SQUIRE SANDERS

$10,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2014

Closing: January 30, 2014

$10,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2014

Closing: January 30, 2014

CLOSING DOCUMENTS

TERMS USED HEREIN

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

DISTRIBUTION OF TRANSCRIPTS

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

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

Certificate of Clerk

Board of Supervisors of Pima County, Arizona

State of Arizona
County of Pima *ss*

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

I further certify that the attached resolution entitled

RESOLUTION NO. 2013 - 107

(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 3rd day of December, 2013, at which a quorum was present, and that the original resolution is officially of record in my possession.

In Witness Whereof, I have hereunto set my hand and affixed the seal of the Board of Supervisors of Pima County, Arizona, this 21st day of January, 2014.

Robin Brigode

Clerk

RESOLUTION NO. 2013-107

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF PIMA COUNTY, ARIZONA, GENERAL OBLIGATION BONDS, SERIES 2014A IN ONE OR MORE SERIES; PROVIDING FOR THE ANNUAL LEVY OF A TAX FOR THE PAYMENT OF THE BONDS; PROVIDING TERMS, COVENANTS AND CONDITIONS CONCERNING THE BONDS; ACCEPTING A PROPOSAL FOR THE PURCHASE OF THE BONDS; APPOINTING AN INITIAL REGISTRAR AND PAYING AGENT FOR THE BONDS; APPROVING AND RATIFYING ALL ACTIONS TAKEN IN FURTHERANCE OF THIS RESOLUTION.

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

Section 1. Recitals, Findings and Conclusions.

A. Pursuant to Title 35, Chapter 3, Article 3, Arizona Revised Statutes (the "Act"), Pima County, Arizona (the "County") is authorized to issue general obligation bonds for authorized purposes after receiving voter approval. A majority of the qualified electors of the County voting at a special bond election held in and for the County on May 20, 1997 (the "1997 Bond Election") authorized the issuance and sale by the County of $256,980,000 aggregate principal amount of bonds for various purposes, a portion of which has been previously issued. A majority of the qualified electors of the County voting at a special bond election held in and for the County on May 18, 2004 (the "2004 Bond Election") authorized the issuance and sale by the County of $582,250,000 aggregate principal amount of bonds for various purposes, a portion of which has been previously issued. A majority of the qualified electors of the County voting at a special bond election held in and for the County on May 16, 2006 (together with the 1997 Bond Election and the 2004 Election, the "Bond Elections") authorized the issuance and sale by the County of $54,000,000 aggregate principal amount of bonds for various purposes, a portion of which has been previously issued.

B. The Board of Supervisors of the County (the "Board of Supervisors") intends to issue Bonds (as defined below) in the aggregate principal amount of not to exceed $20,000,000 in one or more series for the purpose of financing public improvements in accordance with the authority granted at the Bond Elections and for the purpose of paying a portion of the costs of issuance of the Bonds.

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

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

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

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

Section 2. Authorization. The Board of Supervisors hereby authorizes the issuance and sale of Pima County, Arizona, General Obligation Bonds, Series 2014A (the "Bonds") to be issued and sold by negotiated sale pursuant to A.R.S. § 35-457(C) in an aggregate principal amount not exceeding $20,000,000, in one or more series for the purpose of (1) providing funds to make certain of the public improvements the bond financing of which was authorized at the Bond Elections and (2) paying the costs of issuance of the Bonds. The series designation on the Bonds may change if they are not issued in calendar year 2014. The Bonds shall be issued and sold in accordance with the provisions of this resolution and delivered against payment therefor by the Underwriter.

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

Whenever Bonds subject to mandatory redemption are purchased, redeemed (other than pursuant to mandatory redemption) or delivered by the County to the Registrar for cancellation, the principal amount of the Bonds so retired shall satisfy and be credited against the mandatory redemption requirements for such Bonds for such years as the County may direct.

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

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

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

Section 5. Use of Bond Proceeds.

A. Premium received for the Bonds shall be deposited in the Interest and Redemption Fund established pursuant to the Act in an amount specified by the Director of Finance of the County or his designee as not being used to pay costs authorized by the Act associated with the issuance of the Bonds.

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

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

Section 6. Form of Bonds.

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

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

Section 7. Book Entry Only System.

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

B. So long as the book entry only system is in effect, beneficial ownership interests in the Bonds will be available in book entry form only through direct or indirect participants in DTC, in the principal amount of $5,000 or any integral multiple thereof.

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

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

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

Section 8. Execution of Bonds.

A. The Bonds shall be executed for and on behalf of the County by the Chairman of the Board of Supervisors and attested by the Clerk of the Board of Supervisors by their manual or facsimile signatures.

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

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

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

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

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

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

Section 11. Registrar and Paying Agent.

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

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

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

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

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

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

Section 12. Tax Levy for Payment. For the purpose of providing for the payment of interest on the Bonds herein authorized and to create a redemption fund for the purpose of paying the Bonds at their respective maturity dates, there will be levied on all of the taxable property in the County a continuing, direct, annual, ad valorem tax sufficient to pay the principal of and interest on the Bonds as they become due, without limitation as to rate or amount. Upon collection, said taxes will be placed in separate funds to be designated "Interest Fund" and "Redemption Fund" and the taxes therein will be applied solely for the purpose of payment of principal of and interest on the Bonds and for no other purpose whatsoever until all of the Bonds authorized hereunder have been fully paid, satisfied and discharged.

Section 13. Resolution a Contract. This resolution shall constitute a contract between the County and the registered owners of the Bonds and shall not be repealed or amended in any manner which would impair, impede or lessen the rights of the registered owners of the Bonds then outstanding.

Section 14. Tax Covenants.

A. The County recognizes that the purchasers and owners of the Bonds will have accepted them on and paid a price for them reflecting the understanding that interest thereon is excludable from gross income of the owners thereof for federal income tax purposes under laws in force at the time the Bonds are delivered. In this connection, the County covenants that it will use, and will restrict the use and investment of, the proceeds of the Bonds in such manner and to such extent as may be necessary so that (i) the Bonds will not constitute private activity bonds, arbitrage bonds or hedge bonds under Section 141, 148 or 149 of the Code, or to be treated other than as bonds to which Section 103(a) of the Code applies, and (ii) the interest on the Bonds will not be an item of tax preference under Section 57 of the Code. For purposes of this Section 14, 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 that no investment shall be made of the proceeds of the Bonds herein authorized nor of the money in the accounts established hereunder in violation of the expectations and covenants prescribed by the Tax Compliance Certificate. The Tax Compliance Certificate shall constitute an agreement of the County to follow certain covenants which may require the County to take certain actions (including the payment of certain amounts to the United States Treasury) or which may prohibit certain actions (including the establishment of certain funds) under certain conditions as specified in the Tax Compliance Certificate.

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

Section 15. Continuing Disclosure Undertaking. The County also recognizes that the Underwriter is required to comply with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), in connection with purchasing or selling the Bonds as an underwriter. In order to assist the Underwriter in complying with the Rule, the County will enter into a Continuing Disclosure Undertaking with respect to the Bonds, and a Continuing Disclosure Undertaking in substantially the form on file with the Clerk of the Board of Supervisors is hereby approved. The Director of Finance of the County or his designee is hereby authorized and directed to execute and deliver the Continuing Disclosure Undertaking and to do all such acts and things necessary to carry out the terms and intent of the Continuing Disclosure Undertaking.

Section 16. Official Statement. The Director of Finance of the County or his designee is hereby authorized and directed to prepare or authorize to be prepared, and to complete a Preliminary Official Statement (the "Preliminary Official Statement") in connection with the original issuance of the Bonds, in substantially the form on file with the Clerk of the Board of Supervisors, and a final Official Statement (the "Official Statement") relating to the original issuance of the Bonds in substantially the form of the Preliminary Official Statement, with such additions, deletions and modifications consistent with this resolution as shall be approved by the Director of Finance of the County or his designee. If and to the extent applicable, the Director of Finance of the County or his designee shall certify or otherwise represent that the Preliminary Official Statement, in original or revised form, is a "deemed final" official statement (except for permitted omissions) of the County as of a particular date and that a completed version is a "final" official statement for purposes of the Rule. The distribution and use of the Preliminary Official Statement and the final Official Statement by the County and the original purchaser of the Bonds is hereby authorized, ratified, confirmed and approved.

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

Section 17. Bond Insurance or Other Credit Enhancement. The Director of Finance of the County is authorized to contract for one or more credit enhancements for all or any part of the Bonds, and to pay the costs of them from proceeds of the Bonds or other monies of the County, if he determines that the credit enhancement will result in a savings in financing costs to the County. If he determines that one or more credit enhancements will result in savings in the cost of this financing to the County, the Finance Director of the County is authorized to cause to be completed, signed and delivered, on behalf of the County, appropriate agreements with credit enhancement providers concerning matters customary to be covered by such agreements, including, without limitation, any of the following: (a) the terms of the credit or liquidity support instrument and the amounts to be paid for it, (b) procedures for payments pursuant to the credit or liquidity support instrument and reimbursement of amounts advanced, including subrogation of the provider to the rights of owners of bonds receiving payment from monies furnished by the provider, (c) voting rights, (d) remedies, (e) notices and providing of information, and (f) permitted investments of monies with respect to all or any series of the Bonds. If one or more credit enhancements are obtained with respect to any of the Bonds, the provider of credit enhancement may be deemed to be the owner of the Bonds supported for purposes of demands, requests, consents, waivers or other actions by owners of the Bonds so long as the provider has not failed to comply with its obligations.

Section 18. Severability. If any section, paragraph, subdivision, sentence, clause or phrase of this resolution is for any reason held to be illegal or unenforceable, such decision will not affect the validity of the remaining portions of this resolution. The Board of Supervisors hereby declares that the County would have adopted this resolution and each and every other section, paragraph, subdivision, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this resolution may be held illegal, invalid or unenforceable.

Section 19. Ratification of Actions. All actions of the officers, employees, and agents of the County which conform to the purposes and intent of this resolution and which further the issuance and sale of the Bonds as contemplated by this resolution whether heretofore or hereafter taken shall be and are hereby ratified, confirmed and approved. Any change made in the Notice that does not conform to the prior order of this Board of Supervisors is hereby ratified. The proper officers and agents of the County are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the County as may be necessary to carry out the terms and intent of this resolution.

[Remainder of page left blank intentionally]

PASSED, ADOPTED AND APPROVED by the Board of Supervisors of Pima County, Arizona, on December 3, 2013.

PIMA COUNTY, ARIZONA

By: Ramón Valadez

Chairman, Board of Supervisors DEC 03 2013

ATTEST:

By: Robin Brigode

Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE SANDERS (US) LLP
Bond Counsel

By: Timothy E. Pickrell

Timothy E. Pickrell

665848

EXHIBIT A

RESOLUTION NO. 2013-_____

FORM OF BOND

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

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2014A

Number: _____ Denomination: $__________

Interest Rate	Maturity Date	Original Issue Date	CUSIP
%	July 1, 20___	_________, 2014	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 [July 1, 2014], and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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

This bond is one of an issue of bonds in the total principal amount of [$_________] of like tenor except as to maturity date, rate of interest and number, issued by the County to provide funds to make those certain public improvements approved by a majority vote of qualified electors voting at elections duly called and held in and for the County on May 20, 1997, May 18, 2004 and May 16, 2006, pursuant to a resolution adopted by the Board of Supervisors of the County on _________, 2013 (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.

Upon collection, said taxes will be placed in separate funds 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 3 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 maturing on or before July 1, 20__ are not subject to call for redemption prior to their respective maturity dates. The bonds maturing on or after July 1, 20__ are subject to call for redemption on any date on or after July 1, 20__ at the election of the County, in whole or in part from maturities selected by the County and within any maturity by lot, by the payment of a redemption price equal to the principal amount of each bond called for redemption plus accrued interest to the date fixed for redemption, without premium.

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

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

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

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

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

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

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

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

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

PIMA COUNTY, ARIZONA

(facsimile)
Chairman, Board of Supervisors

ATTEST:

(facsimile)
Clerk, Board of Supervisors

AUTHENTICATION CERTIFICATE

This bond is one of the Pima County, Arizona General Obligation Bonds, Series 2014A, described in the Resolution mentioned herein.

Date of Authentication: __________, 2014

[_________________________],
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 JANUARY 3, 2014

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

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

$10,000,000*
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2014

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

The $10,000,000* principal amount of General Obligation Bonds, Series 2014 (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 (each an "Interest Payment Date"), commencing July 1, 2014* and principal of the Bonds will be payable annually in accordance with the schedule set forth below. So long as the Bonds are registered in the name of DTC, or its nominee, payments of the principal of and interest on the Bonds will be made directly by the paying agent, initially U.S. Bank National Association, to DTC which, in turn, is obligated to remit such payments to its participants for subsequent distribution to beneficial owners of the Bonds. See Appendix F – "Book-Entry-Only System."

The Bonds will be subject to redemption prior to their stated maturities on or after July 1, 2023* as provided under "THE BONDS – Redemption Provisions" herein.

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

Upon their issuance, the Bonds will be direct and general obligations of the County, payable as to principal and interest from ad valorem taxes to be levied against all taxable property within the County without limitation as to rate or amount to pay the principal of and interest on the Bonds.

Maturity Schedule*

Due July 1	Principal Amount	Interest Rate	Yield	CUSIP (a)	Due July 1	Principal Amount	Interest Rate	Yield	CUSIP (a)
2015	$1,000,000				2022	$690,000			
2016	1,000,000				2023	715,000			
					2024	745,000			
2018	595,000				2025	780,000			
2019	615,000				2026	815,000			
2020	640,000				2027	850,000			
2021	665,000				2028	890,000			

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

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

The Bonds are offered when, as and if issued by the County and received by the underwriter identified below (the "Underwriter") subject to the approving opinion of Squire Sanders (US) LLP, Bond Counsel, as to validity and tax exemption. Certain legal matters will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about January 30, 2014.*

RBC CAPITAL MARKETS

January __, 2014

* Preliminary, subject to change.

PIMA COUNTY, ARIZONA
BOARD OF SUPERVISORS

Ramón Valadez, *Chairman*

Sharon Bronson	Ray Carroll
Richard Elías	Ally Miller

COUNTY ADMINISTRATIVE OFFICIALS

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

C. H. Huckelberry
County Administrator

Thomas Burke
Finance and Risk Management Director

BOND COUNSEL

Squire Sanders (US) LLP
Phoenix, Arizona

BOND REGISTRAR AND PAYING AGENT

U.S. Bank National Association
Phoenix, Arizona

This Official Statement, which includes the cover page and the appendices hereto, does not constitute an offering of any security other than the original offering of the Bonds identified on the 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.

TABLE OF CONTENTS

$10,000,000*
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2014

INTRODUCTORY STATEMENT

The purpose of this Official Statement, which includes the cover page and the appendices hereto, is to provide information in connection with the sale and issuance of the $10,000,000* principal amount of General Obligation Bonds, Series 2014 (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 3, 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 December 3, 2013. The Bonds are being issued for the purpose of (i) funding various capital projects in the County and (ii) paying costs related to the issuance of the Bonds. See "SOURCES AND USES OF FUNDS" herein.

The Bonds offered herein represent a portion of the aggregate principal amount authorized to be issued by the voters of the County at elections held on May 20, 1997, May 18, 2004 and May 16, 2006. After the issuance of the Bonds, the County will have $18,681,000* principal amount of authorized but unissued general obligation bonds. General obligation bonds of the County are outstanding currently, and additional general obligation bonds may be authorized at future elections.

---

* Preliminary, subject to change.

General Description

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

The Bonds will be dated the date of initial delivery thereof and will be available in amounts of $5,000 of principal due on a maturity date or any integral multiple thereof. The Bonds will bear interest from their dated date, payable semiannually on January 1 and July 1 (each an "Interest Payment Date"), commencing July 1, 2014*. Interest on the Bonds will be paid by the bond registrar and paying agent, initially U.S. Bank National Association, or its successors (the "Bond Registrar and Paying Agent"), to the owners thereof (initially Cede & Co., as nominee 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 or amount to pay the principal of and interest on the Bonds. General obligation bonds 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.

Redemption Provisions*

The Bonds maturing on or before July 1, 2023 will not be subject to call for redemption prior to their respective maturity dates. The Bonds maturing on or after July 1, 2024 will be subject to call for redemption on any date on or after July 1, 2023 at the election of the County, in whole or in part from maturities selected by the County and within any maturity by lot, by the payment of a redemption price equal to the principal amount of each Bond called for redemption plus accrued interest to the date fixed for redemption, without premium.

Notice of Redemption

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

If moneys for the payment of the redemption price and accrued interest are not held in separate accounts by the County or the Bond Registrar and 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.

* 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 Bonds	
Net Original Issue Premium/(Discount)	
Total Sources	
Uses of Funds:	
County Capital Project Expenditures	
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 Sanders (US) LLP ("Bond Counsel"). The signed legal opinion of Bond Counsel, dated and premised on the law in effect as of the date of the Bonds, will be delivered to the Underwriter (as defined herein) at the time of original delivery of the Bonds.

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

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

TAX MATTERS

General

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

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

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

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

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

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

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

Prospective purchasers of the Bonds upon their original issuance at prices other than the respective prices indicated on the 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.

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

Original Issue Discount and Original Issue Premium

Certain of the Bonds ("Discount Bonds") as indicated on the cover page of this Official Statement were offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. The amount of OID that accrues each year to a corporate owner of a Discount Bond is taken into account in computing the corporation's liability for federal alternative minimum tax. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the 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 cover page of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the cover 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

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

The County has been named as a defendant in several lawsuits for which 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.

UNDERWRITING

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

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.

CONTINUING SECONDARY MARKET DISCLOSURE

The County has covenanted for the benefit of certain holders of the Bonds to provide certain financial information and operating data relating to the County by no later than February 1 in each year commencing February 1, 2015 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notices of Listed Events"). The Annual Reports, the Notices of Listed Events and any other document or information required to be filed as set forth in Appendix D – "Form of Continuing Disclosure Undertaking" will be filed by the County with the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's Electronic Municipal Market Access system as described in such Form. The specific nature of the information to be contained in the Annual Reports and the Notices of Listed Events is set forth in such Form.

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

before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

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

FINANCIAL STATEMENTS

Included as Appendix E of this Official Statement are excerpts of the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. The County has not requested or obtained the consent of the Office of the Arizona Auditor General to include such excerpts in the Official Statement and the Office of the Arizona Auditor General has performed no procedures subsequent to rendering their opinion on such Comprehensive Annual Financial Report.

CONCLUDING STATEMENT

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

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

By: ______________________________
Chairman, Board of Supervisors

By: ______________________________
County Administrator

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

APPENDIX A

PIMA COUNTY, ARIZONA
General Economic and Demographic Information

General Information

Pima County, Arizona (the "County") is located in the southern portion of the State of Arizona ("Arizona" or the "State"), with a section of its southern boundary bordering Mexico. The boundaries of the County encompass an area of approximately 9,184 square miles. Organized in 1864 by the Arizona Territorial Legislature as one of the State's four original counties, the County is today the second most populous county in Arizona with an estimated 2012 population of 990,380. Approximately 53% of the County's population resides in the City of Tucson, Arizona ("Tucson"), the County seat of government and southern Arizona's largest city.

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

	Pima County	City of Tucson	State of Arizona
2012 Estimate (a)	990,380	523,471	6,498,569
2010 Census	980,263	520,116	6,392,017
2000 Census	843,746	486,699	5,130,632
1990 Census	666,880	405,390	3,665,228
1980 Census	531,443	330,537	2,716,546
1970 Census	351,667	262,933	1,775,399

(a) Population estimates as of July 1, 2012 (released December 2012) provided by the Office of Employment and Population Statistics, Arizona Department of Administration.

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

Organization

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

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

Mr. Thomas Burke was appointed Finance and Risk Management Director in January 2005 and had served as Deputy Director of Finance from May 2004. Prior to his move to Finance, Mr. Burke served as Deputy Director of Pima County's Department of Natural Resources, Parks and Recreation from 2003 to 2004. From 2000 to 2003, he was a Deputy County Attorney representing various Pima County departments including the County Assessor, County Treasurer and Public Works departments. From 1989 to 1998, Mr. Burke served as the Manager of Pima County's Real Property Services and from 1994 to 1998 also served as the County's Superintendent of Streets overseeing special taxing districts. During 1998 to 2000, he was a partner in an Arizona law firm representing local governments. Prior to his work with 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.

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 362,300 persons were employed, on average (not including the agricultural industry), in the County from January through October 2013. The following table presents the County's average annual total employment by industry for the periods indicated. During the recent recession, employment decreased in the County from 2008 through 2010. Since that time, 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 2008-2013

Industry	2008	2009	2010	2011	2012	2013 (a)
Goods Producing						
Mining and Construction	24,700	18,300	16,800	16,400	16,400	16,700
Manufacturing	27,200	25,100	24,000	23,400	23,300	23,200
Service Providing						
Trade, Transportation and Utilities	62,700	58,200	56,600	57,700	57,700	57,800
Information	5,300	4,700	4,300	4,200	4,300	4,000
Financial Activities	17,200	17,500	17,600	18,800	18,900	19,400
Professional and Business Services	51,400	47,100	45,700	46,700	48,200	47,900
Education and Health Services	57,100	58,500	58,300	59,800	61,000	61,400
Leisure and Hospitality	40,400	38,700	38,100	39,100	40,400	42,000
Other Services	15,700	14,700	14,300	12,500	12,700	12,300
Government	79,800	79,100	78,200	76,800	78,000	77,600
Total Wage & Salary Employment	381,500	361,900	353,900	355,400	360,900	362,300

(a) Data through October 2013.

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

The average unemployment rate for the County from January through October 2013 was 7.0%. The average annual unemployment rates for 2012 and 2011 were 7.3% and 8.3%, 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		Unemployment Rate		
Calendar Year	**Average Employment**	**Average Unemployment**	**Pima County**	**Arizona**	**U.S.**
2013 (b)	422,740	31,965	7.0%	8.1%	7.5%
2012	429,167	33,581	7.3%	8.3%	8.1%
2011	429,060	39,072	8.3%	9.4%	8.9%
2010	434,663	45,010	9.4%	10.4%	9.6%
2009	442,232	43,510	9.0%	9.8%	9.3%
2008	446,599	26,745	5.7%	6.0%	5.8%

(a) Data shown in table is not seasonally adjusted.
(b) Data through October 2013.

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 2013.

TABLE 4
Southern Arizona
Major Employers

Company	**Type of Business**	**Approximate Number of Full-Time Equivalents**
University of Arizona	Higher Education	10,846
Raytheon Missile Systems	Military and Defense	10,300
Davis-Monthan Air Force Base	Military and Defense	9,100
State of Arizona	Government	8,807
Wal-Mart Stores Inc.	Retailers	7,450
Tucson Unified School District	Education	6,790
U.S. Customs & Border Protection/U.S. Border Patrol	Government	6,500
The University of Arizona Health Network	Health Care	6,099
Pima County	Government	6,076
Freeport-McMoRan Copper & Gold Inc.	Mining and Agriculture	5,463
U.S. Army Intelligence Center and Fort Huachuca	Military and Defense	5,096
City of Tucson	Government	4,585
Tohono O’odham Nation	Government	4,350
Carondelet Health Network	Health Care	3,668
TMC HealthCare	Health Care	2,977
Fry’s Food Stores	Restaurants and Food Distribution	2,700
Pima Community College	Higher Education	2,384
Corrections Corp. of America (CCA)	Other	2,314
Asarco LLC	Mining and Agriculture	2,297
Afni Inc.	Call Centers, Business Services and Staffing	2,199

Source: *The Star 200*, The Arizona Daily Star (April 2013).

Non-Governmental Employment

From 2008 through 2010, average employment figures across all categories with the exception of financial activities and education and health services showed declines in employment. During that time, average non-governmental employment in the County fell by approximately 26,000 jobs, or approximately 8.6%. From 2011 through October 2013, employment figures for all categories showed signs of either growth or stabilization, with overall employment up 2.4%, in comparison to the 2010 figures.

The average annual employment in service-providing categories from January through October 2013 was 244,800. 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 approximately 77,600 from January through October 2013. The State and Davis-Monthan Air Force Base are significant contributors to government employment in the County. (See "Southern Arizona - Major Employers" listed in TABLE 4.) Davis-Monthan Air Force Base is a major training ground for active duty members on the A-10 "Warthog" aircraft. The facility is also responsible for the education of tactical missile crews. Its storage capacity of 2,500 aircraft is the largest in the world. In the past, Davis-Monthan Air Force Base reportedly has been included on lists of installations considered for closure or realignment by the Defense Base Closure and Realignment Commission. There can be no assurances that Davis-Monthan Air Force Base will not be included on similar lists in the future. Any such closure or realignment would most likely be subject to review and approval by, among others, the Department of Defense and the President of the United States and would have a negative but unquantifiable effect on the County.

The average annual employment in the government sector within the County from January through October 2013 was 77,600, representing 21.4% of the County's total wage and salary employment base. Government employment in the County decreased in 2010 and 2011, but has shown signs of stabilization in recent years.

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, and Universal Avionics Systems Corp., which builds and installs advanced instrumentation, communication and navigation systems for civil aircraft. Texas Instruments manufactures electronic circuitry and data storage devices. Ventana Medical Systems provides computerized medical laboratory equipment.

Average annual employment in the manufacturing sector within the County from January through October 2013 was 23,200, representing 6.4% of the County's total wage and salary employment base. Manufacturing employment in the County has decreased each year since 2008, but has shown signs of stabilization in recent years. Since 2008, average manufacturing employment has fallen by approximately 4,000 jobs, or approximately 14.7%.

The following table presents the major manufacturers in the County and Tucson metropolitan area as of April 2013:

TABLE 5
Southern Arizona
Major Manufacturers

Company	Type of Business	Approximate 2013 Employment
IBM Corp.*	Manufacturing & Research	1,375
Ventana Medical Systems Inc.	Manufacturing & Research	1,150
Bombardier Aerospace	Aerospace & Aircraft	776
B/E Aerospace Inc.	Aerospace & Aircraft	680
Honeywell Aerospace*	Aerospace & Aircraft	650
Texas Instruments Inc.	Manufacturing & Research	370
Sargent Aerospace & Defense	Aerospace & Aircraft	313
FLSmidth Krebs	Manufacturing & Research	306
Marana Aerospace Solutions, Inc.	Aerospace & Aircraft	295
Universal Avionics Systems Corp.	Aerospace & Aircraft	271

* Estimated

Source: *The Star 200*, The Arizona Daily Star (April 2013).

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

Tourism

Tourism is an important economic mainstay in the County and the Tucson area. The County's climate, historical and cultural sites, location and proximity to vacation areas in California, Mexico, and other Southwest destinations attract vacationers, conventioneers and other visitors. The Metropolitan Tucson Convention and Visitors Bureau estimated that 327 convention bookings with 171,702 convention delegates visited the Tucson area in fiscal year 2012-13, the most recent data available (representing convention sales and sporting events). In the Tucson area, the Bureau estimated that there were approximately 169 hotels and resorts with 16,851 rooms. Points of interest, recreational sites and sight-seeing attractions include the Arizona-Sonora Desert Museum, Kitt Peak National Observatory, Pima Air and Space Museum, Titan Missile Museum, Saguaro National Park, Mission San Xavier del Bac, Mount Lemmon, Sabino Canyon, Biosphere 2, and numerous resorts and golf courses.

According to the Arizona Hospitality Research & Resource Center, tourists in the County spent $1.37 billion in calendar year 2011, a slight increase from tourism-related expenditures in calendar year 2010. In calendar year 2012, tourists in the County spent approximately $1.44 billion, an increase of 5.33% from the prior year.

The figures in the following table include the estimated tourist portion of amusement, bar and restaurant, hotel and motel, and retail gross sales. Shown below are tourist dollars expended in the County and State economies for 2008 through September 2013.

TABLE 6
Total Tourist Expenditures
($ in millions)

Year	Pima County	State of Arizona
2013 (a)	$1,100	$ 7,789
2012	1,443	10,017
2011	1,370	9,549
2010	1,296	8,844
2009	1,304	8,795
2008	1,414	9,871

(a) Data through September 2013.

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

Education

The University of Arizona (the "University") provides approximately 10,846 jobs to the area and is an important link to the economic growth of the County. Its presence as a research university has assisted in attracting new business enterprises over the years. The academic organization of the University is comprised of twelve undergraduate colleges, four graduate and professional colleges and a number of interdisciplinary programs. Enrollment figures for the fall semester of 2012 were estimated at 40,223 undergraduate and graduate full-time students. This enrollment includes students in continuing education programs, interns and residents, post-doctoral programs and on-campus non-credit students.

Pima County Community College offers two-year programs in vocational and technical education. Total student enrollment for Pima County Community College for 2012-13 was 61,885 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, Bashas' Inc., Safeway Inc., Target Corp., Walgreen Co., Circle K Stores 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% (not including a temporary 1.0% tax). In addition, cities and towns within the County generally levy a 2% to 4% sales tax. The County Regional Transportation Authority levies a county-wide 0.5% sales tax.

The following table sets forth retail sales figures in the County for the periods indicated. After many years of continued growth, retail sales in the County decreased by 7.14% in calendar year 2008 and by an additional 9.86% in calendar year 2009. While continuing to decrease in calendar year 2010, the rate of decline slowed to 2.20%. In calendar year 2011, retail sales in the County returned to positive growth, increasing by 7.80% from the prior year, and continued to grow in 2012 by an additional 5.60%, as indicated by the following table.

TABLE 7
Pima County Retail Sales (a)

Year	Amount	% Change
2013 (b)	$6,384,157,858	N/A
2012	7,290,710,677	5.60%
2011	6,904,863,298	7.80%
2010	6,402,891,553	(2.20%)
2009	6,547,084,057	(9.86%)
2008	7,263,583,414	(7.14%)

(a) Excludes food and gasoline sales.
(b) Data through October 2013.

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, 2013, there were 19 institutions with 191 offices in the County, with a deposit balance of approximately $12.762 billion.

TABLE 8
Pima County
Bank Deposits

June 30	Amount
2013	$12,762,000,000
2012	12,152,000,000
2011	11,973,000,000
2010	11,892,000,000
2009	11,502,000,000

Source: Federal Deposit Insurance Corporation.

Mining

According to the Arizona Mining Association, Arizona leads the nation in copper production, accounting for approximately 63% of the total U.S. mine production. However, the cyclical nature of this industry has caused consolidation of its resources to improve production. In the early 1980's, the Arizona copper industry's direct economic impact on the Arizona economy regularly exceeded $1.0 billion, peaking in 1981 at approximately $1.612 billion when the industry employed roughly 25,000 persons. Since that time, employment in this sector has significantly decreased, with employment in the mining industry within the County being approximately 2,100 in 2012 and 2013.

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.

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

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 2012-13 fiscal year was $516,422,727. The County's expenditures for the 2012-13 fiscal year did not exceed the limit. The County's 2013-14 fiscal year expenditure limitation is $527,442,812, and the County anticipates that its expenditures for such year will not exceed the limit.

Ad Valorem Taxes

At the general election held November 6, 2012, the voters of the State ratified Senate Concurrent Resolution 1025, which amends a provision of the Arizona Constitution relating to the State's property tax system. Beginning in tax year 2015 (for operations beginning in the County's fiscal year 2015-16), and for tax years thereafter, the constitutional amendment will limit the value of real property and improvements, including mobile homes, used for all ad valorem tax purposes (both primary and secondary tax purposes) to the lesser of the full cash value of the property or an amount five percent greater than the taxable value of property determined for the prior year. The foregoing limitation does not apply to (1) equalization orders that the Arizona Legislature exempts from such limitation; (2) property used in the business of patented or unpatented producing mines, mills and smelters; (3) producing oil, gas and geothermal interests; (4) real property and improvements used for operation of telephone, telegraph, gas, water and electric utilities; (5) aircraft that is regularly scheduled and operated by an aircraft company; (6) standing timber; (7) pipelines; and (8) personal property, except mobile homes. Statutory amendments to implement this Constitutional amendment were enacted in the 2013 legislative session.

The information which follows under the heading "Ad Valorem Taxes" summarizes the assessment, levy and collection process as it currently exists.

General

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

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

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

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

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

Tax Procedures

The tax year in Arizona is defined as the calendar year, although tax procedures begin prior to January 1 of each tax year and continue through May of the succeeding calendar year. The first step in the tax process, for taxing entities other than certain special districts, is the determination of the full cash value of each individually-owned parcel of land within the State. Property valuations are established on most property by the individual county assessors, with the State Department of Revenue determining the valuation of centrally assessed properties such as gas, water and electrical utilities, railroads, mines and pipelines. The appropriate property classification assessment ratio is then applied to the full cash value to determine the assessed valuation for such parcel. The assessment ratios utilized over the five-year period 2009 through 2013 for each class of property are set forth below.

Property Tax Assessment Ratios
2009 through 2013

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

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

(b) For each of the tax years 2011, 2012 and 2013, full cash values up to $67,268, $68,079 and $133,868, respectively, on commercial, industrial and agricultural personal property are exempt from taxation. This exemption is indexed annually for inflation. Any portion of the full cash value in excess of that amount will be assessed at the applicable rate. Effective January 1, 2011, the assessment ratio for mining, utilities, commercial and industrial property was reduced by one percentage point annually, resulting in an assessment ratio of 20% thereafter. The assessment ratio for mining, utilities, commercial and industrial property will be reduced to 19.0% for tax year 2014 and further reduced one-half of one percent for each year 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 assessed valuation of all mining, utility, commercial, industrial, and military reuse zone properties, agricultural personal property and certain leasehold personal property to (ii) the total full cash (market) value of such properties.

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

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

Delinquent Tax Procedures

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

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

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

Property Valuations

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

Valuations for 2013-14 Fiscal Year

Estimated Actual Valuation (a)	$63,198,953,329
Net Secondary Assessed Valuation	7,623,691,280
Net Primary Assessed Valuation	7,559,129,097

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

Source: *2013 Property Tax Rates and Assessed Values*, Arizona Tax Research Association; *2013 Abstract of the Assessment Roll*, Arizona Department of Revenue.

Net Secondary Assessed Valuation Comparisons and Trends

The information set forth below is shown to indicate the ratio between assessed values and estimated actual values for the County, as well as changes in the secondary assessed valuations of the County and overlapping municipal units on a comparative basis. The basis of property assessment for these years is shown under "Ad Valorem Taxes – Tax Procedures."

Net Secondary Assessed Value and Estimated Actual Cash Value Comparison

Fiscal Year	Net Secondary Assessed Valuation	Estimated Actual Valuation (a)	Net Secondary Assessed Valuation as a Percentage of the Estimated Actual Valuation
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%
2010-11	9,342,561,193	77,358,317,302	12.08%
2009-10	9,860,980,900	80,653,625,457	12.23%

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

Source: *2013 Property Tax Rates and Assessed Values*, Arizona Tax Research Association; *2013 Abstract of the Assessment Roll*, Arizona Department of Revenue.

Net Secondary Assessed Valuation Comparisons

Fiscal Year	City of Tucson	Percent Change	Pima County	Percent Change	State of Arizona	Percent Change
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%)
2010-11	3,914,105,239	(2.88%)	9,342,561,193	(5.26%)	75,643,290,656	(12.56%)
2009-10	4,030,242,132	3.46%	9,860,980,900	2.77%	86,504,734,898	0.48%

Source: *2013 Property Tax Rates and Assessed Values*, Arizona Tax Research Association.

Net Secondary Assessed Valuations of Major Taxpayers

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

Taxpayer (a)	Use of Property	2013-14 Net Secondary Assessed Valuation	As Percent of County's 2013-14 Net Secondary Assessed Valuation
Unisource Energy Corporation	Utility	$200,706,308	2.63%
Phelps Dodge Corporation	Mining	136,947,166	1.80%
Asarco Incorporated	Mining	74,100,807	0.97%
Southwest Gas Corporation	Utility	61,668,534	0.81%
Qwest Corporation	Telecommunications	40,385,852	0.53%
Trico Electric Co-Op Incorporated	Utility	21,712,926	0.28%
Northwest Hospital LLC	Healthcare	16,979,994	0.22%
Wal-Mart Stores Incorporated	Retail	16,923,437	0.22%
DND Neffson Company	Shopping Mall	16,030,344	0.21%
Verizon Wireless	Telecommunications	12,883,577	0.17%
		$598,338,945	**7.85%**

(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 Personal Property Taxes Levied and Collected

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

Fiscal Year	Real and Secured Personal Property Tax Levy	Fiscal Year Collections (a)		Total Collections (b)	
		Amount	Percent of Tax Levy	Amount	Percent of Tax Levy
2013-14	$323,026,354	(c)	(c)	$108,515,717	33.59%
2012-13	324,785,757	$313,137,754	96.41%	319,198,984	98.27
2011-12	335,466,625	323,013,333	96.29	335,009,791	99.86
2010-11	352,275,617	335,747,500	95.31	346,932,285	98.48
2009-10	353,593,620	338,592,132	95.76	351,794,584	99.49
2008-09	322,901,974	309,375,563	95.81	321,864,258	99.68

(a) Reflects collections made through June 30th, the end of the fiscal year, on such year's levy. Property taxes are payable in two installments. The first installment is due 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.
(b) Reflects collections made through October 31, 2013 against the current and prior levies.
(c) In the process of collection.

Source: Pima County Treasurer.

Tax Rate Data

The tax rates provided below reflect the total property tax rate levied by the County. As such, the rates are the sum of the primary tax rate, which is levied against the primary assessed value within the County, and the secondary tax rate for debt service payments, the County Library District, the County Fire District Assistance Tax and the County Flood Control District, all of which are levied against the County's secondary assessed value (except in the case of the Flood Control District, which is levied against the District's secondary assessed value, excluding the value of personal property).

Fiscal Year	Primary Tax Rate	Secondary Tax Rate	Total Tax Rate
2013-14	$3.6665	$1.4644	$5.1309
2012-13	3.4178	1.4342	4.8520
2011-12	3.4178	1.4313	4.8491
2010-11	3.3133	1.3665	4.6798
2009-10	3.3133	1.2784	4.5917

Source: *2013 Property Tax Rates and Assessed Values,* Arizona Tax Research Foundation.

Debt Limitation

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

Net Secondary Assessed Valuation (FY 2013-14)	**$7,623,691,280**
15% Constitutional Limitation	1,143,553,692
Net Direct General Obligation Bonds Outstanding	456,690,000
Plus: The Bonds	10,000,000*
Unused 15% Limitation	$676,863,692*

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	Average Int. Rates	Remaining Balance Outstanding
06-01-04	$65,000,000	Various Improvements	7-1-05/19	4.207%	$4,215,000
05-01-05	65,000,000	Various Improvements	7-1-06/20	4.016%	17,400,000
01-01-07	95,000,000	Various Improvements	7-1-07/21	4.028%	56,175,000
02-15-08	100,000,000	Various Improvements	7-1-08/22	3.934%	67,250,000
04-22-09	75,000,000	Various Improvements	7-1-09/23	3.913%	36,975,000
12-02-09	113,535,000	Various Improvements and Refunding	7-1-10/24	3.579%	72,950,000
05-25-11	75,000,000	Various Improvements	7-1-12/26	4.371%	47,075,000
06-13-12	76,225,000	Various Improvements and Refunding	7-1-13/27	3.311%	66,075,000
06-05-13	88,575,000	Various Improvements and Refunding	7-1-14/28	3.247%	88,575,000
Subtotal					$456,690,000
Plus: The Bonds					10,000,000*
Total General Obligation Bonded Debt to be Outstanding					$466,690,000*

[Remainder of this page intentionally left blank.]

* Preliminary, subject to change.

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

The following chart indicates the estimated 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		The Bonds*		Total Debt Service Requirement* (b)
	Principal	Interest	Principal	Interest (a)	
2014	$44,785,000	$16,693,761		$157,061	$61,635,822
2015	39,965,000	14,999,931	$1,000,000	374,450	56,339,381
2016	40,990,000	13,678,507	1,000,000	354,450	56,022,957
2017	42,645,000	12,337,306		334,450	55,316,756
2018	40,270,000	10,932,381	595,000	334,450	52,131,831
2019	43,700,000	9,455,256	615,000	316,600	54,086,856
2020	42,080,000	7,922,669	640,000	292,000	50,934,669
2021	38,505,000	6,455,594	665,000	266,400	45,891,994
2022	40,060,000	5,022,569	690,000	239,800	46,012,369
2023	27,950,000	3,432,319	715,000	212,200	32,309,519
2024	19,005,000	2,296,163	745,000	183,600	22,229,763
2025	11,985,000	1,528,863	780,000	150,075	14,443,938
2026	12,510,000	1,005,013	815,000	114,975	14,444,988
2027	8,155,000	457,913	850,000	78,300	9,541,213
2028	4,085,000	163,400	890,000	40,050	5,178,450

(a) The first interest payment date on the Bonds is July 1, 2014*. Interest is estimated.
(b) Amounts may not add due to rounding.

Net Direct and Overlapping General Obligation Bonded Debt

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

Jurisdiction	2013-14 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(f)(g)	Portion Applicable to the County		Combined Tax Rate Per $100 Assessed Valuation (e)
			Percent	Net Debt Amount	
State of Arizona	$52,594,377,492	None	100%	None	$0.0000
Pima County	**7,623,691,280**	**$466,690,000***	**100%**	**$466,690,000***	**5.5197 (b)**
Pima County Flood Control District (c)	6,768,456,641	None	100%	None	0.2635
Elementary School Districts	347,298,328	15,820,000	100%	15,820,000	2.1303 (d)
Unified School Districts	7,258,003,514	596,145,000	100%	596,145,000	6.5227 (d)
Cities and Towns	4,333,089,410	213,450,000	100%	213,450,000	1.0554 (d)
Pima County Community College District	7,623,691,280	1,355,000	100%	1,355,000	1.2933
Total				$1,293,460,000*	

* Preliminary, subject to change.

Jurisdiction	2013-14 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(f)(g)	Combined Tax Rate Per $100 Assessed Valuation (e)
State of Arizona	$52,594,377,492	None	None
Pima County	7,623,691,280	$466,690,000*	$5.5197 (b)
Pima County Flood Control District (c)	6,768,456,641	None	0.2635
Pima County Community College District	7,623,691,280	1,355,000	1.2933
Elementary School Districts:			
San Fernando ESD #35	1,265,493	None	5.7831
Empire ESD #37	7,859,518	None	1.1287
Continental ESD #39	305,320,754	15,820,000	1.7027
Redington ESD #44	1,450,432	None	4.8200
Altar Valley ESD #51	31,402,131	None	6.2676
Unified School Districts:			
Tucson USD #1	3,029,356,410	235,045,000	7.4319
Marana USD #6	714,418,579	58,160,000	6.0085
Flowing Wells USD #8	188,811,118	20,605,000	6.7146
Amphitheater USD #10	1,394,361,320	116,135,000	5.9226
Sunnyside USD #12	420,920,323	37,245,000	5.0003
Tanque Verde USD #13	170,709,751	12,860,000	5.0012
Ajo USD #15	20,189,693	None	3.8882
Catalina Foothills USD #16	550,354,786	28,115,000	4.8264
Vail USD #20	414,482,307	45,535,000	7.1703
Sahuarita USD #30	353,343,653	42,445,000	6.6341
Indian Oasis Baboquivari USD #40	1,055,574	None	0.0000
Cities and Towns:			
City of Tucson	3,151,042,287	213,450,000	1.4304
City of South Tucson	22,125,702	None	2.9776
Town of Marana	413,392,695	None	0.0000
Town of Oro Valley	556,259,856	None	0.0000
Town of Sahuarita	190,268,870	None	0.0000

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

Also does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States of America, Department of the Interior, for repayment of certain capital costs for construction of the Central Arizona Project ("CAP"), a major reclamation project that has been substantially completed by the Department of the Interior. The obligation is evidenced by a master contract between CAWCD and the Department of the Interior. In April 2003, the United States and CAWCD agreed to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits against such obligations and costs. Under the agreement, CAWCD's obligation for substantially all of the CAP features that have been constructed so far will be set at $1.646 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 667,724 acre feet of CAP water for federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory

* Preliminary, subject to change.

storage stages of CAP at no additional cost to CAWCD. Of the $1.646 billion repayment obligation, 73% 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 Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. At the date of this Official Statement, the tax levy is limited to fourteen cents per $100 of secondary assessed valuation, of which twelve cents is being currently levied. (See Arizona Revised Statutes, Sections 48-3715 and 48-3715.02.) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

(b) The County's total tax rate shown includes the County's primary and secondary debt service tax rates, the State equalization tax rate of $0.5123, the $0.3753 tax rate of the Free Library District, the $0.1400 tax rate of the CAP and the $0.0456 tax rate of the Fire District Assistance Tax.

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

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

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

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

Jurisdiction	Authorized But Unissued General Obligation Bonds
Pima County	$18,681,000*
City of Tucson	80,000,000
Amphitheater Unified School District No. 10	40,000,000
Catalina Foothills Unified School District No. 16	6,075,000
Sahuarita Unified School District No. 30	1,650,000
Sunnyside Unified School District No. 12	52,650,000

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

Net Direct and Overlapping General Obligation Bonded Debt Ratios

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

		As Percent of County's 2013-14	
	Per Capita Net Debt (Pop. @ 990,380)(a)	Secondary Assessed Valuation ($7,623,691,280)	Est. Actual Valuation ($63,198,953,329)
Net Direct General Obligation Bonded Debt ($466,690,000*)	$471.22*	6.12%*	0.74%*
Net Direct and Overlapping General Obligation Bonded Debt ($1,293,460,000*)	$1,306.02*	16.97%*	2.05%*

(a) Population estimates as of July 1, 2012 (released December 2012) provided by the Office of Employment and Population Statistics, Arizona Department of Administration.

* Preliminary, subject to change.

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
05-01-05	$51,200,000	Street & Highway Improvements	7-1-09/20	$32,920,000
01-01-07	21,000,000	Street & Highway Improvements	7-1-09/22	16,355,000
02-15-08	25,000,000	Street & Highway Improvements	7-1-09/22	22,460,000
12-02-09	23,420,000	Street & Highway Improvements/Refunding	7-1-13/24	22,220,000
05-30-12	32,945,000	Street & Highway Improvements/Refunding	7-1-13/27	32,060,000
Total Street and Highway Revenue Bonds Outstanding				$126,015,000

(a) Does not include approximately $16,000,000 in principal amount of Street & Highway Revenue Bonds or the effect of certain Street and Highway Revenue Refunding Bonds the County expects to issue prior to the end of fiscal year 2014 pursuant to a separate official statement.

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
05-01-04	$25,770,000	Refunding	7-1-05/15	$7,430,000
05-11-04	19,967,331	Sewer Improvements (b)(c)	7-1-05/24	13,534,296
01-01-07	50,000,000	Sewer Improvements	7-1-07/26	36,790,000
05-01-08	75,000,000	Sewer Improvements	7-1-09/23	72,130,000
05-06-09	18,940,000	Sewer Improvements	7-1-10/24	15,650,000
10-09-09	10,002,383	Sewer Improvements (b)	7-1-10/24	6,145,401
06-17-10	165,000,000	Sewer Improvements	7-1-14/25	165,000,000
03-30-11	43,625,000	Refunding	7-1-12/16	22,415,000
12-13-11	189,160,000	Sewer Improvements	7-1-12/26	174,385,000
12-06-12	128,795,000	Sewer Improvements	7-1-13/27	124,970,000
Total Sewer Revenue Bonds, Loans and Obligations Outstanding				$638,449,697

(a) Does not include approximately $50,740,000 in principal amount of Sewer Revenue Obligations the County expects to issue prior to the end of fiscal year 2014 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 one lease purchase agreement and one installment note 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	**2008-09**	**2009-10**	**2010-11**	**2011-12**	**2012-13**
Clerk of Superior Court	$131	$111	$37	-	-
Environmental Quality	-	-	-	$298	$298
Sheriff	-	-	-	-	160
Fiscal Year Total	$131	$111	$37	$298	$458

Source: Pima County Finance and Risk Management Department.

Certificates of Participation (a)

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

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Remaining Balance Outstanding
05-01-07	$30,320,000	New Money	7-1-08/22	$20,695,000
02-04-10	20,000,000	New Money	6-1-11/19	14,160,000
05-22-13	92,880,000	New Money & Refunding	12-1-13/22	92,880,000
Total Certificates of Participation Outstanding				$127,735,000

(a) Does not include approximately $53,610,000 in principal amount of Certificates of Participation the County expects to issue prior to the end of fiscal year 2014 pursuant to a separate official statement.

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.

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/web/FinancialReports.do.

The board for the ASRS has adopted contribution rates for fiscal years 2013 and 2014. For the year ended June 30, 2013, active plan members and the County were each required by statute to contribute at the actuarially determined rate of 11.14 percent of the members' annual covered payroll. For fiscal year 2014, the contribution rate for both the County and active plan members, was increased to 11.54 percent.

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://www.psprs.com/sys_psprs/ Annual Reports/cato_annual_rpts_psprs.htm.

For the year ended June 30, 2013, active PSPRS members were required by statute to contribute 9.55 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 29.16 percent, the aggregate of which is the actuarially required amount. As allowed by statute, the County contributed 3.65 percent of the members' required contribution, with the members contributing 5.90

percent. The health insurance premium portion of the contribution was actuarially set at 1.74 percent of covered payroll.

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://www.psprs.com/sys_eorp/Annual reports/cato_Annual_rpts_CORP.htm.

For the year ended June 30, 2013, active CORP members were required by statutes to contribute 8.41 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 12.08 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.17 percent of covered payroll.

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.

[Remainder of this page intentionally left blank.]

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

	Actual				
	2008-09	2009-10	2010-11	2011-12	2012-13
Revenues by Source:					
Property Taxes	$396,241	$423,443	$421,623	$407,711	$391,630
Special Assessments	441	536	330	245	-
Licenses and Permits	6,989	7,791	8,494	8,155	8,371
Intergovernmental	292,236	296,004	308,219	327,939	301,223
Charges for Services	55,346	60,376	54,491	56,881	53,521
Fines and Forfeits	6,283	8,443	6,786	10,249	9,904
Interest Income	5,335	4,612	1,723	2,286	2,282
Miscellaneous	22,414	17,442	14,162	24,796	22,182
Total Revenues	785,285	818,647	815,828	838,262	789,113
Expenditures by Fund:					
General	462,276	426,361	429,182	445,798	451,858
Special Revenues	196,677	195,926	204,612	217,139	211,659
Debt Service	121,091	108,092	96,484	104,324	93,442
Capital Projects	146,334	162,306	153,203	149,612	174,976
Total Expenditures	926,378	892,685	883,481	916,873	931,935
Excess of Revenues Over (Under) Expenditures	(141,093)	(74,038)	(67,653)	(78,611)	(142,822)
Other Financing Sources (Uses):					
Premium on bonds	675	1,909	3,276	7,349	11,959
Proceeds of Long-Term Debt	109,400	156,955	75,000	109,170	130,175
Proceeds from Refunding Debt	-	-	-	-	51,280
Payment to Escrow Agent	-	(32,361)	-	(33,013)	(55,423)
Gain on Investment	-	-	-	-	-
Operating Transfers In (Out)	4,867	445	4,708	26,010	(9,017)
Capital Lease/Installment Note	-	-	-	894	764
Sale of General Fixed Assets	876	1,118	59	1,938	31
Total Other Financing Sources (Uses)	115,818	128,066	83,043	112,348	129,769
Net Change in Fund Balance	(25,275)	54,028	15,390	33,737	(13,053)
Beginning Fund Balance, as restated	317,577	292,247	346,270	361,730	395,385
Changes in Reserve for Inventory	(55)	4	43	(55)	224
Changes in Reserve for Prepaids	-	(9)	27	(27)	-
Ending Fund Balance	$292,247	$346,270	$361,730	$395,385	$382,556

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				
	2008-09	**2009-10 (b)**	**2010-11**	**2011-12**	**2012-13**
General					
Reserved	$ 4,363	$ -	$ -	$ -	$ -
Unreserved	35,803	-	-	-	-
Designated	-	-	-	-	-
Nonspendable	-	4,089	3,315	2,720	3,848
Restricted	-	522	336	333	-
Committed	-	-	-	-	-
Assigned	-	3,093	357	118	158
Unassigned	-	73,837	73,547	77,596	56,526
	40,166	**81,541**	**77,555**	**80,767**	**60,532**
Special Revenue					
Reserved	5,255	-	-	-	-
Unreserved	81,196	-	-	-	-
Designated	4,925	-	-	-	-
Nonspendable	-	2,011	2,011	1,550	1,939
Restricted	-	82,957	94,567	105,468	76,570
Committed	-	15,305	37,978	10,264	7,746
Assigned	-	3,221	4,368	16,682	23,784
Unassigned	-	(5,793)	(9,180)	(9,013)	(8,385)
	91,376	**97,701**	**129,744**	**124,951**	**101,654**
Debt Service					
Reserved	33,842	-	-	-	-
Unreserved	-	-	-	-	-
Assigned	-	40,868	35,903	28,298	25,640
	33,842	**40,868**	**35,903**	**28,298**	**25,640**
Capital Projects					
Reserved	42	-	-	-	-
Unreserved	126,821	-	-	-	-
Nonspendable	-	18	12	-	-
Restricted	-	124,830	112,668	157,688	187,855
Committed	-	1,487	6,639	7,234	6,958
Assigned	-	52	-	-	-
Unassigned	-	(227)	(791)	(3,553)	(83)
	126,863	**126,160**	**118,528**	**161,369**	**194,730**
Total Fund Balance	$292,247	$346,270	$361,730	$395,385	$382,556

Source: Pima County Finance and Risk Management Department.

(a) This table has not been subject to any separate audit procedures.
(b) During the year ended June 30, 2010, the County adopted early implementation of the provisions of Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"). GASB 54 establishes criteria for classifying governmental fund balances into specifically defined classifications to make the nature and extent of the constraints placed on fund balance more transparent.

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

	Actual				
	2008-09	**2009-10 (b)**	**2010-11**	**2011-12**	**2012-13**
Revenues by Source:					
Property Taxes	$281,749	$304,441	$301,493	$291,647	$281,017
Licenses and Permits	2,747	2,738	2,681	2,696	2,816
Intergovernmental	131,966	128,927	122,952	127,029	131,984
Charges for Services	35,330	40,356	35,361	39,117	32,721
Fines and Forfeits	4,720	7,011	5,344	5,213	4,799
Interest Income	1,084	1,198	418	621	591
Miscellaneous	7,099	4,868	4,722	12,659	10,907
Total Revenues	464,695	489,539	472,971	478,982	464,835
Expenditures:					
Current					
General Government	184,434	184,606	186,193	197,190	193,097
Public Safety	121,704	117,378	116,573	123,235	131,087
Health	2,767	2,702	2,792	2,919	3,320
Welfare	115,481	87,089	90,572	94,292	95,076
Culture & Recreation	15,580	14,671	14,183	15,195	16,468
Education & Econ. Opport.	16,368	13,996	12,949	12,967	12,650
Debt Service:					
Principal	3,510	3,635	3,800	-	159
Interest	2,426	2,281	2,113	-	1
Miscellaneous	6	3	7	-	-
Total Expenditures	462,276	426,361	429,182	445,798	451,858
Excess of Revenues Over (Under) Expenditures	2,419	63,178	43,789	33,184	12,977
Other Financing Sources (Uses):					
Capital Lease/Installment Note	-	-	-	-	764
Sale of General Fixed Assets	371	204	11	1,608	-
Operating Transfers In (Out)	(33,013)	(22,007)	(47,786)	(31,580)	(33,976)
Total Other Financing Sources (Uses):	(32,642)	(21,803)	(47,775)	(29,972)	(33,212)
Net Change in Fund Balance	(30,223)	41,375	(3,986)	3,212	(20,235)
Beginning Fund Balance, as restated	70,389	40,166	81,541	77,555	80,767
Ending Fund Balance	$40,166	$81,541	$77,555	$80,767	$60,532

Source: Pima County Finance and Risk Management Department.

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

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

_______________, 2014

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 $10,000,000* aggregate principal amount of bonds designated the Pima County, Arizona General Obligation Bonds, Series 2014 (the "Bonds"), dated the date of this letter. The Bonds are issued pursuant to Title 35, Chapter 3, Article 3 of the Arizona Revised Statutes, and under the provisions of an authorizing resolution adopted by the Board of Supervisors of the County on December 3, 2013 (the "Bond Resolution"). Capitalized terms not defined in this letter are used as defined in the Bond Resolution. In our capacity as bond counsel, we have examined the transcript of 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 or amount to pay the principal of and interest on the Bonds. 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.

* Preliminary, subject to change.

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

$10,000,000*
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2014

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 $10,000,000* aggregate principal amount of General Obligation Bonds, Series 2014 (the "Bonds"), being issued pursuant to a resolution adopted by the Board of Supervisors of the County on December 3, 2013 (the "Bond Resolution").

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

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

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

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

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

"Commission" means the Securities and Exchange Commission.

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

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

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

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

"MSRB" means the Municipal Securities Rulemaking Board.

---

* Preliminary, subject to change.

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

"Undertaking" means the obligations 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 __________, 2014.

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:________________________________
Thomas Burke
Finance and Risk Management Director

Dated: ___________, 2014

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND AUDITED FINANCIAL STATEMENTS

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

Annual Financial Information exclusive of Audited Financial Statements will be provided to the MSRB through EMMA, no later than the first business day in February of each year, commencing February 1, 2015. 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.

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

APPENDIX E

EXCERPTS FROM
PIMA COUNTY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2013

The following are excerpts from the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. 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, 2013. 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.

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

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, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of Pima County as of and for the year ended June 30, 2013, 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 one 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	1.29%	1.68%	0.95%	1.15%
School Reserve Fund	0.09%	0.01%	0.35%	0.39%
Self-Insurance Trust	2.73%	4.09%	2.13%	1.97%
Business-Type Activities:				
Regional Wastewater Reclamation Department	99.06%	99.87%	94.81%	92.25%
Development Services	0.24%	0.09%	4.45%	4.48%
Aggregate Discretely Presented Component Unit:				
Southwestern Fair Commission	100.00%	98.11%	99.85%	99.54%
Fund Statements				
Major Fund:				
Regional Wastewater Reclamation Department Enterprise Fund	100.00%	100.00%	100.00%	100.00%
Aggregate Remaining Fund Information:				
Stadium District	0.11%	0.92%	0.28%	0.37%
School Reserve Fund	0.37%	0.06%	0.10%	0.11%
Development Services	0.66%	0.51%	0.28%	0.28%
Self-Insurance Trust	12.85%	27.62%	0.63%	0.56%

Those financial 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 of 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, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of Pima County as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

Emphasis of Matter

As described in Note 1, the County implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended June 30, 2013, which represents a change in accounting principle. Our opinion is 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 Schedule on pages 85 and 86, and the Schedule of Agent Retirement Plans' Funding Progress on page 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 related 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, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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 12, 2013

PIMA COUNTY

Management's Discussion and Analysis

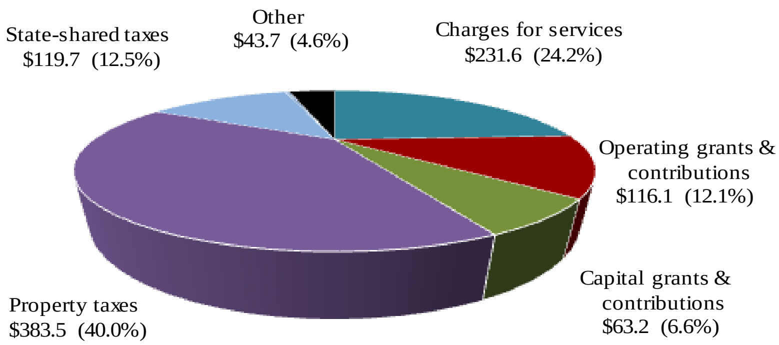
Our discussion and analysis of the County's financial performance provides an overview of the County's financial activities for the year ended June 30, 2013. Please read it in conjunction with the transmittal letter which begins on page 1 and the County's basic financial statements, which begin on page 35. All dollar amounts are expressed in thousands (000's) unless otherwise noted.

Financial Highlights

- The County's total net position increased $46,972 in fiscal year 2012-13. This represents a 62.4% decrease when compared to the prior year's change in net position of $124,793.

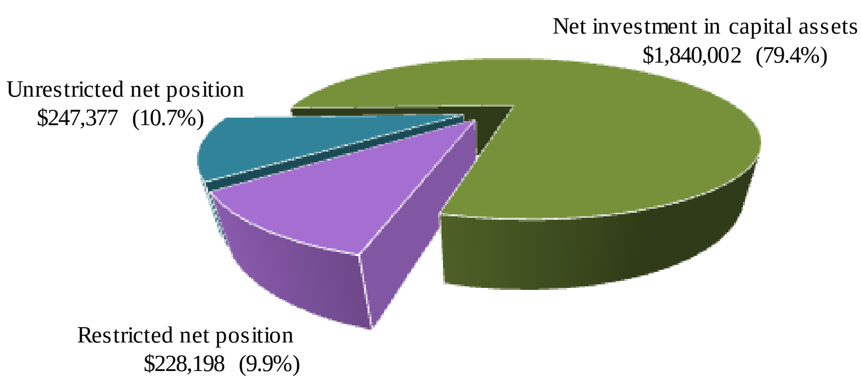
- The County's primary sources of revenue come from taxes, grants and contributions, and charges for services, as displayed below:

Revenue Sources
(in millions)

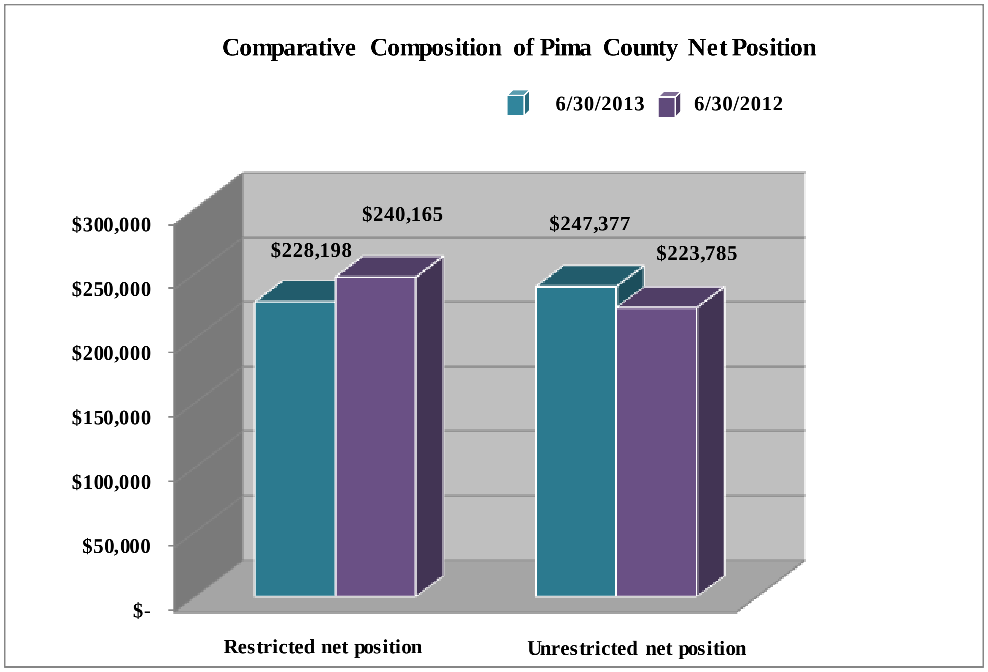


- The assets of the County exceeded its liabilities (net position) by $ 2,315,577, an increase of 2.1% from the prior year. Of this amount, $1,840,002 represents the net investment in capital assets, $228,198 is restricted for specific purposes (*restricted net position*), and $247,377 is available for general government expenditures (*unrestricted net position*).

Composition of Net Position

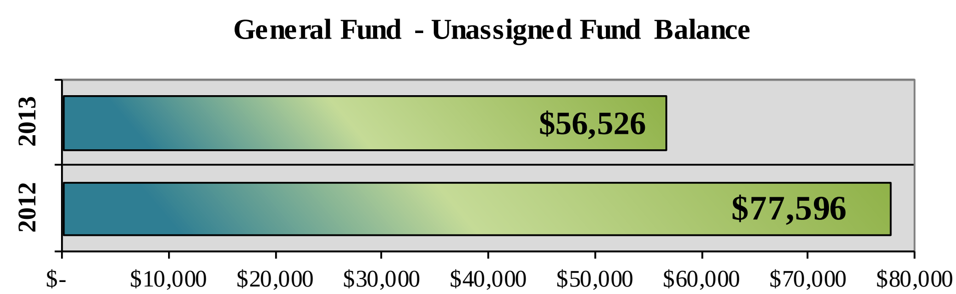


- Unrestricted net position for the County increased $23,592 (or 10.5%), from $223,785 to $247,377 this fiscal year, while restricted net position decreased $11,967 (or 5.0%). The chart below presents the composition of restricted and unrestricted net position for the current and prior years:



- County revenues decreased 8.3% (or $86,334), from $1,044,265 last year to $957,931 in fiscal year 2012-13. This is primarily due to a decrease in property tax revenues affected by a decline in assessed property valuations, and a primary property tax rate that remained unchanged.

- The General Fund unassigned fund balance decreased to $56,526 from $77,596 in the prior year. The unassigned fund balance comprises 93.4% of the total fund balance of $60,532.



- The County continues to use debt to finance the construction of roads, streets, and buildings. Total capital assets for the year increased $215,973 and long-term liabilities increased $180,995.

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 with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

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

The government-wide financial statements can be found on pages 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 90-93.

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 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, most 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 Regional Wastewater Reclamation 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 109-116.

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 50-83.

Required Supplementary Information (RSI) is presented concerning the County's General Fund budgetary schedule and the schedule of retirement plans' funding progress. Required supplementary information can be found on pages 85-87.

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 90-120.

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.

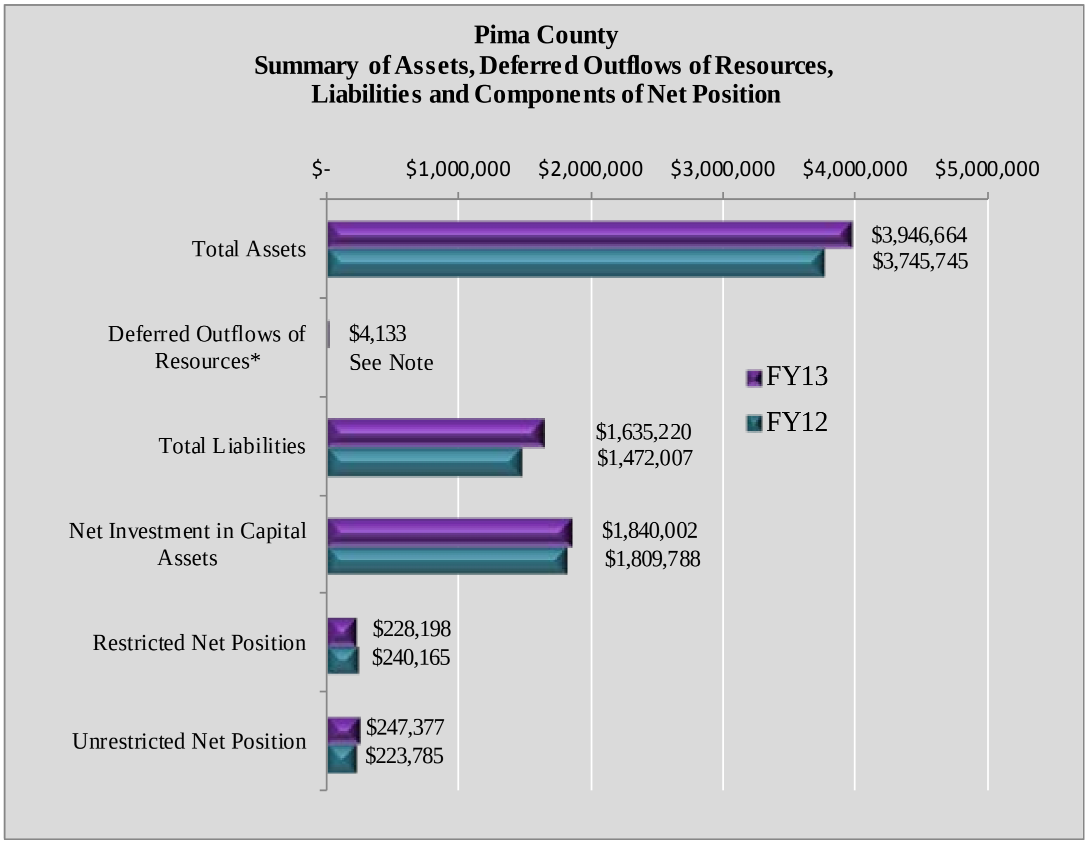
Schedule of Results of Operations and Net Position For the Years Ended June 30, 2013 and 2012			
	2013	**2012**	**Variance**
Charges for services	$ 231,625	$ 288,383	$ (56,758)
Operating grants and contributions	116,121	144,663	(28,542)
Capital grants and contributions	63,212	50,204	13,008
Total program revenues	410,958	483,250	(72,292)
Total general revenues and transfers	546,973	561,015	(14,042)
Total program and general revenues	957,931	1,044,265	(86,334)
Total expenses	910,959	919,472	(8,513)
Change in net position	$ 46,972	$ 124,793	$ (77,821)

As indicated above, the County experienced significant decreases in charges for services ($56,758) as well as in operating grants and contributions ($28,542). The only revenue source that increased was capital grants and contributions ($13,008). In total, program revenues decreased $72,292. In addition, general revenues and transfers decreased ($14,042). However, expenses also decreased $8,513 resulting in a decrease in the change in net position of $77,821.

The detail of each of these changes is discussed in the governmental and business-type activities sections below.

The graph and schedule presented below illustrate at a summary level and detail level the changes in the elements of the Statement of Net Position.

The following graph presents a summary overview and comparison of the assets, deferred outflows of resources, liabilities, and components of net position for the County at June 30, 2013 and June 30, 2012.



* Note: The County implemented GASB 65 in fiscal year 2012-13, therefore, Deferred outflows of resources was not a required presentation in fiscal year 2011-12. The amount not presented is considered immaterial since it is less than 0.2% of total assets.

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 assets for the County were $3,946,664, an increase of 5.4% ($200,919) from the prior year and total liabilities were $1,635,220, an increase of 11.1% ($163,213) from 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. As of June 30, 2013, net investment in capital assets totaled $1,840,002, comprising approximately 79.4% of total net position. This represents an increase of $30,214 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.

Restricted net position represents resources that are subject to external restrictions on how they may be used. As of June 30, 2013, restricted net position totaled $228,198 and comprised approximately 9.9% of total net position. This represents an $11,967 decrease from the prior fiscal year.

The remaining balance of the County's net position represents unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors. As of June 30, 2013, unrestricted net position totaled $247,377 and comprised approximately 10.7% of total net position. This represents a $23,592 increase from the prior year.

The schedule below 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 and Net Position At June 30, 2013 and 2012	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	$579,558	$596,855	$248,658	$246,415	$828,216	$843,270
Capital assets (net):						
Land, buildings, equipment, infrastructure & other assets	1,908,895	1,809,998	1,209,553	1,092,477	3,118,448	2,902,475
Total assets	$2,488,453	2,406,853	1,458,211	1,338,892	3,946,664	3,745,745
Deferred outflows of resources*						
Deferred charges on refunding	4,133	(See Note)		(See Note)	4,133	(See Note)
Current and other liabilities	110,838	120,443	34,478	42,655	145,316	163,098
Long-term liabilities	789,601	716,370	700,303	592,539	1,489,904	1,308,909
Total liabilities	900,439	836,813	734,781	635,194	1,635,220	1,472,007
Net position:						
Net investment in capital assets	1,308,057	1,245,227	531,945	564,561	1,840,002	1,809,788
Restricted	138,472	167,498	89,726	72,667	228,198	240,165
Unrestricted	145,618	157,315	101,759	66,470	247,377	223,785
Total net position	$1,592,147	$1,570,040	$723,430	$703,698	$2,315,577	$2,273,738

* Note: The County implemented GASB 65 in fiscal year 2012-13, therefore, Deferred outflows of resources was not a required presentation in fiscal year 2011-12. The amount not presented is considered immaterial since it is less than 0.2% of total assets.

Analysis of Governmental activities

Assets

Current and other assets decreased by $17,297 between fiscal years. The primary reason for the change was a decrease of $12,193 in amounts due from the federal government. Several major programs ended during the year, specifically: the American Recovery Reinvestment Act (ARRA) ($6,405) and the Neighborhood Stabilization Program (NSP2) ARRA ($3,511). Also, amounts due from the State of Arizona for Highway User Revenue Fees (HURF) and Vehicle License Tax (VLT) decreased by $2,643 and $389, respectively.

Capital assets increased $98,897 primarily due to a $48,949 increase in construction in progress and a $37,916 increase in buildings and improvements. The Justice Court / Municipal Court Complex ($33,400) and the Regional Public Safety Communication System ($13,509) represented the largest increases within construction in progress activity. Several building and improvement projects were completed during the year, most notably the Pima Emergency Communications and Operations Center (PECOC) building improvements ($19,038), the Superior Courts Building ($10,484), and the Canyon Del Oro (CDO) Wash Linear Park: Thornydale to Magee Rd. ($3,844).

Liabilities

Long-term debt increased $73,231 during the fiscal year. The County issued several forms of long-term debt during the year, specifically $92,880 in certificates of participation (COPS) consisting of $80,175 of Series 2013A Certificates of Participation and $12,705 Series 2013B Refunding Certificates of Participation. These increases in long-term debt were offset primarily by a $16,335 decrease from refunding of Jail capital leases payable and principal payments reductions of $12,055 for Transportation revenue bonds.

Net position

Net investment in capital assets increased 5.0% or $62,830 primarily due to an increase in construction in progress of $48,949 and an increase in buildings and improvements of $37,916. Major construction in progress projects include the Justice Court Building and the Regional Public Safety Communication System (RPSCS) totaling $46,909. The Pima Emergency Communications and Operations Center (PECOC) building for $19,038 comprised the most significant increase in buildings and improvements.

Overall, restricted net position decreased 17.3% or $29,026. Of this amount, the restriction for capital projects decreased $20,371 due to the liquidation of cash restricted for capital projects. Restrictions related to Highways and streets decreased $5,289 due to spending the cash from Transportation bonds during the year.

In summary, change in net position and unrestricted net position decreased by $85,487 and $11,697 respectively. This was primarily due to a decrease in total revenues of $28,676, increases in expenses of $23,793, and a decrease in transfers of $33,018, as explained in previous paragraphs.

Analysis of Business-type activities

Assets

Capital assets increased $117,076 primarily due to a $158,853 increase in construction in progress. The majority of these costs were generated from the Regional Optimization Master Plan (ROMP) projects for approximately $130 million. (Please see the transmittal letter, page 5 for further information on ROMP.)

Liabilities

Long-term liabilities increased $107,764 primarily due to the issuance of Sewer Revenue Obligation Series 2012A for $128,795 in December 2012.

Net position

Net investment in capital assets for business-type activities decreased 5.8% or $32,616 primarily due to the conveyance by court order of the Marana Wastewater Reclamation Facility (MWRF) to the Town of Marana resulting in an $18,975 loss on disposal.

Business-type activities restricted net position increased 23.5% or $17,059 primarily due to increases in restricted cash specifically for Regional Wastewater Reclamation capital projects.

Unrestricted net position increased 53.1% or $35,289. The primary impact on unrestricted net position for business-type activities was the sale of the Marana Wastewater Reclamation Facility which decreased net investment in capital assets for business-type activities by $19,279 and provided $16,142 of unrestricted cash.

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, 2013 and 2012			Variance	
	2013	**2012**	**Amount**	**Percent**
Program revenues:				
Charges for services	$ 66,460	$ 66,904	$ (444)	-0.7%
Operating grants and contributions	116,121	143,388	(27,267)	-19.0%
Capital grants and contributions	59,298	47,528	11,770	24.8%
Total program revenues	241,879	257,820	(15,941)	-6.2%
General revenues:				
Property taxes	383,508	394,963	(11,455)	-2.9%
State-shared taxes	119,728	116,660	3,068	2.6%
Investment earnings	2,627	3,416	(789)	-23.1%
Other general revenues	39,513	43,072	(3,559)	-8.3%
Total general revenues	545,376	558,111	(12,735)	-2.3%
Total revenues	787,255	815,931	(28,676)	-3.5%
Expenses:				
General government	233,984	223,005	10,979	4.9%
Public safety	166,476	150,349	16,127	10.7%
Highways and streets	80,087	69,183	10,904	15.8%
Sanitation	6,409	7,224	(815)	-11.3%
Health	36,540	47,248	(10,708)	-22.7%
Welfare	95,428	94,409	1,019	1.1%
Culture and recreation	65,341	61,900	3,441	5.6%
Education and economic opportunity	49,924	55,126	(5,202)	-9.4%
Amortization	(286)	805	(1,091)	-135.5%
Interest on long-term debt	23,915	24,776	(861)	-3.5%
Total expenses	757,818	734,025	23,793	3.2%
Excess before contributions and transfers	29,437	81,906	(52,469)	-64.1%
Transfers in (out)	(7,330)	25,688	(33,018)	-128.5%
Change in net position	22,107	107,594	(85,487)	-79.5%
Beginning net position	1,570,040	1,462,446	107,594	7.4%
Ending net position	$ 1,592,147	$ 1,570,040	$ 22,107	1.4%

Revenues

Overall, governmental activities total revenues decreased $28,676 or 3.5% from fiscal year 2011-12 due to decreases in both program revenues and general revenues.

The 6.2% decrease ($15,941) in program revenues is primarily due to a 19.0% decrease ($27,267) in operating grants and contributions offset by a 24.8% increase ($11,770) in capital grants and contributions.

The decrease in operating grants and contributions resulted primarily from decreases in revenues in the following functions:

- Health – The $16,112 decrease is mainly due to $13,246 related to the ending of an American Recovery & Reinvestment Act (ARRA) program, more specifically the Communities Putting Prevention to Work – Obesity, Nutrition, and Physical Activity grant.

- Public safety – The $3,165 decrease is primarily due to decreases in the following operating grants in the Sheriff's Department: High Intensity Drug Trafficking Areas grant ($985), the Border Crimes grant ($549), the Operation Stonegarden 2010 grant ($509), and the Pima Community College (PCC) Reciprocal Agreement grant ($449).

The $11,770 increase in capital grants and contributions is primarily due to increases and decreases in the following functions:

- Highways and streets – The $14,091 increase is primarily due to a $6,408 increase in HURF/ VLT revenues for the Transportation department. Also contributing to the increase were $3,062 in capital contributions from various land donations.

- Culture and recreation – The $4,914 increase includes increases in capital projects of $1,890 in State funding for the Town of Oro Valley Tortolita Mountain Park Expansion and $2,604 from capital land contributions.

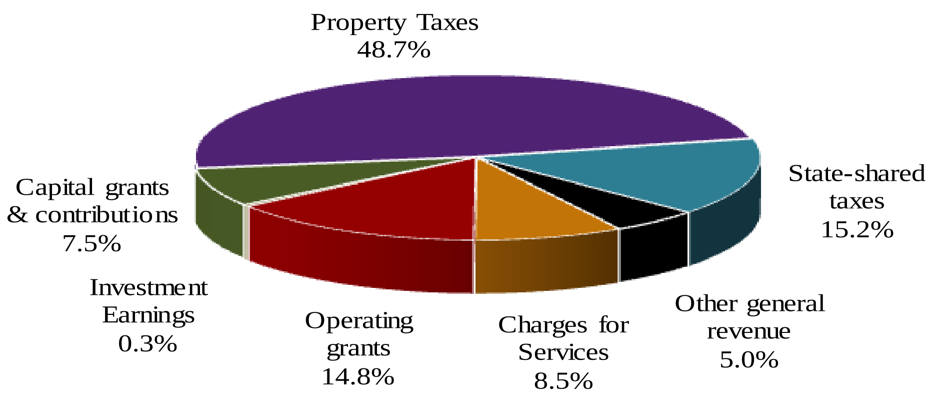
- Public safety – The $3,348 decrease is primarily due to the ending of two Arizona Department of Homeland Security - Pima County Wireless Integrated Network (PCWIN) grants: PCWIN Project grant ($3,323) and PCWIN: Interoperable Communications grant ($1,720).

- General government – The $2,915 decrease in General government was primarily due to significant decreases in the following grants: Energy Efficiency Conservation Block grant ($988), the Victim Compensation grant ($479), Edward Byrne Memorial Justice Assistance grant ($409), Drug/Border Prosecution grant ($369), and the Drug Treatment Alternative Program – Substance Abuse and Mental Health Services Administration / Center for Substance Abuse Treatment grant ($147).

General revenues decreased $12,735 mainly due to an $11,455 decrease in property taxes which includes a $7,394 decrease in primary property taxes and a $2,219 decrease in secondary property taxes levied for debt service. These decreases are a result of decreasing property valuations, while the primary property tax rate remained unchanged.

The chart below presents general and program revenues, as a percentage to total revenues. The amount provided from each revenue source for governmental activities, as a percentage to total revenue for governmental activities, has not changed significantly from the prior fiscal year. Property taxes, operating grants, and state-shared taxes continue to account for approximately 78.7% of the County's revenues.

General and Program Revenues - Governmental Activites



Expenses

Expenses for governmental activities increased $23,793 primarily due to increases and decreases in the following functions:

- General government – The $10,979 increase was primarily due to an increase in non-capitalizable expenses in various general government capital projects. Many projects had increases, the most significant being: Replace Motors – Downtown Government Complex ($905) and Jail Tower Kitchen and Freezer Replacement ($637). Also contributing to the increase were increases in Pima Health Systems transition fund expenses primarily related to graduate medical education ($4,171) and an increase in County Attorney expenses mainly for software maintenance and support, repairs and maintenance machinery and equipment services, and payments to agencies ($1,140).

- Public safety – The $16,127 increase in expenses is primarily due to increases in personnel ($4,191) and increases in motor pool rates ($2,339). Non-capitalizable expenses for public safety capital projects increased primarily due to increases in the following projects: Thomas O. Price Service Center Communications Center Expansion ($3,322), Communications Emergency Operations Center ($1,886), and Paseo de Las Iglesias Restoration ($1,315).

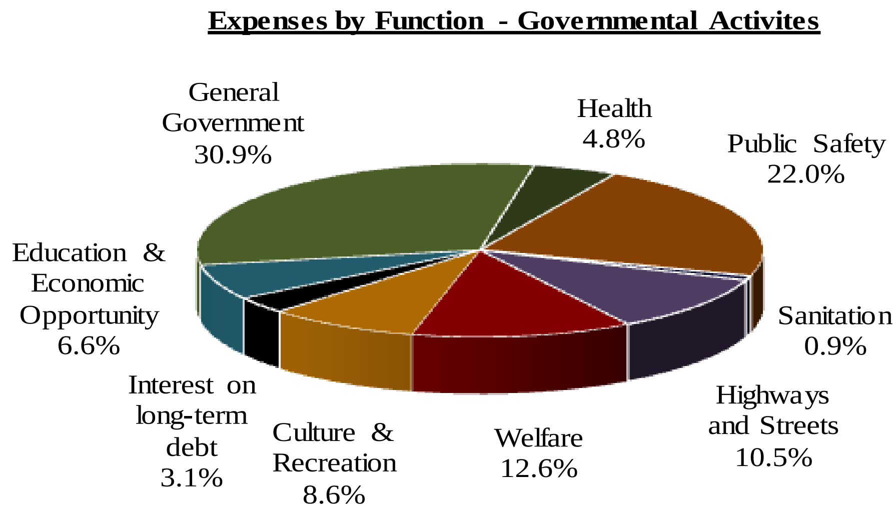
- Highways and streets – The $10,904 increase in non-capitalizable expenses for capital projects was primarily due to significant expense increases in the following projects: La Cholla Blvd Magee Rd to Overton Rd ($4,670), Pavement Preservation Program ($2,998), and ARRA Intersection Control & Crosswalk Renewal ($1,236).

- Health – The primary reason for the $10,708 decrease was the ending in December 2012 of the ARRA program Communities Putting Prevention to Work – Obesity, Nutrition, and Physical Activity grant ($12,350).

- Education and economic opportunity – The $5,202 decrease in expenses was primarily due to a decrease in two grants ($2,484): the Neighborhood Stabilization Program 2 ARRA grant and the Housing and Urban Development (HUD) Community Development Block grant. Non-capitalizable expenses for several capital projects decreased, the most significant decreases being S. Tucson Youth Mission View & Ochoa ($398), W. University Neighborhood Association ($385), Barrio Centro Project ($340), Dunbar Spring Project ($305), and Barrio San Antonio ($293).

Transfers in were significantly higher last fiscal year due to the transfer of final cash ($26,436) from the closure of Pima Health Systems (PHS) Enterprise Fund. Current year transfers out were for Regional Wastewater Reclamation Fund's receipt of certificates of participation funding used for sewer system improvements ($8,521).

The chart below 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 resulting change in net position was $22,107 for fiscal year 2013 compared with a change in net position of $107,594 for fiscal year 2012.

In summary, and as explained above, ending net position for governmental activities increased $22,107 (1.4%). This year's change in net position decreased $85,487 from last year, primarily due to a decrease in overall revenues of $28,676 and an increase in expenses of $23,793.

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, 2013 and 2012				
			Variance	
	2013	2012	Amount	Percent
Program revenues:				
Charges for services	$ 165,165	$ 221,479	$ (56,314)	-25.4%
Operating grants and contributions		1,275	(1,275)	-100.0%
Capital grants and contributions	3,914	2,676	1,238	46.3%
Total program revenues	169,079	225,430	(56,351)	-25.0%
General revenues:				
Investment earnings	1,017	1,001	16	1.6%
Other general revenues	580	1,903	(1,323)	-69.5%
Total general revenues	1,597	2,904	(1,307)	-45.0%
Total revenues	170,676	228,334	(57,658)	-25.3%
Expenses:				
Regional Wastewater Reclamation	144,085	117,774	26,311	22.3%
Pima Health System & Services		58,773	(58,773)	-100.0%
Development Services	7,231	6,912	319	4.6%
Parking Garages	1,825	1,988	(163)	-8.2%
Total expenses	153,141	185,447	(32,306)	-17.4%
Excess before transfers	17,535	42,887	(25,352)	-59.1%
Transfers in (out)	7,330	(25,688)	33,018	-128.5%
Change in net position	24,865	17,199	7,666	44.6%
Beginning net position, as restated	698,565	686,499	12,066	1.8%
Ending net position	$ 723,430	$ 703,698	$ 19,732	2.8%

Revenues

Revenues for business-type activities decreased $57,658 primarily due to a decrease in charges for services ($56,314). This decrease in charges for services is primarily due to the closure of Pima Health Systems and the loss of those revenues, which were $58,722 in fiscal year 2012.

Expenses

Expenses for business-type activities decreased $32,306 primarily due the closure of Pima Health Systems (which were $58,773 in 2012) offset by a $26,311 increase in expenses for the Regional Wastewater Reclamation Fund. The increase in the Regional Wastewater Reclamation Fund's expenses is primarily due to the loss of $18,975 related to the conveyance by court order of the Marana Wastewater Reclamation Facility (MWRF) to the Town of Marana.

A significant change in transfers occurred due to fiscal year 2012 including a $26,436 transfer out related to Pima Health Systems. Additionally, fiscal year 2013 included an $8,645 transfers in from proceeds from certificates of participation.

The resulting excess before transfers of $17,535 in fiscal year 2012-13 was primarily supplemented by $8,521 of transfers in from proceeds from certificates of participation to yield a $24,865 change in net position. The resulting net position at the end of the fiscal year was $723,430.

Financial Analysis of the County's Funds

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

Governmental funds

The County's general government functions are accounted for in the General, 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). 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.

Revenues for the General Fund decreased $14,147 primarily from a decrease of $10,630 in property taxes as a result of lower property valuations due to economic conditions in fiscal year 2013 with the primary property tax rate remaining unchanged.

General Fund expenditures increased $6,060 primarily due to $7,851 of increases in the Sheriff's Department (Public safety) expenditures mainly from increased personnel costs ($4,190) and an increase in motor pool rates ($2,339). The Natural Resources – Parks and Recreation department also had a $1,273 increase in expenditures as follows: additional costs for personnel, primarily for benefits; increased water and sewer, and motor pool rates; and an increase in motor vehicles. The increases in expenditures were partially offset by $4,093 less in expenditures for general government due to fiscal year 2012 including a one-time $6,776 payment to the State of Arizona for a transfer to the State General Fund.

The $14,147 decrease in revenues and $6,060 increase in expenditures is the primary basis for the $20,235 decrease in the fund balance, which ended the year at $60,532.

Capital Projects Fund

Revenues for the Capital Projects Fund decreased $7,010 mainly due to a $10,782 decrease in Intergovernmental revenues. Significant changes in Intergovernmental revenues were primarily due to a $14,413 decrease in Regional Transportation Authority (RTA) – Sales tax revenues with an offsetting increase in State revenues of $6,175. The largest decreases in RTA revenues were primarily within the following reimbursed projects: Magee Rd. Cortaro Farms Rd Mona Lisa to La Canada ($7,829), La Canada Ina Rd to Calle Concordia ($3,013), and Alvernon Way – Valencia Rd Intersection Improvements ($2,448). The increase in State revenues is primarily due to funding for the following projects: Magee Rd Cortaro Farms Rd Thornydale Rd to Mona Lisa $3,302, Town of Oro Valley Tortolia Mountain Park Expansion $1,890, and Camino de Oeste Los Reales Valencia Rd $1,323.

Expenditures (capital outlays) increased $25,364. Increases in significant capital expenditures, by project, were: the Downtown Court Complex $19,557, Pavement Preservation Program $11,601, and La Cholla Blvd to Magee Rd to Overton Rd $9,519. The largest decreases in capital projects that were either completed or nearly completed include the Communications Emergency Operations Center ($8,639), Project Pimacore ($6,626), and Raytheon Buffer Zone Acquisition ($5,995).

The face amount of long-term debt was $130,175, increasing $51,750 in 2012-13. Proceeds received in fiscal year 2012-13 were $50,000 from the issuance of general obligation bonds and $80,175 from the issuance of certificates of participation. In contrast, proceeds received in fiscal year 2011-12 were $60,000 for the issuance of general obligation bonds and $18,425 from HURF. Transfers in have decreased to $47,849 primarily due to the prior year reporting of a $22,470 transfer in from the Other Special Revenue Fund related to the construction of the new Justice Court building. The main reasons for the increase in transfers out are: an $8,521 transfer of proceeds from the General Fund certificates of participation to the Regional Wastewater Reclamation Fund and a $1,768 transfer to the Fleet Services Fund for the new Fleet Services building.

The net result of all the activities was an increase in the net position of $33,361, resulting in a fund balance at year-end of $194,730.

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 $2,711 primarily due to a $2,831 decrease in property tax revenues as a result of decreasing secondary net assessed values and taxes levied. Expenditures for the Debt Service Fund decreased $10,882 mainly from a decrease in principal payments of $10,505. This decrease is primarily due to changes in payment schedules as follows: a $7,925 decrease in general obligation bond payments and a $6,630 decrease in certificates of participation payments. Please see Note 7 beginning on page 66 for more information on bond and certificate of participation details. .

Proceeds from refunding debt were $51,280, an increase of $20,535. Fiscal year 2012-13 proceeds from refunding consisted of $38,575 for General Obligation 2013 bond proceeds and $12,705 COPS 2013 proceeds. These proceeds were used to refund part of the remaining debt of the 2004 and 2005 General Obligation bond series and part of the remaining debt of the 1999 and 2003 Certificate of Participation series.

Payments to escrow agents increased $22,410 in fiscal year 2012-13 as a result of Certificates of Participation 2013 and General Obligation 2013 refundings and issuance costs being higher than HURF 2012 and General Obligation 2012 issuing costs. Another significant factor in the total decrease from other financing sources (a $3,224 decrease) was transfers out to the Capital Projects Fund of $5,700 related to the 2013A Certificates of Participation and 2012 HURF premium adjustments.

The resulting fund balance of $25,640 reflects a $2,658 decrease from fiscal year end 2012.

Budget to Actual Comparison for the General Fund

Overall, actual revenues were more than budgeted revenues by $10,932 and actual expenditures were less than budgeted expenditures by $39,379.

Actual revenues for the General Fund were higher than budgeted primarily due to state shared sales tax being $3,550 higher than budgeted and miscellaneous revenue being $4,726 higher than budgeted. The higher amount of actual state shared sales tax reflects a recovery in consumer confidence and stronger corresponding retail activity than was anticipated last fiscal year. Actual miscellaneous revenue included unanticipated recovery funds from NCFE (National Century Financial Enterprises, Inc.) and Lehman Brothers for $1,835 and $937 for the NCFE bankruptcy.

Actual expenditures for the General Fund were less than budgeted primarily due to the County Administrator's maintenance of the unreserved contingency being $30,252 less than budgeted. (The General Contingency is the Board of Supervisors' unreserved contingency that the board uses throughout the year to respond to changing needs or unforeseen circumstances.)

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 Assets and Debt Administration

Capital Assets

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

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

Governmental and Business-type Activities
Capital Assets
As of June 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	$ 487,902	$ 467,661	$ 12,554	$ 15,409	$ 500,456	$ 483,070
Construction in progress	297,266	248,317	500,964	342,111	798,230	590,428
Buildings and improvements	460,795	422,879	204,944	212,446	665,739	635,325
Infrastructure	590,961	607,049			590,961	607,049
Sewage conveyance systems			423,280	442,803	423,280	442,803
Equipment	71,971	64,092	67,811	79,708	139,782	143,800
Total	$ 1,908,895	$ 1,809,998	$ 1,209,553	$ 1,092,477	$ 3,118,448	$ 2,902,475

The County's total capital assets increased $215,973 (7.4%). The most significant changes were: construction in progress increased $207,802 (35.2%), buildings and improvements increased $30,414 (4.8%), and sewage conveyance systems decreased $19,523 (4.4%).

Major capital asset events during the current fiscal year are described below.

Governmental activities

The current fiscal year also had several important changes to the capital assets for governmental activities. Construction in progress experienced a 19.7% ($48,949) increase over the prior year. The largest increases in construction in progress projects related to the Justice Court / Municipal Court Complex ($33,400) and the Regional Public Safety Communication System ($13,509). Buildings and improvements also had a substantial increase of 9.0% ($37,916) over the prior year. This increase was primarily due to increases in the following projects:

PECOC Building Improvements	$19,038
Superior Courts Building	$10,484
CDO Wash Linear Park: Thornydale to Magee Rd.	$ 3,844
First floor improvements Abrams Building	$ 2,436
Retrofit Downtown Central Plant Chilled Water System	$ 1,445
Demolition, Asbestos Abatement & Refireproofing Floors 1-3	$ 1,374
1680 E Benson Highway, 1505 E Apache Park Place	$ 1,120
Laguna Elementary: Sidewalks, Curbs, Landscaping	$ 1,146
PCWIN – 12 workstations	$ 1,024

Overall, governmental activities capital assets increased $98,897 (5.5%) over the prior year.

Business-type activities

Construction in progress increased $158,853 (a 46.4% increase) over the prior year primarily due to approximately $130 million spent in Regional Optimization Master Planning (ROMP) projects. The $117,076 increase in capital assets for business-type activities was partially offset by a $35,117 decrease related to the conveyance by court order of the Marana Wastewater Reclamation Facility (MWRF) to the Town of Marana. The net effect of these and other changes was a 10.7% ($117,076) increase in capital assets for business-type activities.

The County's infrastructure assets are recorded at historical cost and estimated historical cost in the government-wide financial statements. Additional information regarding the County's capital assets can be found in Note 5 of the financial statements on pages 62-64.

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, 2013 and 2012		
	2013	2012
Bonds issued (at face value):		
General Obligation	$88,575	$76,225
Street and Highway Revenue		32,945
Sewer System Revenue Obligations	128,795	189,160
Certificates of Participation (COPs)	92,880	
Total	$ 310,250	$ 298,330

During the year, $88,575 of general obligation bonds were issued consisting of $50,000 of Series 2013A and $38,575 of Series 2013B. The $50,000 of new debt issued in Series 2013A was for the purpose of funding various capital projects in the County. The $38,575 for Series 2013B was issued to refund the 2004 Series (maturities 7/1/2015 through 7/1/2019) and the 2005 Series (maturities 7/1/2017, 7/1/2018, and 7/1/2020).

In addition, the County issued $80,175 in Certificates of Participation Series 2013A and received a premium of $4,908. The County intends to use $60,000 of the proceeds for: sewer system projects reported within the Regional Wastewater Reclamation Enterprise Fund, $21,300 for the new Fleet Services building, and $3,000 for various Facilities Management department capital projects.

The County also issued $12,705 in Certificates of Participation Series 2013B for the purpose of refunding Certificates of Participation Series 1999 (maturity date 1/1/2014) and Series 2003 (maturities 1/1/2014 through 1/1/2018).

Regarding business-type activities, $128,795 of sewer system revenue obligations were issued to finance additions and improvements to the sewer conveyance systems.

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

Credit Ratings				
	Standard & Poor's		Fitch Ratings	
	Rating	Date	Rating	Date
Certificates of Participation (COPs)	A+	Apr-2013	AA-	Apr-2013
General Obligation	AA-	Apr-2013	AA	Apr-2013
Street and Highway Revenue	AA	Apr-2012	AA	Apr-2012
Sewer Revenue Bonds*	AA-	Nov-2012	AA	Nov-2012
Sewer Revenue Obligations	A+	Nov-2012	AA-	Nov-2012

* This excludes the Sewer Revenue Refunding Bonds Series 2011A which have ratings equal to the Sewer Revenue Obligations.

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 $1,225,682, 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 66-75.

Economic Factors and Next Year's Budget

As presented at the Economic Outlook 2013-14 at The University of Arizona's 32nd Annual Forecast Luncheon, various factors suggest an improving economy in Tucson and Pima County. Housing permits and home prices are gradually increasing along with retail sales and restaurant and bar sales. The labor market is also improving but at a slow pace. The following discussions identify significant activities expected to occur in fiscal year 2013-14.

<u>Primary property taxes</u>

The recession continues to impact the local economy, primarily evident by decreasing market values of existing property. The primary Net Assessed Value of the County for fiscal year 2013-14 decreased $515 million or 6.38 percent from the current year. The contraction of the property tax base is expected to continue into fiscal year 2014-15 but only with the Net Assessed Value projected to decline by half a percent.

<u>State shared revenues</u>

An indication of increased consumer confidence and a gradual recovery in the local economy is evident by positive projections of state shared sales tax revenue. Current projections indicate a $5.7 million increase in fiscal year 2013-14.

<u>University of Arizona Medical Center – South Campus</u>

The previous agreement with the Arizona Board of Regents (ABOR) on behalf of the University of Arizona College of Medicine to provide funding for the University of Arizona Medical Center – South Campus was extended. In May 2012 the Board of Supervisors approved another two year contract with ABOR with an annual funding of $15 million for fiscal years 2013-14 and 2014-15.

<u>Road Repair</u>

In fiscal year 2012-13 the County appropriated County General Fund resources for the purpose of road repair and preservation. This program will continue in fiscal year 2013-14 when a $5 million appropriation from the General Fund is budgeted to accelerate preservation and rehabilitation of 100 miles or 5.7% of paved County roads.

<u>Medical Insurance</u>

Due to employee medical insurance premiums increasing an average of 15 to 20 percent yearly over the last five years while using an independent provider, the County has moved to a self-insured medical plan run by a third party administrator, Aetna. Insurance costs for fiscal year 2013-14 are forecasted to increase by less than 7.0% from the fiscal year 2012-13 cost.

<u>Solid Waste</u>

Beginning June 1, 2013 a private contractor began providing solid waste services to the public instead of the direct service model Pima County had been using. This change is forecast to reduce costs by nearly $4 million in fiscal year 2013-14.

Stadium District

The Stadium District has taken several steps since 2008 to diversify the use of the Kino Veterans Memorial Stadium in order to increase revenues and decrease costs after the departure of spring training for the Chicago White Sox and Arizona Diamondbacks. Steps undertaken include:

- Activating the Pima County Sports and Tourism Authority in order to potentially attract new major league baseball spring training teams and additional sports activities
- Re-negotiating gem show agreements to add services and increase rental rates
- Transferring operation of Kino Community Recreation Center to the YMCA of Southern Arizona to reduce costs and expand services
- Developing staff expertise for Stadium conversion to and from baseball events to other sporting events such as football, rugby, and soccer
- Collaborating with FC Tucson Soccer to attract Major League Soccer teams for training and tournaments
- Allocating a portion of the White Sox termination payment to begin repurposing the stadium complex for such other sporting events

Through these actions and others, the District's operating revenues have exceeded budgeted revenue by $1,050 in fiscal year 2011-12 and $245 in fiscal year 2012-13. However, since revenues are still less than revenue realized during the major league spring training period, a General Fund subsidy of $1,500 which began in 2012-13 is also planned for 2013-2014.

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.

(This page is intentionally blank)

PIMA COUNTY

Basic Financial Statements

PIMA COUNTY, ARIZONA
Statement of Net Position
June 30, 2013
(in thousands)

Exhibit A - 1

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and cash equivalents	$ 506,110	$ 136,786	$ 642,896	$ 1,085
Property taxes receivable (net)	13,262		13,262	
Interest receivable	139	68	207	
Internal balances	(8,524)	8,524		
Due from other governments	50,269	8	50,277	
Accounts receivable (net)	6,038	18,164	24,202	8
Inventories	2,123	3,097	5,220	36
Prepaids	5,462	26	5,488	81
Other assets	1,018		1,018	
Restricted assets:				
Cash and cash equivalents	3,229	81,985	85,214	1,848
Loans receivable	432		432	
Capital assets not being depreciated:				
Land	487,902	12,554	500,456	
Construction in progress	297,266	500,964	798,230	
Capital assets being depreciated (net):				
Buildings and improvements	460,795	204,944	665,739	2,635
Sewage conveyance system		423,280	423,280	
Equipment	71,971	67,811	139,782	500
Infrastructure	590,961		590,961	
Total assets	2,488,453	1,458,211	3,946,664	6,193
Deferred outflows of resources				
Deferred charge on refunding	4,133		4,133	
Total deferred outflows of resources	4,133		4,133	
Liabilities				
Accounts payable	49,883	26,483	76,366	240
Interest payable	2	322	324	
Contract retentions	2,752		2,752	
Employee compensation	48,370	4,838	53,208	
Due to other governments	17	8	25	
Deposits and rebates	3,400		3,400	43
Unearned revenue	6,414	2,827	9,241	87
Noncurrent liabilities:				
Due within one year	110,779	36,979	147,758	
Due in more than one year	678,822	663,324	1,342,146	
Total liabilities	900,439	734,781	1,635,220	370
Net Position				
Net investment in capital assets	1,308,057	531,945	1,840,002	3,135
Restricted for:				
Facilities, justice, library, tax stabilization, and community development	100,423		100,423	
Highways and streets	27,033		27,033	
Debt service		29,100	29,100	
Capital projects	9,853	42,841	52,694	
Regional wastewater		17,785	17,785	
Healthcare	1,163		1,163	
Unrestricted	145,618	101,759	247,377	2,688
Total net position	$ 1,592,147	$ 723,430	$ 2,315,577	$ 5,823

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Activities
For the Year Ended June 30, 2013
(in thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 233,984	$ 28,910	$ 26,042	$ 1,215
Public safety	166,476	10,238	6,138	2,213
Highways and streets	80,087	6,511	45,750	49,342
Sanitation	6,409	3,577	1,146	
Health	36,540	12,495	8,718	985
Welfare	95,428	320	263	
Culture and recreation	65,341	2,865	652	5,175
Education and economic opportunity	49,924	1,544	27,412	368
Amortization - unallocated	(286)			
Interest on long-term debt	23,915			
Total governmental activities	757,818	66,460	116,121	59,298
Business-type activities:				
Regional Wastewater Reclamation	144,085	156,573		3,914
Development Services	7,231	6,519		
Parking Garages	1,825	2,073		
Total business-type activities	153,141	165,165		3,914
Total primary government	$ 910,959	$ 231,625	$ 116,121	$ 63,212
Component units:				
Sports & Tourism Authority	$ 25	$ 5	$ 4	
Southwestern Fair Commission	5,399	5,665	120	
Total component units	$ 5,424	$ 5,670	$ 124	

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

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year, as restated

Net position at end of year

Net (Expense) Revenue and Changes in Net Position				
Primary Government				
Governmental Activities	Business-type Activities	Total	Component Units	Functions/Programs
				Primary government:
				Governmental activities:
$ (177,817)		$ (177,817)		General government
(147,887)		(147,887)		Public safety
21,516		21,516		Highways and streets
(1,686)		(1,686)		Sanitation
(14,342)		(14,342)		Health
(94,845)		(94,845)		Welfare
(56,649)		(56,649)		Culture and recreation
(20,600)		(20,600)		Education and economic opportunity
286		286		Amortization - unallocated
(23,915)		(23,915)		Interest on long-term debt
(515,939)		(515,939)		**Total governmental activities**
				Business-type activities:
	$ 16,402	16,402		Regional Wastewater Reclamation
	(712)	(712)		Development Services
	248	248		Parking Garages
	15,938	15,938		**Total business-type activities**
(515,939)	15,938	(500,001)		**Total primary government**
				Component units:
			$ (16)	Sports & Tourism Authority
			386	Southwestern Fair Commission
			$ 370	**Total component units**
				General revenues:
273,191		273,191		Property taxes, levied for general purposes
19,050		19,050		Property taxes, levied for regional flood control district
28,114		28,114		Property taxes, levied for library district
63,153		63,153		Property taxes, levied for debt service
6,076		6,076		Hotel/motel taxes, levied for sports facility and tourism
1,524		1,524		Other taxes, levied for stadium district
97,685		97,685		Unrestricted share of state sales tax
22,043		22,043		Unrestricted share of state vehicle license tax
3,207		3,207		Grants and contributions not restricted to specific programs
7,439		7,439		Interest and penalties on delinquent taxes
2,627	1,017	3,644		Investment earnings
21,267	580	21,847	56	Miscellaneous
(7,330)	7,330			Transfers
538,046	8,927	546,973	56	Total general revenues and transfers
22,107	24,865	46,972	426	Change in net position
1,570,040	698,565	2,268,605	5,397	Net position at beginning of year, as restated
$ 1,592,147	$ 723,430	$ 2,315,577	$ 5,823	Net position at end of year

PIMA COUNTY, ARIZONA
Balance Sheet - Governmental Funds
June 30, 2013
(in thousands)

Exhibit A - 3

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 67,006	$ 221,836	$ 25,430	$ 105,550	$ 419,822
Property taxes receivable (net)	9,421		2,179	1,662	13,262
Interest receivable	33	23	35	41	132
Due from other funds	2,959	1,542		276	4,777
Due from other governments	21,973	8,098	6	20,089	50,166
Accounts receivable	1,158	2,006		2,498	5,662
Inventory	16			1,422	1,438
Prepaid expenditures	3,433			439	3,872
Loan receivable	399			33	432
Other assets				1,018	1,018
Restricted cash equivalents		3,184		45	3,229
Total assets	$ 106,398	$ 236,689	$ 27,650	$ 133,073	$ 503,810
Liabilities, deferred inflows of resources and fund balances					
Liabilities:					
Accounts payable	$ 12,538	$ 21,126	$ 17	$ 11,999	$ 45,680
Interest payable				2	2
Contract retentions		2,752			2,752
Employee compensation	12,775	23		4,491	17,289
Due to other funds	580	8,627		4,001	13,208
Due to other governments	3			14	17
Deposits and rebates	210	3,184		6	3,400
Unearned revenue	2,295	9		4,110	6,414
Total liabilities	28,401	35,721	17	24,623	88,762
Deferred inflows of resources:					
Unavailable revenue - intergovernmental	8,903	6,238		4,661	19,802
Unavailable revenue - property taxes	8,562		1,993	1,523	12,078
Unavailable revenue - other				612	612
Total deferred inflows of resources	17,465	6,238	1,993	6,796	32,492
Total liabilities and deferred inflows of resources	45,866	41,959	2,010	31,419	121,254
Fund balances					
Nonspendable	3,848			1,939	5,787
Restricted		187,855		76,570	264,425
Committed		6,958		7,746	14,704
Assigned	158		25,640	23,784	49,582
Unassigned	56,526	(83)		(8,385)	48,058
Total fund balances	60,532	194,730	25,640	101,654	382,556
Total liabilities, deferred inflows of resources and fund balances	$ 106,398	$ 236,689	$ 27,650	$ 133,073	$ 503,810

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, 2013

(in thousands)

Fund balances - total governmental funds		$ 382,556
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	$ 2,771,695	
Less accumulated depreciation	(890,568)	1,881,127
Some liabilities and their associated costs are not due and payable in the current period and therefore are not reported in the governmental funds		
Unamortized deferred outflow for bond refunding	4,133	
Bonds payable	(595,972)	
Certificates of participation payable	(134,494)	
Leases and notes payable	(903)	(727,236)
Some compensated absences are not due and payable shortly after June 30, 2013, and therefore are not reported in the governmental funds		
Employee compensation		(30,208)
Some liabilities are not due and payable shortly after June 30, 2013, and are therefore not reported in the governmental funds		
Landfill liability	(21,730)	
Pollution remediation liability	(734)	(22,464)
Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds		32,492
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position		75,880
Net position of governmental activities		$ 1,592,147

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, 2013
(in thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	$ 281,017		$ 63,317	$ 47,296	$ 391,630
Licenses and permits	2,816			5,555	8,371
Intergovernmental	131,984	$ 33,359	23	135,857	301,223
Charges for services	32,721	4,770		16,030	53,521
Fines and forfeits	4,799			5,105	9,904
Investment earnings	591	533	334	824	2,282
Miscellaneous	10,907	2,811	16	8,448	22,182
Total revenues	464,835	41,473	63,690	219,115	789,113
Expenditures:					
Current:					
General government	193,097			45,485	238,582
Public safety	131,087			21,286	152,373
Highways and streets				35,866	35,866
Sanitation				5,328	5,328
Health	3,320			32,261	35,581
Welfare	95,076			263	95,339
Culture and recreation	16,468			39,223	55,691
Education and economic opportunity	12,650			31,649	44,299
Capital outlay		174,976			174,976
Debt service - principal	159		67,885	298	68,342
- interest	1		23,903		23,904
- miscellaneous			1,654		1,654
Total expenditures	451,858	174,976	93,442	211,659	931,935
Excess (deficiency) of revenues over (under) expenditures	12,977	(133,503)	(29,752)	7,456	(142,822)
Other financing sources (uses):					
Installment note	764				764
Premium on bonds			11,959		11,959
Proceeds from refunding debt			51,280		51,280
Payments to escrow agent			(55,423)		(55,423)
Face amount of long-term debt issued		130,175			130,175
Proceeds from sale of capital assets				31	31
Transfers in	5,792	47,849	24,978	34,608	113,227
Transfers (out)	(39,768)	(11,160)	(5,700)	(65,616)	(122,244)
Total other financing sources (uses)	(33,212)	166,864	27,094	(30,977)	129,769
Net change in fund balances	(20,235)	33,361	(2,658)	(23,521)	(13,053)
Fund balances at beginning of year	80,767	161,369	28,298	124,951	395,385
Changes in nonspendable fund balance:					
Change in inventory				224	224
Fund balances at end of year	$ 60,532	$ 194,730	$ 25,640	$ 101,654	$ 382,556

See accompanying notes to financial statements

Exhibit A - 6

PIMA COUNTY, ARIZONA
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year ended June 30, 2013
(in thousands)

Net change in fund balances - total governmental funds		$ (13,053)
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	$ 145,456	
Less current year depreciation	(58,163)	87,293
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds but increases long-term liabilities in the Statement of Net 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 deferred outflows of resources, 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	(130,175)	
Premium on bonds	(11,959)	
Proceeds from refunding bonds	(51,280)	
Debt service - principal payments	68,342	
Payments to escrow agent	55,423	
Installment note	(764)	
Amortization expense	286	(70,127)
Some revenues reported in the Statement of Activities do not represent the collection of current financial resources and therefore are not reported as revenues in the governmental funds		
Donations of capital assets	6,387	
Property tax revenues	684	
Other	1,287	8,358
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	(1,070)	
Change in landfill liability	(858)	
Pollution remediation liability	71	
Net book value of capital asset disposals	(636)	
Other	224	(2,269)
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 gctivities		11,905
Change in net position of governmental activities		$ 22,107

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Net Position - Proprietary Funds
June 30 , 2013
(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	$ 128,735	$ 8,051	$ 136,786	$ 86,288
Restricted cash and cash equivalents	35,191		35,191	
Interest receivable	65	3	68	7
Due from other funds	8,597		8,597	67
Due from other governments	2	6	8	103
Accounts receivable (net)	18,013	151	18,164	376
Inventory	3,097		3,097	685
Prepaid expense	17	9	26	1,590
Total current assets	193,717	8,220	201,937	89,116
Noncurrent assets:				
Restricted cash and cash equivalents	46,794		46,794	
Capital assets:				
Land and other improvements	10,786	1,768	12,554	592
Buildings and improvements	382,320	12,927	395,247	967
Sewage conveyance system	693,048		693,048	
Equipment	105,890	1,146	107,036	43,000
Less accumulated depreciation	(489,030)	(10,266)	(499,296)	(20,089)
Construction in progress	500,964		500,964	3,298
Total capital assets (net of accumulated depreciation)	1,203,978	5,575	1,209,553	27,768
Total noncurrent assets	1,250,772	5,575	1,256,347	27,768
Total assets	1,444,489	13,795	1,458,284	116,884
Liabilities				
Current liabilities:				
Accounts payable	26,132	351	26,483	4,203
Employee compensation	4,172	666	4,838	873
Interest payable	322		322	
Due to other funds	73		73	160
Due to other governments	8		8	
Unearned revenue	2,826	1	2,827	
Current sewer revenue bonds and obligations payable	35,490		35,490	
Current portion of wastewater loans payable	1,489		1,489	
Current portion reported but unpaid losses				4,195
Current portion incurred but not reported losses				2,719
Total current liabilities	70,512	1,018	71,530	12,150
Noncurrent liabilities:				
Contracts and notes	12,645		12,645	
Sewer revenue bonds and obligations payable	630,999		630,999	
Wastewater loans payable	19,680		19,680	
Reported but unpaid losses				17,411
Incurred but not reported losses				11,443
Total noncurrent liabilities	663,324		663,324	28,854
Total liabilities	733,836	1,018	734,854	41,004
Net position				
Net investment in capital assets	526,370	5,575	531,945	27,768
Restricted for:				
Debt service	29,100		29,100	
Capital projects	42,841		42,841	
Regional wastewater reclamation	17,785		17,785	
Unrestricted	94,557	7,202	101,759	48,112
Total net position	$ 710,653	$ 12,777	$ 723,430	$ 75,880

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 8

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2013
(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	$ 145,190	$ 8,751	$ 153,941	$ 45,575
Other	387	59	446	451
Total net operating revenues	145,577	8,810	154,387	46,026
Operating expenses:				
Employee compensation	34,964	5,385	40,349	7,519
Operating supplies and services	9,298	159	9,457	9,066
Sludge and refuse disposal	1,592		1,592	
Repair and maintenance	5,397	71	5,468	2,154
Incurred losses				7,676
Insurance premiums				4,565
General and administrative	14,544	2,496	17,040	3,044
Consultants and professional services	6,093	328	6,421	1,708
Depreciation	44,718	218	44,936	3,775
Total operating expenses	116,606	8,657	125,263	39,507
Operating income (loss)	28,971	153	29,124	6,519
Nonoperating revenues (expenses):				
Intergovernmental revenues	350		350	
Investment earnings	972	45	1,017	291
Sewer connection fees	11,358		11,358	
Interest expense	(3,467)		(3,467)	
Debt issuance cost	(1,189)		(1,189)	
Gain/(loss) on disposal of capital assets	(19,596)		(19,596)	38
Claim and judgment contingency losses	(419)		(419)	
Total nonoperating revenues	(11,991)	45	(11,946)	329
Income (loss) before contributions and transfers	16,980	198	17,178	6,848
Capital contributions	3,564		3,564	165
Transfers in	8,645	1,000	9,645	2,091
Transfers (out)	(1,300)	(1,015)	(2,315)	(404)
Change in net position	27,889	183	28,072	8,700
Net position at beginning of year, as restated	682,764	12,594	695,358	67,180
Net position at end of year	$ 710,653	$ 12,777	$ 723,430	$ 75,880

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013
(in thousands)

Exhibit A - 9

	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				$ 45,628
Cash received from customers for goods and services provided	$ 142,374	$ 8,799	151,173	
Cash received from miscellaneous operations	387		387	459
Cash payments to suppliers for goods and services	(26,903)	(1,625)	(28,528)	(16,195)
Cash payments to other funds for goods and services	(10,266)	(2,025)	(12,291)	(3,448)
Cash payments for incurred losses	(3,000)		(3,000)	(7,305)
Cash payments to employees for services	(34,939)	(4,793)	(39,732)	(6,763)
Net cash provided by operating activities	67,653	356	68,009	12,376
Cash flows from noncapital financing activities:				
Cash transfers in from other funds	7,451	1,000	8,451	1,986
Cash transfers out to other funds		(1,015)	(1,015)	(404)
Loans with other funds	(8,602)	3	(8,599)	59
Intergovernmental revenues	350		350	
Net cash provided by (used for) noncapital financing activities	(801)	(12)	(813)	1,641
Cash flows from capital and related financing activities:				
Proceeds from issuance of bonds and loans	128,795		128,795	
Principal paid on bonds and loans	(30,821)		(30,821)	
Interest paid on bonds and loans	(10,333)		(10,333)	
Issuance cost of new debt	(1,189)		(1,189)	
Proceeds from premium	22,413		22,413	
Sewer connection fees	11,553		11,553	
Proceeds from sale of capital assets	16,142		16,142	410
Purchase of capital assets	(205,423)		(205,423)	(9,732)
Net cash (used for) capital and related financing activities	(68,863)		(68,863)	(9,322)
Cash flows from investing activities:				
Interest received on cash and investments	998	46	1,044	302
Net cash provided by investing activities	998	46	1,044	302
Net increase/ (decrease) in cash and cash equivalents	(1,013)	390	(623)	4,997
Cash and cash equivalents at beginning of year	211,733	7,661	219,394	81,291
Cash and cash equivalents at end of year	$ 210,720	$ 8,051	$ 218,771	$ 86,288

(continued)

PIMA COUNTY, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013
(in thousands)

Exhibit A - 9.1

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Operating income	$ 28,971	$ 153	$ 29,124	$ 6,519
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	44,718	218	44,936	3,775
Changes in assets and liabilities:				
Decrease (increase) in assets:				
Accounts receivable	(2,815)	(6)	(2,821)	52
Due from other governments	(2)	(6)	(8)	9
Inventory and other assets	209		209	350
Prepaid expense	(11)	(4)	(15)	(132)
Increase (decrease) in liabilities:				
Accounts payable	(451)	28	(423)	1,514
Due to other governments	8		8	
Reported but unpaid losses				(1,849)
Incurred but not reported losses	(3,000)		(3,000)	2,220
Other current liabilities	26	(27)	(1)	(82)
Net cash provided by operating activities	$ 67,653	$ 356	$ 68,009	$ 12,376

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2013:

Regional Wastewater Reclamation Enterprise Fund received developer-built conveyance systems with an estimated fair value of $3,564. This contribution was recorded as an increase in capital assets and capital contributions.

Regional Wastewater Reclamation Enterprise Fund retired capital assets with a net book value of $35,733.

Regional Wastewater Reclamation Enterprise Fund transferred out assets with a value of $105 to the County's Internal Service Fund.

Development Services Enterprise Fund retired fully depreciated assets with an original cost of $63.

Internal Service Funds received a transfer in of capital assets from Regional Wastewater Reclamation Enterprise Fund with a net book value of $105.

Internal Service Funds received capital contributions with a net book value of $165 from the County's general government and sold capital assets with a net book value of $372.

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2013
(in thousands)

	Investment Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	$ 206,437	$ 58,561
Interest receivable	52	
Due from other governments		1,391
Total assets	$ 206,489	$ 59,952
Liabilities		
Employee compensation		$ 1,081
Due to other governments		35,755
Deposits and rebates		23,116
Total liabilities		$ 59,952
Net position		
Held in trust for pool participants	$ 206,489	

PIMA COUNTY, ARIZONA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2013
(in thousands)

	Investment Trust Funds
Additions	
Contributions from participants	$ 2,354,917
Total contributions	2,354,917
Investment earnings	1,623
Total investment earnings	1,623
Total additions	2,356,540
Deductions	
Distributions to participants	2,447,871
Total deductions	2,447,871
Change in net position	(91,331)
Net position held in trust July 1, 2012	297,820
Net position held in trust June 30, 2013	$ 206,489

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Combining Statement of Net Position
Component Units
June 30, 2013
(in thousands)

	Sports & Tourism Authority	Southwestern Fair Commission	Total
Assets			
Cash and cash equivalents		$ 1,085	$ 1,085
Accounts receivable (net)		8	8
Inventories		36	36
Prepaids		81	81
Restricted assets:			
Cash and cash equivalents		1,848	1,848
Capital assets (net):			
Buildings and improvements		2,635	2,635
Machinery and equipment		500	500
Total assets		6,193	6,193
Liabilities			
Accounts payable	$ 7	233	240
Deposits and rebates		43	43
Unearned revenue		87	87
Total liabilities	7	363	370
Net Position			
Net investment in capital assets		3,135	3,135
Unrestricted	(7)	2,695	2,688
Total net position	$ (7)	$ 5,830	$ 5,823

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2013
(in thousands)

		Program Revenues		Net (Expense) Revenue		
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**S&TA**	**SFC**	**Total**
Sports & Tourism Authority (S&TA)						
Operations	$ 25	$ 5	$ 4	$ (16)		$ (16)
Total S&TA	25	5	4	(16)		(16)
Southwestern Fair Commission (SFC)						
Operations	5,399	5,665	120		$ 386	386
Total SFC	5,399	5,665	120		386	386
Total component units	$ 5,424	$ 5,670	$ 124	(16)	386	370
General revenues:						
Miscellaneous					56	56
Total general revenues					56	56
Change in net position				(16)	442	426
Net position at beginning of year				9	5,388	5,397
Net position at end of year				$ (7)	$ 5,830	$ 5,823

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, 2013, the County implemented the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 62 incorporates certain accounting and financial reporting guidance in FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins into GASB's authoritative literature. GASB Statement No. 65 reclassifies certain items that were previously reported as assets and liabilities as deferred inflows of resources or deferred outflows of resources.

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. Therefore, data from these units are 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 originally created to provide regional leadership and fiscal resources to ensure the presence of major league baseball in Pima County. However, in 2008 and 2010, the Chicago White Sox and the Arizona Diamondbacks Major League Baseball teams terminated their agreements with the District and moved to newer, larger facilities in Maricopa County. Since their departure, the District has taken steps to repurpose and diversify the use of the Stadium and to decrease costs and increase revenue. Pima County plans on capitalizing on professional soccer as an emerging area of potential growth in the tourism market by converting five fields at Kino Sports Complex into six soccer fields and adding a 2,000-seat grandstand. The facility also 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 recreation vehicle (RV) park tax for the District. The District is reported as a special revenue fund (blended component unit) in these financial statements. Complete financial statements for the District can be obtained from the Pima County Department of Finance and Risk Management located at 130 West Congress Street, Tucson, Arizona 85701.

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

Note 1: Summary of Significant Accounting Policies (continued)

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.

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

Related Organization:

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

B. Basis of 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 usefulness of the information.

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

Note 1: Summary of Significant Accounting Policies (continued)

intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

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

- charges 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 levied or imposed by the County, 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 generated by ancillary activities. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered to be 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 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 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 from charges for services and connection fees.

Note 1: Summary of Significant Accounting Policies (continued)

The County 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.

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 and liabilities 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. Major revenue sources of governmental funds are taxes, intergovernmental, and charges for services. The County accrues property taxes as revenue if collected within 30 days after year end. 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 and charges for services are accrued and 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 purposes of its statements of cash flows, the County considers cash on hand, demand deposits, cash on deposit with the County Treasurer, and only those highly liquid investments with a maturity period of 3 months or less when purchased to be cash equivalents.

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 at fair value.

(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

E. Inventories

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

The County accounts for its inventories in the Health Fund using the purchase method. Inventories of the Health Department consist of expendable supplies held for consumption and are recorded as expenditures at the time of purchase. Amounts on hand at year-end are shown on the balance sheet as an asset for informational purposes only and 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.

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

Inventories 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.

F. Property Tax Calendar

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

G. Capital Assets

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

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows (excluding component units):

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

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 provided by the straight-line method over the assets' estimated useful life, which range from 5 to 40 years.

H. Fund Balance Classifications

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

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

The unrestricted fund balance category is composed of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations approved by the County's Board of Supervisors, which is the highest level of decision-making authority within the County. Constraints placed on committed fund balances must be approved by the Board of Supervisors at a regular supervisory meeting. Any modifications and/or rescissions must also be approved by the board.

Assigned fund balances are 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, the County will 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.

I. Investment Earnings

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

J. Compensated Absences

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

Employees may accumulate up to 240 hours of vacation depending on years of service, but any vacation hours in excess of the maximum amount that are unused at fiscal year-end are forfeited. Upon terminating employment, all unused and unforfeited vacation benefits are paid to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide and proprietary funds' financial statements. A liability for

Note 1: Summary of Significant Accounting Policies (continued)

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 are forfeited 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. Compensated absences for the governmental funds is accrued based on vacation and sick leave paid within the first two pay periods after fiscal year-end. 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 thousands)

Note 2: Fund Balance Classifications 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:					
Non spendable:					
Inventory	$ 16			$ 1,422	$ 1,438
Prepaid expenses	3,433			439	3,872
Loan receivable	399			33	432
Permanent fund principal				45	45
Total nonspendable	3,848			1,939	5,787
Restricted for:					
Capital Projects					
Streets and highways		$ 32,480			32,480
Other		137,922			137,922
Justice Court Complex		4,677			4,677
Judicial activities				25,014	25,014
Flood Control District		12,776		8,191	20,967
Health				4,845	4,845
Law enforcement				2,207	2,207
Library District				9,761	9,761
Parks and recreation				26	26
School reserve				515	515
Social services				1,584	1,584
Streets and highways				21,577	21,577
Tire fund				1,224	1,224
Other purposes				1,626	1,626
Total restricted		187,855		76,570	264,425
Committed to:					
Judicial activities				123	123
Law enforcement				458	458
Parks and recreation		259		1,475	1,734
School reserve				315	315
Sports promotion (Stadium)				2,016	2,016
Other purposes		6,699		3,359	10,058
Total committed		6,958		7,746	14,704
Assigned to:					
Debt service reserve			$ 25,640		25,640
Health				970	970
Landfill				1,874	1,874
Law enforcement	154				154
Parks and recreation	4				4
School reserve				1,039	1,039
Other purposes				19,901	19,901
Total assigned	158		25,640	23,784	49,582
Unassigned:					
Total unassigned	56,526	(83)		(8,385)	48,058
Total Fund Balance	$ 60,532	$ 194,730	$ 25,640	$ 101,654	$ 382,556

Note 3: Cash and Investments

Primary Government

The County's cash and investment policies are governed by State statutes and by bond covenants. The County Treasurer is authorized to invest public monies in the State Treasurer's Investment Pool; interest bearing savings accounts, certificates of deposit and repurchase agreements in eligible depositories; bonds or other obligations issued or guaranteed by the United States government or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds; specified commercial paper, bonds, debentures, and notes issued by corporations organized and doing business in the United States; bonds or other evidences of indebtedness of the State of Arizona or any of its counties, cities, towns, or school districts as specified by statute; bonds of any county municipal district, municipal utility, or special taxing district of any state that are payable from revenues, earnings, or a special tax pledged for all payments on the obligations; and certain open-end and close-end mutual funds, including exchange traded funds. In addition, the County Treasurer may invest trust funds in fixed income securities of corporations doing business in the United States.

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

1. Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.
2. Corporate bonds, debentures and notes must be rated within the top three ratings by a nationally recognized rating agency, as of the date 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 collateral for demand deposits and certificates of deposit at 101 percent of all deposits not covered by federal depository insurance.

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

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

Foreign currency risk—Statutes do not allow foreign investments.

Deposits—At June 30, 2013, the carrying amount of the County's deposits was $51,125 and the bank balance was $59,560.

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, 2013, $2,704 of the County's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

(in thousands)

Note 3: Cash and Investments (continued)

Investments—At June 30, 2013, the County's investments consisted of $370,227 invested in marketable securities and $571,708 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, 2013, credit risk for the County's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
Commercial paper	A1+/P1	S&P / Moody's	$ 2,301
Corporate bonds	BBB/Baa1	S&P / Moody's	285,202
Municipal bonds	Unrated		10,715
Federal Farm Credit Bank	AA+/Aaa	S&P / Moody's	5,005
Federal Home Loan Bank	AA+/Aaa	S&P / Moody's	14,904
Money market mutual fund	AAAm/Aaa-mf	S&P / Moody's	26,642
		Marketable securities	344,769
State Treasurer Investment Pool 5	AAAf/S1+	S&P	364,864
State Treasurer Investment Pool 500	Unrated		99,979
State Treasurer Investment Pool 7	Unrated		106,865
		State Treasurer's Investment Pool	571,708
Total			$ 916,477

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 $941,935 of investments, $343,585, 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.

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, 2013 is less than 5% per issuer.

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

(in thousands)

Note 3: Cash and Investments (continued)

As of June 30, 2013, the County had the following investments:

Investment Type		Amount	Weighted Average Maturity (Years)
State Treasurer Investment Pool 5	$	364,864	0.06
State Treasurer Investment Pool 500		99,979	7.14
State Treasurer Investment Pool 7		106,865	0.05
Commercial paper		2,301	0.00
Corporate bonds		285,202	1.47
Municipal bonds		10,715	2.88
Federal Farm Credit Bank		5,005	3.19
Federal Home Loan Bank		14,904	2.48
U.S. Treasury Notes		25,458	0.82
Money market mutual fund		26,642	0.14
Total	$	941,935	

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:	$ 48	$ 51,125	$ 941,935	$ 993,108

	Governmental Activities	Business-type Activities	Investment Trust Funds	Agency Funds	Totals
Statement of Net Position:					
Cash and cash equivalents	$ 506,110	$ 136,786	$ 206,437	$ 58,561	$ 907,894
Restricted cash and cash equivalents	3,229	81,985			85,214
Total	$ 509,339	$ 218,771	$ 206,437	$ 58,561	$ 993,108

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

(in thousands)

Note 3: Cash and Investments (continued)

The Pool's assets consist of the following:

	Principal	Interest Rates	Maturities	Fair Value
Commercial paper	$ 2,300	0.14%	07/13	$ 2,301
Corporate bonds	284,812	0.45-7.13%	07/13-09/17	285,202
Municipal bonds	10,600	0.95-1.5%	07/13-07/17	10,715
Federal Farm Credit Bank	5,000	0.83%	08/16	5,005
Federal Home Loan Bank	15,000	0.5-3.13%	12/13-12/16	14,904
U.S. Treasury Notes	24,800	1.88-2.75%	10/13-07/14	25,458
State Treasurer Investment Pool 5	198,056	N/A	N/A	198,056
Deposits	27,698	N/A	N/A	27,698
Interest receivable	52	N/A	N/A	52
Total assets				$ 569,391

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	$ 469,767
External participants	99,624
Total assets	569,391
Total liabilities	
Total net position held in trust	$ 569,391
Statement of Changes in Net Position	
Total additions	$ 6,415,571
Total deductions	(6,483,565)
Net decrease	(67,994)
Net position held in trust:	
July 1, 2012	637,385
June 30, 2013	$ 569,391

(in thousands)

Note 4: Due from Other Governments

Governmental activities:

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Internal Service Funds	Total Governmental Activities
Federal government:						
Grants and contributions	$ 119		$ 6	$ 4,141	$ 1	$ 4,267
State of Arizona:						
Taxes and shared revenues	18,410	$ 2,240		5,137		25,787
Grants and contributions				8,655	2	8,657
Cities:						
Reimbursement for services	3,211	131		1,916	82	5,340
Other governments:						
Reimbursement for services	233	5,727		240	18	6,218
Total due from other governments fund based statements	$ 21,973	$ 8,098	$ 6	$ 20,089	$ 103	$ 50,269

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 467,661	$ 20,420	$ (179)	$ 487,902
Construction in progress	248,317	122,524	(73,575)	297,266
Total capital assets not being depreciated	715,978	142,944	(73,754)	785,168
Capital assets being depreciated:				
Buildings and improvements	603,725	53,905	(469)	657,161
Infrastructure	1,203,067	18,570		1,221,637
Equipment	146,995	19,999	(11,408)	155,586
Total capital assets being depreciated	1,953,787	92,474	(11,877)	2,034,384
Less accumulated depreciation for:				
Buildings and improvements	(180,846)	(15,653)	133	(196,366)
Infrastructure	(596,018)	(34,658)		(630,676)
Equipment	(82,903)	(11,627)	10,915	(83,615)
Total accumulated depreciation	(859,767)	(61,938)	11,048	(910,657)
Total capital assets being depreciated, net	1,094,020	30,536	(829)	1,123,727
Governmental activities capital assets, net	$ 1,809,998	$ 173,480	$ (74,583)	$ 1,908,895

(in thousands)

Note 5: Capital Assets (continued)

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 15,409		$ (2,855)	$ 12,554
Construction in progress	342,111	$ 193,088	(34,235)	500,964
Total capital assets not being depreciated	357,520	193,088	(37,090)	513,518
Capital assets being depreciated:				
Buildings and improvements	386,674	23,532	(14,959)	395,247
Sewage conveyance systems	702,236	11,136	(20,324)	693,048
Equipment	113,508	4,334	(10,806)	107,036
Total capital assets being depreciated	1,202,418	39,002	(46,089)	1,195,331
Less accumulated depreciation for:				
Buildings and improvements	(174,228)	(22,492)	6,417	(190,303)
Sewage conveyance systems	(259,433)	(13,537)	3,202	(269,768)
Equipment	(33,800)	(8,907)	3,482	(39,225)
Total accumulated depreciation	(467,461)	(44,936)	13,101	(499,296)
Total capital assets being depreciated, net	734,957	(5,934)	(32,988)	696,035
Business-type activities capital assets, net	$ 1,092,477	$ 187,154	$ (70,078)	$ 1,209,553

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	$ 10,195
Public safety	9,646
Highways and streets	30,482
Sanitation	416
Health	633
Welfare	99
Culture and recreation	5,887
Education and economic opportunity	805
Internal service funds	3,775
Total governmental activities depreciation expense	$ 61,938
Business-type activities:	
Parking Garages	218
Regional Wastewater Reclamation Department	44,718
Total business-type activities depreciation expense	$ 44,936

(in thousands)

Note 5: Capital Assets (continued)

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Discretely presented component units:				
Southwestern Fair Commission (SFC):				
Capital assets being depreciated:				
Buildings and improvements	$ 5,383	$ 591		$ 5,974
Equipment	2,543	22	$ (44)	2,521
Total capital assets being depreciated	7,926	613	(44)	8,495
Less accumulated depreciation for:				
Buildings and improvements	(3,077)	(262)		(3,339)
Equipment	(1,877)	(188)	44	(2,021)
Total accumulated depreciation	(4,954)	(450)	44	(5,360)
Total capital assets being depreciated, net	2,972	163		3,135
SFC capital assets, net	$ 2,972	$ 163		$ 3,135

Note 6: Claims, Judgments and Risk Management

<u>Risk Management and Claims Liability</u>

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

The Fund is liable for any single general or automobile liability claim up to $2,500, per occurrence; workers' compensation claim up to $1,000, per occurrence; or any medical malpractice claims in aggregate up to $5,000, in any policy year. The County purchases commercial insurance for claims in excess of coverage provided by the Fund and for some other risks of loss. Settled claims have not exceeded insurance coverage in any of the last three fiscal years.

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

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

(in thousands)

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

The claims liability of $35,768 reported in the Fund at June 30, 2013, is based on estimates of the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. The ultimate cost of claims includes incremental claim adjustment expenses that have been allocated to specific claims, as well as salvage and subrogation. No other claim adjustment expenses have been included.

	2013	2012
Claims liabilities - beginning	$ 35,397	$ 40,795
Current-year claims and changes in estimates	7,676	2,209
Claims payment	(7,305)	(7,607)
Claims liabilities balance - ending	$ 35,768	$ 35,397

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.

Marana Wastewater Reclamation Facility (MWRF)

The litigation over ownership of the MWRF with the Town of Marana (Town) was settled in fiscal year 2012-13. In the settlement agreement¸ the County agreed to voluntarily convey to the Town the disputed facility and the conveyance assets discharging to the facility in exchange for a $16.1 million payment sufficient to cover debt service on all outstanding debt related to the facility. The Town also agreed to sponsor legislation repealing the challenged statute upon which its claim for ownership was based. The transition of ownership of the MWRF and the conveyance assets to the Town is reported in this fiscal year with net book value of $35.1 million ($18.1 million for the MWRF and $17 million for the conveyance assets) for assets transferred to the Town, resulting in a loss of disposal of $19 million.

Pollution Remediation

The County has estimated and reported an environmental liability of $734 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, 2013.

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due within 1 year
Governmental activities:					
General obligation bonds	$ 456,145	$ 88,575	$ 88,030	$ 456,690	$ 44,785
Unamortized premium/discount	5,412	5,791	525	10,678	2,446
Total general obligation bonds	461,557	94,366	88,555	467,368	47,231
Transportation revenue bonds	138,070		12,055	126,015	12,425
Unamortized premium/discount	3,466		877	2,589	804
Total transportation revenue bonds	141,536		12,932	128,604	13,229
Certificates of participation	38,730	92,880	3,875	127,735	40,995
Unamortized premium/discount	1,042	6,168	451	6,759	1,966
Total certificates of participation	39,772	99,048	4,326	134,494	42,961
Capital leases payable:					
Jail capital lease	16,335		16,335		
Unamortized premium/discount	(500)		(500)		
Other capital leases	596		298	298	298
Total capital leases	16,431		16,133	298	298
Installment note payable		764	159	605	146
Total installment note payable		764	159	605	146
Reported but unpaid losses (Note 6)	23,455	5,456	7,305	21,606	4,195
Incurred but not reported losses (Note 6)	11,942	2,220		14,162	2,719
Landfill closure and post-closure care costs (Note 8)	20,872	858		21,730	
Pollution remediation (Note 6)	805		71	734	
Total governmental activities long-term liabilities	$ 716,370	$ 202,712	$ 129,481	$ 789,601	$ 110,779

(in thousands)

Note 7: Long-Term Liabilities (continued)

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due within 1 year
Business-type activities:					
Sewer revenue bonds	$ 169,310		$ 14,895	$ 154,415	$ 16,765
Unamortized premium/discount	1,712		613	1,099	
Total revenue bonds payable	171,022		15,508	155,514	16,765
Sewer revenue obligations	348,935	$ 128,795	13,375	464,355	18,725
Unamortized premium/discount	30,418	22,413	6,211	46,620	
Total revenue obligations payable	379,353	151,208	19,586	510,975	18,725
Regional Wastewater Reclamation					
Loans payable	23,719		2,550	21,169	1,489
Total loans payable	23,719		2,550	21,169	1,489
Contracts and notes	15,365	16,539	19,259	12,645	
Incurred but not reported losses	3,080		3,080		
Total business-type activities long-term liabilities	$ 592,539	$ 167,747	$ 59,983	$ 700,303	$ 36,979

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 charges for services 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, 2013, consisted of the outstanding general obligation bonds presented below. Of the total amounts originally authorized, $4,773 from the May 20, 1997 and $23,167 from the May 18, 2004 and $741 from the May 16, 2006 bond elections remain unissued.

(in thousands)

Note 7: Long-Term Liabilities (continued)

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2013
Series of 2004	65,000	5.00%	2014		4,215
Series of 2005	65,000	3.50 - 5.00%	2014-19	July 1, 2015	17,400
Series of 2007	95,000	3.00 - 4.50%	2014-21	July 1, 2017	56,175
Series of 2008	100,000	4.00%	2014-22	July 1, 2018	67,250
Series of 2009	75,000	3.00 - 4.13%	2014-23	July 1, 2019	36,975
Series of 2009A	90,000	3.00 - 4.00%	2014-24	July 1, 2019	68,405
Series of 2009A Refunding	23,535	3.00 - 3.50%	2014-16		4,545
Series of 2011	75,000	2.25 - 5.00%	2014-26	July 1, 2021	47,075
Series of 2012A	60,000	2.00 - 4.00%	2014-27	July 1, 2022	50,000
Series of 2012B Refunding	16,225	2.00 - 3.00%	2014-17		16,075
Series of 2013A	50,000	1.00 - 4.00%	2014-28	July 1, 2023	50,000
Series of 2013B Refunding	38,575	2.00 - 4.00%	2014-20		38,575
G.O. bonds outstanding					456,690
Plus unamortized deferred amount:					10,678
		Total G.O. bonds outstanding			$ 467,368

The following schedule details general obligation bond debt service requirements to maturity at June 30, 2013.

Year Ending June 30,	Principal	Interest
2014	$ 44,785	$ 16,694
2015	39,965	15,000
2016	40,990	13,679
2017	42,645	12,337
2018	40,270	10,932
2019 - 2023	192,295	32,289
2024 - 2028	55,740	5,451
Total	$ 456,690	$ 106,382

REFUNDED GENERAL OBLIGATION BONDS

In 2013, the County defeased $24,420 of General Obligation Bonds, Series 2004 and $14,435 of General Obligation Bonds, Series 2005 by issuing $38,575 of General Obligation Bonds that have an average life of 4.64 years and an average interest rate of 3.183%. This refunding transaction resulted in an economic gain of $1,762 and a reduction in debt service payments of $1,839. The proceeds of the new bonds were placed in an irrevocable trust to provide for future debt service payments of the refunded debt. Accordingly, the trust account assets and liability for the defeased bonds are not included in the County's financial statements. The Series 2004 Bonds and Series 2005 Bonds remain legally defeased in substance at the amount disclosed below.

(in thousands)

Note 7: Long-Term Liabilities (continued)

Issue		Principal Outstanding June 30, 2013
2004 General Obligation Refunded Bonds	$	24,420
2005 General Obligation Refunded Bonds		14,435

TRANSPORTATION BONDS PAYABLE

Governmental Activities

(Payments made from street and highway revenues)

Pima County transportation revenue bonds were issued to provide monies to construct improvements to the County's streets and highways. Of the total amount originally authorized, $89,375 from the November 4, 1997 bond election remains unissued.

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2013
Series of 2005	51,200	3.50 - 5.00%	2014-20	July 1, 2015	32,920
Series of 2007	21,000	3.25 - 4.75%	2014-22	July 1, 2017	16,355
Series of 2008	25,000	3.25 - 4.50%	2014-22	July 1, 2018	22,460
Series of 2009	15,000	3.00 - 4.00%	2014-24	July 1, 2019	14,300
Series of 2009 Refunding	8,420	3.00 - 4.00%	2014-24	July 1, 2019	7,920
Series of 2012	18,425	3.00 - 5.00%	2014-27	July 1, 2022	17,540
Series of 2012 Refunding	14,520	4.00 - 5.00%	2014-18		14,520
Transportation bonds outstanding					126,015
Plus unamortized deferred amount:					2,589
Total transportation bonds outstanding					$ 128,604

The following schedule details transportation bond debt service requirements to maturity at June 30, 2013.

Year Ending June 30,	Principal	Interest
2014	12,425	4,969
2015	12,910	4,488
2016	13,430	3,983
2017	14,050	3,372
2018	14,640	2,797
2019 - 2023	49,595	6,444
2024 - 2027	8,965	618
Total	$ 126,015	$ 26,671

(in thousands)

Note 7: Long-Term Liabilities (continued)

Pima County has pledged future highway user revenues, net of specified operating expenses, to repay $126,015 in transportation revenue bonds issued between 2005 and 2012. Proceeds from the bonds provide financing for construction of various highways and streets within Pima County. The bonds are payable from net highway user revenues and are payable through 2027. Annual principal and interest payments on the bonds are expected to require approximately 109 percent of net revenues. Total principal and interest remaining to be paid on the bonds is $152,686. Principal and interest paid for bonds in the current year and total net highway user revenues were $17,592 and $14,833, 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.

On May 22, 2013, the County 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. The 2013B Certificates have an average life of 2.62 years and an average interest rate of 4.649%. This refunding transaction resulted in an economic gain of $999 and a reduction in debt service payments of $1,037.

The following schedule details outstanding Certificates of Participation payable at June 30, 2013.

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2013
Series of 2007A	$ 28,765	4.25 - 5.00%	2014-22	July 1, 2017	$ 20,695
Series of 2010	20,000	3.50 - 5.25%	2014-19		14,160
Series of 2013A	80,175	1.50 - 5.00%	2014-23		80,175
Series of 2013B Refunding	12,705	1.50 - 5.00%	2014-18		12,705
Certificates of participation outstanding					127,735
Plus unamortized deferred amount:					6,759
Total certificates of participation outstanding					$ 134,494

(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details debt service requirements to maturity for the County's Certificates of Participation payable at June 30, 2013.

Year Ending June 30,	Principal	Interest
2014	$ 40,995	$ 4,078
2015	27,925	3,329
2016	13,655	2,671
2017	9,265	2,098
2018	9,800	1,622
2019 - 2023	26,095	3,065
Total	$ 127,735	$ 16,863

CAPITAL LEASES

Governmental Activities

The County has entered into capital leases for heavy equipment for use at its landfill sites. The outstanding balance as of June 30, 2013, for these leases totaled $298. The net book value of assets acquired through capital leases consists of $15,212 of buildings and $801 of equipment.

The following schedule details capital lease debt service requirements to maturity at June 30, 2013.

Governmental Activities:

	Equipment	
Year Ending June 30,	Principal	Interest
2014	$ 298	
	$ 298	

INSTALLMENT NOTE PAYABLE

Governmental Activities

In 2013, the County has acquired Tasers under contract agreements at a total purchase price of $764. The following schedule details debt service requirements to maturity for the County's installment note payable at June 30, 2013.

	Equipment	
Year Ending June 30,	Principal	Interest
2014	$ 146	$ 14
2015	149	12
2016	154	8
2017	156	4
	$ 605	$ 38

(in thousands)

Note 7: Long-Term Liabilities (continued)

SEWER REVENUE BONDS 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, 2013, 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, 2013
Series of 2004 Refunding	25,770	4.60 - 5.00%	2014-15	July 1, 2014	$ 7,430
Series of 2007	50,000	4.00 - 5.00%	2014-26	July 1, 2017	36,790
Series of 2008	75,000	4.00 - 5.00%	2014-23	July 1, 2018	72,130
Series of 2009	18,940	3.25 - 4.25%	2014-24	July 1, 2019	15,650
Series of 2011 Refunding	43,625	3.00 - 5.00%	2014-16		22,415
Sewer revenue bonds outstanding					154,415
Plus unamortized deferred amount:					1,099
Total sewer revenue bonds outstanding					$ 155,514

The following schedule details sewer revenue bond debt service requirements to maturity at June 30, 2013.

Year Ending June 30,	Principal	Interest
2014	$ 16,765	$ 6,661
2015	17,555	5,882
2016	15,950	5,057
2017	11,250	4,354
2018	11,810	3,886
2019 - 2023	68,595	11,516
2024 - 2026	12,490	944
Total	$ 154,415	$ 38,300

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

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 Ina Road and Roger Road Wastewater Reclamation Facilities.

(in thousands)

Note 7: Long-Term Liabilities (continued)

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2013
Series of 2010	$ 165,000	2.50 - 5.00%	2014-25	July 1, 2020	$ 165,000
Series of 2011B	189,160	4.00 - 5.00%	2014-26	July 1, 2021	174,385
Series of 2012A	128,795	1.75 - 5.00%	2014-27	July 1, 2022	124,970
Sewer revenue obligations outstanding					464,355
Plus unamortized deferred amount:					46,620
Total sewer revenue obligations outstanding					$ 510,975

The following schedule details sewer revenue obligation debt service requirements to maturity at June 30, 2013.

Year Ending June 30,	Principal	Interest
2014	$ 18,725	$ 22,230
2015	19,325	21,549
2016	20,125	20,697
2017	33,450	19,823
2018	34,935	18,336
2019 - 2023	201,835	64,526
2024 - 2027	135,960	13,895
Total	$ 464,355	$ 181,056

In prior years, the Regional Wastewater Reclamation Enterprise Fund entered into a loan agreement (2004 which was used for construction and improvement of wastewater treatment facilities). In October 2009 the County entered into an additional loan agreement for the funding of construction of wastewater treatment facilities. Interest is payable semiannually and is calculated based on the principal amount of the loan outstanding during such period.

Issue	Issue Amount	Interest Rate	Maturities	Outstanding June 30, 2013
2004 Loans payable	19,967	1.81%	2014-24	14,542
2009 Loans payable	8,002	0.96%	2014-24	6,627
Total loans payable				$ 21,169

(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details loans payable debt service requirements to maturity at June 30, 2013.

Year Ending June 30,	Principal	Interest
2014	$ 1,489	$ 622
2015	1,535	576
2016	1,581	529
2017	1,629	480
2018	1,679	430
2019 - 2023	9,194	1,337
2024	4,062	124
Total	$ 21,169	$ 4,098

Pima County has pledged future user charges, net of specified operating expenses, to repay $154,415 in sewer revenue bonds issued between 2004 and 2011, $21,169 in sewer revenue loans issued between 2004 and 2009, and $464,355 in sewer revenue obligations issued between 2010 and 2012. 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 2027. Annual principal and interest payments on the bonds and obligations are expected to require approximately 58 percent of net revenues. The annual principal and interest payments on the loans are expected to require approximately 4 percent of net revenues. Total principal and interest remaining to be paid on the bonds is $192,715. Total principal and interest remaining to be paid on the loans is $25,267. Total principal and interest remaining to be paid on the obligations is $645,411. Principal and interest paid for bonds, obligations and loans in the current year and total customer net revenues were $55,869, $3,237, and $85,240, respectively.

All sewer revenue bonds were issued and the loan agreements were executed with a first lien on the pledge of the RWR net revenues and have restrictive covenants, primarily related to minimum utility rates and limitations on future bond issues. The bond covenants also require the RWR to either maintain a surety bond guaranteeing the payment of annual debt service or to maintain in the Bond Reserve Account monies equal to the average annual debt service payment. At June 30, 2013, the RWR had a surety bond to meet the requirements of the debt covenants. The County is also authorized to issue for the RWR additional parity bonds if certain conditions are met, primarily that net revenues for the fiscal year immediately preceding issuance of the parity bonds exceed 120 percent of the maximum annual debt service requirements immediately after such issuance.

CONTRACTS AND NOTES

Business-type Activities

(Payments made from restricted assets in the RWR)

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

(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, 2013, is as follows:

Net assessed valuation		$ 8,171,212
Debt limit (15% of net assessed valuation):		1,225,682
Less amount of debt applicable to debt limit:		
General obligation bonds outstanding	$ 456,690	
Less fund balance in debt service fund available for payment of general obligation bond principal	(22,900)	433,790
Legal debt margin available		$ 791,892

Note 8: Landfill Liabilities

Solid Waste Landfill Closure and Post-Closure Care Costs:

State and Federal laws and regulations require the County to place a final cover on its solid waste landfill sites when these sites stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after their closure. Although closure and post-closure care costs will not be paid until near or after the date the landfills stop accepting waste, the County records a portion of these closure and post-closure care costs as a long-term liability in each period, based on landfill capacity used as of each balance sheet date. The $21,730 reported as landfill closure and post-closure care long-term liability within the governmental activities represents the cumulative amount reported to date, based on the percentage used of each landfill's total estimated capacity. The County will recognize the remaining estimated cost of closure and post-closure care of $5,224 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, 2013; actual costs may change due to inflation, changes in technology, or changes in regulations.

Landfill Site	Capacity Used June 30, 2013	Estimated Remaining Service Life
Ajo	72%	37 Years
Sahuarita	52%	30 Years
*Tangerine	97%	4 Years

*The Tangerine Landfill will stop accepting waste from the public in November 2013 but will remain open for limited waste disposal until its remaining capacity is fully used.

Note 8: Landfill Liabilities (continued)

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

According to State and Federal laws and regulations, the County must comply with the local government financial test requirements that ensure the County can meet the costs of landfill closure, post-closure, and corrective action when needed. The County is in compliance with these requirements. The Ina Road Landfill facility is closed to municipal solid waste and only receives green waste and construction debris. It is not subject to the closure and post-closure cost requirements referred to above. Pima County estimates that it will cost approximately $10,785 when closure occurs and plans to fund the costs with proceeds of general obligation bonds and with solid waste tipping fees. At this time, there is no closure date available.

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.

Note 9: Pension and Other Post Employment Benefits

Pension Plan Descriptions

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

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

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

The **CORP** administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium plan that covers certain state, county, and local correction officers; dispatchers; and probation, surveillance, and juvenile detention officers. The **CORP** is governed by the Board of Trustees of **PSPRS** and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

(in thousands)

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

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report is available on their web site or may be obtained by writing or calling the applicable plan.

ASRS	**PSPRS and CORP**
3300 N. Central Ave	3010 East Camelback Road
P.O. Box 33910	Suite 200
Phoenix, AZ 85067-3910	Phoenix, AZ 85016-4416
(602) 240-2000 or	(602) 255-5575
(800) 621-3778	www.psprs.com
www.azasrs.gov	

Funding Policy

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

Cost-sharing plans

For the year ended June 30, 2013, active **ASRS** members were required by statute to contribute at the actuarially determined rate of 11.14 percent (10.9 percent for retirement and 0.24 percent for long-term disability) of the members' annual covered payroll. The County was required by statute to contribute at an actuarially determined rate. For the year ended June 30, 2013 the County contributed 11.14 percent (10.25 percent for retirement, 0.65 percent for health insurance premium benefit, and 0.24 percent for long-term disability) of the members' annual covered payroll. For the year ended June 30, 2012 the County contributed 10.74 percent (9.87 percent for retirement, .63 percent for health insurance premium, and 0.24 percent for long-term disability) of the members' annual covered payroll. For the year ended June 30, 2011 the County contributed 9.85 percent (9.01 percent for retirement, 0.59 percent for health insurance premium, and 0.25 percent for long-term disability) of the members' annual covered payroll.

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

	ASRS Retirement Fund	Health Benefit Supplement Fund	Long-term Disability Fund
Year ended June 30,			
2013	$ 22,902	$ 1,452	$ 536
2012	$ 21,290	$ 1,359	$ 518
2011	$ 21,774	$ 1,426	$ 604

(in thousands)

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

Agent plans

For the year ended June 30, 2013, active **PSPRS** members were required by statute to contribute 9.55 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 29.16 percent, the aggregate of which is the actuarially required amount. As allowed by statute, the County contributed 3.65 percent of the members' required contribution, with the members contributing 5.90 percent. The health insurance premium portion of the contribution was set at 1.74 percent of covered payroll. Active **CORP** members were required by statute to contribute 8.41 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 12.08 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.17 percent of covered payroll.

Actuarial methods and assumptions

The contribution requirements for the year ended June 30, 2013 were established by the June 30, 2011 actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on 1) the plans as understood by the County and plans' members and include the types of benefits in force at the valuation date, and 2) the pattern of sharing benefit costs between the County and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for both plans and related benefits (unless noted), and the actuarial methods and assumptions used to establish the fiscal year 2013 contribution requirements, are as follows:

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

(in thousands)

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

Annual Pension and OPEB Cost

The County's pension/OPEB cost for the PSPRS and CORP agent plans for the year ended June 30, 2013, and related information follows:

	PSPRS		CORP	
	Pension	OPEB	Pension	OPEB
Annual pension/OPEB cost	$ 9,903	$ 591	$ 2,722	$ 264
Contributions made	$ 10,118	$ 376	$ 2,843	$ 143

Trend Information

Annual pension and OPEB cost information for the current and 2 preceding years follows for the PSPRS and CORP agent plans:

Plan	Year Ended June 30	Annual Pension/ OPEB Cost	Percentage of Annual Cost Contributed	Net Pension/ OPEB Obligation
PSPRS				
Pension	2013	$ 9,903	102%	
Health insurance premium benefit	2013	$ 591	64%	$ 215
Pension	2012	$ 8,445	103%	
Health insurance premium benefit	2012	$ 638	60%	$ 254
Pension	2011	$ 8,303	103%	
Health insurance premium benefit	2011	$ 624	63%	$ 232
CORP				
Pension	2013	$ 2,722	104%	
Health insurance premium benefit	2013	$ 264	54%	$ 121
Pension	2012	$ 2,076	107%	
Health insurance premium benefit	2012	$ 288	51%	$ 142
Pension	2011	$ 1,824	108%	
Health insurance premium benefit	2011	$ 282	50%	$ 140

(in thousands)

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

Funded Status

The funded status of the plans, as of the most recent valuation date June 30, 2013, along with the actuarial assumptions and methods used in those valuations follow. Additionally, the required schedule of funding progress, presented as Exhibit B-2 following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

	PSPRS		CORP	
	Pension	Health Insurance Premium Benefit	Pension	Health Insurance Premium Benefit
Actuarial accrued liability	$ 274,019	$ 7,460	$ 86,429	$ 3,195
Actuarial value of assets	$ 148,871	0	$ 52,537	0
Unfunded actuarial accrued liability (funding excess)	$ 125,148	$ 7,460	$ 33,892	$ 3,195
Funded ratio	54.3 %	0 %	60.8 %	0 %
Covered payroll	$ 30,768	$ 30,768	$ 19,665	$ 19,665
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	406.8 %	24.2 %	172.4 %	16.2 %

	PSPRS	CORP
Actuarial valuation date	June 30, 2013	June 30, 2013
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment rate of return	7.85%	7.85%
Projected salary increases	4.5% - 8.5%	4.5% -7.75%
includes inflation at	4.50%	4.50%
Amortization method	Level percent-of-pay closed	Level percent-of-pay closed
Remaining amortization period	23 Years for underfunded , 20 years for overfunded	23 Years for underfunded , 20 years for overfunded
Asset valuation method	7-year smoothed market 80%/120% market	7-year smoothed market 80%/120% market

(in thousands)

Note 10: Interfund Transactions

A. Interfund Assets/Liabilities

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

Amounts recorded as due to:

Amounts recorded as due from:	General	Capital Projects	Other Governmental	RWR	Internal Services	Total
General			$ 2,827	$ 19	$ 113	$ 2,959
Capital Projects	$ 368		1,080	48	46	1,542
Other Governmental	185		90		1	276
RWR		$ 8,597				8,597
Internal Services	27	30	4	6		67
Total	$ 580	$ 8,627	$ 4,001	$ 73	$ 160	$ 13,441

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	RWR	Other Enterprise	Internal Services	Total
General				$ 5,792				$ 5,792
Capital Projects	$ 3,171		$ 5,700	37,240	$ 447	$ 1,000	$ 291	47,849
Debt Service	7,692	$ 68		16,624	503	15	76	24,978
Other Governmental	27,905	585		5,836	245		37	34,608
RWR		8,521		124				8,645
Other Enterprise	1,000							1,000
Internal Service		1,986			105			2,091
Total	$ 39,768	$ 11,160	$ 5,700	$ 65,616	$ 1,300	$ 1,015	$ 404	$ 124,963

Note 11: Construction and Other Significant Commitments

At June 30, 2013, Pima County had the following major contractual commitments related to Facilities Management, General Government, Natural Resources, Parks and Recreation, Regional Flood Control, Regional Wastewater Reclamation and Transportation.

Facilities Management
At June 30, 2013, the Pima County Facilities Management Department had construction contractual commitments of $28,081 and other contractual commitments related to service contracts of $10,759. Funding for these expenditures will be provided from general fund revenues and general obligation bonds.

General Government
At June 30, 2013, Pima County had contractual commitments related to service contracts for Public Works Administration of $2,883 and construction contractual commitments of $5,237. Institutional Health had contractual commitments related to service contracts of $36,562. Procurement had construction contractual commitments of $20,516 and other contractual commitments related to service contracts of $3,795. Sheriff Department had contractual commitments related to construction contracts of $144 and other related contractual commitments related to service contracts of $6,334. Funding for these expenditures will be provided from general fund revenues and general obligation bonds.

Natural Resources, Parks and Recreation
At June 30, 2013, Pima County had contractual commitments related to service contracts for Natural Resources, Parks and Recreation of $15,688. Funding for these expenditures will be provided from general fund revenues.

Regional Flood Control
At June 30, 2013, the Regional Flood Control fund had construction contractual commitments of $430 and other contractual commitments related to service contracts of $7,975. Funding for these expenditures will be primarily from Flood Control secondary tax levy revenues.

Regional Wastewater Reclamation
At June 30, 2013, the Regional Wastewater Reclamation Enterprise fund had construction contractual commitments of $29,135 and other contractual commitments related to service contracts of $28,678. Funding for these expenses will be primarily from Sewer Revenue Bonds and sewer user fees.

Transportation
At June 30, 2013, the Pima County Transportation Department had construction contractual commitments of $30,355 and other contractual commitments related to service contracts of $17,048. Funding for these expenditures will be primarily provided from Transportation Revenue Bonds and Highway User Tax Revenue, the primary source of revenue for the Transportation Department.

Note 12: Net Position Beginning Balance Restated

The beginning net position balance for the Regional Wastewater Reclamation Enterprise Fund and the Business-type Activities was restated due to the implementation of GASB No.65 requiring debt issuance costs, except any portion related to prepaid insurance costs, to be recognized as an expense in the period incurred. The following summarizes the restatement of net position.

(in thousands)

Note 12: Net Position Beginning Balance Restated (continued)

	Regional Wastewater Reclamation	Business-type activities
Net position - June 30, 2012, as previously reported	$ 687,897	$ 703,698
Adjustment	(5,133)	(5,133)
Net position - June 30, 2012, as restated	$ 682,764	$ 698,565

Due to the implementation of GASB No. 65, the County will expense $2,188 of prior year unamortized issuance costs in the government – wide Statement of Activities. This amount is immaterial to the financial statements and restatement of net position was not necessary.

Note 13: Deficit Fund Balances

The Stadium District and Other Grants – Special Revenue Fund had deficit fund balances at June 30, 2013 of $618 and $34 respectively. The deficits can be eliminated in the future through normal operations.

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.

$10,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2014

BOND PURCHASE AGREEMENT

January 16, 2014

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 Bonds, Series 2014 (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, the optional redemption provisions and the interest rates per annum and resulting yields for the Bonds are set forth in the Schedule hereto. The Bonds shall be as described in, and shall be issued under and pursuant to the provisions of, the resolution adopted by the Board of Supervisors of the Issuer (the "*Board*") at a meeting duly called, noticed and held on December 3, 2013 (the "*Bond Resolution*").

The purchase price of the Bonds shall be $10,317,139.35,_ which represents an aggregate principal amount of the Bonds of $10,000,000, plus net original issue premium of $409,639.35, less an underwriting discount of $92,500.00.

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

3. *The Official Statement*.

(a) The Preliminary Official Statement, dated January 3, 2014 (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 3, 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 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*") hereof and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Agreement, such Bond Registrar and Paying Agent Agreement and the Undertaking 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;

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

(g) There is no 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, 2013, 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 to the Arizona Department of Revenue the information required with respect to previous issuances of bonds, securities and lease-purchase agreements of the Issuer pursuant to Section 35-501(B), Arizona Revised Statutes, and will file the information relating to the Bonds required to be submitted to the Arizona Department of Revenue pursuant thereto within 60 days of the Closing Date; and

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

5. *Closing*.

(a) Before 10:00 a.m., Arizona time, on January 30, 2014 (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 front cover page of, under the captions "THE BONDS," "TAX MATTERS" and "CONTINUING SECONDARY MARKET DISCLOSURE" (except for statements relating to compliance by the Issuer with prior undertakings as to which we express no view) in, and in APPENDIX C - FORM OF OPINION OF BOND COUNSEL and in APPENDIX D - FORM OF CONTINUING DISCLOSURE UNDERTAKING to, in each case, the Official Statement insofar as such statements describe certain provisions of federal and state law, the Bonds, the Bond Resolution, the Continuing Disclosure Undertaking and our approving legal opinion as bond counsel, is accurate and fairly presents the information purported to be shown;

(6) An opinion of Counsel to the Underwriter, dated the Closing Date, addressed to the Underwriter, 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 need not be qualified under the Trust Indenture Act; and

(ii) based upon their participation in the preparation of the Official Statement as such Counsel 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, 2013, 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, 2013, 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) The filing copy of the Information Return Form 8038-G (IRS) for the Bonds;

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

(14) Specimen Bonds; and

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

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

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Agreement, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriter nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriter set forth in Sections 4 and 8(c) hereof shall continue in full force and effect.

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

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

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

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

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

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

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

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

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

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

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

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

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

8. *Expenses*.

(a) The Underwriter shall be under no obligation to pay, and the Issuer shall pay, 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 the bond registrar, transfer and paying agent and any engineers, accountants, and other experts, consultants or advisers retained by the Issuer, if any; and (iv) 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) the cost of preparation and printing of this Agreement; (ii) all advertising expenses in connection with the public offering of the Bonds and (iii) all other expenses incurred by 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 any of the Underwriter; (ii) delivery of and payment for the Bonds pursuant to this Agreement and (iii) any termination of this Agreement.

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

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

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

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

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

16. *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.

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 .4:00.p.m., MST, this .16th day of January 2014

PIMA COUNTY, ARIZONA

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

SCHEDULE

$10,000,000 PRINCIPAL AMOUNT
GENERAL OBLIGATION BONDS
SERIES 2014
DATED DATE: CLOSING DATE

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield
2015	$1,000,000	2.000%	0.330%
2016	525,000	1.000	0.530
2016	475,000	2.000	0.530
2018	610,000	1.500	1.110
2019	620,000	1.500	1.500
2020	630,000	5.000	2.000
2021	660,000	5.000	2.380
2022	695,000	5.000	2.760
2023	725,000	5.000	2.990
2024	765,000	3.000	3.220
2025	785,000	3.000	3.310
2026	810,000	3.125	3.420
2027	835,000	3.250	3.530
2028	865,000	3.375	3.640

First Interest Payment Date is: July 1, 2014

Redemption

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

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

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

$10,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2014

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

The $10,000,000 principal amount of General Obligation Bonds, Series 2014 (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 (each an "Interest Payment Date"), commencing July 1, 2014 and principal of the Bonds will be payable annually in accordance with the schedule set forth below. So long as the Bonds are registered in the name of DTC, or its nominee, payments of the principal of and interest on the Bonds will be made directly by the paying agent, initially U.S. Bank National Association, to DTC which, in turn, is obligated to remit such payments to its participants for subsequent distribution to beneficial owners of the Bonds. See Appendix F – "Book-Entry-Only System."

The Bonds will be subject to redemption prior to their stated maturities on or after July 1, 2023 as provided under "THE BONDS – Redemption Provisions" herein.

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

Upon their issuance, the Bonds will be direct and general obligations of the County, payable as to principal and interest from ad valorem taxes to be levied against all taxable property within the County without limitation as to rate or amount to pay the principal of and interest on the Bonds.

Maturity Schedule

Due July 1	Principal Amount	Interest Rate	Yield	CUSIP (a) (721663)	Due July 1	Principal Amount	Interest Rate	Yield	CUSIP (a) (721663)
2015	$1,000,000	2.000%	0.330%	XX5	2022	$695,000	5.000%	2.760%	YD8
2016	525,000	1.000	0.530	XY3	2023	725,000	5.000	2.990	YE6
2016	475,000	2.000	0.530	YL0	2024	765,000	3.000	3.220	YF3
					2025	785,000	3.000	3.310	YG1
2018	610,000	1.500	1.110	XZ0	2026	810,000	3.125	3.420	YH9
2019	620,000	1.500	1.500	YA4	2027	835,000	3.250	3.530	YJ5
2020	630,000	5.000	2.000	YB2	2028	865,000	3.375	3.640	YK2
2021	660,000	5.000	2.380	YC0					

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

The Bonds are offered when, as and if issued by the County and received by the underwriter identified below (the "Underwriter") subject to the approving opinion of Squire Sanders (US) LLP, Bond Counsel, as to validity and tax exemption. Certain legal matters will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about January 30, 2014.

RBC CAPITAL MARKETS

January 16, 2014

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
Finance and Risk Management Director

BOND COUNSEL

Squire Sanders (US) LLP
Phoenix, Arizona

BOND REGISTRAR AND PAYING AGENT

U.S. Bank National Association
Phoenix, Arizona

This Official Statement, which includes the cover page and the appendices hereto, does not constitute an offering of any security other than the original offering of the Bonds identified on the 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.

TABLE OF CONTENTS

$10,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2014

INTRODUCTORY STATEMENT

The purpose of this Official Statement, which includes the cover page and the appendices hereto, is to provide information in connection with the sale and issuance of the $10,000,000 principal amount of General Obligation Bonds, Series 2014 (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 3, 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 December 3, 2013. The Bonds are being issued for the purpose of (i) funding various capital projects in the County and (ii) paying costs related to the issuance of the Bonds. See "SOURCES AND USES OF FUNDS" herein.

The Bonds offered herein represent a portion of the aggregate principal amount authorized to be issued by the voters of the County at elections held on May 20, 1997, May 18, 2004 and May 16, 2006. After the issuance of the Bonds, the County will have $18,681,000 principal amount of authorized but unissued general obligation bonds. General obligation bonds of the County are outstanding currently, and additional general obligation bonds may be authorized at future elections.

General Description

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

The Bonds will be dated the date of initial delivery thereof and will be available in amounts of $5,000 of principal due on a maturity date or any integral multiple thereof. The Bonds will bear interest from their dated date, payable semiannually on January 1 and July 1 (each an "Interest Payment Date"), commencing July 1, 2014. Interest on the Bonds will be paid by the bond registrar and paying agent, initially U.S. Bank National Association, or its successors (the "Bond Registrar and Paying Agent"), to the owners thereof (initially Cede & Co., as nominee 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 or amount to pay the principal of and interest on the Bonds. General obligation bonds 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.

Redemption Provisions

The Bonds maturing on or before July 1, 2023 will not be subject to call for redemption prior to their respective maturity dates. The Bonds maturing on or after July 1, 2024 will be subject to call for redemption on any date on or after July 1, 2023 at the election of the County, in whole or in part from maturities selected by the County and within any maturity by lot, by the payment of a redemption price equal to the principal amount of each Bond called for redemption plus accrued interest to the date fixed for redemption, without premium.

Notice of Redemption

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

If moneys for the payment of the redemption price and accrued interest are not held in separate accounts by the County or the Bond Registrar and 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.

SOURCES AND USES OF FUNDS

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

Sources of Funds:	
Proceeds of Bonds	$10,000,000.00
Net Original Issue Premium	409,639.35
Total Sources	$10,409,639.35
Uses of Funds:	
County Capital Project Expenditures	$9,963,310.00
Payment of Issuance Expenses (Including Underwriter's Discount)	168,790.00
Deposit to Interest Account (a)	277,539.35
Total Uses	$10,409,639.35

(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 Sanders (US) LLP ("Bond Counsel"). The signed legal opinion of Bond Counsel, dated and premised on the law in effect as of the date of the Bonds, will be delivered to the Underwriter (as defined herein) at the time of original delivery of the Bonds.

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

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

TAX MATTERS

General

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

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

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

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

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

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

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

Prospective purchasers of the Bonds upon their original issuance at prices other than the respective prices indicated on the 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.

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

Original Issue Discount and Original Issue Premium

Certain of the Bonds ("Discount Bonds") as indicated on the cover page of this Official Statement were offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. The amount of OID that accrues each year to a corporate owner of a Discount Bond is taken into account in computing the corporation's liability for federal alternative minimum tax. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the 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 cover page of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the cover 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

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

The County has been named as a defendant in several lawsuits for which 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.

UNDERWRITING

RBC Capital Markets, LLC (the "Underwriter") has agreed to purchase the Bonds, subject to certain conditions, at a purchase price of $10,317,139.35. If the Bonds are sold to produce the yields shown on the cover page hereof, the Underwriter's compensation will be $92,500.00. The Underwriter will be obligated to accept delivery and pay for all of the Bonds if any are delivered. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at yields higher than the public offering yields reflected on the cover page hereof. The initial public offering yields may be changed from time to time by the Underwriter.

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.

CONTINUING SECONDARY MARKET DISCLOSURE

The County has covenanted for the benefit of certain holders of the Bonds to provide certain financial information and operating data relating to the County by no later than February 1 in each year commencing February 1, 2015 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notices of Listed Events"). The Annual Reports, the Notices of Listed Events and any other document or information required to be filed as set forth in Appendix D – "Form of Continuing Disclosure Undertaking" will be filed by the County with the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's Electronic Municipal Market Access system as described in such Form. The specific nature of the information to be contained in the Annual Reports and the Notices of Listed Events is set forth in such Form.

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

before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

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

FINANCIAL STATEMENTS

Included as Appendix E of this Official Statement are excerpts of the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. The County has not requested or obtained the consent of the Office of the Arizona Auditor General to include such excerpts in the Official Statement and the Office of the Arizona Auditor General has performed no procedures subsequent to rendering their opinion on such Comprehensive Annual Financial Report.

CONCLUDING STATEMENT

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

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

By: /s/ *Sharon Bronson*
Chair, Board of Supervisors

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

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

APPENDIX A

PIMA COUNTY, ARIZONA
General Economic and Demographic Information

General Information

Pima County, Arizona (the "County") is located in the southern portion of the State of Arizona ("Arizona" or the "State"), with a section of its southern boundary bordering Mexico. The boundaries of the County encompass an area of approximately 9,184 square miles. Organized in 1864 by the Arizona Territorial Legislature as one of the State's four original counties, the County is today the second most populous county in Arizona with an estimated 2012 population of 990,380. Approximately 53% of the County's population resides in the City of Tucson, Arizona ("Tucson"), the County seat of government and southern Arizona's largest city.

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

	Pima County	City of Tucson	State of Arizona
2012 Estimate (a)	990,380	523,471	6,498,569
2010 Census	980,263	520,116	6,392,017
2000 Census	843,746	486,699	5,130,632
1990 Census	666,880	405,390	3,665,228
1980 Census	531,443	330,537	2,716,546
1970 Census	351,667	262,933	1,775,399

(a) Population estimates as of July 1, 2012 (released December 2012) provided by the Office of Employment and Population Statistics, Arizona Department of Administration.

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

Organization

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

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

Mr. Thomas Burke was appointed Finance and Risk Management Director in January 2005 and had served as Deputy Director of Finance from May 2004. Prior to his move to Finance, Mr. Burke served as Deputy Director of Pima County's Department of Natural Resources, Parks and Recreation from 2003 to 2004. From 2000 to 2003, he was a Deputy County Attorney representing various Pima County departments including the County Assessor, County Treasurer and Public Works departments. From 1989 to 1998, Mr. Burke served as the Manager of Pima County's Real Property Services and from 1994 to 1998 also served as the County's Superintendent of Streets overseeing special taxing districts. During 1998 to 2000, he was a partner in an Arizona law firm representing local governments. Prior to his work with 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.

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 362,300 persons were employed, on average (not including the agricultural industry), in the County from January through October 2013. The following table presents the County's average annual total employment by industry for the periods indicated. During the recent recession, employment decreased in the County from 2008 through 2010. Since that time, 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 2008-2013

Industry	2008	2009	2010	2011	2012	2013 (a)
Goods Producing						
Mining and Construction	24,700	18,300	16,800	16,400	16,400	16,700
Manufacturing	27,200	25,100	24,000	23,400	23,300	23,200
Service Providing						
Trade, Transportation and Utilities	62,700	58,200	56,600	57,700	57,700	57,800
Information	5,300	4,700	4,300	4,200	4,300	4,000
Financial Activities	17,200	17,500	17,600	18,800	18,900	19,400
Professional and Business Services	51,400	47,100	45,700	46,700	48,200	47,900
Education and Health Services	57,100	58,500	58,300	59,800	61,000	61,400
Leisure and Hospitality	40,400	38,700	38,100	39,100	40,400	42,000
Other Services	15,700	14,700	14,300	12,500	12,700	12,300
Government	79,800	79,100	78,200	76,800	78,000	77,600
Total Wage & Salary Employment	381,500	361,900	353,900	355,400	360,900	362,300

(a) Data through October 2013.

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

The average unemployment rate for the County from January through October 2013 was 7.0%. The average annual unemployment rates for 2012 and 2011 were 7.3% and 8.3%, 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		Unemployment Rate		
Calendar Year	**Average Employment**	**Average Unemployment**	**Pima County**	**Arizona**	**U.S.**
2013 (b)	422,740	31,965	7.0%	8.1%	7.5%
2012	429,167	33,581	7.3%	8.3%	8.1%
2011	429,060	39,072	8.3%	9.4%	8.9%
2010	434,663	45,010	9.4%	10.4%	9.6%
2009	442,232	43,510	9.0%	9.8%	9.3%
2008	446,599	26,745	5.7%	6.0%	5.8%

(a) Data shown in table is not seasonally adjusted.
(b) Data through October 2013.

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 2013.

TABLE 4
Southern Arizona
Major Employers

Company	Type of Business	Approximate Number of Full-Time Equivalents
University of Arizona	Higher Education	10,846
Raytheon Missile Systems	Military and Defense	10,300
Davis-Monthan Air Force Base	Military and Defense	9,100
State of Arizona	Government	8,807
Wal-Mart Stores Inc.	Retailers	7,450
Tucson Unified School District	Education	6,790
U.S. Customs & Border Protection/U.S. Border Patrol	Government	6,500
The University of Arizona Health Network	Health Care	6,099
Pima County	Government	6,076
Freeport-McMoRan Copper & Gold Inc.	Mining and Agriculture	5,463
U.S. Army Intelligence Center and Fort Huachuca	Military and Defense	5,096
City of Tucson	Government	4,585
Tohono O'odham Nation	Government	4,350
Carondelet Health Network	Health Care	3,668
TMC HealthCare	Health Care	2,977
Fry's Food Stores	Restaurants and Food Distribution	2,700
Pima Community College	Higher Education	2,384
Corrections Corp. of America (CCA)	Other	2,314
Asarco LLC	Mining and Agriculture	2,297
Afni Inc.	Call Centers, Business Services and Staffing	2,199

Source: *The Star 200*, The Arizona Daily Star (April 2013).

Non-Governmental Employment

From 2008 through 2010, average employment figures across all categories with the exception of financial activities and education and health services showed declines in employment. During that time, average non-governmental employment in the County fell by approximately 26,000 jobs, or approximately 8.6%. From 2011 through October 2013, employment figures for all categories showed signs of either growth or stabilization, with overall employment up 2.4%, in comparison to the 2010 figures.

The average annual employment in service-providing categories from January through October 2013 was 244,800. 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 approximately 77,600 from January through October 2013. The State and Davis-Monthan Air Force Base are significant contributors to government employment in the County. (See "Southern Arizona - Major Employers" listed in TABLE 4.) Davis-Monthan Air Force Base is a major training ground for active duty members on the A-10 "Warthog" aircraft. The facility is also responsible for the education of tactical missile crews. Its storage capacity of 2,500 aircraft is the largest in the world. In the past, Davis-Monthan Air Force Base reportedly has been included on lists of installations considered for closure or realignment by the Defense Base Closure and Realignment Commission. There can be no assurances that Davis-Monthan Air Force Base will not be included on similar lists in the future. Any such closure or realignment would most likely be subject to review and approval by, among others, the Department of Defense and the President of the United States and would have a negative but unquantifiable effect on the County.

The average annual employment in the government sector within the County from January through October 2013 was 77,600, representing 21.4% of the County's total wage and salary employment base. Government employment in the County decreased in 2010 and 2011, but has shown signs of stabilization in recent years.

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, and Universal Avionics Systems Corp., which builds and installs advanced instrumentation, communication and navigation systems for civil aircraft. Texas Instruments manufactures electronic circuitry and data storage devices. Ventana Medical Systems provides computerized medical laboratory equipment.

Average annual employment in the manufacturing sector within the County from January through October 2013 was 23,200, representing 6.4% of the County's total wage and salary employment base. Manufacturing employment in the County has decreased each year since 2008, but has shown signs of stabilization in recent years. Since 2008, average manufacturing employment has fallen by approximately 4,000 jobs, or approximately 14.7%.

The following table presents the major manufacturers in the County and Tucson metropolitan area as of April 2013:

TABLE 5
Southern Arizona
Major Manufacturers

Company	Type of Business	Approximate 2013 Employment
IBM Corp.*	Manufacturing & Research	1,375
Ventana Medical Systems Inc.	Manufacturing & Research	1,150
Bombardier Aerospace	Aerospace & Aircraft	776
B/E Aerospace Inc.	Aerospace & Aircraft	680
Honeywell Aerospace*	Aerospace & Aircraft	650
Texas Instruments Inc.	Manufacturing & Research	370
Sargent Aerospace & Defense	Aerospace & Aircraft	313
FLSmidth Krebs	Manufacturing & Research	306
Marana Aerospace Solutions, Inc.	Aerospace & Aircraft	295
Universal Avionics Systems Corp.	Aerospace & Aircraft	271

* Estimated

Source: *The Star 200*, The Arizona Daily Star (April 2013).

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

Tourism

Tourism is an important economic mainstay in the County and the Tucson area. The County's climate, historical and cultural sites, location and proximity to vacation areas in California, Mexico, and other Southwest destinations attract vacationers, conventioneers and other visitors. The Metropolitan Tucson Convention and Visitors Bureau estimated that 327 convention bookings with 171,702 convention delegates visited the Tucson area in fiscal year 2012-13, the most recent data available (representing convention sales and sporting events). In the Tucson area, the Bureau estimated that there were approximately 169 hotels and resorts with 16,851 rooms. Points of interest, recreational sites and sight-seeing attractions include the Arizona-Sonora Desert Museum, Kitt Peak National Observatory, Pima Air and Space Museum, Titan Missile Museum, Saguaro National Park, Mission San Xavier del Bac, Mount Lemmon, Sabino Canyon, Biosphere 2, and numerous resorts and golf courses.

According to the Arizona Hospitality Research & Resource Center, tourists in the County spent $1.37 billion in calendar year 2011, a slight increase from tourism-related expenditures in calendar year 2010. In calendar year 2012, tourists in the County spent approximately $1.44 billion, an increase of 5.33% from the prior year.

The figures in the following table include the estimated tourist portion of amusement, bar and restaurant, hotel and motel, and retail gross sales. Shown below are tourist dollars expended in the County and State economies for 2008 through September 2013.

TABLE 6
Total Tourist Expenditures
($ in millions)

Year	Pima County	State of Arizona
2013 (a)	$1,100	$ 7,789
2012	1,443	10,017
2011	1,370	9,549
2010	1,296	8,844
2009	1,304	8,795
2008	1,414	9,871

(a) Data through September 2013.

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

Education

The University of Arizona (the "University") provides approximately 10,846 jobs to the area and is an important link to the economic growth of the County. Its presence as a research university has assisted in attracting new business enterprises over the years. The academic organization of the University is comprised of twelve undergraduate colleges, four graduate and professional colleges and a number of interdisciplinary programs. Enrollment figures for the fall semester of 2012 were estimated at 40,223 undergraduate and graduate full-time students. This enrollment includes students in continuing education programs, interns and residents, post-doctoral programs and on-campus non-credit students.

Pima County Community College offers two-year programs in vocational and technical education. Total student enrollment for Pima County Community College for 2012-13 was 61,885 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, Bashas' Inc., Safeway Inc., Target Corp., Walgreen Co., Circle K Stores 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% (not including a temporary 1.0% tax). In addition, cities and towns within the County generally levy a 2% to 4% sales tax. The County Regional Transportation Authority levies a county-wide 0.5% sales tax.

The following table sets forth retail sales figures in the County for the periods indicated. After many years of continued growth, retail sales in the County decreased by 7.14% in calendar year 2008 and by an additional 9.86% in calendar year 2009. While continuing to decrease in calendar year 2010, the rate of decline slowed to 2.20%. In calendar year 2011, retail sales in the County returned to positive growth, increasing by 7.80% from the prior year, and continued to grow in 2012 by an additional 5.60%, as indicated by the following table.

TABLE 7
Pima County Retail Sales (a)

Year	Amount	% Change
2013 (b)	$6,384,157,858	N/A
2012	7,290,710,677	5.60%
2011	6,904,863,298	7.80%
2010	6,402,891,553	(2.20%)
2009	6,547,084,057	(9.86%)
2008	7,263,583,414	(7.14%)

(a) Excludes food and gasoline sales.
(b) Data through October 2013.

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, 2013, there were 19 institutions with 191 offices in the County, with a deposit balance of approximately $12.762 billion.

TABLE 8
Pima County
Bank Deposits

June 30	Amount
2013	$12,762,000,000
2012	12,152,000,000
2011	11,973,000,000
2010	11,892,000,000
2009	11,502,000,000

Source: Federal Deposit Insurance Corporation.

Mining

According to the Arizona Mining Association, Arizona leads the nation in copper production, accounting for approximately 63% of the total U.S. mine production. However, the cyclical nature of this industry has caused consolidation of its resources to improve production. In the early 1980's, the Arizona copper industry's direct economic impact on the Arizona economy regularly exceeded $1.0 billion, peaking in 1981 at approximately $1.612 billion when the industry employed roughly 25,000 persons. Since that time, employment in this sector has significantly decreased, with employment in the mining industry within the County being approximately 2,100 in 2012 and 2013.

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.

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

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 2012-13 fiscal year was $516,422,727. The County's expenditures for the 2012-13 fiscal year did not exceed the limit. The County's 2013-14 fiscal year expenditure limitation is $527,442,812, and the County anticipates that its expenditures for such year will not exceed the limit.

Ad Valorem Taxes

At the general election held November 6, 2012, the voters of the State ratified Senate Concurrent Resolution 1025, which amends a provision of the Arizona Constitution relating to the State's property tax system. Beginning in tax year 2015 (for operations beginning in the County's fiscal year 2015-16), and for tax years thereafter, the constitutional amendment will limit the value of real property and improvements, including mobile homes, used for all ad valorem tax purposes (both primary and secondary tax purposes) to the lesser of the full cash value of the property or an amount five percent greater than the taxable value of property determined for the prior year. The foregoing limitation does not apply to (1) equalization orders that the Arizona Legislature exempts from such limitation; (2) property used in the business of patented or unpatented producing mines, mills and smelters; (3) producing oil, gas and geothermal interests; (4) real property and improvements used for operation of telephone, telegraph, gas, water and electric utilities; (5) aircraft that is regularly scheduled and operated by an aircraft company; (6) standing timber; (7) pipelines; and (8) personal property, except mobile homes. Statutory amendments to implement this Constitutional amendment were enacted in the 2013 legislative session.

The information which follows under the heading "Ad Valorem Taxes" summarizes the assessment, levy and collection process as it currently exists.

General

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

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

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

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

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

Tax Procedures

The tax year in Arizona is defined as the calendar year, although tax procedures begin prior to January 1 of each tax year and continue through May of the succeeding calendar year. The first step in the tax process, for taxing entities other than certain special districts, is the determination of the full cash value of each individually-owned parcel of land within the State. Property valuations are established on most property by the individual county assessors, with the State Department of Revenue determining the valuation of centrally assessed properties such as gas, water and electrical utilities, railroads, mines and pipelines. The appropriate property classification assessment ratio is then applied to the full cash value to determine the assessed valuation for such parcel. The assessment ratios utilized over the five-year period 2009 through 2013 for each class of property are set forth below.

Property Tax Assessment Ratios
2009 through 2013

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

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

(b) For each of the tax years 2011, 2012 and 2013, full cash values up to $67,268, $68,079 and $133,868, respectively, on commercial, industrial and agricultural personal property are exempt from taxation. This exemption is indexed annually for inflation. Any portion of the full cash value in excess of that amount will be assessed at the applicable rate. Effective January 1, 2011, the assessment ratio for mining, utilities, commercial and industrial property was reduced by one percentage point annually, resulting in an assessment ratio of 20% thereafter. The assessment ratio for mining, utilities, commercial and industrial property will be reduced to 19.0% for tax year 2014 and further reduced one-half of one percent for each year 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 assessed valuation of all mining, utility, commercial, industrial, and military reuse zone properties, agricultural personal property and certain leasehold personal property to (ii) the total full cash (market) value of such properties.

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

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

Delinquent Tax Procedures

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

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

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

Property Valuations

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

Valuations for 2013-14 Fiscal Year

Estimated Actual Valuation (a)	$63,198,953,329
Net Secondary Assessed Valuation	7,623,691,280
Net Primary Assessed Valuation	7,559,129,097

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

Source: *2013 Property Tax Rates and Assessed Values*, Arizona Tax Research Association; *2013 Abstract of the Assessment Roll*, Arizona Department of Revenue.

Net Secondary Assessed Valuation Comparisons and Trends

The information set forth below is shown to indicate the ratio between assessed values and estimated actual values for the County, as well as changes in the secondary assessed valuations of the County and overlapping municipal units on a comparative basis. The basis of property assessment for these years is shown under "Ad Valorem Taxes – Tax Procedures."

Net Secondary Assessed Value and Estimated Actual Cash Value Comparison

Fiscal Year	Net Secondary Assessed Valuation	Estimated Actual Valuation (a)	Net Secondary Assessed Valuation as a Percentage of the Estimated Actual Valuation
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%
2010-11	9,342,561,193	77,358,317,302	12.08%
2009-10	9,860,980,900	80,653,625,457	12.23%

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

Source: *2013 Property Tax Rates and Assessed Values*, Arizona Tax Research Association; *2013 Abstract of the Assessment Roll*, Arizona Department of Revenue.

Net Secondary Assessed Valuation Comparisons

Fiscal Year	City of Tucson	Percent Change	Pima County	Percent Change	State of Arizona	Percent Change
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%)
2010-11	3,914,105,239	(2.88%)	9,342,561,193	(5.26%)	75,643,290,656	(12.56%)
2009-10	4,030,242,132	3.46%	9,860,980,900	2.77%	86,504,734,898	0.48%

Source: *2013 Property Tax Rates and Assessed Values*, Arizona Tax Research Association.

Net Secondary Assessed Valuations of Major Taxpayers

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

Taxpayer (a)	Use of Property	2013-14 Net Secondary Assessed Valuation	As Percent of County's 2013-14 Net Secondary Assessed Valuation
Unisource Energy Corporation	Utility	$200,706,308	2.63%
Phelps Dodge Corporation	Mining	136,947,166	1.80%
Asarco Incorporated	Mining	74,100,807	0.97%
Southwest Gas Corporation	Utility	61,668,534	0.81%
Qwest Corporation	Telecommunications	40,385,852	0.53%
Trico Electric Co-Op Incorporated	Utility	21,712,926	0.28%
Northwest Hospital LLC	Healthcare	16,979,994	0.22%
Wal-Mart Stores Incorporated	Retail	16,923,437	0.22%
DND Neffson Company	Shopping Mall	16,030,344	0.21%
Verizon Wireless	Telecommunications	12,883,577	0.17%
		$598,338,945	**7.85%**

(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 Personal Property Taxes Levied and Collected

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

Fiscal Year	Real and Secured Personal Property Tax Levy	Fiscal Year Collections (a)		Total Collections (b)	
		Amount	Percent of Tax Levy	Amount	Percent of Tax Levy
2013-14	$323,026,354	(c)	(c)	$108,515,717	33.59%
2012-13	324,785,757	$313,137,754	96.41%	319,198,984	98.27
2011-12	335,466,625	323,013,333	96.29	335,009,791	99.86
2010-11	352,275,617	335,747,500	95.31	346,932,285	98.48
2009-10	353,593,620	338,592,132	95.76	351,794,584	99.49
2008-09	322,901,974	309,375,563	95.81	321,864,258	99.68

(a) Reflects collections made through June 30th, the end of the fiscal year, on such year's levy. Property taxes are payable in two installments. The first installment is due 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.
(b) Reflects collections made through October 31, 2013 against the current and prior levies.
(c) In the process of collection.

Source: Pima County Treasurer.

Tax Rate Data

The tax rates provided below reflect the total property tax rate levied by the County. As such, the rates are the sum of the primary tax rate, which is levied against the primary assessed value within the County, and the secondary tax rate for debt service payments, the County Library District, the County Fire District Assistance Tax and the County Flood Control District, all of which are levied against the County's secondary assessed value (except in the case of the Flood Control District, which is levied against the District's secondary assessed value, excluding the value of personal property).

Fiscal Year	Primary Tax Rate	Secondary Tax Rate	Total Tax Rate
2013-14	$3.6665	$1.4644	$5.1309
2012-13	3.4178	1.4342	4.8520
2011-12	3.4178	1.4313	4.8491
2010-11	3.3133	1.3665	4.6798
2009-10	3.3133	1.2784	4.5917

Source: *2013 Property Tax Rates and Assessed Values,* Arizona Tax Research Foundation.

Debt Limitation

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

Net Secondary Assessed Valuation (FY 2013-14)	**$7,623,691,280**
15% Constitutional Limitation	1,143,553,692
Net Direct General Obligation Bonds Outstanding	456,690,000
Plus: The Bonds	10,000,000
Unused 15% Limitation	$676,863,692

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	Average Int. Rates	Remaining Balance Outstanding
06-01-04	$65,000,000	Various Improvements	7-1-05/19	4.207%	$4,215,000
05-01-05	65,000,000	Various Improvements	7-1-06/20	4.016%	17,400,000
01-01-07	95,000,000	Various Improvements	7-1-07/21	4.028%	56,175,000
02-15-08	100,000,000	Various Improvements	7-1-08/22	3.934%	67,250,000
04-22-09	75,000,000	Various Improvements	7-1-09/23	3.913%	36,975,000
12-02-09	113,535,000	Various Improvements and Refunding	7-1-10/24	3.579%	72,950,000
05-25-11	75,000,000	Various Improvements	7-1-12/26	4.371%	47,075,000
06-13-12	76,225,000	Various Improvements and Refunding	7-1-13/27	3.311%	66,075,000
06-05-13	88,575,000	Various Improvements and Refunding	7-1-14/28	3.247%	88,575,000
Subtotal					$456,690,000
Plus: The Bonds					10,000,000
Total General Obligation Bonded Debt to be Outstanding					$466,690,000

Annual Debt Service Requirements of Outstanding General Obligation Bonded Debt Outstanding

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

Fiscal Year Ending (June 30)	Existing General Obligation Bonded Debt Outstanding		The Bonds		Total Debt Service Requirement (b)
	Principal	Interest	Principal	Interest (a)	
2014	$44,785,000	$16,693,761		$132,898	$61,611,660
2015	39,965,000	14,999,931	$1,000,000	316,844	56,281,775
2016	40,990,000	13,678,507	1,000,000	296,844	55,965,351
2017	42,645,000	12,337,306		282,094	55,264,400
2018	40,270,000	10,932,381	610,000	282,094	52,094,475
2019	43,700,000	9,455,256	620,000	272,944	54,048,200
2020	42,080,000	7,922,669	630,000	263,644	50,896,313
2021	38,505,000	6,455,594	660,000	232,144	45,852,738
2022	40,060,000	5,022,569	695,000	199,144	45,976,713
2023	27,950,000	3,432,319	725,000	164,394	32,271,713
2024	19,005,000	2,296,163	765,000	128,144	22,194,307
2025	11,985,000	1,528,863	785,000	105,194	14,404,057
2026	12,510,000	1,005,013	810,000	81,644	14,406,657
2027	8,155,000	457,913	835,000	56,331	9,504,244
2028	4,085,000	163,400	865,000	29,194	5,142,594

(a) The first interest payment date on the Bonds is July 1, 2014.
(b) Amounts may not add due to rounding.

Net Direct and Overlapping General Obligation Bonded Debt

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

Jurisdiction	2013-14 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(f)(g)	Portion Applicable to the County		Combined Tax Rate Per $100 Assessed Valuation (e)
			Percent	Net Debt Amount	
State of Arizona	$52,594,377,492	None	100%	None	$0.0000
Pima County	**7,623,691,280**	**$466,690,000**	**100%**	**$466,690,000**	**5.5197 (b)**
Pima County Flood Control District (c)	6,768,456,641	None	100%	None	0.2635
Elementary School Districts	347,298,328	15,820,000	100%	15,820,000	2.1303 (d)
Unified School Districts	7,258,003,514	596,145,000	100%	596,145,000	6.5227 (d)
Cities and Towns	4,333,089,410	213,450,000	100%	213,450,000	1.0554 (d)
Pima County Community College District	7,623,691,280	1,355,000	100%	1,355,000	1.2933
Total				$1,293,460,000	

Jurisdiction	2013-14 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(f)(g)	Combined Tax Rate Per $100 Assessed Valuation (e)
State of Arizona	$52,594,377,492	None	None
Pima County	7,623,691,280	$466,690,000	$5.5197 (b)
Pima County Flood Control District (c)	6,768,456,641	None	0.2635
Pima County Community College District	7,623,691,280	1,355,000	1.2933
Elementary School Districts:			
San Fernando ESD #35	1,265,493	None	5.7831
Empire ESD #37	7,859,518	None	1.1287
Continental ESD #39	305,320,754	15,820,000	1.7027
Redington ESD #44	1,450,432	None	4.8200
Altar Valley ESD #51	31,402,131	None	6.2676
Unified School Districts:			
Tucson USD #1	3,029,356,410	235,045,000	7.4319
Marana USD #6	714,418,579	58,160,000	6.0085
Flowing Wells USD #8	188,811,118	20,605,000	6.7146
Amphitheater USD #10	1,394,361,320	116,135,000	5.9226
Sunnyside USD #12	420,920,323	37,245,000	5.0003
Tanque Verde USD #13	170,709,751	12,860,000	5.0012
Ajo USD #15	20,189,693	None	3.8882
Catalina Foothills USD #16	550,354,786	28,115,000	4.8264
Vail USD #20	414,482,307	45,535,000	7.1703
Sahuarita USD #30	353,343,653	42,445,000	6.6341
Indian Oasis Baboquivari USD #40	1,055,574	None	0.0000
Cities and Towns:			
City of Tucson	3,151,042,287	213,450,000	1.4304
City of South Tucson	22,125,702	None	2.9776
Town of Marana	413,392,695	None	0.0000
Town of Oro Valley	556,259,856	None	0.0000
Town of Sahuarita	190,268,870	None	0.0000

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

Also does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States of America, Department of the Interior, for repayment of certain capital costs for construction of the Central Arizona Project ("CAP"), a major reclamation project that has been substantially completed by the Department of the Interior. The obligation is evidenced by a master contract between CAWCD and the Department of the Interior. In April 2003, the United States and CAWCD agreed to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits against such obligations and costs. Under the agreement, CAWCD's obligation for substantially all of the CAP features that have been constructed so far will be set at $1.646 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 667,724 acre feet of CAP water for federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of CAP at no additional cost to CAWCD. Of the $1.646 billion repayment obligation, 73% 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 Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. At the date of this Official Statement, the tax levy is limited to fourteen cents per $100 of secondary assessed valuation, of which twelve cents is being currently levied. (See Arizona Revised Statutes, Sections 48-3715 and 48-3715.02.) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

(b) The County's total tax rate shown includes the County's primary and secondary debt service tax rates, the State equalization tax rate of $0.5123, the $0.3753 tax rate of the Free Library District, the $0.1400 tax rate of the CAP and the $0.0456 tax rate of the Fire District Assistance Tax.

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

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

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

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

Jurisdiction	**Authorized But Unissued General Obligation Bonds**
Pima County	$18,681,000
City of Tucson	80,000,000
Amphitheater Unified School District No. 10	40,000,000
Catalina Foothills Unified School District No. 16	6,075,000
Sahuarita Unified School District No. 30	1,650,000
Sunnyside Unified School District No. 12	52,650,000

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

Net Direct and Overlapping General Obligation Bonded Debt Ratios

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

		As Percent of County's 2013-14	
	Per Capita Net Debt (Pop. @ 990,380)(a)	**Secondary Assessed Valuation ($7,623,691,280)**	**Est. Actual Valuation ($63,198,953,329)**
Net Direct General Obligation Bonded Debt ($466,690,000)	$471.22	6.12%	0.74%
Net Direct and Overlapping General Obligation Bonded Debt ($1,293,460,000)	$1,306.02	16.97%	2.05%

(a) Population estimates as of July 1, 2012 (released December 2012) provided by the Office of Employment and Population Statistics, Arizona Department of Administration.

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
05-01-05	$51,200,000	Street & Highway Improvements	7-1-09/20	$32,920,000
01-01-07	21,000,000	Street & Highway Improvements	7-1-09/22	16,355,000
02-15-08	25,000,000	Street & Highway Improvements	7-1-09/22	22,460,000
12-02-09	23,420,000	Street & Highway Improvements/Refunding	7-1-13/24	22,220,000
05-30-12	32,945,000	Street & Highway Improvements/Refunding	7-1-13/27	32,060,000
Total Street and Highway Revenue Bonds Outstanding				$126,015,000

(a) Does not include approximately $16,000,000 in principal amount of Street & Highway Revenue Bonds or the effect of certain Street and Highway Revenue Refunding Bonds the County expects to issue prior to the end of fiscal year 2014 pursuant to a separate official statement.

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
05-01-04	$25,770,000	Refunding	7-1-05/15	$7,430,000
05-11-04	19,967,331	Sewer Improvements (b)(c)	7-1-05/24	13,534,296
01-01-07	50,000,000	Sewer Improvements	7-1-07/26	36,790,000
05-01-08	75,000,000	Sewer Improvements	7-1-09/23	72,130,000
05-06-09	18,940,000	Sewer Improvements	7-1-10/24	15,650,000
10-09-09	10,002,383	Sewer Improvements (b)	7-1-10/24	6,145,401
06-17-10	165,000,000	Sewer Improvements	7-1-14/25	165,000,000
03-30-11	43,625,000	Refunding	7-1-12/16	22,415,000
12-13-11	189,160,000	Sewer Improvements	7-1-12/26	174,385,000
12-06-12	128,795,000	Sewer Improvements	7-1-13/27	124,970,000
Total Sewer Revenue Bonds, Loans and Obligations Outstanding				$638,449,697

(a) Does not include approximately $50,740,000 in principal amount of Sewer Revenue Obligations the County expects to issue prior to the end of fiscal year 2014 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 one lease purchase agreement and one installment note 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	**2008-09**	**2009-10**	**2010-11**	**2011-12**	**2012-13**
Clerk of Superior Court	$131	$111	$37	-	-
Environmental Quality	-	-	-	$298	$298
Sheriff	-	-	-	-	160
Fiscal Year Total	$131	$111	$37	$298	$458

Source: Pima County Finance and Risk Management Department.

Certificates of Participation (a)

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

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Remaining Balance Outstanding
05-01-07	$30,320,000	New Money	7-1-08/22	$20,695,000
02-04-10	20,000,000	New Money	6-1-11/19	14,160,000
05-22-13	92,880,000	New Money & Refunding	12-1-13/22	92,880,000
Total Certificates of Participation Outstanding				$127,735,000

(a) Does not include approximately $53,610,000 in principal amount of Certificates of Participation the County expects to issue prior to the end of fiscal year 2014 pursuant to a separate official statement.

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.

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/web/FinancialReports.do.

The board for the ASRS has adopted contribution rates for fiscal years 2013 and 2014. For the year ended June 30, 2013, active plan members and the County were each required by statute to contribute at the actuarially determined rate of 11.14 percent of the members' annual covered payroll. For fiscal year 2014, the contribution rate for both the County and active plan members, was increased to 11.54 percent.

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://www.psprs.com/sys_psprs/ Annual Reports/cato_annual_rpts_psprs.htm.

For the year ended June 30, 2013, active PSPRS members were required by statute to contribute 9.55 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 29.16 percent, the aggregate of which is the actuarially required amount. As allowed by statute, the County contributed 3.65 percent of the members' required contribution, with the members contributing 5.90

percent. The health insurance premium portion of the contribution was actuarially set at 1.74 percent of covered payroll.

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://www.psprs.com/sys_eorp/Annual reports/cato_Annual_rpts_CORP.htm.

For the year ended June 30, 2013, active CORP members were required by statutes to contribute 8.41 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 12.08 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.17 percent of covered payroll.

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.

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

	Actual				
	2008-09	**2009-10**	**2010-11**	**2011-12**	**2012-13**
Revenues by Source:					
Property Taxes	$396,241	$423,443	$421,623	$407,711	$391,630
Special Assessments	441	536	330	245	-
Licenses and Permits	6,989	7,791	8,494	8,155	8,371
Intergovernmental	292,236	296,004	308,219	327,939	301,223
Charges for Services	55,346	60,376	54,491	56,881	53,521
Fines and Forfeits	6,283	8,443	6,786	10,249	9,904
Interest Income	5,335	4,612	1,723	2,286	2,282
Miscellaneous	22,414	17,442	14,162	24,796	22,182
Total Revenues	785,285	818,647	815,828	838,262	789,113
Expenditures by Fund:					
General	462,276	426,361	429,182	445,798	451,858
Special Revenues	196,677	195,926	204,612	217,139	211,659
Debt Service	121,091	108,092	96,484	104,324	93,442
Capital Projects	146,334	162,306	153,203	149,612	174,976
Total Expenditures	926,378	892,685	883,481	916,873	931,935
Excess of Revenues Over (Under) Expenditures	(141,093)	(74,038)	(67,653)	(78,611)	(142,822)
Other Financing Sources (Uses):					
Premium on bonds	675	1,909	3,276	7,349	11,959
Proceeds of Long-Term Debt	109,400	156,955	75,000	109,170	130,175
Proceeds from Refunding Debt	-	-	-	-	51,280
Payment to Escrow Agent	-	(32,361)	-	(33,013)	(55,423)
Gain on Investment	-	-	-	-	-
Operating Transfers In (Out)	4,867	445	4,708	26,010	(9,017)
Capital Lease/Installment Note	-	-	-	894	764
Sale of General Fixed Assets	876	1,118	59	1,938	31
Total Other Financing Sources (Uses)	115,818	128,066	83,043	112,348	129,769
Net Change in Fund Balance	(25,275)	54,028	15,390	33,737	(13,053)
Beginning Fund Balance, as restated	317,577	292,247	346,270	361,730	395,385
Changes in Reserve for Inventory	(55)	4	43	(55)	224
Changes in Reserve for Prepaids	-	(9)	27	(27)	-
Ending Fund Balance	$292,247	$346,270	$361,730	$395,385	$382,556

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				
	2008-09	**2009-10 (b)**	**2010-11**	**2011-12**	**2012-13**
General					
Reserved	$ 4,363	$ -	$ -	$ -	$ -
Unreserved	35,803	-	-	-	-
Designated	-	-	-	-	-
Nonspendable	-	4,089	3,315	2,720	3,848
Restricted	-	522	336	333	-
Committed	-	-	-	-	-
Assigned	-	3,093	357	118	158
Unassigned	-	73,837	73,547	77,596	56,526
	40,166	**81,541**	**77,555**	**80,767**	**60,532**
Special Revenue					
Reserved	5,255	-	-	-	-
Unreserved	81,196	-	-	-	-
Designated	4,925	-	-	-	-
Nonspendable	-	2,011	2,011	1,550	1,939
Restricted	-	82,957	94,567	105,468	76,570
Committed	-	15,305	37,978	10,264	7,746
Assigned	-	3,221	4,368	16,682	23,784
Unassigned	-	(5,793)	(9,180)	(9,013)	(8,385)
	91,376	**97,701**	**129,744**	**124,951**	**101,654**
Debt Service					
Reserved	33,842	-	-	-	-
Unreserved	-	-	-	-	-
Assigned	-	40,868	35,903	28,298	25,640
	33,842	**40,868**	**35,903**	**28,298**	**25,640**
Capital Projects					
Reserved	42	-	-	-	-
Unreserved	126,821	-	-	-	-
Nonspendable	-	18	12	-	-
Restricted	-	124,830	112,668	157,688	187,855
Committed	-	1,487	6,639	7,234	6,958
Assigned	-	52	-	-	-
Unassigned	-	(227)	(791)	(3,553)	(83)
	126,863	**126,160**	**118,528**	**161,369**	**194,730**
Total Fund Balance	$292,247	$346,270	$361,730	$395,385	$382,556

Source: Pima County Finance and Risk Management Department.

(a) This table has not been subject to any separate audit procedures.
(b) During the year ended June 30, 2010, the County adopted early implementation of the provisions of Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"). GASB 54 establishes criteria for classifying governmental fund balances into specifically defined classifications to make the nature and extent of the constraints placed on fund balance more transparent.

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

	Actual				
	2008-09	**2009-10 (b)**	**2010-11**	**2011-12**	**2012-13**
Revenues by Source:					
Property Taxes	$281,749	$304,441	$301,493	$291,647	$281,017
Licenses and Permits	2,747	2,738	2,681	2,696	2,816
Intergovernmental	131,966	128,927	122,952	127,029	131,984
Charges for Services	35,330	40,356	35,361	39,117	32,721
Fines and Forfeits	4,720	7,011	5,344	5,213	4,799
Interest Income	1,084	1,198	418	621	591
Miscellaneous	7,099	4,868	4,722	12,659	10,907
Total Revenues	464,695	489,539	472,971	478,982	464,835
Expenditures:					
Current					
General Government	184,434	184,606	186,193	197,190	193,097
Public Safety	121,704	117,378	116,573	123,235	131,087
Health	2,767	2,702	2,792	2,919	3,320
Welfare	115,481	87,089	90,572	94,292	95,076
Culture & Recreation	15,580	14,671	14,183	15,195	16,468
Education & Econ. Opport.	16,368	13,996	12,949	12,967	12,650
Debt Service:					
Principal	3,510	3,635	3,800	-	159
Interest	2,426	2,281	2,113	-	1
Miscellaneous	6	3	7	-	-
Total Expenditures	462,276	426,361	429,182	445,798	451,858
Excess of Revenues Over (Under) Expenditures	2,419	63,178	43,789	33,184	12,977
Other Financing Sources (Uses):					
Capital Lease/Installment Note	-	-	-	-	764
Sale of General Fixed Assets	371	204	11	1,608	-
Operating Transfers In (Out)	(33,013)	(22,007)	(47,786)	(31,580)	(33,976)
Total Other Financing Sources (Uses):	(32,642)	(21,803)	(47,775)	(29,972)	(33,212)
Net Change in Fund Balance	(30,223)	41,375	(3,986)	3,212	(20,235)
Beginning Fund Balance, as restated	70,389	40,166	81,541	77,555	80,767
Ending Fund Balance	$40,166	$81,541	$77,555	$80,767	$60,532

Source: Pima County Finance and Risk Management Department.

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

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

_______________, 2014

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 $10,000,000 aggregate principal amount of bonds designated the Pima County, Arizona General Obligation Bonds, Series 2014 (the "Bonds"), dated the date of this letter. The Bonds are issued pursuant to Title 35, Chapter 3, Article 3 of the Arizona Revised Statutes, and under the provisions of an authorizing resolution adopted by the Board of Supervisors of the County on December 3, 2013 (the "Bond Resolution"). Capitalized terms not defined in this letter are used as defined in the Bond Resolution. In our capacity as bond counsel, we have examined the transcript of 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 or amount to pay the principal of and interest on the Bonds. 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

$10,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2014

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 $10,000,000 aggregate principal amount of General Obligation Bonds, Series 2014 (the "Bonds"), being issued pursuant to a resolution adopted by the Board of Supervisors of the County on December 3, 2013 (the "Bond Resolution").

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

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

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

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

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

"Commission" means the Securities and Exchange Commission.

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

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

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

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

"Undertaking" means the obligations 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 January 16, 2014.

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:________________________________
Thomas Burke
Finance and Risk Management Director

Dated: ___________, 2014

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND AUDITED FINANCIAL STATEMENTS

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

Annual Financial Information exclusive of Audited Financial Statements will be provided to the MSRB through EMMA, no later than the first business day in February of each year, commencing February 1, 2015. 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.

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

APPENDIX E

EXCERPTS FROM
PIMA COUNTY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2013

The following are excerpts from the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. 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, 2013. 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.

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

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, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of Pima County as of and for the year ended June 30, 2013, 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 one 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	1.29%	1.68%	0.95%	1.15%
School Reserve Fund	0.09%	0.01%	0.35%	0.39%
Self-Insurance Trust	2.73%	4.09%	2.13%	1.97%
Business-Type Activities:				
Regional Wastewater Reclamation Department	99.06%	99.87%	94.81%	92.25%
Development Services	0.24%	0.09%	4.45%	4.48%
Aggregate Discretely Presented Component Unit:				
Southwestern Fair Commission	100.00%	98.11%	99.85%	99.54%
Fund Statements				
Major Fund:				
Regional Wastewater Reclamation Department Enterprise Fund	100.00%	100.00%	100.00%	100.00%
Aggregate Remaining Fund Information:				
Stadium District	0.11%	0.92%	0.28%	0.37%
School Reserve Fund	0.37%	0.06%	0.10%	0.11%
Development Services	0.66%	0.51%	0.28%	0.28%
Self-Insurance Trust	12.85%	27.62%	0.63%	0.56%

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

Those financial 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 of 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, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of Pima County as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

Emphasis of Matter

As described in Note 1, the County implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended June 30, 2013, which represents a change in accounting principle. Our opinion is 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 Schedule on pages 85 and 86, and the Schedule of Agent Retirement Plans' Funding Progress on page 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 related 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, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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 12, 2013

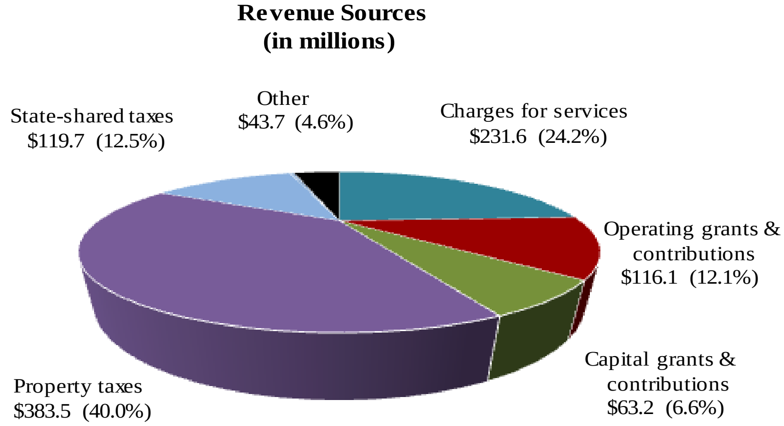
Management's Discussion and Analysis

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, 2013. 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.

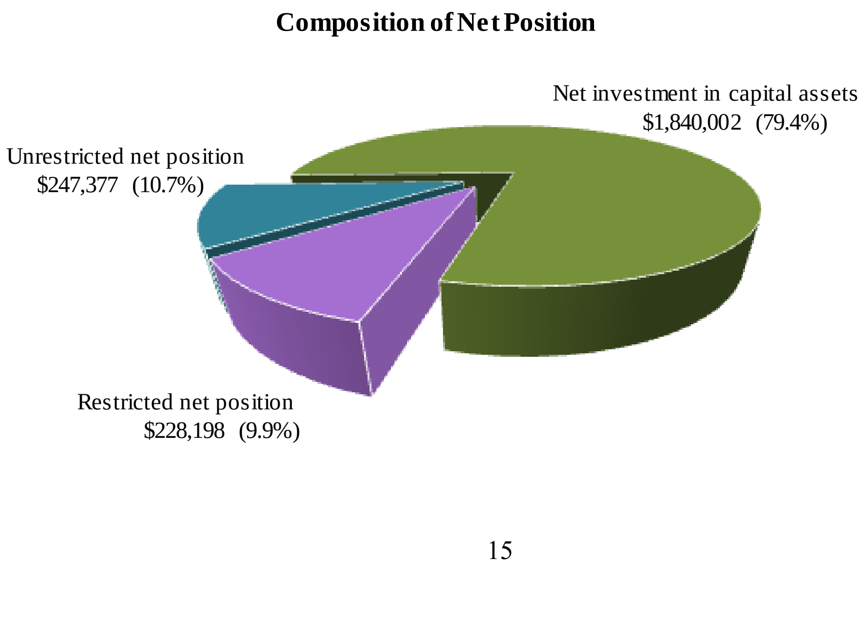
Financial Highlights

- The County's total net position increased $46,972 in fiscal year 2012-13. This represents a 62.4% decrease when compared to the prior year's change in net position of $124,793.

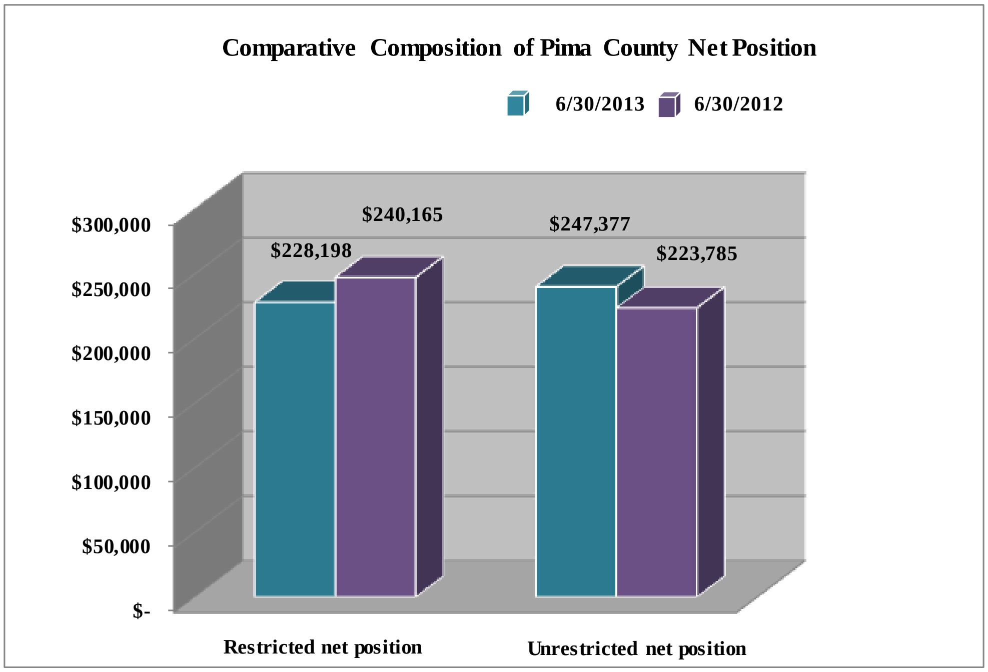
- The County's primary sources of revenue come from taxes, grants and contributions, and charges for services, as displayed below:



- The assets of the County exceeded its liabilities (net position) by $ 2,315,577, an increase of 2.1% from the prior year. Of this amount, $1,840,002 represents the net investment in capital assets, $228,198 is restricted for specific purposes (*restricted net position*), and $247,377 is available for general government expenditures (*unrestricted net position*).

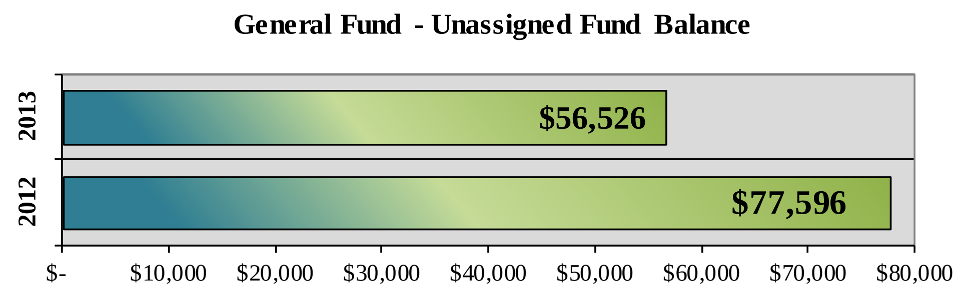


- Unrestricted net position for the County increased $23,592 (or 10.5%), from $223,785 to $247,377 this fiscal year, while restricted net position decreased $11,967 (or 5.0%). The chart below presents the composition of restricted and unrestricted net position for the current and prior years:



- County revenues decreased 8.3% (or $86,334), from $1,044,265 last year to $957,931 in fiscal year 2012-13. This is primarily due to a decrease in property tax revenues affected by a decline in assessed property valuations, and a primary property tax rate that remained unchanged.

- The General Fund unassigned fund balance decreased to $56,526 from $77,596 in the prior year. The unassigned fund balance comprises 93.4% of the total fund balance of $60,532.



- The County continues to use debt to finance the construction of roads, streets, and buildings. Total capital assets for the year increased $215,973 and long-term liabilities increased $180,995.

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 with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

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

The government-wide financial statements can be found on pages 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 90-93.

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 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, most 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 Regional Wastewater Reclamation 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 109-116.

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 50-83.

Required Supplementary Information (RSI) is presented concerning the County's General Fund budgetary schedule and the schedule of retirement plans' funding progress. Required supplementary information can be found on pages 85-87.

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 90-120.

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.

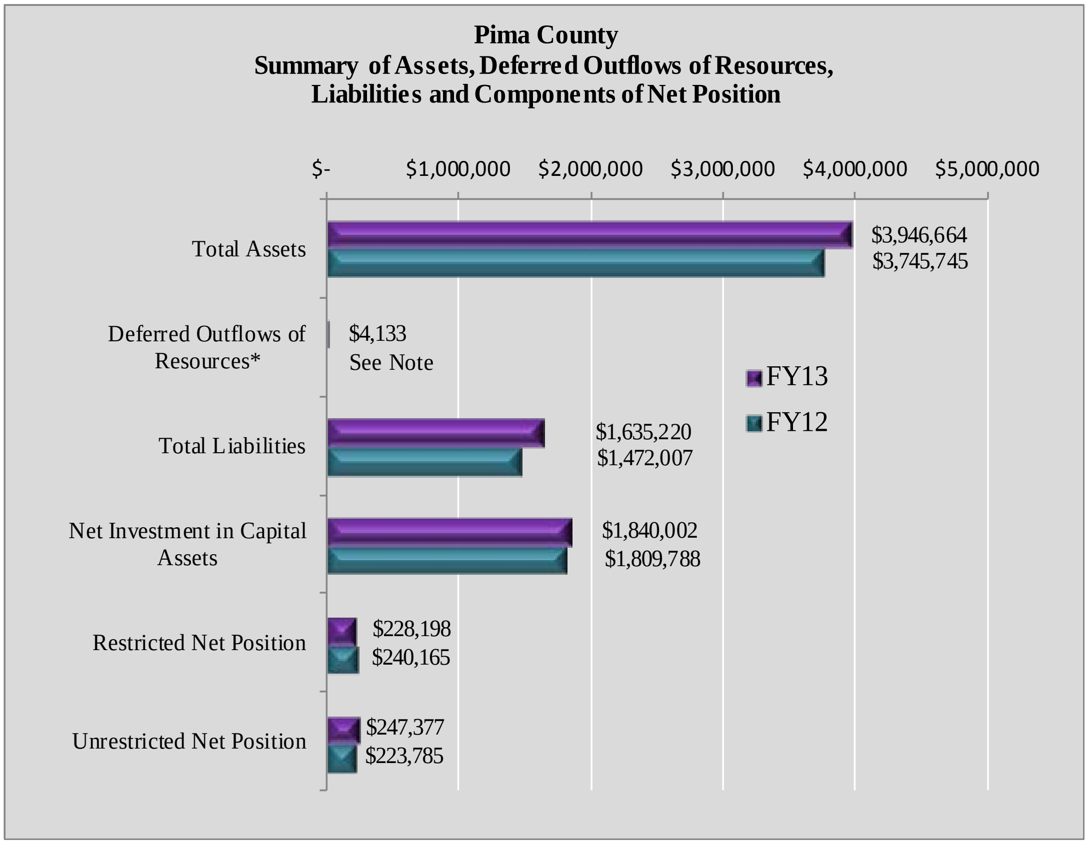
Schedule of Results of Operations and Net Position For the Years Ended June 30, 2013 and 2012			
	2013	**2012**	**Variance**
Charges for services	$ 231,625	$ 288,383	$ (56,758)
Operating grants and contributions	116,121	144,663	(28,542)
Capital grants and contributions	63,212	50,204	13,008
Total program revenues	410,958	483,250	(72,292)
Total general revenues and transfers	546,973	561,015	(14,042)
Total program and general revenues	957,931	1,044,265	(86,334)
Total expenses	910,959	919,472	(8,513)
Change in net position	$ 46,972	$ 124,793	$ (77,821)

As indicated above, the County experienced significant decreases in charges for services ($56,758) as well as in operating grants and contributions ($28,542). The only revenue source that increased was capital grants and contributions ($13,008). In total, program revenues decreased $72,292. In addition, general revenues and transfers decreased ($14,042). However, expenses also decreased $8,513 resulting in a decrease in the change in net position of $77,821.

The detail of each of these changes is discussed in the governmental and business-type activities sections below.

The graph and schedule presented below illustrate at a summary level and detail level the changes in the elements of the Statement of Net Position.

The following graph presents a summary overview and comparison of the assets, deferred outflows of resources, liabilities, and components of net position for the County at June 30, 2013 and June 30, 2012.



* Note: The County implemented GASB 65 in fiscal year 2012-13, therefore, Deferred outflows of resources was not a required presentation in fiscal year 2011-12. The amount not presented is considered immaterial since it is less than 0.2% of total assets.

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 assets for the County were $3,946,664, an increase of 5.4% ($200,919) from the prior year and total liabilities were $1,635,220, an increase of 11.1% ($163,213) from 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. As of June 30, 2013, net investment in capital assets totaled $1,840,002, comprising approximately 79.4% of total net position. This represents an increase of $30,214 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.

Restricted net position represents resources that are subject to external restrictions on how they may be used. As of June 30, 2013, restricted net position totaled $228,198 and comprised approximately 9.9% of total net position. This represents an $11,967 decrease from the prior fiscal year.

The remaining balance of the County's net position represents unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors. As of June 30, 2013, unrestricted net position totaled $247,377 and comprised approximately 10.7% of total net position. This represents a $23,592 increase from the prior year.

The schedule below 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 and Net Position At June 30, 2013 and 2012						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	$579,558	$596,855	$248,658	$246,415	$828,216	$843,270
Capital assets (net):						
Land, buildings, equipment,						
infrastructure & other assets	1,908,895	1,809,998	1,209,553	1,092,477	3,118,448	2,902,475
Total assets	$2,488,453	2,406,853	1,458,211	1,338,892	3,946,664	3,745,745
Deferred outflows of resources*						
Deferred charges on refunding	4,133	(See Note)		(See Note)	4,133	(See Note)
Current and other liabilities	110,838	120,443	34,478	42,655	145,316	163,098
Long-term liabilities	789,601	716,370	700,303	592,539	1,489,904	1,308,909
Total liabilities	900,439	836,813	734,781	635,194	1,635,220	1,472,007
Net position:						
Net investment in capital assets	1,308,057	1,245,227	531,945	564,561	1,840,002	1,809,788
Restricted	138,472	167,498	89,726	72,667	228,198	240,165
Unrestricted	145,618	157,315	101,759	66,470	247,377	223,785
Total net position	$1,592,147	$1,570,040	$723,430	$703,698	$2,315,577	$2,273,738

* Note: The County implemented GASB 65 in fiscal year 2012-13, therefore, Deferred outflows of resources was not a required presentation in fiscal year 2011-12. The amount not presented is considered immaterial since it is less than 0.2% of total assets.

Analysis of Governmental activities

Assets

Current and other assets decreased by $17,297 between fiscal years. The primary reason for the change was a decrease of $12,193 in amounts due from the federal government. Several major programs ended during the year, specifically: the American Recovery Reinvestment Act (ARRA) ($6,405) and the Neighborhood Stabilization Program (NSP2) ARRA ($3,511). Also, amounts due from the State of Arizona for Highway User Revenue Fees (HURF) and Vehicle License Tax (VLT) decreased by $2,643 and $389, respectively.

Capital assets increased $98,897 primarily due to a $48,949 increase in construction in progress and a $37,916 increase in buildings and improvements. The Justice Court / Municipal Court Complex ($33,400) and the Regional Public Safety Communication System ($13,509) represented the largest increases within construction in progress activity. Several building and improvement projects were completed during the year, most notably the Pima Emergency Communications and Operations Center (PECOC) building improvements ($19,038), the Superior Courts Building ($10,484), and the Canyon Del Oro (CDO) Wash Linear Park: Thornydale to Magee Rd. ($3,844).

Liabilities

Long-term debt increased $73,231 during the fiscal year. The County issued several forms of long-term debt during the year, specifically $92,880 in certificates of participation (COPS) consisting of $80,175 of Series 2013A Certificates of Participation and $12,705 Series 2013B Refunding Certificates of Participation. These increases in long-term debt were offset primarily by a $16,335 decrease from refunding of Jail capital leases payable and principal payments reductions of $12,055 for Transportation revenue bonds.

Net position

Net investment in capital assets increased 5.0% or $62,830 primarily due to an increase in construction in progress of $48,949 and an increase in buildings and improvements of $37,916. Major construction in progress projects include the Justice Court Building and the Regional Public Safety Communication System (RPSCS) totaling $46,909. The Pima Emergency Communications and Operations Center (PECOC) building for $19,038 comprised the most significant increase in buildings and improvements.

Overall, restricted net position decreased 17.3% or $29,026. Of this amount, the restriction for capital projects decreased $20,371 due to the liquidation of cash restricted for capital projects. Restrictions related to Highways and streets decreased $5,289 due to spending the cash from Transportation bonds during the year.

In summary, change in net position and unrestricted net position decreased by $85,487 and $11,697 respectively. This was primarily due to a decrease in total revenues of $28,676, increases in expenses of $23,793, and a decrease in transfers of $33,018, as explained in previous paragraphs.

Analysis of Business-type activities

Assets

Capital assets increased $117,076 primarily due to a $158,853 increase in construction in progress. The majority of these costs were generated from the Regional Optimization Master Plan (ROMP) projects for approximately $130 million. (Please see the transmittal letter, page 5 for further information on ROMP.)

Liabilities

Long-term liabilities increased $107,764 primarily due to the issuance of Sewer Revenue Obligation Series 2012A for $128,795 in December 2012.

Net position

Net investment in capital assets for business-type activities decreased 5.8% or $32,616 primarily due to the conveyance by court order of the Marana Wastewater Reclamation Facility (MWRF) to the Town of Marana resulting in an $18,975 loss on disposal.

Business-type activities restricted net position increased 23.5% or $17,059 primarily due to increases in restricted cash specifically for Regional Wastewater Reclamation capital projects.

Unrestricted net position increased 53.1% or $35,289. The primary impact on unrestricted net position for business-type activities was the sale of the Marana Wastewater Reclamation Facility which decreased net investment in capital assets for business-type activities by $19,279 and provided $16,142 of unrestricted cash.

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, 2013 and 2012			Variance	
	2013	2012	Amount	Percent
Program revenues:				
Charges for services	$ 66,460	$ 66,904	$ (444)	-0.7%
Operating grants and contributions	116,121	143,388	(27,267)	-19.0%
Capital grants and contributions	59,298	47,528	11,770	24.8%
Total program revenues	241,879	257,820	(15,941)	-6.2%
General revenues:				
Property taxes	383,508	394,963	(11,455)	-2.9%
State-shared taxes	119,728	116,660	3,068	2.6%
Investment earnings	2,627	3,416	(789)	-23.1%
Other general revenues	39,513	43,072	(3,559)	-8.3%
Total general revenues	545,376	558,111	(12,735)	-2.3%
Total revenues	787,255	815,931	(28,676)	-3.5%
Expenses:				
General government	233,984	223,005	10,979	4.9%
Public safety	166,476	150,349	16,127	10.7%
Highways and streets	80,087	69,183	10,904	15.8%
Sanitation	6,409	7,224	(815)	-11.3%
Health	36,540	47,248	(10,708)	-22.7%
Welfare	95,428	94,409	1,019	1.1%
Culture and recreation	65,341	61,900	3,441	5.6%
Education and economic opportunity	49,924	55,126	(5,202)	-9.4%
Amortization	(286)	805	(1,091)	-135.5%
Interest on long-term debt	23,915	24,776	(861)	-3.5%
Total expenses	757,818	734,025	23,793	3.2%
Excess before contributions and transfers	29,437	81,906	(52,469)	-64.1%
Transfers in (out)	(7,330)	25,688	(33,018)	-128.5%
Change in net position	22,107	107,594	(85,487)	-79.5%
Beginning net position	1,570,040	1,462,446	107,594	7.4%
Ending net position	$ 1,592,147	$ 1,570,040	$ 22,107	1.4%

Revenues

Overall, governmental activities total revenues decreased $28,676 or 3.5% from fiscal year 2011-12 due to decreases in both program revenues and general revenues.

The 6.2% decrease ($15,941) in program revenues is primarily due to a 19.0% decrease ($27,267) in operating grants and contributions offset by a 24.8% increase ($11,770) in capital grants and contributions.

The decrease in operating grants and contributions resulted primarily from decreases in revenues in the following functions:

- Health – The $16,112 decrease is mainly due to $13,246 related to the ending of an American Recovery & Reinvestment Act (ARRA) program, more specifically the Communities Putting Prevention to Work – Obesity, Nutrition, and Physical Activity grant.

- Public safety – The $3,165 decrease is primarily due to decreases in the following operating grants in the Sheriff's Department: High Intensity Drug Trafficking Areas grant ($985), the Border Crimes grant ($549), the Operation Stonegarden 2010 grant ($509), and the Pima Community College (PCC) Reciprocal Agreement grant ($449).

The $11,770 increase in capital grants and contributions is primarily due to increases and decreases in the following functions:

- Highways and streets – The $14,091 increase is primarily due to a $6,408 increase in HURF/ VLT revenues for the Transportation department. Also contributing to the increase were $3,062 in capital contributions from various land donations.

- Culture and recreation – The $4,914 increase includes increases in capital projects of $1,890 in State funding for the Town of Oro Valley Tortolita Mountain Park Expansion and $2,604 from capital land contributions.

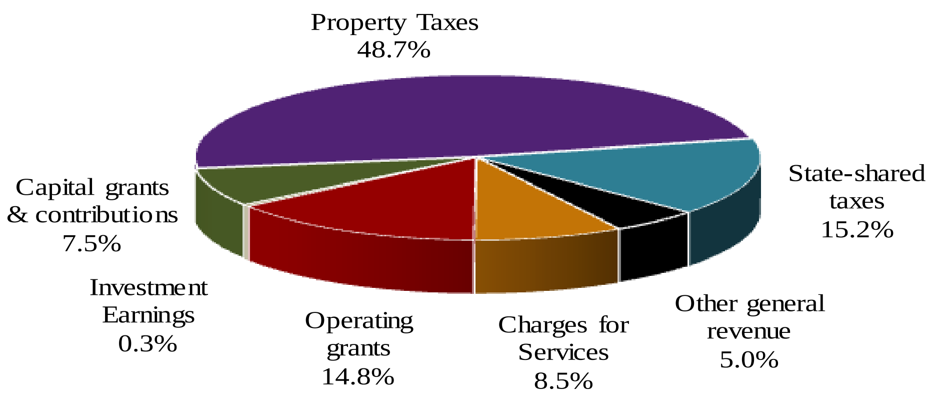
- Public safety – The $3,348 decrease is primarily due to the ending of two Arizona Department of Homeland Security - Pima County Wireless Integrated Network (PCWIN) grants: PCWIN Project grant ($3,323) and PCWIN: Interoperable Communications grant ($1,720).

- General government – The $2,915 decrease in General government was primarily due to significant decreases in the following grants: Energy Efficiency Conservation Block grant ($988), the Victim Compensation grant ($479), Edward Byrne Memorial Justice Assistance grant ($409), Drug/Border Prosecution grant ($369), and the Drug Treatment Alternative Program – Substance Abuse and Mental Health Services Administration / Center for Substance Abuse Treatment grant ($147).

General revenues decreased $12,735 mainly due to an $11,455 decrease in property taxes which includes a $7,394 decrease in primary property taxes and a $2,219 decrease in secondary property taxes levied for debt service. These decreases are a result of decreasing property valuations, while the primary property tax rate remained unchanged.

The chart below presents general and program revenues, as a percentage to total revenues. The amount provided from each revenue source for governmental activities, as a percentage to total revenue for governmental activities, has not changed significantly from the prior fiscal year. Property taxes, operating grants, and state-shared taxes continue to account for approximately 78.7% of the County's revenues.

General and Program Revenues - Governmental Activites



Expenses

Expenses for governmental activities increased $23,793 primarily due to increases and decreases in the following functions:

- General government – The $10,979 increase was primarily due to an increase in non-capitalizable expenses in various general government capital projects. Many projects had increases, the most significant being: Replace Motors – Downtown Government Complex ($905) and Jail Tower Kitchen and Freezer Replacement ($637). Also contributing to the increase were increases in Pima Health Systems transition fund expenses primarily related to graduate medical education ($4,171) and an increase in County Attorney expenses mainly for software maintenance and support, repairs and maintenance machinery and equipment services, and payments to agencies ($1,140).

- Public safety – The $16,127 increase in expenses is primarily due to increases in personnel ($4,191) and increases in motor pool rates ($2,339). Non-capitalizable expenses for public safety capital projects increased primarily due to increases in the following projects: Thomas O. Price Service Center Communications Center Expansion ($3,322), Communications Emergency Operations Center ($1,886), and Paseo de Las Iglesias Restoration ($1,315).

- Highways and streets – The $10,904 increase in non-capitalizable expenses for capital projects was primarily due to significant expense increases in the following projects: La Cholla Blvd Magee Rd to Overton Rd ($4,670), Pavement Preservation Program ($2,998), and ARRA Intersection Control & Crosswalk Renewal ($1,236).

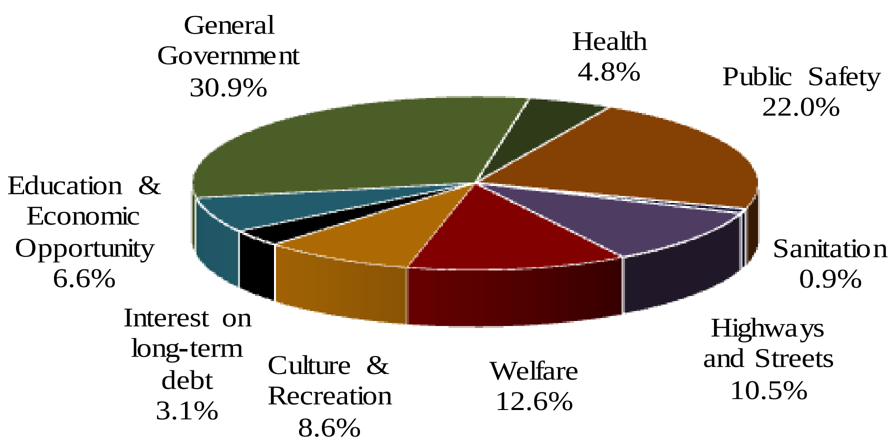
- Health – The primary reason for the $10,708 decrease was the ending in December 2012 of the ARRA program Communities Putting Prevention to Work – Obesity, Nutrition, and Physical Activity grant ($12,350).

- Education and economic opportunity – The $5,202 decrease in expenses was primarily due to a decrease in two grants ($2,484): the Neighborhood Stabilization Program 2 ARRA grant and the Housing and Urban Development (HUD) Community Development Block grant. Non-capitalizable expenses for several capital projects decreased, the most significant decreases being S. Tucson Youth Mission View & Ochoa ($398), W. University Neighborhood Association ($385), Barrio Centro Project ($340), Dunbar Spring Project ($305), and Barrio San Antonio ($293).

Transfers in were significantly higher last fiscal year due to the transfer of final cash ($26,436) from the closure of Pima Health Systems (PHS) Enterprise Fund. Current year transfers out were for Regional Wastewater Reclamation Fund's receipt of certificates of participation funding used for sewer system improvements ($8,521).

The chart below 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.

Expenses by Function - Governmental Activites



The resulting change in net position was $22,107 for fiscal year 2013 compared with a change in net position of $107,594 for fiscal year 2012.

In summary, and as explained above, ending net position for governmental activities increased $22,107 (1.4%). This year's change in net position decreased $85,487 from last year, primarily due to a decrease in overall revenues of $28,676 and an increase in expenses of $23,793.

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, 2013 and 2012				
			Variance	
	2013	2012	Amount	Percent
Program revenues:				
Charges for services	$ 165,165	$ 221,479	$ (56,314)	-25.4%
Operating grants and contributions		1,275	(1,275)	-100.0%
Capital grants and contributions	3,914	2,676	1,238	46.3%
Total program revenues	169,079	225,430	(56,351)	-25.0%
General revenues:				
Investment earnings	1,017	1,001	16	1.6%
Other general revenues	580	1,903	(1,323)	-69.5%
Total general revenues	1,597	2,904	(1,307)	-45.0%
Total revenues	170,676	228,334	(57,658)	-25.3%
Expenses:				
Regional Wastewater Reclamation	144,085	117,774	26,311	22.3%
Pima Health System & Services		58,773	(58,773)	-100.0%
Development Services	7,231	6,912	319	4.6%
Parking Garages	1,825	1,988	(163)	-8.2%
Total expenses	153,141	185,447	(32,306)	-17.4%
Excess before transfers	17,535	42,887	(25,352)	-59.1%
Transfers in (out)	7,330	(25,688)	33,018	-128.5%
Change in net position	24,865	17,199	7,666	44.6%
Beginning net position, as restated	698,565	686,499	12,066	1.8%
Ending net position	$ 723,430	$ 703,698	$ 19,732	2.8%

Revenues

Revenues for business-type activities decreased $57,658 primarily due to a decrease in charges for services ($56,314). This decrease in charges for services is primarily due to the closure of Pima Health Systems and the loss of those revenues, which were $58,722 in fiscal year 2012.

Expenses

Expenses for business-type activities decreased $32,306 primarily due the closure of Pima Health Systems (which were $58,773 in 2012) offset by a $26,311 increase in expenses for the Regional Wastewater Reclamation Fund. The increase in the Regional Wastewater Reclamation Fund's expenses is primarily due to the loss of $18,975 related to the conveyance by court order of the Marana Wastewater Reclamation Facility (MWRF) to the Town of Marana.

A significant change in transfers occurred due to fiscal year 2012 including a $26,436 transfer out related to Pima Health Systems. Additionally, fiscal year 2013 included an $8,645 transfers in from proceeds from certificates of participation.

The resulting excess before transfers of $17,535 in fiscal year 2012-13 was primarily supplemented by $8,521 of transfers in from proceeds from certificates of participation to yield a $24,865 change in net position. The resulting net position at the end of the fiscal year was $723,430.

Financial Analysis of the County's Funds

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

Governmental funds

The County's general government functions are accounted for in the General, 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). 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.

Revenues for the General Fund decreased $14,147 primarily from a decrease of $10,630 in property taxes as a result of lower property valuations due to economic conditions in fiscal year 2013 with the primary property tax rate remaining unchanged.

General Fund expenditures increased $6,060 primarily due to $7,851 of increases in the Sheriff's Department (Public safety) expenditures mainly from increased personnel costs ($4,190) and an increase in motor pool rates ($2,339). The Natural Resources – Parks and Recreation department also had a $1,273 increase in expenditures as follows: additional costs for personnel, primarily for benefits; increased water and sewer, and motor pool rates; and an increase in motor vehicles. The increases in expenditures were partially offset by $4,093 less in expenditures for general government due to fiscal year 2012 including a one-time $6,776 payment to the State of Arizona for a transfer to the State General Fund.

The $14,147 decrease in revenues and $6,060 increase in expenditures is the primary basis for the $20,235 decrease in the fund balance, which ended the year at $60,532.

Capital Projects Fund

Revenues for the Capital Projects Fund decreased $7,010 mainly due to a $10,782 decrease in Intergovernmental revenues. Significant changes in Intergovernmental revenues were primarily due to a $14,413 decrease in Regional Transportation Authority (RTA) – Sales tax revenues with an offsetting increase in State revenues of $6,175. The largest decreases in RTA revenues were primarily within the following reimbursed projects: Magee Rd. Cortaro Farms Rd Mona Lisa to La Canada ($7,829), La Canada Ina Rd to Calle Concordia ($3,013), and Alvernon Way – Valencia Rd Intersection Improvements ($2,448). The increase in State revenues is primarily due to funding for the following projects: Magee Rd Cortaro Farms Rd Thornydale Rd to Mona Lisa $3,302, Town of Oro Valley Tortolia Mountain Park Expansion $1,890, and Camino de Oeste Los Reales Valencia Rd $1,323.

Expenditures (capital outlays) increased $25,364. Increases in significant capital expenditures, by project, were: the Downtown Court Complex $19,557, Pavement Preservation Program $11,601, and La Cholla Blvd to Magee Rd to Overton Rd $9,519. The largest decreases in capital projects that were either completed or nearly completed include the Communications Emergency Operations Center ($8,639), Project Pimacore ($6,626), and Raytheon Buffer Zone Acquisition ($5,995).

The face amount of long-term debt was $130,175, increasing $51,750 in 2012-13. Proceeds received in fiscal year 2012-13 were $50,000 from the issuance of general obligation bonds and $80,175 from the issuance of certificates of participation. In contrast, proceeds received in fiscal year 2011-12 were $60,000 for the issuance of general obligation bonds and $18,425 from HURF. Transfers in have decreased to $47,849 primarily due to the prior year reporting of a $22,470 transfer in from the Other Special Revenue Fund related to the construction of the new Justice Court building. The main reasons for the increase in transfers out are: an $8,521 transfer of proceeds from the General Fund certificates of participation to the Regional Wastewater Reclamation Fund and a $1,768 transfer to the Fleet Services Fund for the new Fleet Services building.

The net result of all the activities was an increase in the net position of $33,361, resulting in a fund balance at year-end of $194,730.

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 $2,711 primarily due to a $2,831 decrease in property tax revenues as a result of decreasing secondary net assessed values and taxes levied. Expenditures for the Debt Service Fund decreased $10,882 mainly from a decrease in principal payments of $10,505. This decrease is primarily due to changes in payment schedules as follows: a $7,925 decrease in general obligation bond payments and a $6,630 decrease in certificates of participation payments. Please see Note 7 beginning on page 66 for more information on bond and certificate of participation details. .

Proceeds from refunding debt were $51,280, an increase of $20,535. Fiscal year 2012-13 proceeds from refunding consisted of $38,575 for General Obligation 2013 bond proceeds and $12,705 COPS 2013 proceeds. These proceeds were used to refund part of the remaining debt of the 2004 and 2005 General Obligation bond series and part of the remaining debt of the 1999 and 2003 Certificate of Participation series.

Payments to escrow agents increased $22,410 in fiscal year 2012-13 as a result of Certificates of Participation 2013 and General Obligation 2013 refundings and issuance costs being higher than HURF 2012 and General Obligation 2012 issuing costs. Another significant factor in the total decrease from other financing sources (a $3,224 decrease) was transfers out to the Capital Projects Fund of $5,700 related to the 2013A Certificates of Participation and 2012 HURF premium adjustments.

The resulting fund balance of $25,640 reflects a $2,658 decrease from fiscal year end 2012.

Budget to Actual Comparison for the General Fund

Overall, actual revenues were more than budgeted revenues by $10,932 and actual expenditures were less than budgeted expenditures by $39,379.

Actual revenues for the General Fund were higher than budgeted primarily due to state shared sales tax being $3,550 higher than budgeted and miscellaneous revenue being $4,726 higher than budgeted. The higher amount of actual state shared sales tax reflects a recovery in consumer confidence and stronger corresponding retail activity than was anticipated last fiscal year. Actual miscellaneous revenue included unanticipated recovery funds from NCFE (National Century Financial Enterprises, Inc.) and Lehman Brothers for $1,835 and $937 for the NCFE bankruptcy.

Actual expenditures for the General Fund were less than budgeted primarily due to the County Administrator's maintenance of the unreserved contingency being $30,252 less than budgeted. (The General Contingency is the Board of Supervisors' unreserved contingency that the board uses throughout the year to respond to changing needs or unforeseen circumstances.)

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 Assets and Debt Administration

Capital Assets

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

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

Governmental and Business-type Activities
Capital Assets
As of June 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	$ 487,902	$ 467,661	$ 12,554	$ 15,409	$ 500,456	$ 483,070
Construction in progress	297,266	248,317	500,964	342,111	798,230	590,428
Buildings and improvements	460,795	422,879	204,944	212,446	665,739	635,325
Infrastructure	590,961	607,049			590,961	607,049
Sewage conveyance systems			423,280	442,803	423,280	442,803
Equipment	71,971	64,092	67,811	79,708	139,782	143,800
Total	$ 1,908,895	$ 1,809,998	$ 1,209,553	$ 1,092,477	$ 3,118,448	$ 2,902,475

The County's total capital assets increased $215,973 (7.4%). The most significant changes were: construction in progress increased $207,802 (35.2%), buildings and improvements increased $30,414 (4.8%), and sewage conveyance systems decreased $19,523 (4.4%).

Major capital asset events during the current fiscal year are described below.

Governmental activities

The current fiscal year also had several important changes to the capital assets for governmental activities. Construction in progress experienced a 19.7% ($48,949) increase over the prior year. The largest increases in construction in progress projects related to the Justice Court / Municipal Court Complex ($33,400) and the Regional Public Safety Communication System ($13,509). Buildings and improvements also had a substantial increase of 9.0% ($37,916) over the prior year. This increase was primarily due to increases in the following projects:

PECOC Building Improvements	$19,038
Superior Courts Building	$10,484
CDO Wash Linear Park: Thornydale to Magee Rd.	$ 3,844
First floor improvements Abrams Building	$ 2,436
Retrofit Downtown Central Plant Chilled Water System	$ 1,445
Demolition, Asbestos Abatement & Refireproofing Floors 1-3	$ 1,374
1680 E Benson Highway, 1505 E Apache Park Place	$ 1,120
Laguna Elementary: Sidewalks, Curbs, Landscaping	$ 1,146
PCWIN – 12 workstations	$ 1,024

Overall, governmental activities capital assets increased $98,897 (5.5%) over the prior year.

Business-type activities

Construction in progress increased $158,853 (a 46.4% increase) over the prior year primarily due to approximately $130 million spent in Regional Optimization Master Planning (ROMP) projects. The $117,076 increase in capital assets for business-type activities was partially offset by a $35,117 decrease related to the conveyance by court order of the Marana Wastewater Reclamation Facility (MWRF) to the Town of Marana. The net effect of these and other changes was a 10.7% ($117,076) increase in capital assets for business-type activities.

The County's infrastructure assets are recorded at historical cost and estimated historical cost in the government-wide financial statements. Additional information regarding the County's capital assets can be found in Note 5 of the financial statements on pages 62-64.

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, 2013 and 2012		
	2013	**2012**
Bonds issued (at face value):		
General Obligation	$88,575	$76,225
Street and Highway Revenue		32,945
Sewer System Revenue Obligations	128,795	189,160
Certificates of Participation (COPs)	92,880	
Total	$ 310,250	$ 298,330

During the year, $88,575 of general obligation bonds were issued consisting of $50,000 of Series 2013A and $38,575 of Series 2013B. The $50,000 of new debt issued in Series 2013A was for the purpose of funding various capital projects in the County. The $38,575 for Series 2013B was issued to refund the 2004 Series (maturities 7/1/2015 through 7/1/2019) and the 2005 Series (maturities 7/1/2017, 7/1/2018, and 7/1/2020).

In addition, the County issued $80,175 in Certificates of Participation Series 2013A and received a premium of $4,908. The County intends to use $60,000 of the proceeds for: sewer system projects reported within the Regional Wastewater Reclamation Enterprise Fund, $21,300 for the new Fleet Services building, and $3,000 for various Facilities Management department capital projects.

The County also issued $12,705 in Certificates of Participation Series 2013B for the purpose of refunding Certificates of Participation Series 1999 (maturity date 1/1/2014) and Series 2003 (maturities 1/1/2014 through 1/1/2018).

Regarding business-type activities, $128,795 of sewer system revenue obligations were issued to finance additions and improvements to the sewer conveyance systems.

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

Credit Ratings				
	Standard & Poor's		**Fitch Ratings**	
	Rating	**Date**	**Rating**	**Date**
Certificates of Participation (COPs)	A+	Apr-2013	AA-	Apr-2013
General Obligation	AA-	Apr-2013	AA	Apr-2013
Street and Highway Revenue	AA	Apr-2012	AA	Apr-2012
Sewer Revenue Bonds*	AA-	Nov-2012	AA	Nov-2012
Sewer Revenue Obligations	A+	Nov-2012	AA-	Nov-2012

* This excludes the Sewer Revenue Refunding Bonds Series 2011A which have ratings equal to the Sewer Revenue Obligations.

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 $1,225,682, 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 66-75.

Economic Factors and Next Year's Budget

As presented at the Economic Outlook 2013-14 at The University of Arizona's 32nd Annual Forecast Luncheon, various factors suggest an improving economy in Tucson and Pima County. Housing permits and home prices are gradually increasing along with retail sales and restaurant and bar sales. The labor market is also improving but at a slow pace. The following discussions identify significant activities expected to occur in fiscal year 2013-14.

Primary property taxes

The recession continues to impact the local economy, primarily evident by decreasing market values of existing property. The primary Net Assessed Value of the County for fiscal year 2013-14 decreased $515 million or 6.38 percent from the current year. The contraction of the property tax base is expected to continue into fiscal year 2014-15 but only with the Net Assessed Value projected to decline by half a percent.

State shared revenues

An indication of increased consumer confidence and a gradual recovery in the local economy is evident by positive projections of state shared sales tax revenue. Current projections indicate a $5.7 million increase in fiscal year 2013-14.

University of Arizona Medical Center – South Campus

The previous agreement with the Arizona Board of Regents (ABOR) on behalf of the University of Arizona College of Medicine to provide funding for the University of Arizona Medical Center – South Campus was extended. In May 2012 the Board of Supervisors approved another two year contract with ABOR with an annual funding of $15 million for fiscal years 2013-14 and 2014-15.

Road Repair

In fiscal year 2012-13 the County appropriated County General Fund resources for the purpose of road repair and preservation. This program will continue in fiscal year 2013-14 when a $5 million appropriation from the General Fund is budgeted to accelerate preservation and rehabilitation of 100 miles or 5.7% of paved County roads.

Medical Insurance

Due to employee medical insurance premiums increasing an average of 15 to 20 percent yearly over the last five years while using an independent provider, the County has moved to a self-insured medical plan run by a third party administrator, Aetna. Insurance costs for fiscal year 2013-14 are forecasted to increase by less than 7.0% from the fiscal year 2012-13 cost.

Solid Waste

Beginning June 1, 2013 a private contractor began providing solid waste services to the public instead of the direct service model Pima County had been using. This change is forecast to reduce costs by nearly $4 million in fiscal year 2013-14.

Stadium District

The Stadium District has taken several steps since 2008 to diversify the use of the Kino Veterans Memorial Stadium in order to increase revenues and decrease costs after the departure of spring training for the Chicago White Sox and Arizona Diamondbacks. Steps undertaken include:

- Activating the Pima County Sports and Tourism Authority in order to potentially attract new major league baseball spring training teams and additional sports activities
- Re-negotiating gem show agreements to add services and increase rental rates
- Transferring operation of Kino Community Recreation Center to the YMCA of Southern Arizona to reduce costs and expand services
- Developing staff expertise for Stadium conversion to and from baseball events to other sporting events such as football, rugby, and soccer
- Collaborating with FC Tucson Soccer to attract Major League Soccer teams for training and tournaments
- Allocating a portion of the White Sox termination payment to begin repurposing the stadium complex for such other sporting events

Through these actions and others, the District's operating revenues have exceeded budgeted revenue by $1,050 in fiscal year 2011-12 and $245 in fiscal year 2012-13. However, since revenues are still less than revenue realized during the major league spring training period, a General Fund subsidy of $1,500 which began in 2012-13 is also planned for 2013-2014.

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.

(This page is intentionally blank)

PIMA COUNTY

Basic Financial Statements

PIMA COUNTY, ARIZONA

Exhibit A - 1

Statement of Net Position
June 30, 2013
(in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and cash equivalents	$ 506,110	$ 136,786	$ 642,896	$ 1,085
Property taxes receivable (net)	13,262		13,262	
Interest receivable	139	68	207	
Internal balances	(8,524)	8,524		
Due from other governments	50,269	8	50,277	
Accounts receivable (net)	6,038	18,164	24,202	8
Inventories	2,123	3,097	5,220	36
Prepaids	5,462	26	5,488	81
Other assets	1,018		1,018	
Restricted assets:				
Cash and cash equivalents	3,229	81,985	85,214	1,848
Loans receivable	432		432	
Capital assets not being depreciated:				
Land	487,902	12,554	500,456	
Construction in progress	297,266	500,964	798,230	
Capital assets being depreciated (net):				
Buildings and improvements	460,795	204,944	665,739	2,635
Sewage conveyance system		423,280	423,280	
Equipment	71,971	67,811	139,782	500
Infrastructure	590,961		590,961	
Total assets	2,488,453	1,458,211	3,946,664	6,193
Deferred outflows of resources				
Deferred charge on refunding	4,133		4,133	
Total deferred outflows of resources	4,133		4,133	
Liabilities				
Accounts payable	49,883	26,483	76,366	240
Interest payable	2	322	324	
Contract retentions	2,752		2,752	
Employee compensation	48,370	4,838	53,208	
Due to other governments	17	8	25	
Deposits and rebates	3,400		3,400	43
Unearned revenue	6,414	2,827	9,241	87
Noncurrent liabilities:				
Due within one year	110,779	36,979	147,758	
Due in more than one year	678,822	663,324	1,342,146	
Total liabilities	900,439	734,781	1,635,220	370
Net Position				
Net investment in capital assets	1,308,057	531,945	1,840,002	3,135
Restricted for:				
Facilities, justice, library, tax stabilization, and community development	100,423		100,423	
Highways and streets	27,033		27,033	
Debt service		29,100	29,100	
Capital projects	9,853	42,841	52,694	
Regional wastewater		17,785	17,785	
Healthcare	1,163		1,163	
Unrestricted	145,618	101,759	247,377	2,688
Total net position	$ 1,592,147	$ 723,430	$ 2,315,577	$ 5,823

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Activities
For the Year Ended June 30, 2013
(in thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 233,984	$ 28,910	$ 26,042	$ 1,215
Public safety	166,476	10,238	6,138	2,213
Highways and streets	80,087	6,511	45,750	49,342
Sanitation	6,409	3,577	1,146	
Health	36,540	12,495	8,718	985
Welfare	95,428	320	263	
Culture and recreation	65,341	2,865	652	5,175
Education and economic opportunity	49,924	1,544	27,412	368
Amortization - unallocated	(286)			
Interest on long-term debt	23,915			
Total governmental activities	757,818	66,460	116,121	59,298
Business-type activities:				
Regional Wastewater Reclamation	144,085	156,573		3,914
Development Services	7,231	6,519		
Parking Garages	1,825	2,073		
Total business-type activities	153,141	165,165		3,914
Total primary government	$ 910,959	$ 231,625	$ 116,121	$ 63,212
Component units:				
Sports & Tourism Authority	$ 25	$ 5	$ 4	
Southwestern Fair Commission	5,399	5,665	120	
Total component units	$ 5,424	$ 5,670	$ 124	

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

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year, as restated

Net position at end of year

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Position				
Primary Government				
Governmental Activities	**Business-type Activities**	**Total**	**Component Units**	**Functions/Programs**
				Primary government:
				Governmental activities:
$ (177,817)		$ (177,817)		General government
(147,887)		(147,887)		Public safety
21,516		21,516		Highways and streets
(1,686)		(1,686)		Sanitation
(14,342)		(14,342)		Health
(94,845)		(94,845)		Welfare
(56,649)		(56,649)		Culture and recreation
(20,600)		(20,600)		Education and economic opportunity
286		286		Amortization - unallocated
(23,915)		(23,915)		Interest on long-term debt
(515,939)		(515,939)		**Total governmental activities**
				Business-type activities:
	$ 16,402	16,402		Regional Wastewater Reclamation
	(712)	(712)		Development Services
	248	248		Parking Garages
	15,938	15,938		**Total business-type activities**
(515,939)	15,938	(500,001)		**Total primary government**
				Component units:
			$ (16)	Sports & Tourism Authority
			386	Southwestern Fair Commission
			$ 370	**Total component units**
				General revenues:
273,191		273,191		Property taxes, levied for general purposes
19,050		19,050		Property taxes, levied for regional flood control district
28,114		28,114		Property taxes, levied for library district
63,153		63,153		Property taxes, levied for debt service
6,076		6,076		Hotel/motel taxes, levied for sports facility and tourism
1,524		1,524		Other taxes, levied for stadium district
97,685		97,685		Unrestricted share of state sales tax
22,043		22,043		Unrestricted share of state vehicle license tax
3,207		3,207		Grants and contributions not restricted to specific programs
7,439		7,439		Interest and penalties on delinquent taxes
2,627	1,017	3,644		Investment earnings
21,267	580	21,847	56	Miscellaneous
(7,330)	7,330			Transfers
538,046	8,927	546,973	56	Total general revenues and transfers
22,107	24,865	46,972	426	Change in net position
1,570,040	698,565	2,268,605	5,397	Net position at beginning of year, as restated
$ 1,592,147	$ 723,430	$ 2,315,577	$ 5,823	Net position at end of year

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Balance Sheet - Governmental Funds
June 30, 2013
(in thousands)

Exhibit A - 3

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 67,006	$ 221,836	$ 25,430	$ 105,550	$ 419,822
Property taxes receivable (net)	9,421		2,179	1,662	13,262
Interest receivable	33	23	35	41	132
Due from other funds	2,959	1,542		276	4,777
Due from other governments	21,973	8,098	6	20,089	50,166
Accounts receivable	1,158	2,006		2,498	5,662
Inventory	16			1,422	1,438
Prepaid expenditures	3,433			439	3,872
Loan receivable	399			33	432
Other assets				1,018	1,018
Restricted cash equivalents		3,184		45	3,229
Total assets	$ 106,398	$ 236,689	$ 27,650	$ 133,073	$ 503,810
Liabilities, deferred inflows of resources and fund balances					
Liabilities:					
Accounts payable	$ 12,538	$ 21,126	$ 17	$ 11,999	$ 45,680
Interest payable				2	2
Contract retentions		2,752			2,752
Employee compensation	12,775	23		4,491	17,289
Due to other funds	580	8,627		4,001	13,208
Due to other governments	3			14	17
Deposits and rebates	210	3,184		6	3,400
Unearned revenue	2,295	9		4,110	6,414
Total liabilities	28,401	35,721	17	24,623	88,762
Deferred inflows of resources:					
Unavailable revenue - intergovernmental	8,903	6,238		4,661	19,802
Unavailable revenue - property taxes	8,562		1,993	1,523	12,078
Unavailable revenue - other				612	612
Total deferred inflows of resources	17,465	6,238	1,993	6,796	32,492
Total liabilities and deferred inflows of resources	45,866	41,959	2,010	31,419	121,254
Fund balances					
Nonspendable	3,848			1,939	5,787
Restricted		187,855		76,570	264,425
Committed		6,958		7,746	14,704
Assigned	158		25,640	23,784	49,582
Unassigned	56,526	(83)		(8,385)	48,058
Total fund balances	60,532	194,730	25,640	101,654	382,556
Total liabilities, deferred inflows of resources and fund balances	$ 106,398	$ 236,689	$ 27,650	$ 133,073	$ 503,810

PIMA COUNTY, ARIZONA

Exhibit A - 4

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

June 30, 2013

(in thousands)

Fund balances - total governmental funds		$ 382,556
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	$ 2,771,695	
Less accumulated depreciation	(890,568)	1,881,127
Some liabilities and their associated costs are not due and payable in the current period and therefore are not reported in the governmental funds		
Unamortized deferred outflow for bond refunding	4,133	
Bonds payable	(595,972)	
Certificates of participation payable	(134,494)	
Leases and notes payable	(903)	(727,236)
Some compensated absences are not due and payable shortly after June 30, 2013, and therefore are not reported in the governmental funds		
Employee compensation		(30,208)
Some liabilities are not due and payable shortly after June 30, 2013, and are therefore not reported in the governmental funds		
Landfill liability	(21,730)	
Pollution remediation liability	(734)	(22,464)
Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds		32,492
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position		75,880
Net position of governmental activities		$ 1,592,147

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, 2013
(in thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	$ 281,017		$ 63,317	$ 47,296	$ 391,630
Licenses and permits	2,816			5,555	8,371
Intergovernmental	131,984	$ 33,359	23	135,857	301,223
Charges for services	32,721	4,770		16,030	53,521
Fines and forfeits	4,799			5,105	9,904
Investment earnings	591	533	334	824	2,282
Miscellaneous	10,907	2,811	16	8,448	22,182
Total revenues	464,835	41,473	63,690	219,115	789,113
Expenditures:					
Current:					
General government	193,097			45,485	238,582
Public safety	131,087			21,286	152,373
Highways and streets				35,866	35,866
Sanitation				5,328	5,328
Health	3,320			32,261	35,581
Welfare	95,076			263	95,339
Culture and recreation	16,468			39,223	55,691
Education and economic opportunity	12,650			31,649	44,299
Capital outlay		174,976			174,976
Debt service - principal	159		67,885	298	68,342
- interest	1		23,903		23,904
- miscellaneous			1,654		1,654
Total expenditures	451,858	174,976	93,442	211,659	931,935
Excess (deficiency) of revenues over (under) expenditures	12,977	(133,503)	(29,752)	7,456	(142,822)
Other financing sources (uses):					
Installment note	764				764
Premium on bonds			11,959		11,959
Proceeds from refunding debt			51,280		51,280
Payments to escrow agent			(55,423)		(55,423)
Face amount of long-term debt issued		130,175			130,175
Proceeds from sale of capital assets				31	31
Transfers in	5,792	47,849	24,978	34,608	113,227
Transfers (out)	(39,768)	(11,160)	(5,700)	(65,616)	(122,244)
Total other financing sources (uses)	(33,212)	166,864	27,094	(30,977)	129,769
Net change in fund balances	(20,235)	33,361	(2,658)	(23,521)	(13,053)
Fund balances at beginning of year	80,767	161,369	28,298	124,951	395,385
Changes in nonspendable fund balance:					
Change in inventory				224	224
Fund balances at end of year	$ 60,532	$ 194,730	$ 25,640	$ 101,654	$ 382,556

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 6

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year ended June 30, 2013

(in thousands)

Net change in fund balances - total governmental funds		$ (13,053)
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	$ 145,456	
Less current year depreciation	(58,163)	87,293
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds but increases long-term liabilities in the Statement of Net 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 deferred outflows of resources, 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	(130,175)	
Premium on bonds	(11,959)	
Proceeds from refunding bonds	(51,280)	
Debt service - principal payments	68,342	
Payments to escrow agent	55,423	
Installment note	(764)	
Amortization expense	286	(70,127)
Some revenues reported in the Statement of Activities do not represent the collection of current financial resources and therefore are not reported as revenues in the governmental funds		
Donations of capital assets	6,387	
Property tax revenues	684	
Other	1,287	8,358
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	(1,070)	
Change in landfill liability	(858)	
Pollution remediation liability	71	
Net book value of capital asset disposals	(636)	
Other	224	(2,269)
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 gctivities		11,905
Change in net position of governmental activities		$ 22,107

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Net Position - Proprietary Funds
June 30 , 2013
(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	$ 128,735	$ 8,051	$ 136,786	$ 86,288
Restricted cash and cash equivalents	35,191		35,191	
Interest receivable	65	3	68	7
Due from other funds	8,597		8,597	67
Due from other governments	2	6	8	103
Accounts receivable (net)	18,013	151	18,164	376
Inventory	3,097		3,097	685
Prepaid expense	17	9	26	1,590
Total current assets	193,717	8,220	201,937	89,116
Noncurrent assets:				
Restricted cash and cash equivalents	46,794		46,794	
Capital assets:				
Land and other improvements	10,786	1,768	12,554	592
Buildings and improvements	382,320	12,927	395,247	967
Sewage conveyance system	693,048		693,048	
Equipment	105,890	1,146	107,036	43,000
Less accumulated depreciation	(489,030)	(10,266)	(499,296)	(20,089)
Construction in progress	500,964		500,964	3,298
Total capital assets (net of accumulated depreciation)	1,203,978	5,575	1,209,553	27,768
Total noncurrent assets	1,250,772	5,575	1,256,347	27,768
Total assets	1,444,489	13,795	1,458,284	116,884
Liabilities				
Current liabilities:				
Accounts payable	26,132	351	26,483	4,203
Employee compensation	4,172	666	4,838	873
Interest payable	322		322	
Due to other funds	73		73	160
Due to other governments	8		8	
Unearned revenue	2,826	1	2,827	
Current sewer revenue bonds and obligations payable	35,490		35,490	
Current portion of wastewater loans payable	1,489		1,489	
Current portion reported but unpaid losses				4,195
Current portion incurred but not reported losses				2,719
Total current liabilities	70,512	1,018	71,530	12,150
Noncurrent liabilities:				
Contracts and notes	12,645		12,645	
Sewer revenue bonds and obligations payable	630,999		630,999	
Wastewater loans payable	19,680		19,680	
Reported but unpaid losses				17,411
Incurred but not reported losses				11,443
Total noncurrent liabilities	663,324		663,324	28,854
Total liabilities	733,836	1,018	734,854	41,004
Net position				
Net investment in capital assets	526,370	5,575	531,945	27,768
Restricted for:				
Debt service	29,100		29,100	
Capital projects	42,841		42,841	
Regional wastewater reclamation	17,785		17,785	
Unrestricted	94,557	7,202	101,759	48,112
Total net position	$ 710,653	$ 12,777	$ 723,430	$ 75,880

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 8

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2013
(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	$ 145,190	$ 8,751	$ 153,941	$ 45,575
Other	387	59	446	451
Total net operating revenues	145,577	8,810	154,387	46,026
Operating expenses:				
Employee compensation	34,964	5,385	40,349	7,519
Operating supplies and services	9,298	159	9,457	9,066
Sludge and refuse disposal	1,592		1,592	
Repair and maintenance	5,397	71	5,468	2,154
Incurred losses				7,676
Insurance premiums				4,565
General and administrative	14,544	2,496	17,040	3,044
Consultants and professional services	6,093	328	6,421	1,708
Depreciation	44,718	218	44,936	3,775
Total operating expenses	116,606	8,657	125,263	39,507
Operating income (loss)	28,971	153	29,124	6,519
Nonoperating revenues (expenses):				
Intergovernmental revenues	350		350	
Investment earnings	972	45	1,017	291
Sewer connection fees	11,358		11,358	
Interest expense	(3,467)		(3,467)	
Debt issuance cost	(1,189)		(1,189)	
Gain/(loss) on disposal of capital assets	(19,596)		(19,596)	38
Claim and judgment contingency losses	(419)		(419)	
Total nonoperating revenues	(11,991)	45	(11,946)	329
Income (loss) before contributions and transfers	16,980	198	17,178	6,848
Capital contributions	3,564		3,564	165
Transfers in	8,645	1,000	9,645	2,091
Transfers (out)	(1,300)	(1,015)	(2,315)	(404)
Change in net position	27,889	183	28,072	8,700
Net position at beginning of year, as restated	682,764	12,594	695,358	67,180
Net position at end of year	$ 710,653	$ 12,777	$ 723,430	$ 75,880

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 9

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013
(in thousands)

	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				$ 45,628
Cash received from customers for goods and services provided	$ 142,374	$ 8,799	151,173	
Cash received from miscellaneous operations	387		387	459
Cash payments to suppliers for goods and services	(26,903)	(1,625)	(28,528)	(16,195)
Cash payments to other funds for goods and services	(10,266)	(2,025)	(12,291)	(3,448)
Cash payments for incurred losses	(3,000)		(3,000)	(7,305)
Cash payments to employees for services	(34,939)	(4,793)	(39,732)	(6,763)
Net cash provided by operating activities	67,653	356	68,009	12,376
Cash flows from noncapital financing activities:				
Cash transfers in from other funds	7,451	1,000	8,451	1,986
Cash transfers out to other funds		(1,015)	(1,015)	(404)
Loans with other funds	(8,602)	3	(8,599)	59
Intergovernmental revenues	350		350	
Net cash provided by (used for) noncapital financing activities	(801)	(12)	(813)	1,641
Cash flows from capital and related financing activities:				
Proceeds from issuance of bonds and loans	128,795		128,795	
Principal paid on bonds and loans	(30,821)		(30,821)	
Interest paid on bonds and loans	(10,333)		(10,333)	
Issuance cost of new debt	(1,189)		(1,189)	
Proceeds from premium	22,413		22,413	
Sewer connection fees	11,553		11,553	
Proceeds from sale of capital assets	16,142		16,142	410
Purchase of capital assets	(205,423)		(205,423)	(9,732)
Net cash (used for) capital and related financing activities	(68,863)		(68,863)	(9,322)
Cash flows from investing activities:				
Interest received on cash and investments	998	46	1,044	302
Net cash provided by investing activities	998	46	1,044	302
Net increase/ (decrease) in cash and cash equivalents	(1,013)	390	(623)	4,997
Cash and cash equivalents at beginning of year	211,733	7,661	219,394	81,291
Cash and cash equivalents at end of year	$ 210,720	$ 8,051	$ 218,771	$ 86,288

(continued)

PIMA COUNTY, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013
(in thousands)

Exhibit A - 9.1

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Operating income	$ 28,971	$ 153	$ 29,124	$ 6,519
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	44,718	218	44,936	3,775
Changes in assets and liabilities:				
Decrease (increase) in assets:				
Accounts receivable	(2,815)	(6)	(2,821)	52
Due from other governments	(2)	(6)	(8)	9
Inventory and other assets	209		209	350
Prepaid expense	(11)	(4)	(15)	(132)
Increase (decrease) in liabilities:				
Accounts payable	(451)	28	(423)	1,514
Due to other governments	8		8	
Reported but unpaid losses				(1,849)
Incurred but not reported losses	(3,000)		(3,000)	2,220
Other current liabilities	26	(27)	(1)	(82)
Net cash provided by operating activities	$ 67,653	$ 356	$ 68,009	$ 12,376

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2013:

Regional Wastewater Reclamation Enterprise Fund received developer-built conveyance systems with an estimated fair value of $3,564. This contribution was recorded as an increase in capital assets and capital contributions.

Regional Wastewater Reclamation Enterprise Fund retired capital assets with a net book value of $35,733.

Regional Wastewater Reclamation Enterprise Fund transferred out assets with a value of $105 to the County's Internal Service Fund.

Development Services Enterprise Fund retired fully depreciated assets with an original cost of $63.

Internal Service Funds received a transfer in of capital assets from Regional Wastewater Reclamation Enterprise Fund with a net book value of $105.

Internal Service Funds received capital contributions with a net book value of $165 from the County's general government and sold capital assets with a net book value of $372.

See accompanying notes to financial statements

Exhibit A - 10

PIMA COUNTY, ARIZONA
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2013
(in thousands)

	Investment Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	$ 206,437	$ 58,561
Interest receivable	52	
Due from other governments		1,391
Total assets	$ 206,489	$ 59,952
Liabilities		
Employee compensation		$ 1,081
Due to other governments		35,755
Deposits and rebates		23,116
Total liabilities		$ 59,952
Net position		
Held in trust for pool participants	$ 206,489	

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2013
(in thousands)

		Investment Trust Funds
Additions		
Contributions from participants	$	2,354,917
Total contributions		2,354,917
Investment earnings		1,623
Total investment earnings		1,623
Total additions		2,356,540
Deductions		
Distributions to participants		2,447,871
Total deductions		2,447,871
Change in net position		(91,331)
Net position held in trust July 1, 2012		297,820
Net position held in trust June 30, 2013	$	206,489

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Combining Statement of Net Position
Component Units
June 30, 2013
(in thousands)

	Sports & Tourism Authority	Southwestern Fair Commission	Total
Assets			
Cash and cash equivalents		$ 1,085	$ 1,085
Accounts receivable (net)		8	8
Inventories		36	36
Prepaids		81	81
Restricted assets:			
Cash and cash equivalents		1,848	1,848
Capital assets (net):			
Buildings and improvements		2,635	2,635
Machinery and equipment		500	500
Total assets		6,193	6,193
Liabilities			
Accounts payable	$ 7	233	240
Deposits and rebates		43	43
Unearned revenue		87	87
Total liabilities	7	363	370
Net Position			
Net investment in capital assets		3,135	3,135
Unrestricted	(7)	2,695	2,688
Total net position	$ (7)	$ 5,830	$ 5,823

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2013
(in thousands)

		Program Revenues		Net (Expense) Revenue		
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**S&TA**	**SFC**	**Total**
Sports & Tourism Authority (S&TA)						
Operations	$ 25	$ 5	$ 4	$ (16)		$ (16)
Total S&TA	25	5	4	(16)		(16)
Southwestern Fair Commission (SFC)						
Operations	5,399	5,665	120		$ 386	386
Total SFC	5,399	5,665	120		386	386
Total component units	$ 5,424	$ 5,670	$ 124	(16)	386	370
General revenues:						
Miscellaneous					56	56
Total general revenues					56	56
Change in net position				(16)	442	426
Net position at beginning of year				9	5,388	5,397
Net position at end of year				$ (7)	$ 5,830	$ 5,823

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, 2013, the County implemented the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 62 incorporates certain accounting and financial reporting guidance in FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins into GASB's authoritative literature. GASB Statement No. 65 reclassifies certain items that were previously reported as assets and liabilities as deferred inflows of resources or deferred outflows of resources.

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. Therefore, data from these units are 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 originally created to provide regional leadership and fiscal resources to ensure the presence of major league baseball in Pima County. However, in 2008 and 2010, the Chicago White Sox and the Arizona Diamondbacks Major League Baseball teams terminated their agreements with the District and moved to newer, larger facilities in Maricopa County. Since their departure, the District has taken steps to repurpose and diversify the use of the Stadium and to decrease costs and increase revenue. Pima County plans on capitalizing on professional soccer as an emerging area of potential growth in the tourism market by converting five fields at Kino Sports Complex into six soccer fields and adding a 2,000-seat grandstand. The facility also 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 recreation vehicle (RV) park tax for the District. The District is reported as a special revenue fund (blended component unit) in these financial statements. Complete financial statements for the District can be obtained from the Pima County Department of Finance and Risk Management located at 130 West Congress Street, Tucson, Arizona 85701.

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

Note 1: Summary of Significant Accounting Policies (continued)

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.

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

Related Organization:

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

B. Basis of 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 usefulness of the information.

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

Note 1: Summary of Significant Accounting Policies (continued)

intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

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

- charges 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 levied or imposed by the County, 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 generated by ancillary activities. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered to be 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 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 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 from charges for services and connection fees.

Note 1: Summary of Significant Accounting Policies (continued)

The County 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.

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 and liabilities 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. Major revenue sources of governmental funds are taxes, intergovernmental, and charges for services. The County accrues property taxes as revenue if collected within 30 days after year end. 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 and charges for services are accrued and 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 purposes of its statements of cash flows, the County considers cash on hand, demand deposits, cash on deposit with the County Treasurer, and only those highly liquid investments with a maturity period of 3 months or less when purchased to be cash equivalents.

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 at fair value.

(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

E. Inventories

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

The County accounts for its inventories in the Health Fund using the purchase method. Inventories of the Health Department consist of expendable supplies held for consumption and are recorded as expenditures at the time of purchase. Amounts on hand at year-end are shown on the balance sheet as an asset for informational purposes only and 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.

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

Inventories 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.

F. Property Tax Calendar

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

G. Capital Assets

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

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows (excluding component units):

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

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 provided by the straight-line method over the assets' estimated useful life, which range from 5 to 40 years.

H. Fund Balance Classifications

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

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

The unrestricted fund balance category is composed of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations approved by the County's Board of Supervisors, which is the highest level of decision-making authority within the County. Constraints placed on committed fund balances must be approved by the Board of Supervisors at a regular supervisory meeting. Any modifications and/or rescissions must also be approved by the board.

Assigned fund balances are 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, the County will 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.

I. Investment Earnings

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

J. Compensated Absences

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

Employees may accumulate up to 240 hours of vacation depending on years of service, but any vacation hours in excess of the maximum amount that are unused at fiscal year-end are forfeited. Upon terminating employment, all unused and unforfeited vacation benefits are paid to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide and proprietary funds' financial statements. A liability for

Note 1: Summary of Significant Accounting Policies (continued)

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 are forfeited 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. Compensated absences for the governmental funds is accrued based on vacation and sick leave paid within the first two pay periods after fiscal year-end. 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 thousands)

Note 2: Fund Balance Classifications 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:					
Non spendable:					
Inventory	$ 16			$ 1,422	$ 1,438
Prepaid expenses	3,433			439	3,872
Loan receivable	399			33	432
Permanent fund principal				45	45
Total nonspendable	3,848			1,939	5,787
Restricted for:					
Capital Projects					
Streets and highways		$ 32,480			32,480
Other		137,922			137,922
Justice Court Complex		4,677			4,677
Judicial activities				25,014	25,014
Flood Control District		12,776		8,191	20,967
Health				4,845	4,845
Law enforcement				2,207	2,207
Library District				9,761	9,761
Parks and recreation				26	26
School reserve				515	515
Social services				1,584	1,584
Streets and highways				21,577	21,577
Tire fund				1,224	1,224
Other purposes				1,626	1,626
Total restricted		187,855		76,570	264,425
Committed to:					
Judicial activities				123	123
Law enforcement				458	458
Parks and recreation		259		1,475	1,734
School reserve				315	315
Sports promotion (Stadium)				2,016	2,016
Other purposes		6,699		3,359	10,058
Total committed		6,958		7,746	14,704
Assigned to:					
Debt service reserve			$ 25,640		25,640
Health				970	970
Landfill				1,874	1,874
Law enforcement	154				154
Parks and recreation	4				4
School reserve				1,039	1,039
Other purposes				19,901	19,901
Total assigned	158		25,640	23,784	49,582
Unassigned:					
Total unassigned	56,526	(83)		(8,385)	48,058
Total Fund Balance	$ 60,532	$ 194,730	$ 25,640	$ 101,654	$ 382,556

Note 3: Cash and Investments

Primary Government

The County's cash and investment policies are governed by State statutes and by bond covenants. The County Treasurer is authorized to invest public monies in the State Treasurer's Investment Pool; interest bearing savings accounts, certificates of deposit and repurchase agreements in eligible depositories; bonds or other obligations issued or guaranteed by the United States government or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds; specified commercial paper, bonds, debentures, and notes issued by corporations organized and doing business in the United States; bonds or other evidences of indebtedness of the State of Arizona or any of its counties, cities, towns, or school districts as specified by statute; bonds of any county municipal district, municipal utility, or special taxing district of any state that are payable from revenues, earnings, or a special tax pledged for all payments on the obligations; and certain open-end and close-end mutual funds, including exchange traded funds. In addition, the County Treasurer may invest trust funds in fixed income securities of corporations doing business in the United States.

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

1. Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.
2. Corporate bonds, debentures and notes must be rated within the top three ratings by a nationally recognized rating agency, as of the date 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 collateral for demand deposits and certificates of deposit at 101 percent of all deposits not covered by federal depository insurance.

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

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

Foreign currency risk—Statutes do not allow foreign investments.

Deposits—At June 30, 2013, the carrying amount of the County's deposits was $51,125 and the bank balance was $59,560.

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, 2013, $2,704 of the County's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

(in thousands)

Note 3: Cash and Investments (continued)

Investments—At June 30, 2013, the County's investments consisted of $370,227 invested in marketable securities and $571,708 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, 2013, credit risk for the County's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
Commercial paper	A1+/P1	S&P / Moody's	$ 2,301
Corporate bonds	BBB/Baa1	S&P / Moody's	285,202
Municipal bonds	Unrated		10,715
Federal Farm Credit Bank	AA+/Aaa	S&P / Moody's	5,005
Federal Home Loan Bank	AA+/Aaa	S&P / Moody's	14,904
Money market mutual fund	AAAm/Aaa-mf	S&P / Moody's	26,642
		Marketable securities	344,769
State Treasurer Investment Pool 5	AAAf/S1+	S&P	364,864
State Treasurer Investment Pool 500	Unrated		99,979
State Treasurer Investment Pool 7	Unrated		106,865
	State Treasurer's Investment Pool		571,708
Total			$ 916,477

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 $941,935 of investments, $343,585, 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.

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, 2013 is less than 5% per issuer.

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

(in thousands)

Note 3: Cash and Investments (continued)

As of June 30, 2013, the County had the following investments:

Investment Type		Amount	Weighted Average Maturity (Years)
State Treasurer Investment Pool 5	$	364,864	0.06
State Treasurer Investment Pool 500		99,979	7.14
State Treasurer Investment Pool 7		106,865	0.05
Commercial paper		2,301	0.00
Corporate bonds		285,202	1.47
Municipal bonds		10,715	2.88
Federal Farm Credit Bank		5,005	3.19
Federal Home Loan Bank		14,904	2.48
U.S. Treasury Notes		25,458	0.82
Money market mutual fund		26,642	0.14
Total	$	941,935	

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:	$ 48	$ 51,125	$ 941,935	$ 993,108

	Governmental Activities	Business-type Activities	Investment Trust Funds	Agency Funds	Totals
Statement of Net Position:					
Cash and cash equivalents	$ 506,110	$ 136,786	$ 206,437	$ 58,561	$ 907,894
Restricted cash and cash equivalents	3,229	81,985			85,214
Total	$ 509,339	$ 218,771	$ 206,437	$ 58,561	$ 993,108

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

(in thousands)

Note 3: Cash and Investments (continued)

The Pool's assets consist of the following:

	Principal	Interest Rates	Maturities	Fair Value
Commercial paper	$ 2,300	0.14%	07/13	$ 2,301
Corporate bonds	284,812	0.45-7.13%	07/13-09/17	285,202
Municipal bonds	10,600	0.95-1.5%	07/13-07/17	10,715
Federal Farm Credit Bank	5,000	0.83%	08/16	5,005
Federal Home Loan Bank	15,000	0.5-3.13%	12/13-12/16	14,904
U.S. Treasury Notes	24,800	1.88-2.75%	10/13-07/14	25,458
State Treasurer Investment Pool 5	198,056	N/A	N/A	198,056
Deposits	27,698	N/A	N/A	27,698
Interest receivable	52	N/A	N/A	52
Total assets				$ 569,391

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	$ 469,767
External participants	99,624
Total assets	569,391
Total liabilities	
Total net position held in trust	$ 569,391
Statement of Changes in Net Position	
Total additions	$ 6,415,571
Total deductions	(6,483,565)
Net decrease	(67,994)
Net position held in trust:	
July 1, 2012	637,385
June 30, 2013	$ 569,391

(in thousands)

Note 4: Due from Other Governments

Governmental activities:

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Internal Service Funds	Total Governmental Activities
Federal government:						
Grants and contributions	$ 119		$ 6	$ 4,141	$ 1	$ 4,267
State of Arizona:						
Taxes and shared revenues	18,410	$ 2,240		5,137		25,787
Grants and contributions				8,655	2	8,657
Cities:						
Reimbursement for services	3,211	131		1,916	82	5,340
Other governments:						
Reimbursement for services	233	5,727		240	18	6,218
Total due from other governments fund based statements	$ 21,973	$ 8,098	$ 6	$ 20,089	$ 103	$ 50,269

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 467,661	$ 20,420	$ (179)	$ 487,902
Construction in progress	248,317	122,524	(73,575)	297,266
Total capital assets not being depreciated	715,978	142,944	(73,754)	785,168
Capital assets being depreciated:				
Buildings and improvements	603,725	53,905	(469)	657,161
Infrastructure	1,203,067	18,570		1,221,637
Equipment	146,995	19,999	(11,408)	155,586
Total capital assets being depreciated	1,953,787	92,474	(11,877)	2,034,384
Less accumulated depreciation for:				
Buildings and improvements	(180,846)	(15,653)	133	(196,366)
Infrastructure	(596,018)	(34,658)		(630,676)
Equipment	(82,903)	(11,627)	10,915	(83,615)
Total accumulated depreciation	(859,767)	(61,938)	11,048	(910,657)
Total capital assets being depreciated, net	1,094,020	30,536	(829)	1,123,727
Governmental activities capital assets, net	$ 1,809,998	$ 173,480	$ (74,583)	$ 1,908,895

(in thousands)

Note 5: Capital Assets (continued)

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 15,409		$ (2,855)	$ 12,554
Construction in progress	342,111	$ 193,088	(34,235)	500,964
Total capital assets not being depreciated	357,520	193,088	(37,090)	513,518
Capital assets being depreciated:				
Buildings and improvements	386,674	23,532	(14,959)	395,247
Sewage conveyance systems	702,236	11,136	(20,324)	693,048
Equipment	113,508	4,334	(10,806)	107,036
Total capital assets being depreciated	1,202,418	39,002	(46,089)	1,195,331
Less accumulated depreciation for:				
Buildings and improvements	(174,228)	(22,492)	6,417	(190,303)
Sewage conveyance systems	(259,433)	(13,537)	3,202	(269,768)
Equipment	(33,800)	(8,907)	3,482	(39,225)
Total accumulated depreciation	(467,461)	(44,936)	13,101	(499,296)
Total capital assets being depreciated, net	734,957	(5,934)	(32,988)	696,035
Business-type activities capital assets, net	$ 1,092,477	$ 187,154	$ (70,078)	$ 1,209,553

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	$ 10,195
Public safety	9,646
Highways and streets	30,482
Sanitation	416
Health	633
Welfare	99
Culture and recreation	5,887
Education and economic opportunity	805
Internal service funds	3,775
Total governmental activities depreciation expense	$ 61,938
Business-type activities:	
Parking Garages	218
Regional Wastewater Reclamation Department	44,718
Total business-type activities depreciation expense	$ 44,936

(in thousands)

Note 5: Capital Assets (continued)

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Discretely presented component units:				
Southwestern Fair Commission (SFC):				
Capital assets being depreciated:				
Buildings and improvements	$ 5,383	$ 591		$ 5,974
Equipment	2,543	22	$ (44)	2,521
Total capital assets being depreciated	7,926	613	(44)	8,495
Less accumulated depreciation for:				
Buildings and improvements	(3,077)	(262)		(3,339)
Equipment	(1,877)	(188)	44	(2,021)
Total accumulated depreciation	(4,954)	(450)	44	(5,360)
Total capital assets being depreciated, net	2,972	163		3,135
SFC capital assets, net	$ 2,972	$ 163		$ 3,135

Note 6: Claims, Judgments and Risk Management

Risk Management and Claims Liability

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

The Fund is liable for any single general or automobile liability claim up to $2,500, per occurrence; workers' compensation claim up to $1,000, per occurrence; or any medical malpractice claims in aggregate up to $5,000, in any policy year. The County purchases commercial insurance for claims in excess of coverage provided by the Fund and for some other risks of loss. Settled claims have not exceeded insurance coverage in any of the last three fiscal years.

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

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

(in thousands)

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

The claims liability of $35,768 reported in the Fund at June 30, 2013, is based on estimates of the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. The ultimate cost of claims includes incremental claim adjustment expenses that have been allocated to specific claims, as well as salvage and subrogation. No other claim adjustment expenses have been included.

	2013	2012
Claims liabilities - beginning	$ 35,397	$ 40,795
Current-year claims and changes in estimates	7,676	2,209
Claims payment	(7,305)	(7,607)
Claims liabilities balance - ending	$ 35,768	$ 35,397

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.

Marana Wastewater Reclamation Facility (MWRF)

The litigation over ownership of the MWRF with the Town of Marana (Town) was settled in fiscal year 2012-13. In the settlement agreement¸ the County agreed to voluntarily convey to the Town the disputed facility and the conveyance assets discharging to the facility in exchange for a $16.1 million payment sufficient to cover debt service on all outstanding debt related to the facility. The Town also agreed to sponsor legislation repealing the challenged statute upon which its claim for ownership was based. The transition of ownership of the MWRF and the conveyance assets to the Town is reported in this fiscal year with net book value of $35.1 million ($18.1 million for the MWRF and $17 million for the conveyance assets) for assets transferred to the Town, resulting in a loss of disposal of $19 million.

Pollution Remediation

The County has estimated and reported an environmental liability of $734 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, 2013.

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due within 1 year
Governmental activities:					
General obligation bonds	$ 456,145	$ 88,575	$ 88,030	$ 456,690	$ 44,785
Unamortized premium/discount	5,412	5,791	525	10,678	2,446
Total general obligation bonds	461,557	94,366	88,555	467,368	47,231
Transportation revenue bonds	138,070		12,055	126,015	12,425
Unamortized premium/discount	3,466		877	2,589	804
Total transportation revenue bonds	141,536		12,932	128,604	13,229
Certificates of participation	38,730	92,880	3,875	127,735	40,995
Unamortized premium/discount	1,042	6,168	451	6,759	1,966
Total certificates of participation	39,772	99,048	4,326	134,494	42,961
Capital leases payable:					
Jail capital lease	16,335		16,335		
Unamortized premium/discount	(500)		(500)		
Other capital leases	596		298	298	298
Total capital leases	16,431		16,133	298	298
Installment note payable		764	159	605	146
Total installment note payable		764	159	605	146
Reported but unpaid losses (Note 6)	23,455	5,456	7,305	21,606	4,195
Incurred but not reported losses (Note 6)	11,942	2,220		14,162	2,719
Landfill closure and post-closure care costs (Note 8)	20,872	858		21,730	
Pollution remediation (Note 6)	805		71	734	
Total governmental activities long-term liabilities	$ 716,370	$ 202,712	$ 129,481	$ 789,601	$ 110,779

(in thousands)

Note 7: Long-Term Liabilities (continued)

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due within 1 year
Business-type activities:					
Sewer revenue bonds	$ 169,310		$ 14,895	$ 154,415	$ 16,765
Unamortized premium/discount	1,712		613	1,099	
Total revenue bonds payable	171,022		15,508	155,514	16,765
Sewer revenue obligations	348,935	$ 128,795	13,375	464,355	18,725
Unamortized premium/discount	30,418	22,413	6,211	46,620	
Total revenue obligations payable	379,353	151,208	19,586	510,975	18,725
Regional Wastewater Reclamation					
Loans payable	23,719		2,550	21,169	1,489
Total loans payable	23,719		2,550	21,169	1,489
Contracts and notes	15,365	16,539	19,259	12,645	
Incurred but not reported losses	3,080		3,080		
Total business-type activities long-term liabilities	$ 592,539	$ 167,747	$ 59,983	$ 700,303	$ 36,979

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 charges for services 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, 2013, consisted of the outstanding general obligation bonds presented below. Of the total amounts originally authorized, $4,773 from the May 20, 1997 and $23,167 from the May 18, 2004 and $741 from the May 16, 2006 bond elections remain unissued.

(in thousands)

Note 7: Long-Term Liabilities (continued)

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2013
Series of 2004	65,000	5.00%	2014		4,215
Series of 2005	65,000	3.50 - 5.00%	2014-19	July 1, 2015	17,400
Series of 2007	95,000	3.00 - 4.50%	2014-21	July 1, 2017	56,175
Series of 2008	100,000	4.00%	2014-22	July 1, 2018	67,250
Series of 2009	75,000	3.00 - 4.13%	2014-23	July 1, 2019	36,975
Series of 2009A	90,000	3.00 - 4.00%	2014-24	July 1, 2019	68,405
Series of 2009A Refunding	23,535	3.00 - 3.50%	2014-16		4,545
Series of 2011	75,000	2.25 - 5.00%	2014-26	July 1, 2021	47,075
Series of 2012A	60,000	2.00 - 4.00%	2014-27	July 1, 2022	50,000
Series of 2012B Refunding	16,225	2.00 - 3.00%	2014-17		16,075
Series of 2013A	50,000	1.00 - 4.00%	2014-28	July 1, 2023	50,000
Series of 2013B Refunding	38,575	2.00 - 4.00%	2014-20		38,575
G.O. bonds outstanding					456,690
Plus unamortized deferred amount:					10,678
		Total G.O. bonds outstanding			$ 467,368

The following schedule details general obligation bond debt service requirements to maturity at June 30, 2013.

Year Ending June 30,	Principal	Interest
2014	$ 44,785	$ 16,694
2015	39,965	15,000
2016	40,990	13,679
2017	42,645	12,337
2018	40,270	10,932
2019 - 2023	192,295	32,289
2024 - 2028	55,740	5,451
Total	$ 456,690	$ 106,382

REFUNDED GENERAL OBLIGATION BONDS

In 2013, the County defeased $24,420 of General Obligation Bonds, Series 2004 and $14,435 of General Obligation Bonds, Series 2005 by issuing $38,575 of General Obligation Bonds that have an average life of 4.64 years and an average interest rate of 3.183%. This refunding transaction resulted in an economic gain of $1,762 and a reduction in debt service payments of $1,839. The proceeds of the new bonds were placed in an irrevocable trust to provide for future debt service payments of the refunded debt. Accordingly, the trust account assets and liability for the defeased bonds are not included in the County's financial statements. The Series 2004 Bonds and Series 2005 Bonds remain legally defeased in substance at the amount disclosed below.

(in thousands)

Note 7: Long-Term Liabilities (continued)

Issue	Principal Outstanding June 30, 2013
2004 General Obligation Refunded Bonds	$ 24,420
2005 General Obligation Refunded Bonds	14,435

TRANSPORTATION BONDS PAYABLE

Governmental Activities

(Payments made from street and highway revenues)

Pima County transportation revenue bonds were issued to provide monies to construct improvements to the County's streets and highways. Of the total amount originally authorized, $89,375 from the November 4, 1997 bond election remains unissued.

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2013
Series of 2005	51,200	3.50 - 5.00%	2014-20	July 1, 2015	32,920
Series of 2007	21,000	3.25 - 4.75%	2014-22	July 1, 2017	16,355
Series of 2008	25,000	3.25 - 4.50%	2014-22	July 1, 2018	22,460
Series of 2009	15,000	3.00 - 4.00%	2014-24	July 1, 2019	14,300
Series of 2009 Refunding	8,420	3.00 - 4.00%	2014-24	July 1, 2019	7,920
Series of 2012	18,425	3.00 - 5.00%	2014-27	July 1, 2022	17,540
Series of 2012 Refunding	14,520	4.00 - 5.00%	2014-18		14,520
Transportation bonds outstanding					126,015
Plus unamortized deferred amount:					2,589
Total transportation bonds outstanding					$ 128,604

The following schedule details transportation bond debt service requirements to maturity at June 30, 2013.

Year Ending June 30,	Principal	Interest
2014	12,425	4,969
2015	12,910	4,488
2016	13,430	3,983
2017	14,050	3,372
2018	14,640	2,797
2019 - 2023	49,595	6,444
2024 - 2027	8,965	618
Total	$ 126,015	$ 26,671

(in thousands)

Note 7: Long-Term Liabilities (continued)

Pima County has pledged future highway user revenues, net of specified operating expenses, to repay $126,015 in transportation revenue bonds issued between 2005 and 2012. Proceeds from the bonds provide financing for construction of various highways and streets within Pima County. The bonds are payable from net highway user revenues and are payable through 2027. Annual principal and interest payments on the bonds are expected to require approximately 109 percent of net revenues. Total principal and interest remaining to be paid on the bonds is $152,686. Principal and interest paid for bonds in the current year and total net highway user revenues were $17,592 and $14,833, 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.

On May 22, 2013, the County 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. The 2013B Certificates have an average life of 2.62 years and an average interest rate of 4.649%. This refunding transaction resulted in an economic gain of $999 and a reduction in debt service payments of $1,037.

The following schedule details outstanding Certificates of Participation payable at June 30, 2013.

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2013
Series of 2007A	$ 28,765	4.25 - 5.00%	2014-22	July 1, 2017	$ 20,695
Series of 2010	20,000	3.50 - 5.25%	2014-19		14,160
Series of 2013A	80,175	1.50 - 5.00%	2014-23		80,175
Series of 2013B Refunding	12,705	1.50 - 5.00%	2014-18		12,705
Certificates of participation outstanding					127,735
Plus unamortized deferred amount:					6,759
Total certificates of participation outstanding					$ 134,494

(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details debt service requirements to maturity for the County's Certificates of Participation payable at June 30, 2013.

Year Ending June 30,	Principal		Interest	
2014	$	40,995	$	4,078
2015		27,925		3,329
2016		13,655		2,671
2017		9,265		2,098
2018		9,800		1,622
2019 - 2023		26,095		3,065
Total	$	127,735	$	16,863

CAPITAL LEASES

Governmental Activities

The County has entered into capital leases for heavy equipment for use at its landfill sites. The outstanding balance as of June 30, 2013, for these leases totaled $298. The net book value of assets acquired through capital leases consists of $15,212 of buildings and $801 of equipment.

The following schedule details capital lease debt service requirements to maturity at June 30, 2013.

Governmental Activities:

	Equipment		
Year Ending June 30,	Principal		Interest
2014	$	298	
	$	298	

INSTALLMENT NOTE PAYABLE

Governmental Activities

In 2013, the County has acquired Tasers under contract agreements at a total purchase price of $764. The following schedule details debt service requirements to maturity for the County's installment note payable at June 30, 2013.

	Equipment			
Year Ending June 30,	Principal		Interest	
2014	$	146	$	14
2015		149		12
2016		154		8
2017		156		4
	$	605	$	38

(in thousands)

Note 7: Long-Term Liabilities (continued)

SEWER REVENUE BONDS 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, 2013, 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, 2013
Series of 2004 Refunding	25,770	4.60 - 5.00%	2014-15	July 1, 2014	$ 7,430
Series of 2007	50,000	4.00 - 5.00%	2014-26	July 1, 2017	36,790
Series of 2008	75,000	4.00 - 5.00%	2014-23	July 1, 2018	72,130
Series of 2009	18,940	3.25 - 4.25%	2014-24	July 1, 2019	15,650
Series of 2011 Refunding	43,625	3.00 - 5.00%	2014-16		22,415
Sewer revenue bonds outstanding					154,415
Plus unamortized deferred amount:					1,099
Total sewer revenue bonds outstanding					$ 155,514

The following schedule details sewer revenue bond debt service requirements to maturity at June 30, 2013.

Year Ending June 30,	Principal	Interest
2014	$ 16,765	$ 6,661
2015	17,555	5,882
2016	15,950	5,057
2017	11,250	4,354
2018	11,810	3,886
2019 - 2023	68,595	11,516
2024 - 2026	12,490	944
Total	$ 154,415	$ 38,300

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

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 Ina Road and Roger Road Wastewater Reclamation Facilities.

(in thousands)

Note 7: Long-Term Liabilities (continued)

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2013
Series of 2010	$ 165,000	2.50 - 5.00%	2014-25	July 1, 2020	$ 165,000
Series of 2011B	189,160	4.00 - 5.00%	2014-26	July 1, 2021	174,385
Series of 2012A	128,795	1.75 - 5.00%	2014-27	July 1, 2022	124,970
Sewer revenue obligations outstanding					464,355
Plus unamortized deferred amount:					46,620
Total sewer revenue obligations outstanding					$ 510,975

The following schedule details sewer revenue obligation debt service requirements to maturity at June 30, 2013.

Year Ending June 30,	Principal	Interest
2014	$ 18,725	$ 22,230
2015	19,325	21,549
2016	20,125	20,697
2017	33,450	19,823
2018	34,935	18,336
2019 - 2023	201,835	64,526
2024 - 2027	135,960	13,895
Total	$ 464,355	$ 181,056

In prior years, the Regional Wastewater Reclamation Enterprise Fund entered into a loan agreement (2004 which was used for construction and improvement of wastewater treatment facilities). In October 2009 the County entered into an additional loan agreement for the funding of construction of wastewater treatment facilities. Interest is payable semiannually and is calculated based on the principal amount of the loan outstanding during such period.

Issue	Issue Amount	Interest Rate	Maturities	Outstanding June 30, 2013
2004 Loans payable	19,967	1.81%	2014-24	14,542
2009 Loans payable	8,002	0.96%	2014-24	6,627
Total loans payable				$ 21,169

(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details loans payable debt service requirements to maturity at June 30, 2013.

Year Ending June 30,	Principal	Interest
2014	$ 1,489	$ 622
2015	1,535	576
2016	1,581	529
2017	1,629	480
2018	1,679	430
2019 - 2023	9,194	1,337
2024	4,062	124
Total	$ 21,169	$ 4,098

Pima County has pledged future user charges, net of specified operating expenses, to repay $154,415 in sewer revenue bonds issued between 2004 and 2011, $21,169 in sewer revenue loans issued between 2004 and 2009, and $464,355 in sewer revenue obligations issued between 2010 and 2012. 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 2027. Annual principal and interest payments on the bonds and obligations are expected to require approximately 58 percent of net revenues. The annual principal and interest payments on the loans are expected to require approximately 4 percent of net revenues. Total principal and interest remaining to be paid on the bonds is $192,715. Total principal and interest remaining to be paid on the loans is $25,267. Total principal and interest remaining to be paid on the obligations is $645,411. Principal and interest paid for bonds, obligations and loans in the current year and total customer net revenues were $55,869, $3,237, and $85,240, respectively.

All sewer revenue bonds were issued and the loan agreements were executed with a first lien on the pledge of the RWR net revenues and have restrictive covenants, primarily related to minimum utility rates and limitations on future bond issues. The bond covenants also require the RWR to either maintain a surety bond guaranteeing the payment of annual debt service or to maintain in the Bond Reserve Account monies equal to the average annual debt service payment. At June 30, 2013, the RWR had a surety bond to meet the requirements of the debt covenants. The County is also authorized to issue for the RWR additional parity bonds if certain conditions are met, primarily that net revenues for the fiscal year immediately preceding issuance of the parity bonds exceed 120 percent of the maximum annual debt service requirements immediately after such issuance.

CONTRACTS AND NOTES

Business-type Activities

(Payments made from restricted assets in the RWR)

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

(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, 2013, is as follows:

Net assessed valuation		$ 8,171,212
Debt limit (15% of net assessed valuation):		1,225,682
Less amount of debt applicable to debt limit:		
General obligation bonds outstanding	$ 456,690	
Less fund balance in debt service fund available for payment of general obligation bond principal	(22,900)	433,790
Legal debt margin available		$ 791,892

Note 8: Landfill Liabilities

Solid Waste Landfill Closure and Post-Closure Care Costs:

State and Federal laws and regulations require the County to place a final cover on its solid waste landfill sites when these sites stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after their closure. Although closure and post-closure care costs will not be paid until near or after the date the landfills stop accepting waste, the County records a portion of these closure and post-closure care costs as a long-term liability in each period, based on landfill capacity used as of each balance sheet date. The $21,730 reported as landfill closure and post-closure care long-term liability within the governmental activities represents the cumulative amount reported to date, based on the percentage used of each landfill's total estimated capacity. The County will recognize the remaining estimated cost of closure and post-closure care of $5,224 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, 2013; actual costs may change due to inflation, changes in technology, or changes in regulations.

Landfill Site	Capacity Used June 30, 2013	Estimated Remaining Service Life
Ajo	72%	37 Years
Sahuarita	52%	30 Years
*Tangerine	97%	4 Years

*The Tangerine Landfill will stop accepting waste from the public in November 2013 but will remain open for limited waste disposal until its remaining capacity is fully used.

Note 8: Landfill Liabilities (continued)

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

According to State and Federal laws and regulations, the County must comply with the local government financial test requirements that ensure the County can meet the costs of landfill closure, post-closure, and corrective action when needed. The County is in compliance with these requirements. The Ina Road Landfill facility is closed to municipal solid waste and only receives green waste and construction debris. It is not subject to the closure and post-closure cost requirements referred to above. Pima County estimates that it will cost approximately $10,785 when closure occurs and plans to fund the costs with proceeds of general obligation bonds and with solid waste tipping fees. At this time, there is no closure date available.

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.

Note 9: Pension and Other Post Employment Benefits

Pension Plan Descriptions

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

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

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

The **CORP** administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium plan that covers certain state, county, and local correction officers; dispatchers; and probation, surveillance, and juvenile detention officers. The **CORP** is governed by the Board of Trustees of **PSPRS** and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

(in thousands)

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

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report is available on their web site or may be obtained by writing or calling the applicable plan.

ASRS	PSPRS and CORP
3300 N. Central Ave P.O. Box 33910 Phoenix, AZ 85067-3910 (602) 240-2000 or (800) 621-3778 www.azasrs.gov	3010 East Camelback Road Suite 200 Phoenix, AZ 85016-4416 (602) 255-5575 www.psprs.com

Funding Policy

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

Cost-sharing plans

For the year ended June 30, 2013, active **ASRS** members were required by statute to contribute at the actuarially determined rate of 11.14 percent (10.9 percent for retirement and 0.24 percent for long-term disability) of the members' annual covered payroll. The County was required by statute to contribute at an actuarially determined rate. For the year ended June 30, 2013 the County contributed 11.14 percent (10.25 percent for retirement, 0.65 percent for health insurance premium benefit, and 0.24 percent for long-term disability) of the members' annual covered payroll. For the year ended June 30, 2012 the County contributed 10.74 percent (9.87 percent for retirement, .63 percent for health insurance premium, and 0.24 percent for long-term disability) of the members' annual covered payroll. For the year ended June 30, 2011 the County contributed 9.85 percent (9.01 percent for retirement, 0.59 percent for health insurance premium, and 0.25 percent for long-term disability) of the members' annual covered payroll.

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

Year ended June 30,	ASRS Retirement Fund	Health Benefit Supplement Fund	Long-term Disability Fund
2013	$ 22,902	$ 1,452	$ 536
2012	$ 21,290	$ 1,359	$ 518
2011	$ 21,774	$ 1,426	$ 604

(in thousands)

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

Agent plans

For the year ended June 30, 2013, active **PSPRS** members were required by statute to contribute 9.55 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 29.16 percent, the aggregate of which is the actuarially required amount. As allowed by statute, the County contributed 3.65 percent of the members' required contribution, with the members contributing 5.90 percent. The health insurance premium portion of the contribution was set at 1.74 percent of covered payroll. Active **CORP** members were required by statute to contribute 8.41 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 12.08 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.17 percent of covered payroll.

Actuarial methods and assumptions

The contribution requirements for the year ended June 30, 2013 were established by the June 30, 2011 actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on 1) the plans as understood by the County and plans' members and include the types of benefits in force at the valuation date, and 2) the pattern of sharing benefit costs between the County and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for both plans and related benefits (unless noted), and the actuarial methods and assumptions used to establish the fiscal year 2013 contribution requirements, are as follows:

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

(in thousands)

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

Annual Pension and OPEB Cost

The County's pension/OPEB cost for the PSPRS and CORP agent plans for the year ended June 30, 2013, and related information follows:

	PSPRS		CORP	
	Pension	OPEB	Pension	OPEB
Annual pension/OPEB cost	$ 9,903	$ 591	$ 2,722	$ 264
Contributions made	$ 10,118	$ 376	$ 2,843	$ 143

Trend Information

Annual pension and OPEB cost information for the current and 2 preceding years follows for the PSPRS and CORP agent plans:

Plan	Year Ended June 30	Annual Pension/ OPEB Cost	Percentage of Annual Cost Contributed	Net Pension/ OPEB Obligation
PSPRS				
Pension	2013	$ 9,903	102%	
Health insurance premium benefit	2013	$ 591	64%	$ 215
Pension	2012	$ 8,445	103%	
Health insurance premium benefit	2012	$ 638	60%	$ 254
Pension	2011	$ 8,303	103%	
Health insurance premium benefit	2011	$ 624	63%	$ 232
CORP				
Pension	2013	$ 2,722	104%	
Health insurance premium benefit	2013	$ 264	54%	$ 121
Pension	2012	$ 2,076	107%	
Health insurance premium benefit	2012	$ 288	51%	$ 142
Pension	2011	$ 1,824	108%	
Health insurance premium benefit	2011	$ 282	50%	$ 140

(in thousands)

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

Funded Status

The funded status of the plans, as of the most recent valuation date June 30, 2013, along with the actuarial assumptions and methods used in those valuations follow. Additionally, the required schedule of funding progress, presented as Exhibit B-2 following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

	PSPRS		CORP	
	Pension	Health Insurance Premium Benefit	Pension	Health Insurance Premium Benefit
Actuarial accrued liability	$ 274,019	$ 7,460	$ 86,429	$ 3,195
Actuarial value of assets	$ 148,871	0	$ 52,537	0
Unfunded actuarial accrued liability (funding excess)	$ 125,148	$ 7,460	$ 33,892	$ 3,195
Funded ratio	54.3 %	0 %	60.8 %	0 %
Covered payroll	$ 30,768	$ 30,768	$ 19,665	$ 19,665
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	406.8 %	24.2 %	172.4 %	16.2 %

	PSPRS	CORP
Actuarial valuation date	June 30, 2013	June 30, 2013
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment rate of return	7.85%	7.85%
Projected salary increases	4.5% - 8.5%	4.5% -7.75%
includes inflation at	4.50%	4.50%
Amortization method	Level percent-of-pay closed	Level percent-of-pay closed
Remaining amortization period	23 Years for underfunded , 20 years for overfunded	23 Years for underfunded , 20 years for overfunded
Asset valuation method	7-year smoothed market 80%/120% market	7-year smoothed market 80%/120% market

(in thousands)

Note 10: Interfund Transactions

A. Interfund Assets/Liabilities

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

Amounts recorded as due to:

Amounts recorded as due from:	General	Capital Projects	Other Governmental	RWR	Internal Services	Total
General			$ 2,827	$ 19	$ 113	$ 2,959
Capital Projects	$ 368		1,080	48	46	1,542
Other Governmental	185		90		1	276
RWR		$ 8,597				8,597
Internal Services	27	30	4	6		67
Total	$ 580	$ 8,627	$ 4,001	$ 73	$ 160	$ 13,441

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	RWR	Other Enterprise	Internal Services	Total
General				$ 5,792				$ 5,792
Capital Projects	$ 3,171		$ 5,700	37,240	$ 447	$ 1,000	$ 291	47,849
Debt Service	7,692	$ 68		16,624	503	15	76	24,978
Other Governmental	27,905	585		5,836	245		37	34,608
RWR		8,521		124				8,645
Other Enterprise	1,000							1,000
Internal Service		1,986			105			2,091
Total	$ 39,768	$ 11,160	$ 5,700	$ 65,616	$ 1,300	$ 1,015	$ 404	$ 124,963

Note 11: Construction and Other Significant Commitments

At June 30, 2013, Pima County had the following major contractual commitments related to Facilities Management, General Government, Natural Resources, Parks and Recreation, Regional Flood Control, Regional Wastewater Reclamation and Transportation.

Facilities Management
At June 30, 2013, the Pima County Facilities Management Department had construction contractual commitments of $28,081 and other contractual commitments related to service contracts of $10,759. Funding for these expenditures will be provided from general fund revenues and general obligation bonds.

General Government
At June 30, 2013, Pima County had contractual commitments related to service contracts for Public Works Administration of $2,883 and construction contractual commitments of $5,237. Institutional Health had contractual commitments related to service contracts of $36,562. Procurement had construction contractual commitments of $20,516 and other contractual commitments related to service contracts of $3,795. Sheriff Department had contractual commitments related to construction contracts of $144 and other related contractual commitments related to service contracts of $6,334. Funding for these expenditures will be provided from general fund revenues and general obligation bonds.

Natural Resources, Parks and Recreation
At June 30, 2013, Pima County had contractual commitments related to service contracts for Natural Resources, Parks and Recreation of $15,688. Funding for these expenditures will be provided from general fund revenues.

Regional Flood Control
At June 30, 2013, the Regional Flood Control fund had construction contractual commitments of $430 and other contractual commitments related to service contracts of $7,975. Funding for these expenditures will be primarily from Flood Control secondary tax levy revenues.

Regional Wastewater Reclamation
At June 30, 2013, the Regional Wastewater Reclamation Enterprise fund had construction contractual commitments of $29,135 and other contractual commitments related to service contracts of $28,678. Funding for these expenses will be primarily from Sewer Revenue Bonds and sewer user fees.

Transportation
At June 30, 2013, the Pima County Transportation Department had construction contractual commitments of $30,355 and other contractual commitments related to service contracts of $17,048. Funding for these expenditures will be primarily provided from Transportation Revenue Bonds and Highway User Tax Revenue, the primary source of revenue for the Transportation Department.

Note 12: Net Position Beginning Balance Restated

The beginning net position balance for the Regional Wastewater Reclamation Enterprise Fund and the Business-type Activities was restated due to the implementation of GASB No.65 requiring debt issuance costs, except any portion related to prepaid insurance costs, to be recognized as an expense in the period incurred. The following summarizes the restatement of net position.

(in thousands)

Note 12: Net Position Beginning Balance Restated (continued)

	Regional Wastewater Reclamation	Business-type activities
Net position - June 30, 2012, as previously reported	$ 687,897	$ 703,698
Adjustment	(5,133)	(5,133)
Net position - June 30, 2012, as restated	$ 682,764	$ 698,565

Due to the implementation of GASB No. 65, the County will expense $2,188 of prior year unamortized issuance costs in the government – wide Statement of Activities. This amount is immaterial to the financial statements and restatement of net position was not necessary.

Note 13: Deficit Fund Balances

The Stadium District and Other Grants – Special Revenue Fund had deficit fund balances at June 30, 2013 of $618 and $34 respectively. The deficits can be eliminated in the future through normal operations.

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.

before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

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

FINANCIAL STATEMENTS

Included as Appendix E of this Official Statement are excerpts of the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. The County has not requested or obtained the consent of the Office of the Arizona Auditor General to include such excerpts in the Official Statement and the Office of the Arizona Auditor General has performed no procedures subsequent to rendering their opinion on such Comprehensive Annual Financial Report.

CONCLUDING STATEMENT

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

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

By: */s/ Sharon Bronson* Sharon Bronson
Chair, Board of Supervisors

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

$10,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2014

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 January 1, 2014 (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 $10,000,000 aggregate principal amount of General Obligation Bonds, Series 2014 (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. **Redemption Notices**. The Bank agrees to provide certain notices to the Bond owners as required to be provided by the Bank in, and upon being provided with a copy of, the resolution of the County approving the issuance, sale and delivery of the Bonds. So long as the book-entry-only system is in effect, the Bank shall notify DTC of redemption in the manner required by DTC. If the book-entry-only system is discontinued, notice of redemption of any Bonds redeemed prior to their stated maturity date shall be mailed by first class mail to each Registered Owner not more than sixty (60) days nor less than thirty (30) days prior to the date of redemption. Notice of redemption may be sent to any securities depository by mail, facsimile transmission, wire transmission or any other means of transmission of the notice generally accepted by the respective securities depository. The Bank also agrees to send notice of redemption to the Municipal Securities Rulemaking Board (the "MSRB"), currently through the MSRB's Electronic Municipal Market Access system in the manner required by the MSRB.

Notice of redemption shall be sent by first class mail or electronically to the Treasurer of the County (the "Treasurer") and any depository institution which is a registered owner, such that the notice of redemption is received not less than two (2) days prior to the date of general release to the public. The Bank agrees to send a duplicate notice of redemption by first class mail to any registered owner who has not submitted Bonds for redemption within thirty (30) days after the date set for redemption.

Each redemption notice must contain, at a minimum, the complete official name of the issue with series designation, CUSIP number, certificate numbers, amount of each Bond called (for partial calls), date of issue, interest rate, maturity date, publication date (date of release to the general public or the date of general mailing of notices to Bond owners and information services), redemption date, redemption price, redemption agent and the name and address of the place where Bonds are to be tendered, including the name and phone number of the contact person. Such redemption notices may contain a statement that no representation is made as to the accuracy of the CUSIP numbers printed therein or on the Bonds.

Upon any redemption of Bonds, the Bank shall solicit from the County a revised Bond debt service schedule and shall provide the same to the Treasurer.

4. **Issuance and Transfer of Bonds**. The Bank will issue Bonds to registered owners, require Bonds to be surrendered and cancelled and new Bonds issued upon transfer, and maintain a set of registration books showing the names and addresses of the owners from time to time of the Bonds. The Bank shall promptly record in the registration books all changes in ownership of Bonds.

5. **Payment Deposit**. The County will transfer or cause to be transferred, immediately available funds to the Bank no later than one (1) business day prior to or, if agreed to by the parties hereto, on the date on which the interest, principal and premium payments (if any) are due on the Bonds but in no event later than the time established by DTC, on the date such payments are due. The Bank shall not be responsible for payments to Bond owners from any source other than moneys transferred, or caused to be transferred, to it by the County.

6. **Collateral**. The Bank shall collateralize the funds on deposit at the Bank in accordance with A.R.S. §§ 35-323 and 35-491.

7. **Turnaround Time**. The Bank will comply with the three (3) business day turnaround time required by Securities and Exchange Commission Rule 17Ad-2 on routine transfer items.

8. **Fee Schedule; Initial Fee**. For its services under this Agreement, the County shall pay the Bank in accordance with the fee schedule set forth in the attached Exhibit A, which is incorporated herein by reference. The fee for the Bank's initial services hereunder and services to be rendered until the end of the County's [next fiscal year (fiscal year 2014-2015)] 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 June 1, 2014, and prior to each June 1 thereafter.

10. **Costs and Expenses**. The County hereby agrees to pay all costs and expenses of the Bank pursuant hereto. If, for any reason, the amounts the County agrees to pay herein may not be paid from the annual tax levy for debt service on the Bonds, such costs shall be paid by the County from any funds lawfully available therefor and the County agrees to take all actions necessary to budget for and authorize expenditure of such amounts.

11. **Hold Harmless**. The Bank shall indemnify and hold harmless the Treasurer, the County and all boards, commissions, officials, officers and employees of the Treasurer and the County, individually and collectively, from the Bank's failure to perform to its standard of care as herein stated.

12. **Standard of Care Required**. In the absence of bad faith on its part in the performance of its services under this Agreement, the Bank shall not be liable for any action taken or omitted to be taken by it in good faith and believed by it to be authorized hereby or within the rights and

powers conferred upon it hereunder, nor for action taken or omitted to be taken by it in good faith and in accordance with advice of counsel, and shall not be liable for any mistakes of fact or error of judgment or for any actions or omissions of any kind unless caused by its own willful misconduct or negligence.

13. Entire Agreement. This Agreement and Exhibit A attached hereto contain the entire understanding of the parties with respect to the subject matter hereof, and no waiver, alteration or modification of any of the provisions hereof, shall be binding unless in writing and signed by a duly authorized representative of all parties hereto.

14. Amendment. The County and the Bank reserve the right to amend any individual service set forth herein or all of the services upon providing a sixty (60) day prior written notice. Any corporation, association or agency into which the Bank may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from such conversion, sale, merger, consolidation or transfer to which it is a party, *ipso facto*, shall be and become successor registrar, transfer agent and paying agent under this Agreement and vested with all or the same rights, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

15. Resignation or Replacement. The Bank may resign or the County may replace the Bank as registrar, transfer agent and paying agent at any time by giving thirty (30) days written notice of resignation or replacement to the County or to the Bank, as applicable. The resignation shall take effect upon the appointment of a successor registrar, transfer agent and paying agent. A successor registrar, transfer agent and paying agent will be appointed by the County; provided, that if a successor registrar, transfer agent and paying agent is not so appointed within ten (10) days after a notice of resignation is received by the County, the Bank may apply to any court of competent jurisdiction to appoint a successor registrar, transfer agent and paying agent. Any resignation or replacement of the Bank pursuant to this Section shall be without cost to the County.

In the event the Bank resigns or is replaced, the County reserves the right to appoint a successor registrar, transfer agent and paying agent who may qualify pursuant to A.R.S. § 35-491, et seq., or any subsequent statute pertaining to the registration, transfer and payment of bonds. In such event the provisions hereof with respect to payment by the County shall remain in full force and effect, but the County shall then be authorized to use the funds collected for payment of the costs and expenses of the Bank hereunder to pay the successor registrar, transfer agent and paying agent or as reimbursement if the County acts as registrar, transfer agent and paying agent.

16. Reports to Arizona Department of Revenue. The Bank shall make such reports to the Arizona Department of Revenue (the "Department") pertaining to the retirement of any Bonds and of all payments of interest thereon, within thirty (30) days of a request therefor, from the Treasurer or the County, or the agents of either, to comply with the requirements of the Department pursuant to A.R.S. § 35-502.

17. Form of Records. The Bank's records shall be kept in compliance with standards as have been or may be issued from time to time by the Securities and Exchange Commission, the MSRB of the United States, the requirements of the Code and any other securities industry standard. The Bank shall retain such records in accordance with the applicable record keeping standard of the Internal Revenue Service. In lieu of destruction and immediately prior to the date the Bank would destroy any Bondholder or Bond payment records maintained by the Bank pursuant to this Agreement, such records shall be provided to the County.

18. Advice of Counsel and Special Consultants. When the Bank deems it necessary or reasonable, it may apply to Squire Sanders (US) LLP or such other law firm or attorney for instructions or advice. Any fees and costs incurred shall be added to the next fiscal year's fees, costs and expenses to be paid to the Bank.

19. Examination of Records. The County or its duly authorized agents may examine the records relating to the Bonds at the office of the Bank where such records are kept at reasonable times as agreed upon with the Bank and such records shall be subject to audit from time to time at the request of the County.

20. Payment of Unclaimed Amounts. In the event any check for payment of interest on a Bond is returned to the Bank unendorsed or is not presented for payment within two (2) years from its payment date or any Bond is not presented for payment of principal at the maturity or redemption date, if applicable, if funds sufficient to pay such interest or principal due upon such Bond shall have been made available to the Bank for the benefit of the owner thereof, it shall be the duty of the Bank to hold such funds, without liability for interest thereon, for the benefit of the owner of such Bond who shall thereafter be restricted exclusively to such funds for any claim of whatever nature relating to such Bond or amounts due thereunder. The Bank's obligation to hold such funds shall continue for two years and six months (subject to applicable escheat or unclaimed property law) following the date on which such interest or principal payment became due, whether at maturity, or at the date fixed for redemption, or otherwise, at which time the Bank shall surrender such unclaimed funds so held to the County, whereupon any claim of whatever nature by the owner of such Bond arising under such Bond shall be made upon the County and shall be subject to the provisions of applicable law.

21. Invalid Provisions. If any provision hereof is held to be illegal, invalid or unenforceable under present or future laws, this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement; and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision.

22. Mutilated, Lost or Destroyed Bonds. With respect to Bonds which are mutilated, lost or destroyed, the Bank shall cause to be executed and delivered a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond lost or destroyed, upon the registered owner's paying the reasonable expenses and charges in connection therewith and, in the case of any Bond destroyed or lost, filing by the registered owner with the Bank and the County of evidence satisfactory to the Bank and the County that such Bond was destroyed or lost, and furnishing the Bank and the County with a sufficient indemnity bond pursuant to A.R.S. § 47-8405.

23. **Conflict of Interest**. Each party gives notice to the other parties that A.R.S. § 38-511 provides that the State of Arizona (the "State"), its political subdivisions or any department or agency of either, may within three (3) years after its execution cancel any contract without penalty or further obligation made by the State, its political subdivisions or any of the departments or agencies of either, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any of the departments or agencies of either, is at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract.

24. **Waiver of Trial by Jury**. Each party hereto hereby agrees not to elect a trial by jury of any issue triable of right by jury, and waives any right to trial by jury fully to the extent that any such right shall now or hereafter exist with regard to this Agreement, or any claim, counterclaim or other action arising in connection herewith. This waiver of right to trial by jury is given knowingly and voluntarily by each party, and is intended to encompass individually each instance and each issue as to which the right to a trial by jury would otherwise accrue.

25. **Levy for Expenses**. Except for the initial fiscal year's costs and expenses, all costs and expenses incurred with respect to services for registration, transfer and payment of the Bonds and, if applicable, for costs and expenses in connection with the calculation of arbitrage rebate shall be treated as interest on the Bonds and the County agrees to include the same in the taxes levied for interest debt service during each of the ensuing fiscal years.

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 January 1, 2014.

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 SANDERS (US) LLP,
Bond Counsel

By: ________________________________
Timothy E. Pickrell

Attachment: Exhibit A, Fee Schedule of the Registrar.

[Signature page of Bond Registrar, Transfer Agent and Paying Agent Agreement]

This Agreement is dated and effective as of January 1, 2014.

U.S. BANK NATIONAL ASSOCIATION

By: ______________________________
Keith Henselen
Vice President

PIMA COUNTY, ARIZONA

By: Sharon Bronson
Sharon Bronson
Chair

ATTEST:

By: Robin Brigode
Robin Brigode
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE SANDERS (US) LLP,
Bond Counsel

By: Timothy E. Pickrell
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.

U.S. Bank Customer Confidential

Schedule of Fees for Services as
Paying Agent, Registrar and Transfer Agent
For
Pima County, Arizona
General Obligation Bonds, Series 2014

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
CTS04110	**Paying Agent / Registrar / Transfer Agent** Annual fee for the standard transfer agent, registrar, and paying agent services associated with the administration of the account. Administration fees are payable in advance.	$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: January 8, 2014

PIMA COUNTY, ARIZONA

$10,000,000
GENERAL OBLIGATION BONDS,
SERIES 2014

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 $10,000,000 aggregate principal amount of General Obligation Bonds, Series 2014 (the "Bonds"), being issued pursuant to a resolution adopted by the Board of Supervisors of the County on December 3, 2013 (the "Bond Resolution").

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

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

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

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

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

"Commission" means the Securities and Exchange Commission.

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

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

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

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

"Undertaking" means the obligations 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 January 16, 2014.

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: *Thomas Burke*
Thomas Burke
Finance and Risk Management Director

Dated: January 30, 2014

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND AUDITED FINANCIAL STATEMENTS

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

Annual Financial Information exclusive of Audited Financial Statements will be provided to the MSRB through EMMA, no later than the first business day in February of each year, commencing February 1, 2015. 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.

$10,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2014

GENERAL CERTIFICATE OF THE COUNTY

The undersigned, Chair (the "Chair") and Clerk (the "Clerk") of the Board of Supervisors of Pima County, Arizona (the "County"), acting for and on behalf of the County, do hereby certify as follows with respect to the $10,000,000 aggregate principal amount of Pima County, Arizona General Obligation Bonds, Series 2014 (the "Bonds") issued by the County pursuant to Resolution No. 2013-107, passed, adopted and approved by the Board of Supervisors of the County on December 3, 2013 (the "Resolution"), authorizing and providing for the issuance and sale of the Bonds:

1. They are the duly elected or appointed, qualified and acting 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 December 3, 2013, in accordance with the laws of the State of Arizona. Copies of the notice and agenda for such meeting are attached hereto as Exhibit A. The Resolution, as executed by the Chairman and attested by the Clerk, is in the same form and text as the copy of such Resolution that was before and adopted by the Board of Supervisors of the County at the meeting of December 3, 2013.

3. The persons named below were on December 3, 2013 to and including January 7, 2014 the duly elected, qualified and acting members and incumbents of the office of the County set opposite their respective names:

Name	Office
Ramón Valadez	Chairman and Supervisor
Sharon Bronson	Supervisor
Ray Carroll	Supervisor
Ally Miller	Supervisor
Richard Elías	Supervisor

4. The members of the Board of Supervisors of the County on January 7, 2014 to and including the date hereof, are as follows:

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.

5. 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 January 1, 2014 (the "Bond Registrar and Paying Agent Agreement"), between the County and U.S. Bank National Association (the "Registrar"), the Bond Purchase Agreement, dated January 16, 2014 (the "Purchase Agreement") between the County and RBC Capital Markets, LLC (the "Underwriter"), the Continuing Disclosure Undertaking, dated January 30, 2014 (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.

6. 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.

7. 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 $10,000,000, issued under the Resolution in the form of fully-registered bonds without coupons, in the denomination of $5,000, or integral multiples thereof and maturing and bearing interest at the rates per annum from the date of the Bonds to the maturity or earlier redemption of each of the Bonds, as shown on Schedule A attached hereto.

8. 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.

9. There is no action, suit, proceeding, inquiry, or investigation at law or in equity, or before or by any public board or body, pending or threatened against the County, which questions its right to levy and collect taxes to pay the principal of and interest on the Bonds, or questions the proceedings and authority pursuant to which the levy is made, or questions its right to issue securities, including the Bonds, or to restrain or enjoin the issuance, offer and sale of the Bonds, or in any way affecting or questioning any authority for or the validity of the County Documents, the Bonds or the proceedings for the issuance thereof or the County's right to use the proceeds of the Bonds in the manner contemplated in the Resolution, which, if determined adversely to the County or its interests, individually or in the aggregate, would have (a) a material adverse effect upon the financial condition, assets, properties or operations of the County, or (b) a material adverse effect on the transactions contemplated by the Official Statement, dated January 16, 2014 (the "Official Statement"), prepared and distributed in connection with the offer and sale of the Bonds, or (c) an adverse effect on the validity or enforceability of the County Documents, or (d) impair the County's ability to comply with the requirements set forth in the Resolution.

10. 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.

11. 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 Treasurer of the County of $10,317,139.35, comprised of (a) $10,000,000.00 principal amount thereof, plus (b) a net reoffering premium of $409,639.35, and less (c) an Underwriter's discount of $92,500.00.

12. The County is currently in material compliance with its reporting requirements pursuant to all prior Continuing Disclosure Undertakings.

13. To the best of our knowledge, no public officer, supervisor or employee of the County has been compensated or will be compensated for acting as such in connection with the issuance, sale and delivery of the Bonds, except that they may be reimbursed for their actual expenses incurred in the performance of their duties as such officers, supervisors or employees of the County and no officer, supervisor or employee of the County, or relative of such officer, supervisors or employee, has any "substantial interest" (as defined in Section 38-502 of the Arizona Revised Statutes) in any of the transactions contemplated by the County Documents.

14. Upon the issuance of the Bonds, the outstanding general obligation bonded debt of the County, less principal redemption funds on hand, will be not more than $466,690,000.

15. The County will use the proceeds of the Bonds (other than the proceeds deposited into the Interest and Redemption Fund) in a manner and for purposes consistent with the voter approval obtained at the special bond elections held in and for the County on May 20, 1997, May 18, 2004 and/or May 16, 2006.

16. Any defined term identified herein by an initial capital letter but not otherwise defined herein shall have the meaning ascribed to it in the Resolution.

Dated: January 30, 2014

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
2015	$1,000,000	2.000%
2016	525,000	1.000
2016	475,000	2.000
2018	610,000	1.500
2019	620,000	1.500
2020	630,000	5.000
2021	660,000	5.000
2022	695,000	5.000
2023	725,000	5.000
2024	765,000	3.000
2025	785,000	3.000
2026	810,000	3.125
2027	835,000	3.250
2028	865,000	3.375

Exhibit A

Notice and Agenda for December 3, 2013 Board of Supervisors Meeting

Pima County

Meeting Agenda

Board of Supervisors

MEETING LOCATION
Administration Bldg - East
130 W. Congress Street
1st Floor
Tucson, AZ 85701

Tuesday, December 3, 2013	9:00 AM	Board of Supervisors' Hearing Room

PIMA COUNTY BOARD OF SUPERVISORS

Ramón Valadez, Chairman, District 2
Sharon Bronson, Vice Chair, District 3
Richard Elías, Acting Chair, District 5
Ally Miller, Member, District 1
Ray Carroll, Member, District 4

AGENDA/ADDENDUM INFORMATION

Within 24 hours of each scheduled meeting, the agenda/addendum is available in the Clerk of the Board's Office, 130 W. Congress St., 5th Fl., Tucson, AZ 85701, Mon-Fri, 8am to 5pm and online at www.pima.gov.

LIVE BROADCAST
Cable Channels...........Comcast 96;..........Cox 12 and 96
Webcast: www.pima.gov

PUBLIC PARTICIPATION SPEAKERS ARE LIMITED TO 3 MINUTES

To address the Board of Supervisors, please complete a Speaker's Card available in the Hearing Room. Clearly print your name/address, the agenda/addendum item number and other requested information. Place the completed Speaker Card in the labeled baskets located on the dais. When the Chairman announces your name, step forward to the podium, speak into the microphone and state your name and affiliation (if applicable) 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 COURTESY

Please turn off cell phones/devices or place in silent mode.

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.

NOTE: Links to attachments do not display on a printed agenda.

1. ROLL CALL

2. INVOCATION

To be offered by Pastor Tom Dunham, Streams in the Desert Lutheran Church.

3. PLEDGE OF ALLEGIANCE

4. PAUSE 4 PAWS

EXECUTIVE SESSION

5. **Call to the Public (for Executive Session items only)**

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.)

6. Pursuant to A.R.S. §38-431.03(A)(3) and (4), for legal advice and direction regarding authorization to file three separate lawsuits for recovery of property damage in three separate car accidents involving county vehicles.

Attachments: Exec_AuthoritytoFileLawsuits

BOARD OF SUPERVISORS SITTING AS OTHER BOARDS

FLOOD CONTROL DISTRICT BOARD

7. **Contract**

CMG Drainage Engineering, Inc., Amendment No. 1, to provide for the Airport Wash Basin Management Study and amend contractual language, Flood Control District Tax Levy Fund, contract amount $14,950.00 (CT-FC-14-45)

Attachments: CT-FC-14-045

8. **Contract**

Sky Island Alliance, to provide a Sub-Recipient Landowner Agreement for the Rancho Fundoshi Spring Restoration, Flood Control District Fund, contract amount not to exceed $2,000.00 (CT-PW-14-201)

Attachments: CT-PW-14-201

BOARD OF SUPERVISORS SITTING IN REGULAR SESSION

CONSENT CALENDAR

9. Call to the Public (for Consent Calendar items only)

10. Approval of Consent Calendar

COUNTY ADMINISTRATOR

11. **Quarterly Report on Collections**

Staff recommends acceptance of the Quarterly Report on Collections for the period ending September 30, 2013, and approval of the write-off request in the amount of $44,784.00.

Attachments: CA_QuarterlyReportonCollections

12. **Classification and Compensation**

Staff requests approval to create the following new classification:

Class Code/Class Title/Grade (Range)/ EEO Code/ FLSA Code

7205/ Chief of Veterinary Services-Unclassified/ U4($66,310-$138,175)/1/ E*

*E = Exempt (not paid overtime)

Attachments: CA_Classification_ChiefofVeterinaryServices

FINANCE AND RISK MANAGEMENT

13. **General Obligation Bonds**

RESOLUTION NO. 2013 - **107**, of the Board of Supervisors, providing for the issuance and sale of Pima County, Arizona, General Obligation Bonds, Series 2014A in one or more series; providing for the annual levy of a tax for the payment of the bonds; providing terms, covenants and conditions concerning the bonds; accepting a proposal for the purchase of the bonds; appointing an initial registrar and paying agent for the bonds; approving and ratifying all actions taken in furtherance of this resolution.

Attachments: FN_GOBondResolution

CA_DebtRelatedResolutionsMemorandum

14. **Street and Highway Revenue Bonds**

RESOLUTION NO. 2013 - **108**, of the Board of Supervisors, providing for the issuance and sale of not exceeding $41,000,000.00 principal amount of Pima County, Arizona, Street and Highway Revenue Bonds, Series 2014A; providing for the payment of the 2014A Bonds; providing terms, covenants and conditions concerning the 2014A Bonds; providing for the sale thereof by means of an online bidding process; authorizing and directing the refunding of certain outstanding bonds and the execution and delivery of documents and further actions relating to the issuance of the 2014A Bonds; and appointing an initial bond registrar and paying agent for the 2014A Bonds.

Attachments: FN_HURFResolution

CA_DebtRelatedResolutionsMemorandum

15. **Certificates of Participation**

RESOLUTION NO. 2013 - **109**, of the Board of Supervisors of Pima County, Arizona, authorizing the lease and lease-purchase back of certain real property, including buildings and structures, in order to finance capital projects for the County; authorizing notice to the public of the lease or sale of the property and providing for the award thereof to the highest responsible bidder; authorizing the execution and delivery of a ground lease, amendments and supplements to a lease-purchase agreement and a trust agreement and other necessary agreements, instruments and documents; approving the execution and delivery of certificates of participation to provide the necessary financing therefor; and authorizing other actions and matters in connection therewith.

Attachments: FN_COPSResolution

CA_DebtRelatedResolutionsMemorandum

16. **Cash Defeasance**

RESOLUTION NO. 2013 - **110**, of the Board of Supervisors of Pima County, Arizona, authorizing the prepayment or redemption of certain outstanding bonds with County funds; authorizing the appointment of a depository trustee; authorizing the execution of a depository trust agreement and other necessary agreements, instruments and documents in connection with the prepayment or redemption of such bonds; and authorizing other actions and matters in connection therewith.

Attachments: FN_CashDefeasanceResolution

CA_DebtRelatedResolutionsMemorandum

17. **Sewer System Revenue Obligations**

RESOLUTION NO. 2013 - **111**, 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 2014A obligation indenture of Sewer System Revenue Obligations, Series 2014A, in an aggregate principal amount not in excess of $70,000,000.00, 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 2014A 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 2014A obligations and ordering the sale of such Series 2014A obligations; authorizing the execution and delivery of a continuing disclosure undertaking with respect to such series 2014A obligations; and authorizing the Finance Director to expend all necessary funds therefor.

Attachments: FN_SewerSystemRevenueObligationsResolution

CA_DebtRelatedResolutionsMemorandum

REGIONAL WASTEWATER RECLAMATION

18. **Pretreatment Settlement Agreement**

Staff recommends approval of the following proposed Pretreatment Settlement Agreement, RWRD Enterprise Fund:

The Picture People, Case No. C2013-04. The proposed settlement amount of $500.00 is in accordance with the Industrial Wastewater Enforcement Response Plan.

Attachments: WW_PretreatmentSettlement_ThePicturePeople

WW_NegotiatedSettlementAgreement

TRANSPORTATION

19. **Acceptance of Project/Roadway for Maintenance**

P1207-054, Vista del Lago, Lots 1-123 and Common Areas A and B. Developer: D.R. Horton, Inc. (District 4)

Attachments: TR_P1207-054_VistadelLago

*** HEARINGS ***

BOARD OF SUPERVISORS

20. UNFINISHED BUSINESS (9/17/13, 10/8/13, 10/15/13 and 11/12/13)

Appeal of Review Officer's Decision

Pursuant to Board of Supervisor's Policy D 22.10, the Pima County Assessor appeals the decision of the Review Officer regarding the classification of Tax Parcel Nos. 109-25-006B, 109-25-006E, 110-10-001B, 110-10-001D, 110-10-002B and 110-10-005B to Legal Class 3 for Tax Year 2013.

Attachments: BOS_ReviewOfficerReport109-25-006B et al

BOS_Appeal109-25-006B et al

BOS_12-3-2013ContinuationLtr-109-25-006B_et_al

FRANCHISE/LICENSE/PERMIT

21. **Wine Festival/Wine Fair License**

St. Philip's Plaza, 4280 N. Campbell Avenue, Tucson, December 14, 2013 from 3:00 p.m. to 8:30 p.m., for the following:

- Mark Bradford Cave, d.b.a. Arizona Stronghold Vineyards
- Kent Allan Callaghan, d.b.a. Callaghan Vineyards
- Milton Elsworth Craig, d.b.a. Charron Vineyards and Winery
- Mark Walter Beres, d.b.a. Flying Leap Vineyards, Inc.
- Ray Frances Freitas, d.b.a. Freitas Vineyard
- Gavin Richard Gallifant, d.b.a. Gallifant Cellars, L.L.C.
- James Hill Graham, d.b.a. Golden Rule Vineyards
- Charlene Rae Manning, d.b.a. Kief - Joshua Vineyards
- Peggy Ann Fiandaca, d.b.a. Lawrence Dunham Vineyards, L.L.C.
- Ann Bernadette Roncone, d.b.a. Lightning Ridge Cellars
- Eric Steven Glomski, d.b.a. Page Springs Cellars
- Barbara Jean Pierce, d.b.a. Pierce Wines Arizona, L.L.C.
- Mark Anders Jorve, d.b.a. Zarpara Vineyard
- Megan Austin Haller, d.b.a. AZ Hops & Vines
- Samuel Wallace Pillsbury, d.b.a. Pillsbury Wine Company, L.L.C.

Attachments: FLP_WFStPhilipsPlaza

22. **Agent Change/Acquisition of Control/Restructure**

13-09-0046, George Leonard Engle, Diamond Shamrock Corner Store No. 1649, 6175 S. Kolb Road, Tucson, Agent Change and Acquisition of Control.

Attachments: FLP_AC_DiamondShamrockCornerstore1649

FORENSIC SCIENCE CENTER

23. UNFINISHED BUSINESS (10/1/13)

Fee Schedule

ORDINANCE NO. 2013 - 44, of the Board of Supervisors, relating to Forensic Science Center, establishing a fee for Anthropologist services.

Attachments: FSC_FeeSchedule

DEVELOPMENT SERVICES

24. **Type II Conditional Use Permit**
P21-13-008, MULE POWER FARMS, L.L.C., - N. CONESTOGA AVE.
Request of Mule Power Farms, L.L.C., represented by Envision Corporation, on property located at 2035 N. Conestoga Ave., in the SR Zone, for a conditional use permit for a community stable, in accordance with Section 18.17.030C.4 of the Pima County Zoning Code as a Type II conditional use permit. The Hearing Administrator recommends **APPROVAL SUBJECT TO STANDARD AND SPECIAL CONDITIONS**. (District 4)
Attachments: DSD_P21-13-008

25. **Rezoning Ordinance**
ORDINANCE NO. 2013 - **59**, Co9-13-07, KQ Covenant Investments, L.L.C., - Nogales Highway Rezoning. Owner: KQ Covenant Investments, L.L.C. (District 2)
Attachments: DSD_Co9-13-07

26. CALL TO THE PUBLIC

27. ADJOURNMENT

POSTED: Levels A & B, 1st & 5th Floors, Pima County Administration Bldg.
Pima County Homepage: www.pima.gov
DATE/TIME POSTED: 11/25/13 @ 11:00 a.m.
DATE/TIME REPOSTED (additional attachments only): 11/25/13 @ 12:15 p.m.
DATE/TIME REPOSTED (additional attachments only): 11/25/13 @ 1:45 p.m.
DATE/TIME REPOSTED (combined Agenda/Addendum): 12/2/13 @ 3:45 p.m.
DATE/TIME REPOSTED (additional attachments only): 12/2/2013 @ 4:45 p.m.

ADDENDUM 1

COUNTY ADMINISTRATOR

1. Staff requests an allocation from the Board of Supervisors' Contingency Fund for the Southern Arizona Defense Alliance in the amount of $5,000.00.

Attachments: CA_Memo

POSTED: Levels A & B, 1st & 5th Floors, Pima County Administration Bldg.
Pima County Homepage: www.pima.gov
DATE/TIME POSTED: 11/27/13 @ 9:30 a.m.

CONSENT CALENDAR DECEMBER 3, 2013

CONSENT CALENDAR, DECEMBER 3, 2013

CONTRACT AND AWARD

Facilities Management

1. Kash Property Management, Inc., to provide a Subordination, Non-Disturbance and Attornment Agreement & Estoppel Certificate for property located at 4955 N. Shamrock Place, no cost (CTN-JU-14-84)

   Attachments: CTN-JU-14-84

Information Technology

2. Crown Castle NG West, Inc., Amendment No. 2, to provide a Non-Exclusive Right-of-Way Use License for Fiber Transport Facilities and amend contractual language, no cost (CTN-IT-13-194)

   Attachments: CTN-IT-13-194

Procurement

3. **Award**

   Low Bid: Award of Contracts, Requisition No. 14-17, Desert Mountain Corporation (Headquarters: Kirtland, NM) and EarthCare Consultants, L.L.C., (Headquarters: Tucson, AZ) for de-icing, dust control and stabilization materials for a total five-year award amount of $2,907,175.00 (annual amount of $581,435.00). Contracts are for five year terms and include annual review periods. The Award includes the authority for the Procurement Department to reallocate the award amounts among the contracts considering actual usage and anticipated requirements without further action by the Board of Supervisors provided that the sum of the revised contract amounts do not exceed the sum of the contract award amounts. Funding Source: General Fund. Administering Department: Transportation.

   Attachments: PO_Award14-17

4. WSM Architects, Inc., Amendment No. 6, to provide for the Pima County Fleet Services Facility and amend contractual language, Internal Service Fund, contract amount $14,559.00 (CT-FM-11046556-P) Facilities Management

   Attachments: CT-FM-11046556-P

5. Brown and Caldwell, Amendment No. 2, to provide for the North Rillito Interceptor Relief Sewer design and amend contractual language, RWRD Obligation Fund, contract amount $52,599.00 (CT-WW-13-193) Regional Wastewater Reclamation

   Attachments: CT-WW-13-193

Sheriff

6. Sheriff's Auxiliary Volunteers of Pima County, Inc., to provide property loss protection, Self Insurance Trust Fund, contract amount not to exceed $100,000.00 (CT-SD-13-811)

Attachments: CT-SD-13-811

7. Sheriff's Auxiliary Volunteers of Green Valley District Area, Inc., to provide property loss protection, Self Insurance Trust Fund, contract amount not to exceed $100,000.00 (CT-SD-13-827)

Attachments: CT-SD-13-827

GRANT APPLICATION/ACCEPTANCE

8. **Acceptance - Community Development and Neighborhood Conservation**

U.S. Department of Housing and Urban Development, to provide for CASA for Families II - Transitional Housing under the Continuum of Care Program, $664,496.00.

Attachments: GR_GrantReport

GR_14-04_ContinuumofCareProgramAgreement

9. **Acceptance - Health Department**

Arizona Department of Health Services, to provide for the Maternal, Infant and Early Childhood Home Visiting Program, U.S. Department of Health and Human Services, $834,251.00.

Attachments: GR_GrantReport

GR_14-56_HomeVisiting

BOARD, COMMISSION AND/OR COMMITTEE

10. **Metropolitan Education Commission**

Appointment of David Nicholson, representing Metropolitan Education Commission Youth Advisory Council/Tucson Teen Congress, to replace Georgina Valencia. Term expiration: 11/12/16. (Commission recommendation)

Attachments: BCC_MetropolitanEducationCommission_DavidNicholson

11. **Wireless Integrated Network Committee**

Appointment of Doug Emans, representing Northwest Fire District, 2nd Alternate, to replace Albert Pesqueira. No term expiration. (Committee recommendation)

Attachments: BCC_Wireless Integrated Network Committee

12. **County Attorney Investigators Local Retirement Board**
Reappointment of Leo Duffner. Term expiration: 12/2/17. (Board recommendation)
Attachments: BCC_PCAttorney'sInvestigatorsRetirementBoard

SPECIAL EVENT LIQUOR LICENSE APPROVED PURSUANT TO RESOLUTION NO. 2002-273

13. Ruth Ann Dormanen, Catalina Crusaders, Player's Pub, 16024 N. Oracle Road, Tucson, December 7, 2013.

ELECTIONS

14. Pursuant to A.R.S. §16-821B, approval of Precinct Committeemen resignation and appointments:

RESIGNATION-PRECINCT-PARTY
Michael Kleving-213-REP

APPOINTMENTS-PRECINCT-PARTY
Jenny L. Carrillo-043-DEM
Monica J. Hills-178-REP
Loren A. Jensen Carter-210-REP
Shuron T. Harvey-256-REP
Brian L. Nettles-285-REP
Matthew H. Smith-117-GRN
Attachments: EL_PrecinctCommitteemen

REAL PROPERTY

15. **Grant of Easement**
Tucson Electric Power, to provide a Grant of Easement for the installation of underground electric facilities, Tax Parcel No. 141-10-0100, located in Section 20, T15S, R15E, G&SRB&M, Pima County, Arizona. $190.00 revenue. (District 4)
Attachments: RP_ROWEasement-TEP

RATIFY AND/OR APPROVE

16. Warrants: November, 2013

TAX COMPLIANCE CERTIFICATE
OF ISSUER

Pertaining to

$10,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2014

Dated as of January 30, 2014

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 December 3, 2013 (the "Resolution"). All statements in this Certificate are of facts or, as to events to occur in the future, reasonable expectations.

I. DEFINITIONS

1.10 **Attachment A**. The definitions and cross references set forth in Attachment A apply to this Certificate and its Attachments. All capitalized terms relating to a particular issue, such as Sale Proceeds, relate to the Issue, unless indicated otherwise. (For example, "Sale Proceeds" refers to Sale Proceeds of the Issue, unless indicated otherwise.)

1.20 **Special Definitions**. In addition, the following definitions apply to this Certificate and its Attachments:

"**Bond Fund**" means the portion of the Issuer's Interest and Redemption Fund that is properly allocable to the Issue.

"**Instructions**" means the Rebate Instructions attached hereto as Attachment C-2.

"**New Money Project**" means the costs incurred by the Issuer in connection with the acquisition, constructing and equipping of various capital projects pursuant to the authorization granted by the qualified electors of the Issuer voting at the bond elections held on May 20, 1997, May 18, 2004 and May 16, 2006, and includes interest on the Issue for up to three years from the Issuance Date or, if later, one year after the date the New Money Project is placed in service, all of which are governmental purposes for purposes of the Code.

"**Underwriter**" means RBC Capital Markets, LLC.

Reference to a Section means a section of the Code. Reference by number only (for example, "2.10") means that numbered paragraph of this Certificate. Reference to an Attachment means an attachment to this Certificate.

II. ISSUE DATA

2.10 **Issuer**. The Issuer is a Governmental Unit.

2.20 **Purpose of Issue**. The Issue is being issued to provide funds to (A) pay costs of the New Money Project, and (B) pay Issuance Costs.

2.30 **Dates**. The Sale Date is January 16, 2014 and the Issuance Date is January 30, 2014. The final maturity date of the Issue is July 1, 2028.

2.40 **Issue Price**. The Issue Price is set forth in Attachment B and is computed as follows:

Par amount	$ 10,000,000.00
Net Original issue premium	409,639.35
Pre-Issuance Accrued Interest	(0.00)
Issue Price	$ 10,409,639.35

2.50 **Sale Proceeds, Net Proceeds and Net Sale Proceeds**. The Sale Proceeds, Net Proceeds and Net Sale Proceeds are as follows:

Issue Price	$ 10,409,639.35
Pre-Issuance Accrued Interest	(0.00)
Sale Proceeds	$ 10,409,639.35
Deposit to reserve fund	(0.00)
Net Proceeds	$ 10,409,639.35
Minor Portion	(100,000.00)
Net Sale Proceeds	$ 10,309,639.35

2.60 **Disposition of Sale Proceeds and Pre-Issuance Accrued Interest**. There is no Pre-Issuance Accrued Interest. The Sale Proceeds will be applied as follows:

Deposit to Bond Fund	$ 277,539.35
To pay costs of the New Money Project	9,963,310.00
To pay Underwriter's discount	92,500.00
To pay other Issuance Costs	76,290.00
Total Sale Proceeds	$ 10,409,639.35

2.70 **Higher Yielding Investments**. Gross Proceeds will not be invested in Higher Yielding Investments except for (A) those Gross Proceeds identified in 3.10, 3.20, and 3.30, but only during the applicable Temporary Periods there described for those Gross Proceeds, and (B) the Minor Portion to the extent provided in 3.80.

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.

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 $92,500.00 will be retained by the Underwriter from the Issue Price otherwise paid to the Issuer to purchase the Issue as compensation for its services in marketing the Issue to the public. Sale Proceeds in the amount of $76,290.00 will be used to pay other Issuance Costs within 13 months from the Issuance Date, such period being the Temporary Period for that amount.

(C) **Payment of New Money Project Costs.**

(1) Sale Proceeds of the Issue in the amount of $9,963,310.00 will be used to pay a portion of the costs of the New Money Project and Sale Proceeds of the Issue in the amount of $277,539.35 will be used to pay interest on the Issue on or before January 1, 2015. All of such Sale Proceeds may be used to acquire or hold Higher Yielding Investments for a period ending on the third anniversary of the Issuance Date (such period being the Temporary Period for such amount) because the following three tests are reasonably expected to be satisfied:

(a) At least 85% of the Net Sale Proceeds of the Issue will be allocated to expenditures on the New Money Project by the end of the Temporary Period for such Net Sale Proceeds;

(b) Within 6 months of the Issuance Date, the Issuer will incur substantial binding obligations to one or more third parties to expend at least 5% of the Net Sale Proceeds of the Issue on the New Money Project; and

(c) Completion of the Issue and allocation of the Net Sale Proceeds of the Issue to expenditures with respect to the Issue will proceed with due diligence.

Any Sale Proceeds of the Issue that remain unspent on the third anniversary of the Issuance Date, which is the expiration date of the Temporary Period for such Proceeds, shall not be invested in Higher Yielding Investments with respect to the Issue after that date except as part of the Minor Portion. In complying with the foregoing sentence, the Issuer may take into account "yield reduction payments" (within the meaning of Regulations § 1.148-5(c)) timely paid to the United States.

(2) No Sale Proceeds of the Issue are being used to reimburse the Issuer for costs paid prior to the date hereof.

3.20 **Investment Proceeds**. Any Investment Proceeds of the Issue will be used to pay costs of the Issue and may be invested in Higher Yielding Investments during the Temporary Period identified in 3.10(C) or, if longer, during the one year period from the date of receipt, such period being the Temporary Period for such Proceeds.

3.30 **Bond Fund**. The Bond Fund is a Bona Fide Debt Service Fund. Amounts deposited from time to time in the Bond Fund will be used to pay Debt Service within 13 months after the amounts are so deposited, such period being the Temporary Period for such amounts.

3.40 **No Other Replacement Fund or Assured Available Funds**. The Issuer has not established and does not expect to establish or use any sinking fund, debt service fund, redemption fund, reserve or replacement fund, or similar fund, or any other fund to pay Debt Service other than the Bond Fund. Except for money referred to in 3.30 and Proceeds of a Refunding Issue, if any, no other money or Investment Property is or will be pledged as collateral or used for the payment of Debt Service (or for the reimbursement of any others who may provide money to pay that Debt Service), or is or will be restricted, dedicated, encumbered or set aside in any way as to afford the holders of the Issue reasonable assurance of the availability of such money or Investment Property to pay Debt Service.

3.50 **Hedge Contracts**. The Issuer has not entered into, and will not enter into, any Hedge with respect to the Issue, or any portion thereof, without obtaining a Bond Counsel's Opinion that doing so will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Issue. The Issuer acknowledges that entering into a Hedge with respect to the Issue, or any portion thereof, may change the Yield.

3.60 **No Overissuance**. The Proceeds are not reasonably expected to exceed the amount needed for the governmental purposes of the Issue as set forth in 2.20.

3.70 **Other Uses of Proceeds Negated**. Except as stated otherwise in this Certificate, none of the Proceeds will be used:

(A) to pay principal of or interest on, refund, renew, roll over, retire, or replace any other obligations issued by or on behalf of the Issuer or any other Governmental Unit,

(B) to replace any Proceeds of another issue that were not expended on the project for which such other issue was issued,

(C) to replace any money that was or will be used directly or indirectly to acquire Higher Yielding Investments,

(D) to make a loan to any person or other Governmental Unit,

(E) to pay any Working Capital Expenditures other than expenditures identified in Regulations § 1.148-6(d)(3)(ii)(A) and (B) (*i.e.*, Issuance Costs, Qualified Administrative Costs, reasonable charges for a Qualified Guarantee or for a Qualified Hedge, interest on the Issue for a period commencing on the Issuance Date and ending on the date that is the later of three years from such Issuance Date or one year after the date on which the project financed or refinanced by the Issue is Placed in Service, payments of the Rebate Amount, costs, other than those already described, that do not exceed 5% of the Sale Proceeds and that are directly related to Capital Expenditures financed or deemed financed by the 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 finance or refinance Capital Expenditures has a weighted average maturity that does not exceed 120% of the weighted average reasonably expected economic life of the property resulting from such Capital Expenditures.

3.95 **Written Procedures to Monitor the Requirements of Section 148.** The procedures set forth in Attachments C-1 (Compliance Policy) and C-2 (Rebate Instructions) constitute the Issuer's written procedures to monitor compliance with the arbitrage Yield restriction and rebate requirements of Section 148.

IV. REBATE MATTERS

4.10 **Issuer Obligation Regarding Rebate**. Consistently with its covenants contained in the Resolution, the Issuer will calculate and make, or cause to be calculated and made, payments of the Rebate Amount in the amounts and at the times and in the manner provided in Section 148(f) and the Instructions with respect to Gross Proceeds to the extent not exempted under Section 148(f)(4) and the Instructions.

4.20 **No Avoidance of Rebate Amount**. No amounts that are required to be paid to the United States will be used to make any payment to a party other than the United

States through a transaction or a series of transactions that reduces the amount earned on any Investment Property or that results in a smaller profit or a larger loss on any Investment Property than would have resulted in an arm's length transaction in which the Yield on the Issue was not relevant to either party to the transaction.

4.30 **Exceptions**.

(A) Notwithstanding the foregoing, the computations and payments of amounts to the United States referred to in IV need not be made to the extent that such failure will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Issue, based on an Opinion of Bond Counsel.

(B) The Issue is a Construction Issue. The Issuer hereby elects to apply the 2-year spending exception to the rebate requirement on the basis of actual facts instead of the Issuer's reasonable expectations.

V. OTHER TAX MATTERS

5.10 **Not Private Activity Bonds or Pool Bonds**. No 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.

(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).

5.20 **Disposition of Property**. The Issuer does not intend to sell or otherwise dispose of the New Money Project or any portion thereof during the term of the Issue except for dispositions of property in the normal course at the end of such property's useful life to the Issuer. With respect to tangible personal property, if any, that is financed or refinanced by the Issue, the Issuer reasonably expects that:

(A) Dispositions of such tangible personal property, if any, will be in the ordinary course of an established governmental program;

(B) The weighted average maturity of the bonds of the Issue financing or refinancing such property (treating the bonds of the Issue properly allocable to such personal property, as a separate issue for this purpose) will not be greater than 120% of the reasonably expected actual use of such property for governmental purposes;

(C) The fair market value of such property on the date of disposition will not be greater than 25% of its cost;

(D) The property will no longer be suitable for its governmental purposes on the date of disposition; and

(E) The amounts received from any disposition of such property are required to, and will, be deposited in the Issuer's General Fund (as defined in the Resolution) and commingled with substantial tax or other governmental revenues and will be spent on governmental programs within 6 months from the date of such deposit and commingling.

5.30 **Issue Not Federally Guaranteed**. The Issue is not Federally Guaranteed.

5.40 **Not Hedge Bonds**. At least 85% of the Spendable Proceeds of the Issue will be used to carry out the governmental purposes of the Issue within three years from the Issuance Date. Not more than 50%, if any, of the Proceeds of the Issue will be invested in Nonpurpose Investments having a substantially guaranteed Yield for four years or more, including but not limited to any investment contract or fixed Yield investment having a maturity of four years or more. The reasonable expectations stated above were not and are not based on and do not take into account (A) any expectations or assumptions as to the occurrence of changes in market interest rates or changes of federal tax law or regulations or rulings thereunder or (B) any prepayments of items other than items that are customarily prepaid.

5.50 **Internal Revenue Service Information Return**. Within the time and on the form prescribed by the Internal Revenue Service under Section 149(e), the Issuer will file with the Internal Revenue Service an Information Return setting forth the required information relating to the Issue. The information reported on that Information Return will be true, correct and complete to the best of the knowledge and belief of the undersigned.

5.60 **Written Procedures to Remediate Nonqualified Bonds.** The Issuer acknowledges and establishes the Post-Issuance Compliance for Debt Issues set forth in Attachment C-1 as its written procedures to ensure that all "nonqualified bonds" (as defined therein) are remediated in accordance with Regulations § 1.141-12. The Issuer will monitor the expenditure of Gross Proceeds and the use of facilities financed by the Issue, and will undertake, if necessary, any available measures under Regulations § 1.141-12 to ensure compliance after the Issuance Date with the applicable covenants contained in V.

5.70 **Recordkeeping**. The Issuer will maintain records to support the representations, certifications and expectations set forth in this Tax Compliance Certificate until the date three (3) years after the last bond of the Issue has been retired, and if any portion of the Issue is refunded by a Refunding Issue, the Issuer will maintain all records listed hereunder until the later of the date three (3) years after the last bond of the Issue has been retired or the date three (3) years after the last bond of the Refunding Issue has been retired. The records to be retained include, but are not limited to:

(A) Basic records and documents relating to the Issue (including this Tax Compliance Certificate and all Opinions of Bond Counsel relating to the Issue).

(B) Documentation evidencing the timing and allocation of expenditures of Proceeds of the Issue and of all issues refunded directly or indirectly by the Issue.

(C) Documentation evidencing the use of the New Money Project 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.

5.75 **Tax Covenant**. The Issuer hereby agrees and covenants to do all things necessary to ensure that interest on the Issue shall be, and shall continue to be, excluded from the gross income of the holders thereof for federal income tax purposes.

5.80 **Responsibility of Officer**. The officer signing this Certificate is one of the officers of the Issuer responsible for issuing the Issue.

In making the representations in this Certificate, the Issuer relies in part on the representations of the Underwriter set forth in Attachment B. To the best of the knowledge, information and belief of the undersigned, all expectations stated in this Certificate and in such Attachments are the expectations of the Issuer and are reasonable, all facts stated are true and there are no other existing facts, estimates, or circumstances that would or could materially change the statements made in this Certificate or in such Attachments. The certifications and representations made in this Certificate and in such Attachments are intended to be relied upon as certifications described in Regulations § 1.148-2(b) and may be relied upon by Bond Counsel in connection with the rendering of any opinion with respect to the Issue. The Issuer acknowledges that any change in the facts or expectations from those set forth in this Certificate or in such Attachments may result in different requirements or a change in status of the Issue or interest thereon under the Code, and that bond counsel should be contacted if such changes are to occur.

[Remainder of page left blank intentionally]

The date of this Certificate is January 30, 2014.

PIMA COUNTY, ARIZONA

By: Thomas Burke
Thomas Burke
Finance and Risk Management Director

[Signature page of Tax Compliance Certificate of Issuer]

List of Attachments

$10,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2014

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.

"Available Amounts" means any amounts that are available to the Issuer to pay Working Capital Expenditures of the type financed by the issue, excluding Proceeds of the issue, but including cash, investments, and other amounts held in accounts or otherwise by the Issuer or a Related Party if those amounts may be used by the Issuer for Working Capital Expenditures of the type being financed by the Issue without legislative or judicial action and without a legislative, judicial, or contractual requirement that those amounts be reimbursed.

"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 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.

"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, in the case of certain issues specified in Regulations §1.148-6(d)(6), Investment Proceeds of such issue (other than Investment Proceeds held in a Refunding Escrow) that are deposited in a Commingled Fund with substantial tax or other revenues from governmental operations of the Issuer and that are reasonably expected to be spent for governmental purposes within 6 months from the date of deposit in the Commingled Fund, using any reasonable accounting assumptions.

"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.

"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.

"Governmental Unit" means a state, territory or possession of the United States, the District of Columbia, or any political subdivision thereof referred to as a "State or local governmental unit" in Regulations §1.103-1(a). "Governmental Unit" does not include the United States or any agency or instrumentality of the United States.

"Gross Proceeds" means Proceeds and Replacement Proceeds of an issue.

"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 of this Certificate, is more than one-eighth of one percentage point (.00125) higher than the Yield on the applicable 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.

"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.

"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.

"Proceeds" means any Sale Proceeds, Investment Proceeds, and Transferred Proceeds of an issue. "Proceeds" does not include Replacement Proceeds.

"Qualified Administrative Costs" means reasonable direct administrative costs (other than carrying costs) such as separately stated brokerage or selling commissions, but not 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 are not Qualified Administrative Costs.

"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).

"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.

"Refunded Bonds" means obligations of a Prior Issue the Debt Service on which is or is to be paid from Proceeds of a Refunding Issue.

"Refunding Bonds" means obligations of a Refunding Issue.

"Refunding Issue" means an issue the Proceeds of which are or are to be used to pay Debt Service on Refunded Bonds and includes Issuance Costs, Pre-Issuance Accrued Interest or permitted capitalized interest, a reasonably required reserve or replacement fund and similar costs of the Refunding Issue.

"Refunding Escrow" means one or more funds established as part of a single transaction, or a series of related transactions, containing Proceeds of a Refunding Issue and any other amounts to be used to pay Debt Service on Refunded Bonds of one or more issues.

"Refunding Portion" means that portion of a Multipurpose Issue the Proceeds of which are, or are to be, used to pay Debt Service on Refunded Bonds and includes Issuance Costs, Pre-Issuance Accrued Interest or permitted capitalized interest, a reasonably required reserve or replacement fund and similar costs properly allocable to the Refunding Portion.

"Regulations" or "Reg." means Treasury Regulations.

"Reimbursement Allocation" means an allocation of the Proceeds of an issue for the Reimbursement of Prior Capital Expenditures 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, and (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.

"Reimbursement of Prior Capital Expenditures" means a Reimbursement Allocation of Proceeds of an issue to a Capital Expenditure paid prior to the Issuance Date of such Issue, that satisfies the following requirements: (a) prior to, or within 60 days after, payment of the Capital

Expenditure (except Preliminary Expenditures), the Issuer adopted an official intent for the Capital Expenditure that satisfies Regulations §1.150-2(e); and (b) except for Preliminary Expenditures, the Reimbursement Allocation occurs or will occur within 18 months after the later of the date the Capital Expenditure was paid or the date the project resulting from such Capital Expenditure was Placed in Service or abandoned, but in no event more than 3 years after the Capital Expenditure was paid.

"Related Party" means, in reference to a Governmental Unit or 501(c)(3) Organization, any member of the same Controlled Group and, in reference to any person that is not a Governmental Unit or 501(c)(3) Organization, a "related person" as defined in Section 144(a)(3).

"Replacement Proceeds" means, with respect to an issue, amounts (including any investment income, but excluding any Proceeds of any issue) replaced by Proceeds of that issue within the meaning of Section 148(a)(2). "Replacement Proceeds" includes amounts, other than Proceeds, held in a sinking fund, pledged fund or reserve or replacement fund for an issue.

"Sale Date" means, with respect to an issue, the first date on which there is a binding contract in writing with the Issuer for the sale and purchase of an issue (or of respective obligations of the issue if sold by the Issuer on different dates) on specific terms that are not later modified or adjusted in any material respect.

"Sale Proceeds" means that portion of the Issue Price actually or constructively received by the Issuer upon the sale or other disposition of an issue, including any underwriter's compensation withheld from the Issue Price, but excluding Pre-Issuance Accrued Interest.

"Spendable Proceeds" means the Net Sale Proceeds of an issue.

"Tax-Exempt Obligation" means any obligation or issue of obligations (including bonds, notes and lease obligations treated for federal income tax purposes as evidences of indebtedness) the interest on which is excluded from gross income for federal income tax purposes within the meaning of Section 150, and includes any obligation or any investment treated as a "tax exempt bond" for the applicable purpose of Section 148.

"Tax-Exempt Organization" means a Governmental Unit or a 501(c)(3) Organization.

"Temporary Period" means the period of time, as set forth in the Tax Compliance Certificate, applicable to particular categories of Proceeds of an issue during which such category of Proceeds may be invested in Higher Yielding Investments without the issue being treated as arbitrage bonds under Section 148.

"Transferred Proceeds" means that portion of the Proceeds of an issue (including any Transferred Proceeds of that issue) that remains unexpended at the time that any portion of the principal of the Refunded Bonds of that issue is discharged with the Proceeds of a Refunding Issue and that thereupon becomes Proceeds of the Refunding Issue as provided in Regulations §1.148-9(b). "Transferred Proceeds" does not include any Replacement Proceeds.

"Unrelated or Disproportionate Use" means Private Business Use that is not related to or is disproportionate to use by a Governmental Unit within the meaning of Section 141(b)(3) and Regulations §1.141-9.

"Variable Yield Issue" means any Issue that is not a Fixed Yield Issue.

"Working Capital Expenditures" means any costs of a type that do not constitute Capital Expenditures, including current operating expenses.

"Yield" has the meaning assigned to it for purposes of Section 148, and means that discount rate (stated as an annual percentage) that, when used in computing the present worth of all applicable unconditionally payable payments of Debt Service, all payments for a Qualified Guarantee, if any, and payments and receipts with respect to a Qualified Hedge, if any, as required by the Regulations, paid and to be paid with respect to an obligation (paid and to be paid during and attributable to the Yield Period in the case of a Variable Yield Issue), 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

$10,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2014

Dated: January 30, 2014

UNDERWRITER'S CERTIFICATE

RBC Capital Markets, LLC ("Underwriter"), as underwriter for the bonds identified above (the "Issue"), issued by Pima County, Arizona (the "Issuer"), based on its knowledge regarding the sale of the Issue, certifies as of this date as follows:

(1) **Issue Price -- Section 148**. All of the bonds of the Issue have been the subject of a bona fide offering to the public pursuant to a Bond Purchase Agreement by and between the Issuer and the Underwriter, dated January 16, 2014, 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 $10,409,639.35.

(2) **Information Return**. To the extent that we provided the Issuer and Squire Sanders (US) LLP, as bond counsel, with certain computations that show a bond yield, issue price, weighted average maturity and certain other information with respect to the Issue, these computations are provided for informational purposes and are based on our understanding of directions that we have received from bond counsel regarding interpretation of the applicable law. We express no view regarding the legal sufficiency of any such computations or the correctness of any legal interpretation made by bond counsel. For purposes of the Information Return required by Section 149(e) of the 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 $10,409,639.35.
- The weighted average maturity of the Issue is 8.1270 years.
- The Yield on the Issue is 2.8757%. 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 $92,500.00.
- The CUSIP Number assigned to the final maturity of the Issue is 721663YK2.

(3) **Discount Bonds Subject to Mandatory Early Redemption**. No bond of the Issue is subject to mandatory early redemption.

(4) **Premium Bonds Subject to Optional Redemption**. No bond of the Issue that is subject to optional redemption has an Initial Offering Price that exceeds its stated redemption price at maturity by more than one fourth of 1% multiplied by the product of their stated redemption price at maturity and the number of complete years to their first optional redemption date.

(5) **No Stepped Coupon Bonds**. No bond of the Issue bears interest at an increasing interest rate.

All capitalized terms not defined in this Certificate have the meaning set forth in the Issuer's Tax Compliance Certificate or in Attachment A to it.

The Issuer may rely on the foregoing representations in making its certification as to issue price of the Issue under the 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 is (i) not acting as a municipal advisor (as defined in Section 15B of the Securities Exchange Act), (ii) does not have a fiduciary duty to the Issuer, and (iii) is not to be construed as a "paid preparer" of any tax returns of the Issuer, including specifically (but not limited to) Form 8038-G.

Dated: January 30, 2014.

RBC CAPITAL MARKETS, LLC

By: Kurt Freund
Kurt Freund

Title: Managing Director
Managing Director

Attachment C-1

to

Tax Compliance Certificate of Issuer

Compliance Policy

Pima County Department of Finance and Risk Management Internal Operating Procedures	Effective Date: 11-30-11 Review Date: Revision Date: Page: 1 of 12
Responsible Division: Financial Management and Audit	Responsible Section: Cash Management
SUBJECT: Post Issuance Compliance for Debt Issues	

TABLE OF CONTENTS

Statement: The policies and procedures provided herein shall be complied with in order to ensure compliance with the requirements of the Internal Revenue Code (the "Code") that are applicable to the issuance of Tax-Exempt Bonds or other Obligations (hereinafter called "Bonds"). Undefined terms used herein have the meanings assigned to them in the Code and the related Treasury Regulations. These policies and procedures, coupled with requirements contained in the Arbitrage Certificate (the "Tax Certificate") executed at the time of issuance of the Bonds, are intended to constitute written procedures for compliance with the federal tax requirements applicable to the Bonds and for timely identification of violations of such requirements.

I. GENERAL MATTERS.

A. Responsible Officer. The Director of the Finance Department will have overall responsibility for ensuring that the ongoing requirements described herein are met with respect to the Bonds (the "Responsible Officer").

B. Identify Additional Responsible Employees. The Responsible Officer shall identify any additional employees who will be responsible for each of the procedures described herein, notify the current holder of that office of the responsibilities, and provide that person a copy of the procedures. (For each procedure, this may be the Responsible Officer or another person who is assigned the particular responsibility.)

1. Upon employee or officer transitions, new personnel should be advised of responsibilities under the procedures and ensure they understand the importance of the procedures.

2. If employee or officer positions are restructured or eliminated, responsibilities should be reassigned as necessary to ensure that all procedures have been appropriately assigned.

C. Periodic Review. The Responsible Officer should periodically review compliance with these procedures and with the terms of the Tax Certificate to determine whether any violations have occurred so that such violations can be remedied through the "remedial action" regulations (Treasury Regulation §1.141-12) or the Voluntary Closing Agreement Program described in Internal Revenue Service ("IRS") Notice 2008-31 (or successor guidance).

D. Change in Bond Terms. If any changes to the terms of the Bonds are contemplated, bond counsel will be consulted.

II. **ISSUE PRICE AND PREMIUM LIMIT.** The following procedures shall be followed:

A. Involving Bond Counsel Pre-pricing. Consult with bond counsel to ensure that:

1. Premium on each maturity of the Bonds (stated as a percentage of principal amount) does not exceed one-quarter of one-percent (0.25%) multiplied by the number of complete years to the earlier of final maturity of the Bond or, generally, the earliest call date of the Bond.

2. The excess of the issue price of the Bond issue over the price at which the Bond issue is sold to the underwriter or placement agent, when combined with other issuance costs paid from proceeds of the Bond issue, does not exceed 2% of the sale proceeds of the Bond issue.

B. Working with Financial Advisor. Ensure that the market trading activity of the Bonds is reviewed after their sale date but before their issuance date that questions concerning such data are answered, and that reports concerning the sales data as necessary are produced. (Market trading information is generally available through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System (EMMA) (http://www.emma.msrb.org.)

1. Records of reports produced, including copies of the market trading information, should be maintained.

III. **IRS INFORMATION RETURN FILING.** The following procedures shall be followed:

A. 8038-G. Ensure that IRS Form 8038-G is timely filed with respect to each Bond issue, including the required debt service schedule and other required schedules and attachments and maintain it as part of the transcript for the Bond issue.

IV. **USE OF PROCEEDS.** The following procedures shall be followed:

A. Consistent Accounting Procedures. Clear accounting procedures for tracking investment and expenditures of proceeds, including investment proceeds.

B. Reimbursement Allocations at Closing. At or shortly after issuance of a Bond issue, allocation of proceeds of the Bond issue to reimbursement of prior expenditures, as appropriate.

C. Cost of Issuance. Ensure that no more than 2% of the sale proceeds of a Bond issue are used to pay issuance costs.

D. Capital Expenditures. Ensure that 100% of all sale proceeds and investment proceeds, other than sale proceeds used to pay issuance costs (up to the 2% limit described above) or deposited in a reasonably required reserve fund, are allocated to capital expenditures.

E. Requisitions. Ensure that requisitions are used to draw Bond proceeds and make sure the requisitions contain the information needed to show what and how Bond proceeds were spent, reviewing them carefully before submission to ensure proper use of Bond proceeds to minimize need for reallocations.

F. Final Allocation. Ensure that a final allocation of Bond proceeds (including investment proceeds) to qualifying expenditures is made if Bond proceeds are to be allocated to project expenditures on a basis other than "direct tracing" (direct tracing means treating the Bond proceeds as spent as shown in the accounting records for bond draws and project expenditures). An allocation other than on the basis of "direct tracing" is often made to reduce the private business use (see E., below) of Bond proceeds that would otherwise result from "direct tracing" of Bond proceeds to project expenditures. *This allocation must be made within 18 months after the later of the date the expenditure was made or the date the project was placed in service, but not later than five years and 60 days after the issuance date of the Bonds or 60 days after the Bond issue is retired.* Bond counsel can assist with the final allocation of Bond proceeds to project costs.

G. Record Retention. Maintain careful records of all project and other costs (e.g., issuance costs, credit enhancement and capitalized interest) and uses (e.g., deposit to reserve fund) for which Bond proceeds were spent or used. These records should be maintained separately for each issue of Bonds.

V. **MONITORING PRIVATE BUSINESS USE.** The following procedures shall be followed:

A. Review Of Contracts With Private Persons. Review all of the following contracts or arrangements with non-governmental persons or organizations or the federal government (collectively referred to as "Private Persons") with respect to the Bond-financed facilities which could result in private business use of the Bond-financed facilities:

1. Sales of Bond-financed facilities.

2. Leases of Bond-financed facilities.

3. Management or service contracts relating to Bond-financed facilities.

4. Research contracts under which a Private Person sponsors research in Bond-financed facilities.

5. Any other contracts involving "special legal entitlements" (such as naming rights or exclusive provider arrangements) granted to a Private Person with respect to Bond-financed facilities.

B. Review of New Leases, Management, Research and Other Contracts. Before amending an existing agreement with a Private Person or entering into any new lease, management, service, or research agreement with a Private Person, review such amendment or agreement to determine whether it results in private business use.

C. Establish Procedures to Ensure Proper Use. Establish procedures to ensure Bond financed facilities are identified and are not used for private use without written approval of the Responsible Officer.

D. Analyze Use. Analyze any private business use of Bond-financed facilities and, for each issue of Bonds, determining whether the 10% limit on private business use (5% in the case of "unrelated or disproportionate" private business use) is exceeded, and contacting bond counsel or other tax advisors if either of these limits is exceeded.

E. Record Retention. Retain copies of all of the above contracts or arrangements (or, if no written contract exists, detailed records of the contracts or arrangements) with Private Persons for the period indicated in VII. below.

VI. **ARBITRAGE AND REBATE**. The following procedures shall be followed:

A. Yield. Record the yield of the Bond issue, as shown on the Form 8038-G.

B. Temporary Period. Review the Tax Certificate to determine the temporary periods for the Bond issue, during which periods various categories of gross proceeds of the Bond issue may be invested without yield restriction.

C. Post-Temporary Period Investments. Ensure that proceeds of the Bond issue are not invested in investments with a yield above the yield for the Bonds following the end of the applicable temporary period identified above unless Yield reduction payments may be made.

D. Monitoring Temporary Period Compliance. Monitor expenditures of Bond proceeds, including investment proceeds, against issuance date expectations for satisfaction of three-year or five-year temporary period from yield restriction on investment of Bond proceeds and to avoid "hedge bond" status.

E. Establishing Fair Market Value of Investments. Ensure that investments acquired with Bond proceeds satisfy IRS regulatory safe harbors for establishing fair market value (e.g., through the use of bidding procedures), and maintaining records to demonstrate satisfaction of such safe harbors.

F. Debt Service, Credit Enhancement and Sinking Funds. Consult with bond counsel before engaging in credit enhancement or hedging transactions in respect of a Bond issue, and before creating separate funds that are reasonably expected to be used to pay debt service on the Bonds.

G. Document Retention. Maintain copies of all contracts and certificates relating to credit enhancement and hedging transactions.

H. Donations. Before beginning a capital campaign that may result in gifts that are restricted to Bond-financed projects (or, in the absence of such a campaign, upon the receipt of such restricted gifts), to determine whether replacement proceeds may result.

I. Bona Fide Debt Service Fund. Even after all proceeds of a given Bond issue have been spent, ensure that the debt service fund meets the requirements of a bona fide debt service fund, i.e., one used primarily to achieve a proper matching of revenues with debt service that is depleted at least once each bond year, except for a reasonable carryover amount not to exceed the greater of: (i) the earnings on the fund for the immediately preceding bond year; or (ii) one-twelfth of the debt service on the issue for the immediately preceding bond year. To the extent that a debt service fund qualifies as a bona fide debt service fund for a given bond year, the investment of amounts held in that fund is not subject to yield restriction for that year.

J. Debt Service Reserve Fund. Ensure that amounts invested in any reasonably required debt service reserve fund do not exceed the least of: (i) 10% of the stated principal amount of the Bonds (or the sale proceeds of the Bond issue if the Bond issue has original issue discount or original issue premium that exceeds 2% of the stated principal of the Bond issue plus, in the case of premium, reasonable underwriter's compensation); (ii) maximum annual debt service on the Bond issue; or (iii) 125% of average annual debt service on the Bond issue.

K. Rebate Requirement. Review the arbitrage rebate covenants noted in the Tax Certificate. Subject to the exceptions described below, investment earnings on Bond proceeds at a yield in excess of the bond yield (i.e., positive arbitrage) generally must be rebated to the U.S. Treasury, even if a temporary period exception from yield restriction allowed the earning of positive arbitrage.

1. Ensuring that rebate calculations will be timely performed and payment of rebate amounts, if any, will be timely made; such payments are generally due 60 days after the fifth anniversary of the issuance date of the Bond issue, then in succeeding installments every five years; the final rebate payment for a Bond issue is due 60 days after retirement of the last Bond of the issue; hiring a rebate consultant if necessary.

2. Reviewing the rebate section of the Tax Certificate to determine whether the "small issuer" rebate exception applies to the Bond issue.

3. If the 6-month, 18-month, or 24-month spending exceptions from the rebate requirement may apply to the Bonds, ensuring that the spending of proceeds is monitored prior to semi-annual spending dates for the applicable exception.

4. Timely making rebate and yield reduction payments and filing Form 8038-T.

5. Even after all other proceeds of a given Bond issue have been spent, ensuring compliance with rebate requirements for any debt service reserve fund and any debt service fund that is not exempt from the rebate requirement.

L. Record Retention. Maintain records of investments and expenditures of Proceeds, rebate exception analyses, rebate calculations, Forms 8038-T, and rebate and Yield reduction payments, and any other records relevant to compliance with the arbitrage restrictions.

VII. **RECORD RETENTION**. Procedures will be set forth for maintaining all records and documents described in these procedures while any of the bonds of the issue are outstanding and during the three-year period following the final maturity or redemption of the bond issue or, if later, while any bonds that refund (or re-refund) bonds of that original issue are outstanding and for the three year period following the final maturity or redemption date of the latest refunding bond issue.

The County will spend the Gross Proceeds of the Issue and use the facilities financed with those Gross Proceeds ("Bond-Financed Facilities") in a manner that complies with the restrictions and requirements imposed by the Code and Regulations on Tax-Exempt Bonds. The County will comply with the remedial action requirements, if necessary, set forth in Regulations §1.141-12. These Instructions provide guidance for that compliance.

VIII. USE OF PROCEEDS CHECKLIST AND REMEDIAL ACTION

A. Use of Proceeds

1. Ensure there exists a clearly established accounting procedure for tracking investment and expenditures of Proceeds, including Investment Proceeds.

2. At or shortly after issuance of the Issue, allocate Proceeds to reimbursement of prior expenditures, as appropriate.

3. Ensure that a final allocation of Proceeds (including Investment Proceeds) to qualifying expenditures is made if Proceeds are to be allocated to Project expenditures on a basis other than "direct tracing" (direct tracing means treating the Proceeds as spent as shown in the accounting records for Proceeds draws and Project expenditures). An allocation other than on the basis of "direct tracing" is often made to reduce the Private Business Use (see Section 2, below) of Proceeds that would otherwise result from "direct tracing" of Proceeds to Project expenditures. This allocation must be made within 18 months after the later of the date the expenditure was made or the date the Project was placed in service, but not later than five years and 60 days after the Issuance Date of the Issue or 60 days after the Issue is retired. Bond counsel can assist with the final allocation of Proceeds to Project costs.

4. Maintain careful records of all Bond-Financed Facilities and other costs (e.g., Issuance Costs, credit enhancement and capitalized interest) and uses (e.g., deposit to reserve fund) for which Proceeds were spent or used. These records should be maintained separately for each issue of Tax-Exempt Bonds.

5. On at least an annual basis, identify all current and contemplated uses of Bond-Financed Facilities and ensure that the use of the Bond-Financed Facilities complies with the covenants and restrictions set forth in the Certificate.

B. Monitoring Private Business Use

1. Before entering into any new management, service, or research agreements described in 3. below, review the agreements to determine whether they result in Private Business Use.
2. Analyze any Private Business Use of Bond-Financed Facilities to determine whether the 5% or 10% limitation, as applicable, on Private Business Use of Proceeds is exceeded. Contact Bond Counsel if this limit is exceeded.
3. Maintain copies of all of the following contracts or arrangements (or, if no written contract exists, maintain detailed records of the following contracts or arrangements) with a Private Person:

   a. Sales of Bond-Financed Facilities.
   b. Leases of Bond-Financed Facilities.
   c. Management or service contracts relating to Bond-Financed Facilities
   d. Research contracts under which a Private Person sponsors research in Bond-Financed Facilities.
   e. Any other contracts involving "special legal entitlements" (such as naming rights or exclusive provider arrangements) granted to a Private Person with respect to Bond-Financed Facilities.

Each of the foregoing contracts or arrangements may result in Private Business Use of the Bond-Financed Facilities. Consult with Bond Counsel to undertake any necessary remedial actions, discussed below, in respect of "nonqualified bonds" of the Issue.

C. Remedial Action

1. Deliberate Action. A "deliberate action" ("Deliberate Action") is any action taken after the Issuance Date by the Issuer that is within the Issuer's control and that causes: more than 5% or 10%, as applicable, of the Proceeds to be used for a Private Business Use (the "Private Business Use Limit"), and more than 5% or 10%, as applicable, of either the principal of or interest on the Issue to be secured by or derived, directly or indirectly, from Private Security or Payments (collectively with the Private Business Use Limit, the "Private Business Limits").

An action by the Issuer is not a Deliberate Action if the action was (i) the result of an involuntary conversion of all or a portion of the Project, or (ii) an action that was taken in response to a regulatory directive made by the federal government (see Regulations §1.141-2(d)(3)(ii)).

2. Timely Reallocation. If a Deliberate Action occurs, the Issuer may reallocate the Proceeds that had been allocated to the Project or portion thereof as to which the Deliberate Action occurred to other permitted uses not later than 18 months after the later of (i) the date of the expenditure to which the

Proceeds were originally allocated or (ii) the placed in service date of the Project or portion thereof to which such Proceeds were originally allocated, but not later than 60 days after the fifth anniversary of the Issuance Date or the retirement of the Issue, if earlier (see Regulations §§1.141-6(a) and 1.148-6(d)(1)(iii)).

3. Remedial Action.

a) Effect. A "remedial action" cures the use of Proceeds that caused the Private Business Use limit to be exceeded. A remedial action will not impact the amount of Private Security or Payments.

b) Ability to Use. In order to achieve either or both of the effects set forth in 3.a, five conditions must be satisfied (see 3.c) and one of three alternative remedial actions must be taken (see D.).

c) Conditions. The Issuer may use a "remedial action" only if the following five conditions are satisfied:

1) On the Issuance Date, the Issuer did not reasonably expect the Private Business Limits to be exceeded at any time while any portion of the Issue was outstanding.
2) On the Issuance Date, the weighted average maturity of the Issue did not exceed 120% of the weighted average of the reasonably expected economic lives of the assets comprising the Project.
3) Unless the Project is being used for an alternative use (as described in 4 below), the new user of all or any portion of the Project must have paid fair market value therefor.
4) The Issuer must treat any "disposition proceeds," which are all proceeds received from the sale, transfer or other disposition of all or a portion of the Project, as Gross Proceeds for arbitrage (Section 148) purposes.
5) Prior to the Deliberate Action, the Proceeds were used for a governmental purpose unless the remedial action to be taken is described in D.1.

D. Types of Remedial Action.

1. *Redemption of Non-Qualified Bonds.* The "non-qualified bonds" are the portion of the Issue allocable to the Deliberate Action that causes the Issue to exceed the Private Business Limits. In general, within 90 days after the Deliberate Action, either the non-qualified

bonds must be redeemed or an escrow that defeases the non-qualified bonds to their earliest redemption date must be established. A defeasance escrow may not be used, however, if the period between the Issuance Date and the earliest redemption date of the non-qualified bonds is more than 10.5 years; in such case, a closing agreement with the Internal Revenue Service ("IRS") may be necessary. If a defeasance escrow is established, the Issuer must notify the IRS within 90 days of its establishment. Notwithstanding the general requirement stated above that all non-qualified bonds must be redeemed or defeased, if the disposition proceeds consist exclusively of cash, it is sufficient that the disposition proceeds be used to redeem or defease a pro rata portion of the non-qualified bonds.

2. *Alternative Use of Disposition Proceeds.* The Issue satisfies the requirements of this remedial action if:

   a) all disposition proceeds consist exclusively of cash;

   b) the Issuer reasonably expects to spend the disposition proceeds within two years after the date of the Deliberate Action;

   c) the disposition proceeds are treated as Proceeds for purposes of the Private Business Limits, the use of the disposition proceeds does not cause the Issue to exceed these Limits, and the Issuer does not take a subsequent Deliberate Action that causes either of these Limits to be exceeded;

   d) any unspent disposition proceeds must be used to redeem all or a portion of the Issue; and

   e) if the disposition proceeds are to be used by a 501(c)(3) Organization, from the date of the Deliberate Action, the non-qualified bonds must constitute Qualified 501(c)(3) Bonds and be treated as reissued for that purpose.

3. *Alternative Use of Project.* The Issuer satisfies the requirements of this remedial action if:

   a) the portion of the Project that is transferred or disposed of could have been financed by another type of Tax-Exempt Bond;

   b) the Deliberate Action taken by the Issuer did not involve a purchase financed by another issue of Tax-Exempt Bonds; and

   c) any disposition proceeds resulting from the Deliberate Action (other than those related to the provision of services) are used to pay Debt Service on the Issue on the next available payment date or, within 90 days of receipt, are deposited into a Yield-restricted escrow to be used to pay Debt Service on the next available payment date.

Under these circumstances, the non-qualified bonds are treated as re-issued as of the date of the Deliberate Action, and must remain qualifying Tax-Exempt Bonds throughout their term.

E. Examples of Deliberate Action.

1. Lease to a Private Person. A Deliberate Action generally occurs if the Issuer (i) leases space within the Project to a Private Person and that use, when added to any other Private Business Use, exceeds 5% or 10%, as applicable, of the Bond-Financed Facilities so that more than 5% or 10%, as applicable, of the Proceeds of the Issue are considered used for a Private Business Use and (ii) receives rent under that lease that, when added to any other Private Security or Payments, exceeds 5% or 10%, as applicable, of the Proceeds.

2. Service Contract. A Deliberate Action generally occurs if (i) (1) the Issuer enters into a "service contract" (defined below) with a Private Person, (2) that Service Contract will be performed (or will be deemed to be performed) within the Project, (3) that Service Contract does not satisfy the requirements set forth in Revenue Procedure 97-13 (or its successor), and (4) that use, when added to any other Private Business Use of the Project, exceeds 5% or 10%, as applicable, of the Proceeds, and (ii) payments received or deemed received with respect to the Project in which the Service Contract is performed, when added to any other Private Security or Payments, exceed 5% or 10%, as applicable, of the Proceeds. A service contract is an arrangement under which services are to be provided by a Private Person involving the use of all or any portion of, or any function of, the Bond-Financed Facilities (for example, management services for an entire facility or a specific department of a facility).

3. Sale of Project. A Deliberate Action generally occurs if the Issuer sells all or more than 5% or 10%, as applicable, of the Bond-Financed Facilities to a Private Person, which results in Private Business Use, and receives commensurate disposition proceeds for that sale.

$10,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2014

CERTIFICATE OF REGISTRAR AND PAYING AGENT

U.S. Bank National Association (the "Bank"), as bond registrar and paying agent pursuant to a Bond Registrar, Transfer Agent and Paying Agent Agreement, dated as of January 1, 2014 (the "Bond Registrar and Paying Agent Agreement"), between Pima County, Arizona (the "County") and the Bank, entered into in connection with the issuance by the County of its $10,000,000 aggregate principal amount of General Obligation Bonds, Series 2014 (the "Bonds") does hereby accept the duties and obligations imposed upon it as Bond Registrar and Paying Agent pursuant to the Bond Registrar and Paying Agent Agreement, and does hereby certify as follows:

1. The Bank is duly organized, validly existing and in good standing under the laws of the United States, having full power and authority to exercise corporate trust powers in the State of Arizona and to execute, deliver and perform its obligations under the Bond Registrar and Paying Agent Agreement.

2. The execution and delivery of the Bond Registrar and Paying Agent Agreement and the due performance by the Bank of its obligations thereunder and the taking of any and all other actions required on the part of the Bank to carry out, give effect to, and consummate the transactions contemplated thereby, have been duly authorized by all necessary corporate action on the part of the Bank, and to the best knowledge of the undersigned, under present law do not contravene any provision of any order, decree, writ or injunction known to the Bank or the Bank's Articles of Association or Bylaws, or result in a breach of or default under, or require consent under any material agreement, indenture or other instrument to which the Bank is a party or by which it is bound.

3. The Bank has taken all action necessary for the acceptance of, and has duly accepted the office of 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 Bond Registrar and Paying Agent Agreement are true and correct in all material respects as of the date hereof and the Bank has complied with all agreements and satisfied all conditions on its part to be performed or satisfied thereunder at or prior to the date hereof.

5. To the knowledge of the undersigned, no litigation is pending or threatened against the Bank before any judicial, quasi-judicial or administrative forum (a) restraining or enjoining the execution or delivery of the Bonds or the application of the proceeds thereof, (b)

contesting or affecting any authority for, or the validity of the Bonds, or (c) contesting or affecting the existence or corporate trust powers of the Bank or the Bank's ability to perform and fulfill its duties and obligations under the Bond Registrar and Paying Agent Agreement.

6. The Bond Registrar and Paying Agent Agreement was signed on behalf of the Bank by the person named below, and such person was, at the time of the execution of such agreement, and is now, the duly elected, qualified and acting officer or other authorized representative of the Bank, duly authorized to execute the above-named agreement, and that the signature appearing below is a true and correct specimen of such person's genuine signature:

Name	Office	Signature
Keith Henselen	Vice President	KPH

7. Pursuant to the Bond Registrar and Paying Agent Agreement and the General Certificate of the County, dated the date hereof, the Bonds were authenticated by an authorized signatory of the Bank.

8. All blanks in each of the Bonds requiring completion by the Registrar have been accurately completed and the Certificate of Authentication appearing on each of the Bonds has been duly executed and dated the date of its authentication, which is the date hereof, by an authorized officer or representative of the Registrar.

9. Attached hereto as Exhibit A is a true, complete and correct copy of an Assistant Secretary's Certificate of the Bank which clearly demonstrates the authority of the person named in paragraph 6 above to act on behalf of the Bank and said resolution or bylaw excerpt was in effect on the date or dates said person or persons acted and remains in full force and effect on the date hereof.

[Remainder of page left blank intentionally]

Dated: January 30, 2014.

U.S. BANK NATIONAL ASSOCIATION

By: [signature]
Its: Vice President

[Signature page of Certificate of Registrar and Paying Agent]

EXHIBIT A

ASSISTANT SECRETARY'S CERTIFICATE AS TO SIGNATURE AUTHORITY usbank.

U.S. BANK NATIONAL ASSOCIATION
ASSISTANT SECRETARY CERTIFICATE

I, Melissa S. Larson, an Assistant Secretary of U.S. Bank National Association, hereby certify that the following is a true and exact extract from the Bylaws of U.S. Bank National Association, a national banking association organized under the laws of the United States.

ARTICLE VI.
CONVEYANCES, CONTRACTS, ETC.

All transfers and conveyances of real estate, mortgages, and transfers, endorsements or assignments of stock, bonds, notes, debentures or other negotiable instruments, securities or personal property shall be signed by any elected or appointed officer.

All checks, drafts, certificates of deposit and all funds of the Association held in its own or in a fiduciary capacity may be paid out by an order, draft or check bearing the manual or facsimile signature of any elected or appointed officer of the Association.

All mortgage satisfactions, releases, all types of loan agreements, all routine transactional documents of the Association, and all other instruments not specifically provided for, whether to be executed in a fiduciary capacity or otherwise, may be signed on behalf of the Association by any elected or appointed officer thereof.

The Secretary or any Assistant Secretary of the Association or other proper officer may execute and certify that required action or authority has been given or has taken place by resolution of the Board under this Bylaw without the necessity of further action by the Board.

I further certify the following officers of U.S. Bank National Association have been duly appointed and qualified officers of the Association authorized to act under Article VI of the Bylaws of the Association and that such authority is in full force and effect as of the date hereof and have not been modified, amended or revoked.

Mary J. Ambriz-Reyes	Vice President	Michelle A. Knutson	Trust Officer
Keith N. Henselen	Vice President	Linda Y. Riley	Trust Officer
Robert L. Von Hess	Vice President		

IN WITNESS WHEREOF, I have set my hand this 5th day of November, 2013.

(No corporate seal)

Melissa S. Larson

Melissa S. Larson, Assistant Secretary

S:\affidavit\sec-certs\ Reyes-Riley

$10,000,000
Pima County, Arizona
General Obligation Bonds
Series 2014

CERTIFICATE OF COUNTY ASSESSOR

I, the undersigned, hereby certify that the total secondary assessed valuation of all the taxable property within Pima County, Arizona, derived by applying the applicable percentages specified in Title 42, Chapter 15, Article 1, Arizona Revised Statues, to the full cash value of the property, as shown on the most recent assessment roll for State and County taxes as of the third Monday in August, 2013 (which value shall not include the in-lieu value of the Salt River Project or the property of other tax-exempt entities), is **$7,623,691,280.**

DATED: January 30, 2014

BILL STAPLES
PIMA COUNTY ASSESSOR

$10,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2014

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 $10,000,000 aggregate principal amount of General Obligation Bonds, Series 2014 (the "Bonds"), authorized by Resolution No. 2013-107, adopted by the Board of Supervisors of the County on December 3, 2013 (the "Bond Resolution"), with respect to the application of proceeds of the Bonds pursuant to Section 5 of the Bond Resolution. All capitalized terms used herein shall have the meanings assigned to such terms in the Bond Resolution.

1. Premium received from the sale of the Bonds in the amount of $277,539.35 shall be deposited in the Interest and Redemption Fund.

2. $9,963,310.00 of the proceeds received from the sale of the Bonds (representing $10,000,000 principal amount of the Bonds less $36,690.00 reserved to pay costs associated with the issuance of the Bonds) shall be set aside and used for the purposes and amounts shown on Exhibit A attached hereto, subject to the reserved right of the County under Arizona Revised Statutes Section 35-456 to modify this determination.

[Remainder of page left blank intentionally]

Dated: January 30, 2014

PIMA COUNTY, ARIZONA

By: *Thomas Burke*
Thomas Burke
Finance and Risk Management Director

[Signature page of Certificate of Finance and Risk Management Director]

EXHIBIT A

Election	Ballot Question and Purpose	Amount
1997	Question 2: Public Safety, Law Enforcement and Superior Courts	$ -
	Question 3: Parks	493,926
	Question 4: Sonoran Desert Open Space and Historic Preservation	-
	Question 5: Public Health, Safety, Recreational and Cultural Facilities	-
	Question 6: Flood Control Improvements	-
	Question 7: Solid Waste Improvements	-
	Total 1997 Purposes:	**493,926**
2004	Question 1: Sonoran Desert Open Space and Habitat Protection; Prevention of Urban Encroachment of Davis Monthan Air Force Base	-
	Question 2: Public Health and Community Facilities	192,000
	Question 3: Pubic Safety and Justice Facilities	4,120,596
	Question 4: Parks and Recreational Facilities	1,988,805
	Question 5: River Parks and Flood Control Improvements	3,204,673
	Total 2004 Purposes:	**9,506,074**
2006	Question 3: Psychiatric Urgent Care Facilities	-
	Question 4: Psychiatric Inpatient Hospital Facilities	-
	Total 2006 Purposes:	**-**
	Total:	**$10,000,000**

$10,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2014

CERTIFICATE OF THE COUNTY
RESPONSIVE TO THE BOND PURCHASE AGREEMENT

Responsive to the Bond Purchase Agreement, dated January 16, 2014 (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, 2013, 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, 2013, 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: January 30, 2014

PIMA COUNTY, ARIZONA

By: Thomas Burke
Thomas Burke
Finance and Risk Management Director

[Signature page of Certificate of the County Responsive to the Bond Purchase Agreement]

$10,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2014

COUNTY TREASURER'S RECEIPT FOR BOND PROCEEDS

I, the undersigned, hereby certify that I am the duly elected and acting Treasurer of Pima County, Arizona (the "County"), and that in connection with the sale and delivery by the County of its $10,000,000 aggregate principal amount of General Obligation Bonds, Series 2014 (the "Bonds"), issued pursuant to Resolution No. 2013-107, passed, adopted and approved by the Board of Supervisors of the County on December 3, 2013 (the "Bond Resolution"), authorizing and providing for the issuance and ordering the sale of the Bonds, the undersigned has received from RBC Capital Markets, LLC (the "Underwriter"), the sum of $10,317,139.35, representing the total purchase price of the Bonds.

I do further certify that the proceeds from the sale of the Bonds received by the undersigned have been apportioned and applied in the following manner:

(a) $10,039,600.00 will be set aside in the account established by the Bond Resolution for such proceeds of the Bonds to be used for projects to be financed with such proceeds and to pay costs of issuance;

(b) $277,539.35 from the proceeds of the Bonds will be deposited into the Interest and Redemption Fund of the Debt Service Fund established by the Bond Resolution.

Dated: January 30, 2014

PIMA COUNTY, ARIZONA

Beth Ford, County Treasurer

By: Beth Ford

[Signature page of County Treasurer's Receipt for Bond Proceeds]

$10,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2014

UNDERWRITER'S RECEIPT FOR THE BONDS

Receipt of the Pima County, Arizona General Obligation Bonds, Series 2014 in the aggregate principal amount of $10,000,000 (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 January 30, 2014, 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 January 16, 2014, relating to the Bonds.

Dated: January 30, 2014

RBC CAPITAL MARKETS, LLC

By: Kurt Freund
Name: Kurt Freund
Its: Managing Director

SQUIRE
SANDERS

Squire Sanders (US) LLP
1 E. Washington St., Suite 2700
Phoenix, AZ 85004

O +1 602 528 4000
F +1 602 253 8129
squiresanders.com

January 30, 2014

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 $10,000,000 aggregate principal amount of bonds designated the Pima County, Arizona, General Obligation Bonds, Series 2014 (the "Bonds"), dated the date of this letter. The Bonds are issued pursuant to Title 35, Chapter 3, Article 3 of the Arizona Revised Statutes, and under the provisions of an authorizing resolution adopted by the Board of Supervisors of the County on December 3, 2013 (the "Bond Resolution"). Capitalized terms not defined in this letter are used as defined in the Bond Resolution. In our capacity as bond counsel, we have examined the transcript of 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 or amount to pay the principal and interest on the Bonds. 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 Sanders (US) LLP

SQUIRE
SANDERS

Squire Sanders (US) LLP
CityScape, Suite 2700
1 East Washington Street
Phoenix, Arizona 85004

O +1 602 528 4000
F +1 603 253 8129
squiresanders.com

January 30, 2014

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 $10,000,000 aggregate principal amount of General Obligation Bonds, Series 2014 (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 January 16, 2014 (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 Undertaking (the Purchase Agreement, the Bond Registrar and Paying Agent 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, execution and delivery of, or the performance by the County of its obligations under, the Bonds or the County Documents have been obtained.

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

8. The information in the tax caption on the cover page of, under the captions "THE BONDS" (other than the information relating to DTC and its book-entry system, as to which we express no view), "TAX MATTERS" and "CONTINUING SECONDARY MARKET DISCLOSURE" (except for statements relating to compliance by the 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 Continuing Disclosure Undertaking and our approving legal opinion as bond counsel, is accurate and fairly presents the information purported to be shown.

The opinions and advice stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon: (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined, (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the 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 Sanders (US) LLP

OFFICE OF THE

Pima County Attorney
Civil Division

32 N. STONE
SUITE 2100

Tucson, Arizona 85701-1412

(520) 740-5750
FAX (520) 620-6556

Barbara LaWall
PIMA COUNTY ATTORNEY

January 30, 2014

RBC Capital Markets, LLC
Phoenix, Arizona

U.S. Bank National Association, as Registrar and Paying Agent
Phoenix, Arizona

Squire Sanders (US) LLP
Phoenix, Arizona

This opinion is rendered pursuant to Section 6(h)(7) of the Bond Purchase Agreement, dated January 16, 2014 (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 $10,000,000 aggregate principal amount of General Obligation Bonds, Series 2014 (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 L. Nassen
Deputy County Attorney

675633/4

GT GreenbergTraurig

January 30, 2014

RBC Capital Markets, LLC
2398 East Camelback Road, Suite 700
Phoenix, Arizona 85016

Re: Pima County, Arizona General Obligation Bonds, Series 2014

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 January 16, 2014 (the "Official Statement"), relating to the Bonds as well as the Bond Resolution (as such term is defined in the Official Statement). In addition, we have examined such matters of law and originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate for the purposes of the opinions rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and other documents.

Based on the examination described above, we are of the opinion that, under the law existing on the date of this opinion the Bonds are exempt securities under the federal Securities Act of 1933, as amended (the "1933 Act"), and the Trust Indenture Act of 1939, as amended (the "1939 Act"), and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act or to qualify the Bond Resolution under the 1939 Act.

Based upon our participation in the preparation of the Official Statement as your counsel, our participation at conferences at which the Official Statement was discussed and the examination described hereinabove, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement and except as otherwise indicated herein, we have no reason to believe that the Official Statement contains any

ALBANY
AMSTERDAM
ATLANTA
AUSTIN
BOCA RATON
BOSTON
CHICAGO
DALLAS
DELAWARE
DENVER
FORT LAUDERDALE
HOUSTON
LAS VEGAS
LONDON*
LOS ANGELES
MEXICO CITY+
MIAMI
MILAN**
NEW JERSEY
NEW YORK
ORANGE COUNTY
ORLANDO
PHILADELPHIA
PHOENIX
ROME**
SACRAMENTO
SAN FRANCISCO
SEOUL∞
SHANGHAI
SILICON VALLEY
TALLAHASSEE
TAMPA
TEL AVIV^
TYSONS CORNER
WARSAW~
WASHINGTON, D.C.
WEST PALM BEACH
WHITE PLAINS

*OPERATES AS GREENBERG TRAURIG MAHER LLP
+OPERATES AS GREENBERG TRAURIG, S.C.
**STRATEGIC ALLIANCE
∞OPERATES AS GREENBERG TRAURIG LLP FOREIGN LEGAL CONSULTANT OFFICE
^A BRANCH OF GREENBERG TRAURIG, P.A., FLORIDA, USA
~OPERATES AS GREENBERG TRAURIG GRZESIAK SP.K.

GREENBERG TRAURIG, LLP ■ ATTORNEYS AT LAW ■ WWW.GTLAW.COM
2375 East Camelback Road ■ Suite 700 ■ Phoenix, AZ 85016 ■ Tel 602.445.8000 ■ Fax 602.445.8100

untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect (except for any financial, forecast, technical and statistical statements and data included in the Official Statement and the information in Appendices "E" and "F" to, or regarding The Depository Trust Company, New York, New York, in, the Official Statement, as to which we express no view).

This opinion is furnished by us as your counsel in connection with the issuance and delivery of the Bonds and is intended solely for your benefit.

Respectfully submitted,

Greenberg Traurig, LLP

Form **8038-G** (Rev. September 2011) Department of the Treasury Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)
▶ See separate instructions.
Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority

If **Amended Return**, check here ▶ ☐

1 Issuer's name Pima County, Arizona	2 Issuer's employer identification number (EIN) 86 6000543
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)	3b Telephone number of other person shown on 3a
4 Number and street (or P.O. box if mail is not delivered to street address) 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 01/30/2014
8 Name of issue General Obligation Bonds, Series 2014	9 CUSIP number 721663 YK2
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Thomas Burke, Finance and Risk Management Director	10b Telephone number of officer or other employee shown on 10a (520) 740-8229

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11	Education	11		
12	Health and hospital	12		
13	Transportation	13		
14	Public safety	14		
15	Environment (including sewage bonds)	15		
16	Housing	16		
17	Utilities	17		
18	Other. Describe ▶ Various capital improvement projects	18	10,409,639	35
19	If obligations are TANs or RANs, check only box 19a ▶ ☐			
	If obligations are BANs, check only box 19b ▶ ☐			
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐			

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	07/01/2028	$ 10,409,639.35	$ 10,000,000.00	8.1270 years	2.8757 %

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	10,409,639	35
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	168,790	00			
25	Proceeds used for credit enhancement	25	0	00			
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0	00			
27	Proceeds used to currently refund prior issues	27	0	00			
28	Proceeds used to advance refund prior issues	28	0	00			
29	Total (add lines 24 through 28)				29	168,790	00
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)				30	10,240,849	35

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31	Enter the remaining weighted average maturity of the bonds to be currently refunded ▶	N/A years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	N/A years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) ▶	N/A
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	N/A

#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
Thomas Burke	1/30/2014	Thomas Burke, Finance and Risk Mngmt Dir.

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Todd L. Cooper	Todd L. Cooper	1/30/2014		
Firm's name ▶ Squire Sanders (US) LLP			Firm's EIN ▶ 34-0648199	
Firm's address ▶ 221 E. Fourth Street, #2900, Cincinnati, OH 45202			Phone no. (513) 361-1239	

SQUIRE SANDERS

Squire Sanders (US) LLP
1 E. Washington St., Suite 2700
Phoenix, AZ 85004

O +1 602 528 4000
F +1 602 253 8129
squiresanders.com

Direct: +1.602.528.4880
Jennifer.cosper@squiresanders.com

February 7, 2014

Via Certified Mail

Internal Revenue Service Center
Ogden, Utah 84201

Re: $10,000,000 Pima County, Arizona General Obligation Bonds, Series 2014

Ladies and Gentlemen:

On behalf of Pima County, Arizona, enclosed is Form 8038-G, Information Return for Tax-Exempt Governmental Obligations.

Sincerely,

Jennifer Cosper

Jennifer R. Cosper

JRC:mte

Enclosure

Certified No. 7012 1640 0000 4506 5142

CERTIFICATE OF MAILING

I hereby certify and declare that I deposited in the United States mail, postage prepaid, certified mail, return receipt requested (Certified Number 7012 1640 0000 4506 5142), 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 February 7, 2014.

Jennifer Cosper

Jennifer R. Cosper

7012 1640 0000 4506 5142

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com®

OFFICIAL USE

Postage	$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$

Postmark Here

PHOENIX AZ 85026 FEB - 7 2014 USPS

Sent To
Street, Apt. No. or PO Box No.
Internal Revenue Service Center
City, State, ZIP
Ogden, UT 84201

PS Form 3800, August 2006 See Reverse for Instructions

Report of Bond and Security Issuance
Pursuant to A.R.S. § 35-501B

This information is due to the Department of Revenue within 60 days of the issue.

1. Jurisdiction: Pima County, Arizona	
2. Issue name/title: General Obligation Bonds, Series 2014	
3. Dated Date: 01/30/2014 Closing Date: 01/30/2014	4. Par amount: $10,000,000
5. Overall Interest rate (TIC-OR ~~NIC~~): 3.0034%	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: $466,690,000	9. Total amount outstanding of senior or subordinate bonds: $-0-
10. Original issue price: Attach Schedule 1 a. Par Amount (Principal Amount) $ 10,000,000.00	11. Total limitations (Constitutional or Statutory) on the type of bonds/securities issued: For general obligation Bonds: 15% a. Secondary net assessed value: $7,623,691,280
b. Original Issue Discount (-) ($ 112,245.60)	
c. Premium Amount (+) $ 521,884.95	b. Debt limit percentage: 15%
d. Original Issue Price (=) $ 10,409,639.35	c. Total debt limit: $1,143,553,692
e. Underwriter Compensation (Discount) (-) ($ 92,500.00)	12. Available debt limit: $ 676,863,692
f. Net Proceeds (=) $ 10,317,139.35	13. Total amount authorized: $ 893,230,000
14. Remaining authorized amount: $18,681,000	15. If voter authorized, Election dates: May 20, 1997 ($256,980,000), May 18, 2004 ($582,250,000) and May 16, 2006 ($54,000,000)

16 – 19 Please attach 1) a schedule providing a detailed listing of Issue Costs; 2) the Debt Service Schedule; 3) Form 8038, and 4) the Final Official Statement. Please refer to instructions on back of form.

Thomas Burke
Signature

January 30, 2014
Date

Political Subdivision Contact Name, address, phone number

Thomas E. Burke, Finance & Risk Mngt. Director
Pima County Finance Department
130 West Congress, 6th Floor
Tucson, Arizona 85701
(520) 740-8229

Trustee name, address and phone number

Keith Henselen, Vice President
U.S. Bank National Association
101 North First Avenue, Suite 1600
Phoenix, Arizona 85003
(602) 257-5331

Submit this form with attachments within 60 days of issuance to:
Arizona Department of Revenue
Attention: OERA, 9th Floor
1600 W Monroe
Phoenix AZ 85007

ARIZONA DEPARTMENT OF REVENUE
Report of Bond and Security Issuance
Schedule 1

For each maturity date, list either the Original Issue Discount or the Premium Amount. The total of these figures should equal the amounts listed on 10b and 10c on the form. In all cases, 10a – 10b + 10c – 10e = 10f.

Name of Issue: PIMA COUNTY, ARIZONA GENERAL OBLIGATION BONDS, SERIES 2014

Par Amount: $10,000,000

Date Closed: January 30, 2014

Maturity Date	Par Amount (Principal Amount) 10a	Coupon Rate	Yield	Original Issue Price	Premium or Discount 10b or 10c
7/1/2015	$1,000,000	2.000%	0.330%	$1,023,620.00	$ 23,620.00
7/1/2016	525,000	1.000	0.530	530,922.00	5,922.00
7/1/2016	475,000	2.000	0.530	491,762.75	16,762.75
7/1/2018	610,000	1.500	1.110	620,229.70	10,229.70
7/1/2019	620,000	1.500	1.500	620,000.00	0.00
7/1/2020	630,000	5.000	2.000	743,318.10	113,318.10
7/1/2021	660,000	5.000	2.380	776,958.60	116,958.60
7/1/2022	695,000	5.000	2.760	811,231.80	116,231.80
7/1/2023	725,000	5.000	2.990	843,842.00	118,842.00
7/1/2024	765,000	3.000	3.220	750,189.60	(14,810.40)
7/1/2025	785,000	3.000	3.310	761,999.50	(23,000.50)
7/1/2026	810,000	3.125	3.420	785,967.30	(24,032.70)
7/1/2027	835,000	3.250	3.530	810,158.75	(24,841.25)
7/1/2028	865,000	3.375	3.640	839,439.25	(25,560.75)
Total	$10,000,000	N/A	N/A	$10,409,639.35	$409,639.35
10e Underwriter's Discount and/or Placement Agent Fee, if any				(92,500.00)	N/A
10f Net Proceeds (as shown on issuance form)				$10,317,139.35	N/A

ATTACHMENT TO
REPORT OF BOND AND SECURITY ISSUANCE

Name of Issue: PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS, SERIES 2014

COSTS OF ISSUANCE

Underwriter's Counsel	$15,000.00
Fitch Ratings, Inc.	7,000.00
Standard & Poor's Financial Services LLC	12,600.00
Bond Counsel	21,000.00
Bond Registrar	690.00
Official Statement Preparation and Printing	15,000.00
Miscellaneous	5,000.00
TOTAL:	$76,290.00

Exhibit A

$10,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2014

Maturity Dates, Principal Amount, Interest Rates and CUSIPs

Dated: 01/30/2014 Delivered: 01/30/2014

Date	Principal (1)	Coupon	Interest	Total D/S	FY Total	CUSIP (721663)
07/01/2014			$132,898.35	$132,898.35	$132,898.35	
01/01/2015			158,421.88	158,421.88		
07/01/2015	$1,000,000	2.000%	158,421.88	1,158,421.88	1,316,843.76	XX5
01/01/2016			148,421.88	148,421.88		
07/01/2016	1,000,000	(2)	148,421.88	1,148,421.88	1,296,843.76	(2)
01/01/2017			141,046.88	141,046.88		
07/01/2017			141,046.88	141,046.88	282,093.76	
01/01/2018			141,046.88	141,046.88		
07/01/2018	610,000	1.500%	141,046.88	751,046.88	892,093.76	XZ0
01/01/2019			136,471.88	136,471.88		
07/01/2019	620,000	1.500%	136,471.88	756,471.88	892,943.76	YA4
01/01/2020			131,821.88	131,821.88		
07/01/2020	630,000	5.000%	131,821.88	761,821.88	893,643.76	YB2
01/01/2021			116,071.88	116,071.88		
07/01/2021	660,000	5.000%	116,071.88	776,071.88	892,143.76	YC0
01/01/2022			99,571.88	99,571.88		
07/01/2022	695,000	5.000%	99,571.88	794,571.88	894,143.76	YD8
01/01/2023			82,196.88	82,196.88		
07/01/2023	725,000	5.000%	82,196.88	807,196.88	889,393.76	YE6
01/01/2024			64,071.88	64,071.88		
07/01/2024	765,000	3.000%	64,071.88	829,071.88	893,143.76	YF3
01/01/2025			52,596.88	52,596.88		
07/01/2025	785,000	3.000%	52,596.88	837,596.88	890,193.76	YG1
01/01/2026			40,821.88	40,821.88		
07/01/2026	810,000	3.125%	40,821.88	850,821.88	891,643.76	YH9
01/01/2027			28,165.63	28,165.63		
07/01/2027	835,000	3.250%	28,165.63	863,165.63	891,331.26	YJ5
01/01/2028			14,596.88	14,596.88		
07/01/2028	865,000	3.375%	14,596.88	879,596.88	894,193.76	YK2
Totals	**$10,000,000**		**$2,843,548.49**	**$12,843,548.49**	**$12,843,548.49**	

(1) The Series 2014 Bonds maturing on or after July 1, 2024 are subject to optional redemption prior to their stated maturity on or after July 1, 2023 at Par.

(2) Represents a split maturity: $525,000 with CUSIP 721663XY3 at 1.000% coupon and $475,000 with CUSIP 721663YL0 at 2.000% coupon.

-Prepared by-
RBC Capital Markets
2398 E Camelback Road, Suite 700
Phoenix, Arizona 85016

Form **8038-G**
(Rev. September 2011)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ **Under Internal Revenue Code section 149(e)**
▶ **See separate instructions.**
Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority

If **Amended Return**, check here ▶ ☐

1 Issuer's name Pima County, Arizona	2 Issuer's employer identification number (EIN) 86 6000543
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)	3b Telephone number of other person shown on 3a
4 Number and street (or P.O. box if mail is not delivered to street address) / Room/suite 130 West Congress, 6th Floor	5 Report number (*For IRS Use Only*) 3
6 City, town, or post office, state, and ZIP code Tucson, AZ 85701	7 Date of issue 01/30/2014
8 Name of issue General Obligation Bonds, Series 2014	9 CUSIP number 721663 YK2
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Thomas Burke, Finance and Risk Management Director	10b Telephone number of officer or other employee shown on 10a (520) 740-8229

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11	Education	11		
12	Health and hospital	12		
13	Transportation	13		
14	Public safety	14		
15	Environment (including sewage bonds)	15		
16	Housing	16		
17	Utilities	17		
18	Other. Describe ▶ Various capital improvement projects	18	10,409,639	35
19	If obligations are TANs or RANs, check only box 19a ▶ ☐			
	If obligations are BANs, check only box 19b ▶ ☐			
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐			

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	07/01/2028	$ 10,409,639.35	$ 10,000,000.00	8.1270 years	2.8757 %

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	10,409,639	35
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	168,790	00			
25	Proceeds used for credit enhancement	25	0	00			
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0	00			
27	Proceeds used to currently refund prior issues	27	0	00			
28	Proceeds used to advance refund prior issues	28	0	00			
29	Total (add lines 24 through 28)				29	168,790	00
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)				30	10,240,849	35

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31	Enter the remaining weighted average maturity of the bonds to be currently refunded ▶	N/A years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	N/A years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) ▶	N/A
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	N/A

#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.

Thomas Burke — 1/30/2014 — Thomas Burke, Finance and Risk Mngmt Dir.

Signature of issuer's authorized representative | Date | Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Todd L. Cooper	Todd L. Cooper	1/30/2014		

Firm's name ▶ Squire Sanders (US) LLP — Firm's EIN ▶ 34-0648199

Firm's address ▶ 221 E. Fourth Street, #2900, Cincinnati, OH 45202 — Phone no. (513) 361-1239

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

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

$10,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2014

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

The $10,000,000 principal amount of General Obligation Bonds, Series 2014 (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 (each an "Interest Payment Date"), commencing July 1, 2014 and principal of the Bonds will be payable annually in accordance with the schedule set forth below. So long as the Bonds are registered in the name of DTC, or its nominee, payments of the principal of and interest on the Bonds will be made directly by the paying agent, initially U.S. Bank National Association, to DTC which, in turn, is obligated to remit such payments to its participants for subsequent distribution to beneficial owners of the Bonds. See Appendix F – "Book-Entry-Only System."

The Bonds will be subject to redemption prior to their stated maturities on or after July 1, 2023 as provided under "THE BONDS – Redemption Provisions" herein.

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

Upon their issuance, the Bonds will be direct and general obligations of the County, payable as to principal and interest from ad valorem taxes to be levied against all taxable property within the County without limitation as to rate or amount to pay the principal of and interest on the Bonds.

Maturity Schedule

Due July 1	Principal Amount	Interest Rate	Yield	CUSIP (a) (721663)	Due July 1	Principal Amount	Interest Rate	Yield	CUSIP (a) (721663)
2015	$1,000,000	2.000%	0.330%	XX5	2022	$695,000	5.000%	2.760%	YD8
2016	525,000	1.000	0.530	XY3	2023	725,000	5.000	2.990	YE6
2016	475,000	2.000	0.530	YL0	2024	765,000	3.000	3.220	YF3
					2025	785,000	3.000	3.310	YG1
2018	610,000	1.500	1.110	XZ0	2026	810,000	3.125	3.420	YH9
2019	620,000	1.500	1.500	YA4	2027	835,000	3.250	3.530	YJ5
2020	630,000	5.000	2.000	YB2	2028	865,000	3.375	3.640	YK2
2021	660,000	5.000	2.380	YC0					

(a) Copyright 2014, American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. CUSIP numbers are provided for information only. None of the County, the Underwriter or their counsel take responsibility for the accuracy of such numbers.

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

The Bonds are offered when, as and if issued by the County and received by the underwriter identified below (the "Underwriter") subject to the approving opinion of Squire Sanders (US) LLP, Bond Counsel, as to validity and tax exemption. Certain legal matters will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about January 30, 2014.

RBC CAPITAL MARKETS

January 16, 2014

SQUIRE
SANDERS

Squire Sanders (US) LLP
1 E. Washington St., Suite 2700
Phoenix, AZ 85004

O +1 602 528 4000
F +1 602 253 8129
squiresanders.com

Jennifer.Cosper@squiresanders.com
Direct Dial: +1.602.528.4880

February 7, 2014

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Arizona Department of Revenue
Attention: OERA, 9th Floor
1600 W. Monroe
Phoenix, Arizona 85007

Re: $10,000,000 Pima County, Arizona General Obligation Bonds, Series 2014

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,

Jennifer Cosper

Jennifer R. Cosper

JRC/mte

Enclosure
Certified No. 7012 1640 0000 4506 5128

CERTIFICATE OF MAILING

I hereby certify and declare that I deposited in the United States mail, postage prepaid, certified mail, return receipt requested (Certified Number 7012 1640 0000 4506 5128) the Report of Bond and Security Issuance Pursuant to A.R.S. §35-501B for the above-captioned financing addressed to the Arizona Department of Revenue, Attention: OERA, 9th Floor, 1600 W. Monroe, Phoenix, Arizona 85007, on February 7, 2014.

Jennifer Cosper

Jennifer R. Cosper

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com®

OFFICIAL USE

7012 1640 0000 4506 5128

Postage	$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$

Postmark Here

AZ 85026 USPS

Sent To Arizona Department of Revenue

Street, Apt. No.; or PO Box No. Attention: OERA, 9th Floor
1600 W. Monroe

City, State, ZIP+4 Phoenix, Arizona 85007

PS Form 3800, August 2006 — See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Arizona Department of Revenue, OERA, 9th Fl.
1600 W. Monroe
Phoenix, Arizona 85007

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X Arizona Department of Revenue ☐ Agent ☐ Addressee

B. Received by (Printed Name) FEB 11 2014 C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? *(Extra Fee)* ☐ Yes

2. Article Number *(Transfer from service label)* 7012 1640 0000 4506 5128

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

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

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND,
SERIES 2014

SPECIMEN

Number: R-1 Denomination: $1,000,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
2.000%	July 1, 2015	January 30, 2014	721663 XX5

Registered Owner: CEDE & CO.

Principal Amount: ONE MILLION AND NO/100 DOLLARS

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

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

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

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

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

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2014

Number: R-2 Denomination: $525,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
1.000%	July 1, 2016	January 30, 2014	721663 XY3

Registered Owner: CEDE & CO.

Principal Amount: FIVE HUNDRED TWENTY-FIVE THOUSAND AND NO/100 DOLLARS

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

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

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

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

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

PIMA COUNTY, ARIZONA,
GENERAL OBLIGATION BOND,
SERIES 2014

Number: R-3 Denomination: $475,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
2.000%	July 1, 2016	January 30, 2014	721663 YL0

Registered Owner: CEDE & CO.

Principal Amount: FOUR HUNDRED SEVENTY-FIVE THOUSAND AND NO/100 DOLLARS

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

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

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

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

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

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND,
SERIES 2014

Number: R-4 Denomination: $610,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
1.500%	July 1, 2018	January 30, 2014	721663 XZ0

Registered Owner: CEDE & CO.

Principal Amount: SIX 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.

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

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

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

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

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND,
SERIES 2014

Number: R-5 Denomination: $620,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
1.500%	July 1, 2019	January 30, 2014	721663 YA4

Registered Owner: CEDE & CO.

Principal Amount: SIX HUNDRED TWENTY THOUSAND AND NO/100 DOLLARS

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

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

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

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

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

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND,
SERIES 2014

Number: R-6 Denomination: $630,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
5.000%	July 1, 2020	January 30, 2014	721663 YB2

Registered Owner: CEDE & CO.

Principal Amount: SIX HUNDRED THIRTY THOUSAND AND NO/100 DOLLARS

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

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

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

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

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

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND,
SERIES 2014

Number: R-7 Denomination: $660,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
5.000%	July 1, 2021	January 30, 2014	721663 YC0

Registered Owner: CEDE & CO.

Principal Amount: SIX HUNDRED SIXTY THOUSAND AND NO/100 DOLLARS

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

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

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

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

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

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND,
SERIES 2014

Number: R-8 Denomination: $695,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
5.000%	July 1, 2022	January 30, 2014	721663 YD8

Registered Owner: CEDE & CO.

Principal Amount: SIX HUNDRED NINETY-FIVE THOUSAND AND NO/100 DOLLARS

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

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

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

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

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

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND,
SERIES 2014

Number: R-9 Denomination: $725,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
5.000%	July 1, 2023	January 10, 2014	721663 YE6

Registered Owner: CEDE & CO.

Principal Amount: SEVEN HUNDRED TWENTY-FIVE THOUSAND AND NO/100 DOLLARS

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

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

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

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

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

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2014

Number: R-10 Denomination: $765,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	July 1, 2024	January 30, 2014	721663 YF3

Registered Owner: CEDE & CO.

Principal Amount: SEVEN HUNDRED 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.

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

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

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

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

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND,
SERIES 2014

Number: R-11 Denomination: $785,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	July 1, 2025	January 30, 2014	721663 YG1

Registered Owner: CEDE & CO.

Principal Amount: SEVEN HUNDRED EIGHTY-FIVE THOUSAND AND NO/100 DOLLARS

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

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

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

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

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

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND,
SERIES 2014

Number: R-12 Denomination: $810,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.125%	July 1, 2026	January 30, 2014	721663 YH9

Registered Owner: CEDE & CO.

Principal Amount: EIGHT 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.

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

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

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

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

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND,
SERIES 2014

SPECIMEN

Number: R-13 Denomination: $835,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.250%	July 1, 2027	January 30, 2014	721663 YJ5

Registered Owner: CEDE & CO.

Principal Amount: EIGHT HUNDRED THIRTY-FIVE THOUSAND AND NO/100 DOLLARS

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

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

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

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

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

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND,
SERIES 2014

Number: R-14 Denomination: $865,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.375%	July 1, 2028	January 30, 2014	721663 YK2

Registered Owner: CEDE & CO.

Principal Amount: EIGHT HUNDRED 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.

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

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

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

This bond is one of an issue of bonds in the total principal amount of $10,000,000 of like tenor except as to maturity date, rate of interest and number, issued by the County to provide funds to make those certain public improvements approved by a majority vote of qualified electors voting at elections duly called and held in and for the County on May 20, 1997, May 18, 2004 and May 16, 2006, pursuant to a resolution adopted by the Board of Supervisors of the County on December 3, 2013 (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.

Upon collection, said taxes will be placed in separate funds 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 3 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 maturing on or before July 1, 2023 are not subject to call for redemption prior to their respective maturity dates. The bonds maturing on or after July 1, 2024 are subject to call for redemption on any date on or after July 1, 2023 at the election of the County, in whole or in part from maturities selected by the County and within any maturity by lot, by the payment of a redemption price equal to the principal amount of each bond called for redemption plus accrued interest to the date fixed for redemption, without premium.

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

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

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

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

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

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

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

The County has caused this bond to be executed by the 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

ATTEST:

(facsimile)
Clerk, Board of Supervisors

AUTHENTICATION CERTIFICATE

This bond is one of the Pima County, Arizona General Obligation Bonds, Series 2014, described in the Resolution mentioned herein.

Date of Authentication: January 30, 2014

U.S. BANK NATIONAL ASSOCIATION,
as Registrar

By: ________________________________
Authorized Representative

SPECIMEN

ASSIGNMENT

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

____

(Name and Address of Transferee)

____

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

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

Dated: ______________________________

____

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

Signature Guaranteed:

____

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

ABBREVIATIONS

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

TEN COM — as tenants in common
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.

STANDARD & POOR'S
RATINGS SERVICES
McGRAW HILL FINANCIAL

One California Street, 31st Floor
San Francisco, CA 94111-5432
tel 415 371-5000
reference no.: 1285574

December 30, 2013

Pima County
Finance Department
130 West Congress Street, 10th Floor
Tucson, AZ 85701
Attention: Mr. Thomas Burke, Finance and Risk Management Director

Re: ***US$10,000,000 County of Pima, Arizona, General Obligation Bonds, Series 2014, dated: Date of delivery, due: July 01, 2028***

Dear Mr. Burke:

Pursuant to your request for a Standard & Poor's Ratings Services ("Ratings Services") rating on the above-referenced obligations, Ratings Services has assigned a rating of "AA-". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

This letter constitutes Ratings Services' permission for you to disseminate the above-assigned ratings to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements) will become effective only after we 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, Standard & Poor's must receive all relevant financial and other information, including notice of material changes to financial and other information provided to us and in relevant documents, as soon as such information is available. You understand that Ratings Services relies on you and your agents and advisors for the accuracy, timeliness and completeness of the information submitted in connection with the rating and the continued flow of material information as part of the surveillance process. Please send all information via electronic delivery to: pubfin_statelocalgovt@standardandpoors.com. If SEC rule 17g-5 is applicable, you may post such information on the appropriate website. For any information not available in electronic format or posted on the applicable website,

Please send hard copies to:

Standard & Poor's Ratings Services
Public Finance Department
55 Water Street
New York, NY 10041-0003

The rating is subject to the Terms and Conditions, if any, attached to the Engagement Letter applicable to the rating. In the absence of such Engagement Letter and Terms and Conditions, the rating is subject to the attached Terms and Conditions. The applicable Terms and Conditions are incorporated herein by reference.

Ratings Services is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at www.standardandpoors.com. If you have any questions, please contact us. Thank you for choosing Ratings Services.

Sincerely yours,

Standard & Poor's

Standard & Poor's Ratings Services

sb
enclosures
cc: Ms. Kathryn C. Pong
Mr. Kurt M. Freund

FitchRatings

One State Street Plaza
New York, NY 10004

T 212 908 0500 / 800 75 FITCH
www.fitchratings.com

December 20, 2013

Mr. Thomas Burke
Finance & Risk Management Director
Pima County
130 West Congress, 10th Floor
Tucson, AZ 85701

Dear Mr. Burke:

Fitch Ratings has assigned one or more ratings and/or otherwise taken rating action(s), as detailed in the attached Notice of Rating Action.

In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of Fitch's ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

Fitch seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. Fitch is not your advisor, nor is Fitch providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services.

The assignment of a rating by Fitch does not constitute consent by Fitch to the use of its name as an expert in connection with any registration statement or other filings under US, UK or any other relevant securities laws. Fitch does not consent to the inclusion of its ratings nor this letter communicating our rating action in any offering document.

It is important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason Fitch deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between Fitch and you or between us and any user of the ratings.

In this letter, "Fitch" means Fitch, Inc. and Fitch Ratings Ltd and any subsidiary of either of them together with any successor in interest to any such person.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please feel free to contact us at any time.

Jeff Schaub
Managing Director, Operations
U.S. Public Finance /
Global Infrastructure & Project Finance

JS/mb

Enc: Notice of Rating Action
(Doc ID: 187232)

Notice of Rating Action

Bond Description	Rating Type	Action	Rating	Outlook/ Watch	Eff Date	Notes
Pima County (AZ) COPs ser 2014A	Long Term	New Rating	AA-	RO:Sta	19-Dec-2013	
Pima County (AZ) GO bonds ser 2014A	Long Term	New Rating	AA	RO:Sta	19-Dec-2013	

Key: RO: Rating Outlook, RW: Rating Watch; Pos: Positive, Neg: Negative, Sta: Stable, Evo: Evolving

RBC Capital Markets®

FINAL

SETTLEMENT, DELIVERY & CLOSING PROCEDURES

ISSUE:	$10,000,000 Pima County, Arizona General Obligation Bonds Series 2014
BONDS DATED:	January 30, 2014
INTEREST PAYMENT DATES:	Interest payable semiannually on January 1 and July 1 of each year, commencing July 1, 2014.
MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES:	See Exhibit A.
CLOSING:	The Closing will be held telephonically on **Thursday, January 30, 2014** at **8:30 a.m.** (MST). Details for the call are as follows: Dial-In No. 1-866-365-4406 Access Code 3815365
PARTICIPANTS:	See Exhibit B.
REGISTRATION & AUTHENTICATION:	After the Bonds have been registered and executed, U.S. Bank National Association (the "Bond Registrar and Paying Agent") will confirm arrangements for a F.A.S.T. closing with the Depository Trust Co. (DTC), 55 Water Street, 1st Floor, New York, New York 10041.
SETTLEMENT INSTRUCTIONS:	

Par Value @ 100	$10,000,000.00
Plus: Net Original Issue Premium	409,639.35
Less: Underwriter's Discount	(92,500.00)
Purchase Price	$10,317,139.35

FLOW OF FUNDS:

On the day of closing, **RBC Capital Markets, LLC ("RBC")** will wire transfer **$10,317,139.35** to the **Pima County Treasurer's Office** (the "County Treasurer") as follows:

Bank of America
201 E Washington
Phoenix, AZ 85004
Routing No.: 026009593
Credit to: Pima County Treasurer
Account Number: 412724156
Reference: PC GO Bonds 2014

Confirmation of the receipt of funds will be made on the morning of closing with Rosemary Davenport at the Pima County Treasurer's Office at (520) 724-8814.

USES:

The amount listed above will be applied as follows:

(A) **$10,039,600.00** in proceeds received by the County Treasurer will be used for project costs and to pay costs of issuance;

(B) **$277,539.35** in proceeds received by the County Treasurer will be deposited into the Debt Service Fund and used to pay interest on the Bonds.

DELIVERY INSTRUCTIONS:

When all parties are satisfied that all monies have been transferred and that documentation is in order, the Bonds will be released to the credit of RBC, via the DTC closing desk (212) 855-3752.

Exhibit A

$10,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2014

Maturity Dates, Principal Amount, Interest Rates and CUSIPs

Dated: 01/30/2014 **Delivered:** 01/30/2014

Date	Principal (1)	Coupon	Interest	Total D/S	FY Total	CUSIP (721663)
07/01/2014			$132,898.35	$132,898.35	$132,898.35	
01/01/2015			158,421.88	158,421.88		
07/01/2015	$1,000,000	2.000%	158,421.88	1,158,421.88	1,316,843.76	XX5
01/01/2016			148,421.88	148,421.88		
07/01/2016	1,000,000	(2)	148,421.88	1,148,421.88	1,296,843.76	(2)
01/01/2017			141,046.88	141,046.88		
07/01/2017			141,046.88	141,046.88	282,093.76	
01/01/2018			141,046.88	141,046.88		
07/01/2018	610,000	1.500%	141,046.88	751,046.88	892,093.76	XZ0
01/01/2019			136,471.88	136,471.88		
07/01/2019	620,000	1.500%	136,471.88	756,471.88	892,943.76	YA4
01/01/2020			131,821.88	131,821.88		
07/01/2020	630,000	5.000%	131,821.88	761,821.88	893,643.76	YB2
01/01/2021			116,071.88	116,071.88		
07/01/2021	660,000	5.000%	116,071.88	776,071.88	892,143.76	YC0
01/01/2022			99,571.88	99,571.88		
07/01/2022	695,000	5.000%	99,571.88	794,571.88	894,143.76	YD8
01/01/2023			82,196.88	82,196.88		
07/01/2023	725,000	5.000%	82,196.88	807,196.88	889,393.76	YE6
01/01/2024			64,071.88	64,071.88		
07/01/2024	765,000	3.000%	64,071.88	829,071.88	893,143.76	YF3
01/01/2025			52,596.88	52,596.88		
07/01/2025	785,000	3.000%	52,596.88	837,596.88	890,193.76	YG1
01/01/2026			40,821.88	40,821.88		
07/01/2026	810,000	3.125%	40,821.88	850,821.88	891,643.76	YH9
01/01/2027			28,165.63	28,165.63		
07/01/2027	835,000	3.250%	28,165.63	863,165.63	891,331.26	YJ5
01/01/2028			14,596.88	14,596.88		
07/01/2028	865,000	3.375%	14,596.88	879,596.88	894,193.76	YK2
Totals	**$10,000,000**		**$2,843,548.49**	**$12,843,548.49**	**$12,843,548.49**	

(1) The Series 2014 Bonds maturing on or after July 1, 2024 are subject to optional redemption prior to their stated maturity on or after July 1, 2023 at Par.

(2) Represents a split maturity: $525,000 with CUSIP 721663XY3 at 1.000% coupon and $475,000 with CUSIP 721663YL0 at 2.000% coupon.

-Prepared by-
RBC Capital Markets
2398 E Camelback Road, Suite 700
Phoenix, Arizona 85016

Exhibit B

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS, SERIES 2014

DISTRIBUTION LIST

PIMA COUNTY

Finance and Risk Management Department
130 West Congress, 10th Floor
Tucson, AZ 85701
Fax: (520) 740-8171

Tom Burke
Finance and Risk Management Director
(520) 724-3030
e-mail: tom.burke@pima.gov

Finance and Risk Management Department
130 West Congress, 6th Floor
Tucson, AZ 85701
Fax: (520) 243-2329

Ellen Moulton
(520) 724-3138
e-mail : ellen.moulton@pima.gov

Michelle Campagne
(520) 724-8410
e-mail: michelle.campagne@pima.gov

County Attorney's Office
130 West Congress
Tucson, Arizona 85701

Regina Nassen
(520) 724-5411
e-mail: regina.nassen@pcao.pima.gov

PIMA COUNTY TREASURER

Pima County Treasurer's Office
115 North Church
Tucson, AZ 85701
Fax: (520) 884-4809

Beth Ford
County Treasurer
(520) 724-8341
e-mail: beth.ford@pima.gov

BOND COUNSEL

Squire Sanders (US) LLP
1 E. Washington Street, Suite 2700
Phoenix, AZ 85004
Fax: (602) 253-8129

Timothy E. Pickrell
P: (602) 528-4031
C: (602) 617-9260
e-mail: timothy.pickrell@squiresanders.com

Pedro Miranda
(602) 528-4843
e-mail: pedro.miranda@squiresanders.com

Jennifer R. Cosper
(602) 528-4880
e-mail: jennifer.cosper@squiresanders.com

UNDERWRITER

RBC Capital Markets, LLC
2398 East Camelback Road, Suite 700
Phoenix, AZ 85016
Fax: (602) 381-5380

Kurt M. Freund
(602) 381-5365
e-mail: kurt.freund@rbccm.com

Kathryn Pong
(602) 381-5359
e-mail: kathryn.pong@rbccm.com

Kathy Salcido
(602) 381-5371
e-mail : kathy.salcido@rbccm.com

Exhibit B

UNDERWRITER'S COUNSEL

Greenberg Traurig LLP
2375 East Camelback Road, Suite 700
Phoenix, AZ 85016
Fax: (602) 445-8100

Michael Cafiso
(602) 445-8452
e-mail: cafisom@gtlaw.com

Brigitte Finley Green
(602) 445-8467
e-mail: greenb@gtlaw.com

Paul Gales, Jr.
(602) 445-8404
e-mail: galesp@gtlaw.com

BOND REGISTRAR & PAYING AGENT

U.S. Bank National Association
101 North First Avenue, Suite 1600
Phoenix, Arizona 85003
Fax: (602) 257-5433

Keith Henselen
(602) 257-5431
e-mail: keith.henselen@usbank.com

RATING AGENCIES

Fitch Ratings
111 Congress Avenue
Austin, TX 78701
Fax: (512) 215-3738

Rebecca Meyer
(512) 215-3733
e-mail: rebecca.meyer@fitchratings.com

Standard & Poor's Corporation
One Market, Steuart Tower 15th Floor
San Francisco, California
94105-1000
Fax: (415) 371-5090

Sarah Sullivant
(415) 371-5051
e-mail: sarah.sullivant@sandp.com