415	$ 743,443	$ 1,783,858	$ 6,484

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Activities
For the Year Ended June 30, 2015
(in thousands)

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary government:				
Governmental activities:				
General government	$ 259,734	$ 27,974	$ 30,208	$ 828
Public safety	188,189	12,883	6,541	398
Highways and streets	85,618	6,136	58,864	37,665
Sanitation	(4,882)		1,161	
Health	38,219	12,894	10,105	156
Welfare	93,524	200	190	
Culture and recreation	62,981	3,144	963	3,386
Education and economic opportunity	35,051	577	18,830	137
Amortization - unallocated	(6,237)			
Interest on long-term debt	27,696			
Total governmental activities	779,893	63,808	126,862	42,570
Business-type activities:				
Regional Wastewater Reclamation	184,884	172,597	35	5,854
Development Services	6,888	6,324		
Parking Garages	1,814	2,271		
Total business-type activities	193,586	181,192	35	5,854
Total primary government	$ 973,479	$ 245,000	$ 126,897	$ 48,424
Component unit:				
Southwestern Fair Commission	5,743	5,959	120	
Total component unit	$ 5,743	$ 5,959	$ 120	

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

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year, as restated

Net position at end of year

See accompanying notes to financial statements

Functions/Programs	Net (Expense) Revenue and Changes in Net Position — Primary Government: Governmental Activities	Business-type Activities	Total	Component Unit SW Fair Commission
Primary government:				
Governmental activities:				
General government	$ (200,724)		$ (200,724)	
Public safety	(168,367)		(168,367)	
Highways and streets	17,047		17,047	
Sanitation	6,043		6,043	
Health	(15,064)		(15,064)	
Welfare	(93,134)		(93,134)	
Culture and recreation	(55,488)		(55,488)	
Education and economic opportunity	(15,507)		(15,507)	
Amortization - unallocated	6,237		6,237	
Interest on long-term debt	(27,696)		(27,696)	
Total governmental activities	(546,653)		(546,653)	
Business-type activities:				
Regional Wastewater Reclamation		$ (6,398)	(6,398)	
Development Services		(564)	(564)	
Parking Garages		457	457	
Total business-type activities		(6,505)	(6,505)	
Total primary government	(546,653)	(6,505)	(553,158)	
Component unit:				
Southwestern Fair Commission				336
Total component unit				$ 336
General revenues:				
Property taxes, levied for general purposes	317,682		317,682	
Property taxes, levied for regional flood control district	20,455		20,455	
Property taxes, levied for library district	32,771		32,771	
Property taxes, levied for debt service	52,630		52,630	
Hotel/motel taxes, levied for sports facility and tourism	6,155		6,155	
Other taxes, levied for stadium district	1,536		1,536	
Unrestricted share of state sales tax	105,522		105,522	
Unrestricted share of state vehicle license tax	24,976		24,976	
Grants and contributions not restricted to specific programs	4,562		4,562	
Interest and penalties on delinquent taxes	6,164		6,164	
Investment earnings (loss)	1,931	903	2,834	(17)
Miscellaneous	16,889	549	17,438	83
Transfers	(17,133)	17,133		
Total general revenues and transfers	574,140	18,585	592,725	66
Change in net position	27,487	12,080	39,567	402
Net position at beginning of year, as restated	1,012,928	731,363	1,744,291	6,082
Net position at end of year	$ 1,040,415	$ 743,443	$ 1,783,858	$ 6,484

See accompanying notes to financial statements

Exhibit A - 3

PIMA COUNTY, ARIZONA
Balance Sheet - Governmental Funds
June 30, 2015
(in thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 60,743	$ 149,153	$ 7,822	$ 68,276	$ 285,994
Property taxes receivable (net)	9,577		1,837	1,736	13,150
Interest receivable	34	23	34	36	127
Due from other funds	2,999	131		813	3,943
Due from other governments	20,932	8,983		19,478	49,393
Accounts receivable	1,938	1,698		3,728	7,364
Inventory				1,453	1,453
Prepaid expenditures	2,510			1,017	3,527
Loan receivable	1,543				1,543
Restricted cash and cash equivalents		744		45	789
Total assets	$ 100,276	$ 160,732	$ 9,693	$ 96,582	$ 367,283
Liabilities, deferred inflows of resources and fund balances					
Liabilities:					
Accounts payable	$ 13,269	$ 12,991	$ 1	$ 12,194	$ 38,455
Interest payable				3	3
Contract retentions		2,742			2,742
Employee compensation	16,041	285		5,465	21,791
Due to other funds	712	7,990		3,136	11,838
Due to other governments	7			10	17
Deposits and rebates	159	744		5	908
Unearned revenue	1,696	106		2,317	4,119
Total liabilities	31,884	24,858	1	23,130	79,873
Deferred inflows of resources:					
Unavailable revenue - intergovernmental	8,767	4,665		10,688	24,120
Unavailable revenue - property taxes	7,014		1,268	1,306	9,588
Unavailable revenue - other	486	1,374		469	2,329
Total deferred inflows of resources	16,267	6,039	1,268	12,463	36,037
Total liabilities and deferred inflows of resources	48,151	30,897	1,269	35,593	115,910
Fund balances					
Nonspendable	4,053			2,515	6,568
Restricted		126,827		53,155	179,982
Committed		3,065		6,320	9,385
Assigned	194		8,424	3,769	12,387
Unassigned	47,878	(57)		(4,770)	43,051
Total fund balances	52,125	129,835	8,424	60,989	251,373
Total liabilities, deferred inflows of resources and fund balances	$ 100,276	$ 160,732	$ 9,693	$ 96,582	$ 367,283

PIMA COUNTY, ARIZONA

Exhibit A - 4

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

June 30, 2015

(in thousands)

Fund balances - total governmental funds		$ 251,373
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	$ 2,971,429	
Less accumulated depreciation	(1,008,253)	1,963,176
Long-term liabilities, such as pension liabilities and bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable	(510,068)	
Certificates of participation payable	(177,771)	
Leases and notes payable	(11,912)	
Compensated absences liability	(29,023)	
Landfill liability	(15,075)	
Pollution remediation liability	(294)	
Net pension liability	(644,592)	(1,388,735)
Deferred outflows and inflows of resources related to pensions and deferred charges on debt refundings are applicable to future periods and, therefore are not reported in the governmental funds.		
Deferred outflows of resources related to pensions	118,285	
Deferred inflows of resources related to pensions	(68,663)	
Deferred outflows for bond refunding	2,858	52,480
Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.		36,037
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, deferred outflow of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Net Position.		126,084
Net position of governmental activities		$ 1,040,415

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, 2015
(in thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	$ 324,840		$ 53,164	$ 53,367	$ 431,371
Licenses and permits	2,989			5,467	8,456
Intergovernmental	142,459	$ 23,038	12	131,119	296,628
Charges for services	41,253	4,728		14,241	60,222
Fines and forfeits	3,789			5,720	9,509
Investment earnings	225	462	181	287	1,155
Miscellaneous	6,167	1,276	12	8,225	15,680
Total revenues	521,722	29,504	53,369	218,426	823,021
Expenditures:					
Current:					
General government	217,325			39,006	256,331
Public safety	138,723			22,761	161,484
Highways and streets				39,664	39,664
Sanitation	1,290			1,113	2,403
Health	3,527			34,260	37,787
Welfare	93,211			207	93,418
Culture and recreation	30,915			38,072	68,987
Education and economic opportunity	12,274			22,006	34,280
Capital outlay		100,788			100,788
Debt Service - principal	149		81,705	79	81,933
- interest	11		26,424	4	26,439
- miscellaneous			863		863
Total expenditures	497,425	100,788	108,992	197,172	904,377
Excess (deficiency) of revenues over (under) expenditures	24,297	(71,284)	(55,623)	21,254	(81,356)
Other financing sources (uses):					
Installment note	11,500				11,500
Premium on bonds			5,949		5,949
Issuance of refunding debt			13,685		13,685
Payments to escrow agent			(15,250)		(15,250)
Face amount of long-term debt issued		72,025			72,025
Proceeds from sale of capital assets	15			104	119
Transfers in	9,533	31,335	54,839	25,790	121,497
Transfers (out)	(41,410)	(51,253)	(3,024)	(53,057)	(148,744)
Total other financing sources (uses)	(20,362)	52,107	56,199	(27,163)	60,781
Net change in fund balances	3,935	(19,177)	576	(5,909)	(20,575)
Fund balances at beginning of year, as restated	48,190	149,012	7,848	66,833	271,883
Changes in nonspendable fund balance:					
Change in inventory				50	50
Change in prepaids				15	15
Fund balances at end of year	$ 52,125	$ 129,835	$ 8,424	$ 60,989	$ 251,373

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2015
(in thousands)

Net change in fund balances - total governmental funds		$	(20,575)
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	$ 101,957		
Less current year depreciation	(69,046)		32,911
Debt proceeds provide current financial resources to governmental funds but issuing debt 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 premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Face amount of long-term debt issued	(72,025)		
Premium on bonds	(5,949)		
Proceeds from issuance of refunding bonds	(13,685)		
Debt service - principal payments	81,933		
Payments to escrow agent	15,250		
Installment note	(11,500)		
Amortization expense	6,237		
Deferred outflows - interest	(1,244)		(983)
Some revenues reported in the Statement of Activities do not represent the collection of current financial resources and therefore are not reported as revenues in the governmental funds. In addition, collections of some revenues in the governmental funds exceeded revenues reported in the Statement of Activities.			
Donations of capital assets	7,488		
Intergovernmental	7,154		
Property tax revenues	(1,668)		
Other	869		13,843
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	1,271		
Change in landfill liability	7,696		
Pollution remediation liability	345		
Net book value of capital asset disposals	(1,169)		
Other	65		8,208
County pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the County's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions is reported in the Statement of Activities.			
Pension contributions	41,464		
Pension expense	(75,995)		(34,531)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The incorporation of the external activities of these funds, and the elimination of profit/loss generated by primary government customers results in net revenue (expense) for governmental activities.			28,614
Change in net position of governmental activities		$	27,487

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Statement of Net Position - Proprietary Funds
June 30, 2015
(in thousands)

	Business-type Activities – Enterprise Funds: Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Assets				
Current assets:				
Cash and cash equivalents	$ 110,741	$ 6,243	$ 116,984	$ 116,269
Restricted cash and cash equivalents	27,014		27,014	
Interest receivable	86	4	90	24
Due from other funds	7,878		7,878	130
Due from other governments	410	6	416	78
Accounts receivable	18,941	304	19,245	2,611
Inventory	2,383		2,383	705
Prepaid expense	90	26	116	3,622
Total current assets	167,543	6,583	174,126	123,439
Noncurrent assets:				
Restricted cash and cash equivalents	49,088		49,088	
Loan receivable				10,000
Capital assets:				
Land	12,226	1,768	13,994	449
Buildings and improvements	739,850	27,608	767,458	18,969
Sewage conveyance system	751,093		751,093	
Equipment	139,942	1,580	141,522	49,250
Less accumulated depreciation	(472,540)	(10,111)	(482,651)	(23,955)
Construction in progress	50,201	3	50,204	3,347
Total capital assets (net)	1,220,772	20,848	1,241,620	48,060
Total noncurrent assets	1,269,860	20,848	1,290,708	58,060
Total assets	1,437,403	27,431	1,464,834	181,499
Deferred outflows of resources				
Pension	4,847	779	5,626	1,096
Total deferred outflows of resources	4,847	779	5,626	1,096
Liabilities				
Current liabilities:				
Accounts payable	17,363	395	17,758	4,028
Employee compensation	1,758	265	2,023	434
Interest payable	277		277	
Due to other funds	25	1	26	87
Due to other governments	5		5	4
Unearned revenue	1,594		1,594	
Current sewer revenue bonds and obligations payable	45,945		45,945	
Current portion of wastewater loans payable	1,581		1,581	
Current portion reported but unpaid losses				4,608
Current portion incurred but not reported losses				6,406
Total current liabilities	68,548	661	69,209	15,567
Noncurrent liabilities:				
Compensated absences payable	2,631	461	3,092	471
Loan payable				10,000
Contracts and notes	1,098		1,098	
Sewer revenue bonds and obligations payable	585,179		585,179	
Wastewater loans payable	16,564		16,564	
Reported but unpaid losses				11,628
Incurred but not reported losses				8,735
Net pension liability	38,041	6,113	44,154	8,605
Total noncurrent liabilities	643,513	6,574	650,087	39,439
Total liabilities	712,061	7,235	719,296	55,006
Deferred inflows of resources				
Pension	6,652	1,069	7,721	1,505
Total deferred inflows of resources	6,652	1,069	7,721	1,505
Net position				
Net investment in capital assets	571,503	20,848	592,351	48,060
Restricted for:				
Debt service	36,683		36,683	
Capital projects	7,980		7,980	
Healthcare				14,088
Regional wastewater reclamation	19,419		19,419	
Unrestricted	87,952	(942)	87,010	63,936
Total net position	$ 723,537	$ 19,906	$ 743,443	$ 126,084

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 8

Statement of Revenues, Expenditures and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2015
(in thousands)

	Business-type Activities Enterprise Funds			
	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Operating revenues:				
Charges for services	$ 159,453	$ 8,595	$ 168,048	$ 105,548
Other	506	43	549	2,426
Total net operating revenues	159,959	8,638	168,597	107,974
Operating expenses:				
Employee compensation	33,028	5,222	38,250	7,933
Operating supplies and services	7,248	70	7,318	8,437
Utilities	7,296		7,296	
Sludge and refuse disposal	1,628		1,628	
Repair and maintenance	9,745	104	9,849	1,568
Incurred losses				45,653
Insurance premiums				10,335
General and administrative	12,739	2,708	15,447	7,012
Consultants and professional services	11,739	377	12,116	4,743
Depreciation	51,248	221	51,469	4,749
Total operating expenses	134,671	8,702	143,373	90,430
Operating income (loss)	25,288	(64)	25,224	17,544
Nonoperating revenues (expenses):				
Intergovernmental revenue	499		499	
Investment earnings	874	29	903	767
Sewer connection fees	13,144		13,144	
Interest expense	(20,671)		(20,671)	
Gain/(loss) on disposal of capital assets	(29,542)		(29,542)	43
Total nonoperating revenues (expenses)	(35,696)	29	(35,667)	810
Income (loss) before contributions and transfers	(10,408)	(35)	(10,443)	18,354
Capital contributions	5,390		5,390	146
Transfers in	28,651	11,979	40,630	12,542
Transfers (out)	(21,422)	(2,075)	(23,497)	(2,428)
Change in net position	2,211	9,869	12,080	28,614
Net position at beginning of year, as restated	721,326	10,037	731,363	97,470
Net position at end of year	$ 723,537	$ 19,906	$ 743,443	$ 126,084

See accompanying notes to financial statements

Exhibit A - 9

PIMA COUNTY, ARIZONA
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2015
(in thousands)

	Business-Type Activities Enterprise Funds 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				$ 106,092
Cash received from customers for goods and services provided	$ 158,144	$ 8,489	$ 166,633	
Cash received from miscellaneous operations	506		506	2,477
Cash payments to suppliers for goods and services	(38,008)	(1,440)	(39,448)	(30,222)
Cash payments to other funds for goods and services	(14,190)	(1,929)	(16,119)	(5,511)
Cash payments for incurred losses				(55,137)
Cash payments to employees for services	(32,812)	(5,190)	(38,002)	(7,261)
Net cash provided by (used for) operating activities	73,640	(70)	73,570	10,438
Cash flows from noncapital financing activities:				
Cash transfers in from other funds	28,651		28,651	12,121
Cash transfers out to other funds	(21,048)	(2,075)	(23,123)	(2,417)
Loans with other funds	(7,858)		(7,858)	(1)
Intergovernmental revenues	499		499	
Net cash provided by (used for) noncapital financing activities	244	(2,075)	(1,831)	9,703
Cash flows from capital and related financing activities:				
Principal paid on bonds and loans	(40,980)		(40,980)	
Interest paid on bonds and loans	(28,844)		(28,844)	
Sewer connection fees	12,480		12,480	
Proceeds from sale of capital assets				370
Transfers received for capital acquisition		11,979	11,979	
Purchase of capital assets	(56,651)	(11,979)	(68,630)	(11,464)
Net cash used for capital and related financing activities	(113,995)		(113,995)	(11,094)
Cash flows from investing activities:				
Interest received on cash and investments	982	34	1,016	815
Net cash provided by investing activities	982	34	1,016	815
Net increase (decrease) in cash and cash equivalents	(39,129)	(2,111)	(41,240)	9,862
Cash and cash equivalents at beginning of year	225,972	8,354	234,326	106,407
Cash and cash equivalents at end of year	$ 186,843	$ 6,243	$ 193,086	$ 116,269

(continued)

PIMA COUNTY, ARIZONA
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2015
(in thousands)

Exhibit A - 9.1

(continued)

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	Business-Type Activities Enterprise Funds: Regional Wastewater Reclamation	Business-Type Activities Enterprise Funds: Other Enterprise Funds	Business-Type Activities Enterprise Funds: Total Enterprise Funds	Governmental Activities- Internal Service Funds
Operating income (loss)	$ 25,288	$ (64)	$ 25,224	$ 17,544
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	51,248	221	51,469	4,749
Changes in assets and deferred outflows of resources:				
Decrease (increase) in assets:				
Accounts receivable	(902)	(149)	(1,051)	533
Due from other governments	(407)		(407)	63
Inventory and other assets	(505)		(505)	12
Prepaid expense	(36)	(6)	(42)	(2,469)
Decrease in deferred outflows of resources:				
Pension plans	(2,367)	(381)	(2,748)	(535)
Changes in liabilities and deferred inflows of resources:				
Increase (decrease) in liabilities:				
Accounts payable	(1,264)	(104)	(1,368)	(533)
Due to other funds		1	1	
Due to other governments	2		2	4
Reported but unpaid losses				(5,485)
Incurred but not reported losses				(3,999)
Net pension liability	(4,145)	(667)	(4,812)	(937)
Other liabilities	76	10	86	(14)
Increase in deferred inflows of resources:				
Pension plans	6,652	1,069	7,721	1,505
Net cash provided by (used for) operating activities	$ 73,640	$ (70)	$ 73,570	$ 10,438

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2015:

Regional Wastewater Reclamation Enterprise Fund received developer-built conveyance systems with an estimated fair value of $5,143. These contributions were recorded as an increase in capital assets and capital contributions.

Regional Wastewater Reclamation Enterprise Fund retired capital assets with a net book value of $29,542.

Regional Wastewater Reclamation Enterprise Fund transferred out assets with a net book value of $374 to the County's Internal Service Funds.

Regional Wastewater Reclamation Enterprise Fund retired expired Sewer Credit Agreements totaling $247. These transactions were recorded as a decrease in unearned revenue and an increase in capital contributions.

Other Enterprise Funds retired fully depreciated capital assets with an original cost of $330.

Internal Service Funds had an exchange of unequal sized parcels of land. The parcel obtained in the exchange was valued at $271. The parcel given up had a value of $417.

Internal Service Funds received a transfer in of capital assets from Regional Wastewater Reclamation Fund with a net book value of $374.

Internal Service Funds received capital contributions with a net book value of $146 from General Government.

Internal Service Funds sold capital assets with a net book value of $180 and donated a capital asset with a net book value of $1.

Exhibit A - 10

PIMA COUNTY, ARIZONA
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2015
(in thousands)

	Investment Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	$ 229,269	$ 68,649
Interest receivable	62	
Due from other governments		163
Total assets	$ 229,331	$ 68,812
Liabilities		
Employee compensation		$ 104
Due to other governments		40,181
Deposits and rebates		28,527
Total liabilities		$ 68,812
Net position		
Held in trust for pool participants	$ 229,331	

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 11

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2015
(in thousands)

	Investment Trust Funds
Additions	
Contributions from participants	$ 2,268,651
Total contributions	2,268,651
Investment earnings	580
Total investment earnings	580
Total additions	2,269,231
Deductions	
Distributions to participants	2,184,552
Total deductions	2,184,552
Change in net position	84,679
Net position held in trust July 1, 2014	144,652
Net position held in trust June 30, 2015	$ 229,331

See accompanying notes to financial statements

Note 1: Summary of Significant Accounting Policies

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

For the year ended June 30, 2015, the County implemented the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, and GASB Statement No. 69, Government Combinations and Disposals of Governmental Operations. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits. GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The implementation of GASB Statement No. 69 had no impact on the County's fiscal year 2014-15 financial statements and therefore no additional note disclosures were required.

A. Reporting Entity

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

Component units are legally separate entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are so intertwined with the County that they are in substance part of the County's operations. Component units should be blended in the County's financial statements when the component unit's governing body is substantively the same as the County's governing body and there is either a financial benefit or burden relationship between the County and the component unit or County management has operational responsibility for it; the component unit provides services entirely, or almost entirely, to the County; or the component unit's total debt outstanding is expected to be repaid entirely or almost entirely with the County's resources. Therefore, data from these units is combined with data of the County. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County. Each blended and discretely presented component unit discussed below has a June 30 year-end.

The following describes the County's component units:

The Pima County Stadium District, a legally separate entity, was created in 1991 when the Board of Supervisors adopted a resolution to create the Stadium District to manage Kino Sports Complex. The District is a tax-levying, public improvement district and political taxing subdivision of the state of Arizona. The Stadium District, in conjunction with Pima County government, maintains the fiscal resources of the entire complex including facilities, grounds, personnel and the various services provided at the venue. Kino Sports Complex, which covers 155 acres, is the largest professional sports and entertainment venue of its kind in Pima County. The facility hosts youth athletics, amateur and professional sports, concerts and community events on its fields. The County Board of Supervisors serves as the Board of Directors of the District. Acting in the capacity of the Board of Directors, the Pima County Board of Supervisors is able to impose its will on the District. The Board of Directors levies the car rental surcharge rates and the recreational vehicle (RV) park tax for the District. The District is reported as a special revenue fund (blended component unit) in these financial statements. Complete financial statements for the District can be obtained from the Pima County Department of Finance and Risk Management located at 130 West Congress Street, Tucson, Arizona 85701.

The Pima County Library District was established in 1986 when legislation allowed full taxing authority and the ability to enter into agreements with other jurisdictions for the provision of library services. The Library District provides and maintains library services for the County's residents. The Pima County Board of Supervisors is the

Note 1: Summary of Significant Accounting Policies (continued)

Board of Directors of the District. The Library District is reported as a special revenue fund (blended component unit) in these financial statements. Separate financial statements for the District are not available.

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

The Pima County Street Lighting Districts (SLDs) operate and maintain street lighting for specific regions in areas outside local city jurisdictions. The Pima County Board of Supervisors serves as the Board of Directors. SLDs are reported as a special revenue fund in these financial statements and meet substantively the same criteria as blended component units. Separate financial statements for the SLDs are not available.

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

Related Organization:

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

B. Basis of Presentation

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

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

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

Note 1: Summary of Significant Accounting Policies (continued)

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

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

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

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

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

The County reports the following major governmental funds:

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

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

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

The County reports the following major enterprise fund:

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

The County also reports the following fund types:

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

Note 1: Summary of Significant Accounting Policies (continued)

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

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

C. Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The agency funds are custodial in nature and do not have a measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

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

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

D. Cash and Investments

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

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

E. Inventories and Prepaids

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

(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

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

The County accounts for its inventories in the OEM Radio System Fund using the purchases method. Inventories of the OEM Radio System Fund consist of spare parts for the fixed network equipment held for consumption and are recorded as expenditures at the time of purchase. These inventories are stated at cost using the first-in, first-out method or average cost method.

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

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

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

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 fair market value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	All	N/A	N/A
Land improvements (Reported in buildings and improvements)	All	Straight Line	20 - 30 Years
Buildings and improvements	$100	Straight Line	10 - 50 Years
Equipment	$5	Straight Line	4 - 25 Years
Infrastructure/Sewer conveyance systems	$100	Straight Line	10 - 50 Years
Intangible (Reported in land and infrastructure)	$100	Straight Line	Varies
Software (Reported in equipment)	$5,000	Straight Line	Varies

Note 1: Summary of Significant Accounting Policies (continued)

Discretely presented component unit:

The Southwestern Fair Commission, Inc. capital assets are reported at actual cost. Depreciation is calculated using the straight-line method over the assets' estimated useful life, which range from 3 to 40 years.

H. Deferred Outflows and Inflows of Resources

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as a revenue in future periods.

I. Fund Balance Classifications

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

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

The unrestricted fund balance category is composed of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations that the County's Board of Supervisors, the highest level of decision-making authority within the County, approved by formal action (ordinance). Only the Board can remove or change the constraints placed on committed fund balances. This approval must be given at a regular supervisory meeting by taking the same type of action it employed to previously commit those amounts.

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

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

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

J. Investment Earnings

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

Note 1: Summary of Significant Accounting Policies (continued)

K. Compensated Absences

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

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

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

In addition, since vacation and sick leave used by employees within the first two pay periods after fiscal year-end is paid for with current financial resources, a compensated absences liability for these amounts is reported in the governmental funds' financial statements within Employee Compensation.

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(in thousands)

Note 2: Change in Accounting Principle and Correction of a Misstatement - Prior Period Adjustment.

Net Position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* as amended by GASB Statement No. 71, *Pensions Transition for Contributions Made Subsequent to the Measurement Date.* In addition, the School Reserve's governmental activities net position at July 1, 2014, has been restated for adjustments affecting the cumulative results of operations due to error in the prior year's financial statements.

	Governmental Activities	Business-type Activities	Major Enterprise Fund	Nonmajor Enterprise Funds	Nonmajor Governmental Funds	Internal Service Funds
Net position/fund balance as previously reported at June 30, 2014	$ 1,582,370	$ 777,448	$ 761,031	$ 16,417	$ 66,854	$ 106,451
Prior period adjustment						
Implementation of GASB 68:						
Net pension liability (measurement date as of June 30, 2013)	(609,604)	(48,964)	(42,185)	(6,779)		(9,542)
Deferred outflows - county contributions made during fiscal year 2014	40,183	2,879	2,480	399		561
Other:						
School Reserve reporting error	(21)				(21)	
Total prior period adjustment	(569,442)	(46,085)	(39,705)	(6,380)	(21)	(8,981)
Net position/fund balance as restated, July 1, 2014	$ 1,012,928	$ 731,363	$ 721,326	$ 10,037	$ 66,833	$ 97,470

Note 3: Cash and Investments

Primary Government

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

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

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

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

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

Custodial credit risk—Statutes require a pooled collateral program for public deposits and a Statewide Collateral Pool Administrator (Administrator) in the State Treasurer's Office. The purpose of the pooled collateral program is to ensure that governmental entities' public deposits placed in participating depositories are secured with collateral of 102 percent of the public deposits, less any applicable deposit insurance. An eligible depository may not retain or accept any public deposit unless it has deposited the required collateral with a qualified escrow agent or the Administrator. The Administrator manages the pooled collateral program, including reporting on each depository's compliance with the program.

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

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

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

Deposits—At June 30, 2015, the carrying amount of the County's deposits was $76,765, and the bank balance was $56,588.

(in thousands)

Note 3: Cash and Investments (continued)

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, 2015, $3,568 of the County's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments—At June 30, 2015, the County's investments consisted of $344,840 invested in marketable securities and $472,404 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, 2015, credit risk for the County's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
Commercial paper	A- 1/P1	S&P / Moody's	$ 14,985
Corporate bonds	BBB-/Baa3	S&P / Moody's	232,797
Municipal bonds	Unrated		5,818
Federal Farm Credit Bank	AA+/Aaa	S&P / Moody's	24,053
Federal Home Loan Bank	AA+/Aaa	S&P / Moody's	33,089
Money market mutual fund	AAAm/Aaa-mf	S&P / Moody's	29,088
		Marketable securities	339,830
State Treasurer Investment Pool 5	AAAf/S1+	S&P	248,520
State Treasurer Investment Pool 500	Unrated		101,273
State Treasurer Investment Pool 7	Unrated		122,611
	State Treasurer's Investment Pool		472,404
Total			$ 812,234

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 $817,244 of investments, $315,752, consisting of the commercial paper, corporate bonds, municipal bonds, Federal Farm Credit Bank, Federal Home Loan Bank, and U.S. Treasury notes, is uninsured and held by a counterparty in the County's name in book entry form.

(in thousands)

Note 3: Cash and Investments (continued)

Concentration of credit risk—The County has no formal policy with respect to limiting the amount the Treasurer may invest in any one issuer. The County's exposure as of June 30, 2015 is less than 5% per issuer.

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

As of June 30, 2015, the County had the following investments:

Investment Type		Amount	Weighted Average Maturity (Years)
State Treasurer Investment Pool 5	$	248,520	0.15
State Treasurer Investment Pool 500		101,273	4.41
State Treasurer Investment Pool 7		122,611	0.10
Commercial paper		14,985	0.41
Corporate bonds		232,797	1.48
Municipal bonds		5,818	2.03
Federal Farm Credit Bank		24,053	1.13
Federal Home Loan Bank		33,089	2.12
U.S. Treasury Notes		5,010	2.03
Money market mutual fund		29,088	0.11
Total	$	817,244	

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:	$	47	$	76,765	$	817,244	$	894,056

		Governmental Activities		Business-type Activities		Investment Trust Funds		Agency Funds		Totals
Statement of Net Position:										
Cash and cash equivalents	$	402,263	$	116,984	$	229,269	$	68,649	$	817,165
Restricted cash and cash equivalents		789		76,102						76,891
Total	$	403,052	$	193,086	$	229,269	$	68,649	$	894,056

County Treasurer's Investment Pool—Arizona Revised Statutes require community colleges, school districts, and other local governments to deposit certain public monies with the County Treasurer. The County Treasurer has a fiduciary responsibility to administer those and the County monies under her stewardship. The County Treasurer invests, on a pool basis, all monies not specifically invested for a fund or program. In addition, the County Treasurer determines the fair value of those pooled investments annually at June 30. The County Treasurer's Investment Pool is not registered with the Securities and Exchange Commission as an investment

(in thousands)

Note 3: Cash and Investments (continued)

company and there is no regulatory oversight of its operations. The structure of the Pool does not provide for shares and the County has not provided or obtained any legally binding guarantees to support the value of the participants' investments. The County Treasurer allocates interest earnings to each of the Pool's participants. Substantially, all deposits and investments of the County's primary government are included in the County Treasurer's investment pool. Therefore, the deposit and investment risks of the Treasurer's investment pool are substantially the same as the County's deposit and investment risks disclosed above.

The Pool's assets consist of the following:

	Principal	Interest Rates	Maturities	Fair Value
Commercial paper	$ 15,000	0.00%	10/15-12/15	$ 14,985
Corporate bonds	225,728	0.40-7.13%	09/15-12/18	232,797
Municipal bonds	5,710	0.95-1.50%	07/17	5,818
Federal Farm Credit Bank	24,000	0.35-0.80%	11/15-2/17	24,053
Federal Home Loan Bank	33,000	0.28-2.00%	12/15-04/19	33,089
U.S. Treasury Notes	5,000	0.75%	06/17	5,010
State Treasurer Investment Pool 5	156,743	N/A	N/A	156,743
Deposits	45,467	N/A	N/A	45,467
Interest receivable	62	N/A	N/A	62
Total assets				$ 518,024

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	$ 417,481
External participants	100,543
Total assets	518,024
Total liabilities	
Total net position held in trust	$ 518,024
Statement of Changes in Net Position	
Total additions	$ 5,866,075
Total deductions	(5,849,328)
Net increase	16,747
Net position held in trust:	
July 1, 2014	501,277
June 30, 2015	$ 518,024

(in thousands)

Note 4: Fund Balance Classification of the Governmental Funds

The table below details the fund balance categories and classifications:

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	CAFR Total
Fund Balance:					
Nonspendable:					
Inventory				$ 1,453	$ 1,453
Prepaid expenditures	$ 2,510			1,017	3,527
Loan receivable	1,543				1,543
Permanent fund principal				45	45
Total nonspendable	4,053			2,515	6,568
Restricted for:					
Flood Control District		$ 16,406		8,098	24,504
Health				5,584	5,584
Judicial activities				20,028	20,028
Justice Court /Public Service Center		8,191			8,191
Law enforcement				2,810	2,810
Library District				6,517	6,517
Pima animal care		4,009			4,009
Sanitation		31,368			31,368
School reserve				493	493
Streets and highways		44,773		6,816	51,589
Waste Tire				1,435	1,435
Other purposes		22,080		1,374	23,454
Total restricted		126,827		53,155	179,982
Committed to:					
Judicial activities				124	124
Parks and recreation		10		1,236	1,246
School reserve				283	283
Sports promotion (Stadium)				1,213	1,213
Other purposes		3,055		3,464	6,519
Total committed		3,065		6,320	9,385
Assigned to:					
Debt service reserve			$ 8,424		8,424
Health				1,665	1,665
Law enforcement	190			1,368	1,558
Parks and recreation	4				4
School reserve				562	562
Other purposes				174	174
Total assigned	194		8,424	3,769	12,387
Unassigned:	47,878	(57)		(4,770)	43,051
Total Fund Balance	$ 52,125	$ 129,835	$ 8,424	$ 60,989	$ 251,373

(in thousands)

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 499,163	$ 22,392	$ (506)	$ 521,049
Construction in progress	212,314	85,901	(193,940)	104,275
Total capital assets not being depreciated	711,477	108,293	(194,446)	625,324
Capital assets being depreciated:				
Buildings and improvements	693,391	136,128	(283)	829,236
Infrastructure	1,332,681	46,457	(1,812)	1,377,326
Equipment	194,395	24,191	(7,028)	211,558
Total capital assets being depreciated	2,220,467	206,776	(9,123)	2,418,120
Less accumulated depreciation for:				
Buildings and improvements	(215,209)	(20,455)	142	(235,522)
Infrastructure	(665,379)	(38,305)	1,393	(702,291)
Equipment	(85,687)	(15,035)	6,327	(94,395)
Total accumulated depreciation	(966,275)	(73,795)	7,862	(1,032,208)
Total capital assets being depreciated, net	1,254,192	132,981	(1,261)	1,385,912
Governmental activities capital assets, net	$ 1,965,669	$ 241,274	$ (195,707)	$ 2,011,236

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 12,630	$ 1,364		$ 13,994
Construction in progress	63,730	63,494	$ (77,020)	50,204
Total capital assets not being depreciated	76,360	64,858	(77,020)	64,198
Capital assets being depreciated:				
Buildings and improvements*	851,787	28,346	(112,675)	767,458
Sewage conveyance systems	721,515	33,117	(3,539)	751,093
Equipment	132,469	16,922	(7,869)	141,522
Total capital assets being depreciated	1,705,771	78,385	(124,083)	1,660,073
Less accumulated depreciation for:				
Buildings and improvements	(200,145)	(28,270)	85,025	(143,390)
Sewage conveyance systems	(281,761)	(13,980)	2,172	(293,569)
Equipment	(43,816)	(9,219)	7,343	(45,692)
Total accumulated depreciation	(525,722)	(51,469)	94,540	(482,651)
Total capital assets being depreciated, net	1,180,049	26,916	(29,543)	1,177,422
Business-type activities capital assets, net	$ 1,256,409	$ 91,774	$ (106,563)	$ 1,241,620

* The Regional Wastewater Reclamation Enterprise Fund closed the Randolph Park Wastewater Reclamation Facility during the fiscal year with a net book value of $27,554.

(in thousands)

Note 5: Capital Assets (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:		
General government	$	12,459
Public safety		13,463
Highways and streets		34,475
Sanitation		377
Health		571
Welfare		92
Culture and recreation		6,758
Education and economic opportunity		851
Internal service funds		4,749
Total governmental activities depreciation expense	$	73,795
Business-type activities:		
Parking Garages	$	221
Regional Wastewater Reclamation Department		51,248
Total business-type activities depreciation expense	$	51,469

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Discretely presented component units:				
Southwestern Fair Commission (SFC):				
Capital assets being depreciated:				
Buildings and improvements	$ 6,465	$ 665		$ 7,130
Equipment	2,631	106		2,737
Total capital assets being depreciated	9,096	771		9,867
Less accumulated depreciation for:				
Buildings and improvements	(3,643)	(315)		(3,958)
Equipment	(2,186)	(154)		(2,340)
Total accumulated depreciation	(5,829)	(469)		(6,298)
Total capital assets being depreciated, net	3,267	302		3,569
SFC capital assets, net	$ 3,267	$ 302		$ 3,569

(in thousands)

Note 6: Claims, Judgments and Risk Management

Self-Insurance Trust Fund (SIT Fund)

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

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

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

Claims liabilities at June 30, 2015, for each insurable area are as follows:

Auto liability	$ 213
General liability	5,405
Workers' compensation	19,955
Medical malpractice	104
Environmental liability	1,500
	$ 27,177

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

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

Year	Balance July 1	Current-Year Claims and Changes in Estimates	Claims Payments	Balance June 30
2013-14	35,768	4,851	(6,458)	34,161
2014-15	34,161	(470)*	(6,514)	27,177

*This reduction is due to a decrease in the actuarial estimate for unpaid claims, which was greater than actual claims during the fiscal year ended June 30, 2015.

Health Benefits Self-Insurance Trust Fund (HBT Fund)

During fiscal year 2013-14, the County created the HBT Fund, an internal service fund, to account for the financing of the County's self-insured medical/pharmacy plan for employees and their dependents. The HBT Fund is responsible for collecting employer and employee premiums through payroll deductions and reimbursing Aetna, acting as a third-party administrator, for the payment of claims. The plan consists of two plan options, a High Deductible Health Plan and a Preferred Provider Organization Plan. The County purchases commercial stop-loss insurance coverage for claims in excess of coverage provided by the HBT Fund. Settled claims have not exceeded insurance coverage during the past 2 fiscal years.

(in thousands)

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

Claim liabilities are computed using a combination of two actuarial methods: the completion factor approach and the exposure approach. Accrued actuarial liabilities for the HBT Fund at June 30, 2015 for each plan option are as follows:

High-Deductible Health Plan:	
Medical	$ 1,805
Pharmacy	675
Preferred Provider Organization Plan:	
Medical	1,196
Pharmacy	524
	$ 4,200

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

Year	Balance July 1	Current-Year Claims and Changes in Estimates	Claims Payments	Balance June 30
2013-14*		$ 47,161	$ (40,461)	$ 6,700
2014-15	$ 6,700	46,123	(48,623)	4,200

* The HBT Fund began in fiscal year 2013-14

Litigation

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

Pollution Remediation

The County has estimated and reported an environmental liability of $294 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.

(in thousands)

Note 7: Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2015.

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due within 1 year
Governmental activities:					
General obligation bonds	$ 407,275	$ 15,000	$ 38,340	$ 383,935	$ 39,315
Unamortized premium/discount	8,731	731	2,099	7,363	1,848
Total general obligation bonds	416,006	15,731	40,439	391,298	41,163
Transportation revenue bonds	128,825	13,685	28,640	113,870	13,210
Unamortized premium/discount	4,256	1,750	1,106	4,900	1,599
Total transportation revenue bonds	133,081	15,435	29,746	118,770	14,809
Certificates of participation	138,900	57,025	29,680	166,245	31,240
Unamortized premium/discount	10,803	3,468	2,745	11,526	3,228
Total certificates of participation	149,703	60,493	32,425	177,771	34,468
Installment note payable	640	11,500	228	11,912	3,180
Total installment note payable	640	11,500	228	11,912	3,180
Net pension liabilities *	609,604	80,663	37,070	653,197	
Reported but unpaid losses (Note 6)	21,721	8	5,493	16,236	4,608
Incurred but not reported losses (Note 6)	19,140	46,115	50,114	15,141	6,406
Landfill closure and post-closure care costs (Note 9)	22,771		7,696 **	15,075	
Pollution remediation (Note 6)	639		345	294	
Compensated absences payable	30,842		1,348	29,494	
Total governmental activities long-term liabilities	$ 1,404,147	$ 229,945	$ 204,904	$ 1,429,188	$ 104,634

*There was a restatement of net position as a result of the implementation of GASB Statement No.68 (see Note 2).

** This reduction in landfill closure and post-closure costs was due to a change in actuarial estimate associated with the closure of the Tangerine landfill. This reduction in the estimate results in negative Sanitation expenses on the government-wide Statement of Activities (see Exhibit A-2).

(in thousands)

Note 7: Long-Term Liabilities (continued)

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due within 1 year
Business-type activities:					
Sewer revenue bonds	$ 137,650		$ 17,555	$ 120,095	$ 15,950
Unamortized premium/discount	781		515	266	259
Total revenue bonds payable	138,431		18,070	120,361	16,209
Sewer revenue obligations	494,130		21,890	472,240	22,740
Unamortized premium/discount	46,158		7,635	38,523	6,996
Total revenue obligations payable	540,288		29,525	510,763	29,736
Regional Wastewater Reclamation Loans payable	19,680		1,535	18,145	1,581
Total loans payable	19,680		1,535	18,145	1,581
Net pension liabilities *	48,964		4,810	44,154	
Contracts and notes	7,942	$ 9,344	16,188	1,098	
Compensated absences payable	3,175		83	3,092	
Total business-type activities long-term liabilities	$ 758,480	$ 9,344	$ 70,211	$ 697,613	$ 47,526

* There was a restatement of net position as a result of the implementation of GASB Statement No.68 (see Note 2).

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

GENERAL OBLIGATION BONDS OUTSTANDING

Governmental Activities

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

General obligation bonds payable at June 30, 2015, consisted of the outstanding general obligation bonds presented below. Of the total amounts originally authorized, $1,642 from the May 20, 1997, $5,610 from the May 18, 2004, $475 from the May 16, 2006, and $17,954 from November 4, 2014 bond elections remain unissued.

(in thousands)

Note 7: Long-Term Liabilities (continued)

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2015
Series of 2007	$ 95,000	3.00 - 4.50%	2016-21	July 1, 2017	$ 41,800
Series of 2008	100,000	4.00%	2016-22	July 1, 2018	58,500
Series of 2009	75,000	3.25 - 4.13%	2016-23	July 1, 2019	34,185
Series of 2009A	90,000	3.25 - 4.00%	2016-24	July 1, 2019	57,890
Series of 2009A Refunding	23,535	3.25%	2016		120
Series of 2011	75,000	2.25 - 5.00%	2016-26	July 1, 2021	41,210
Series of 2012A	60,000	2.00 - 4.00%	2016-27	July 1, 2022	41,500
Series of 2012B Refunding	16,225	2.00 - 3.00%	2016-17		8,055
Series of 2013A	50,000	1.75 - 4.00%	2016-28	July 1, 2023	44,115
Series of 2013B Refunding	38,575	3.00 - 4.00%	2016-20		34,085
Series of 2014	10,000	1.00 - 5.00%	2016-28	July 1, 2023	9,000
Series of 2015	15,000	2.00 - 4.00%	2016-29	July 1, 2025	13,475
G.O. bonds outstanding					383,935
Plus unamortized premium/discount:					7,363
		Total G.O. bonds outstanding			$ 391,298

The following schedule details general obligation bond debt service requirements to maturity at June 30, 2015.

Year Ending June 30,	Principal	Interest
2016	$ 39,315	$ 14,017
2017	41,445	12,802
2018	43,005	11,445
2019	40,475	9,873
2020	43,450	8,461
2021 - 2025	145,235	20,547
2026 - 2029	31,010	2,108
Total	$ 383,935	$ 79,253

REFUNDED GENERAL OBLIGATION BONDS

In prior years, the County defeased $1,200 of General Obligation Bonds, Series 2007 with County funds. County funds were placed in an irrevocable trust to provide for future debt service payments of the defeased debt. Accordingly, the trust account assets and liability for the defeased bonds are not included in the County's financial statements. At June 30, 2015, $1,200 of outstanding bonds are considered defeased.

(in thousands)

Note 7: Long-Term Liabilities (continued)

TRANSPORTATION BONDS PAYABLE

Governmental Activities

(Payments made from street and highway revenues)

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

During fiscal year 2014-15, the County defeased $14,955 of Transportation Bonds, Series 2005, by issuing $13,685 of Transportation Bonds that have an average life of 3.84 years and an average interest rate of 4.92%. This refunding transaction resulted in an economic gain of $848 and a reduction in debt service between the refunding debt and the refunded debt of $857. 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 following table presents amounts outstanding by issue.

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2015
Series of 2007	$ 21,000	3.25 - 4.75%	2016-22	July 1, 2017	$ 13,315
Series of 2008	25,000	3.50 - 4.50%	2016-22	July 1, 2018	18,285
Series of 2009	15,000	3.00 - 4.00%	2016-24	July 1, 2019	13,000
Series of 2009 Refunding	8,420	3.00 - 4.00%	2016-24	July 1, 2019	6,870
Series of 2012	18,425	3.00 - 5.00%	2016-27	July 1, 2022	15,565
Series of 2012 Refunding	14,520	4.00 - 5.00%	2016-18		9,120
Series of 2014	16,000	3.00 - 5.00%	2016-28	July 1, 2023	15,225
Series of 2014 Refunding	8,805	5.00%	2017-18		8,805
Series of 2015 Refunding	13,685	4.00 - 5.00%	2016-20		13,685
Transportation bonds outstanding					113,870
Plus unamortized premium/discount:					4,900
Total transportation bonds outstanding					$ 118,770

The following schedule details transportation bond debt service requirements to maturity at June 30, 2015.

Year Ending June 30,	Principal	Interest
2016	$ 13,210	$ 4,711
2017	14,585	4,146
2018	15,245	3,497
2019	14,160	2,825
2020	14,875	2,204
2021 - 2025	34,485	4,353
2026 - 2028	7,310	423
Total	$ 113,870	$ 22,159

Note 7: Long-Term Liabilities (continued)

Pima County has pledged future street and highway revenues, to repay $113,870 in transportation revenue bonds issued between 2007 and 2015. Proceeds from the bonds provide financing for construction of various highways and streets within Pima County. The bonds are payable from transportation revenues and are payable through 2028. Total principal and interest remaining to be paid on the bonds is $136,029. It is expected that approximately 35 percent of revenues will be used to pay annual principal and interest on the bonds. Prior year street and highway revenues are required to be greater than two times the maximum annual debt service payment. Principal and interest paid for bonds in the current year, the maximum principal and interest to be paid in any one future year, and total street and highway revenues for the prior fiscal year were $18,722, $18,742 and $49,212, respectively.

CERTIFICATES OF PARTICIPATION

Governmental Activities

(Payments made from General Fund revenues)

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

On February 4, 2010, the County issued Certificates of Participation Series 2010 for $20,000 to finance the replacement computer enterprise system composed of servers and other hardware, computer terminals, software and system training. The new enterprise system will serve the County with finance, budget, procurement, human resources, and material management systems.

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

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

On April 15, 2015, the County issued Certificates of Participation Series 2015 for $57,025 to expand and improve the County's existing sewer system facilities. The County may also use a portion of the funds for other capital projects.

(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details outstanding Certificates of Participation payable at June 30, 2015.

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2015
Series of 2007A	$ 28,765	5.00%	2016-22	July 1, 2017	$ 16,835
Series of 2010	20,000	4.00 - 5.25%	2016-19		9,830
Series of 2013A	80,175	5.00%	2016-23		24,195
Series of 2013B Refunding	12,705	5.00%	2016-18		7,955
Series of 2014	52,160	4.00 - 5.00%	2016-29	December 1, 2023	50,405
Series of 2015	57,025	1.00 - 5.00%	2016-19		57,025
Certificates of participation outstanding					166,245
Plus unamortized premium/discount:					11,526
Total certificates of participation outstanding					$ 177,771

The following schedule details debt service requirements to maturity for the County's Certificates of Participation payable at June 30, 2015.

Year Ending June 30,	Principal	Interest
2016	$ 31,240	$ 7,044
2017	26,955	5,910
2018	27,615	4,784
2019	22,695	3,557
2020	8,505	2,737
2021 - 2025	31,105	7,891
2026 - 2029	18,130	1,869
Total	$ 166,245	$ 33,792

INSTALLMENT NOTE PAYABLE

Governmental Activities

In prior years, the County acquired tasers and computer equipment under contract agreements at a total purchase price of $764 and $239, respectively. During fiscal year 2014-15, the County acquired Stardust and Painted Hills properties under contract agreements at a total purchase price of $8,750 with a down payment of $1,750, and at a total purchase price of $7,500 with a down payment of $3,000, respectively. The following schedule details debt service requirements to maturity for the County's installment note payable at June 30, 2015.

	Equipment		Land	
Year Ending June 30,	Principal	Interest	Principal	Interest
2016	$ 234	$ 10	$ 2,946*	$ 679
2017	178	4	2,216	506
2018			2,347	376
2019			2,423	237
2020			1,568	94
	$ 412	$ 14	$ 11,500	$ 1,892

* In September of 2015, the County made an additional payment of $902 on the installment note for the Painted Hills property.

(in thousands)

Note 7: Long-Term Liabilities (continued)

SEWER REVENUE BONDS, OBLIGATIONS, AND LOANS

Business-type Activities

(Payments made from user charges received in the RWR)

Pima County sewer revenue bonds, as presented below, were issued to provide monies to construct improvements to the County's Regional Wastewater Reclamation system and for the defeasance of prior sewer revenue bonds. As of June 30, 2015, the County has issued the total amounts originally authorized from the May 20, 1997 and May 18, 2004 bond elections.

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2015
Series of 2007	$ 50,000	4.00 - 5.00%	2016-26	July 1, 2017	$ 32,535
Series of 2008	75,000	4.00 - 5.00%	2016-23	July 1, 2018	68,945
Series of 2009	18,940	3.50 - 4.25%	2016-24	July 1, 2019	13,385
Series of 2011 Refunding	43,625	3.00 - 5.00%	2016		5,230
Sewer revenue bonds outstanding					120,095
Plus unamortized premium/discount:					266
Total sewer revenue bonds outstanding					$ 120,361

The following schedule details sewer revenue bond debt service requirements to maturity at June 30, 2015.

Year Ending June 30,	Principal	Interest
2016	$ 15,950	$ 5,057
2017	11,250	4,354
2018	11,810	3,886
2019	12,405	3,414
2020	13,025	2,914
2021 - 2025	51,925	5,983
2026	3,730	149
Total	$ 120,095	$ 25,757

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

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

(in thousands)

Note 7: Long-Term Liabilities (continued)

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

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2015
Series of 2010	$ 165,000	3.00 - 5.00%	2016-25	July 1, 2020	$ 161,000
Series of 2011B	189,160	5.00%	2016-26	July 1, 2021	154,120
Series of 2012A	128,795	1.75 - 5.00%	2016-27	July 1, 2022	111,185
Series of 2014	48,500	4.00 - 5.00%	2016-28	July 1, 2023	45,935
Sewer revenue obligations outstanding					472,240
Plus unamortized premium/discount:					38,523
Total sewer revenue obligations outstanding					$ 510,763

The following schedule details sewer revenue obligation debt service requirements to maturity at June 30, 2015.

Year Ending June 30,	Principal	Interest
2016	$ 22,740	$ 22,967
2017	36,170	21,989
2018	37,795	20,366
2019	39,615	18,548
2020	41,585	16,571
2021 - 2025	240,345	50,461
2026 - 2028	53,990	3,976
Total	$ 472,240	$ 154,878

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

Issue	Issue Amount	Interest Rate	Maturities	Outstanding June 30, 2015
2004 Loans payable	$ 19,967	1.81%	2016-24	$ 12,493
2009 Loans payable	8,002	0.96%	2016-24	5,652
Total loans payable				$ 18,145

(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details loans payable debt service requirements to maturity at June 30, 2015.

Year Ending June 30,	Principal	Interest
2016	$ 1,581	$ 529
2017	1,629	480
2018	1,679	430
2019	1,730	378
2020	1,783	324
2021 - 2024	9,743	759
Total	$ 18,145	$ 2,900

Pima County has pledged future user charges, net of specified operating expenses, to repay $120,095 in sewer revenue bonds issued between 2007 and 2011, $18,145 in sewer revenue loans issued between 2004 and 2009, and $472,240 in sewer revenue obligations issued between 2010 and 2014. Proceeds from the bonds, loans and obligations provided financing for construction of various treatment facilities and sewer infrastructure within Pima County. The bonds, loans and obligations are payable from net sewer revenues and are payable through fiscal year 2028. It is expected that approximately 71 percent of net revenues will be used to pay annual principal and interest payments on the bonds and obligations and approximately 2 percent of net revenues will be used to pay annual principal and interest on the loans. Total principal and interest remaining to be paid on the bonds, loans and obligations are $145,852, $21,045, and $627,118, respectively. Principal and interest paid for loans, bonds and obligations in the current year, and total customer net revenues were $2,134, $69,198, and $94,739, 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 in amounts set by each debt issue. At June 30, 2015, the RWR met the requirements of the debt covenants, including maintaining a surety bond. The County is also authorized to issue for the RWR additional parity bonds or revenue obligations if certain conditions are met, primarily that net revenues for parity bonds and pledged revenues for revenue obligations for the fiscal year immediately preceding issuance of the new debt 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.

(in thousands)

Note 7: Long-Term Liabilities (continued)

LEGAL DEBT MARGIN

County General Obligation Bonds

General obligation debt may not exceed 6 percent of the value of the County's taxable property as of the latest assessment. However, with voter approval, debt may be incurred up to 15 percent of the value of taxable property. Pima County has received voter approval for all general obligation debt. The legal debt margin at June 30, 2015, is as follows:

Net assessed valuation		$7,579,899
Debt limit (15% of net assessed valuation):		$1,136,985
Less amount of debt applicable to debt limit:		
General obligation bonds outstanding	$ 383,935	
Less fund balance in debt service fund available for payment of general obligation bond principal	(6,037)	377,898
Legal debt margin available		$ 759,087

Note 8: Short-Term Liabilities

LINE OF CREDIT

The County maintains a revolving line of credit with Bank of America National Trust and Savings Association to meet its short-term cash needs. At June 30, 2015, the County had an outstanding balance of $0. Advances on the line of credit are payable on demand. The credit line is secured by the County's general taxing authority.

	July 1, 2014 Balance	Draws	Repayments	June 30, 2015 Balance
Line of credit	$0	$50,000	$50,000	$0

(in thousands)

Note 9: Landfill Liabilities

Solid Waste Landfill Closure and Post-Closure Care Costs:

State and Federal laws and regulations require the County to place a final cover on its solid waste landfill sites when these sites stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after their closure. Although closure and post-closure care costs will not be paid until near or after the date the landfills stop accepting waste, the County records a portion of these closure and post-closure care costs as a long-term liability in each period, based on landfill capacity used as of each balance sheet date. The $15,075 reported as landfill closure and post-closure care long-term liability within the governmental activities represents the cumulative amount reported to date, based on the percentage used of each landfill's total estimated capacity. The County will recognize the remaining estimated cost of closure and post-closure care of $4,408 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, 2015; actual costs may change due to inflation, changes in technology, or changes in regulations.

Landfill Site	Capacity Used June 30, 2015	Estimated Remaining Service Life
Ajo	74%	36 Years
Sahuarita	58%	27 Years
*Tangerine	98%	1 Year

*The Tangerine Landfill stopped accepting waste from the public on December 1, 2013 but remains open for internal County waste disposal needs until its remaining capacity is fully used.

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

According to State and Federal laws and regulations, the County must comply with the local government financial test requirements that ensure the County can meet the costs of landfill closure, post-closure, and corrective action when needed. The County is in compliance with these requirements. The Ina Road Landfill facility is closed to municipal solid waste and only receives green waste and construction debris. It is not subject to the closure and post-closure cost requirements referred to above. Pima County estimates that it will cost approximately $11,121 when closure occurs and plans to fund the costs with proceeds of general obligation bonds. At this time, there is no closure date available.

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

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits

The County contributes to the Arizona State Retirement System (ASRS), the Corrections Officer Retirement Plan - Detention Officers (CORP), the Corrections Officer Retirement Plan - Administrative Office of the Courts (CORP AOC), the Public Safety Personnel Retirement System (PSPRS), consisting of Pima County Sheriffs and Pima County - County Attorney Investigators, and the Elected Officials Retirement Plan (EORP), all component units of the State of Arizona.

At June 30, 2015, the County reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-Type Activities	Total
Net pension liabilities	$ 653,197	$ 44,154	$ 697,351
Deferred outflows of resources	119,381	5,626	125,007
Deferred inflows of resources	70,168	7,721	77,889
Pension expense	81,256	3,099	84,355

The County's accrued payroll and employee benefits includes $2,375 of outstanding pension contribution amounts payable to all pension plans for the year ended June 30, 2015. Also, the County reported $80,652 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

The ASRS, CORP, CORP AOC, PSPRS - Pima County Sheriffs, and EORP plans are described below. The PSPRS, Pima County - County Attorney Investigators is not described due to its relative insignificance to the County's financial statements.

A. Arizona State Retirement System

Plan description—County employees not covered by the other pension plans described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its Web site at www.azasrs.gov.

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

Benefits provided—The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

ASRS	Retirement Initial membership date: Before July 1, 2011	 On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50* any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* any years age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*With actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Contributions—In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2015, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.6 percent (11.48 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll, and the County was required by statute to contribute at the actuarially determined rate of 11.6 percent (10.89 percent for retirement, 0.59 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll. In addition, the County was required by statute to contribute at the actuarially determined rate of 9.57 percent (9.31 percent for retirement, 0.20 percent for health insurance premium benefit, and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked for the County in positions that would typically be filled by an employee who contributes to the ASRS. The County's contributions to the pension plan for the year ended June 30, 2015, were $25,218. The County's contributions for the current and 2 preceding years for OPEB, all of which were equal to the required contributions, were as follows:

ASRS

Year ended June 30	Health Benefit Supplement Fund	Long-Term Disability Fund
2015	$ 1,363	$ 277
2014	1,387	555
2013	1,452	536

During fiscal year 2015, the County paid for ASRS pension and OPEB contributions as follows: 60 percent from the General Fund, 10 percent from major funds, and 30 percent from other funds.

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

Pension liability—At June 30, 2015, the County reported a liability of $379,139 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The County's proportion of the net pension liability was based on the County's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2014. The County's proportion measured as of June 30, 2014, was 2.56 percent, which was an increase of 0.03 from its proportion measured as of June 30, 2013.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2015, the County recognized pension expense for ASRS of $26,439. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ASRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 19,269	
Net difference between projected and actual earnings on pension plan investments		$ 66,300
Changes in proportion and differences between county contributions and proportionate share of contributions	3,803	378
County contributions subsequent to the measurement date	25,218	
Total	$ 48,290	$ 66,678

The $25,218 reported as deferred outflows of resources related to ASRS pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year ending June 30	
2016	$ (6,708)
2017	(6,708)
2018	(13,615)
2019	(16,575)

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

Actuarial Assumptions—The significant actuarial assumptions used to measure the total pension liability are as follows:

ASRS	
Actuarial valuation date	June 30, 2013
Actuarial roll forward date	June 30, 2014
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3–6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ASRS Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	63%	7.03%
Fixed income	25%	3.20%
Real estate	8%	4.75%
Commodities	4%	4.50%
Total	100%	

Discount Rate—The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

Sensitivity of the County's proportionate share of the ASRS net pension liability to changes in the discount rate—The following table presents the County's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate:

ASRS	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
County's proportionate share of the net pension liability	$ 479,213	$ 379,139	$ 324,845

Pension plan fiduciary net position—Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report.

B. Public Safety Personnel Retirement System and Corrections Officer Retirement Plan

Plan descriptions—County sheriff employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan (agent plans). A seven-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

County detention officers and Administrative Office of the Courts (AOC) probation, surveillance, and juvenile detention officers participate in the Corrections Officer Retirement Plan (CORP). The CORP administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan for county detention officers (agent plans), and a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan for AOC officers (cost-sharing plans). The PSPRS Board of Trustees and the participating local boards govern CORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

The PSPRS and CORP issue publicly available financial reports that include their financial statements and required supplementary information. The reports are available on the PSPRS Web site at www.psprs.com.

Benefits provided—The PSPRS and CORP provide retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

PSPRS	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Retirement and Disability		
Years of service and age required to receive benefit	20 years any age 15 years age 62	25 years age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

PSPRS	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Benefit percent		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor Benefit		
Retired Members	80% to 100% of retired member's pension benefit	
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

CORP	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Retirement and Disability		
Years of service and age required to receive benefit	Sum of years and age equals 80 20 years any age 10 years age 62	25 years age 52.5 10 years age 62
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years
Benefit percent		
Normal Retirement	2.0% to 2.5% per year of credited service, not to exceed 80%	
Accidental Disability Retirement	50% or normal retirement if more than 20 years of credited service	50% or normal retirement if more than 25 years of credited service
Total and Permanent Disability Retirement	50% or normal retirement if more than 25 years of credited service	

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

CORP	Initial membership date: Before January 1, 2012	On or after January 1, 2012
Ordinary Disability Retirement	2.5% per year of credited service or normal retirement, whichever is greater	
Survivor Benefit		
Retired Members	80% of retired member's pension benefit	
Active Members	40% of average monthly compensation or 100% of average monthly compensation if death was the result of injuries received on the job. If there is no surviving spouse or eligible children, the beneficiary is entitled to 2 times the member's contributions.	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earnings. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Employees covered by benefit terms—At June 30, 2015, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Sheriff	CORP Detention
Inactive employees or beneficiaries currently receiving benefits	360	176
Inactive employees entitled to but not yet receiving benefits	91	85
Active employees	491	461
Total	942	722

Contributions and annual OPEB cost—State statutes establish the pension contribution requirements for active PSPRS and CORP employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS and CORP pension and health insurance premium benefits. As allowed by statute, the County contributed 3.65 percent of the PSPRS members' required contribution. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2015, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Sheriff	CORP Detention	CORP AOC
Active members—Pension	7.40%	8.41%	8.41%
County			
Pension	40.11%	16.53%	14.88%
Health insurance premium benefit	1.81%	1.23%	1.24%

In addition, the County was required by statute to contribute at the actuarially determined rate of 19.65 percent for the PSPRS and 7.34 percent for the CORP of annual covered payroll of retired members who worked for the County in positions that would typically be filled by an employee who contributes to the PSPRS or CORP.

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

For the agent plans, the County's contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended June 30, 2015, were:

	PSPRS Sheriff	CORP Detention
Pension Contributions made	$ 12,612	$ 3,441
Health Insurance Premium Benefit		
Annual OPEB cost	608	264
Contributions made	608	264

Contributions to the CORP AOC pension plan for the year ended June 30, 2015, were $2,062. The County's contributions for the current and 2 preceding years for the CORP AOC OPEB, all of which were equal to the required contributions, were as follows:

CORP AOC

Year ended June 30	Health Insurance Fund
2015	$ 172
2014	151
2013	169

During fiscal year 2015, the County paid for PSPRS and CORP pension and OPEB contributions as follows: 98 percent from the General Fund and 2 percent from other nonmajor funds.

Pension liability—At June 30, 2015, the County reported the following net pension liabilities:

	Net Pension Liability
PSPRS Sheriff	$ 184,979
CORP Detention	51,973
CORP AOC (County's proportionate share)	27,888

The net pension liabilities were measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liabilities as of June 30, 2014, reflect the following changes of benefit terms and actuarial assumptions.

- In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law that changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, the plans changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases.

- The wage growth actuarial assumption was decreased from 4.5 percent to 4.0 percent.

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

Pension actuarial assumptions—The significant actuarial assumptions used to measure the total pension liability are as follows:

PSPRS and CORP—Pension	
Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Discount rate	7.85%
Projected salary increases	4.0%–8.0% for PSPRS and 4.0%–7.25% for CORP
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table (adjusted by 105% for both males and females)

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on PSPRS and CORP pension plan investments was determined to be 7.85 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

PSPRS and CORP Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Short term investments	2%	3.25%
Absolute return	4%	6.75%
Risk parity	4%	6.04%
Fixed income	7%	4.75%
Real assets	8%	5.96%
GTAA	10%	5.73%
Private equity	11%	9.50%
Real estate	11%	6.50%
Credit opportunities	13%	8.00%
Non-U.S. equity	14%	8.63%
U.S. equity	16%	7.60%
Total	100%	

Pension discount rates—The following discount rates were used to measure the total pension liabilities:

	PSPRS Sheriff	CORP Detention	CORP AOC
Discount rates	7.85%	7.85%	7.85%

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

The projection of cash flows used to determine the PSPRS and CORP discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

PSPRS - Sheriff	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2014	$ 274,018	$ 126,625	$ 147,393
Changes for the year:			
Service cost	6,346		6,346
Interest on the total pension liability	21,060		21,060
Changes of benefit terms	7,336		7,336
Differences between expected and actual experience in the measurement of the pension liability	(462)		(462)
Changes of assumptions or other inputs	34,338		34,338
Contributions—employer		11,691	(11,691)
Contributions—employee		2,351	(2,351)
Net investment income		17,221	(17,221)
Benefit payments, including refunds of employee contributions	(17,811)	(17,811)	
Administrative expense		(139)	139
Other changes		(92)	92
Net changes	50,807	13,221	37,586
Balances at June 30, 2015	$ 324,825	$ 139,846	$ 184,979

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

CORP - Detention	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2014	$ 86,428	$ 44,686	$ 41,742
Changes for the year:			
Service cost	2,852		2,852
Interest on the total pension liability	6,623		6,623
Changes of benefit terms	1,459		1,459
Differences between expected and actual experience in the measurement of the pension liability	(609)		(609)
Changes of assumptions or other inputs	10,555		10,555
Contributions—employer		2,970	(2,970)
Contributions—employee		1,686	(1,686)
Net investment income		6,030	(6,030)
Benefit payments, including refunds of employee contributions	(6,975)	(6,975)	
Administrative expense		(48)	48
Other changes		11	(11)
Net changes	13,905	3,674	10,231
Balances at June 30, 2015	$ 100,333	$ 48,360	$ 51,973

The County's proportion of the CORP AOC net pension liability as of June 30, 2013 and 2014 was based on the County's actual contributions to the plan relative to the total of all participating counties' actual contributions for the year ended June 30, 2014. The County's proportion measured as of June 30, 2013 and 2014 was 12.43 percent.

Sensitivity of the County's net pension liability to changes in the discount rate—The following table presents the County's net pension liabilities calculated using the discount rates noted above, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
PSPRS Sheriff			
Rate	6.85%	7.85%	8.85%
Net pension liability	$ 222,343	$ 184,979	$ 153,640
CORP Detention			
Rate	6.85%	7.85%	8.85%
Net pension liability	$ 64,884	$ 51,973	$ 41,274
CORP AOC			
Rate	6.85%	7.85%	8.85%
County's proportionate share of the net pension liability	$ 36,826	$ 27,888	$ 20,462

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

Pension plan fiduciary net position—Detailed information about the pension plans' fiduciary net position is available in the separately issued PSPRS and CORP financial reports.

Pension expense—For the year ended June 30, 2015, the County recognized the following pension expense:

	Pension Expense
PSPRS Sheriff	$ 26,929
CORP Detention	7,060
CORP AOC (County's proportionate share)	3,732

Pension deferred outflows/inflows of resources—At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PSPRS - Sheriff	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		$ 383
Changes of assumptions or other inputs	$ 28,475	
Net difference between projected and actual earnings on pension plan investments		5,744
County contributions subsequent to the measurement date	12,612	
Total	$ 41,087	$ 6,127

CORP - Detention	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		$ 498
Changes of assumptions or other inputs	$ 8,641	
Net difference between projected and actual earnings on pension plan investments		2,001
County contributions subsequent to the measurement date	3,441	
Total	$ 12,082	$ 2,499

CORP - AOC	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,324	
Changes of assumptions or other inputs	4,097	
Net difference between projected and actual earnings on pension plan investments		$ 1,544
County contributions subsequent to the measurement date	2,062	
Total	$ 7,483	$ 1,544

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

The amounts reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PSPRS Sheriff	CORP Detention	CORP AOC
Year ending June 30			
2016	$ 4,348	$ 1,303	$ 798
2017	4,348	1,303	798
2018	4,348	1,303	798
2019	4,348	1,303	798
2020	4,956	930	685

Agent plan OPEB actuarial assumptions—The health insurance premium benefit contribution requirements for the year ended June 30, 2015, were established by the June 30, 2013, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the reported amounts' value and assumptions about the probability of events in the future. Amounts determined regarding the plans' funded status 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 for the health insurance premium benefit presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on (1) the plans as the County and plans' members understand them 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 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 PSPRS and CORP plans and related benefits (unless noted), and the following actuarial methods and assumptions were used to establish the fiscal year 2015 contribution requirements:

PSPRS and CORP—OPEB Contribution Requirements

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4.5%–8.5% for PSPRS and 4.5%–7.75% for CORP
Wage growth	4.5% for PSPRS and CORP

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

Agent plan OPEB trend information—Annual OPEB cost information for the health insurance premium benefit for the current and 2 preceding years follows for each of the agent plans:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
PSPRS Sheriff			
2015	$ 608	100%	
2014	563	100%	
2013	591	64%	$ 215
CORP Detention			
2015	$ 264	100%	
2014	252	100%	
2013	264	54%	$ 121

Agent plan OPEB funded status—The health insurance premium benefit plans' funded status as of the most recent valuation date, June 30, 2014, along with the actuarial assumptions and methods used in those valuations follow.

	PSPRS Sheriff	CORP Detention
Actuarial value of assets (a)	$ 7,549	$ 3,248
Actuarial accrued liability (b)	7,337	3,122
Unfunded actuarial accrued liability (funding excess) (b) – (a)	$ (212)	$ (126)
Funded ratio (a)/(b)	102.9%	104.0%
Annual covered payroll (c)	$ 31,544	$ 19,765
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (b) – (a) / (c)	(0.7)%	(0.6)%

The actuarial methods and assumptions used are the same for all the PSPRS and CORP health insurance premium benefit plans (unless noted), and for the most recent valuation date are as follows:

PSPRS and CORP—OPEB Funded Status	
Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	22 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4%–8% for PSPRS and 4%–7.25% for CORP
Wage growth	4% for PSPRS and CORP

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

C. Elected Officials Retirement Plan

Plan description—Elected officials and judges participate in the Elected Officials Retirement Plan (EORP). EORP administers a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan for elected officials and judges who were members of the plan on December 31, 2013. This plan was closed to new members as of January 1, 2014. The PSPRS Board of Trustees governs the EORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 3. The EORP issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on PSPRS's Web site at www.psprs.com.

Benefits provided—The EORP provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average yearly compensation, and service credit as follows:

EORP	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Retirement and Disability		
Years of service and age required to receive benefit	20 years any age 10 years age 62 5 years age 65 5 years any age* any years and age if disabled	10 years age 62 5 years age 65 any years and age if disabled
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years
Benefit percent		
Normal Retirement	4% per year of service, not to exceed 80%	3% per year of service, not to exceed 75%
Disability Retirement	80% with 10 or more years of service 40% with 5 to 10 years of service 20% with less than 5 years of service	75% with 10 or more years of service 37.5% with 5 to 10 years of service 18.75% with less than 5 years of service
Survivor Benefit		
Retired Members	75% of retired member's benefit	50% of retired member's benefit
Active Members and Other Inactive Members	75% of disability retirement benefit	50% of disability retirement benefit

* With reduced benefits of 0.25% for each month early retirement precedes the member's normal retirement age, with a maximum reduction of 30%.

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning.

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

Contributions—State statutes establish active member and employer contribution requirements. Statute also appropriates $5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability and designates a portion of certain court fees for the EORP. For the year ended June 30, 2015, active EORP members were required by statute to contribute 13 percent of the members' annual covered payroll, and the County was required to contribute 23.5 percent of active EORP members' annual covered payroll. In addition, the County was required by statute to contribute 23.5 percent of annual covered payroll of retired members who worked for the County in positions that would typically be filled by an employee who contributes to the EORP. The County's contributions to the pension plan for the year ended June 30, 2015, were $1,502. No OPEB contributions were required or made for the year ended June 30, 2015. The County's contributions for the current and 2 preceding years for OPEB, all of which were equal to the required contributions, were as follows:

EORP

Year ended June 30	Health Insurance Fund
2015	
2014	$ 54
2013	122

During fiscal year 2015, the County paid for EORP pension contributions as follows: 100 percent from the General Fund.

Pension liability—At June 30, 2015, the County reported a liability for its proportionate share of the EORP's net pension liability that reflected a reduction for the County's proportionate share of the State's appropriation for EORP. The amount the County recognized as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the County were as follows:

County's proportionate share of the EORP net pension liability	$ 51,259
State's proportionate share of the EORP net pension liability associated with the County	15,717
Total	$ 66,976

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law that changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, for the June 30, 2014, actuarial valuation, the plan changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases.

The County's proportion of the net pension liability as of June 30, 2013 and 2014 was based on the County's actual contributions to the plan relative to the total of all participating employers' actual contributions for the year ended June 30, 2014. The County's proportion measured as of June 30, 2013 and 2014 was 7.64 percent.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2015, the County recognized pension expense for EORP of $19,852 and revenue of $4,658 for the County's proportionate share of the State's appropriation to EORP.

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

EORP	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 225	
Changes of assumptions or other inputs	13,872	
Net difference between projected and actual earnings on pension plan investments		$ 972
County contributions subsequent to the measurement date	1,502	
Total	$ 15,599	$ 972

The $1,502 reported as deferred outflows of resources related to EORP pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions will be recognized in pension expense as follows:

Year ending June 30	
2016	$ 7,876
2017	5,736
2018	(243)
2019	(244)

Actuarial assumptions—The significant actuarial assumptions used to measure the total pension liability are as follows:

EORP	
Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Investment rate of return	7.85%
Projected salary increases	4.25%
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table projected to 2025 with projection scale AA

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

The long-term expected rate of return on EORP pension plan investments was determined to be 7.85 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

EORP Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Short term investments	2%	3.25%
Absolute return	4%	6.75%
Risk parity	4%	6.04%
Fixed income	7%	4.75%
Real assets	8%	5.96%
GTAA	10%	5.73%
Private equity	11%	9.50%
Real estate	11%	6.50%
Credit opportunities	13%	8.00%
Non-U.S. equity	14%	8.63%
U.S. equity	16%	7.60%
Total	100%	

Discount rate—At June 30, 2014, the discount rate used to measure the EORP total pension liability was 5.67 percent, which was a decrease of 2.18 from the discount rate used as of June 30, 2013. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the statutorily set rates, and state contributions will be made as currently required by statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. Therefore, to determine the total pension liability for the plan, the long-term expected rate of return on pension plan investments of 7.85 percent was applied to periods of projected benefit payments through the year ended June 30, 2030. A municipal bond rate of 4.29 percent obtained from the 20-year Bond Buyer Index, as published by the Federal Reserve as of June 30, 2014, was applied to periods of projected benefit payments after June 30, 2030.

Sensitivity of the County's proportionate share of the EORP net pension liability to changes in the discount rate—The following table presents the County's proportionate share of the net pension liability calculated using the discount rate of 5.67 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.67 percent) or 1 percentage point higher (6.67 percent) than the current rate:

EORP	1% Decrease (4.67%)	Current Discount Rate (5.67%)	1% Increase (6.67%)
County's proportionate share of the net pension liability	$ 59,841	$ 51,259	$ 44,013

Pension Plan Fiduciary Net Position—Detailed information about the pension plan's fiduciary net position is available in the separately issued EORP financial report.

(in thousands)

Note 11: Due from Other Governments

Governmental activities:

	General Fund	Capital Projects Fund	Other Governmental Funds	Internal Service Funds	Total Governmental Activities
Federal government:					
Grants and contributions	$ 103		$ 2,689		$ 2,792
State of Arizona:					
Taxes and shared revenues	19,443	$ 3,186	5,005		27,634
Grants and contributions			10,250	$ 2	10,252
Cities:					
Reimbursement for services	1,280	907	1,469	76	3,732
Other governments:					
Reimbursement for services	106	4,890	65		5,061
Total due from other governments fund based statements	$ 20,932	$ 8,983	$ 19,478	$ 78	$ 49,471

(in thousands)

Note 12: Interfund Transactions

A. Interfund Assets/Liabilities

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

Amounts recorded as due to:

Amounts recorded as due from:

	General	Capital Projects	Other Governmental	Regional Wastewater Reclamation	Other Enterprise	Internal Services	Total
General		$ 48	$ 2,951				$ 2,999
Capital Projects			130	$ 1			131
Other Governmental	$ 712	46	55				813
Regional Wastewater Reclamation		7,878					7,878
Internal Services		18		24	$ 1	$ 87	130
Total	$ 712	$ 7,990	$ 3,136	$ 25	$ 1	$ 87	$ 11,951

B. Transfers

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

Amounts recorded as transfers out:

Amounts recorded as transfers in:

	General	Capital Projects	Debt service	Other Governmental	Regional Wastewater Reclamation	Other Enterprise	Internal Services	Total
General		$ 4,442		$ 4,906	$ 185			$ 9,533
Capital Projects	$ 341		$ 3,024	27,707		$ 56	$ 207	31,335
Debt Service	11,918	78		18,875	20,728	1,019	2,221	54,839
Other Governmental	23,034	52		1,569	135	1,000		25,790
Regional Wastewater Reclamation		28,651						28,651
Other Enterprise		11,979						11,979
Internal Service	6,117	6,051			374			12,542
Total	$ 41,410	$ 51,253	$ 3,024	$ 53,057	$ 21,422	$ 2,075	$ 2,428	$ 174,669

Note 13: Construction and Other Significant Commitments

At June 30, 2015, Pima County had the following major contractual commitments related to Community Services, Facilities Management, General Government, Stadium District, Natural Resources, Parks and Recreation, Regional Wastewater Reclamation and Transportation.

Community Services

At June 30, 2015, the Pima County Community Services Department had contractual commitments related to service contracts of $5,057. Funding for these expenditures will be provided from reimbursements on intergovernmental grant awards, including federal and state entities.

Facilities Management

At June 30, 2015, the Pima County Facilities Management Department had construction contractual commitments of $3,554 and other contractual commitments related to service contracts of $4,297. Funding for these expenditures will be provided from general fund revenues and general obligation bonds.

General Government

At June 30, 2015, Pima County had contractual commitments related to service contracts for the Office of Medical Services of $18,574. Procurement had construction contractual commitments of $10,221. Information Technology had commitments related to service contracts of $7,779. Funding for these expenditures will be provided from general fund revenues, the OEM Radio System special revenue fund and general obligation bonds.

Stadium District

At June 30, 2015, the Pima County Stadium District had contractual commitments related to service contracts of $8,546. Funding for these expenditures will be provided from general fund revenues and various taxes, such as Hotel/Motel tax revenue.

Natural Resources, Parks and Recreation

At June 30, 2015, the Pima County Natural Resources, Parks and Recreation Department had construction contractual commitments of $2,199 and other contractual commitments related to service contracts of $14,103. Funding for these expenditures will be provided from general fund revenues.

Regional Wastewater Reclamation

At June 30, 2015, the Regional Wastewater Reclamation Enterprise fund had construction contractual commitments of $24,596 and other contractual commitments related to service contracts of $14,232. Funding for these expenses will be primarily from Sewer Revenue Bonds and sewer user fees.

Transportation

At June 30, 2015, the Pima County Transportation Department had construction contractual commitments of $46,857 and other contractual commitments related to service contracts of $21,633. Funding for these expenditures will be primarily provided from Transportation Revenue Bonds, federal grants funding and Highway User Tax Revenue, which is the primary source of revenue for the Transportation Department.

Note 14: Deficit Fund Balances/Net Position

The Stadium District and Other Grants – Special Revenue Fund had deficit fund balances at June 30, 2015 of $952 and $2,520 respectively. In addition, the Development Services Enterprise Fund had a deficit net position at June 30, 2015 of $3,379. The deficits can be eliminated in the future through normal operations.

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APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

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

$122,070,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016

DEPOSITORY TRUST AGREEMENT

THIS DEPOSITORY TRUST AGREEMENT, dated as of July 1, 2016 (this "Agreement"), between PIMA COUNTY, ARIZONA (the "County") and U.S. BANK NATIONAL ASSOCIATION, as Depository Trustee (the "Depository Trustee"),

W I T N E S S E T H:

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

WHEREAS, the County, by a resolution adopted on April 19, 2016 (the "Bond Resolution"), has authorized the issuance and sale of the County's General Obligation Refunding Bonds, Series 2016 (the "2016 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 2016 Bonds (the "Bond Proceeds"); and

WHEREAS, pursuant to the Bond Resolution, the County has sold and delivered the 2016 Bonds to the purchaser thereof against payment therefor and the Bond Proceeds shall be applied to pay the issuance costs of the 2016 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 2007, General Obligation Bonds, Series 2008, General Obligation Bonds, Series 2009, General Obligation Bonds, Series 2009A and General Obligation Bonds, Series 2011 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 July 1, 2016, 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 \$135,309,915.70. The Depository Trustee shall deposit \$318,167.40 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 \$34.44, 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 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 applicable 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 applicable 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 Interest and Redemption Fund of the County, 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 Government Obligations, and the Depository Trustee shall rely upon the report to show that such Government 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 Government 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 or the 2016 Bonds.

(b) It will not take or direct any action which will cause the Bonds to be Refunded or the 2016 Bonds 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 2016 Bonds and the exclusion from gross income for purposes of federal income tax of interest on the Bonds to be Refunded and the 2016 Bonds.

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

Section 10. Responsibilities and Indemnification.

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

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

Section 11. Fees. The Depository Trustee hereby acknowledges receipt of its fee in the amount of $2,500.00. 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 $318,167.40 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 November 15, 2016 shall be transferred into the Interest and Redemption 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 Interest and Redemption 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 Interest and Redemption 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:	U.S. Bank National Association 101 North 1st 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 ("A.R.S.") 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 A.R.S. Section 38-511 as of the date hereof. The Depository Trustee covenants not to employ as an employee, an agent or, with respect to the subject matter of this Depository Trust Agreement, a consultant, any person significantly involved in initiating, negotiating, securing, drafting or creating this Depository Trust Agreement on behalf of the County within 3 years from execution of this Depository Trust Agreement, unless a waiver of A.R.S. Section 38-511 is provided by the County's Board of Supervisors.

Section 23. Certain Warranties and Certifications from the Depository Trustee. To the extent applicable under A.R.S. Section 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. Section 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.

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 Depository Trustee

By: ______________________________
Vice President

PIMA COUNTY, ARIZONA

By: ______________________________
Chair, Board of Supervisors

ATTEST:

By: ______________________________
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE PATTON BOGGS (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 2007

Maturity Date (July 1)	Outstanding Principal Amount	Principal Amount Refunded	Redemption Date	Redemption Price
2018	$7,810,000	$7,810,000	07/01/2017	100%
2019	8,205,000	8,205,000	07/01/2017	100
2020	8,615,000	8,615,000	07/01/2017	100
2021	3,845,000	3,845,000	07/01/2017	100

Bond Registrar and Paying Agent: U.S. Bank National Association

General Obligation Bonds, Series 2008

Maturity Date (July 1)	Outstanding Principal Amount	Principal Amount Refunded	Redemption Date	Redemption Price
2020	$ 8,000,000	$ 8,000,000	07/01/2018	100%
2021	12,750,000	12,750,000	07/01/2018	100
2022	15,000,000	15,000,000	07/01/2018	100

Bond Registrar and Paying Agent: U.S. Bank National Association

General Obligation Bonds, Series 2009

Maturity Date (July 1)	Outstanding Principal Amount	Principal Amount Refunded	Redemption Date	Redemption Price
2021	$5,000,000	$5,000,000	07/01/2019	100%
2022	7,500,000	7,500,000	07/01/2019	100
2023	9,685,000	9,685,000	07/01/2019	100

Bond Registrar and Paying Agent: U.S. Bank National Association

General Obligation Bonds, Series 2009A

Maturity Date (July 1)	Outstanding Principal Amount	Principal Amount Refunded	Redemption Date	Redemption Price
2022	$ 6,920,000	$ 6,920,000	07/01/2019	100%
2023	7,195,000	7,195,000	07/01/2019	100
2024	7,485,000	7,485,000	07/01/2019	100

Bond Registrar and Paying Agent: U.S. Bank National Association

General Obligation Bonds, Series 2011

Maturity Date (July 1)	Outstanding Principal Amount	Principal Amount Refunded	Redemption Date	Redemption Price
2023	$ 4,030,000	$ 4,030,000	07/01/2021	100%
2024	4,235,000	4,235,000	07/01/2021	100
2025	4,445,000	4,445,000	07/01/2021	100
2026	4,670,000	4,670,000	07/01/2021	100

Bond Registrar and Paying Agent: U.S. Bank National Association

EXHIBIT B
TO
DEPOSITORY TRUST AGREEMENT

ACQUIRED OBLIGATIONS

Type	Maturity Date	Par Amount	Coupon	Total Cost
TBill	12/08/2016	$ 2,000	-	$ 1,996.18
TNote	12/31/2016	1,811,000	0.625%	1,811,483.72
TBill	04/27/2017	14,000	-	13,926.38
TNote	06/30/2017	13,000	0.625	13,023.42
Agency	06/30/2017	364,000	0.670	363,029.97
Agency	06/30/2017	29,910,000	0.800	29,912,094.70
TNote	12/31/2017	1,417,000	1.000	1,412,896.43
Agency	06/25/2018	230,000	0.875	229,194.94
Agency	06/29/2018	349,000	0.880	348,059.00
Agency	06/29/2018	36,590,000	0.875	35,521,639.28
Agency	12/27/2018	549,000	-	546,713.63
Agency	12/28/2018	335,000	0.960	335,675.33
Agency	07/01/2019	44,655,000	1.170	45,703,769.35
TNote	12/31/2019	261,000	1.625	264,281.67
TNote	06/30/2020	264,000	1.625	268,216.55
TNote	12/31/2020	266,000	1.750	270,704.46
Agency	06/11/2021	17,645,000	1.875	17,975,008.85

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 Depository 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: ________, 2016.

U.S. BANK NATIONAL ASSOCIATION,
as Depository Trustee

EXHIBIT D
TO
DEPOSITORY TRUST AGREEMENT

DEBT SERVICE

Bonds to be Refunded

Payment Date	Principal Retired	Interest	Premium	Total
01/01/2017		$2,544,940.63	$0.00	$2,544,940.63
07/01/2017	$28,475,000	2,544,940.63	0.00	31,019,940.63
01/01/2018		2,022,603.13	0.00	2,022,603.13
07/01/2018	35,750,000	2,022,603.13	0.00	37,772,603.13
01/01/2019		1,307,603.13	0.00	1,307,603.13
07/01/2019	43,785,000	1,307,603.13	0.00	45,092,603.13
01/01/2020		434,500.00	0.00	434,500.00
07/01/2020		434,500.00	0.00	434,500.00
01/01/2021		434,500.00	0.00	434,500.00
07/01/2021	17,380,000	434,500.00	0.00	17,814,500.00
	$125,390,000	$13,488,293.78	$0.00	$138,878,293.78

SCHEDULE I

Costs and Expenses

Payee	Amount
Squire Patton Boggs (US) LLP	$140,822.75
Greenberg Traurig, LLP	25,000.00
Fitch Ratings, Inc.	60,000.00
Standard & Poor's Financial Services, Inc.	54,000.00
U.S. Bank National Association	690.00
U.S. Bank National Association	2,500.00
Grant Thornton LLP	4,500.00
Wold Printing	5,000.00
OS Preparation	20,000.00
Miscellaneous	5,654.65
TOTAL:	$318,167.40

$122,070,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016

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 July 1, 2016 (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 $122,070,000 aggregate principal amount of General Obligation Refunding Bonds, Series 2016 (the "Bonds"). The services of a registrar, transfer agent and paying agent are necessary and in the best interests of the County. Initially, the Bonds will be issued in book-entry-only form through The Depository Trust Company ("DTC") and, so long as the book-entry-only system is in effect, the Bonds will be registered in the name of Cede & Co., the nominee name of DTC.

The Bank desires to perform registrar, transfer agent and paying agent services during the life of the Bonds.

For and in consideration of the mutual promises, covenants, conditions and agreements hereinafter set forth, the parties do agree as follows:

1. **Services**. The Bank hereby agrees to provide the following services:

A. Registrar services which shall include, but not be limited to, (1) authenticating and verifying the Bonds; (2) keeping registration books sufficient to comply with Section 149 of the Internal Revenue Code of 1986, as amended (the "Code"); (3) recording transfers of ownership of the Bonds promptly as such transfers occur; (4) protecting against double or overissuance; (5) authenticating new Bonds prepared for issuance to transferees of original and subsequent purchasers; and (6) informing the County of the need for additional printings of the Bonds should the forms printed prior to initial delivery prove inadequate.

B. Transfer agent services which shall include, but not be limited to, (1) receiving and verifying all Bonds tendered for transfer; (2) preparing new Bonds for delivery to transferees and delivering same either by delivery or by mail, as the case may be; (3) destroying Bonds submitted for transfer; and (4) providing proper information for recordation in the registration books.

C. Paying agent services which shall include, but not be limited to, (1) providing a billing to the County at least thirty (30) days prior to a Bond interest payment date setting forth the amount of principal and interest due on such date; (2) preparing, executing, wiring or mailing all interest payments to each registered owner of the Bonds one (1) business day prior to the scheduled payment date or as soon as money for payment of such interest has been transferred to the paying agent but in no event (unless sufficient funds to make such payments have not been received by the Bank) later than the time established by DTC, on the date such payments are due; (3) verifying all matured Bonds upon their surrender; (4) paying all principal and premium, if any, due upon the Bonds as they are properly surrendered therefor to the Bank; (5) preparing a semiannual reconciliation showing all principal and interest paid during the period and providing copies thereof to the County; (6) inventorying all cancelled checks, or microfilm proof of such checks, for (6) years after payment; and (7) making proof of such payments available to the County or any owner or former owner.

2. **Record Date**. The Record Date for the payment of interest will be the fifteenth (15^{th}) 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. **Reserved**.

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 current fiscal year (fiscal year 2016-2017) is $690.00 and shall be billed by the Bank to the County after closing and paid by the County after the initial delivery of Bonds solely from proceeds of the Bonds. Subsequent payments shall be made in accordance herewith.

9. Fees for Services in Subsequent Fiscal Years. The Bank will bill the County, prior to July 31, 2017, and prior to each July 31 thereafter.

10. Costs and Expenses. The County hereby agrees to pay all costs and expenses of the Bank pursuant hereto. If, for any reason, the amounts the County agrees to pay herein may not be paid from the annual tax levy for debt service on the Bonds, such costs shall be paid by the County from any funds lawfully available therefor and the County agrees to take all actions necessary to budget for and authorize expenditure of such amounts.

11. Hold Harmless. The Bank shall indemnify and hold harmless the Treasurer of the County (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 State Treasurer's Office**. The Bank shall make such reports to the Arizona State Treasurer's Office (the "State Treasurer") 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 State Treasurer 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, the requirements of the Code and any other securities industry standard. The Bank shall retain such records in accordance with the applicable record keeping standard of the Internal Revenue Service. In lieu of destruction and immediately prior to the date the Bank would destroy any Bondholder or Bond payment records maintained by the Bank pursuant to this Agreement, such records shall be provided to the County.

18. **Advice of Counsel and Special Consultants**. When the Bank deems it necessary or reasonable, it may apply to Squire Patton Boggs (US) LLP or such other law firm or attorney for instructions or advice. Any fees and costs incurred shall be added to the next fiscal year's fees, costs and expenses to be paid to the Bank.

19. **Examination of Records**. The County or its duly authorized agents may examine the records relating to the Bonds at the office of the Bank where such records are kept at reasonable times as agreed upon with the Bank and such records shall be subject to audit from time to time at the request of the County.

20. **Payment of Unclaimed Amounts**. In the event any check for payment of interest on a Bond is returned to the Bank unendorsed or is not presented for payment within two (2) years from its payment date or any Bond is not presented for payment of principal at the maturity or redemption date, if applicable, if funds sufficient to pay such interest or principal due upon such Bond shall have been made available to the Bank for the benefit of the owner thereof, it shall be the duty of the Bank to hold such funds, without liability for interest thereon, for the benefit of the owner of such Bond who shall thereafter be restricted exclusively to such funds for any claim of whatever nature relating to such Bond or amounts due thereunder. The Bank's obligation to hold such funds shall continue for two years and six months (subject to applicable escheat or unclaimed property law) following the date on which such interest or principal payment became due, whether at maturity, or at the date fixed for redemption, or otherwise, at which time the Bank shall surrender such unclaimed funds so held to the County, whereupon any claim of whatever nature by the owner of such Bond arising under such Bond shall be made upon the County and shall be subject to the provisions of applicable law.

21. **Invalid Provisions**. If any provision hereof is held to be illegal, invalid or unenforceable under present or future laws, this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement; and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision.

22. **Mutilated, Lost or Destroyed Bonds**. With respect to Bonds which are mutilated, lost or destroyed, the Bank shall cause to be executed and delivered a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond lost or destroyed, upon the registered owner's paying the reasonable expenses and charges in connection therewith and, in the case of any Bond destroyed or lost, filing by the registered owner with the Bank and the County of evidence satisfactory to the Bank and the County that such Bond was destroyed or lost, and furnishing the Bank and the County with a sufficient indemnity bond pursuant to A.R.S. § 47-8405.

23. **Conflict of Interest**. Each party gives notice to the other parties that A.R.S. § 38-511 provides that the State of Arizona (the "State"), its political subdivisions or any department or agency of either, may within three (3) years after its execution cancel any contract without penalty or further obligation made by the State, its political subdivisions or any of the departments or agencies of either, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any of the departments or agencies of either, is at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract.

24. **Waiver of Trial by Jury**. Each party hereto hereby agrees not to elect a trial by jury of any issue triable of right by jury, and waives any right to trial by jury fully to the extent that any such right shall now or hereafter exist with regard to this Agreement, or any claim, counterclaim or other action arising in connection herewith. This waiver of right to trial by jury is given knowingly and voluntarily by each party, and is intended to encompass individually each instance and each issue as to which the right to a trial by jury would otherwise accrue.

25. **Levy for Expenses**. Except for the initial fiscal year's costs and expenses, all costs and expenses incurred with respect to services for registration, transfer and payment of the Bonds and, if applicable, for costs and expenses in connection with the calculation of arbitrage rebate shall be treated as interest on the Bonds and the County agrees to include the same in the taxes levied for interest debt service during each of the ensuing fiscal years.

26. **Governing Law**. This Agreement is governed by the laws of the State.

27. **Transfer Expenses**. The transferor of any Bond will be responsible for all fees and costs relating to such transfer of ownership.

28. **E-verify Requirements**. To the extent applicable under A.R.S. § 41-4401, the Bank and its subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees and compliance with the E-verify requirements under A.R.S. § 23-214(A). The Bank's, or a subcontractor's, breach of the above-mentioned warranty shall be deemed a material breach of this Agreement and may result in the termination of the Agreement by the County. The County retains the legal right to randomly inspect the papers and records of the Bank and its subcontractors who work on the Agreement to ensure that the Bank and its subcontractors are complying with the above-mentioned warranty.

The Bank and its subcontractors warrant to keep the papers and records open for random inspection by the County during normal business hours. The Bank and its subcontractors shall cooperate with the County's random inspections including granting the County entry rights onto its property to perform the random inspections and waiving their respective rights to keep such papers and records confidential.

This Agreement is dated and effective as of July 1, 2016.

U.S. BANK NATIONAL ASSOCIATION

By: ______________________
Keith Henselen
Vice President

PIMA COUNTY, ARIZONA

By: ______________________
Sharon Bronson
Chair

ATTEST:

By: ______________________
Robin Brigode
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE PATTON BOGGS (US) LLP,
Bond Counsel

By: ______________________
Timothy E. Pickrell

Attachment: Exhibit A, Fee Schedule of the Registrar.

[Signature page of Bond Registrar, Transfer Agent and Paying Agent Agreement]

EXHIBIT A

REGISTRAR, TRANSFER AGENT AND PAYING AGENT'S FEE SCHEDULE

See attached Fee Schedule.

Schedule of Fees for Services as
Paying Agent, Registrar and Transfer Agent
For
Pima County, Arizona
General Obligation Refunding Bonds, Series 2016

CTS01010A	**Acceptance Fee** The acceptance fee includes the administrative review of documents, initial set-up of the account, and other reasonably required services up to and including the closing. This is a one-time, non-refundable fee, payable at closing.	$250.00
CTS04120	**Paying Agent** Annual fee for the standard paying agent services associated with the administration of the account. Administration fees are payable in advance.	$440.00
	Direct Out of Pocket Expenses Reimbursement of expenses associated with the performance of our duties, including but not limited to publications, legal counsel after the initial close, travel expenses and filing fees.	At Cost
	Extraordinary Services Extraordinary Services are duties or responsibilities of an unusual nature, including termination, but not provided for in the governing documents or otherwise set forth in this schedule. A reasonable charge will be assessed based on the nature of the services and the responsibility involved. At our option, these charges will be billed at a flat fee or at our hourly rate then in effect.	

Account approval is subject to review and qualification. Fees are subject to change at our discretion and upon written notice. Fees paid in advance will not be prorated. The fees set forth above and any subsequent modifications thereof are part of your agreement. Finalization of the transaction constitutes agreement to the above fee schedule, including agreement to any subsequent changes upon proper written notice. In the event your transaction is not finalized, any related out-of-pocket expenses will be billed to you directly. Absent your written instructions to sweep or otherwise invest, all sums in your account will remain uninvested and no accrued interest or other compensation will be credited to the account. Payment of fees constitutes acceptance of the terms and conditions set forth.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT:
To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account.
For a non-individual person such as a business entity, a charity, a Trust or other legal entity we will ask for documentation to verify its formation and existence as a legal entity. We may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

Dated: April 13, 2016

$122,070,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016

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 $122,070,000 aggregate principal amount of General Obligation Refunding Bonds, Series 2016 (the "Bonds"), being issued pursuant to a resolution adopted by the Board of Supervisors of the County on April 19, 2016 (the "Bond Resolution").

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

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

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

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

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

"Commission" means the Securities and Exchange Commission.

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

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

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

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

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

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

3. CUSIP Number/Final Official Statement. The base CUSIP Number of the Bonds is 721663. The Final Official Statement relating to the Bonds is dated June 1, 2016.

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

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

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

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

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

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

Resolution. The sole remedy under this Undertaking in the event of any failure of the County to comply with this Undertaking shall be an action to compel performance.

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

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

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

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

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

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

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

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

12. Beneficiaries. This Undertaking has been executed in order to assist the Underwriter in complying with the Rule; however, this Undertaking shall inure solely to the

benefit of the County, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

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

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

[Remainder of page left blank intentionally]

PIMA COUNTY, ARIZONA

By: ______________________________
Keith Dommer
Finance and Risk Management Director

Dated: July 6, 2016

[Signature page of Continuing Disclosure Undertaking]

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND AUDITED FINANCIAL STATEMENTS

"Annual Financial Information" means quantitative financial information and operating data concerning the operations of the County of the type set forth in the Official Statement in Appendix B (i) under the heading "Net Assessed Valuation Comparisons and Trends" in the table entitled "Net Assessed Limited Property Values" (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, 2017. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements when available.

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

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

EXHIBIT II

EVENTS FOR WHICH NOTICE OF OCCURRENCE OF LISTED EVENTS IS REQUIRED

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

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

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

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

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

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

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

9. Defeasances;

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

11. Rating changes;

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

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

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

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

Blanket Issuer Letter of Representations
[To be Completed by Issuer]

PIMA COUNTY, ARIZONA
[Name of Issuer]

JUNE 11, 1998
[Date]

Attention: Underwriting Department — Eligibility
The Depository Trust Company
55 Water Street; 50th Floor
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

PIMA COUNTY, ARIZONA
(Issuer)

By: C. Buckelberry
(Authorized Officer's Signature)

C. H. BUCKELBERRY, COUNTY ADMINISTRATOR
(Typewrite Name & Title)

130 W. Congress, 10th floor
(Street Address)

Tucson, AZ 85701
(City) (State) (Zip)

(520) 740-8661
(Phone Number)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: [signature]

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

July 6, 2016

Contents

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Report of Independent Certified Public Accountants
On Applying Agreed-Upon Procedures

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U.S. Bank National Association
101 North First Avenue, Suite 1600
Phoenix, Arizona

$122,070,000
Pima County, Arizona
General Obligation Refunding Bonds
Series 2016
Dated July 6, 2016

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 issue (the "Bonds") for the purpose of refunding portions of the County's outstanding General Obligation Bonds, Series 2007 (the "2007 Bonds"), General Obligation Bonds, Series 2008 (the "2008 Bonds"), General Obligation Bonds, Series 2009 (the "2009 Bonds"), General Obligation Bonds, Series 2009A (the "2009A Bonds"), and General Obligation Bonds, Series 2011 (the "2011 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
2007	$95,000,000	January 1, 2007	$28,475,000	7-1-18 to 7-1-21	7-1-17	100%
2008	$100,000,000	February 15, 2008	$35,750,000	7-1-20 to 7-1-22	7-1-18	100%
2009	$75,000,000	April 22, 2009	$22,185,000	7-1-21 to 7-1-23	7-1-19	100%
2009A	$113,535,000	December 2, 2009	$21,600,000	7-1-22 to 7-1-24	7-1-19	100%
2011	$75,000,000	May 25, 2011	$17,380,000	7-1-23 to 7-1-26	7-1-21	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 2007 Bonds will be redeemed on July 1, 2017 at 100 percent of par plus accrued interest, the 2008 Bonds will be redeemed on July 1, 2018 at 100 percent of par plus accrued interest, the 2009 Bonds and the 2009A Bonds will be redeemed on July 1, 2019 at 100 percent of par plus accrued interest, and the 2011 Bonds will be redeemed on July 1, 2021 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-7 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 Bills (the "T-Bills"), Notes (the "T-Notes"), Federal Home Loan Bank Notes (the "FHLB"), Federal Farm Credit Bank Notes (the "FFCB"), Financing Corporation Strips (the "FICO"), and Federal Home Loan Mortgage Corporation Notes (the "FHLMC") (collectively referred to as the "Open-Market Securities") insofar as the Open-Market Securities 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-7, 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 Open-Market Securities, together with an initial cash deposit of $34.44 to be deposited into the escrow account on July 6, 2016, will be sufficient to pay, when due, the principal and interest related to the Refunded Bonds assuming the 2007 Bonds will be redeemed on July 1, 2017 at 100 percent of par plus accrued interest, the 2008 Bonds will be redeemed on July 1, 2018 at 100 percent of par plus accrued interest, the 2009 Bonds and the 2009A Bonds will be redeemed on July 1, 2019 at 100 percent of par plus accrued interest, and the 2011 Bonds will be redeemed on July 1, 2021 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 Open-Market Securities is less than the yield on the Bonds. These schedules were prepared based on the assumed settlement date of July 6, 2016 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 Open-Market Securities, the purchase price, and in the case of the Bonds, the issue price.

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 Open-Market Securities 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 and issue price to the public. The results of our calculations, based on the aforementioned assumptions, are summarized below:

	Yield	Exhibit
• Yield on the cash receipts from the Open-Market Securities	1.165730%	B-1
• Yield on the Bonds	1.547935%	C

Our procedures, as summarized in Exhibits B-1 and C, 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 Open-Market Securities 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
July 6, 2016

Exhibit A

Pima County, Arizona

SCHEDULE OF SOURCES AND USES OF FUNDS

July 6, 2016

SOURCES:	
Principal amount of the Bonds	$122,070,000.00
Original issue premium	13,844,162.20
	$135,914,162.20

USES:	
Purchase price of the Open-Market Securities	$134,991,713.86
Beginning cash deposit to the escrow account	34.44
Costs of issuance	318,167.40
Underwriter's discount	604,246.50
	$135,914,162.20

Pima County, Arizona

ESCROW ACCOUNT CASH FLOW

Dates	Cash receipts from Open-Market Securities (Exhibit B-1)	Debt service payments on Refunded Bonds Obligations (Exhibits B-3 through B-7)	Cash balance
Cash deposit on July 6, 2016			$34.44
12-08-16	$2,000.00		2,034.44
12-11-16	165,421.88		167,456.32
12-25-16	1,006.25		168,462.57
12-28-16	1,608.00		170,070.57
12-29-16	161,616.85		331,687.42
12-30-16	120,859.40		452,546.82
12-31-16	1,830,378.14		2,282,924.96
01-01-17	262,683.04	$2,544,940.63	667.37
04-27-17	14,000.00		14,667.37
06-11-17	165,421.88		180,089.25
06-25-17	1,006.25		181,095.50
06-28-17	1,608.00		182,703.50
06-29-17	161,616.85		344,320.35
06-30-17	30,421,578.16		30,765,898.51
07-01-17	261,231.75	31,019,940.63	7,189.63
12-11-17	165,421.88		172,611.51
12-25-17	1,006.25		173,617.76
12-28-17	1,608.00		175,225.76
12-29-17	161,616.85		336,842.61
12-31-17	1,430,678.13		1,767,520.74
01-01-18	261,231.75	2,022,603.13	6,149.36
06-11-18	165,421.88		171,571.24
06-25-18	231,006.25		402,577.49
06-28-18	1,608.00		404,185.49
06-29-18	37,100,616.85		37,504,802.34
06-30-18	6,593.13		37,511,395.47
07-01-18	261,231.75	37,772,603.13	24.09
12-11-18	165,421.88		165,445.97
12-27-18	549,000.00		714,445.97
12-28-18	336,608.00		1,051,053.97
12-31-18	6,593.13		1,057,647.10

Pima County, Arizona

ESCROW ACCOUNT CASH FLOW

Dates	Cash receipts from Open-Market Securities (Exhibit B-1)	Debt service payments on Refunded Bonds Obligations (Exhibits B-3 through B-7)	Cash balance
01-01-19	261,231.75	1,307,603.13	11,275.72
06-11-19	165,421.88		176,697.60
06-30-19	6,593.13		183,290.73
07-01-19	44,916,231.75	45,092,603.13	6,919.35
12-11-19	165,421.88		172,341.23
12-31-19	267,593.13		439,934.36
01-01-20		434,500.00	5,434.36
06-11-20	165,421.88		170,856.24
06-30-20	268,472.50		439,328.74
07-01-20		434,500.00	4,828.74
12-11-20	165,421.88		170,250.62
12-31-20	268,327.50		438,578.12
01-01-21		434,500.00	4,078.12
06-11-21	17,810,421.88		17,814,500.00
07-01-21		17,814,500.00	0.00
	$138,878,259.34	$138,878,293.78	

Pima County, Arizona

CASH RECEIPTS FROM AND YIELD ON THE OPEN-MARKET SECURITIES

Receipt date	Principal	Interest rate	Interest	Cash receipts from Open-Market Securities	Present value on July 6, 2016 using a yield of 1.165730%
12-08-16	$2,000	0.000%		$2,000.00	$1,990.21
12-11-16			$165,421.88	165,421.88	164,596.09
12-25-16			1,006.25	1,006.25	1,000.77
12-28-16			1,608.00	1,608.00	1,599.09
12-29-16			161,616.85	161,616.85	160,716.62
12-30-16			120,859.40	120,859.40	120,182.31
12-31-16	1,811,000	0.625%	19,378.14	1,830,378.14	1,820,065.13
01-01-17			262,683.04	262,683.04	261,202.99
04-27-17	14,000	0.000%		14,000.00	13,869.08
06-11-17			165,421.88	165,421.88	163,642.27
06-25-17			1,006.25	1,006.25	994.97
06-28-17			1,608.00	1,608.00	1,589.83
06-29-17			161,616.85	161,616.85	159,785.29
06-30-17	30,287,000	(1)	134,578.16	30,421,578.16	30,075,847.05
07-01-17			261,231.75	261,231.75	258,254.60
12-11-17			165,421.88	165,421.88	162,693.99
12-25-17			1,006.25	1,006.25	989.21
12-28-17			1,608.00	1,608.00	1,580.62
12-29-17			161,616.85	161,616.85	158,859.35
12-31-17	1,417,000	1.000%	13,678.13	1,430,678.13	1,406,177.16
01-01-18			261,231.75	261,231.75	256,758.05
06-11-18			165,421.88	165,421.88	161,751.19
06-25-18	230,000	0.875%	1,006.25	231,006.25	225,778.18
06-28-18			1,608.00	1,608.00	1,571.46
06-29-18	36,939,000	(1)	161,616.85	37,100,616.85	36,256,282.70
06-30-18			6,593.13	6,593.13	6,442.88
07-01-18			261,231.75	261,231.75	255,270.17
12-11-18			165,421.88	165,421.88	160,813.87
12-27-18	549,000	0.000%		549,000.00	533,431.34
12-28-18	335,000	0.960%	1,608.00	336,608.00	327,051.84
12-31-18			6,593.13	6,593.13	6,405.33
01-01-19			261,231.75	261,231.75	253,790.91
06-11-19			165,421.88	165,421.88	159,881.97
06-30-19			6,593.13	6,593.13	6,368.42
07-01-19	44,655,000	1.170%	261,231.75	44,916,231.75	43,383,981.66
12-11-19			165,421.88	165,421.88	158,955.47
12-31-19	261,000	1.625%	6,593.13	267,593.13	256,966.82
06-11-20			165,421.88	165,421.88	158,034.35

Pima County, Arizona

CASH RECEIPTS FROM AND YIELD ON THE OPEN-MARKET SECURITIES

Receipt date	Principal	Interest rate	Interest	Cash receipts from Open-Market Securities	Present value on July 6, 2016 using a yield of 1.165730%
06-30-20	264,000	1.625%	4,472.50	268,472.50	256,325.56
12-11-20			165,421.88	165,421.88	157,118.56
12-31-20	266,000	1.750%	2,327.50	268,327.50	254,694.33
06-11-21	17,645,000	1.875%	165,421.88	17,810,421.88	16,818,402.19
	$134,675,000		$4,203,259.34	$138,878,259.34	$134,991,713.86

Purchase price of the Open-Market Securities	$134,991,713.86

The sum of the present values of the cash receipts from the Open-Market Securities on July 6, 2016, using a yield of 1.165730%, is equal to the purchase price of the Open-Market Securities.

(1) Actual principal amounts and interest rates are shown on Exhibit B-2.

Exhibit B-2

Pima County, Arizona

PURCHASE PRICE OF THE OPEN-MARKET SECURITIES

Type	Maturity date	Principal amount	Interest rate	Price	Cost	Accrued interest	Purchase price
T-Bills	12-08-16	$2,000	0.000%	99.808760%	$1,996.18		$1,996.18
T-Notes	12-31-16	1,811,000	0.625%	100.016520%	1,811,299.18	$184.54	1,811,483.72
T-Bills	04-27-17	14,000	0.000%	99.474140%	13,926.38		13,926.38
FHLB	06-30-17	29,910,000	0.800%	99.993670%	29,908,106.70	3,988.00	29,912,094.70
FFCB	06-30-17	364,000	0.670%	99.722340%	362,989.32	40.65	363,029.97
T-Notes	06-30-17	13,000	0.625%	100.170030%	13,022.10	1.32	13,023.42
T-Notes	12-31-17	1,417,000	1.000%	99.694100%	1,412,665.40	231.03	1,412,896.43
FFCB	06-25-18	230,000	0.875%	99.623240%	229,133.45	61.49	229,194.94
FFCB	06-29-18	349,000	0.880%	99.713260%	347,999.28	59.72	348,059.00
FHLB	06-29-18	36,590,000	0.875%	97.063170%	35,515,413.90	6,225.38	35,521,639.28
FICO	12-27-18	549,000	0.000%	99.583540%	546,713.63		546,713.63
FFCB	12-28-18	335,000	0.960%	100.180258%	335,603.86	71.47	335,675.33
FHLMC	07-01-19	44,655,000	1.170%	102.329105%	45,695,061.63	8,707.72	45,703,769.35
T-Notes	12-31-19	261,000	1.625%	101.230850%	264,212.52	69.15	264,281.67
T-Notes	06-30-20	264,000	1.625%	101.570680%	268,146.60	69.95	268,216.55
T-Notes	12-31-20	266,000	1.750%	101.740060%	270,628.56	75.90	270,704.46
FHLB	06-11-21	17,645,000	1.875%	101.740060%	17,952,033.59	22,975.26	17,975,008.85
		$134,675,000			$134,948,952.28	$42,761.58	$134,991,713.86

Pima County, Arizona

DEBT SERVICE PAYMENTS ON THE 2007 BONDS

Date	Principal	Interest rate	Interest	Debt service payments
01-01-17			$522,337.50	$522,337.50
07-01-17	$28,475,000	(1)	522,337.50	28,997,337.50
	$28,475,000		$1,044,675.00	$29,519,675.00

(1) Actual maturity dates, principal amounts and interest rates are as follows:

Maturity date	Principal amount	Interest rate
07-01-18	$7,810,000	4.125%
07-01-19	8,205,000	4.250%
07-01-20	8,615,000	3.000%
07-01-21	3,845,000	3.000%
	$28,475,000	

Pima County, Arizona

DEBT SERVICE PAYMENTS ON THE 2008 BONDS

Date	Principal	Interest rate	Interest	Debt service payments
01-01-17			$715,000.00	$715,000.00
07-01-17			715,000.00	715,000.00
01-01-18			715,000.00	715,000.00
07-01-18	$35,750,000	(1)	715,000.00	36,465,000.00
	$35,750,000		$2,860,000.00	$38,610,000.00

(1) Actual maturity dates, principal amounts and interest rates are as follows:

Maturity date	Principal amount	Interest rate
07-01-20	$8,000,000	4.000%
07-01-21	12,750,000	4.000%
07-01-22	15,000,000	4.000%
	$35,750,000	

Exhibit B-5

Pima County, Arizona

DEBT SERVICE PAYMENTS ON THE 2009 BONDS

Date	Principal	Interest rate	Interest	Debt service payments
01-01-17			$449,753.13	$449,753.13
07-01-17			449,753.13	449,753.13
01-01-18			449,753.13	449,753.13
07-01-18			449,753.13	449,753.13
01-01-19			449,753.13	449,753.13
07-01-19	$22,185,000	(1)	449,753.13	22,634,753.13
	$22,185,000		$2,698,518.78	$24,883,518.78

(1) Actual maturity dates, principal amounts and interest rates are as follows:

Maturity date	Principal amount	Interest rate
07-01-21	$5,000,000	4.000%
07-01-22	7,500,000	4.000%
07-01-23	9,685,000	4.125%
	$22,185,000	

Pima County, Arizona

DEBT SERVICE PAYMENTS ON THE 2009A BONDS

Date	Principal	Interest rate	Interest	Debt service payments
01-01-17			$423,350.00	$423,350.00
07-01-17			423,350.00	423,350.00
01-01-18			423,350.00	423,350.00
07-01-18			423,350.00	423,350.00
01-01-19			423,350.00	423,350.00
07-01-19	$21,600,000	(1)	423,350.00	22,023,350.00
	$21,600,000		$2,540,100.00	$24,140,100.00

(1) Actual maturity dates, principal amounts and interest rates are as follows:

Maturity date	Principal amount	Interest rate
07-01-22	$6,920,000	3.750%
07-01-23	7,195,000	4.000%
07-01-24	7,485,000	4.000%
	$21,600,000	

Pima County, Arizona

DEBT SERVICE PAYMENTS ON THE 2011 BONDS

Date	Principal	Interest rate	Interest	Debt service payments
01-01-17			$434,500.00	$434,500.00
07-01-17			434,500.00	434,500.00
01-01-18			434,500.00	434,500.00
07-01-18			434,500.00	434,500.00
01-01-19			434,500.00	434,500.00
07-01-19			434,500.00	434,500.00
01-01-20			434,500.00	434,500.00
07-01-20			434,500.00	434,500.00
01-01-21			434,500.00	434,500.00
07-01-21	$17,380,000	(1)	434,500.00	17,814,500.00
	$17,380,000		$4,345,000.00	$21,725,000.00

(1) Actual maturity dates, principal amounts and interest rates are as follows:

Maturity date	Principal amount	Interest rate
07-01-23	$4,030,000	5.000%
07-01-24	4,235,000	5.000%
07-01-25	4,445,000	5.000%
07-01-26	4,670,000	5.000%
	$17,380,000	

Exhibit C

Pima County, Arizona

DEBT SERVICE PAYMENTS AND YIELD ON THE BONDS

	$122,070,000 issue dated July 6, 2016				Present value on July 6, 2016 using a yield of 1.547935%
Date	Principal	Interest rate	Interest	Total debt service	
01-01-17			$2,027,690.97	$2,027,690.97	$2,012,548.80
07-01-17			2,085,625.00	2,085,625.00	2,054,151.73
01-01-18			2,085,625.00	2,085,625.00	2,038,375.37
07-01-18	$8,065,000	2.000%	2,085,625.00	10,150,625.00	9,844,470.59
01-01-19			2,004,975.00	2,004,975.00	1,929,568.44
07-01-19	8,300,000	2.000%	2,004,975.00	10,304,975.00	9,841,239.72
01-01-20			1,921,975.00	1,921,975.00	1,821,387.06
07-01-20	16,240,000	2.000%	1,921,975.00	18,161,975.00	17,079,267.01
01-01-21			1,759,575.00	1,759,575.00	1,641,971.37
07-01-21	20,645,000	(1)	1,759,575.00	22,404,575.00	20,746,562.60
01-01-22			1,376,400.00	1,376,400.00	1,264,753.09
07-01-22	28,210,000	4.000%	1,376,400.00	29,586,400.00	26,977,695.69
01-01-23			812,200.00	812,200.00	734,898.49
07-01-23	20,225,000	4.000%	812,200.00	21,037,200.00	18,888,781.76
01-01-24			407,700.00	407,700.00	363,252.30
07-01-24	11,325,000	4.000%	407,700.00	11,732,700.00	10,373,307.82
01-01-25			181,200.00	181,200.00	158,975.11
07-01-25	4,440,000	4.000%	181,200.00	4,621,200.00	4,023,253.06
01-01-26			92,400.00	92,400.00	79,826.34
07-01-26	4,620,000	4.000%	92,400.00	4,712,400.00	4,039,875.85
	$122,070,000		$25,397,415.97	$147,467,415.97	$135,914,162.20

The present value of the future payments is equal to:	
Principal amount of the Bonds	$122,070,000.00
Original issue premium	13,844,162.20
	$135,914,162.20

The sum of the present values of the debt service payments of the Bonds on July 6, 2016, using a yield of 1.547935%, is equal to the issue price of the Bonds.

(1) Actual principal amounts and interest rates are shown on Exhibit C-1.

Exhibit C-1

Pima County, Arizona

ORIGINAL ISSUE PREMIUM ON THE BONDS

Maturity date	Principal	Interest rate	Yield	Initial public offering price	Original issue premium
07-01-18	$8,065,000	2.000%	0.880%	102.200%	$177,430.00
07-01-19	8,300,000	2.000%	1.050%	102.785%	231,155.00
07-01-20	16,240,000	2.000%	1.230%	102.986%	484,926.40
07-01-21	14,700,000	4.000%	1.390%	112.530%	1,841,910.00
07-01-21	5,945,000	3.000%	1.390%	107.729%	459,489.05
07-01-22	28,210,000	4.000%	1.520%	114.138%	3,988,329.80
07-01-23	20,225,000	4.000%	1.630%	115.589%	3,152,875.25
07-01-24	11,325,000	4.000%	1.740%	116.782%	1,900,561.50
07-01-25	4,440,000	4.000%	1.880%	117.452%	774,868.80
07-01-26	4,620,000	4.000%	2.000%	118.022%	832,616.40
	$122,070,000				$13,844,162.20

APPENDIX I

Applicable schedules provided by RBC Capital Markets, LLC

SOURCES AND USES OF FUNDS

PIMA COUNTY, ARIZONA
General Obligation Refunding Bonds, Series 2016

FINAL
(June 1, 2016)

Dated Date	07/06/2016
Delivery Date	07/06/2016

Sources:	Refunding Series 2007	Refunding Series 2008	Refunding Series 2009	Refunding Series 2009A	Refunding Series 2011	Total
Bond Proceeds:						
Par Amount	28,295,000.00	34,485,000.00	21,175,000.00	20,345,000.00	17,770,000.00	122,070,000.00
Premium	1,109,040.35	3,531,909.05	3,053,998.35	3,161,360.65	2,987,853.80	13,844,162.20
	29,404,040.35	38,016,909.05	24,228,998.35	23,506,360.65	20,757,853.80	135,914,162.20

Uses:	Refunding Series 2007	Refunding Series 2008	Refunding Series 2009	Refunding Series 2009A	Refunding Series 2011	Total
Refunding Escrow Deposits:						
PV cost of cashflows	29,187,178.53	37,755,715.52	24,072,991.47	23,352,715.43	20,623,147.35	134,991,748.30
Delivery Date Expenses:						
Cost of Issuance	76,801.22	90,491.89	51,189.79	52,937.21	46,747.29	318,167.40
Underwriter's Discount	140,060.25	170,700.75	104,816.25	100,707.75	87,961.50	604,246.50
	216,861.47	261,192.64	156,006.04	153,644.96	134,708.79	922,413.90
Other Uses of Funds:						
Additional Proceeds	0.35	0.89	0.84	0.26	-2.34	
	29,404,040.35	38,016,909.05	24,228,998.35	23,506,360.65	20,757,853.80	135,914,162.20

ESCROW SUFFICIENCY

PIMA COUNTY, ARIZONA
General Obligation Refunding Bonds, Series 2016

FINAL
(June 1, 2016)

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
07/06/2016		34.44	34.44	34.44
12/08/2016		2,000.00	2,000.00	2,034.44
12/11/2016		165,421.88	165,421.88	167,456.32
12/25/2016		1,006.25	1,006.25	168,462.57
12/28/2016		1,608.00	1,608.00	170,070.57
12/29/2016		161,616.85	161,616.85	331,687.42
12/30/2016		120,859.40	120,859.40	452,546.82
12/31/2016		1,830,378.14	1,830,378.14	2,282,924.96
01/01/2017	2,544,940.63	262,683.04	-2,282,257.59	667.37
04/27/2017		14,000.00	14,000.00	14,667.37
06/11/2017		165,421.88	165,421.88	180,089.25
06/25/2017		1,006.25	1,006.25	181,095.50
06/28/2017		1,608.00	1,608.00	182,703.50
06/29/2017		161,616.85	161,616.85	344,320.35
06/30/2017		30,421,578.16	30,421,578.16	30,765,898.51
07/01/2017	31,019,940.63	261,231.75	-30,758,708.88	7,189.63
12/11/2017		165,421.88	165,421.88	172,611.51
12/25/2017		1,006.25	1,006.25	173,617.76
12/28/2017		1,608.00	1,608.00	175,225.76
12/29/2017		161,616.85	161,616.85	336,842.61
12/31/2017		1,430,678.13	1,430,678.13	1,767,520.74
01/01/2018	2,022,603.13	261,231.75	-1,761,371.38	6,149.36
06/11/2018		165,421.88	165,421.88	171,571.24
06/25/2018		231,006.25	231,006.25	402,577.49
06/28/2018		1,608.00	1,608.00	404,185.49
06/29/2018		37,100,616.85	37,100,616.85	37,504,802.34
06/30/2018		6,593.13	6,593.13	37,511,395.47
07/01/2018	37,772,603.13	261,231.75	-37,511,371.38	24.09
12/11/2018		165,421.88	165,421.88	165,445.97
12/27/2018		549,000.00	549,000.00	714,445.97
12/28/2018		336,608.00	336,608.00	1,051,053.97
12/31/2018		6,593.13	6,593.13	1,057,647.10
01/01/2019	1,307,603.13	261,231.75	-1,046,371.38	11,275.72
06/11/2019		165,421.88	165,421.88	176,697.60
06/30/2019		6,593.13	6,593.13	183,290.73
07/01/2019	45,092,603.13	44,916,231.75	-176,371.38	6,919.35
12/11/2019		165,421.88	165,421.88	172,341.23
12/31/2019		267,593.13	267,593.13	439,934.36
01/01/2020	434,500.00		-434,500.00	5,434.36
06/11/2020		165,421.88	165,421.88	170,856.24
06/30/2020		268,472.50	268,472.50	439,328.74
07/01/2020	434,500.00		-434,500.00	4,828.74
12/11/2020		165,421.88	165,421.88	170,250.62
12/31/2020		268,327.50	268,327.50	438,578.12
01/01/2021	434,500.00		-434,500.00	4,078.12
06/11/2021		17,810,421.88	17,810,421.88	17,814,500.00
07/01/2021	17,814,500.00		-17,814,500.00	
	138,878,293.78	138,878,293.78	0.00	

ESCROW CASH FLOW

PIMA COUNTY, ARIZONA
General Obligation Refunding Bonds, Series 2016

FINAL
(June 1, 2016)

Date	Principal	Interest	Net Escrow Receipts	Present Value to 07/06/2016 @ 1.1657305%
12/08/2016	2,000.00		2,000.00	1,990.21
12/11/2016		165,421.88	165,421.88	164,596.09
12/25/2016		1,006.25	1,006.25	1,000.77
12/28/2016		1,608.00	1,608.00	1,599.09
12/29/2016		161,616.85	161,616.85	160,716.62
12/30/2016		120,859.40	120,859.40	120,182.31
12/31/2016	1,811,000.00	19,378.14	1,830,378.14	1,820,065.13
01/01/2017		262,683.04	262,683.04	261,202.99
04/27/2017	14,000.00		14,000.00	13,869.08
06/11/2017		165,421.88	165,421.88	163,642.27
06/25/2017		1,006.25	1,006.25	994.97
06/28/2017		1,608.00	1,608.00	1,589.83
06/29/2017		161,616.85	161,616.85	159,785.29
06/30/2017	30,287,000.00	134,578.16	30,421,578.16	30,075,847.05
07/01/2017		261,231.75	261,231.75	258,254.60
12/11/2017		165,421.88	165,421.88	162,693.99
12/25/2017		1,006.25	1,006.25	989.21
12/28/2017		1,608.00	1,608.00	1,580.62
12/29/2017		161,616.85	161,616.85	158,859.35
12/31/2017	1,417,000.00	13,678.13	1,430,678.13	1,406,177.16
01/01/2018		261,231.75	261,231.75	256,758.05
06/11/2018		165,421.88	165,421.88	161,751.19
06/25/2018	230,000.00	1,006.25	231,006.25	225,778.18
06/28/2018		1,608.00	1,608.00	1,571.46
06/29/2018	36,939,000.00	161,616.85	37,100,616.85	36,256,282.70
06/30/2018		6,593.13	6,593.13	6,442.88
07/01/2018		261,231.75	261,231.75	255,270.17
12/11/2018		165,421.88	165,421.88	160,813.87
12/27/2018	549,000.00		549,000.00	533,431.34
12/28/2018	335,000.00	1,608.00	336,608.00	327,051.84
12/31/2018		6,593.13	6,593.13	6,405.33
01/01/2019		261,231.75	261,231.75	253,790.91
06/11/2019		165,421.88	165,421.88	159,881.97
06/30/2019		6,593.13	6,593.13	6,368.42
07/01/2019	44,655,000.00	261,231.75	44,916,231.75	43,383,981.66
12/11/2019		165,421.88	165,421.88	158,955.47
12/31/2019	261,000.00	6,593.13	267,593.13	256,966.82
06/11/2020		165,421.88	165,421.88	158,034.35
06/30/2020	264,000.00	4,472.50	268,472.50	256,325.56
12/11/2020		165,421.88	165,421.88	157,118.56
12/31/2020	266,000.00	2,327.50	268,327.50	254,694.33
06/11/2021	17,645,000.00	165,421.88	17,810,421.88	16,818,402.19
	134,675,000.00	4,203,259.34	138,878,259.34	134,991,713.86

Escrow Cost Summary

Purchase date	07/06/2016
Purchase cost of securities	134,991,713.86
Target for yield calculation	134,991,713.86

ESCROW COST

PIMA COUNTY, ARIZONA
General Obligation Refunding Bonds, Series 2016

FINAL
(June 1, 2016)

Type of Security	Maturity Date	Par Amount	Rate	Yield	Price	Cost	Accrued Interest	Total Cost
TBill	12/08/2016	2,000		0.452438%	99.80876000	1,996.18		1,996.18
TNote	12/31/2016	1,811,000	0.625%	0.590689%	100.01652000	1,811,299.18	184.54	1,811,483.72
TBill	04/27/2017	14,000		0.652998%	99.47414000	13,926.38		13,926.38
TNote	06/30/2017	13,000	0.625%	0.451561%	100.17003000	13,022.10	1.32	13,023.42
Agency	06/30/2017	364,000	0.670%	0.954340%	99.72234000	362,989.32	40.65	363,029.97
Agency	06/30/2017	29,910,000	0.800%	0.806449%	99.99367000	29,908,106.70	3,988.00	29,912,094.70
TNote	12/31/2017	1,417,000	1.000%	1.208618%	99.69410000	1,412,665.40	231.03	1,412,896.43
Agency	06/25/2018	230,000	0.875%	1.068799%	99.62324000	229,133.45	61.49	229,194.94
Agency	06/29/2018	349,000	0.880%	1.026604%	99.71326000	347,999.28	59.72	348,059.00
Agency	06/29/2018	36,590,000	0.875%	2.402221%	97.06317000	35,515,413.90	6,225.38	35,521,639.28
Agency	12/27/2018	549,000		0.168689%	99.58354000	546,713.63		546,713.63
Agency	12/28/2018	335,000	0.960%	0.886269%	100.18025773	335,603.86	71.47	335,675.33
Agency	07/01/2019	44,655,000	1.170%	0.384774%	102.32910451	45,695,061.62	8,707.73	45,703,769.35
TNote	12/31/2019	261,000	1.625%	1.262717%	101.23085000	264,212.52	69.15	264,281.67
TNote	06/30/2020	264,000	1.625%	1.219844%	101.57068000	268,146.60	69.95	268,216.55
TNote	12/31/2020	266,000	1.750%	1.348733%	101.74006000	270,628.56	75.90	270,704.46
Agency	06/11/2021	17,645,000	1.875%	1.507393%	101.74006000	17,952,033.59	22,975.26	17,975,008.85
		134,675,000				134,948,952.27	42,761.59	134,991,713.86

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost	Yield
07/06/2016	134,991,713.86	34.44	134,991,748.30	1.165730%
	134,991,713.86	34.44	134,991,748.30	

ESCROW DESCRIPTIONS

PIMA COUNTY, ARIZONA
General Obligation Refunding Bonds, Series 2016

FINAL
(June 1, 2016)

	Type of Security	CUSIP or ID	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate	Yield	Price	Dated Date	Interest Class	Interest Frequency	Interest Day Basis	Cost	Accrued Interest	Total Cost
Jul 6, 2016:																
	TBill	912796HU6	12/08/2016		2,000			0.452%	99.808760		Periodic	Semiannual	ACT/ACT	1,996.18		1,996.18
	TNote	912828H29	12/31/2016		1,811,000	0.625%	0.330%	0.591%	100.016520		Periodic	Semiannual	ACT/ACT	1,811,299.18	184.54	1,811,483.72
	TBill	912796JP5	04/27/2017		14,000		0.490%	0.653%	99.474140		Periodic	Semiannual	ACT/ACT	13,926.38		13,926.38
	TNote	912828XJ4	06/30/2017		13,000	0.625%	0.810%	0.452%	100.170030		Periodic	Semiannual	ACT/ACT	13,022.10	1.32	13,023.42
	Agency	3133EF7C5	06/30/2017	12/30/2016	364,000	0.670%	0.730%	0.954%	99.722340		Periodic	Semiannual	30/360	362,989.32	40.65	363,029.97
	Agency	3130A8DM2	06/30/2017	12/30/2016	29,910,000	0.800%	0.620%	0.806%	99.993670		Periodic	Semiannual	30/360	29,908,106.70	3,988.00	29,912,094.70
	TNote	912828N55	12/31/2017		1,417,000	1.000%	0.880%	1.209%	99.694100		Periodic	Semiannual	ACT/ACT	1,412,665.40	231.03	1,412,896.43
	Agency	3133EFD87	06/25/2018		230,000	0.875%	0.970%	1.069%	99.623240		Periodic	Semiannual	30/360	229,133.45	61.49	229,194.94
	Agency	3133EF6Z5	06/29/2018		349,000	0.880%	1.050%	1.027%	99.713260		Periodic	Semiannual	30/360	347,999.28	59.72	348,059.00
	Agency	3130A8BD4	06/29/2018		36,590,000	0.875%	1.130%	2.402%	97.063170		Periodic	Semiannual	30/360	35,515,413.90	6,225.38	35,521,639.28
	Agency	31771EAN1	12/27/2018		549,000		1.220%	0.169%	99.583540		Periodic	Semiannual	30/360	546,713.63		546,713.63
	Agency	3133EF6N2	12/28/2018		335,000	0.960%		0.886%	100.180258		Periodic	Semiannual	30/360	335,603.86	71.47	335,675.33
	Agency	3134G9SX6	07/01/2019	01/01/2017	44,655,000	1.170%		0.385%	102.329105	06/30/2016	Periodic	Semiannual	30/360	45,695,061.62	8,707.73	45,703,769.35
	TNote	912828G95	12/31/2019		261,000	1.625%		1.263%	101.230850		Periodic	Semiannual	ACT/ACT	264,212.52	69.15	264,281.67
	TNote	912828XH8	06/30/2020		264,000	1.625%		1.220%	101.570680		Periodic	Semiannual	ACT/ACT	268,146.60	69.95	268,216.55
	TNote	912828N48	12/31/2020		266,000	1.750%		1.349%	101.740060		Periodic	Semiannual	ACT/ACT	270,628.56	75.90	270,704.46
	Agency	313379RB7	06/11/2021		17,645,000	1.875%		1.507%	101.740060	06/05/2012	Periodic	Semiannual	30/360	17,952,033.59	22,975.26	17,975,008.85
					134,675,000									134,948,952.27	42,761.59	134,991,713.86

ESCROW REQUIREMENTS

PIMA COUNTY, ARIZONA
General Obligation Refunding Bonds, Series 2016

FINAL
(June 1, 2016)

Period Ending	Interest	Principal Redeemed	Total
01/01/2017	2,544,940.63		2,544,940.63
07/01/2017	2,544,940.63	28,475,000.00	31,019,940.63
01/01/2018	2,022,603.13		2,022,603.13
07/01/2018	2,022,603.13	35,750,000.00	37,772,603.13
01/01/2019	1,307,603.13		1,307,603.13
07/01/2019	1,307,603.13	43,785,000.00	45,092,603.13
01/01/2020	434,500.00		434,500.00
07/01/2020	434,500.00		434,500.00
01/01/2021	434,500.00		434,500.00
07/01/2021	434,500.00	17,380,000.00	17,814,500.00
	13,488,293.78	125,390,000.00	138,878,293.78

SUMMARY OF BONDS REFUNDED

PIMA COUNTY, ARIZONA
General Obligation Refunding Bonds, Series 2016

FINAL
(June 1, 2016)

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
General Obligation Bonds, Series 2007:					
SERIAL	07/01/2018	4.125%	7,810,000.00	07/01/2017	100.000
	07/01/2019	4.250%	8,205,000.00	07/01/2017	100.000
	07/01/2020	3.000%	8,615,000.00	07/01/2017	100.000
	07/01/2021	3.000%	3,845,000.00	07/01/2017	100.000
			28,475,000.00		
General Obligation Bonds, Series 2008:					
SERIAL	07/01/2020	4.000%	8,000,000.00	07/01/2018	100.000
	07/01/2021	4.000%	12,750,000.00	07/01/2018	100.000
	07/01/2022	4.000%	15,000,000.00	07/01/2018	100.000
			35,750,000.00		
General Obligation Bonds, Series 2009:					
SERIAL	07/01/2021	4.000%	5,000,000.00	07/01/2019	100.000
	07/01/2022	4.000%	7,500,000.00	07/01/2019	100.000
	07/01/2023	4.125%	9,685,000.00	07/01/2019	100.000
			22,185,000.00		
General Obligation Bonds, Series 2009A:					
SERIAL	07/01/2022	3.750%	6,920,000.00	07/01/2019	100.000
	07/01/2023	4.000%	7,195,000.00	07/01/2019	100.000
	07/01/2024	4.000%	7,485,000.00	07/01/2019	100.000
			21,600,000.00		
General Obligation Bonds, Series 2011:					
BOND	07/01/2023	5.000%	4,030,000.00	07/01/2021	100.000
	07/01/2024	5.000%	4,235,000.00	07/01/2021	100.000
	07/01/2025	5.000%	4,445,000.00	07/01/2021	100.000
	07/01/2026	5.000%	4,670,000.00	07/01/2021	100.000
			17,380,000.00		
			125,390,000.00		

BOND DEBT SERVICE

PIMA COUNTY, ARIZONA
General Obligation Refunding Bonds, Series 2016

FINAL
(June 1, 2016)

Period Ending	Principal	Coupon	Interest	Debt Service
07/01/2017			4,113,315.97	4,113,315.97
07/01/2018	8,065,000	2.000%	4,171,250.00	12,236,250.00
07/01/2019	8,300,000	2.000%	4,009,950.00	12,309,950.00
07/01/2020	16,240,000	2.000%	3,843,950.00	20,083,950.00
07/01/2021	20,645,000	** %	3,519,150.00	24,164,150.00
07/01/2022	28,210,000	4.000%	2,752,800.00	30,962,800.00
07/01/2023	20,225,000	4.000%	1,624,400.00	21,849,400.00
07/01/2024	11,325,000	4.000%	815,400.00	12,140,400.00
07/01/2025	4,440,000	4.000%	362,400.00	4,802,400.00
07/01/2026	4,620,000	4.000%	184,800.00	4,804,800.00
	122,070,000		25,397,415.97	147,467,415.97

BOND SUMMARY STATISTICS

PIMA COUNTY, ARIZONA
General Obligation Refunding Bonds, Series 2016

FINAL
(June 1, 2016)

Dated Date	07/06/2016
Delivery Date	07/06/2016
Last Maturity	07/01/2026
Arbitrage Yield	1.547935%
True Interest Cost (TIC)	1.633418%
Net Interest Cost (NIC)	1.748992%
All-In TIC	1.678624%
Average Coupon	3.653702%
Average Life (years)	5.694
Duration of Issue (years)	5.252
Par Amount	122,070,000.00
Bond Proceeds	135,914,162.20
Total Interest	25,397,415.97
Net Interest	12,157,500.27
Total Debt Service	147,467,415.97
Maximum Annual Debt Service	30,962,800.00
Average Annual Debt Service	14,767,251.67
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	4.950000
Total Underwriter's Discount	4.950000
Bid Price	110.846167

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Bond Component	122,070,000.00	111.341	3.654%	5.694	70,581.65
	122,070,000.00			5.694	70,581.65

	TIC	All-In TIC	Arbitrage Yield
Par Value	122,070,000.00	122,070,000.00	122,070,000.00
+ Accrued Interest			
+ Premium (Discount)	13,844,162.20	13,844,162.20	13,844,162.20
- Underwriter's Discount	-604,246.50	-604,246.50	
- Cost of Issuance Expense		-318,167.40	
- Other Amounts			
Target Value	135,309,915.70	134,991,748.30	135,914,162.20
Target Date	07/06/2016	07/06/2016	07/06/2016
Yield	1.633418%	1.678624%	1.547935%

BOND PRICING

PIMA COUNTY, ARIZONA
General Obligation Refunding Bonds, Series 2016

FINAL
(June 1, 2016)

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)	Principal Cost
Bond Component:							
	07/01/2018	8,065,000	2.000%	0.880%	102.200	177,430.00	8,242,430.00
	07/01/2019	8,300,000	2.000%	1.050%	102.785	231,155.00	8,531,155.00
	07/01/2020	16,240,000	2.000%	1.230%	102.986	484,926.40	16,724,926.40
	07/01/2021	5,945,000	3.000%	1.390%	107.729	459,489.05	6,404,489.05
	07/01/2021	14,700,000	4.000%	1.390%	112.530	1,841,910.00	16,541,910.00
	07/01/2022	28,210,000	4.000%	1.520%	114.138	3,988,329.80	32,198,329.80
	07/01/2023	20,225,000	4.000%	1.630%	115.589	3,152,875.25	23,377,875.25
	07/01/2024	11,325,000	4.000%	1.740%	116.782	1,900,561.50	13,225,561.50
	07/01/2025	4,440,000	4.000%	1.880%	117.452	774,868.80	5,214,868.80
	07/01/2026	4,620,000	4.000%	2.000%	118.022	832,616.40	5,452,616.40
		122,070,000				13,844,162.20	135,914,162.20

Dated Date	07/06/2016	
Delivery Date	07/06/2016	
First Coupon	01/01/2017	
Par Amount	122,070,000.00	
Premium	13,844,162.20	
Production	135,914,162.20	111.341167%
Underwriter's Discount	-604,246.50	-0.495000%
Purchase Price	135,309,915.70	110.846167%
Accrued Interest		
Net Proceeds	135,309,915.70	

$122,070,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016

GENERAL CERTIFICATE OF THE COUNTY

The undersigned, the Chair (the "Chair") and the Clerk (the "Clerk") of the Board of Supervisors of Pima County, Arizona (the "County"), acting for and on behalf of the County, do hereby certify as follows with respect to the $122,070,000 aggregate principal amount of Pima County, Arizona General Obligation Refunding Bonds, Series 2016 (the "Bonds") issued by the County pursuant to Resolution No. 2016-29, passed, adopted and approved by the Board of Supervisors of the County on April 19, 2016 (the "Resolution"), authorizing and providing for the issuance and sale of the Bonds:

1. They are the duly elected or appointed, qualified and acting Chair and Clerk, respectively, of the Board of Supervisors of the County and, as such, are familiar with the matters set forth below and the books, records and proceedings of the County.

2. A regular meeting of the Board of Supervisors of the County was duly called, noticed and held on April 19, 2016, in accordance with the laws of the State of Arizona. Copies of the notice and agenda for such meeting are attached hereto as Exhibit A. The Resolution, as executed by the Chair and attested by the Clerk, is in the same form and text as the copy of such Resolution that was before and adopted by the Board of Supervisors of the County at the meeting of April 19, 2016.

3. The persons named below were on April 19, 2016 to and including the date hereof the duly elected, qualified and acting members and incumbents of the Board of Supervisors of the County set opposite their respective offices:

Name	Office
Sharon Bronson	Chair and Supervisor
Ramón Valadez	Supervisor
Ray Carroll	Supervisor
Richard Elías	Supervisor
Ally Miller	Supervisor

To the best of our knowledge, there is no litigation pending or threatened affecting or questioning in any manner whatsoever the rights of the Chair or the Supervisors of the County to their respective offices or affecting the organization, existence or powers of the County.

4. The County is a political subdivision duly organized and validly existing under the Constitution and laws of the State of Arizona and had, and has, full legal right, power and authority to adopt, execute and deliver, as appropriate, the Resolution, the Bonds, the Bond

Registrar, Transfer Agent and Paying Agent Agreement, dated as of July 1, 2016 (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 July 1, 2016, between the County and U.S. Bank National Association (the "Depository Trustee"), the Bond Purchase Agreement, dated June 1, 2016 (the "Purchase Agreement"), between the County and RBC Capital Markets, LLC (the "Underwriter"), the Continuing Disclosure Undertaking, dated July 6, 2016 (the "Continuing Disclosure Undertaking"), entered into by the County, and all the other documents, instruments and certificates contemplated therein (all of the foregoing are hereinafter collectively referred to as the "County Documents") and to authorize and issue the Bonds and to carry out the transactions contemplated by the County Documents; and the County Documents have been duly authorized, executed and delivered by the County and are the legal, valid and binding general obligations of the County enforceable against the County in accordance with their respective terms and, in the case of the Resolution, have not been amended, modified or repealed in any respect subsequent to their execution and are in full force and effect on the date hereof.

5. The execution and delivery of the County Documents and compliance with the provisions thereof will not conflict with or constitute a breach of or default under any law, governmental rule or regulation, judgment, order, writ, injunction, consent decree, agreement, ordinance, resolution, or other instrument to which the County is a party or to which it or any of its property is subject, and does not require any consent or approval by any governmental authority, agency or body not already obtained.

6. The Chair and the Clerk hereby authorize, ratify and adopt the facsimile signatures of the Chair and the Clerk executing and attesting, respectively, the Bonds in the aggregate principal amount of $122,070,000, 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 of each of the Bonds, as shown on Schedule A attached hereto.

7. All representations and warranties of the County contained in the County Documents are true, correct and complete in all material respects as of the date hereof and the County has satisfied and performed all of the conditions and agreements required in the County Documents to be satisfied or performed by the County at or prior to this date in connection with the issuance, sale and delivery of the Bonds in the manner and with the effect contemplated in the County Documents and, as of the date hereof, to the best knowledge of the County, no default or event of default has occurred, nor has any event occurred which, with the giving of notice or the passage of time, or both, will constitute a default or an event of default with respect to the County Documents.

8. There is no action, suit, proceeding, inquiry, or investigation at law or in equity, or before or by any public board or body, pending or threatened against the County, which questions its right to levy and collect taxes to pay the principal of and interest on the Bonds, or questions the proceedings and authority pursuant to which the levy is made, or questions its right to issue securities, including the Bonds, or to restrain or enjoin the issuance, offer and sale of the Bonds, or in any way affecting or questioning any authority for or the validity of the County Documents, the Bonds or the proceedings for the issuance thereof or the County's right to use

the proceeds of the Bonds in the manner contemplated in the Resolution, which, if determined adversely to the County or its interests, individually or in the aggregate, would (a) have a material adverse effect upon the financial condition, assets, properties or operations of the County, or (b) have a material adverse effect on the transactions contemplated by the Official Statement, dated June 1, 2016 (the "Official Statement"), prepared and distributed in connection with the offer and sale of the Bonds, or (c) have an adverse effect on the validity or enforceability of the County Documents, or (d) impair the County's ability to comply with the requirements set forth in the Resolution.

9. The County is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or governmental agency, which default would materially and adversely affect the existence or operation of the County or its properties or the execution, delivery, receipt and the performance of the County Documents or the other agreements contemplated thereby.

10. The Registrar, pursuant to the Resolution and the Bond Registrar and Paying Agent Agreement, is hereby authorized and directed to authenticate the fully-registered Bonds and to receipt for and deliver said Bonds to the Underwriter, pursuant to The Depository Trust Company's F.A.S.T. closing procedures, after authentication and upon receipt by the Depository Trustee of $135,309,915.70, comprised of (a) $122,070,000.00 principal amount thereof, plus (b) a reoffering premium of $13,844,162.20, and less (c) an Underwriter's discount of $604,246.50.

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 $380,615,000.

14. 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: July 6, 2016

PIMA COUNTY, ARIZONA

By: Sharon Bronson
Sharon Bronson
Chair, Board of Supervisors

By: Robin Brigode
Robin Brigode
Clerk, Board of Supervisors

[Signature page of General Certificate of the County]

SCHEDULE A

Maturity Date (July 1)	Principal Amount	Interest Rate
2018	$8,065,000	2.00%
2019	8,300,000	2.00
2020	16,240,000	2.00
2021	5,945,000	3.00
2021	14,700,000	4.00
2022	28,210,000	4.00
2023	20,225,000	4.00
2024	11,325,000	4.00
2025	4,440,000	4.00
2026	4,620,000	4.00

Exhibit A

Pima County

Meeting Agenda

Board of Supervisors

MEETING LOCATION
Administration Bldg - East
130 W. Congress Street
1st Floor
Tucson, AZ 85701

Tuesday, April 19, 2016 | **9:00 AM** | **Board of Supervisors' Hearing Room**

PIMA COUNTY BOARD OF SUPERVISORS

Sharon Bronson, Chair, District 3
Richard Elías, Vice Chair, District 5
Ramón Valadez, Acting Chair, District 2
Ally Miller, Member, District 1
Ray Carroll, Member, District 4

AGENDA/ADDENDUM AND BROADCAST INFORMATION

At least 24 hours before each scheduled meeting, the agenda/addendum is available online at www.pima.gov and in the Clerk of the Board's Office, 130 W. Congress St., 5th Fl., Tucson, AZ 85701, Mon-Fri, 8am to 5pm.
Cable Channels: Comcast 96 and Cox 96   Webcast: www.pima.gov

PUBLIC PARTICIPATION SPEAKERS ARE LIMITED TO 3 MINUTES

To address the Board of Supervisors, please complete a Speaker's Card available in the Hearing Room. Clearly print your name/address, the agenda/addendum item number and other requested information. Speaker Cards are required for each item of interest including Call to the Public. On items not noticed as a hearing, speakers should submit a Speaker Card for Call to the Public. Place the completed Speaker Card(s) in the labeled baskets located on the dais. When the Chairman announces your name, step forward to the podium and state your name and affiliation (if applicable) for the record.

The Chairman reserves the right to ensure all testimony is pertinent or non-repetitive so the matter will be handled fairly and expeditiously, and that all speakers abide by rules of civility. Any questions pertaining to the meeting can be directed to Robin Brigode, Clerk of the Board.

HEARING ROOM NOTICE

Law permits that a video and/or audio recording of all or part of this meeting may be made if doing so does not interfere with the conduct of the meeting. Pima County has no control over the use and distribution of any such recordings. In addition to the official meeting proceedings, these recordings may include images of and comments made by the public prior to the start, during a recess and after adjournment of the meeting, and may be posted on social media or other internet sites.

ACCESSIBILITY

The Board Hearing Room is wheelchair and handicapped accessible. Any person who is in need of special services (e.g., assistive listening device, Braille or large print agenda material, signer for hearing impaired, accessible parking, etc.) due to any disability will be accommodated. Please contact the Clerk of the Board at (520) 724-8449 for these services at least three (3) business days prior to the Board Meeting.

Clerk's Note: Members of the Pima County Board of Supervisors will attend either in person or by telephone, video or internet conferencing.

1. ROLL CALL

2. INVOCATION

To be offered by Pastor Karla Spence, Cornerstone Fellowship.

3. PLEDGE OF ALLEGIANCE

4. PAUSE 4 PAWS

PRESENTATION/PROCLAMATION

5. Presentation of a proclamation to Annie Sykes, Margaret Higgins and Maxine Goodman of the Pima County/Tucson Women's Commission, proclaiming the day of Friday, April 29, 2016 to be: "WOMEN IN GOVERNMENT DAY"

Attachments: PROC_WomeninGovernmentDay

6. Presentation of a proclamation to Lieutenant Elsa Navarro, proclaiming May 1 through May 7, 2016 to be: "NATIONAL NURSES WEEK"

Attachments: PROC_NationalNursesWeek

7. Presentation of a proclamation to Lieutenant Elsa Navarro, proclaiming May 1 through May 7, 2016 to be: "CORRECTIONAL OFFICERS WEEK"

Attachments: PROC_CorrectionalOfficersWeek

8. Presentation of a proclamation to Presiding Judge Kyle Bryson, proclaiming the day of Monday, May 2, 2016 to be: "LAW DAY"

Attachments: PROC_LawDay

9. CALL TO THE PUBLIC

EXECUTIVE SESSION

(Clerk's Note: In addition to the executive sessions listed below, pursuant to A.R.S. §38-431.03(A)(3) the Board of Supervisors, or the Board sitting as other boards, may vote to go into executive session for the purpose of obtaining legal advice from its counsel with respect to any item listed on this agenda or any addendum thereto.)

10. Pursuant to A.R.S. §38-431.03(A) (3) and (4), for legal advice and direction regarding Plaintiff's offers of judgment in Rancho Del Mar Apartments Limited Partnership v. Pima County, TX2013-000766 and TX2014-000599 (Consolidated) and TX2015-000938.

Attachments: PCA_ExecSession - RanchoDelMarApartments

11. APPROVAL OF CONSENT CALENDAR

INDUSTRIAL DEVELOPMENT AUTHORITY

12. **Edkey Charter Schools Project**

RESOLUTION NO. 2016 - **27**, of the Board of Supervisors, approving the proceedings of the Industrial Development Authority of the County of Pima regarding the issuance of its Education Facility Revenue Bonds (Edkey Charter Schools Project, 2820 W. Kelton Lane, Phoenix, AZ, 1460 S. Horne, Mesa, AZ, 982 Full House Lane, Show Low, AZ, 1945 S. 1st East Street, Snowflake, AZ and 4105 E. Shea Boulevard, Phoenix, AZ), Series 2016, in one or more series in an aggregate principal amount not to exceed $40,000,000.00 and declaring an emergency.

Attachments: IDA_EdkeyCharterSchoolsProject

HUMAN RESOURCES

13. **Revisions to Board of Supervisors Policies, Merit System Rule and Personnel Policy**

Staff requests approval of the revisions to the following Board of Supervisors Policies, Merit System Rule and Personnel Policy:

- Board of Supervisors Policy D 21.1 - Equal Employment Opportunity and Affirmative Action
- Board of Supervisors Policy D 21.3 - Prevention of Workplace Harassment
- Merit System Rule 13 - Grievance System
- Personnel Policy 8-119 - Rules of Conduct

Attachments: HR_BoardPolicyMeritSystemRulesRevisions

14. **Classification/Compensation**

The Sheriff's Department requests approval to create the following new classification, associated costs will be borne by the department from within its current budget:

Class Code/Class Title/ Grade Code (Range)/ EEO Code/ FLSA Code
3259/Forensic Supervisor/ 52 ($48,672-$73,092)/ 3 (Technicians)/ NE*
*NE = Non-Exempt (paid overtime)

Attachments: HR_NewClassification-3259ForensicSupervisor

*** HEARINGS ***

FRANCHISE/LICENSE/PERMIT

15. **Hearing - Fireworks Permit**
Michelle Schuyler, Skyline Country Club, 5200 E. Saint Andrew Drive, Tucson, April 23, 2016 at 9:00 p.m.

Attachments: FLP_FWSkylineCountryClub

DEVELOPMENT SERVICES

16. UNFINISHED BUSINESS (3/15/16)
Hearing - Modification (Substantial Change) of Rezoning Conditions
Co9-78-32, MATYI - SWAN ROAD REZONING
Request of River and Swan Homes, L.L.C., represented by SBBL Architecture and Planning, L.L.C., for a modification (substantial change) of the following rezoning conditions:

- No. 1A which requires that no more than three parcels be created. The applicant requests to waive the condition and proposes four parcels.
- No. 1B which requires that each parcel be a minimum of 43,560 square feet, exclusive of easements, rights-of-way, etc. The applicant requests to waive this requirement and proposes parcels in excess of 43,560 square feet, inclusive of easements.

The subject site is 4.55 acres zoned CR-1 and is located on the west side of Swan Road approximately one-fourth mile north of River Road. On motion, the Planning and Zoning Commission voted 7-0 (Commissioners Holdridge, Cook and Bain were absent) to recommend **APPROVAL SUBJECT TO MODIFIED CONDITIONS.** Staff recommends **APPROVAL SUBJECT TO MODIFIED CONDITIONS.** (District 1)

Attachments: DSD_Co9-78-32_Part1
DSD_Co9-78-32_Part2
DSD_Memorandum_3-14-16
DSD_C09-78-32CommentLetters_3-15-16_Redacted
DSD_Co9-78-32_PetitionofProtest_4-18-16
DSD_Memorandum-No.2_4-18-16

17. **Hearing - Rezoning Ordinance**
ORDINANCE NO. 2016 - **23**, P15RZ00001, Lawrence C. Lueng, Inc. - N. Thornydale Road Rezoning. Owner: Lawrence C. Lueng, Inc. (District 1)
Attachments: DSD OrdP15RZ00001

18. **Hearing - Rezoning Ordinance**
ORDINANCE NO. 2016 - **24**, P15RZ00003, Hardy - Thornydale 1 Associates, et al. - W. Hardy Road Rezoning. Owner: Hardy Thornydale 1 Assoc., et al. (District 1)
Attachments: DSD OrdP15RZ00003

19. **Hearing - Rezoning Ordinance**
ORDINANCE NO. 2016 - **25**, P15RZ00004, Mandarin Associates - N. Thornydale Road Rezoning. Owner: Mandarin Associates. (District 1)
Attachments: DSD OrdP15RZ00004

20. **Hearing - Rezoning Ordinance**
ORDINANCE NO. 2016 - **26**, P15RZ00005, Pacific International Properties, L.L.P. - N. Thornydale Road Rezoning. Owner: Pacific International Properties, L.L.P. (District 1)
Attachments: DSD OrdP15RZ00005

TRANSPORTATION

21. **Hearing - Traffic Resolution**
RESOLUTION NO. 2016 - **28**, of the Board of Supervisors, permitting the temporary closure of portions of Wilmot Road in Pima County, Arizona, for the construction of a new two lane asphalt road between July 1, 2016 and April 1, 2017. Staff recommends **APPROVAL**. (Districts 2 and 4)
Attachments: TR ResoWilmotRoad

22. **Hearing - Traffic Ordinance**
ORDINANCE NO. 2016 - **27**, of the Board of Supervisors, regulating traffic at the intersection of Casas Serenas Drive and Fellows Avenue in Pima County, Arizona. Staff recommends **APPROVAL**. (District 3)
Attachments: TR OrdCasasSerenasDrive

23. **Hearing - Traffic Ordinance**

ORDINANCE NO. 2016 - **28**, of the Board of Supervisors, regulating traffic at the intersection of Prism Sky Drive and Sun Splash Drive in Pima County, Arizona. Staff recommends **APPROVAL**. (District 3)

Attachments: TR_OrdPrismSkyDrive

24. ADJOURNMENT

POSTED: Levels A & B, 1st & 5th Floors, Pima County Administration Bldg.
Pima County Homepage: www.pima.gov
DATE/TIME POSTED: 4/13/16 @ 5:00 p.m.
DATE/TIME REPOSTED (additional attachments only): 4/18/16 @ 2:00 p.m.
DATE/TIME REPOSTED (combined Agenda/Addendum and additional attachments): 4/18/16 @ 5:00 p.m.

ADDENDUM 1

PRESENTATION/PROCLAMATION

1. Presentation of a proclamation to the CRUSH 1011 Team, proclaiming the month of May 2016 to be: "STEM EDUCATION AND CRUSH 1011 ROBOTICS TEAM APPRECIATION MONTH"

   Attachments: PROC_STEMEdCrush1011RoboticsTeamApprMonth

EXECUTIVE SESSION

2. Pursuant to A.R.S. §38-431.03(A) (3) and (4), for legal advice and direction regarding El Cortijo, L.L.C. v. Pima County and Pima County Board of Adjustment, District 4; Pima County Superior Court Case No. C20161545.

   Attachments: PCA_ExecSession-ElCortijoLLC

3. Pursuant to A.R.S. §38-431.03(A) (3) and (4), for legal advice and direction regarding a request by Greenberg Traurig, L.L.P., that Pima County waive a conflict of interest to allow them to represent RBC Capital Markets, L.L.C., in connection with the issuance by Pima County of General Obligation Refunding Bonds, Series 2016 and Highway User Revenue Bonds, Series 2016.

   Attachments: PCA_ExecSession-GreenbergTraurigLLP

BOARD OF SUPERVISORS SITTING AS OTHER BOARDS

FLOOD CONTROL DISTRICT BOARD

4. **Contract**

   Title Security Agency of Arizona, as Trustee, under Trust No. 2024, to accept donation of floodprone land, Tax Parcel Nos. 305-41-0960, 0970, 0980, 0990 and 1060, Flood Control Tax Levy Fund, contract amount not to exceed $1,000.00 for closing costs (CT-PW-16-277)

   Attachments: CT-PW-16-277

5. **Contract**

   Clear Channel Outdoor, Inc., to provide a lease agreement for outdoor advertising located along I-10, south of Sunset Road, Tax Parcel No. 101-18-006E, Section 17, T13S, R13E, G&SRM, contract amount $9,300.00 revenue annually/4 year term (CTN-PW-16-141)

   Attachments: CTN-PW-16-141

6. **Contract**

   Town of Marana, to provide for a temporary construction easement and permanent sewer easement for the Saguaro Bloom Sewer Line under the Lower Santa Cruz Levee, contract amount $512.00 revenue (CTN-PW-16-149)

Attachments: CTN-PW-16-149

SITTING AS THE BOARD OF SUPERVISORS

BOARD OF SUPERVISORS

7. **Appointment of Sergeant at Arms**
Appointment of Sgt. Charles Lopiccolo as the Sergeant at Arms effective May 1, 2016.

FINANCE AND RISK MANAGEMENT

8. **General Obligation Bonds**
RESOLUTION NO. 2016 - 29, of the Board of Supervisors, for the issuance and sale of Pima County, Arizona, General Obligation Refunding Bonds, Series 2016, 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; and approving and ratifying all actions taken in furtherance of this resolution.

Attachments: FN_CAMemorandum_4-13-16

FN_ResoGOBonds

9. **Street and Highway Revenue Bonds**
RESOLUTION NO. 2016 - 30, of the Board of Supervisors, for the issuance and sale of Pima County, Arizona, Street and Highway Revenue Refunding Bonds, Series 2016; providing for the payment of the 2016 refunding bonds; providing terms, covenants and conditions concerning the 2016 refunding bonds; providing for the sale of the 2016 refunding bonds; authorizing and directing the refunding of certain outstanding bonds and the execution and delivery of documents and further actions relating to the issuance of the 2016 refunding bonds; appointing an initial bond registrar and paying agent for the 2016 refunding bonds; approving and ratifying all actions taken in furtherance of this resolution.

Attachments: FN_CAMemorandum_4-13-16

FN_ResoStreetHighwayRevenueBonds

10. **Sewer Revenue Obligations**
RESOLUTION NO. 2016 - 31, of the Board of Supervisors, authorizing the chairman of the Board of Supervisors, the County Administrator and the Finance Director to cause the sale and execution and delivery pursuant to a Series 2016 Obligation Indenture Of Sewer System

Revenue Refunding Obligations, Series 2016, evidencing proportionate interests of the holders thereof in installment payments of the purchase price to be paid by Pima County, Arizona, pursuant to a Series 2016 purchase agreement; authorizing the completion, execution and delivery with respect thereto of all agreements necessary or appropriate as part of purchasing property to be part of the sewer system of the County and payment of related financing costs including the delegation to the Chairman of the Board of Supervisors, the County Administrator and the Finance Director of certain authority with respect thereto; authorizing the preparation and delivery of an official statement with respect to such Series 2016 Obligations and ordering the sale of such Series 2016 Obligations; authorizing the execution and delivery of a continuing disclosure undertaking with respect to such Series 2016 Obligations; and authorizing the Finance Director to expend all necessary funds therefor.

Attachments: FN_CAMemorandum_4-13-16

FN_ResoSewerRevenueObligations

CONTRACT AND AWARD

COMMUNITY DEVELOPMENT AND NEIGHBORHOOD CONSERVATION

11. Three Points Fire District, to provide for a fire rescue trailer, HUD Fund, contract amount $10,000.00 (CT-CD-16-262)

Attachments: CT-CD-16-262

PROCUREMENT

12. Iler Group, Inc., d.b.a. Fleetistics, to provide for the GPS Tracking Solution Project, Risk Management Liability Fund, contract amount $459,500.00 (MA-PO-16-272) Finance and Risk Management

Attachments: PO_MA-PO-16-272

REAL PROPERTY

13. Nextel West Corporation ("Sprint"), Amendment No. 1, to provide a frequency reconfiguration agreement and amend contractual language, no cost (CTN-IT-15-53)

Attachments: CTN-IT-15-53_AgendaItemReport

14. Friends of Tucson's Birthplace and City of Tucson, Amendment No. 1, to provide an agreement for development, operation and maintenance of Mission Garden and amend contractual language, no cost (CTN-PW-12-400)

Attachments: CTN-PW-12-400

GRANT APPLICATION/ACCEPTANCE

15. **Acceptance - Community Services, Employment and Training**
U.S. Department of Housing and Urban Development, Amendment No. 2, to provide for the Continuum of Care - CASA Program and extend contract term to 6/30/16, no cost (GTAM 16-62)

Attachments: GR GTAM16-62

POSTED: Levels A & B, 1st & 5th Floors, Pima County Administration Bldg.
Pima County Homepage: www.pima.gov
DATE/TIME POSTED: 4/15/16 @ 11:00 a.m.

CONSENT CALENDAR APRIL 19, 2016

CONSENT CALENDAR, APRIL 19, 2016

CONTRACT AND AWARD

Community and Economic Development

1. United Way of Tucson and Southern Arizona, Amendment No. 2, to provide for the Employee Combined Appeal Program (ECAP 2016 Campaign), extend contract term to 12/31/16 and amend contractual language, General Fund, contract amount $46,821.42 (CT-CED-14-435)

   Attachments: CT-CED-14-435

Community Services, Employment and Training

2. **Award**

   Award of Contracts for Youth Services - Summer Youth Activities, in a total award amount of $1,168,007.12 with four renewal options. Funding Source: General Fund.

   Organization/Category Name/Recommended Award Amount

   Altar Valley Elementary School District No. 3/Academic Instruction, Work Experience/$62,243.33
   Catholic Community Services, Inc., d.b.a. Community Outreach Program for the Deaf (COPD)/Work Experience/$85,322.41
   Goodwill Industries of Southern Arizona, Inc./Work Experience/$106,923.42
   Portable, Practical Educational Preparation, Inc. (PPEP)/Academic Instruction, Work Experience/$103,772.79
   SER-Jobs for Progress of Southern Arizona, Inc./Academic Instruction/English as a Second Language, Work Experience/$330,977.74
   Tucson Urban League/Academic Instruction, Work Experience/$131,360.69
   Tucson Youth Development, Inc./Academic Instruction, COMBO (Work Experience Combined with Academic Instruction), LEAP (Learn Earn Advance Prosper), Work Experience/$347,406.74

   Attachments: CS_YouthServices-SummerYouthActivities

3. **Award**

   Award of Contracts for Workshops Program for ARIZONA@WORK adults, dislocated workers and youth, in the total award amount of $341,913.72 with four renewal options. Funding Source: USDOL/ADES (50%), HPOG Grant (10%) and General (40%) Funds.

   Organization/Workshop Category/Recommended Funding Amount

   COPE Community Services, Inc., d.b.a. RISE, L.L.C./Basic Computer Skills for Job Seekers/$10,880.00
   D K Advocates, Inc./Defining Career Pathways for Industry, Resume Writing Lab, Basic Computer Skills for Job Seekers, Youth Leadership/$23,757.70
   Goodwill Industries of Southern Arizona, Inc./Defining Career Pathways for Industry, Researching Career Pathways, Understanding What Employers Want, Employability Skills, Employability Skills for Youth, Resume Writing Lab, Navigating Online Resumes/Applications for Employers, Basic Computer Skills for Job Seekers, Youth

Financial, Youth Leadership/$56,448.00
LeadLocal, L.L.C./Understanding What Employers Want, Youth Entrepreneurial/$36,720.00
Portable, Practical Educational Preparation, Inc. (PPEP)/Employability Skills for Older Workers/$34,060.00
SER-Jobs for Progress of Southern Arizona, Inc./Employability Skills for Homeless/$95,713.02
Tucson Hispanic Chamber of Commerce/Entrepreneurial Introduction, Self Employment/$27,000.00
Tucson Youth Development (TYD), Inc./Researching Career Pathways for Youth, Youth Financial, Youth Leadership, Understanding What Employers Want, Employability Skills for Youth/$22,691.00
YWCA of Southern Arizona/Employability Skills, Business Startup/$34,644.00

Attachments: CS WorkforceServices-WorkshopsProgram

4. Nancy Chow, Amendment No. 5, to provide for after school academic tutoring instruction and amend contractual language, State Equalization Fund, contract amount $5,000.00 (CT-CS-13-577)

Attachments: CT-CS-13-577

5. City of South Tucson, Amendment No. 1, to provide for the John A. Valenzuela Youth Center - Youth Program, extend contract term to 6/30/17 and amend contractual language, General Fund, contract amount $113,000.00 (CT-CS-15-527)

Attachments: CT-CS-15-527

6. Community Home Repair Projects of Arizona, Inc., Amendment No. 2, to provide for the Community Services Block Grant (CSBG) - Emergency Needs and amend scope of work, Arizona Community Action Association Fund, contract amount $20,000.00 (CT-CS-15-550)

Attachments: CT-CS-15-550

7. Compass Affordable Housing, Inc., to provide for the HUD Continuum of Care Program - CASA, HUD Fund, contract amount $189,349.00 (CT-CS-16-268)

Attachments: CT-CS-16-268

8. The Salvation Army, to provide for the HUD Continuum of Care Program - CASA, HUD Fund, contract amount $98,624.00 (CT-CS-16-264)

Attachments: CT-CS-16-264

Economic Development and Tourism

9. Arizona Aerospace Foundation, Amendment No. 1, to provide for operation and administration of theTitan Missile Museum and extend contract term to 4/30/17, no cost (CTN-ED-12-599)

Attachments: CTN-ED-12-599

Forensic Science Center

10. Arizona Board of Regents, Arizona State University, to provide information for the Arizona Violent Death Reporting System, contract amount $25,000.00 estimated revenue/5 year term (CTN-FSC-16-135)

Attachments: CTN-FSC-16-135

Health Services

11. Arizona Board of Regents, Banner Health, Banner University Medical Center Tucson Campus, L.L.C. and Banner University Medical Center South Campus, L.L.C., Amendment No. 4, to provide for the operation of Banner University Medical Center South Campus and the UofA College of Medicine Graduate Medical Education Program, extend contract term to 6/30/17 and amend contractual language, General Fund, contract amount $15,000,000.00 (CT-OMS-14-434)

Attachments: CT-OMS-14-434

CT-OMS-14-434 CAMemorandum 4-1-16

Office of Emergency Management and Homeland Security

12. Southern Arizona Rescue Association, to provide equipment and supplies for search and rescue operations, Board Contingency Fund, contract amount $105,000.00/3 year term (CT-OEM-16-258)

Attachments: CT-OEM-16-258

Procurement

13. Achen-Gardner Construction, Inc., B&F Contracting, Inc. and KE&G Construction, Inc., Amendment No. 4, to provide a job order master agreement for wastewater conveyance and related facilities maintenance, repair, rehabilitation and construction services, extend contract term to 6/30/17 and amend contractual language, RWRD Obligation Fund, contract amount $4,000,000.00 (MA-WW-13-303) Regional Wastewater Reclamation

Attachments: PO MA-WW-13-303

14. Amendment No. 3, to assign all contracted responsibilities, obligations and rights to Solon Development, L.L.C. and amend contractual language, General Fund (Facilities Management)

Vendor/Contract Amount/(Contract No.)
SUNE DB28, L.L.C./$3,512,833.00 decrease/(MA-PO-16-88)
SUNE DB32, L.L.C./$40,148.00 decrease/(MA-PO-16-92)
SUNE DB37, L.L.C./$24,856.00 decrease/(MA-PO-16-93)
SUNE DB29, L.L.C./$11,892.00/(MA-PO-16-94)
SUNE DB30, L.L.C./$26,240.00/(MA-PO-16-95)

Attachments: PO MA-PO-16-88
PO MA-PO-16-92
PO MA-PO-16-93
PO MA-PO-16-94
PO MA-PO-16-95

Public Works Administration

15. Regional Transportation Authority, to provide for the Alvernon Way - Hughes Access Road Bike Lane Project, contract amount $698,000.00 RTA revenue/$35,000.00 County HURF Match (CTN-TR-16-138)

Attachments: CTN-TR-16-138

16. Union Pacific Railroad Company, to provide for a public highway at-grade crossing at Railroad Mile Post 1003.78 (Colossal Cave Road) and 1003.81 (near Vail, AZ), Impact Fee Fund, contract amount $1,146,917.00 (CT-TR-16-275)

Attachments: CT-TR-16-275

Transportation

17. Pima Association of Governments, to provide for the Biking for Life Program, contract amount $47,000.00 Federal TAP revenue/$4,996.00 Transportation Operating Match (CTN-TR-16-129)

Attachments: CTN-TR-16-129

GRANT APPLICATION/ACCEPTANCE

18. **Acceptance - Health**
Arizona Department of Health Services, Amendment No. 4, to provide for the HIV Prevention Program, no cost (GTAM 16-60)

Attachments: GR GTAM-16-60

19. **Acceptance - Sheriff**
Governor's Office of Highway Safety DUI Abatement Council, to provide for the DUI Abatement Program, $50,000.00 (GTAW 16-60)
Attachments: GR_GTAW-16-60

BOARD, COMMISSION AND/OR COMMITTEE

20. **Bond Advisory Committee**
Reappointment of David Lyons. Term expiration: 4/30/22. (District 4)
Attachments: BCC_BondAdvisoryCommitteeAppt

21. **Flood Control District Advisory Committee**
Ratification of City of Tucson appointment: James MacAdam, to replace James P. Vogelsberg. No Term Expiration. (Jurisdictional recommendation)
Attachments: BCC_FloodControlDistAdvisoryCommitteeAppt

SPECIAL EVENT LIQUOR LICENSE/TEMPORARY EXTENSION OF PREMISES/ PATIO PERMIT APPROVED PURSUANT TO RESOLUTION NO. 2015-64

22. **Special Event**
Jeffrey Peter Schneider, Knights of Columbus Assembly 2308, St. Elizabeth Ann Seton Catholic Church, 8650 N. Shannon Road, Tucson, April 16, 2016.

23. **Special Event**
Shalimar Hass, Why Ajo Lukeville Health District, Ajo Plaza Area, 10 Plaza Street, Ajo, April 9, 2016.

24. **Special Event**
Mallory Roberts, Arizona Opera Company, Simon Gallery of Fine Pianos and Art, 3001 E. Skyline Drive, S117, Tucson, April 7, 2016.

ELECTIONS

25. Pursuant to A.R.S. §16-531, appointment of all elections boards and tally boards recruited and on file in the Elections Department for the Special Election on May 17, 2016.
Attachments: EL_ElectionBoardWorkerAppts

26. **Precinct Committeemen**
Pursuant to A.R.S. §16-821B, approval of Precinct Committeemen resignations and appointments:

APPOINTMENT-PRECINCT-PARTY
David F. Hammond-014-DEM; Ward W. Wallingford-069-DEM; James A. Fein-096-DEM; Walter G. Rowan-117-DEM
Attachments: EL_PrecinctCommitteemenAppts

FINANCE AND RISK MANAGEMENT

27. **Duplicate Warrants - For Ratification**

Arizona Local Health Officers Org. $525.00; Nancy C. Skocy, M.C., L.P.C. $480.00; Goodman Water Co., Inc. $241.41; Banner-University Medical Group $427.50; Margaret Kish $1,365.20; Alliance Reporting Solutions $462.75; Katherine Marie Daubert $43.61; Michael Smith $195.36; Shivan Ibrahim $15.47; GPS Monitoring Solutions, Inc. $5,720.00; State of Arizona Board of Nursing $350.00; Marcos Rosas $108.92; McEvoy Daniels & Darcy P.C. $1,000.00; Belinda B. Bremiller $5,300.00; Sims & White, P.L.L.C. $1,664.00; AT&T Mobility II, L.L.C. $19,170.92; Pablo E. Samaniego $53.37; Enterprise Leasing Co West, L.L.C. $118.83; Enterprise Leasing Co West, L.L.C. $134.65; Michael Jasper $525.00; John Miller $35.00; Elizabeth M. Lahrman $123.71; Motion Industries $154.44; Alltech Gate Systems, L.L.C. $279.71; George H. Mancuso $56.92; George H. Mancuso $14.23; George H. Mancuso $56.92; AT&T Mobility II, L.L.C. $7,448.21; TPC Group, Inc. $7,422.49; Empire Southwest, L.L.C. $2,332.24; SHI International Corp. $15,202.01; The Ashton Company, Inc. $30,095.00; George H. Mancuso $42.69

Attachments: FN_DuplicateWarrants

PROCLAMATION

28. Proclaiming Friday, April 29, 2016 to be:
"THOMAS R. BROWN FAMILY FOUNDATION DAY"

Attachments: PROC_ThomasRBrownFamilyFoundationDay

29. Proclaiming the week of May 1, 2016 through May 7, 2016 to be:
"YOUTH WEEK IN PIMA COUNTY"

Attachments: PROC_YouthWeekinPimaCounty

RATIFY AND/OR APPROVE

30. Minutes: March 15 and 31, 2016

Attachments: CL_03-15-16DraftMinutes
CL_03-31-16DraftMinutes

TAX COMPLIANCE CERTIFICATE
OF ISSUER

Pertaining to

PIMA COUNTY, ARIZONA

$122,070,000
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016

Dated as of July 6, 2016

Pima County, Arizona (the "Issuer"), by its officer signing this Certificate, certifies, represents, and covenants as follows with respect to the captioned bonds (the "Issue") being issued pursuant to the provisions of a Resolution adopted by the Board of Supervisors of the Issuer on April 19, 2016 (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:

"**2007 Prior Issue**" means the Issuer's General Obligation Bonds, Series 2007, issued on January 25, 2007 to fund the 2007 Prior Issue Project.

"**2007 Prior Issue Project**" means the costs incurred by the Issuer in connection with the acquisition, constructing and equipping of various capital projects pursuant to the authorization granted by the qualified electors of the Issuer voting at the bond elections held on November 2, 1982, May 20, 1997, May 18, 2004 and May 16, 2006, and includes interest on the 2007 Prior Issue for up to three years from the Issuance Date or, if later, one year after the date the 2007 Prior Issue Project was placed in service, all of which are governmental purposes for purposes of the Code.

"**2008 Prior Issue**" means the Issuer's General Obligation Bonds, Series 2008, issued on February 28, 2008 to fund the 2008 Prior Issue Project.

"**2008 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, May 18, 2004 and May 16, 2006, and includes interest on the 2008 Prior Issue for up to three years from the Issuance Date or, if later, one year after the date the 2008 Prior Issue Project was placed in service, all of which are governmental purposes for purposes of the Code.

"2009 Prior Issue" means the Issuer's General Obligation Bonds, Series 2009, issued on April 22, 2009 to fund the 2009 Prior Issue Project.

"2009 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, May 18, 2004 and May 16, 2006, and includes interest on the 2009 Prior Issue for up to three years from the Issuance Date or, if later, one year after the date the 2009 Prior Issue Project was placed in service, all of which are governmental purposes for purposes of the Code.

"2009A Prior Issue" means the Issuer's General Obligation Bonds, Series 2009A, issued on December 2, 2009 to fund the 2009A Prior Issue Project.

"2009A 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, May 18, 2004 and May 16, 2006, and includes interest on the 2009A Prior Issue for up to three years from the Issuance Date or, if later, one year after the date the 2009A Prior Issue Project was placed in service, all of which are governmental purposes for purposes of the Code.

"2011 Prior Issue" means the Issuer's General Obligation Bonds, Series 2011, issued on May 25, 2011 to fund the 2011 Prior Issue Project.

"2011 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, May 18, 2004 and May 16, 2006, and includes interest on the 2011 Prior Issue for up to three years from the Issuance Date or, if later, one year after the date the 2011 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 and Redemption Fund 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 July 1, 2016, 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.

"**Prior Issues**" means, collectively, the 2007 Prior Issue, the 2008 Prior Issue, the 2009 Prior Issue, the 2009A Prior Issue and the 2011 Prior Issue.

"**Prior Issue Projects**" means, collectively, the 2007 Prior Issue Project, the 2008 Prior Issue Project, the 2009 Prior Issue Project, the 2009A Prior Issue Project and the 2011 Prior Issue Project.

"**Refunded Bonds**" means that portion of the 2007 Prior Issue maturing on July 1 of the years 2018 through 2021, inclusive, in the principal amount of $28,475,000, that portion of the 2008 Prior Issue maturing on July 1 of the years 2020 through 2022, inclusive, in the principal amount of $35,750,000, that portion of the 2009 Prior Issue maturing on July 1 in the years 2021 through 2023, inclusive, in the principal amount of $22,185,000, that portion of the 2009A Prior Issue maturing on July 1 of the years 2022 through 2024, inclusive, in the principal amount of $21,600,000 and that portion of the 2011 Prior Issue maturing on July 1 of the years 2023 through 2026, inclusive, in the principal amount of $17,380,000.

"**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 and (B) pay Issuance Costs.

2.30 **Dates**. The Sale Date is June 1, 2016 and the Issuance Date is July 6, 2016. The final maturity date of the Issue is July 1, 2026.

2.40 **Issue Price**. The Issue Price is set forth in Attachment B and is computed as follows:

Par amount	$122,070,000.00
Original issue premium	13,844,162.20
Pre-Issuance Accrued Interest	(0.00)
Issue Price	$135,914,162.20

2.50 **Sale Proceeds, Net Proceeds and Net Sale Proceeds**. The Sale Proceeds, Net Proceeds and Net Sale Proceeds are as follows:

Issue Price	$135,914,162.20
Pre-Issuance Accrued Interest	(0.00)
Sale Proceeds	$135,914,162.20
Deposit to reserve fund	(0.00)
Net Proceeds	$135,914,162.20
Minor Portion	(100,000.00)
Net Sale Proceeds	$135,814,162.20

2.60 **Disposition of Sale Proceeds.** The Sale Proceeds will be applied as follows:

Deposit to the Escrow Fund	$134,991,748.30
To pay Underwriter's discount	604,246.50
To pay other Issuance Costs	318,167.40
Total Sale Proceeds	$135,914,162.20

2.70 **Higher Yielding Investments.** Gross Proceeds will not be invested in Higher Yielding Investments except for (A) those Gross Proceeds identified in 3.10, 3.20, and 3.30, but only during the applicable Temporary Periods there described for those Gross Proceeds, and (B) the Minor Portion to the extent provided in 3.80.

2.80 **Single Issue.** All of the obligations of the Issue were sold on the Sale Date pursuant to the same plan of financing and are expected to be paid from substantially the same source of funds. Whether obligations are expected to be paid from substantially the same source of funds is determined without regard to guarantees from a person who is not a Related Party to the Issuer. Accordingly, all of the obligations of the Issue constitute a single "issue" for federal income tax purposes. No obligations, other than those comprising the Issue, have been or will be sold less than 15 days before or after the Sale Date that are expected to be paid from substantially the same source of funds as the Issue. Accordingly, no obligations other than those comprising the Issue are a part of a single issue with the Issue. On June 8, 2016, the Issuer signed a bond purchase agreement for the issuance of $28,315,000 aggregate principal amount of its Street and Highway Revenue Refunding Bonds, Series 2016 (the "2016 HURF Bonds"), and on June 7, 2016, the Issuer signed an obligation purchase agreement for the issuance of $211,595,000 aggregate principal amount of its Sewer System Revenue Refunding Obligations, Series 2016 (the "2016 Sewer Obligations"). The Issue will not be paid from the same source of funds as either the 2016 HURF Bonds or the 2016 Sewer Obligations, and so neither the 2016 HURF Bonds nor the 2016 Sewer Obligations are treated as a single issue with the Issue.

2.90 **Multipurpose Issue – 2009A Prior Issue.** The 2009A Prior Issue is a Multipurpose Issue, consisting of an Advance Refunding Portion, Current Refunding Portion, and New Money Portion. No allocations of bonds of the 2009A Prior Issue to the separate governmental purposes thereof for federal income tax purposes have previously been made. The allocation of bonds of the 2009A Prior Issue to the Refunding Portion and New Money Portion thereof, as set forth in the underwriter's pricing schedules for the 2009A Prior Issue, attached as

Attachment G 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 the bonds of the Refunding Portion of the 2009A Prior Issue is less than the Debt Service on the obligations that were advance refunded and currently refunded by the 2009A Prior Issue in each Bond Year. The Issuer hereby elects that the bonds of the 2009A Prior Issue denominated as the Refunding Portion and New Money Portion, respectively, in the underwriter's pricing schedules for the 2009A Prior Issue constitute such portions for tax purposes. Accordingly, the bonds of the 2009A Prior Issue that are advance refunded by the Issue are for federal tax purposes allocable solely to the New Money Portion of the 2009A Prior Issue.

III. ARBITRAGE (NONREBATE) MATTERS

3.10 **Use of Sale Proceeds and Pre-Issuance Accrued Interest; Temporary Periods; Transferred Proceeds.**

(A) **Pre-Issuance Accrued Interest.** There is no Pre-Issuance Accrued Interest.

(B) **Underwriter's Discount and Issuance Costs.** Sale Proceeds in the amount of $604,246.50 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 $318,167.40 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 in the amount of $134,991,748.30 will be deposited in the Escrow Fund and used on the Issuance Date (except for $34.44 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).

(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 1.5479%, and the Yield on the Restricted Securities is 1.1657%.

(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 Issue 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 advance refunding of the Refunded Bonds constitutes the first and last advance refunding of such Bonds, within the meaning of Section 149(d)(3). No portion of the Refunded Bonds was an Advance Refunding Issue.

(8) The Refunded Bonds will be redeemed on the earliest date on which they may be redeemed (July 1, 2017 with respect to the 2007 Prior Issue, July 1, 2018 with respect to the 2008 Prior Issue, July 1, 2019 with respect to the 2009 Prior Issue and the 2009A Prior Issue, and July 1, 2021 with respect to the 2011 Prior Issue).

3.20 **Investment Proceeds**. Any Investment Proceeds 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 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.

3.30 **Bond Fund**. The Bond Fund is a Bona Fide Debt Service Fund. Amounts deposited from time to time in the Bond Fund will be used to pay Debt Service within 13 months after the amounts are so deposited, such period being the Temporary Period for such amounts.

3.40 **No Other Replacement Fund or Assured Available Funds**. The Issuer has not established and does not expect to establish or use any sinking fund, debt service fund, redemption fund, reserve or replacement fund, or similar fund, or any other fund to pay Debt Service other than the Bond Fund. Except for money referred to in 3.30 and Proceeds of a Refunding Issue, if any, no other money or Investment Property is or will be pledged as collateral or used for the payment of Debt Service (or for the reimbursement of any others who may provide money to pay that Debt Service), or is or will be restricted, dedicated, encumbered or set aside in any way as to afford the holders of the Issue reasonable assurance of the availability of such money or Investment Property to pay Debt Service.

3.50 **Hedge Contracts**. The Issuer has not entered into, and will not enter into, any Hedge with respect to the Issue, or any portion thereof, without obtaining a Bond Counsel's Opinion that doing so will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Issue. The Issuer acknowledges that entering into a Hedge with respect to the Issue, or any portion thereof, may change the Yield.

3.60 **No Overissuance**. The Proceeds are not reasonably expected to exceed the amount needed for the governmental purposes of the Issue as set forth in 2.20.

3.70 **Other Uses of Proceeds Negated**. Except as stated otherwise in this Certificate, none of the Proceeds will be used:

(A) to pay principal of or interest on, refund, renew, roll over, retire, or replace any other obligations issued by or on behalf of the Issuer or any other Governmental Unit,

(B) to replace any Proceeds of another issue that were not expended on the project for which such other issue was issued,

(C) to replace any money that was or will be used directly or indirectly to acquire Higher Yielding Investments,

(D) to make a loan to any person or other Governmental Unit,

(E) to pay any Working Capital Expenditures other than expenditures identified in Regulations § 1.148-6(d)(3)(ii)(A) and (B) (*i.e.*, Issuance Costs, Qualified Administrative Costs, reasonable charges for a Qualified Guarantee or for a Qualified Hedge, interest on the Issue for a period commencing on the Issuance Date and ending on the date that is the later of three years from such Issuance Date or one year after the date on which the project financed or refinanced by the Issue is Placed in Service, payments of the Rebate Amount, costs, other than those already described, that do not exceed 5% of the Sale Proceeds and that are directly related to Capital Expenditures financed or deemed financed by the Issue, principal or interest on an issue paid from unexpected excess Sale Proceeds or Investment Proceeds, principal or interest on an issue paid from investment earnings on a reserve or replacement fund that are deposited in a Bona Fide Debt Service Fund, and expenditures for extraordinary, nonrecurring items that are not customarily payable from current revenues, such as casualty losses or extraordinary legal judgments in amounts in excess of reasonable insurance coverage), or

(F) to reimburse any expenditures made prior to the Issuance Date that do not satisfy the requirements for a Reimbursement Allocation.

No portion of the Issue is being issued solely for the purpose of investing Proceeds in Higher Yielding Investments.

3.80 **Minor Portion**. The Minor Portion of $100,000 may be invested in Higher Yielding Investments.

3.90 **No Other Replacement Proceeds**. That portion of the Issue that is to be used to 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.** 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.

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 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 Prior Issue Projects 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 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**. 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 any 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 Compliance Policy 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 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 July 6, 2016.

PIMA COUNTY, ARIZONA

By:____

Keith Dommer

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 G	–	Final Pricing Schedules for 2009A Prior Issue

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

$122,070,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016

Dated: July 6, 2016

UNDERWRITER'S CERTIFICATE

RBC Capital Markets, LLC (the "Underwriter"), as underwriter for the bonds identified above (the "Issue"), issued by Pima County, Arizona (the "Issuer"), based on its knowledge regarding the sale of the Issue, certifies as of this date as follows:

(1) **Issue Price -- Section 148**. All of the bonds of the Issue 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 June 1, 2016, and at least 10% of the principal amount of each maturity initially was sold or was reasonably expected to be sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at the respective price for that maturity shown in the Final Official Statement for the Issue. For purposes of this Certificate, the Underwriter has assumed that the phrase "bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers" refers only to persons who, to the actual knowledge of representatives of the Underwriter, have an arrangement with the Issuer or the Underwriter to act in such capacity on behalf of the Issuer or the Underwriter. The aggregate Issue Price of the Issue, there being no Pre-Issuance Accrued Interest, is $135,914,162.20.

(2) **Information Return**. To the extent that we provided the Issuer and Squire Patton Boggs (US) LLP, as bond counsel, with certain computations that show a bond yield, issue price, weighted average maturity and certain other information with respect to the Issue, these computations are provided for informational purposes and are based on our understanding of directions that we have received from bond counsel regarding interpretation of the applicable law. We express no view regarding the legal sufficiency of any such computations or the correctness of any legal interpretation made by bond counsel. For purposes of the Information Return required by Section 149(e) of the Internal Revenue Code of 1986, as amended (the "Code") to be filed in connection with the Issue:

- The Initial Offering Price of the entire Issue is $135,914,162.20.
- The weighted average maturity of the Issue is 5.7825 years and the remaining weighted average maturity of the Refunded Bonds is 5.7507 years.
- The Yield on the Issue is 1.5479%. That is the Yield that, when used in computing the present worth of all payments of principal and interest to be

paid on the Issue, computed on the basis of a 360-day year and semi-annual compounding, produces an amount equal to the aggregate Issue Price of the Issue as stated in paragraph (1).

- The Underwriter's discount is $604,246.50.
- The CUSIP Number assigned to the final maturity of the Issue is 721663ZP0.

(3) **No Bonds Subject to Redemption**. No bond of the Issue is subject to redemption prior to its stated maturity.

(4) **No Stepped Coupon Bonds**. No bond of the Issue bears interest at an increasing interest rate.

All capitalized terms not defined in this Certificate have the meaning set forth in the Issuer's Tax Compliance Certificate or in Attachment A to it.

The Issuer may rely on the foregoing representations in making its certification as to issue price of the Issue under the Code, and bond counsel may rely on the foregoing representations in rendering certain of its legal opinions in connection with the execution and delivery of the Issue, including its opinion on the exclusion from federal gross income of the interest evidenced by the Issue; provided, however, that nothing herein represents an interpretation of any laws, and, in particular, regulations under Section 148 of the Code.

The Underwriter has performed these computations with the express understanding and agreement of the Issuer that, notwithstanding the performance of these computations and the delivery of this Certificate, in doing so, the Underwriter (i) is 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: July 6, 2016

RBC CAPITAL MARKETS, LLC

By: Kurt Freund
Name: Kurt Freund
Title: Managing Director

[Signature page of Underwriter's Certificate]

Attachment C-1

to Tax Compliance Certificate
of Issuer

Pertaining to

$122,070,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016

<table>
<tr><td>Pima County
Department of
Finance and Risk Management
Internal Operating Procedures</td><td>Effective Date: 11/30/11
Review Date:
Revision Date: 07/05/16
Page: 1 of 12</td></tr>
<tr><td>Responsible Division: Financial Management</td><td>Responsible Section: Cash Management</td></tr>
<tr><td colspan="2">SUBJECT: Post Issuance Compliance for Debt Issues</td></tr>
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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. For Direct-Pay Bonds: 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. For Direct-Pay Bonds: 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. 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. <u>Cost of Issuance</u>. Ensure that no more than 2% of the sale proceeds of a Bond issue are used to pay issuance costs.

D. <u>Capital Expenditures</u>. 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. <u>Requisitions</u>. 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. <u>Final Allocation</u>. 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 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. <u>Record Retention</u>. 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. <u>Review of Contracts with Private Persons</u>. 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.

VIII. USE OF PROCEEDS CHECKLIST AND REMEDIAL ACTION

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.

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 the closing 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 C2, 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.

C. Remedial Action

Consult with Bond Counsel to undertake any necessary remedial actions, discussed below, in respect of "nonqualified bonds" of the Issue (A remedial action can, in certain instances, be taken in advance of a "deliberate action" that results in "nonqualified bonds," so Bond Counsel should be consulted before an anticipated "deliberate action" takes place).

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 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

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]

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.

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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 want Squire Patton Boggs (US) LLP to do the computations, please feel free to contact the Squire Patton Boggs (US) LLP attorney with whom you normally consult to discuss engaging the Firm to provide such assistance.

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.

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.

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[4] For purposes of these Instructions, references to "Refunding Issue" include the Refunding Portion of a Multipurpose Issue.

SECTION 2.02. <u>6-MONTH SPENDING EXCEPTION</u>.

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. <u>18-MONTH SPENDING EXCEPTION</u>.

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) <u>1½% penalty in lieu of rebate for Construction Issues</u>. 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.

<u>PART III: COMPUTATION AND PAYMENT</u>

SECTION 3.01. <u>COMPUTATION AND PAYMENT OF REBATE AMOUNT</u>.

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) $39,000, 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 $110,000, 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)

$122,070,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016

Dated as of July 6, 2016

Attachment D
to Tax Compliance Certificate

VERIFICATION REPORT
SEE TAB 9

Attachment E

to Tax Compliance Certificate
of Issuer

Pertaining to

$122,070,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016

Dated: July 6, 2016

CERTIFICATE OF BIDDING AGENT REGARDING INVESTMENTS FOR YIELD RESTRICTED DEFEASANCE ESCROW

The undersigned is an officer of RBC Capital Markets, LLC ("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 Refunding Bonds, Series 2016 ("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 Wells Fargo Securities 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 $32,000 ("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) $39,000 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).

(7) The cost of the most efficient portfolio of United States Treasury Securities State and Local Government Series, determined at the time that the bids were required to be submitted pursuant to the terms of the Bid Specifications, that would have provided cash receipts that satisfy the requirements of the Bid Specifications would have been $135,462,624.81.

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 Patton Boggs (US) LLP, as bond counsel, in rendering certain of its opinions in connection with the issuance of the Issue.

Dated: July 6, 2016.

RBC CAPITAL MARKETS, LLC

By: Kurt Freund

Title: Managing Director

1082290851

Exhibit I

RBC Capital Markets

Pima County, Arizona
Escrow Defeasance Portfolio
(Provider to Sell Escrowed Securities)

DATE: May 31, 2016

TO: Escrow Securities Providers (the "Providers")

FROM: Kevin Chin (212) 428-6363
RBC Capital Markets, New York, New York

RE: Request for Offers (RFO)
Escrow Defeasance Portfolio
PIMA COUNTY, ARIZONA
General Obligation Refunding Bonds, Series 2016
(herein after referred to as the "Bid")

Bids must be received by RBCCM no later than:	1:30 p.m. (Eastern) – Wednesday, June 1, 2016 "Bid Due Time"
Bids Firm Until:	1:45 p.m. (Eastern) – Wednesday, June 1, 2016
Anticipated Bid Award Time:	1:45 p.m. (Eastern) – Wednesday, June 1, 2016 **(or as soon as possible thereafter)** "Bid Award Time"

CONDITIONS OF BID SUBMITTAL

Bids cannot be accepted if the email is received by RBCCM after the Bid Due Time.

- **Once a Provider has submitted a Bid, the Bid must remain open until Bid Award Time or until released by RBCCM, whichever is later.**
- **Bids which fail to conform in all material respects with the bid specifications described herein may be rejected at the sole option of the Issuer.**
- **All Providers that submit a Bid are submitting pursuant to the specifications and attachments below.**
- **No submitted Bid may be withdrawn by a Provider following the Bid Due Time, and a Provider will be held liable for any damages to the Issuer or the Escrow Bidding Agent resulting from any such withdrawal.**
- **Any error in a submitted bid, including but not limited to whether the securities conform to the bid specifications, is the sole responsibility of the Provider and the Provider shall be required to supply conforming securities at their sole cost and expense. A winning bidder that fails to perform will be held liable for any damages to the Issuer or the Escrow Bidding Agent resulting from any such error.**

Pima County, Arizona
Escrow Defeasance Portfolio
(Provider to Sell Escrowed Securities)

1. Issuer:	Pima County, Arizona (the "Issuer").
2. Escrow Trustee:	U.S. Bank National Association (the "Escrow Trustee").
3. Verification Agent:	Grant Thornton LLP, as verification agent (the "Verification Agent"), is expected to provide a certification to the Issuer and the Escrow Trustee as to the sufficiency of the cash flow of the escrow to defease the Bonds to be Refunded defined below. The initial deposit and any subsequent exchanges or substitution of Eligible Securities must be verified by the Verification Agent and approved by Squire Patton Boggs (US) LLP (the "Bond Counsel").
4. Fund Type:	Escrow Defeasance Portfolio for outstanding bonds of participation (the "Escrow Portfolio").
5. Settlement Date:	**July 6, 2016. Delivery must be completed by 11:00 A.M. Eastern Time on such delivery date.** If for any reason the funds are not delivered, the Provider will have no recourse against the Issuer, the Escrow Trustee, RBC Capital Markets or any of their affiliates, agents or representatives for any expenses, losses, damages or liabilities (whether direct, indirect or consequential) incurred.
6. Eligible Securities:	Eligible Securities shall consist of **<u>only</u>** the following obligations: - U.S. Treasury - Government National Mortgage Association (GNMA) - Federal Home Loan Mortgage Corporation (fhlmc) - Federal National Mortgage Association (FNMA) - Federal Home Loan Bank (FHLB) - Financing Corporation (FICO) - REFCORP (interest portion only) - Federal Farm Credit Bank (FFCB) Any such security or obligation cannot be callable or prepayable prior to maturity and are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent.
7. Escrow Structure:	Providers are required to structure and deliver an Escrow Portfolio composed of Eligible Securities and an initial cash balance, if any, that will provide, without substitution, sufficient cash flow to pay the Escrow Requirements. The Escrow Trustee will accept from the Provider on a <u>Delivery Versus Payment basis</u> the Escrow Portfolio, and any initial

cash balance, for deposit in the Escrow for a purchase price equal to the amount offered by the Provider.

8. Program to be Defeased: A portion of the Issuer's outstanding General Obligation Bonds, Series 2007, General Obligation Bonds, Series 2008, General Obligation Bonds, Series 2009, General Obligation Bonds, Series 2009A and General Obligation Bonds, Series 2011 (the "Bonds to be Refunded").

9. Escrow Requirements: The Escrow Payment Requirements and Payment Dates are shown in the chart below:

Date	Escrow Requirements
01/01/2017	$ 2,544,940.63
07/01/2017	31,019,940.63
01/01/2018	2,022,603.13
07/01/2018	37,772,603.13
01/01/2019	1,307,603.13
07/01/2019	45,092,603.13
01/01/2020	434,500.00
07/01/2020	434,500.00
01/01/2021	434,500.00
07/01/2021	17,814,500.00
Total	**$138,878,293.78**

10. Fees: Upon closing, the winning Provider will pay a disclosed commission to RBC Capital Markets, as Escrow Bidding Agent, in the amount of $32,000. All legal and other expenses of the Provider shall be paid by the Provider.

11. Initial Escrow Deposit: The Provider must submit the detail of the actual Eligible Securities to be included in the Escrow Portfolio plus any initial cash balance to be delivered on Settlement Date within one hour of the award.

12. Delivery Substitutions: **No substitutions will be permitted, except to temporarily provide for initial failure to deliver.** Providers will automatically warrant and guarantee by submitting an offer hereunder to deliver an initial portfolio and/or cash sufficient to defease the Bonds to be Refunded. At closing, Provider must deliver the securities submitted under Section 7, or deliver a temporary substitution of cash or Treasury Bills, maturing prior to the escrow requirement date, in an amount equal to the total maturing principal and interest to maturity of any securities that the Provider has failed to deliver versus the same purchase price. In the case of a failure to deliver specified zero-coupon Eligible Securities, Provider may temporarily substitute versus the same purchase price other zero-coupon Eligible Securities that mature on or before the originally specified maturity date.

Any or all costs incurred in providing substitute securities, including costs and expenses of the Verification Agent, Bond Counsel, Escrow Trustee and other parties, will be borne by the Provider.

13. Provider Requirements: Providers have been prequalified.

14. Offer Parameters: The Escrow Portfolio will be purchased from the Provider which offers to sell the Escrow Portfolio to the Issuer at the lowest cost, including accrued interest and initial cash balance on the settlement date. The award is subject to verification of escrow sufficiency by the Verification Agent. In the event of tie offers, the winning Provider will be selected by lot or such other random selection method as determined in the sole discretion of the Issuer.

With respect to the offering process, the Provider will have no recourse against the Issuer, the Escrow Trustee, the Verification Agent, Bond Counsel, the Underwriter, RBC Capital Markets or any of the affiliates, agents or representatives of any of the foregoing for any expenses, losses, damages or liabilities (whether direct, indirect or consequential) incurred.

15. Offer Submittal: **LATE BIDS CANNOT BE ACCEPTED.** Providers should email their bid form BEFORE 1:30 p.m. (Eastern) to kevin.chin@rbccm.com. Bids must be received no later than 1:30 p.m. (Eastern). Providers must be prepared to submit their bid at that time or risk forfeiting participation in the bid. **BIDS WILL ONLY BE ACCEPTED ELECTRONICALLY TO kevin.chin@rbccm.com.**

The Issuer reserves the right to postpone the time for receiving bids and will notify prospective bidders in such a case.

16. Documentation: The winning Provider shall submit copies of confirmations related to the sale of Eligible Securities to be included in the Escrow Portfolio to the Issuer, the Escrow Trustee, Bond Counsel, the Verification Agent and RBC Capital Markets within three business days of the award.

17. Provider Representation: Any Provider submitting a bid represents to the following: (a) the bidder had sufficient time to formulate a bid and received these bid specifications in a timely manner; (b) these bid specifications include all material terms of the bid; (c) the submission of a bid is a representation that the bidder did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential bidder has with the Issuer or any other person (whether or not in connection with the bond issue), the bidder does not have a material financial interest in the issuance and that the bid is not being submitted solely as a courtesy to the Issuer or any other person for the purposes of satisfying the requirement to obtain a minimum number of offers of any type or from any class of providers; (d) the bidder did not have the opportunity to review other offers (i.e., a last look) before providing a bid; and (e) the Provider is a reasonably competitive provider for the type of securities being solicited. In connection with providing the investments for which the Provider is submitting a bid, the Provider must not reasonably expect to pay any administrative cost (including costs or expenses paid directly or indirectly to purchase, carry, sell or retire investments) to or for the benefit of the Issuer, RBC Capital Markets or any other person known by the Provider to be involved with the issuance or sale of the bond issue, other than the above-referenced fee to RBC Capital Markets and other than as disclosed by the Provider to the Issuer prior to settlement.

18. Certificate as to Market Price: The winning Provider will be required to execute a certificate substantially in the form of "Exhibit A" and to provide an executed original of such Certificate to Bond Counsel prior to, or contemporaneously with, the delivery of the Eligible Securities.

RBC Capital Markets

Pima County, Arizona
Escrow Defeasance Portfolio
(Provider to Sell Escrowed Securities)

OFFER FORM

Escrow Defeasance Portfolio for
PIMA COUNTY, ARIZONA
General Obligation Refunding Bonds
Series 2016

We hereby submit our competitive offer representing the offering price we are willing to sell a portfolio of Eligible Securities in accordance with the attached Request for Offers (RFO), subject to all the terms and conditions stated in such RFO. We are a reasonably competitive seller of Eligible Securities.

EMAIL BID to Kevin Chin at kevin.chin@rbccm.com.

Net Portfolio Cost (Including accrued interest and beginning cash balance)	$______________________

Firm	**Firm Contact (print name)**
Guarantor (if applicable)	**Firm Contact Signature**
Phone Number	**Date**

The submission of a bid is a representation that the bidder did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential bidder has with the Issuer or any other person (whether or not in connection with the bond issue), and that the bid is not being submitted solely as a courtesy to the Issuer 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 providers.

RBC Capital Markets

Pima County, Arizona
Escrow Defeasance Portfolio
(Provider to Sell Escrowed Securities)

"Exhibit A"
Provider Certificate

CERTIFICATE OF SUCCESSFUL BIDDER

The undersigned, ____________________ (the "Provider"), hereby certifies that we acted as principal in selling, on an arm's length basis, the Eligible Securities described in Schedule A of this Certificate (the "Securities") to the Pima County, Arizona (the "Issuer") in connection with the issuance by the Issuer of its General Obligation Refunding Bonds, Series 2016 (the "Bonds"). On July 6, 2016 (the "Delivery Date"), we will deliver the Securities, at the purchase price specified on Schedule A (the "Purchase Price"), to U.S. Bank National Association as escrow trustee (the "Escrow Trustee"), in connection with the Escrow Agreement between the Issuer and the Escrow Trustee dated as of the date hereof. We further certify that, to the best of our knowledge, information and belief:

1. The Provider is an active participant in an established market for securities, engages in the regular purchase and sale of securities of which the Securities are a type (disregarding, for this purpose, any markets especially established to provide securities to issuers of governmental obligations) and is a reasonably competitive provider of the type of investments to be sold to the Issuer (*i.e.*, a provider that has an established industry reputation as a competitive provider of investments such as the Securities). The Provider has no material financial interest in the Issue, is not related to a party that has a material financial interest in the Issue and is neither serving as, nor is related to the financial advisor for the Issuer, the underwriter of the Bonds or the broker, if any, soliciting bids for the Securities. The Provider's bid to provide the Securities was not submitted solely as a courtesy to the Issuer, the underwriter of the Bonds, or the broker soliciting bids for the Securities or any other person for purposes of satisfying the requirement to obtain a minimum number of bids of any type or from any class of providers. The Provider received the bid specification in sufficient time to formulate and submit its bid and the Securities provided are consistent with the terms specified in the bid specifications.

2. The Provider represents that the Purchase Price of the Securities on June 1, 2016 for delivery on the Delivery Date was determined without regard to any payment of any amount in order to reduce or increase the yield on the Securities. The Provider was not afforded any opportunity to review bids from other potential providers of the Securities before the Provider submitted its bid to provide the Securities.

3. Neither the Provider, nor any of its employees, agents or representatives, has consulted regarding the bid with another person from whom a bid was solicited by the Issuer.

4. Other than pursuant to any terms of the request for bids the Purchase Price has been determined without regard to any formal or informal agreement or arrangement (whether or not in connection with the Bonds) with the Issuer, financial advisor, the underwriter, Bond Counsel or any other person.

5. The Securities constitute obligations which are non-callable as of the Delivery Date and prior to the maturity date thereof.

6. The Purchase Price (determined net of the Escrow Bidding Agent's fee) was not greater than the purchase price available from the Provider at the time the Provider bid to provide the Securities on reasonable comparable securities offered to other persons from a source of funds other than gross proceeds used to defease the Bonds to be Refunded, and is the lowest price the Provider is willing to accept for the Securities. The Escrow Bidding Agent's fee is comparable to (or less than) the brokerage commission that would be charged on similar transactions for the purchase of reasonably comparable securities.

7. The Provider has neither paid nor expects to pay any administrative costs to third parties in connection with the sale of the Securities, other than a fee equal to $32,000 to RBC Capital Markets, as Escrow Bidding Agent, which does not exceed the lesser of (a) the greater of (i) $4,000 or (ii) the Purchase Price multiplied by 20 basis points or (b) $39,000. Administrative costs means costs or expenses paid, directly or indirectly, to purchase, carry, sell or retire investments such as the Securities.

Squire Patton Boggs (US) LLP will rely upon this Certificate, among other things, in reaching a conclusion that the yield on the Securities can be computed on the basis of the price paid for the Securities and that the Bonds and the Bonds to be Refunded do not constitute "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

IN WITNESS WHEREOF, the Provider has signed this ___ day of _________, 2016.

By:______________________________
Name:
Title:

Exhibit II

RBC Capital Markets

Pima County, Arizona
Escrow Defeasance Portfolio
(Provider to Sell Escrowed Securities)

OFFER FORM

Escrow Defeasance Portfolio for
PIMA COUNTY, ARIZONA
General Obligation Refunding Bonds
Series 2016

We hereby submit our competitive offer representing the offering price we are willing to sell a portfolio of Eligible Securities in accordance with the attached Request for Offers (RFO), subject to all the terms and conditions stated in such RFO. We are a reasonably competitive seller of Eligible Securities.

EMAIL BID to Kevin Chin at kevin.chin@rbccm.com.

Net Portfolio Cost (Including accrued interest and beginning cash balance)	$ 135,021,581.04

Incapital
Firm

Chris Patroni
Firm Contact (print name)

Guarantor (if applicable)

Firm Contact Signature

212-624-5831
Phone Number

6/1/16
Date

The submission of a bid is a representation that the bidder did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential bidder has with the Issuer or any other person (whether or not in connection with the bond issue), and that the bid is not being submitted solely as a courtesy to the Issuer 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 providers.

6/1/2016
1:30pm

RBC Capital Markets

Pima County, Arizona
Escrow Defeasance Portfolio
(Provider to Sell Escrowed Securities)

OFFER FORM

Escrow Defeasance Portfolio for
PIMA COUNTY, ARIZONA
General Obligation Refunding Bonds
Series 2016

We hereby submit our competitive offer representing the offering price we are willing to sell a portfolio of Eligible Securities in accordance with the attached Request for Offers (RFO), subject to all the terms and conditions stated in such RFO. We are a reasonably competitive seller of Eligible Securities.

EMAIL BID to Kevin Chin at kevin.chin@rbccm.com.

Net Portfolio Cost (Including accrued interest and beginning cash balance)	$ 135,202,125.38

Cantor Fitzgerald & Co.
Firm

Guarantor (if applicable)

(212) 829-4713
Phone Number

Chris Cercy
Firm Contact (print name)

Firm Contact Signature

6/1/2016
Date

The submission of a bid is a representation that the bidder did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential bidder has with the Issuer or any other person (whether or not in connection with the bond issue), and that the bid is not being submitted solely as a courtesy to the Issuer 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 providers.

RBC Capital Markets

Pima County, Arizona
Escrow Defeasance Portfolio
(Provider to Sell Escrowed Securities)

OFFER FORM

Escrow Defeasance Portfolio for
PIMA COUNTY, ARIZONA
General Obligation Refunding Bonds
Series 2016

We hereby submit our competitive offer representing the offering price we are willing to sell a portfolio of Eligible Securities in accordance with the attached Request for Offers (RFO), subject to all the terms and conditions stated in such RFO. We are a reasonably competitive seller of Eligible Securities.

EMAIL BID to Kevin Chin at kevin.chin@rbccm.com.

Net Portfolio Cost (Including accrued interest and beginning cash balance)	$ 135001316.86

PNC Capital Mkts LLC
Firm

Guarantor (if applicable)

216-222-2281
Phone Number

Rich Aller
Firm Contact (print name)

Firm Contact Signature

6/1/16
Date

The submission of a bid is a representation that the bidder did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential bidder has with the Issuer or any other person (whether or not in connection with the bond issue), and that the bid is not being submitted solely as a courtesy to the Issuer 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 providers.

RBC Capital Markets

Pima County, Arizona
Escrow Defeasance Portfolio
(Provider to Sell Escrowed Securities)

OFFER FORM

Escrow Defeasance Portfolio for
PIMA COUNTY, ARIZONA
General Obligation Refunding Bonds
Series 2016

We hereby submit our competitive offer representing the offering price we are willing to sell a portfolio of Eligible Securities in accordance with the attached Request for Offers (RFO), subject to all the terms and conditions stated in such RFO. We are a reasonably competitive seller of Eligible Securities.

EMAIL BID to Kevin Chin at kevin.chin@rbccm.com.

Net Portfolio Cost (Including accrued interest and beginning cash balance)	$ 134,991,748.30

Wells Fargo Securities, LLC
Firm

Edward David
Firm Contact (print name)

Guarantor (if applicable)

Firm Contact Signature

704 410 3600
Phone Number

6/1/2016
Date

The submission of a bid is a representation that the bidder did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential bidder has with the Issuer or any other person (whether or not in connection with the bond issue), and that the bid is not being submitted solely as a courtesy to the Issuer 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 providers.

RFP/RFQ Required Disclosure Statement

This proposal is submitted in response to your Request for [Proposals/Qualifications/Bids] dated June 1, 2016. The contents of this proposal and any subsequent discussions between us, including any and all information, recommendations, opinions, indicative pricing, quotations and analysis with respect to any municipal financial product or issuance of municipal securities, are provided to you in reliance upon the exemption provided for responses to requests for proposals or qualifications under the municipal advisor rules (the "Muni Advisor Rules") of the Securities and Exchange Commission (the "SEC")(the "Municipal Advisor Rule").[1]

The Staff of the SEC's Office of Municipal Securities has issued guidance which provides that, in order for a request for proposals to be consistent with this exemption, it must (a) identify a particular objective, (b) be open for not more than a reasonable period of time (up to six months being generally considered as reasonable), and (c) involve a competitive process by (such as by being provided to at least three reasonably competitive service providers or by being publicly posted to your official website). In submitting this proposal, we have relied upon your compliance with this guidance.

In submitting this proposal (a) Wells Fargo Securities is not acting as your Municipal Advisor, providing you with municipal advisory services and does not owe a fiduciary duty to you pursuant to Section 15B of the Securities Exchange Act of 1934 to you with respect to the information and material contained in this proposal in the event you are a municipal entity; (b) Wells Fargo Securities is acting for its own interests; and (c) you should discuss any information and material contained in this proposal with any and all internal or external advisors and experts that you deem appropriate before acting on this information or material.

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[1] 240 CFR 15Ba1-1 et seq..

Exhibit III

SUMMARY OF BIDS RECEIVED

Escrow Defeasance Portfolio
Pima County, AZ
General Obligation Refunding Bonds, Seires 2016
Bids due no later than 1:30 p.m. Eastern (New York) by Kevin Chin on Wednesday, June 1, 2016

Provider	Contact	Phone	Total Portfolio Cost	Bid Rec'd
Wells Fargo Securities	Scott Dorsey	212-214-8749	134,991,748.30	1:30
PNC	Richard Adler	216-222-2283	135,001,316.80	1:30
InCapital	Chris Patronis	212-624-5831	135,021,581.04	1:30
Cantor Fitzgerald	Chris Cercy	212-915-1206	135,202,125.38	1:21
BB&T Capital Markets	Will Ferrell	804-649-3919	Pass	Pass
CastleOak Securities	Dan Davis	212-610-5593	Pass	Pass
Deutsche Bank	Peter C. Colquitt	212-250-6205	Pass	Pass
Hilltop Securities	Dave Brayshaw	214-953-4020	Pass	Pass
KeyBanc	Mike Heller	917-368-2232	Pass	Pass
Commerzbank	Brian Nevel	212-895-1705	Pass	Pass

SLGs as of 6/1/2016: $135,462,624.81

Attachment F
To Tax Compliance Certificate of

$122,070,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016

Dated: July 6, 2016

PROVIDER'S CERTIFICATE

RBC Capital Markets

Pima County, Arizona
Escrow Defeasance Portfolio
(Provider to Sell Escrowed Securities)

"Exhibit A"
Provider Certificate

CERTIFICATE OF SUCCESSFUL BIDDER

The undersigned, Wells Fargo Securities LLC (the "Provider"), hereby certifies that we acted as principal in selling, on an arm's length basis, the Eligible Securities described in Schedule A of this Certificate (the "Securities") to the Pima County, Arizona (the "Issuer") in connection with the issuance by the Issuer of its General Obligation Refunding Bonds, Series 2016 (the "Bonds"). On July 6, 2016 (the "Delivery Date"), we will deliver the Securities, at the purchase price specified on Schedule A (the "Purchase Price"), to U.S. Bank National Association as escrow trustee (the "Escrow Trustee"), in connection with the Escrow Agreement between the Issuer and the Escrow Trustee dated as of the date hereof. We further certify that, to the best of our knowledge, information and belief:

1. The Provider is an active participant in an established market for securities, engages in the regular purchase and sale of securities of which the Securities are a type (disregarding, for this purpose, any markets especially established to provide securities to issuers of governmental obligations) and is a reasonably competitive provider of the type of investments to be sold to the Issuer (*i.e.*, a provider that has an established industry [illegible] a competitive provider of investments such as the Securities). The Provider has [illegible] financial interest in the Issue, is not related to a party that has a material financial interest in the Issue and is neither serving as, nor is related to the financial advisor for the Issuer, the underwriter of the Bonds or the broker, if any, soliciting bids for the Securities. The Provider's bid to provide the Securities was not submitted solely as a courtesy to the Issuer, the underwriter of the Bonds, or the broker soliciting bids for the Securities or any other person for purposes of satisfying the requirement to obtain a minimum number of bids of any type or from any class of providers. The Provider received the bid specification in sufficient time to formulate and submit its bid and the Securities provided are consistent with the terms specified in the bid specifications.

2. The Provider represents that the Purchase Price of the Securities on June 1, 2016 for delivery on the Delivery Date was determined without regard to any payment of any amount in order to reduce or increase the yield on the Securities. The Provider was not afforded any opportunity to review bids from other potential providers of the Securities before the Provider submitted its bid to provide the Securities.

3. Neither the Provider, nor any of its employees, agents or representatives, has consulted regarding the bid with another person from whom a bid was solicited by the Issuer.

4. Other than pursuant to any terms of the request for bids the Purchase Price has been determined without regard to any formal or informal agreement or arrangement (whether or not in connection with the Bonds) with the Issuer, financial advisor, the underwriter, Bond Counsel or any other person.

5. The Securities constitute obligations which are non-callable as of the Delivery Date and prior to the maturity date thereof.

RBC Capital Markets

Pima County, Arizona
Escrow Defeasance Portfolio
(Provider to Sell Escrowed Securities)

6. The Purchase Price (determined net of the Escrow Bidding Agent's fee) was not greater than the purchase price available from the Provider at the time the Provider bid to provide the Securities on reasonable comparable securities offered to other persons from a source of funds other than gross proceeds used to defease the Bonds to be Refunded, and is the lowest price the Provider is willing to accept for the Securities. The Escrow Bidding Agent's fee is comparable to (or less than) the brokerage commission that would be charged on similar transactions for the purchase of reasonably comparable securities.

7. The Provider has neither paid nor expects to pay any administrative costs to third parties in connection with the sale of the Securities, other than a fee equal to $32,000 to RBC Capital Markets, as Escrow Bidding Agent, which does not exceed the lesser of (a) the greater of (i) $4,000 or (ii) the Purchase Price multiplied by 20 basis points or (b) $39,000. Administrative costs means costs or expenses paid, directly or indirectly, to purchase, carry, sell or retire investments such as the Securities.

Squire Patton Boggs (US) LLP will rely upon this Certificate, among other things, in reaching a conclusion that the yield on the Securities can be computed on the basis of the price paid for the Securities and that the Bonds and the Bonds to be Refunded do not constitute "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

IN WITNESS WHEREOF, the Provider has signed this 14 **day of** June **, 2016.**

By: ______________________
Name: Edward David
Title: Director

$122,070,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016

CERTIFICATE OF DEPOSITORY TRUSTEE, BOND 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 July 1, 2016 (the "Depository Trust Agreement"), between Pima County, Arizona (the "County") and the Depository Trustee, and as bond registrar and paying agent (the "Bond Registrar and Paying Agent") pursuant to a Bond Registrar, Transfer Agent and Paying Agent Agreement, dated as of July 1, 2016 (the "Bond Registrar and Paying Agent Agreement"), between the County and the Bond Registrar and Paying Agent, entered into in connection with the issuance by the County of its $122,070,000 aggregate principal amount of General Obligation Refunding Bonds, Series 2016 (the "Bonds") does hereby accept the duties and obligations imposed upon it as Depository Trustee under the Depository Trust Agreement and as Bond Registrar and Paying Agent pursuant to the Bond Registrar and Paying Agent Agreement, and does hereby certify as follows:

1. The Bank is duly organized, validly existing and in good standing under the laws of the United States, having full power and authority to exercise corporate trust powers in the State of Arizona and to execute, deliver and perform its obligations under the Depository Trust Agreement and the Bond Registrar and Paying Agent Agreement.

2. The execution and delivery of the Depository Trust Agreement and the Bond Registrar and Paying Agent Agreement and the due performance by the Bank of its obligations thereunder and the taking of any and all other actions required on the part of the Bank to carry out, give effect to, and consummate the transactions contemplated thereby, have been duly authorized by all necessary corporate action on the part of the Bank, and to the best knowledge of the undersigned, under present law do not contravene any provision of any order, decree, writ or injunction known to the Bank or the Bank's Articles of Association or Bylaws, or result in a breach of or default under, or require consent under any material agreement, indenture or other instrument to which the Bank is a party or by which it is bound.

3. The Bank has taken all action necessary for the acceptance of, and has duly accepted the offices of the Depository Trustee pursuant to the Depository Trust Agreement and Bond Registrar and Paying Agent pursuant to the Bond Registrar and Paying Agent Agreement, and will comply with the requirements of such agreement, and in accordance therewith will not take or omit to take any action which will in any way result in the proceeds from the sale of the Bonds being applied in a manner inconsistent with such document.

4. The representations of the Bank contained in the 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 agreements, and the signature appearing below is a true and correct specimen of such person's genuine signature:

Name	Office	Signature
Keith Henselen	Vice President	KHL

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 Bond Registrar and Paying Agent 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 Bond Registrar and Paying Agent.

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: July 6, 2016

U.S. BANK NATIONAL ASSOCIATION

By: ______________________
Name: Mary Ambriz-Reyes
Its: Vice President

[Signature page of Certificate of Depository Trustee, Bond Registrar and Paying Agent]

EXHIBIT A

ASSISTANT SECRETARY'S CERTIFICATE AS TO SIGNATURE AUTHORITY

usbank.

U.S. BANK NATIONAL ASSOCIATION
ASSISTANT SECRETARY CERTIFICATE

I, Linda E. Bidon, 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	Linda Y. Riley	Assistant Vice President
Keith N. Henselen	Vice President	Suzanne M. Gibbs	Assistant Vice President
Robert L. Von Hess	Vice President		

IN WITNESS WHEREOF, I have set my hand this 16th day of September, 2015.

(No corporate seal)

Linda E. Bidon

Linda E. Bidon, Assistant Secretary

S:\affidavit\sec-certs\ Reyes-Riley

$122,070,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2016

CERTIFICATE OF COUNTY ASSESSOR

I, the undersigned, hereby certify that the total limited 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 Statutes, to the limited value of the property, as shown on the most recent assessment roll for State and County taxes as of the third Monday in August, 2015 (which value shall not include the property of other tax-exempt entities), is $7,620,361,006.

DATED: June 7, 2016

PIMA COUNTY ASSESSOR

Bill Staples

FHR:rwr 2650471.3 6/6/2016

$122,070,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016

CERTIFICATE OF FINANCE AND RISK MANAGEMENT DIRECTOR

The undersigned Finance and Risk Management Director of Pima County, Arizona (the "County"), does hereby certify or direct, as applicable, as follows with respect to the issuance of the County's $122,070,000 aggregate principal amount of General Obligation Refunding Bonds, Series 2016 (the "Bonds"), authorized by Resolution No. 2016-29, adopted by the Board of Supervisors of the County on April 19, 2016 (the "Bond Resolution"), with respect to the application of proceeds of the Bonds pursuant to Section 5 of the Bond Resolution. All capitalized terms used herein shall have the meanings assigned to such terms in the Bond Resolution.

$135,309,915.70 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) $134,991,748.30 (representing $122,070,000.00 of principal amount of the Bonds and $12,921,748.30 of premium received with respect to the Bonds) to the payment and redemption of the Bonds to be Refunded, and (b) $318,167.40, from the premium received with respect to the 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.

[Remainder of page left blank intentionally]

Dated: July 6, 2016

PIMA COUNTY, ARIZONA

By: ______________________

Keith Dommer
Finance and Risk Management Director

$122,070,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016

CERTIFICATE OF THE COUNTY
RESPONSIVE TO THE BOND PURCHASE AGREEMENT

Responsive to the Bond Purchase Agreement, dated June 1, 2016 (the "Purchase Contract"), between Pima County, Arizona (the "County") and RBC Capital Markets, LLC (the "Underwriter"), the undersigned certifies as follows to the best of his knowledge. Capitalized terms used herein which are not otherwise defined herein shall have the meaning set forth in the Purchase Contract.

1. The representations and warranties of the County contained in the Purchase Contract are true and correct in all material respects on and as of the date hereof as if made on the date hereof;

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

3. The Bond Resolution has been duly adopted by the County, is in full force and effect and has not been modified, amended or repealed;

4. The financial statements of the County included in the Official Statement were true, correct and complete as of June 30, 2015, 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, 2015, the County has not incurred any material liabilities, direct or contingent, nor has there been any material adverse change in the financial position, results of operations or condition, financial or otherwise, of the County that are not described in the Official Statement, whether or not arising from transactions in the ordinary course of business; and

6. To the best of the undersigned's knowledge, no event affecting the County has occurred since the date of the Official Statement which should be disclosed in the Official

Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any respect as of the date hereof, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date hereof does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading in any material respect.

[Remainder of page left blank intentionally]

Dated: July 6, 2016

PIMA COUNTY, ARIZONA

By: ______________________________
Keith Dommer
Finance and Risk Management Director

[Signature page of Certificate of the County Responsive to the Bond Purchase Agreement]

$122,070,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016

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 July 1, 2016 (the "Depository Trust Agreement"), between Pima County, Arizona and the Depository Trustee, hereby certifies that the Depository Trustee has received monies identified as a portion of the proceeds from the sale of the $122,070,000 aggregate principal amount of Pima County, Arizona General Obligation Refunding Bonds, Series 2016 (the "Bonds"), in the amount of $135,309,915.70, 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 $34.44, and (c) purchase the Acquired Obligations (as defined in the Depository Trust Agreement).

[Remainder of page left blank intentionally]

Dated: July 6, 2016

U.S. BANK NATIONAL ASSOCIATION

By:______________________________

Name: Keith Henselen

Its: Vice President

[Signature page of Receipt of Depository Trustee for Funds and Securities

$122,070,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016

UNDERWRITER'S RECEIPT FOR THE BONDS

Receipt of the Pima County, Arizona General Obligation Refunding Bonds, Series 2016 in the aggregate principal amount of $122,070,000 (the "Bonds"), is hereby acknowledged as of the date hereof on behalf of the undersigned, RBC Capital Markets, LLC, as underwriter of the Bonds.

The Bonds are dated July 6, 2016, are in denominations of $5,000 or integral multiples thereof, mature in the years, and bear interest at the rates per annum from the date of the Bonds to the maturity of each Bond as set forth on the cover page of the Official Statement, dated June 1, 2016, relating to the Bonds.

Dated: July 6, 2016

RBC CAPITAL MARKETS, LLC

By: Kurt Freund
Name: Kurt Freund
Title: Managing Director

SQUIRE
PATTON BOGGS

Squire Patton Boggs (US) LLP
1 E. Washington St., Suite 2700
Phoenix, Arizona 85004

O +1 602 528 4000
F +1 603 253 8129
squirepattonboggs.com

July 6, 2016

To: Pima County, Arizona
Tucson, Arizona

Ladies and Gentlemen:

We have served as bond counsel to our client Pima County, Arizona (the "County") and not as counsel to any other person in connection with the issuance by the County of its $122,070,000 aggregate principal amount of bonds designated the Pima County, Arizona General Obligation Refunding Bonds, Series 2016 (the "Bonds"), dated the date of this letter. The Bonds are issued pursuant to Title 35, Chapter 3, Article 4 of the Arizona Revised Statutes, and under the provisions of an authorizing resolution adopted by the Board of Supervisors of the County on April 19, 2016 (the "Bond Resolution"). Capitalized terms not defined in this letter are used as defined in the Bond Resolution. In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Bonds, a copy of the signed and authenticated Bond of the first maturity, and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

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

1. The Bonds constitute valid, legal and binding general obligations of the County, and the principal of and interest on the Bonds, unless paid from other sources, are to be paid from the proceeds of the levy of ad valorem taxes on all property subject to ad valorem taxes levied by the County, without limitation as to rate 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 Bonds (the "Bonds Being Refunded"), which funds are irrevocably pledged for the payment of principal 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 States of America which will be purchased from 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. It is required by law that there be levied, assessed and collected, in the same manner as other taxes of the County, an annual tax upon such taxable property in the County sufficient to pay the principal of and interest on the Bonds when due.

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

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

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

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

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

Respectfully submitted,

Squire Patton Boggs (US) LLP

SQUIRE
PATTON BOGGS

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July 6, 2016

To: Pima County, Arizona
Tucson, Arizona

RBC Capital Markets, LLC
Phoenix, Arizona

We have served as bond counsel to our client Pima County, Arizona (the "County") and not as counsel to any other person in connection with the issuance by the County of its $122,070,000 aggregate principal amount of General Obligation Refunding Bonds, Series 2016 (the "Bonds"), dated the date of this letter.

We have rendered on this date our legal opinion as bond counsel concerning the Bonds (the "Legal Opinion"). This Supplemental Opinion is rendered pursuant to Section 6(h)(5) of the Bond Purchase Agreement, dated June 1, 2016 (the "Purchase Agreement"), between the County and the Underwriter therein named. Capitalized terms not otherwise defined in this letter are used as defined in the Purchase Agreement.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Bonds, the Bond Resolution, the Bond Registrar and Paying Agent Agreement, the Depository Trust Agreement and the Undertaking (the Purchase Agreement, the Bond Registrar and Paying Agent Agreement, the Depository Trust Agreement and the Undertaking are hereinafter referred to as the "County Documents") and such other documents, matters and law as we deem necessary to render the opinions and advice set forth in this letter.

The Underwriter may rely upon the Legal Opinion as if it were addressed to the Underwriter.

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

1. The County is duly organized and validly existing as a political subdivision under the laws of the State with powers specifically required for the purpose of the Purchase Agreement, specifically the Act, and has a full legal right, power and authority under the Act to adopt the Bond Resolution and under the Act and the Bond Resolution (a) to enter into, execute and deliver the County Documents and all documents required thereunder to be executed and delivered by the County, (b) to sell, issue and deliver the Bonds to the

Underwriter as provided in the Purchase Agreement and (c) to carry out and consummate the transactions contemplated by the County Documents and the Official Statement, and the County has complied in all respects with the terms of the Act.

2. By all necessary official action of the County, the County has duly authorized all necessary action to be taken by it for (a) the adoption of the Bond Resolution and the issuance and sale of the Bonds, (b) the approval, execution and delivery of, and the performance by the County of the obligations on its part contained in, the Bonds and the County Documents, and (c) the consummation by it of all other transactions contemplated by the Official Statement and the County Documents.

3. The Bond Resolution was duly and validly adopted by the County and is in full force and effect and the Bond Resolution has been duly and validly adopted or undertaken in compliance with all applicable procedural requirements of the County and in compliance with the Constitution and laws of the State, including the Act.

4. The County Documents have been duly authorized, executed and delivered by the County, and constitute legal, valid and binding obligations of the County enforceable against the County in accordance with their respective terms.

5. The distribution of the Preliminary Official Statement and the Official Statement has been duly authorized by the County.

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

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

8. The information in the tax caption on the cover page of, under the captions "THE BONDS" (other than the information relating to DTC and its book-entry system, as to which we express no view), "PLAN OF REFUNDING," "TAX MATTERS" and "CONTINUING SECONDARY MARKET DISCLOSURE" (except for statements relating to compliance by the County with prior undertakings as to which we express no view) in, and in APPENDIX C - FORM OF OPINION OF BOND COUNSEL and in APPENDIX D - FORM OF CONTINUING DISCLOSURE UNDERTAKING to, in each case, the Official Statement insofar as such statements describe certain provisions of

federal and state law, the Bonds, the Bond Resolution, the Depository Trust Agreement, the Undertaking and our approving legal opinion as bond counsel, is accurate and fairly presents the information purported to be shown.

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

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

This letter is furnished to the Underwriter solely for its benefit in its capacity as Underwriter in connection with the original issuance of the Bonds and may not be relied upon for any other purpose or by any other person, including the holders, owners or beneficial owners of the Bonds. The opinions and advice in this letter are stated only as of this date, and no other opinion or advice shall be implied or inferred as a result of anything contained in or omitted from this letter. Our engagement as bond counsel with respect to the Bonds has concluded on this date.

Respectfully submitted,

Squire Patton Boggs (US) LLP

OFFICE OF THE
Pima County Attorney
Civil Division
32 NORTH STONE AVENUE
SUITE 2100
Tucson, Arizona 85701-1412
(520) 740-5750
FAX (520) 620-6556

Barbara LaWall
PIMA COUNTY ATTORNEY

July 6, 2016

RBC Capital Markets, LLC
Phoenix, Arizona

U.S. Bank National Association, as Registrar and Paying Agent
Phoenix, Arizona

Squire Patton Boggs (US) LLP
Phoenix, Arizona

This opinion is rendered pursuant to Section 6(h)(7) of the Bond Purchase Agreement, dated June 1, 2016 (the "Bond Purchase Agreement"), between Pima County, Arizona (the "County") and RBC Capital Markets, LLC, as underwriter, and is given in connection with the issuance by the County of its \$122,070,000 aggregate principal amount of General Obligation Refunding Bonds, Series 2016 (the "Bonds"). Capitalized terms used herein which are not otherwise defined herein shall have the meaning set forth in the Purchase Contract.

Pursuant to existing laws, regulations and rulings, it is my opinion that:

1. The County is duly organized and validly existing as a political subdivision pursuant to the laws of the State of Arizona.

2. Except as disclosed in the Official Statement, there is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the County, after due inquiry, threatened against the County, affecting the corporate existence of the County or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale issuance or delivery of the Bonds or the levying, assessment and collection of the property taxes securing the payment of principal of and interest on, the Bonds pursuant to the Bond Resolution or in any way contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents, or contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes or State income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the County or any authority for the issuance of the Bonds, the adoption of the Bond Resolution or the execution and delivery of the Issuer Documents, wherein an unfavorable decision, ruling or finding would materially adversely affect

the validity or enforceability of the Bonds or the Issuer Documents or have a material, adverse effect on the financial condition of the County.

3. The adoption of the Bond Resolution and the execution and delivery of the Issuer Documents and compliance by the County with the provisions thereof, under the circumstances contemplated therein, will not conflict with or constitute on the part of the County a material breach of or a default under any agreement or instrument to which the County is a party, or violate any existing law, administrative regulation, court order, or consent decree to which the County is subject.

4. The information contained in the Official Statement under the caption "LITIGATION" is true and correct in all material respects.

5. Based solely on my examination and participation at conferences at which the Preliminary Official Statement and the Official Statement were discussed and except as described in paragraph 4 above, I have no reason to believe that the Official Statement as of its date and as of the date hereof contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect (except for any financial forecast, technical and statistical data included in the Official Statement, as to which no view is expressed).

Very truly yours,

Regina Nassen

Regina Nassen,
Deputy County Attorney

GT GreenbergTraurig

July 6, 2016

RBC Capital Markets, LLC
Suite 700
2398 East Camelback Road
Phoenix, Arizona 85016

Re: Pima County, Arizona General Obligation Refunding Bonds, Series 2016

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 June 1, 2016 (the "Official Statement"), relating to the Bonds, the Continuing Disclosure Undertaking, dated the date hereof (the "Continuing Disclosure Undertaking"), the Resolution adopted by the Board of Supervisors of Pima County, Arizona (the "County") on April 19, 2016 (the "Resolution"), the Depository Trust Agreement, dated as of July 1, 2016 (the "Depository Trust Agreement"), between the County and U.S. Bank National Association, as depository trustee, the Securities Act of 1933, as amended (the "1933 Act"), the Trust Indenture Act of 1939, as amended (the "1939 Act"), the rules, regulations and interpretations under the 1933 Act and the 1939 Act, and Rule 15c2-12 (the "Rule") prescribed under the Securities Exchange Act of 1934, as amended (the "Act"). 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.

In accordance with our understanding with you, we rendered legal advice and assistance to you in connection with your participation in the preparation of the Official Statement. Based upon our participation in the preparation of the Official Statement as counsel for you and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement and except as otherwise indicated herein, no information came to the attention of our attorneys assigned to this matter which leads us to believe that the Official Statement as of its date and as of the date hereof contained any untrue statement of a material fact or omitted 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. We express no views with respect to (i) the information contained in the Official Statement relating to The Depository Trust Company, New York, New York, (ii) the financial or statistical data included in the Official Statement, (iii) the information in Appendices C and D to the Official Statement or (iv) the status of the Bonds for any purpose including particularly, but not by way of limitation, for federal or State income tax purposes.

We also have rendered legal advice and assistance to you as to the requirements of the Rule prescribed under the Act, in connection with your review, for purposes of the Rule, of the Continuing Disclosure Undertaking. Based upon our examination of the items referenced in this letter, including the Continuing Disclosure Undertaking and the Rule, and subject to the limitations expressed above, we are of the opinion that, under existing law, the Continuing Disclosure Undertaking satisfies paragraph (b)(5)(i) of the Rule, which requires an undertaking for the benefit of the holders, including beneficial owners, of the Bonds to provide certain annual financial information and event notices at the time and in the manner required by the Rule.

Based upon our examination of the items referenced in this letter, we are further of the opinion that it is not necessary in connection with the sale of the Bonds to the public to register the Bonds under the 1933 Act or to qualify the Resolution or the Depository Trust Agreement under the 1939 Act. For purposes of rendering such opinion, we have relied on the legal conclusions expressed by Squire Patton Boggs (US) LLP, as Bond Counsel, as to the validity of the Bonds and the exclusion of interest on the Bonds from the gross income of their owners for federal income tax purposes.

We have not investigated independently the accuracy of any legal conclusions upon which we have relied that are expressed by other counsel; however, our attorneys assigned to this matter are not presently aware of any information that leads us to believe that it would be unreasonable to rely upon those legal conclusions.

References in this letter to "our attorneys assigned to this matter" refer only to those lawyers now with this firm who rendered legal services in connection with our representation of you in this matter.

Our engagement with respect to the matters addressed in this letter is concluded upon the delivery of this letter. The views expressed in this letter are as of, and are based upon the law in effect on, the date of this letter. Those views may be affected by actions taken or omitted or events occurring after the date of this letter, and we assume no obligation to revise or supplement this letter or to determine or to inform any person if such law changes or if any such actions are taken or omitted or any such events occur.

This letter is furnished solely for your benefit in connection with your purchase of the Bonds, and this letter may not, without our prior express consent, be used, circulated, quoted or otherwise referred to (except in lists or sets of closing documents), or be relied upon by any other person or for any other purpose.

Respectfully submitted,

Greenberg Traurig, LLP

SQUIRE
PATTON BOGGS

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Direct: +1.602.528.4843
Pedro.Miranda@squirepb.com.com

July 12, 2016

Via Certified Mail

Internal Revenue Service Center
Ogden, Utah 84201

Re: $122,070,000 Pima County, Arizona General Obligation Refunding Bonds, Series 2016

Ladies and Gentlemen:

On behalf of Pima County, Arizona, enclosed is Form 8038-G, Information Return for Tax-Exempt Governmental Obligations.

Sincerely,

Pedro J. Miranda

Pedro J. Miranda

PJM:jdt

Enclosure

Certified No. 9171969009350105623743

CERTIFICATE OF MAILING

I hereby certify and declare that I deposited in the United States mail, postage prepaid certified mail, the Form 8038-G, Information Return for Tax-Exempt Governmental Obligations for the above-captioned financing addressed to the Internal Revenue Service Center, Ogden, Utah 84201, on July 12, 2016.

Pedro J. Miranda

Pedro J. Miranda

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): 130 West Congress, 6th Floor — Room/suite	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: 07/06/2016
8 Name of issue: General Obligation Refunding Bonds, Series 2016	9 CUSIP number: 721663ZP0
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions): Keith Dommer, Finance and Risk Management Director	10b Telephone number of officer or other employee shown on 10a: 520-724-8496

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

		Line	Amount	
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	135,914,162	20
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	07/01/2026	$ 135,914,162.20	$ 122,070,000.00	5.7825 years	1.5479 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

		Line	Amount		Line	Amount	
22	Proceeds used for accrued interest				22	0	00
23	Issue price of entire issue (enter amount from line 21, column (b))				23	135,914,162	20
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	922,413	90			
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	134,991,748	30			
29	Total (add lines 24 through 28)				29	135,914,162	20
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)				30	0	00

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 ▶	5.7507 years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) ▶	07/01/2021
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	01/25/2007, 02/28/2008, 04/22/2009, 12/02/2009, 05/25/2011

#649786

Part VI Miscellaneous

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) . . . . | 35 |

36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions) . . . | 36a |

b Enter the final maturity date of the GIC ▶

c Enter the name of the GIC provider ▶

37 Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units . . . | 37 |

38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the following information:

b Enter the date of the master pool obligation ▶

c Enter the EIN of the issuer of the master pool obligation ▶

d Enter the name of the issuer of the master pool obligation ▶

39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box . . . . ▶ ☐

40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box . . . ▶ ☐

41a If the issuer has identified a hedge, check here ▶ ☐ and enter the following information:

b Name of hedge provider ▶

c Type of hedge ▶

d Term of hedge ▶

42 If the issuer has superintegrated the hedge, check box . . . ▶ ☐

43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box . . . ▶ ☑

44 If the issuer has established written procedures to monitor the requirements of section 148, check box . . . ▶ ☑

45a If some portion of the proceeds was used to reimburse expenditures, check here ▶ ☐ and enter the amount of reimbursement . . . ▶

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	Type or print name and title
[signature]	07/06/2016	Keith Dommer, Finance and Risk Mngmt Dir.

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Michael Cullers	[signature]	07/06/2016		P01064065
Firm's name ▶ Squire Patton Boggs (US) LLP			Firm's EIN ▶	34-0648199
Firm's address ▶ 4900 Key Tower, 127 Public Square, Cleveland, OH 44114			Phone no.	(216) 479-8500

9171 9690 0935 0105 6237 50

neopost
07/12/2016
US POSTAGE
FIRST-CLASS
$05.
ZIP 85
041L112

SQUIRE
PATTON BOGGS

Squire Patton Boggs (US) LLP
1 E. Washington Street, Suite 2700
Phoenix, Arizona 85004-2556

TO: Internal Revenue Service Center
Ogden, Utah 84201

williamslea

POSTAGE CHARGE
DATE: 07/12/16

CLIENT:
Client/Matter #: 025673.00050
Requestor/ : Jamie Turner
User #: JU210

PERSONAL:
Requestor:
User #:
Reference:

9171 9690 0935 0105 6237 50

First Class	Certified
International	Return Receipt

Williams Lea use only

.465 x ___ .675 x ___ .885 x ___
.94 x ___ 1.095 x ___ 1.15 x ___
5.32 x 1 ___ x ___ x ___

TOTAL AMOUNT: 9171969009350105623750

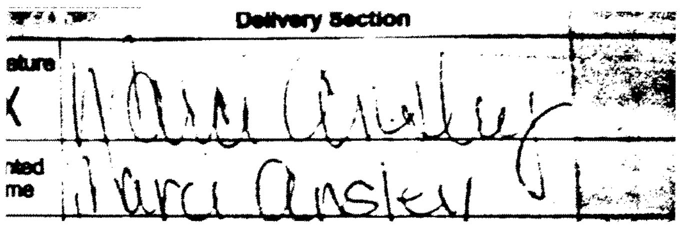
UNITED STATES POSTAL SERVICE

Date: July 19, 2016

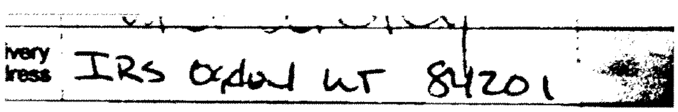
Squire Patton Boggs:

The following is in response to your July 19, 2016 request for delivery information on your Certified Mail™ item number 9171969009350105623750. The delivery record shows that this item was delivered on July 15, 2016 at 10:09 am in OGDEN, UT 84201. The scanned image of the recipient information is provided below.

Signature of Recipient :



Address of Recipient :



Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,
United States Postal Service

SQUIRE
PATTON BOGGS

Squire Patton Boggs (US) LLP
1 E. Washington St., Suite 2700
Phoenix, AZ 85004

O +1 602 528 4000
F +1 602 253 8129
squirepattonboggs.com

Pedro Miranda@squirepattonboggs.com
Direct Dial: +1.602.528.4843

July 12, 2016

Arizona State Treasurer's Office
Office of Project and Research
1700 W. Washington Street
Phoenix, Arizona 85003

Re: $122,070,000 Pima County, Arizona General Obligation Refunding Bonds, Series 2016

Ladies and Gentlemen:

On behalf of Pima County, Arizona, enclosed is the Report of Bond and Security Issuance Pursuant to A.R.S. §35-501B, for the above-referenced financing.

Very truly yours,

Pedro J. Miranda

Pedro J. Miranda

PJM/jdt

Enclosures

CERTIFICATE OF MAILING

I hereby certify and declare that I deposited in the United States mail, postage prepaid, the Report of Bond and Security Issuance Pursuant to A.R.S. §35-501B for the above-captioned financing addressed to the Arizona State Treasurer's Office, Office of Project and Research, 1700 W. Washington Street, Phoenix, AZ 85007, on July 12, 2016.

Pedro J. Miranda

Pedro J. Miranda

Report of Bond and Security Issuance
Pursuant to A.R.S. § 35-501B

This information is due to the Arizona State Treasurer's Office within 60 days of the issue.

1. Jurisdiction: Pima County, Arizona	
2. Issue name/title: General Obligation Refunding Bonds, Series 2016	
3. Dated Date: 07/06/2016 Closing Date: 07/06/2016	4. Par amount: $ 122,070,000
5. Overall Interest rate (TIC-OR ~~NIC~~): 1.633418%	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: $380,615,000	9. Total amount outstanding of senior or subordinate bonds: $0.00
10. Original issue price: Attach Schedule 1 a. Par Amount (Principal Amount) $122,070,000.00	11. Total limitations (Constitutional or Statutory) on the type of bonds/securities issued: For general obligation Bonds: 15% a. Secondary net assessed value: $7,620,360,873
b. Original Issue Discount (-) ($0.00)	
c. Premium Amount (+) $ 13,844,162.20	b. Debt limit percentage: 15%
d. Original Issue Price (=) $135,914,162.20	c. Total debt limit: $1,143,054,131
e. Underwriter Compensation (Discount) (-) ($ 604,246.50)	12. Available debt limit: $ 762,439,131
f. Net Proceeds (=) $135,309,915.70	13. Total amount authorized: N/A
14. Remaining authorized amount: N/A	15. If voter authorized, Election dates: N/A

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: [signature]

Date: July 6, 2016

Political Subdivision Contact Name, address, phone number	**Trustee name, address and phone number**
Keith Dommer, Finance & Risk Mngt. Director	Keith Henselen, Vice President
Pima County Finance Department	U.S. Bank National Association
130 West Congress, 6th Floor	101 North First Avenue, Suite 1600
Tucson, Arizona 85701	Phoenix, Arizona 85003
(520) 724-8496	(602) 257-5331

Submit this form with attachments within 60 days of issuance to:
Arizona State Treasurer's Office
Office of Project and Research
1700 W. Washington St.
Phoenix, AZ 85007

Arizona State Treasurer's Office

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 REFUNDING BONDS, SERIES 2016

Par Amount: $122,070,000

Date Closed: July 6, 2016

Maturity Date (July 1)	Par Amount (Principal Amount) 10a	Coupon Rate	Yield	Original Issue Price	Premium or Discount 10b or 10c
2018	$ 8,065,000	2.00%	0.88%	$ 8,242,430.00	$ 177,430.00
2019	8,300,000	2.00	1.05	8,531,155.00	231,155.00
2020	16,240,000	2.00	1.23	16,724,926.40	484,926.40
2021	5,945,000	3.00	1.39	6,404,489.05	459,489.05
2021	14,700,000	4.00	1.39	16,541,910.00	1,841,910.00
2022	28,210,000	4.00	1.52	32,198,329.80	3,988,329.80
2023	20,225,000	4.00	1.63	23,377,875.25	3,152,875.25
2024	11,325,000	4.00	1.74	13,225,561.50	1,900,561.50
2025	4,440,000	4.00	1.88	5,214,868.80	774,868.80
2026	4,620,000	4.00	2.00	5,452,616.40	832,616.40
Total	$ 122,070,000	N/A	N/A	$ 135,914,162.20	$ 13,844,162.20
10e Underwriter's Discount and/or Placement Agent Fee, if any				(604,246.50)	N/A
10f Net Proceeds (as shown on issuance form)				$ 135,309,915.70	N/A

ATTACHMENT TO
REPORT OF BOND AND SECURITY ISSUANCE

Name of Issue: PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016

COSTS OF ISSUANCE

Bond Counsel	$ 140,822.75
Underwriter's Counsel	25,000.00
Fitch Ratings, Inc.	60,000.00
Standard & Poor's Ratings Services	54,000.00
Bond Registrar	690.00
Depository Trustee	2,500.00
Verification Agent	4,500.00
Official Statement Preparation and Printing Expenses	25,000.00
Miscellaneous	5,654.65
TOTAL:	$ 318,167.40

Form 8038-G Information Return for Tax-Exempt Governmental Obligations

Form **8038-G** (Rev. September 2011)
Department of the Treasury
Internal Revenue Service

▶ 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): 130 West Congress, 6th Floor — Room/suite	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: 07/06/2016
8 Name of issue: General Obligation Refunding Bonds, Series 2016	9 CUSIP number: 721663ZP0
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions): Keith Dommer, Finance and Risk Management Director	10b Telephone number of officer or other employee shown on 10a: 520-724-8496

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	135,914,162	20
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	07/01/2026	$ 135,914,162.20	$ 122,070,000.00	5.7825 years	1.5479 %

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	135,914,162	20
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	922,413	90			
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	134,991,748	30			
29	Total (add lines 24 through 28)				29	135,914,162	20
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)				30	0	00

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 ▶	5.7507 years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) ▶	07/01/2021
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	01/25/2007, 02/28/2008, 04/22/2009, 12/02/2009, 05/25/2011

#649786

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a	
b	Enter the final maturity date of the GIC ▶		
c	Enter the name of the GIC provider ▶		
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	

38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the following information:

b Enter the date of the master pool obligation ▶

c Enter the EIN of the issuer of the master pool obligation ▶

d Enter the name of the issuer of the master pool obligation ▶

39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☐

40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

41a If the issuer has identified a hedge, check here ▶ ☐ and enter the following information:

b Name of hedge provider ▶

c Type of hedge ▶

d Term of hedge ▶

42 If the issuer has superintegrated the hedge, check box ▶ ☐

43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶ ☑

44 If the issuer has established written procedures to monitor the requirements of section 148, check box ▶ ☑

45a If some portion of the proceeds was used to reimburse expenditures, check here ▶ ☐ and enter the amount of reimbursement ▶

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	Type or print name and title
Keith Dommer	07/06/2016	Keith Dommer, Finance and Risk Mngmt Dir.

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Michael Cullers	M Culle	07/06/2016		P01064065
Firm's name ▶ Squire Patton Boggs (US) LLP			Firm's EIN ▶	34-0648199
Firm's address ▶ 4900 Key Tower, 127 Public Square, Cleveland, OH 44114			Phone no.	(216) 479-8500

OFFICIAL STATEMENT

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

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

$122,070,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016

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

The $122,070,000 principal amount of General Obligation Refunding Bonds, Series 2016 (the "Bonds") are being issued by Pima County, Arizona (the "County") and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds for purposes of the book-entry-only system maintained thereby. Purchases of beneficial interests in the Bonds will be made in book-entry-only form in amounts of $5,000 of principal due on a maturity date or any integral multiple thereof.

Interest on the Bonds will accrue from the dated date and will be payable until maturity or prior redemption semiannually on January 1 and July 1 of each year (each an "Interest Payment Date"), commencing January 1, 2017 and principal of the Bonds will be payable annually in accordance with the schedule set forth on the inside front cover page. So long as the Bonds are registered in the name of DTC, or its nominee, payments of the principal of and interest on the Bonds will be made directly by the paying agent, initially U.S. Bank National Association, to DTC which, in turn, is obligated to remit such payments to its participants for subsequent distribution to beneficial owners of the Bonds. See Appendix F – "BOOK-ENTRY-ONLY SYSTEM."

The Bonds will not be subject to redemption prior to their stated maturities.

The Bonds are being issued for the purpose of (i) refunding in advance of maturity portions of certain outstanding general obligation bonds of the County (the "Bonds Being Refunded") and (ii) paying costs related to the issuance of the Bonds. See "SOURCES AND USES OF FUNDS" and "PLAN OF REFUNDING" 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 but limited to an amount to pay the principal of and interest on the 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 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 which will be purchased from 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.

MATURITY SCHEDULE 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 Patton Boggs (US) LLP, Bond Counsel, as to validity and tax exemption. Certain legal matters will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about July 6, 2016.

RBC CAPITAL MARKETS

June 1, 2016

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 2016

SPECIMEN

Number: 1 Denomination: $8,065,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
2.000%	July 1, 2018	July 6, 2016	721663 ZF2

Registered Owner: CEDE & CO.

Principal Amount: EIGHT MILLION SIXTY-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.

Interest is payable on January 1 and July 1 of each year, commencing January 1, 2017, 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 REFUNDING BOND
SERIES 2016

SPECIMEN

Number: 2 | Denomination: $8,300,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
2.000%	July 1, 2019	July 6, 2016	721663 ZG0

Registered Owner: CEDE & CO.

Principal Amount: EIGHT MILLION THREE 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.

Interest is payable on January 1 and July 1 of each year, commencing January 1, 2017, 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 REFUNDING BOND
SERIES 2016

SPECIMEN

Number: 3 Denomination: $16,240,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
2.000%	July 1, 2020	July 6, 2016	721663 ZH8

Registered Owner: CEDE & CO.

Principal Amount: SIXTEEN MILLION TWO HUNDRED FORTY THOUSAND AND NO/100 DOLLARS

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

Interest is payable on January 1 and July 1 of each year, commencing January 1, 2017, 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 REFUNDING BOND
SERIES 2016

SPECIMEN

Number: 4 Denomination: $5,945,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	July 1, 2021	July 6, 2016	721663 ZJ4

Registered Owner: CEDE & CO.

Principal Amount: FIVE MILLION NINE 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.

Interest is payable on January 1 and July 1 of each year, commencing January 1, 2017, 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 REFUNDING BOND
SERIES 2016

SPECIMEN

Number: 5 Denomination: $14,700,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2021	July 6, 2016	721663 ZQ8

Registered Owner: CEDE & CO.

Principal Amount: FOURTEEN 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 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, 2017, 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 REFUNDING BOND
SERIES 2016

Number: 6 | Denomination: $28,210,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2022	July 6, 2016	721663 ZK1

Registered Owner: CEDE & CO.

Principal Amount: TWENTY-EIGHT MILLION TWO HUNDRED 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.

Interest is payable on January 1 and July 1 of each year, commencing January 1, 2017, 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 REFUNDING BOND
SERIES 2016

SPECIMEN

Number: 7 Denomination: $20,225,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2023	July 6, 2016	721663 ZL9

Registered Owner: CEDE & CO.

Principal Amount: TWENTY MILLION TWO 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.

Interest is payable on January 1 and July 1 of each year, commencing January 1, 2017, 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 REFUNDING BOND
SERIES 2016

SPECIMEN

Number: 8 Denomination: $11,325,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2024	July 6, 2016	721663 ZM7

Registered Owner: CEDE & CO.

Principal Amount: ELEVEN 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.

Interest is payable on January 1 and July 1 of each year, commencing January 1, 2017, 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 REFUNDING BOND
SERIES 2016

SPECIMEN

Number: 9 Denomination: $4,440,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2025	July 6, 2016	721663 ZN5

Registered Owner: CEDE & CO.

Principal Amount: FOUR MILLION FOUR HUNDRED FORTY THOUSAND AND NO/100 DOLLARS

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

Interest is payable on January 1 and July 1 of each year, commencing January 1, 2017, 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 REFUNDING BOND
SERIES 2016

Number: 10 Denomination: $4,620,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2026	July 6, 2016	721663 ZP0

Registered Owner: CEDE & CO.

Principal Amount: FOUR MILLION SIX HUNDRED TWENTY THOUSAND AND NO/100 DOLLARS

SPECIMEN

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.

Interest is payable on January 1 and July 1 of each year, commencing January 1, 2017, 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 $122,070,000 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 adopted by the Board of Supervisors of the County on April 19, 2016 (the "Resolution"), and pursuant to the Constitution and laws of the State of Arizona relative to the issuance and sale of such bonds.

For the punctual payment of this bond and the interest hereon and for the levy and collection of ad valorem taxes sufficient for that purpose, the full faith and credit of the County are hereby irrevocably pledged, 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 this issue of bonds when and as the same fall due, subject to the rights of the owners of the Bonds Being Refunded to payment of such 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 which will be purchased from 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 Being Refunded.

SPECIMEN

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

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

The bonds are not subject to redemption prior to maturity.

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.

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 States of America which will be purchased from 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 Chair 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

Sharon Bronson

Chair, Board of Supervisors

COUNTERSIGNED:

County Treasurer

SPECIMEN

ATTEST:

Clerk, Board of Supervisors

AUTHENTICATION CERTIFICATE

This bond is one of the Pima County, Arizona General Obligation Refunding Bonds, Series 2016, described in the Resolution mentioned herein.

Date of Authentication: July 6, 2016

U.S. BANK NATIONAL ASSOCIATION,
as Registrar

By: ______________________
Authorized Representative

010-8228-6507

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,

SPECIMEN

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.

Fitch Ratings

33 Whitehall Street
New York, NY 10004

T 212 908 0500 / 800 75 FITCH
www.fitchratings.com

May 3, 2016

Mr. Thomas Burke
Deputy County Administrator
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.

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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 Ratings, Inc. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please feel free to contact us at any time.

Jeff Schaub
Managing Director, Operations
U.S. Public Finance /
Global Infrastructure & Project Finance

JS/mb

Enc: Notice of Rating Action
(Doc ID: 201433)

Notice of Rating Action

Bond Description	Rating Type	Action	Rating	Outlook/ Watch	Eff Date	Notes
Pima County (AZ) GO rfdg bonds ser 2016	Long Term	New Rating	AA	RO:Sta	02-May-2016	
Pima County (AZ) street & hwy rev rfdg bonds ser 2016	Long Term	New Rating	AA	RO:Sta	02-May-2016	

Key: RO: Rating Outlook, RW: Rating Watch; Pos: Positive, Neg: Negative, Sta: Stable, Evo: Evolving

S&P Global Ratings

One California Street, 31st Floor
San Francisco, CA 94111-5432
tel 415 371-5000
reference no.: 1435047

May 5, 2016

Pima County
Finance Department
130 West Congress Street, 10th Floor
Tucson, AZ 85701
Attention: Mr. Keith Dommer, Finance and Risk Management Director

Re: ***US$88,255,000 Pima County, Arizona, General Obligation Refunding Bonds, Series 2016, dated: June 22, 2016, due: July 01, 2026***

Dear Mr. Dommer:

Pursuant to your request for a S&P Global Ratings rating on the above-referenced obligations, S&P Global Ratings has assigned a rating of "AA-". S&P Global Ratings views the outlook for this rating as positive. A copy of the rationale supporting the rating is enclosed.

This letter constitutes S&P Global Ratings' permission for you to disseminate the above-assigned ratings to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements) will become effective only after we have released the rating on standardandpoors.com. Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable.

To maintain the rating, S&P Global Ratings must receive all relevant financial and other information, including notice of material changes to financial and other information provided to us and in relevant documents, as soon as such information is available. Relevant financial and other information includes, but is not limited to, information about direct bank loans and debt and debt-like instruments issued to, or entered into with, financial institutions, insurance companies and/or other entities, whether or not disclosure of such information would be required under S.E.C. Rule 15c2-12. You understand that S&P Global Ratings 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:
S&P Global Ratings
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.

S&P Global Ratings 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 S&P Global Ratings.

Sincerely yours,
S&P Global Ratings
a business unit of Standard & Poor's Financial Services LLC

jk
enclosures
cc: Ms. Kathryn C. Pong
Mr. Thomas Burke

S&P Global Ratings

S&P Global Ratings
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No Third Party Beneficiaries. Nothing in any credit rating engagement, or a credit rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of a credit rating. No person is intended as a third party beneficiary of any credit rating engagement or of a credit rating when issued.

RBC Capital Markets®

FINAL

SETTLEMENT, DELIVERY & CLOSING PROCEDURES

ISSUE: $122,070,000
Pima County, Arizona
General Obligation Refunding Bonds
Series 2016 (the "Bonds")

BONDS DATED: July 6, 2016

INTEREST PAYMENT DATES: Interest payable semiannually on January 1 and July 1 of each year, commencing January 1, 2017.

MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES: See Exhibit A.

CLOSING: The Closing will be held telephonically on **Wednesday, July 6, 2016** at **9:30 a.m.** (Arizona Time). Details for the call are as follows:

Dial-In No. 1-866-305-1457
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	$122,070,000.00
Plus: Original Issue Premium	13,844,162.20
Less: Underwriter's Discount	(604,246.50)
Purchase Price	$135,309,915.70

FLOW OF FUNDS:

On the day of closing, **RBC Capital Markets, LLC ("RBC")** will wire transfer **$135,309,915.70,** in federal or immediately available funds, as follows:

U.S. Bank National Association
60 Livingston
St. Paul, MN 55107

U.S. Bank, ABA #091000022
U.S. Bank Trust A/C# 180121167365
BNF: Corp Trust Wire Clearing Acct
Ref: Pima GO Esc - 248349000
Attn: Account Associate (213) 615-6027

USES:

The amount listed above will be applied as follows:

(A) **$134,991,748.30** will be deposited in the Trust Account and used to purchase Government Obligations, as shown in the attached Exhibit B, except for **$34.44** which will be held uninvested as an initial cash balance, to provide for and pay the defeasance costs of the Bonds to be Refunded as shown in the attached Exhibit C; and

(B) **$318,167.40** will be deposited in the Expense Account and used to pay costs of issuance on the Bonds.

DELIVERY INSTRUCTIONS:

When all parties are satisfied that all monies have been transferred and that documentation is in order, the Bonds will be released to the credit of RBC, via the DTC closing desk (212) 855-3752.

Exhibit A

$122,070,000
PIMA COUNTY, ARIZONA
General Obligation Refunding Bonds
Series 2016

Dated: 07/06/2016 **Delivery: 07/06/2016**

Date	Principal (a)	Coupon	Interest	Total Debt Service	Fiscal Year Debt Service	CUSIP # (721663)
01/01/2017			$2,027,690.97	$2,027,690.97		
07/01/2017			2,085,625.00	2,085,625.00	$4,113,315.97	
01/01/2018			2,085,625.00	2,085,625.00		
07/01/2018	$8,065,000	2.000%	2,085,625.00	10,150,625.00	12,236,250.00	ZF2
01/01/2019			2,004,975.00	2,004,975.00		
07/01/2019	8,300,000	2.000%	2,004,975.00	10,304,975.00	12,309,950.00	ZG0
01/01/2020			1,921,975.00	1,921,975.00		
07/01/2020	16,240,000	2.000%	1,921,975.00	18,161,975.00	20,083,950.00	ZH8
01/01/2021			1,759,575.00	1,759,575.00		
07/01/2021	20,645,000	(b)	1,759,575.00	22,404,575.00	24,164,150.00	(b)
01/01/2022			1,376,400.00	1,376,400.00		
07/01/2022	28,210,000	4.000%	1,376,400.00	29,586,400.00	30,962,800.00	ZK1
01/01/2023			812,200.00	812,200.00		
07/01/2023	20,225,000	4.000%	812,200.00	21,037,200.00	21,849,400.00	ZL9
01/01/2024			407,700.00	407,700.00		
07/01/2024	11,325,000	4.000%	407,700.00	11,732,700.00	12,140,400.00	ZM7
01/01/2025			181,200.00	181,200.00		
07/01/2025	4,440,000	4.000%	181,200.00	4,621,200.00	4,802,400.00	ZN5
01/01/2026			92,400.00	92,400.00		
07/01/2026	4,620,000	4.000%	92,400.00	4,712,400.00	4,804,800.00	ZP0
Total	$122,070,000		$25,397,415.97	$147,467,415.97	$147,467,415.97	

(a) The Bonds are not subject to optional redemption prior to their stated maturity dates.

(b) Represents split maturity, $14,700,000 with 4.000% coupon and CUSIP number 721663ZQ8 and $5,945,000 with 3.000% coupon and CUSIP number 721663ZJ4.

Exhibit B

$122,070,000
PIMA COUNTY, ARIZONA
General Obligation Refunding Bonds
Series 2016

Government Obligations (a)

Purchase Date	Type of Security	CUSIP or ID	Maturity Date	Par Amount	Rate	Yield	Price
07/06/2016	TBill	912796HU6	12/08/2016	$2,000	0.000000%	0.452438%	99.808760
07/06/2016	TNote	912828H29	12/31/2016	1,811,000	0.625000%	0.590689%	100.016520
07/06/2016	TBill	912796JP5	04/27/2017	14,000	0.000000%	0.652998%	99.474140
07/06/2016	TNote	912828XJ4	06/30/2017	13,000	0.625000%	0.451561%	100.170030
07/06/2016	Agency	3133EF7C5	06/30/2017	364,000	0.670000%	0.954340%	99.722340
07/06/2016	Agency	3130A8DM2	06/30/2017	29,910,000	0.800000%	0.806449%	99.993670
07/06/2016	TNote	912828N55	12/31/2017	1,417,000	1.000000%	1.208618%	99.694100
07/06/2016	Agency	3133EFD87	06/25/2018	230,000	0.875000%	1.068799%	99.623240
07/06/2016	Agency	3133EF6Z5	06/29/2018	349,000	0.880000%	1.026604%	99.713260
07/06/2016	Agency	3130A8BD4	06/29/2018	36,590,000	0.875000%	2.402221%	97.063170
07/06/2016	Agency	31771EAN1	12/27/2018	549,000	0.000000%	0.168689%	99.583540
07/06/2016	Agency	3133EF6N2	12/28/2018	335,000	0.960000%	0.886269%	100.180258
07/06/2016	Agency	3134G9SX6	07/01/2019	44,655,000	1.170000%	0.384774%	102.329105
07/06/2016	TNote	912828G95	12/31/2019	261,000	1.625000%	1.262717%	101.230850
07/06/2016	TNote	912828XH8	06/30/2020	264,000	1.625000%	1.219844%	101.570680
07/06/2016	TNote	912828N48	12/31/2020	266,000	1.750000%	1.348733%	101.740060
07/06/2016	Agency	313379RB7	06/11/2021	17,645,000	1.875000%	1.507393%	101.740060
Total				$134,675,000			

(a) Does not include $34.44 which will be held uninvested as initial cash deposit.

Exhibit C

$122,070,000
PIMA COUNTY, ARIZONA
General Obligation Refunding Bonds
Series 2016

Bonds to be Refunded

Issue	Maturity (July 1)	Interest Rate	Par Amount	Call Date (July 1)	Call Price	CUSIP (721663)
Series 2007	2018	4.125%	$7,810,000	2017	100.00	TB8
	2019	4.250	8,205,000	2017	100.00	TC6
	2020	3.000	8,615,000	2017	100.00	TD4
	2021	3.000	3,845,000	2017	100.00	TE2
Series 2008	2020	4.000	8,000,000	2018	100.00	TW2
	2021	4.000	12,750,000	2018	100.00	TX0
	2022	4.000	15,000,000	2018	100.00	TY8
Series 2009	2021	4.000	5,000,000	2019	100.00	UM2
	2022	4.000	7,500,000	2019	100.00	UN0
	2023	4.125	9,685,000	2019	100.00	UP5
Series 2009A	2022	3.750	6,920,000	2019	100.00	VC3
	2023	4.000	7,195,000	2019	100.00	VD1
	2024	4.000	7,485,000	2019	100.00	VE9
Seires 2011	2023	5.000	4,030,000	2021	100.00	VL3
	2024	5.000	4,235,000	2021	100.00	VM1
	2025	5.000	4,445,000	2021	100.00	VN9
	2026	5.000	4,670,000	2021	100.00	VP4
TOTAL			$125,390,000			

Exhibit D

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016

DISTRIBUTION LIST

PIMA COUNTY

County Administrator's Office
Pima County Governmental Center
130 West Congress, 10th Floor
Tucson, AZ 85701
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e-mail: tom.burke@pima.gov

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Regina Nassen
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PIMA COUNTY TREASURER

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Beth Ford
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