

2009

Comprehensive Annual Financial Report



Pima County, Arizona
For the Fiscal Year Ended June 30, 2009

**PIMA COUNTY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2009**

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C. H. Huckelberry

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PIMA COUNTY, ARIZONA
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PIMA COUNTY
Comprehensive Annual Financial Report
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INTRODUCTORY SECTION

Letter of Transmittal

Certificate of Achievement for Excellence in Financial Reporting

Organizational Chart

FINANCIAL SECTION

STATISTICAL SECTION

INTRODUCTORY SECTION

The purpose of the Introductory Section in a comprehensive annual financial report (CAFR) is to familiarize readers with the organizational structure of the government, the nature and scope of the services it provides and the specifics of its legal operating environment.



COUNTY ADMINISTRATOR'S OFFICE

PIMA COUNTY GOVERNMENTAL CENTER
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C.H. HUCKELBERRY
County Administrator

December 21, 2009

The Honorable Board of Supervisors
Pima County, Arizona

We are pleased to submit, in accordance with state statutes, the Comprehensive Annual Financial Report (CAFR) of Pima County, prepared by the Department of Finance and Risk Management for the fiscal year ended June 30, 2009. This report presents comprehensive financial and operating information about the County's activities for the fiscal year that is useful to its property owners, businesses, and other resource providers. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County.

This report is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting as established by the Governmental Accounting Standards Board (GASB) using the guidelines as recommended by the Government Finance Officers Association of the United States and Canada (GFOA). GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditors' report.

We believe that the financial information, as presented, is accurate in all material aspects; that it is presented in a manner designed to openly disclose the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

The CAFR consists of three sections:

- The **INTRODUCTORY** section, which familiarizes the reader with the organizational structure of the County, the nature and scope of the services it provides, and the specifics of its legal operating environment.
- The **FINANCIAL** section, which includes the independent auditors' report, MD&A, audited basic financial statements, notes to the statements, and required supplementary information necessary to fairly present the financial position and results of operations of the County in conformity with GAAP. This section also includes supporting statements and schedules necessary to produce a CAFR.

- The ***STATISTICAL*** section, which contains comprehensive statistical data on the County's financial, physical, economic, and demographic characteristics.

Pima County and County Services

Pima County is situated in the southern part of Arizona with a portion of its southern boundary bordering Mexico. The County was organized in 1864 under the Arizona Territorial Legislature as one of the State's four original counties.

A five-member Board of Supervisors is responsible for implementing the County's governmental and administrative affairs. Each member of the Board is elected from a designated district to serve a four-year term. The Chair is selected by the Board from among its members. The Board is also responsible for establishing the policies of the County, which provide guidance to the various County constitutional officers and departments. The Board appoints a County Administrator who is responsible for the general administrative and overall operations of the various departments of the County.

Pima County includes in its financial statements all funds, agencies, boards, commissions, and authorities for which the Pima County Board of Supervisors is financially accountable. As the primary government, Pima County is financially accountable if it appoints a voting majority of an organization's governing body and either it is able to impose its will on that organization or a potential exists for that organization to provide specific benefits to, or impose specific financial burdens on, the primary government. Additionally, the primary government may be financially accountable if an organization is fiscally dependent on the primary government.

Pima County offers a wide variety of governmental services, including:

- *Justice and Law Enforcement:* Clerk of the Superior Court, Constables, County Attorney, Superior Court, Juvenile Court, Justice Court, Sheriff, Indigent Defense, and Public Fiduciary
- *Medical Services:* Pima Health System & Services (including Posada del Sol), Institutional Health, Public Health (including Animal Control), and Forensic Science Center
- *Community and Economic Development:* Superintendent of Schools, Community Development and Neighborhood Conservation, Economic Development and Tourism, Community Services, Employment and Training, Community Resources, County Free Library District, Southwestern Fair Commission, and Stadium District
- *Public Works:* Regional Flood Control District, Development Services (including Planning & Zoning), Transportation, Regional Wastewater Reclamation, Solid Waste, Environmental Quality, Capital Improvement Program, Fleet Services, Natural Resources, and Parks and Recreation
- *County Administration:* Board of Supervisors, County Administrator, Assessor, Clerk of the Board, Elections, Finance and Risk Management, Human Resources, Information Technology, Procurement, Recorder, Treasurer, Facilities Management, Communications, Parking Garages, and Graphics Services

Pima County is responsible for reporting the financial activities of its component units. These units are either discretely presented or blended. Although they are separate legal entities, blended component units are substantially a part of the County's financial activities and are combined with data for the County.

Blended and discrete component units include:

- *Southwestern Fair Commission.* Activities of the Commission are reported as a discrete component unit of the County in the accompanying financial statements. During the fiscal year, the Pima County Board of Supervisors approved the creation of an additional discrete component unit, the Pima County Sports and Tourism Authority. The financial statements of this component unit are not included in the CAFR due to highly immaterial amounts reported in their financial statements.
- *Pima County Stadium District, Regional Flood Control District, and Library District.* Activities are reported in special revenue funds as blended component units in the accompanying financial statements.
- *Special Districts.* Pima County includes the financial activities of various improvement districts in its financial statements. Improvement districts are established to pay for the construction or maintenance of specific public works projects that benefit citizens of a limited geographical area. The County's currently active improvement districts include La Cholla Boulevard, Hayhook Ranch Road, and Camino Ojo De Agua.

The County also has various independently governed school, irrigation, fire, street lighting districts, and a health district and other entities for which the County is not financially accountable. These entities include the Industrial Development Authority, Pima Association of Governments, Pima Council on Aging, the Workforce Investment Board, Regional Transportation Authority and the Tucson Regional Economic Opportunity, Inc. The financial statements of such districts and entities are not included in the accompanying financial statements except to reflect amounts held in a fiduciary capacity by the County Treasurer.

Economic Outlook

Pima County and other Arizona counties are significantly affected by the State of Arizona deficit. The State deficit is estimated between \$2 to \$3 billion and has resulted in decreases in several revenue streams, specifically State shared sales tax revenues, affecting many services previously funded by the State. As funding for the State deficit remains unresolved, Pima County's adopted budget for fiscal year 2009-10 is continually monitored to identify potential and necessary cost saving measures.

The MD&A beginning on page 11 provides for a general and specific discussion regarding the County's economic outlook

Expenditure Limitation

Arizona voters approved a proposition in 1980 amending the state constitution that established expenditure limitations for local governments, including Pima County. While the County has not exceeded the limitation, the rapid growth of expenses from the County's sewer and conveyance system is significantly impacting expenditures subject to the limitation.

Major Program Initiatives and Developments

Some of the major developments that occurred in Pima County during the fiscal year ended June 30, 2009, include:

Debt Management

The County's debt program remained highly active in fiscal year 2008-09 and will remain so in the following fiscal year. Multiple bond sales consisting of General Obligation, Sewer Revenue bonds and Certificates of Participation occurred in April, May and June, respectively.

In November 2009, General Obligation and Transportation Revenue bonds were sold, including advance refundings issued subsequent to year end on various bond obligations, resulting in savings to the County of \$1.3 million (net present value). The County has additional debt issues planned for the first quarter of calendar year 2010.

Please refer to the MD&A beginning on page 11 for specific details on debt issuances and refundings.

Capital Improvement Program

Several ongoing projects were completed in the fiscal year primarily consisting of roadway projects, land acquisitions, and improvements to the sewage conveyance system within the County.

Significant expenditures spent on roadway projects during the year include the Houghton Road and Sahuarita Road intersection at \$4.1 million and La Canada from Ina Road to Calle Concordia at \$5.2 million.

Significant land acquisitions include the Marley Ranch for \$20.1 million and Clyne Ranch for \$21.2 million.

Major sewage improvement projects include the expansion of the Avra Valley BNROD facility to 4 million gallons per day (mgd), at a cost of \$55.9 million and the sewage improvement project of the Santa Cruz interceptor from Prince to Franklin for \$25.8 million. Both of these significant projects were completed this fiscal year.

Major bond-funded projects still underway include the Psychiatric Hospital and Urgent Care facility located at the Kino campus and the Regional Public Safety Communication System.

Please refer to the MD&A beginning on page 11 for details on these and other significant projects.

Other Post Employment Benefits (OPEB)

The County is not reporting any OPEB liability for fiscal year 2008-09 because, to the degree GASB 45 might apply, if at all, the County has determined any OPEB liability would not be material. The County will continue to re-evaluate the propriety and materiality of the OPEB liability.

American Recovery and Reinvestment Act (ARRA)

The County has been awarded various ARRA grants towards infrastructure, workforce training, public safety and neighborhood stabilization program. As of November 2009, the County has requested another \$52 million of ARRA grants.

Financial Information

Accounting System and Budgetary Control

In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal control procedures. Internal controls for accounting purposes are designed to provide reasonable, but not absolute, assurance regarding: (1) safeguarding of assets against loss from unauthorized use or disposition and (2) reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the costs of implementing controls should not exceed their likely derived benefits and the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the County's internal control structure adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained at the elected official or department level with each department budgeted on a cost center/account line item basis. Each year, the budget is presented emphasizing the programmatic components of County services by identifying the costs and funding of those programs.

Cash Management

Most cash, other than imprest accounts, is on deposit with the County Treasurer or the State Treasurer. Amounts temporarily available during the course of the fiscal year are invested by the County Treasurer according to statutory guidelines. To address cash flow needs in the short term, the County maintains a revolving line-of-credit with Bank of America, N.A. For short term needs within the County, the County has instituted internal borrowings among funds that were recorded in its accounting records.

Risk Management

Pima County has established a Self Insurance Trust Fund to account for the risk management function of the County. The Fund has an appointed Board of Trustees and provides self-insured coverage to the County for medical malpractice, workers' compensation, unemployment, general liability, property damage, environmental damage, and employee dental benefits, as well as obtaining coverage for other risks. The Fund is financed by charges to other County funds.

Other Information

Independent Audit

Arizona Revised Statutes require an annual audit of the financial statements. The County is fully compliant with this legal requirement. An independent auditors' report is included in this CAFR.

Single Audit

As a recipient of federal and state financial assistance, the County is required to ensure adequate internal controls are in place to comply with applicable laws and regulations related to administration of these programs. This internal control structure is subject to periodic evaluation by management of Pima County.

As a part of the County's Single Audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs and whether the County has complied with applicable laws and regulations.

The Schedule of Federal Awards for fiscal year 2007-08 reported \$43.6 million in federal expenditures, covering 187 grants.

The results of the County's Single Audit for the fiscal year ended June 30, 2008 cited two reportable conditions on two grants. Specifically, the audit identified inadequate controls over income eligibility resulting in improper documentation within the State's Women, Infants, and Children (WIC) certification system of the U.S. Department of Agriculture grant. Additionally, the Investigations and Technical Assistance grant program from the Department of Health and Human Services reported a finding pertaining to allowable costs/cost principles.

The Single Audit for Pima County for the fiscal year ended June 30, 2009, was not complete at the time of publication of this CAFR.

As demonstrated by the statements and schedules included in the financial section of this report, Pima County continues to meet its responsibility for sound financial management.

Certificate of Achievement

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to Pima County, Arizona, for its CAFR for 22 years from fiscal years ended June 30, 1984 through 2008, except for fiscal years ended June 30, 1990 and June 30, 1999, due to missing the filing deadline.

In order to receive a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR with contents that conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

In addition, Pima County also received GFOA's Distinguished Budget Presentation Award for its annual budget for fiscal year ending June 30, 2010. In order to qualify for the Distinguished Budget Presentation Award, the government's budget had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device. This is the twelfth consecutive year the County's budget has been so recognized.

Acknowledgements

Preparation of this report could not be accomplished without the efficient and dedicated service of the staff of the County's Finance and Risk Management Department. We also wish to thank the Board of Supervisors for its continued support in planning and conducting the County's financial operations in a responsible fiduciary manner.

Respectfully submitted,



C. H. Huckelberry
County Administrator



Tom Burke
Director, Finance and Risk Management

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Pima County
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



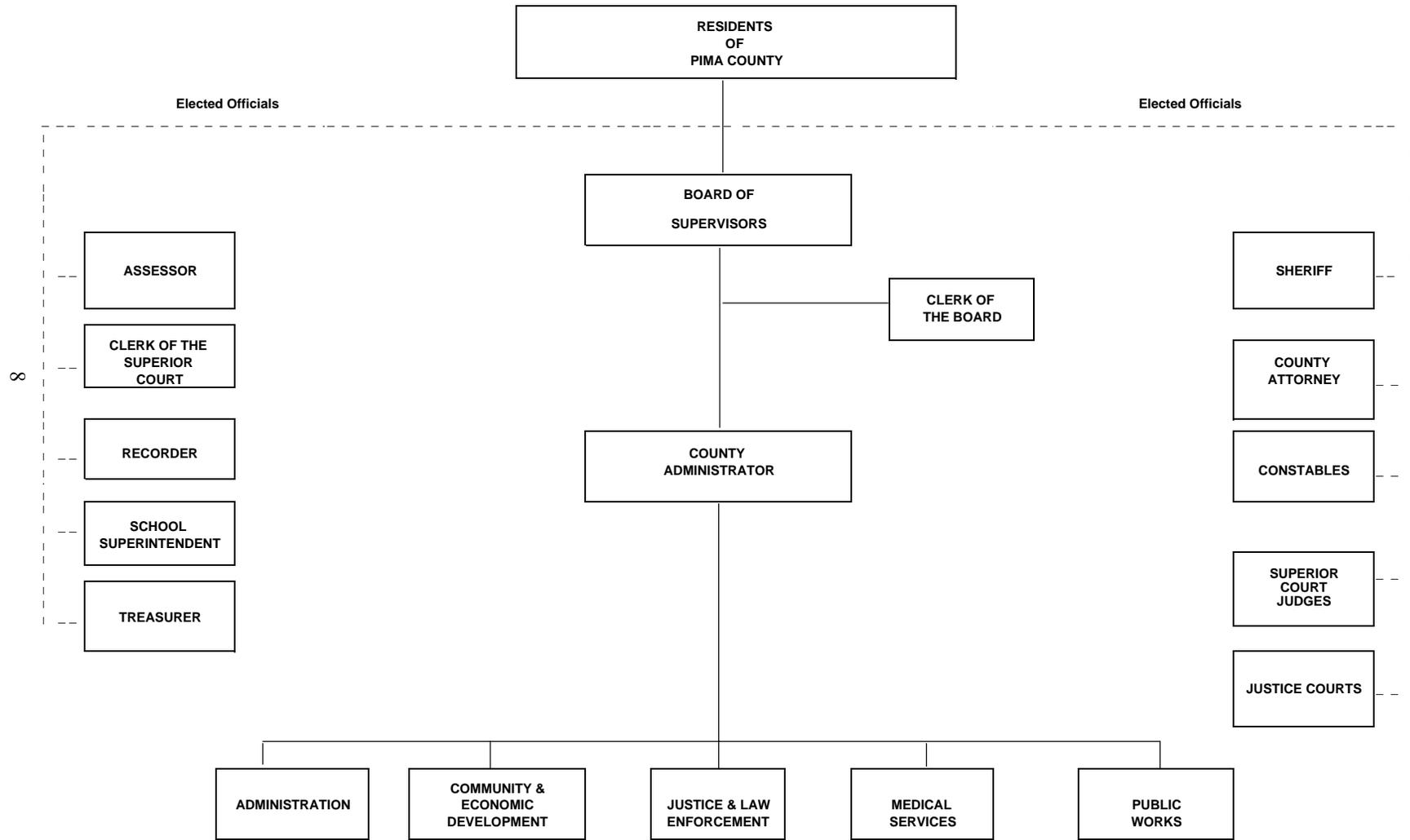
A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

PIMA COUNTY ORGANIZATIONAL CHART



PIMA COUNTY
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2009

INTRODUCTORY SECTION

FINANCIAL SECTION

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information Other than Management's Discussion and Analysis

Combining Statements and Other Schedules

STATISTICAL SECTION

FINANCIAL SECTION

The Financial Section contains government-wide, combined, combining, and individual fund financial statements and schedules, which present a financial “overview” of Pima County.



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of
Pima County, Arizona

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain departments, one major fund, and the component unit, which account for the following percentages of the assets, liabilities, revenues, and expenses or expenditures of the opinion units affected:

Opinion Unit/Department	Assets	Liabilities	Revenues	Expenses/ Expenditures
<u>Government-Wide Statements</u>				
Governmental Activities:				
Stadium District	0.26%	0.05%	0.93%	0.47%
School Reserve Fund	0.11%	0.03%	0.48%	0.59%
Self Insurance Trust	2.40%	4.88%	0.07%	0.27%
Business-Type Activities:				
Regional Wastewater Reclamation Department	94.91%	91.44%	30.17%	30.90%
Development Services	0.43%	0.25%	1.70%	2.95%
Self Insurance Trust	0.00%	0.00%	0.00%	0.18%
Component Unit—Southwestern Fair Commission	100.00%	100.00%	100.00%	100.00%
<u>Fund Statements</u>				
Major Fund:				
Regional Wastewater Reclamation Department	100.00%	100.00%	100.00%	100.00%
Aggregate Remaining Fund Information:				
Stadium District	0.93%	0.28%	2.63%	1.36%
School Reserve Fund	0.40%	0.15%	1.36%	1.74%
Development Services	0.70%	0.57%	2.09%	4.04%
Self Insurance Trust	8.55%	27.95%	6.37%	8.26%

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

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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis on pages 11 through 28, the Budgetary Comparison Schedule on pages 75 and 76, and the Schedule of Retirement Plans' Funding Progress on page 77 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Debbie Davenport
Auditor General

December 21, 2009



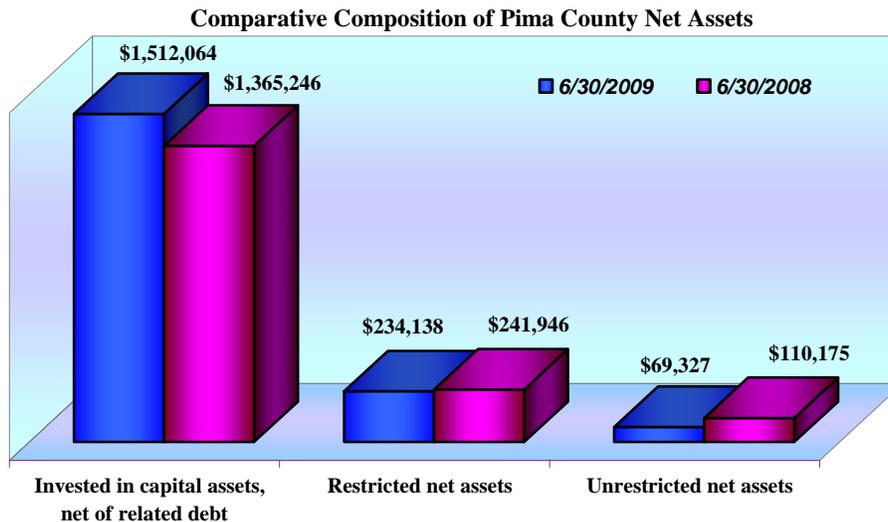
Management's Discussion and Analysis

Management's Discussion & Analysis

This section of Pima County's comprehensive annual financial report presents a discussion and analysis of the County's financial performance during the year ended June 30, 2009, and should be read in conjunction with the County's basic financial statements in the following sections. All dollar amounts are expressed in thousands (000's) unless otherwise noted.

FINANCIAL HIGHLIGHTS

- At June 30, 2009, the assets of the County exceeded its liabilities (*net assets*) by \$1,815,529, an increase of 5.7% from the prior year. Of this amount, \$69,327 is available for general government expenditures (*unrestricted net assets*), \$234,138 is restricted for specific purposes (*restricted net assets*), and \$1,512,064 is invested in capital assets, net of related debt and accumulated depreciation. The chart below presents the composition of net assets for the current and prior years:



- Unrestricted net assets for the County dropped \$40,848 (or 37.1%), from \$110,175 to \$69,327 this fiscal year. Of this amount, \$35,803 is unreserved and undesignated in the General Fund. This balance represents approximately 7.7% of the County's General Fund expenditures and 3.9% of total governmental funds expenditures.
- County revenues dropped 7.7% (or \$97,224), from \$1,266,195 last year to \$1,168,971 in fiscal year 2008-09. The loss of the Ambulatory contract with the Arizona Health Care Cost Containment System (AHCCCS) comprised 78% of the lost revenue. In addition, the state-shared sales taxes have dropped 14% this fiscal year because of the continuing downturn in the economy.
- To offset the shortfalls in the revenues and ensure that the budget remains balanced at the close of the fiscal year, the County initiated several cost cutting measures during the year including mid-year budget expenditure reductions.

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 four components: (1) Government-wide financial statements, (2) Fund financial statements, and (3) Notes to the basic financial statements. Required supplementary information (4) is included in addition to the basic financial statements.

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

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

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

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

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

The government-wide financial statements can be found on pages 29-31 of this report.

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

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

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

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

The governmental fund financial statements can be found on pages 32-35 of this report.

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

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

The proprietary fund financial statements can be found on pages 36-39 of this report.

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

The fiduciary fund financial statements can be found on pages 40-41 of this report.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 42-73 of this report.

Required Supplementary Information (RSI) is presented concerning the County's General fund budgetary schedule and the schedule of retirement plans' funding progress. Required supplementary information can be found on pages 75-77 of this report.

Combining Statements and Other Schedules referred to earlier provide information for non-major governmental, enterprise, internal service and fiduciary funds and are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 80-110 of this report.

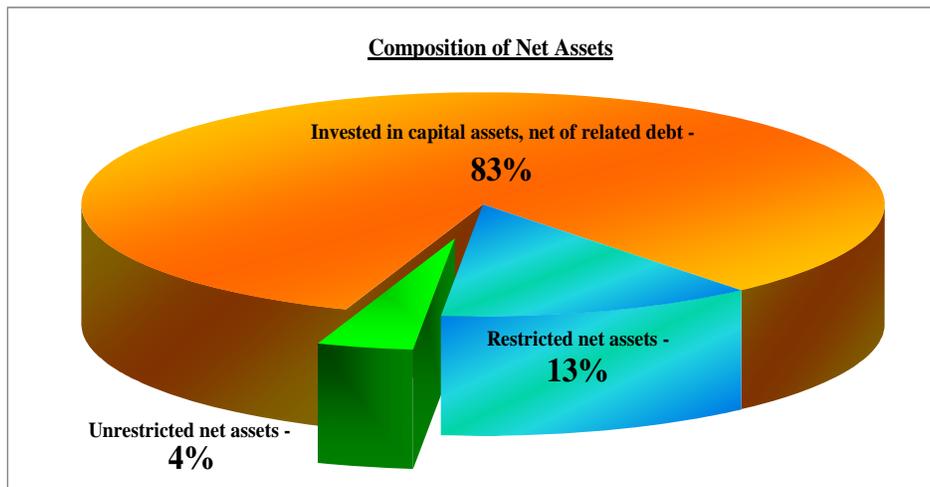
GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve as a useful indicator of a government's financial position over time. County assets exceeded liabilities by \$1,815,529 at June 30, 2009. The following table shows condensed information for the Schedule of Assets, Liabilities, and Net Assets:

Table 1

Schedule of Assets, Liabilities, and Net Assets						
At June 30, 2009 and 2008						
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$452,751	\$460,995	\$133,963	\$189,217	\$586,714	\$650,212
Capital assets (net):						
Land, buildings, equipment, infrastructure & other assets	1,526,774	1,413,881	773,117	714,548	2,299,891	2,128,429
Total assets	1,979,525	1,874,876	907,080	903,765	2,886,605	2,778,641
Current and other liabilities	86,278	87,975	48,328	63,919	134,606	151,894
Long-term liabilities	682,111	667,157	254,359	242,223	936,470	909,380
Total liabilities	768,389	755,132	302,687	306,142	1,071,076	1,061,274
Net assets :						
Invested in capital assets, net of related debt	972,346	882,424	539,718	482,822	1,512,064	1,365,246
Restricted	203,940	183,542	30,198	58,404	234,138	241,946
Unrestricted	34,850	53,778	34,477	56,397	69,327	110,175
Total net assets	\$1,211,136	\$1,119,744	\$604,393	\$597,623	\$1,815,529	\$1,717,367

The largest portion of the County's net assets reflects its investment in capital assets (i.e. land, buildings, infrastructure and equipment), less any related outstanding debt used to acquire those assets. As of June 30, 2009, investment in capital assets totaled \$1,512,064, comprising approximately 83.3% of total net assets. The County uses a portion of these capital assets to provide services to its citizens, with the other portion available to its citizens for use; consequently, these assets are *not* available for future spending. The \$146,818 increase in capital assets, net of related debt, is primarily due to the significant amount of capital project activity. Although the County's investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.



Restricted net assets represent resources that are subject to external restrictions on how they may be used. As of June 30, 2009, restricted net assets totaled \$234,138 and comprised approximately 12.9% of total net assets. This represents a \$7,808 decrease in restricted net assets from the \$241,946 balance of the prior fiscal year.

The remaining balance of the County's net assets represents *unrestricted net assets*, which may be used to meet the County's ongoing obligations to citizens and creditors. As of June 30, 2009, unrestricted net assets totaled \$69,327 and comprised approximately 3.8% of total net assets.

Governmental activities

The change in net assets for governmental activities was \$91,392, an increase of \$47,681 from the prior year. The following table shows details of the changes in net assets for governmental activities:

Table 2

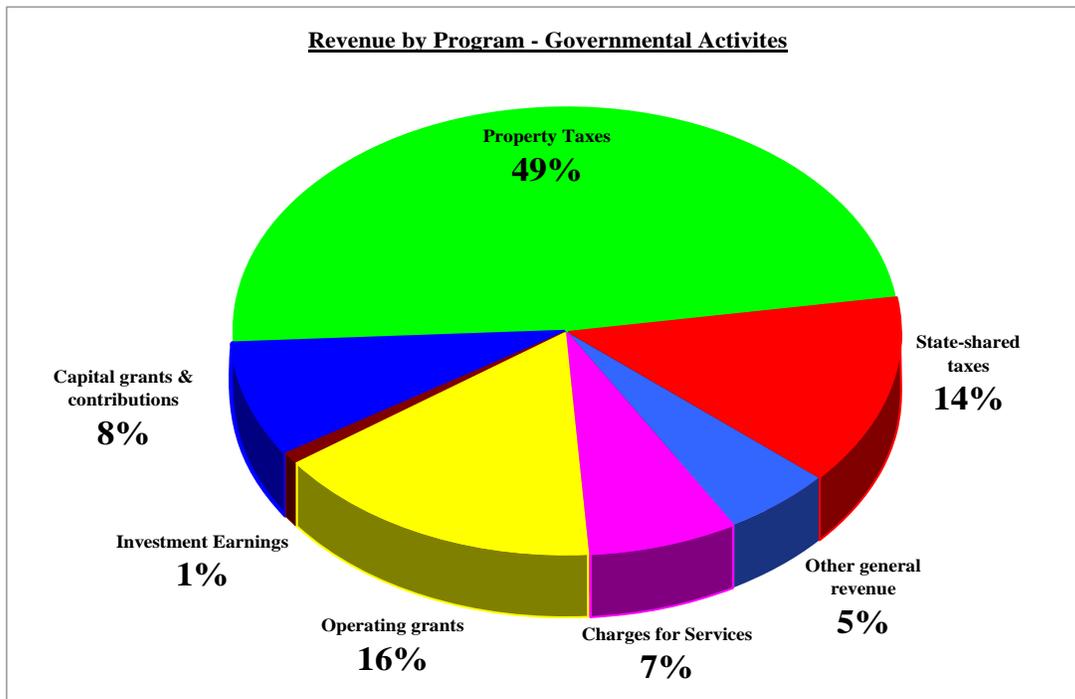
Governmental Activities				
Schedule of Changes in Net Assets				
For the Years Ended June 30, 2009 and 2008				
	<u>2009</u>	<u>2008</u>	<u>Variance</u>	
			<u>Amount</u>	<u>Percent</u>
Program revenues:				
Charges for services	\$ 59,886	\$ 64,010	\$ (4,124)	-6.4%
Operating grants and contributions	131,361	144,479	(13,118)	-9.1%
Capital grants and contributions	68,535	48,672	19,863	40.8%
Total program revenues	<u>259,782</u>	<u>257,161</u>	<u>2,621</u>	1.0%
General revenues:				
Property taxes	393,255	377,809	15,446	4.1%
State-shared taxes	115,046	130,337	(15,291)	-11.7%
Investment earnings	5,875	16,326	(10,451)	-64.0%
Other general revenues	42,452	39,657	2,795	7.0%
Total general revenues	<u>556,628</u>	<u>564,129</u>	<u>(7,501)</u>	-1.3%
Total revenues	816,410	821,290	(4,880)	-0.6%
Expenses:				
General government	212,196	239,398	(27,202)	-11.4%
Public safety	149,253	165,715	(16,462)	-9.9%
Highways and streets	79,251	88,488	(9,237)	-10.4%
Sanitation	7,434	9,658	(2,224)	-23.0%
Health	31,541	36,977	(5,436)	-14.7%
Welfare	115,513	106,546	8,967	8.4%
Culture and recreation	60,520	60,616	(96)	-0.2%
Education and economic opportunity	46,770	47,296	(526)	-1.1%
Amortization	(235)	138	(373)	-270.3%
Interest on long-term debt	26,780	22,860	3,920	17.1%
Total expenses	<u>729,023</u>	<u>777,692</u>	<u>(48,669)</u>	-6.3%
Excess before contributions and transfers	87,387	43,598	43,789	100.4%
Transfers in	4,005	113	3,892	3444.2%
Change in net assets	<u>91,392</u>	<u>43,711</u>	<u>47,681</u>	109.1%
Ending net assets	<u>\$ 1,211,136</u>	<u>\$ 1,119,744</u>	<u>\$ 91,392</u>	8.2%

Factors affecting the \$4,880 decrease in revenues from governmental activities:

- Decrease in operating grants of \$13,118 is due primarily to various state revenues that were cut by the State due to its budgetary constraints. This includes \$1,091 decrease in Vehicle License Taxes, \$2,851 decrease in HURF, \$3,800 funding cut for the County Hold Harmless program, and \$1,807 in Juvenile Court state grants. A \$2,000 final payment from the City of Tucson for the transfer of the City libraries and a \$1,500 one time grant from the US Department of Homeland Security (USDHS) for the purchase of a Sheriff helicopter were both received last fiscal year.
- Revenue from capital grants and contributions increased by \$19,863 primarily due to a \$10,279 increase in the Regional Transportation Authority (RTA) funding and a \$2,439 state grant for the acquisition of Tumamoc Hill. Additionally, several donations were received by the County including the \$4,100 library facility on Wilmot Road from the City of Tucson and other donations from developer for roadway projects.

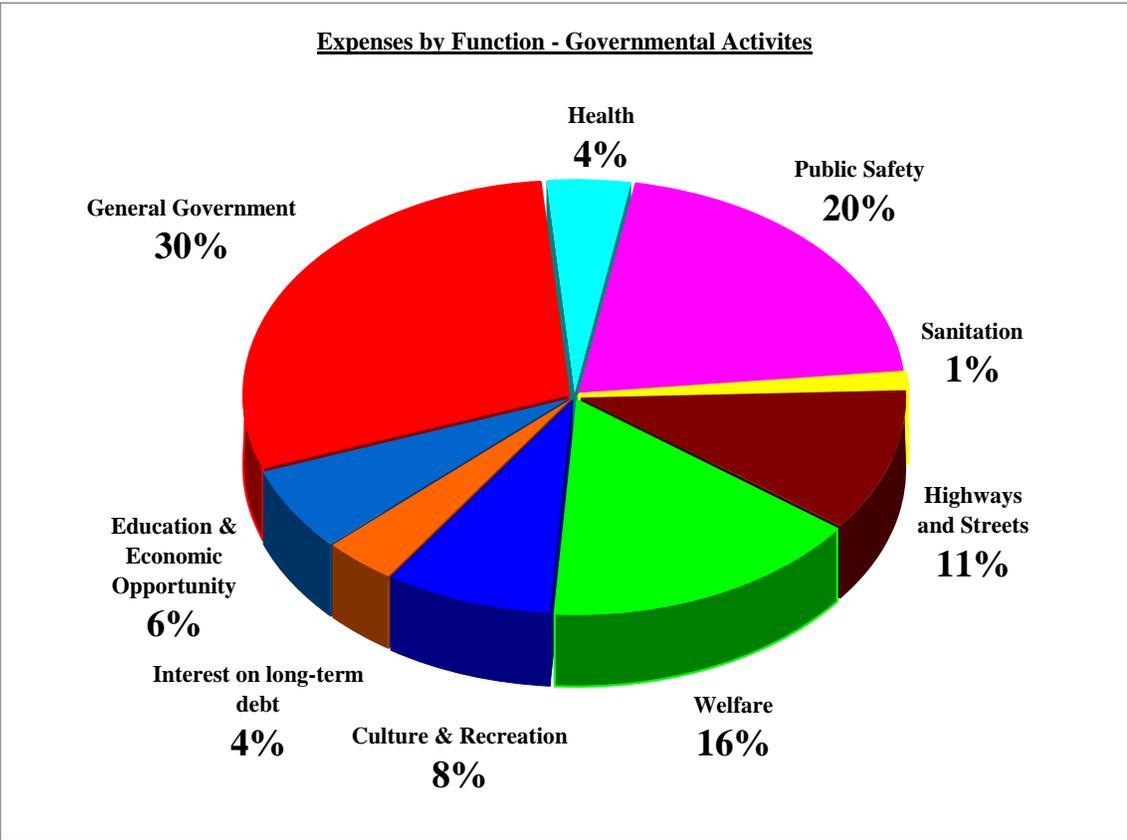
- Property taxes increased \$15,446 as a result of an increase in property valuations for primary and secondary taxes that was partially offset by a decrease in the primary tax rate.
- Decrease in state-shared taxes is a reflection of the current downturn in the economy. State sales tax has recorded a 13.6% drop or \$13,994 and the unrestricted share of the VLT decreased by \$1,297 as compared to last fiscal year.
- Decrease in investment income is due primarily from the 54.8% or 2 points dropped in the interest rate, from 4.2% average down to 1.9% this fiscal year, the lowest recorded average rate since fiscal year 2004-05. Additionally, losses from State Treasurer investments with Lehman Brothers for \$2,260 were written off during the fiscal year.

The charts below present the Revenue by program and Expenses by function for governmental activities:



Total expenses of governmental activities were \$729,023, down 6.3% or \$48,669 compared to the previous year's total of \$777,692. Factors contributing to the decrease in expenses:

- Public Safety expenses decreased \$16,462, a 9.9% drop compared to last fiscal year. This is due primarily to a decrease of \$8,448 in capital projects which were mainly flood control projects and another \$4,119 in Flood Control District expenditures. In addition, the Counter Narcotics Alliance (CNA) antiracketeering expenditures last year for \$2,623 which was previously processed by the Sheriff department have been transferred to the City of Tucson.
- Highways and Streets expenses decreased 10.4%, or \$9,237 due primarily to the county-wide reductions in spending implemented within the fiscal year.
- Welfare expenses increased 8.4% or \$8,967 primarily due to the mandated payments to AHCCCS. These include the \$3,794 mandated contribution to the budget neutrality compliance fund and \$1,828 for clinical teaching program. In addition there was increased spending in healthcare services for the adult detention center (\$1,900) and for outside hospitals and psychiatrics clinics (\$2,200).



Business-type activities

Business-type activities, which is composed exclusively of enterprise funds, are intended to recover all or a significant portion of their costs through user fees and charges. Change in net assets for business-type activities added \$6,770, or 6.9%, to the County's \$98,162 change in total net assets for the year ended June 30, 2009. The following table shows changes in net assets for business-type activities:

Table 3

Business-type Activities				
Schedule of Changes in Net Assets				
For the Years Ended June 30, 2009 and 2008				
	<u>2009</u>	<u>2008</u>	<u>Variance</u>	
			<u>Amount</u>	<u>Percent</u>
Program revenues:				
Charges for services	\$ 328,600	\$ 409,140	\$ (80,540)	-19.7%
Operating grants and contributions	4,626	4,806	(180)	-3.7%
Capital grants and contributions	14,916	22,952	(8,036)	-35.0%
Total program revenues	<u>348,142</u>	<u>436,898</u>	<u>(88,756)</u>	-20.3%
General revenues:				
Investment earnings	2,025	6,721	(4,696)	-69.9%
Other general revenues	2,394	1,286	1,108	86.2%
Total general revenues	<u>4,419</u>	<u>8,007</u>	<u>(3,588)</u>	-44.8%
Total revenues	352,561	444,905	(92,344)	-20.8%
Expenses:				
Regional Wastewater Reclamation	105,139	106,803	(1,664)	-1.6%
Pima Health System & Services	224,959	295,494	(70,535)	-23.9%
Development Services	9,992	14,750	(4,758)	-32.3%
Parking Garages	1,696	1,877	(181)	-9.6%
Total expenses	<u>341,786</u>	<u>418,924</u>	<u>(77,138)</u>	-18.4%
Excess before contributions and transfers	10,775	25,981	(15,206)	-58.5%
Transfers in (out)	<u>(4,005)</u>	<u>(113)</u>	<u>(3,892)</u>	3444.2%
Change in net assets	6,770	25,868	(19,098)	-73.8%
Beginning net assets	<u>597,623</u>	<u>571,755</u>	<u>25,868</u>	4.5%
Ending net assets	<u>\$ 604,393</u>	<u>\$ 597,623</u>	<u>\$ 6,770</u>	1.1%

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

- The Regional Wastewater Reclamation fund has reported a \$15,160 increase in net assets, down 41% from last year's \$25,700. Although the economic slowdown resulted in a 41.1% drop (or \$12,753) in sewer connection service fees, this was offset by the 9% rate increase in sewer user fee for a total increase of \$12,129 or 16.2%. Another revenue stream affected by the downturn in the economy is the capital grants and contribution which dropped \$7,922 (or 34.7%) as compared to last year.
- Pima Health Systems and Services (PHS&S) reported a \$4,620 decrease in net assets, down 203.5% from last year's net asset increase of \$4,465. Of the total decrease in charges for services revenues in business-type activities, \$75,665 is reported within PHS&S due to the loss of the Ambulatory contract with the AHCCCS. PHS&S retained approximately 2,700 ambulatory members under a capped agreement contract that were either dual-eligible (Medicaid and Medicare) or family members of PHS&S ALTCS members. As a result, expenses related to medical claims decreased \$69,403 or 23.9% compared to fiscal year 2007-08.
- Development Services reported a decrease in net assets of \$4,101, compared to the \$5,236 decrease in net assets last fiscal year. Charges for services for Development Services dropped \$3,338 due to the continuing downturn in the residential construction market.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental funds

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

Major Governmental Funds

General Fund

The General Fund is the chief operating fund of the County. At June 30, 2009, unreserved, undesignated fund balance of the General Fund was \$35,803 while total fund balance was \$40,166. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved, undesignated fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 7.7% of total General Fund expenditures, while total fund balance represents 8.7% of that same amount.

Total fund balance for the General Fund decreased \$30,223 compared to the prior fiscal year. Revenues decreased by \$3,911 and reflect the following changes:

- An increase of \$13,256 for property taxes was primarily due to higher assessed property valuations that were partially offset by lower tax rates.
- Intergovernmental revenue dropped 10.9% or \$16,192 primarily as a result of the \$13,501 decrease in State Sales Tax and a \$3,818 funding cut by the State to the Proposition 204 County Hold Harmless program.

A slight increase in expenditures of \$1,739 was reported within the General Fund for the fiscal year as a result of the following changes:

- \$8,979 increase in welfare expenditures is primarily attributed to the \$5,622 contribution to the AHCCCS. In addition, increases in mandated hospital care and adult detention healthcare expenditures were \$2,191, and \$1,950, respectively.
- The above increases were offset by the \$8,405 decrease in general government expenditures as a result of cost-cutting measures implemented during the year. In the prior year, expenditures included a one-time settlement of \$1,822 from the state-wide tax lawsuit filed by Qwest.

The excess of revenues over expenditures was \$2,419, which is further decreased by net operating transfers out of \$33,013. During fiscal year 2008-09, funds to be used for the repayment of the COPS Series 2008 were transferred out to the Debt Service Fund.

Budget to Actual Comparison for the General Fund

Overall, actual revenues were less than budgeted revenues by \$16,639 and actual expenditures were less than budgeted expenditures by \$39,137. No variances between the budget to actual amounts were significant enough to affect the County's ability to provide future services.

Capital Projects Fund

Total fund balance for the Capital Projects Fund decreased \$25,780 compared to the prior fiscal year. Revenue decreased by \$3,072 and is due to the \$5,187 drop in charges for services, \$3,054 in investment earnings, and \$2,844 in miscellaneous revenues offset by an increase of \$8,013 in intergovernmental revenues. Significant factors affecting revenue changes:

- Intergovernmental revenue increased by \$8,013 due primarily to the construction of RTA-funded roadway projects and a State grant for the acquisition of Tumamoc Hill in the Cultural Resources projects.
- Charges for services revenue is predominately a reflection of developer fees collected for a number of benefit areas. Fiscal year 2008-09 revenues decreased 58.7% or \$5,187. This would be the third straight year that this revenue source has declined, as home construction activity continues to be depressed. Benefit areas of Canada del Oro, San Xavier and Santa Cruz Valley have major decreases at a rate of 34%, 17%, and 14%, respectively.

Capital project expenditures increased by \$6,795 in fiscal year 2008-09 compared to the prior year. The 5% increase came from the acquisition of Marley ranch for \$20,106 offset by the reduced spending this fiscal year as several projects reached their completion.

The fund reported a \$115,565 deficiency of revenues under expenditures. The issuance of bonds for \$109,400 and the net transfer out amounting to \$19,615 further decreased the net change in the fund balance to \$25,780 for the Capital Projects Fund.

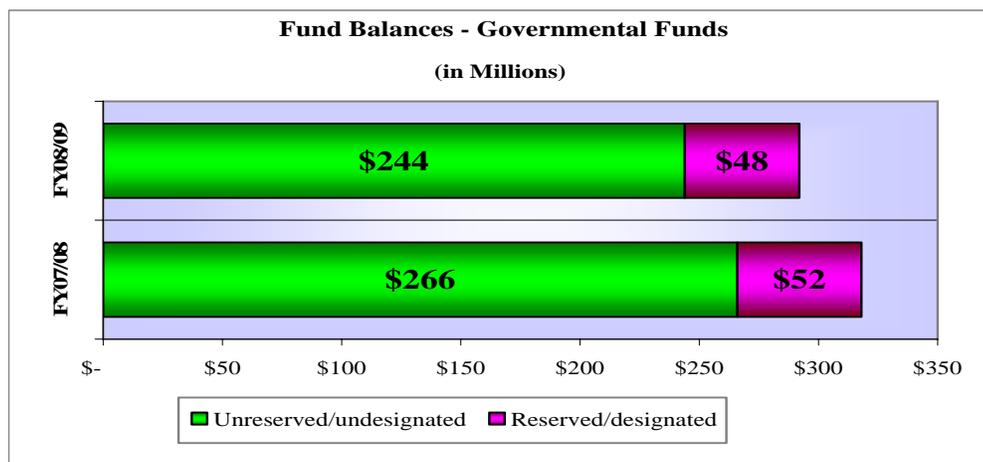
Debt Service Fund

The fund accounts for the accumulation of resources for and the payment of principal and interest of the general long-term debt. It is considered a major fund this year due to an increased cash balance at year end and structured financing to meet the County's current fiscal requirements. At June 30, 2009, the fund balance increased by \$21,449, up 173.1% compared to last fiscal year. This increase resulted from departmental transfers for the repayment of Certificate of Participation (COPS) Series 2008 and, due to a change in business practice within the payment processor, certain general obligation and street and highway revenue bonds had debt service payments that changed from a funding date of June 30th to July 1st. The change in funding dates provided the debt service fund with a significant amount of cash on June 30th. The County will return to a June 30th funding date in fiscal year 2009-10.

Revenue increased by \$566, mainly from the tax levy and due to the growth in property valuations. Expenditures increased \$44,549 from last year as a result of the \$40,000 principal payment to the 2008 COPS. The payment is comprised of \$20,000 current year's loan maturity and another \$20,000 to defease next year's payment in order to maximize collateral requirements.

Overview of all governmental funds

At June 30, 2009, the County's governmental funds reported combined fund balances of \$292,247, a decrease of \$25,330 from the prior year. Approximately 83% of the combined fund balances, or \$243,820, constitutes unreserved and undesignated fund balance, which is available to meet the County's current and future needs.



The remainder of fund balance is reserved to indicate that it is not available for new spending because it has been committed to the following: \$33,870 for debt service on various bond and other debt instruments; \$5,605 to reflect

inventories and prepaid amount; \$2,851 for specified programs; \$1,078 to reflect a loan receivable; \$98 for capital repairs and refurbishments; and \$4,925 for the Stadium District.

Revenues for governmental functions totaled approximately \$785,285 in fiscal year 2008-09, which represents a decrease of \$18,817 (2.3%) from the previous year. The following table presents the amount of revenues from various sources and increases or (decreases) from the prior year.

Table 4

Governmental Funds						
Revenues Classified by Source						
For the Years Ended June 30, 2009 and 2008						
	<u>2009</u>		<u>2008</u>		<u>Variance</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Taxes	\$ 396,241	50.4%	\$ 381,862	47.5%	\$ 14,379	3.8%
Special assessments	441	0.1%	556	0.1%	(115)	-20.7%
Licenses and permits	6,989	0.9%	7,710	0.9%	(721)	-9.4%
Intergovernmental	292,236	37.2%	312,634	38.9%	(20,398)	-6.5%
Charges for services	55,346	7.0%	58,890	7.3%	(3,544)	-6.0%
Fines and forfeits	6,283	0.8%	6,480	0.8%	(197)	-3.0%
Interest	5,335	0.7%	14,218	1.8%	(8,883)	-62.5%
Miscellaneous	22,414	2.9%	21,752	2.7%	662	3.0%
Total revenues	<u>\$ 785,285</u>	<u>100.0%</u>	<u>\$ 804,102</u>	<u>100.0%</u>	<u>\$ (18,817)</u>	<u>-2.3%</u>

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

- Taxes - Revenues from property taxes increased \$14,379 reflecting higher primary tax revenues of \$13,256 and secondary tax revenues of \$1,123. Increased property tax revenue resulted from higher property valuations that were partially offset by a decrease in the primary tax rate. The County is expecting a decrease or flattening of property tax valuations in the future.
- Intergovernmental - The \$20,398 decrease in intergovernmental revenue was due primarily to a \$13,501 decrease in the State shared sales tax attributable to the decline in consumer spending. Other intergovernmental revenue decreases include: \$2,851 in Highway User Revenue; \$2,387 in Vehicle License tax; \$4,583 in state grant funding; \$3,800 funding cut for the County Hold Harmless program; offset by a \$5,947 increase in Regional Transportation Authority (RTA) funded projects and a \$2,439 increase in grants funding for the Tumamoc Hill open space acquisition within the Capital Projects Fund. Additionally, the final payment from the City of Tucson for the transition of the Library System declined by \$2,000 from last year's amount.
- Interest – The \$8,883 decrease in interest revenue is mainly due to the decline in the interest rates and losses from investments with Lehman Brothers, as discussed previously.

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

Table 5
Governmental Funds
Expenditures by Function
For the Years Ended June 30, 2009 and 2008

Government Function	2009		2008		Variance	
	Amount	Percent	Amount	Percent	Amount	Percent
General government	\$ 222,309	24.0%	\$ 237,640	26.6%	\$ (15,331)	-6.5%
Public safety	144,617	15.6%	149,475	16.7%	(4,858)	-3.3%
Highways and streets	38,132	4.1%	43,741	4.9%	(5,609)	-12.8%
Sanitation	6,666	0.7%	8,310	0.9%	(1,644)	-19.8%
Health	31,626	3.4%	34,352	3.8%	(2,726)	-7.9%
Welfare	115,481	12.5%	106,607	11.9%	8,874	8.3%
Culture and recreation	51,657	5.6%	50,509	5.6%	1,148	2.3%
Education and economic opportunity	42,299	4.6%	42,286	4.7%	13	0.0%
Capital outlay	146,334	15.8%	139,539	15.7%	6,795	4.9%
<u>Debt service:</u>						
- Principal	100,384	10.8%	59,719	6.7%	40,665	68.1%
- Interest	26,849	2.9%	22,639	2.5%	4,210	18.6%
- Miscellaneous	24	0.0%	330	0.0%	(306)	-92.7%
Total expenditures	<u>\$ 926,378</u>	<u>100.0%</u>	<u>\$ 895,147</u>	<u>100.0%</u>	<u>\$ 31,231</u>	<u>3.5%</u>

Total expenditures in governmental funds increased during fiscal year 2008-09 by \$31,231 due primarily from the retirement and defeasance of the COPS Series 2008 in the amount of \$40,000. Other major changes in the governmental funds:

- General government expenditures decreased by \$15,331. Of this amount, \$8,405 (or 54.8%) occurred within the General Fund, which has been previously discussed. In addition, several projects have been completed within the Other Special Revenue funds contributing \$4,765 and a \$1,367 decline in the state funding for the Juvenile Courts' safe schools program. Lastly, there was a 2.5% budget expenditure reduction implemented in the second half of the fiscal year.
- Welfare expenditures increased by \$8,874 due to mandated contributions to AHCCCS and other healthcare related services as previously discussed under the General Fund section.
- Capital outlay expenditures decreased by \$6,795 as previously discussed under the Capital Projects Fund section.
- Debt service principal and interest costs increased \$40,665 and \$4,210, respectively. The significant increase in principal expenditures was the result of the \$40,000 repayment of the 2008 COPS; \$20,000 scheduled for the current year and another \$20,000 to defease next year's payment. Accordingly, \$3,214 of the increase in the interest cost was for the 2008 COPS.

Proprietary funds

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

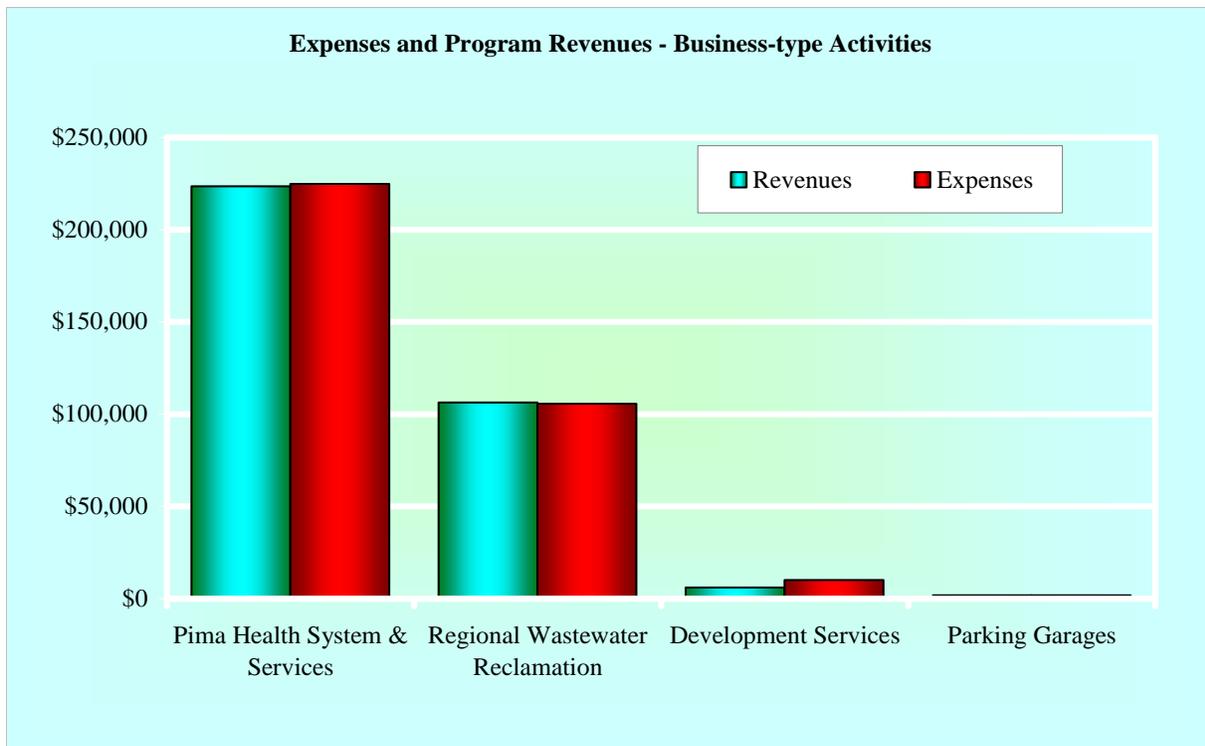
The following table presents a comparison of this year's enterprise fund activities with the prior year:

Table 6

Enterprise Funds				
Schedule of Revenues, Expenses and Changes in Net Assets				
For the Years Ended June 30, 2009 and 2008				
	<u>2009</u>	<u>2008</u>	<u>Variance</u>	
			<u>Amount</u>	<u>Percent</u>
Operating revenues:				
Net patient services	\$ 213,986	\$ 289,651	\$ (75,665)	-26.1%
Charges for services	96,310	87,770	8,540	9.7%
Other	2,414	1,302	1,112	85.4%
Total net operating revenues	<u>312,710</u>	<u>378,723</u>	<u>(66,013)</u>	<u>-17.4%</u>
Operating expenses:				
Employee compensation	72,681	85,298	(12,617)	-14.8%
Medical claims	177,284	237,926	(60,642)	-25.5%
Operating supplies & services	9,534	10,078	(544)	-5.4%
Utilities	7,347	7,737	(390)	-5.0%
Sludge and refuse disposal	1,485	1,602	(117)	-7.3%
Repair and maintenance	5,989	4,498	1,491	33.1%
General and administrative	20,500	22,466	(1,966)	-8.8%
Consultants and professional services	8,668	11,911	(3,243)	-27.2%
Depreciation and amortization	27,689	25,288	2,401	9.5%
Total operating expenses	<u>331,177</u>	<u>406,804</u>	<u>(75,627)</u>	<u>-18.6%</u>
Operating loss	<u>(18,467)</u>	<u>(28,081)</u>	<u>9,614</u>	<u>-34.2%</u>
Nonoperating revenues (expenses):				
Intergovernmental revenue	4,626	5,514	(888)	-16.1%
Investment earnings	2,039	6,822	(4,783)	-70.1%
Sewer connection fees	18,284	31,037	(12,753)	-41.1%
Interest expense	(6,060)	(6,653)	593	-8.9%
Loss on disposal of capital assets	(341)	(534)	193	-36.1%
Amortization of deferred charges	(227)	(136)	(91)	66.9%
Premium tax	(4,403)	(5,893)	1,490	-25.3%
Total nonoperating revenues	<u>13,918</u>	<u>30,157</u>	<u>(16,239)</u>	<u>-53.8%</u>
Income (loss) before contributions and transfers	(4,549)	2,076	(6,625)	-319.1%
Capital contributions	14,916	23,510	(8,594)	-36.6%
Transfers in	25,570	9,545	16,025	167.9%
Transfers (out)	(29,575)	(10,259)	(19,316)	188.3%
Change in net assets	<u>\$ 6,362</u>	<u>\$ 24,872</u>	<u>\$ (18,510)</u>	<u>-74.4%</u>

The net operating revenues for the County's Enterprise Funds decreased 17.4% or \$66,013 with a corresponding 18.6% or \$75,627 decrease in operating expenses. This resulted in an operating loss of \$18,467. Of this amount, \$12,104 was reported in Regional Wastewater Reclamation, \$2,144 in the PHS&S, \$4,209 in Development Services, and \$10 for Parking Garages.

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



Key activities within the enterprise funds for fiscal year 2008-09 include the following:

- Net patient services revenues decreased by \$75,665 from fiscal year 2007-08. The loss of the Ambulatory contract with the state, effective October 2008, resulted in an \$80,127 drop in this particular revenue stream. The County retained approximately 2,700 ambulatory members under a capped enrollment contract that were dual-eligible (Medicaid and Medicare) or family members of PHS&S ALTCS members.
- Employee compensation expenses decreased by \$12,617 primarily as a result of these significant changes: \$8,230 due to the loss of the Ambulatory contract with AHCCCS and \$3,792 due to the persistent downturn in construction and permitting activities.
- Medical claims expense decreased by \$60,642 due to the loss of the Ambulatory contract with AHCCCS as discussed previously.
- Investment earnings dropped 70.1% due to declining interest rates and decreasing cash balances which dropped 55% and 36%, respectively. In addition, losses from investments with Lehman Brothers amounting to \$998 were written off this year.
- Sewer connection revenues dropped 41.1%, or \$12,753 as the current economic slowdown continues to affect the construction activities. In addition to fewer permits issued this year, the square footage per home being built has also decreased which resulted in a lower number of fixture units and reduced connection revenues.
- Increase in transfers out represents the \$3,400 equity transfer from PHS&S into the General Fund. The difference of transfers in and out reflects the movement of 2008 COPS funding for the Regional Wastewater Reclamation Fund.

Capital Assets and Debt Administration

Capital Assets

The County's total investment in capital assets as of June 30, 2009 amounted to \$2,299,891 (net of accumulated depreciation), an increase of 8.1% (or \$171,462). Of this amount, \$112,893 (65.8%) came from governmental activities and \$58,569 (34.2%) came from business-type activities. The County's investment in capital assets consists of land, buildings, sewage conveyance systems, infrastructure, equipment and construction in progress.

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

Table 7

Governmental and Business-type Activities Capital Assets For the Years Ended June 30, 2009 and 2008						
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 384,368	\$ 303,646	\$ 13,595	\$ 10,596	\$ 397,963	\$ 314,242
Construction in progress	103,106	90,098	43,208	72,060	146,314	162,158
Buildings and improvements	380,798	366,370	228,198	234,142	608,996	600,512
Infrastructure	614,951	609,112	399,094	369,514	1,014,045	978,626
Equipment	43,551	44,655	89,022	28,236	132,573	72,891
Total	\$ 1,526,774	\$ 1,413,881	\$ 773,117	\$ 714,548	\$ 2,299,891	\$ 2,128,429

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

Governmental activities

- Land increased by \$80,722 due primarily to the purchases of open spaces under the Conservation Acquisition Program. Open spaces acquisition consisted of: \$20,106 for Marley ranch; \$21,024 for Clyne ranch properties; \$10,295 partial purchase for Sopori ranch east of Arivaca; and \$4,541 for Tumamoc Hill. In addition, several land parcels were donated to the County for \$15,847 towards roadway projects, \$900 for the library at Wilmot Road and \$3,380 towards the Camino del Cerro Road.
- Construction in progress increased \$13,008 (or 14.4%) compared to last fiscal year. Current cost of major projects still in progress includes the \$5,653 for Justice Court/Municipal Court building complex, the \$2,820 towards the animal care center and various transportation roadways projects including the \$5,178 La Cañada Drive from Ina Road to Calle Concordia projects.
- Building and improvement activities increased by \$14,428 mainly due to the completion of these projects: \$5,090 Southern Arizona Children's Advocacy Center; the \$1,333 Jackson employment center at 400 E. 26th street; the \$4,250 Green Valley Multi-media Performing Arts Center; and the \$4,889 improvement to the Rillito River Linear Park from Alvernon to Craycroft road.

Business-type activities

- Construction in progress decreased by \$28,852 mainly within the Regional Wastewater Reclamation fund. The decrease is due primarily to the capitalization of the \$56 million expansion project of the Avra Valley Biological Nutrient Reduction Oxidation Ditch (BNROD) which posted \$26,011 in expenses last fiscal year.
- Infrastructure increased by \$29,580 due to the \$25,616 rehabilitation and replacement of the Santa Cruz Sewer Interceptor project from Prince to Franklin and various contributions of developer-built sewer conveyance systems.
- Facilities and equipment increased by \$60,786 from the completion of two sewer treatment facilities; the Avra Valley BNROD expansion project (\$48,258) and the new Marana BNROD expansion project (\$8,532).

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 4 of the financial statements on pages 53-54 of this report.

Long-term Debt

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

Table 8

Long-Term Debt For the Years Ended June 30, 2009 and 2008		
	2009	2008
Bonds issued (at face value):		
General obligation	\$ 75,000	\$ 100,000
Street and highway revenue		25,000
Sewer revenue	18,940	75,000
Certificate of Participation (COPs)	34,400	50,000
Capital leases		312
Total	\$ 128,340	\$ 250,312

During the fiscal year, the county received \$75,000 in proceeds from the sale of general obligation bonds and \$18,940 from the sale of sewer revenue bonds. As of June 30, 2009, remaining unspent bond proceeds from the general obligation (GO) bonds, transportation revenue (HURF) bond and sewer revenue bonds were \$50,301, \$6,173, and \$7,519, respectively. The majority of the general obligation bonds were spent on projects for Facilities Management, Flood Control District, open space and parks and recreational facilities, while proceeds from transportation revenue bonds were allocated to various roadway projects.

In addition, during the fiscal year, the County sold \$34,400 in certificates of participation (COPS) Series 2009 to finance capital costs for public infrastructure as well as the expansion and upgrade to the County's sewer treatment system.

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

Table 9

Credit Ratings						
	Moody's Investors Service		Standard & Poor's		Fitch Ratings	
	Rating	Date	Rating	Date	Rating	Date
Certificate of Participation (COPs)	A1	May-2009	A+	Oct-2009	A+	Nov-2009
General obligation	Aa3	Mar-2009	AA-	Oct-2009	AA-	Nov-2009
Street and highway revenue	A1	Feb-2008	AA	Oct-2009	AA-	Nov-2009
Sewer revenue	A2	Apr-2009	A+	Mar-2009	n/a	n/a

The State constitution limits the amount of general obligation debt a governmental entity may issue to 6% of its net assessed valuation without voter approval. However, Pima County has voter approval for general obligation debt up to 15%. The current debt limitation for Pima County is \$1,439,229, 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 6 of the financial statements on pages 57-65 of this report.

Economic Factors and Next Year's Budget

The State of Arizona had anticipated a budget deficit for fiscal year 2009-10 estimated at \$2 to \$3 billion because of lower than expected revenues. Although the State has not yet adopted specific proposals to address the entire deficit for fiscal year 2009-10, in past years when the State was facing budget difficulties, the State has shifted some of its costs to local jurisdictions either by charging cities, towns and counties additional mandatory payments or by reducing the share of state-shared revenues distributed to the cities, towns and counties.

The County's revenues for fiscal year 2009-10 are expected to be less than the budgeted or forecasted amounts largely due to lower revenues from residential building permits and state-shared tax revenues. The County is required by statute to adopt a balanced budget each year and has implemented cost-cutting measures to address the anticipated reduction in state-shared revenues and any potential increased cost shifting from the State.

General Fund

General government revenues, excluding property tax revenues, are budgeted in fiscal year 2009-10 at \$140.6 million, approximately \$21.4 million less than the amount budgeted for fiscal year 2008-09. The General Fund property tax revenues for fiscal year 2009-10 are projected to be \$286,321 based upon the adopted tax levy of \$297,724 and a collection rate of 96.17%. The primary tax rate dropped from \$3.3913 to \$3.3133 per \$100 of assessed valuation. Another \$14.7 million is projected to be collected from delinquent property taxes and associated interest and penalties.

Total state-shared sales tax and vehicle license tax revenues were budgeted at \$113.7 million. The most current projections of state-shared and vehicle license taxes for fiscal year 2009-10 indicate \$8.5 million less is expected to be received.

The adopted budget for fiscal year 2009-10 has expenditures for the General Fund decreasing by approximately \$6.6 million primarily due to: the \$5.3 million decrease from a 2.5% across-the-board base budget reduction; \$0.7 million net reduction for cost of fuel for estimated motor pool charges; and \$1.1 million decrease in state mandated contributions to the various state retirement systems.

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

Transportation

By the end of October 2009, the County is projecting that the Vehicle License Tax (VLT) revenues received for fiscal year 2009-10 will decrease by \$2.4 million below the adopted amount. In an effort to reduce expenditures to deal with the revenue shortfall, the County has initiated cost saving measures within the Transportation department. Additionally, revenues from impact fees are substantially lower than budgeted for fiscal year 2009-10.

Development Services

Consistent with the slowdown in the housing industry for the last two fiscal years, the fiscal year 2009-10 budget for the Development Services department has been reduced to \$6,074 from last year's budget of \$10,934. By the end of October 2009, the County is projecting about \$1,900 decrease in actual revenues. Part of the decrease is the

slowdown in commercial activity. The economic situation is not expected to improve in the near future. The County has therefore initiated cost saving measures within the Development Services department to reduce expenses.

Debt Management

In November 2009, the County issued \$23.5 million in Series 2009 General Obligations (G.O.) Refunding Bonds to advance refund various G.O. bond obligations. The refunding component saved the County \$1.3 million on a net present value basis or 5.6% when expressed as a percentage of the bonds that were refunded.

American Recovery and Reinvestment Act (ARRA)

Since signing of the American Recovery and Reinvestment Act on February 17, 2009, the County has been awarded 28 ARRA grants. Significant grants awarded to the County include \$8.64 million towards transportation, \$5.97 million towards workforce training, \$4.47 million for criminal justice and public safety, and \$3.37 million for emergency food and shelter/community services. Several County departments are still awaiting a final decision on another \$52 million in outstanding ARRA grant requests.

Request for Information

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



Basic Financial Statements

PIMA COUNTY, ARIZONA
Statement of Net Assets
June 30, 2009
(in thousands)

Exhibit A - 1

	Primary Government			Component Unit Southwestern Fair Commission
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 375,479	\$ 102,879	\$ 478,358	\$ 1,898
Property taxes receivable (net)	14,605		14,605	
Interest receivable	1,344	383	1,727	
Internal balances	829	(829)		
Due from other governments	44,822	1,040	45,862	
Accounts receivable (net)	3,074	21,443	24,517	24
Inventories	1,952	3,724	5,676	65
Prepays	4,999	353	5,352	
Special assessments receivable	995		995	
Other assets	2,797	2,679	5,476	
Restricted assets:				
Cash and cash equivalents	777	2,291	3,068	
Loans receivable	1,078		1,078	
Capital assets not being depreciated:				
Land	384,368	13,595	397,963	
Construction in progress	103,106	43,208	146,314	
Capital assets being depreciated (net):				
Buildings and improvements	380,798	228,198	608,996	1,778
Sewage conveyance system		399,094	399,094	
Equipment	43,551	89,022	132,573	670
Infrastructure	614,951		614,951	
Total assets	1,979,525	907,080	2,886,605	4,435
Liabilities				
Accounts payable	39,280	13,361	52,641	214
Accrued medical and healthcare claims		18,078	18,078	
Interest payable	1,522	4,862	6,384	
Contract retentions	362		362	
Employee compensation	40,933	7,072	48,005	
Due to other governments	31	3,714	3,745	
Deposits and rebates	812		812	24
Deferred revenues	3,338	1,241	4,579	51
Noncurrent liabilities:				
Due within one year	99,210	14,187	113,397	
Due in more than one year	582,901	240,172	823,073	
Total liabilities	768,389	302,687	1,071,076	289
Net Assets				
Invested in capital assets, net of related debt	972,346	539,718	1,512,064	2,448
Restricted for:				
Facilities, justice, library, tax stabilization and community development	78,080		78,080	
Highways and streets	21,349		21,349	
Debt service	44,566	819	45,385	
Capital projects	59,945	14,479	74,424	
Regional wastewater		5,883	5,883	
Healthcare		9,017	9,017	
Unrestricted	34,850	34,477	69,327	1,698
Total net assets	\$ 1,211,136	\$ 604,393	\$ 1,815,529	\$ 4,146

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Activities
For the Year Ended June 30, 2009
(in thousands)

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 212,196	\$ 26,283	\$ 27,643	\$ 14
Public safety	149,253	10,386	10,303	1,016
Highways and streets	79,251	4,616	56,266	56,985
Sanitation	7,434	4,668	1,047	
Health	31,541	10,488	9,567	
Welfare	115,513		1,828	
Culture and recreation	60,520	2,754	2,856	10,207
Education and economic opportunity	46,770	691	21,851	313
Amortization - unallocated	(235)			
Interest on long-term debt	26,780			
Total governmental activities	729,023	59,886	131,361	68,535
Business-type activities:				
Regional Wastewater Reclamation	105,139	105,162	12	14,916
Pima Health System & Services	224,959	216,108	4,614	
Development Services	9,992	5,654		
Parking Garages	1,696	1,676		
Total business-type activities	341,786	328,600	4,626	14,916
Total primary government	\$ 1,070,809	\$ 388,486	\$ 135,987	\$ 83,451
Component unit:				
Southwestern Fair Commission	\$ 4,609	\$ 4,757	\$ 120	
Total component units	\$ 4,609	\$ 4,757	\$ 120	
General revenues:				
Property taxes, levied for general purposes				
Property taxes, levied for regional flood control district				
Property taxes, levied for library district				
Property taxes, levied for debt service				
Hotel/motel taxes, levied for sports facility and tourism				
Other taxes, levied for stadium district				
Unrestricted share of state sales tax				
Unrestricted share of state vehicle license tax				
Grants and contributions not restricted to specific programs				
Interest and penalties on delinquent taxes				
Investment earnings				
Miscellaneous				
Gain on sale of capital assets				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets at beginning of year				
Net assets at end of year				

See accompanying notes to financial statements

**Net (Expense) Revenue and
Changes in Net Assets**

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Southwestern Fair Commission
\$ (158,256)		\$ (158,256)	
(127,548)		(127,548)	
38,616		38,616	
(1,719)		(1,719)	
(11,486)		(11,486)	
(113,685)		(113,685)	
(44,703)		(44,703)	
(23,915)		(23,915)	
235		235	
(26,780)		(26,780)	
(469,241)		(469,241)	
	\$ 14,951	14,951	
	(4,237)	(4,237)	
	(4,338)	(4,338)	
	(20)	(20)	
	6,356	6,356	
(469,241)	6,356	(462,885)	

\$ 268
\$ 268

277,777		277,777	
25,337		25,337	
32,353		32,353	
57,788		57,788	
6,591		6,591	
1,534		1,534	
89,177		89,177	
25,869		25,869	
5,741		5,741	
6,123		6,123	
5,875	2,025	7,900	
21,323	2,394	23,717	132
1,140		1,140	
4,005	(4,005)		
560,633	414	561,047	132
91,392	6,770	98,162	400
1,119,744	597,623	1,717,367	3,746
\$ 1,211,136	\$ 604,393	\$ 1,815,529	\$ 4,146

Functions/Programs

Primary government:

Governmental activities:

General government
Public safety
Highways and streets
Sanitation
Health
Welfare
Culture and recreation
Education and economic opportunity
Amortization - unallocated
Interest on long-term debt

Total governmental activities

Business-type activities:

Regional Wastewater Reclamation
Pima Health System & Services
Development Services
Parking Garages

Total business-type activities

Total primary government

Component unit:

Southwestern Fair Commission

Total component units

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
Gain on sale of capital assets

Transfers

Total general revenues and transfers

Change in net assets

Net assets at beginning of year

Net assets at end of year

PIMA COUNTY, ARIZONA
Balance Sheet - Governmental Funds
June 30, 2009
(in thousands)

Exhibit A - 3

<u>Assets</u>	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 36,317	\$ 143,323	\$ 41,028	\$ 90,251	\$ 310,919
Property taxes receivable (net)	9,888		2,377	2,340	14,605
Interest receivable	296	469	129	283	1,177
Due from other funds	2,481	118	3,099	851	6,549
Due from other governments	19,284	5,704	8	19,660	44,656
Accounts receivable	1,341	5		1,722	3,068
Inventory				1,551	1,551
Prepaid expenditures	3,237	42		775	4,054
Special assessments receivable				995	995
Loan receivable	1,078				1,078
Other assets	160	815		82	1,057
Restricted cash equivalents	107	670			777
Total assets	\$ 74,189	\$ 151,146	\$ 46,641	\$ 118,510	\$ 390,486
 <u>Liabilities and fund balances</u>					
Liabilities:					
Accounts payable	\$ 7,706	\$ 19,019		\$ 10,917	\$ 37,642
Interest payable	8	5	\$ 1,508	1	1,522
Bonds payable			9,170		9,170
Contract retentions		362			362
Employee compensation	8,847	26		3,405	12,278
Due to other funds	257	3,098		2,486	5,841
Due to other governments	1	17		13	31
Deposits and rebates	142	670			812
Deferred revenues	17,062	1,086	2,121	10,312	30,581
Total liabilities	34,023	24,283	12,799	27,134	98,239
Fund balances:					
Reserved for:					
Inventory				1,551	1,551
Prepaid expenditures	3,237	42		775	4,054
Debt service			33,842	28	33,870
Capital repairs and refurbishments				98	98
Specified programs	48			2,803	2,851
Loan receivable	1,078				1,078
Unreserved, designated for:					
Special revenue				4,925	4,925
Unreserved, undesignated:					
General fund	35,803				35,803
Capital projects		126,821			126,821
Special revenue				81,196	81,196
Total fund balances	40,166	126,863	33,842	91,376	292,247
Total liabilities and fund balances	\$ 74,189	\$ 151,146	\$ 46,641	\$ 118,510	\$ 390,486

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Assets
 June 30, 2009
 (in thousands)

Exhibit A - 4

Fund balances - total governmental funds	\$	292,247
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental capital assets	\$	2,197,709
Less accumulated depreciation	<u>(690,498)</u>	1,507,211
Some long term debt liabilities and their associated issuance costs are not due and payable in the current period and therefore are not reported in the governmental funds		
Bonds payable	(519,270)	
Certificates of participation payable	(74,554)	
Loans and leases payable	(21,327)	
Unamortized deferred issuance costs reported as other assets	<u>1,740</u>	(613,411)
Some compensated absences are not due and payable shortly after June 30, 2009, and therefore are not reported in the governmental funds		
Employee compensation		(27,938)
Some liabilities are not due and payable shortly after June 30, 2009, and therefore are not reported in the governmental funds		
Landfill liability	(19,329)	
Pollution remediation liability	<u>(1,467)</u>	(20,796)
Deferred revenue in governmental funds is susceptible to full accrual on the government-wide statements		
		27,243
Internal service funds are used by management to charge the costs of certain activities to individual funds. Most assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets		
		46,580
Net assets of governmental activities	<u>\$</u>	<u>1,211,136</u>

PIMA COUNTY, ARIZONA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009
(in thousands)

Exhibit A - 5

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 281,749		\$ 57,223	\$ 57,269	\$ 396,241
Special assessments				441	441
Licenses and permits	2,747			4,242	6,989
Intergovernmental	131,966	\$ 25,036	17	135,217	292,236
Charges for services	35,330	3,652		16,364	55,346
Fines and forfeits	4,720			1,563	6,283
Investment earnings	1,084	1,758	946	1,547	5,335
Miscellaneous	7,099	323		14,992	22,414
Total revenues	464,695	30,769	58,186	231,635	785,285
Expenditures:					
Current:					
General government	184,434			37,875	222,309
Public safety	121,704			22,913	144,617
Highways and streets				38,132	38,132
Sanitation				6,666	6,666
Health	2,767			28,859	31,626
Welfare	115,481				115,481
Culture and recreation	15,580			36,077	51,657
Education and economic opportunity	16,368			25,931	42,299
Capital outlay		146,334			146,334
Debt service - principal	3,510		96,751	123	100,384
- interest	2,426		24,322	101	26,849
- miscellaneous	6		18		24
Total expenditures	462,276	146,334	121,091	196,677	926,378
Excess (deficiency) of revenues over (under) expenditures	2,419	(115,565)	(62,905)	34,958	(141,093)
Other financing sources (uses):					
Premium on bonds			675		675
Face amount of long-term debt		109,400			109,400
Proceeds from sale of capital assets	371			505	876
Transfers in	50,517	15,751	83,679	21,239	171,186
Transfers (out)	(83,530)	(35,366)		(47,423)	(166,319)
Total other financing sources (uses)	(32,642)	89,785	84,354	(25,679)	115,818
Net change in fund balances	(30,223)	(25,780)	21,449	9,279	(25,275)
Fund balances at beginning of year	70,389	152,643	12,393	82,152	317,577
Change in reserve for inventory				(55)	(55)
Fund balances at end of year	\$ 40,166	\$ 126,863	\$ 33,842	\$ 91,376	\$ 292,247

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2009
 (in thousands)

Exhibit A - 6

Net change in fund balances - total governmental funds \$ (25,275)

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	\$ 125,341	
Less current year depreciation	<u>(54,596)</u>	70,745

Transfers of capital assets between governmental activities and
 proprietary funds are not reported in the governmental funds but
 are recognized in the statement of activities

93

The issuance of long-term debt (e.g., bonds, leases) provides current financial
 resources to governmental funds but increases long-term liabilities in the statement
 of net assets. Repayment of the principal of debt is an expenditure in the governmental
 funds, but the repayment reduces long-term liabilities in the statement of net assets.
 Also, governmental funds report the effect of issuance costs, premiums, discounts and
 similar items when debt is first issued, whereas these amounts are deferred and amortized
 in the statement of activities. This amount is the net effect of these differences in the
 treatment of long-term debt and related items

Face amount of long-term debt	(109,400)	
Premium on bonds	(675)	
Debt service - principal payments	100,384	
Deferred issuance costs	251	
Amortization expense	<u>235</u>	(9,205)

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. Likewise, some revenues reported in the
 governmental funds are collections of current financial resources that related to
 other periods and therefore are not reported as revenues in the statement of activities.

Donations of capital assets	42,396	
Property tax revenues	3,137	
Other	<u>(2,024)</u>	43,509

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. Likewise, some expenditures and changes in fund balances reported
 in the governmental funds are uses of current financial resources that related to other
 periods and therefore are not reported as expenses in the statement of activities.

Changes in payroll liabilities	7,799	
Change in landfill liability	(910)	
Change in pollution remediation liability	317	
Net book value of capital asset disposals	(303)	
Change in reservation of fund balances	<u>(55)</u>	6,848

Internal service funds are used by management to charge the costs of certain
 activities to individual funds. A portion of the net activity of the internal service funds is
 reported with governmental activities

4,677

Change in net assets of governmental activities

\$ 91,392

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Net Assets - Proprietary Fund
June 30, 2009
(in thousands)

Exhibit A - 7

	Business-type Activities Enterprise Funds				Governmental Activities- Internal Service Funds
	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	
<u>Assets</u>					
Current assets:					
Cash and cash equivalents	\$ 25,234	\$ 30,163	\$ 5,995	\$ 61,392	\$ 64,560
Restricted cash and cash equivalents		41,487		41,487	
Interest receivable	117	241	25	383	167
Due from other funds		3,098	1	3,099	428
Due from other governments	1,040			1,040	166
Accounts receivable (net)	7,755	13,668	20	21,443	6
Inventory	89	3,635		3,724	401
Prepaid expense	11	276	66	353	945
Total current assets	<u>34,246</u>	<u>92,568</u>	<u>6,107</u>	<u>132,921</u>	<u>66,673</u>
Noncurrent assets:					
Restricted cash and cash equivalents		2,291		2,291	
Capital assets:					
Land and other improvements		11,827	1,768	13,595	592
Buildings and improvements	694	353,654	12,927	367,275	614
Sewage conveyance system		621,077		621,077	
Equipment	1,435	99,630	1,634	102,699	32,841
Less accumulated depreciation	(1,375)	(363,757)	(9,605)	(374,737)	(15,097)
Construction in progress		43,208		43,208	613
Total capital assets (net of accumulated depreciation)	754	765,639	6,724	773,117	19,563
Deferred financing costs		2,679		2,679	
Total noncurrent assets	<u>754</u>	<u>770,609</u>	<u>6,724</u>	<u>778,087</u>	<u>19,563</u>
Total assets	<u>35,000</u>	<u>863,177</u>	<u>12,831</u>	<u>911,008</u>	<u>86,236</u>
<u>Liabilities</u>					
Current liabilities:					
Accounts payable	677	12,328	356	13,361	1,638
Accrued medical and health care claims	18,078			18,078	
Employee compensation	2,346	3,980	746	7,072	717
Interest payable	3	4,859		4,862	
Due to other funds	1,003	3,230	1	4,234	1
Due to other governments	3,643		71	3,714	
Deferred revenues	1	1,240		1,241	
Current portion of sewer revenue bonds		7,870		7,870	
Current portion of wastewater loans payable		6,317		6,317	
Current portion of reported but unpaid losses					4,446
Current portion of incurred but not reported losses					2,218
Total current liabilities	<u>25,751</u>	<u>39,824</u>	<u>1,174</u>	<u>66,749</u>	<u>9,020</u>
Noncurrent liabilities:					
Contracts and notes		6,481		6,481	
Sewer revenue bonds		175,519		175,519	
Wastewater loans payable		58,172		58,172	
Reported but unpaid losses					20,089
Incurred but not reported losses					10,241
Total noncurrent liabilities		<u>240,172</u>		<u>240,172</u>	<u>30,330</u>
Total liabilities	<u>25,751</u>	<u>279,996</u>	<u>1,174</u>	<u>306,921</u>	<u>39,350</u>
<u>Net assets</u>					
Invested in capital assets, net of related debt	754	532,240	6,724	539,718	19,563
Restricted for:					
Debt service		819		819	
Capital projects		14,479		14,479	
Wastewater management		5,883		5,883	
Healthcare	9,017			9,017	
Unrestricted	(522)	29,760	4,933	34,171	27,323
Total net assets	<u>\$ 9,249</u>	<u>\$ 583,181</u>	<u>\$ 11,657</u>	<u>604,087</u>	<u>\$ 46,886</u>

Some amounts reported for business-type activities in the Statement of Net Assets are different because certain internal service fund assets and liabilities are included with business-type activities.

306

Net assets of business-type activities \$ 604,393

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2009
(in thousands)

Exhibit A - 8

	Business-type Activities Enterprise Funds			Total Enterprise Funds	Governmental Activities- Internal Service Funds
	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds		
Operating revenues:					
Net patient services	\$ 213,986			\$ 213,986	
Charges for services	2,122	\$ 86,858	\$ 7,330	96,310	\$ 44,440
Other	2,136	56	222	2,414	2,169
Total net operating revenues	218,244	86,914	7,552	312,710	46,609
Operating expenses:					
Employee compensation	30,866	33,947	7,868	72,681	6,649
Medical claims	177,284			177,284	
Operating supplies and services	973	8,360	201	9,534	5,656
Utilities	423	6,601	323	7,347	1,071
Sludge and refuse disposal		1,485		1,485	
Repair and maintenance	347	5,478	164	5,989	3,567
Incurred losses					12,600
Insurance premiums					4,627
General and administrative	8,613	9,291	2,596	20,500	3,143
Consultants and professional services	1,648	6,944	76	8,668	574
Depreciation	234	26,912	543	27,689	2,840
Total operating expenses	220,388	99,018	11,771	331,177	40,727
Operating income (loss)	(2,144)	(12,104)	(4,219)	(18,467)	5,882
Nonoperating revenues (expenses):					
Intergovernmental revenue	4,614	12		4,626	
Investment earnings	728	1,164	147	2,039	489
Sewer connection fees		18,284		18,284	
Interest expense	(14)	(6,046)		(6,060)	
Loss on disposal of capital assets	(1)	(327)	(13)	(341)	(329)
Amortization of deferred charges		(227)		(227)	
Premium tax	(4,403)			(4,403)	
Total nonoperating revenues	924	12,860	134	13,918	160
Income (loss) before contributions and transfers	(1,220)	756	(4,085)	(4,549)	6,042
Capital contributions		14,916		14,916	
Transfers in		25,570		25,570	1,029
Transfers (out)	(3,400)	(26,082)	(93)	(29,575)	(1,986)
Change in net assets	(4,620)	15,160	(4,178)	6,362	5,085
Net assets at beginning of year	13,869	568,021	15,835	597,725	41,801
Net assets at end of year	\$ 9,249	\$ 583,181	\$ 11,657	604,087	\$ 46,886

Some amounts reported for business-type activities in the Statement of Activities are different because a portion of the net activity of certain internal service funds is reported with business-type activities.

408

Change in net assets of business-type activities

\$ 6,770

PIMA COUNTY, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009
(in thousands)

Exhibit A - 9

	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Cash flows from operating activities:					
Cash received from other funds for goods and services	\$ 358			\$ 358	\$ 44,440
Cash received from customers for goods and services	221,650	\$ 83,078	\$ 7,329	312,057	
Cash received from miscellaneous operations	1,778	56	216	2,050	2,324
Cash payments to suppliers for goods and services	(199,686)	(29,696)	(1,352)	(230,734)	(15,689)
Cash payments to other funds for goods and services	(5,262)	(8,357)	(3,244)	(16,863)	(3,979)
Cash payments for incurred losses					(6,667)
Cash payments to employees for services	(33,054)	(34,665)	(7,393)	(75,112)	(6,203)
Net cash provided by (used for) operating activities	<u>(14,216)</u>	<u>10,416</u>	<u>(4,444)</u>	<u>(8,244)</u>	<u>14,226</u>
Cash flows from noncapital financing activities:					
Interest paid on short-term credit	(16)			(16)	
Cash transfers in from other funds		25,570		25,570	1,028
Cash transfers out to other funds	(3,400)	(26,082)		(29,482)	(1,983)
Loans with other funds	(83)	(1,823)	2,633	727	147
Premium tax	(4,403)			(4,403)	
Intergovernmental revenues	4,360	(696)		3,664	
Net cash provided by (used for) noncapital financing activities	<u>(3,542)</u>	<u>(3,031)</u>	<u>2,633</u>	<u>(3,940)</u>	<u>(808)</u>
Cash flows from capital and related financing activities:					
Proceeds from issuance of bonds and loans		18,940		18,940	
Principal paid on bonds and loans		(5,975)		(5,975)	
Interest paid on bonds and loans		(2,172)		(2,172)	
Sewer connection fees		18,009		18,009	
Proceeds from sale or transfer of capital assets			16	16	294
Proceeds from intergovernmental contract		352		352	
Purchase of capital assets	(387)	(74,224)	(65)	(74,676)	(3,427)
Net cash used for capital and related financing activities	<u>(387)</u>	<u>(45,070)</u>	<u>(49)</u>	<u>(45,506)</u>	<u>(3,133)</u>
Cash flows from investing activities:					
Interest received on cash and investments	755	1,210	139	2,104	494
Net cash provided by investing activities	<u>755</u>	<u>1,210</u>	<u>139</u>	<u>2,104</u>	<u>494</u>
Net increase (decrease) in cash and cash equivalents	(17,390)	(36,475)	(1,721)	(55,586)	10,779
Cash and cash equivalents at beginning of year	42,624	110,416	7,716	160,756	53,781
Cash and cash equivalents at end of year	<u>\$ 25,234</u>	<u>\$ 73,941</u>	<u>\$ 5,995</u>	<u>\$ 105,170</u>	<u>\$ 64,560</u>

(continued)

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009
(in thousands)

Exhibit A - 9.1

(continued)

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Operating income (loss)	\$ (2,144)	\$ (12,104)	\$ (4,219)	\$ (18,467)	\$ 5,882
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	234	26,912	543	27,689	2,840
Changes in assets and liabilities:					
Decrease (increase) in assets:					
Accounts receivable	3,635	(3,808)	(7)	(180)	141
Due from other governments	144	28		172	14
Inventory and other assets	(8)	(15)		(23)	157
Prepaid expenses	3	(98)	(59)	(154)	(248)
Increase (decrease) in liabilities:					
Accounts payable	(16,484)	307	1	(16,176)	(109)
Due to other governments	1,763	(88)	(33)	1,642	(5)
Reported but unpaid losses					5,113
Incurred but not reported losses					676
Other current liabilities	(1,359)	(718)	(670)	(2,747)	(235)
Net cash provided by (used for) operating activities	<u>\$ (14,216)</u>	<u>\$ 10,416</u>	<u>\$ (4,444)</u>	<u>\$ (8,244)</u>	<u>\$ 14,226</u>

Noncash investing, capital and noncapital financing activities during the year ended June 30, 2009:

Pima Health System & Services retired equipment with a net book value of \$1.

Regional Wastewater Reclamation disposed of capital assets with a net book value of \$327.

Regional Wastewater Reclamation received contributed developer-built conveyance systems with estimated fair values totaling \$15,381. These contributions were recorded as an increase in capital assets and capital contributions.

Regional Wastewater Reclamation recorded a Board of Supervisor approved connection fee credit agreement of \$466. This credit was recorded as an increase to deferred revenue and a decrease to capital contributions.

Regional Wastewater Reclamation retired expired Sewer Credit Agreements totaling \$1. This transaction was recorded as a decrease to deferred revenue and an increase in capital contributions.

Other Enterprise Funds disposed of capital assets with an original cost of \$54 and accumulated depreciation of \$43, resulting in a loss on disposal of \$11.

Other Enterprise Funds transferred land with a book value of \$93 to the County's general government.

Other Enterprise Funds retired capital assets with a book value of \$18.

Internal Service Funds retired assets with a net book value of \$6.

Internal Service Funds transferred in capital assets with a net book value of \$1 from the County's general government.

Internal Service Funds transferred out capital assets with a net book value of \$3 to the County's general government.

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Fiduciary Net Assets - Fiduciary Funds
June 30, 2009
(in thousands)

Exhibit A - 10

	Investment Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 271,397	\$ 66,626
Interest receivable	788	
Total assets	272,185	\$ 66,626
Liabilities		
Employee compensation		\$ 3,931
Due to other governments		38,506
Deposits and rebates		24,189
Total liabilities		\$ 66,626
Net assets		
Held in trust for pool participants	\$ 272,185	

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2009
(in thousands)

Exhibit A - 11

	Investment Trust Funds
Additions	
Contributions from participants	\$ 2,518,562
Total contributions	2,518,562
Investment earnings	5,832
Total investment earnings	5,832
Total additions	2,524,394
Deductions	
Distributions to participants	2,567,538
Total deductions	2,567,538
Change in net assets	(43,144)
Net assets held in trust July 1, 2008	315,329
Net assets held in trust June 30, 2009	\$ 272,185

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 1: Summary of Significant Accounting Policies

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

During the year ended June 30, 2009, the County adopted early implementation of GASB Statement No. 51. The provisions for GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, require that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Historically, Pima County has reported intangible assets, primarily consisting of rights of way, easements and software. The County's implementation of GASB 51 generated a change of the policy for capitalization to specifically include intangible assets. The County's policy is to prospectively capitalize all intangible assets costing \$100,000 or more. No restatement was necessary for intangible assets that were reported using a different capitalization threshold.

A. Reporting Entity

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

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

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

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

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

Related Organization:

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

B. Basis of Accounting

Primary government:

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

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

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

The County's business-type activities and enterprise funds follow FASB Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The County has chosen the option not to follow FASB statements and interpretations issued after November 30, 1989.

Discretely presented component unit:

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

C. Basis of Presentation

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

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

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

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

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

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

The County reports the following major governmental funds:

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

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

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

The County reports the following major enterprise funds:

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

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

The County reports the following fund types:

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

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

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

D. Cash and Investments

Primary government:

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

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

Discretely presented component unit:

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

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

E. Inventories and Prepaids

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

Inventories of the Transportation Department are recorded as assets when purchased and expensed when used. Amounts on hand at year-end are shown on the balance sheet as an asset and are offset by a fund balance reserve to indicate that they do not constitute "available spendable resources". Inventories in Transportation are valued at lower of cost or market, cost being determined using the moving average method.

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

Inventories of Pima Health System and Services, an enterprise fund, are valued at the lower of cost or market, cost being determined on the first-in, first-out method.

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

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

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

F. Property Tax Calendar

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

G. Capital Assets

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

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

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

Discretely presented component unit:

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

H. Investment Earnings

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

I. Compensated Absences

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

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 2: Cash and Investments

Primary Government

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

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

1. Commercial paper must be rated P1 by Moody's Investors Service or A1 or better by Standard and Poor's rating service.
2. Corporate bonds, debentures and notes must be rated A or better by Moody's Investors Service or Standard and Poor's rating service.
3. Fixed income securities must carry one of the two highest ratings by Moody's Investors Service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

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

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

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

Foreign currency risk—Statutes do not allow foreign investments.

Deposits—At June 30, 2009, the carrying amount of the County's deposits was \$77,499 and the bank balance was \$77,784.

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, 2009, \$2,446 of the County's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 2: Cash and Investments (continued)

Investments—At June 30, 2009, the County’s investments consisted of \$268,901 invested in marketable securities and \$472,996 invested in the State Treasurer’s Investment Pool. Cash from the County and from external 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, 2009, credit risk for the County’s investments was as follows:

Investment Type	Rating	Rating Agency	Amount
Commercial paper	A1/P1	S&P / Moody's	\$ 39,037
Corporate bonds	A/A1	S&P / Moody's	77,727
Federal Farm Credit Bank	AAA/Aaa	S&P / Moody's	18,936
Federal Home Loan Bank	AAA/Aaa	S&P / Moody's	21,024
Fannie Mae (Federal National Mortgage Association)	AAA/Aaa	S&P / Moody's	27,901
Freddie Mac (Federal Home Loan Mortgage Corp)	AAA/Aaa	S&P / Moody's	20,195
Money market mutual fund	AAA/Aaa	S&P / Moody's	1,959
State Treasurer Investment Pool 5	AAAf/S1+	S&P	343,284
State Treasurer Investment Pool 7	Unrated		129,712
Total			\$ 679,775

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 \$741,897 of investments, \$266,942, consisting of the commercial paper, corporate bonds, Federal Farm Credit Bank, Federal Home Loan Bank, Fannie Mae and Freddie Mac discount notes and U.S. Treasury notes, are uninsured and held by a counterparty in the County’s name in book 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, 2009 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.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 2: Cash and Investments (continued)

As of June 30, 2009, the County had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (Years)</u>
State Treasurer Investment Pool 5	\$ 343,284	0.12
State Treasurer Investment Pool 7	129,712	0.03
Commercial paper	39,037	0.13
Corporate bonds	77,727	2.11
Federal Farm Credit Bank	18,936	1.61
Federal Home Loan Bank	21,024	1.05
Fannie Mae (Federal National Mortgage Association)	27,901	1.05
Freddie Mac (Federal Home Loan Mortgage Corp)	20,195	1.41
U.S. Treasury	62,122	2.52
Money market mutual fund	1,959	0.13
Total	<u>\$ 741,897</u>	

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

	<u>Cash on Hand</u>	<u>Amount of Deposits</u>	<u>Amount of Investments</u>	<u>Total</u>
Cash, deposits and investments:	\$ 53	\$ 77,499	\$ 741,897	\$ 819,449

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Investment Trust Funds</u>	<u>Agency Funds</u>	<u>Totals</u>
Statement of Net Assets:					
Cash and cash equivalents	\$ 375,479	\$ 102,879	\$ 271,397	\$ 66,626	\$ 816,381
Restricted cash and cash equivalents	777	2,291			3,068
Total	<u>\$ 376,256</u>	<u>\$ 105,170</u>	<u>\$ 271,397</u>	<u>\$ 66,626</u>	<u>\$ 819,449</u>

County Treasurer's Investment Pool (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.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 2: Cash and Investments (continued)

The Pool's assets are substantially the same as the risks discussed above and consist of the following:

	<u>Principal</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Fair Value</u>
Commercial paper	\$38,900	0.1-1.3%	07/09-09/09	\$ 39,037
Corporate bonds	76,103	2.1-6.8%	08/09-05/14	77,727
Federal Farm Credit Bank	17,500	5.0-5.4%	09/10-07/11	18,936
Federal Home Loan Bank	20,000	4.1-5.3%	06/10-08/10	21,024
Fannie Mae (Federal National Mortgage Association)	27,000	3.4-4.6%	08/09-05/11	27,901
Freddie Mac (Federal Home Loan Mortgage Corp)	19,200	3.3-4.1%	10/10-02/11	20,195
U.S. Treasury	60,200	0.9-4.8%	01/10-05/14	62,122
State Treasurer Investment Pool 5	205,378	N/A	N/A	205,378
Deposits	55,288	N/A	N/A	55,288
Interest Receivable	786	N/A	N/A	786
Total assets				<u><u>\$528,394</u></u>

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

Statement of Net Assets

Assets held in trust for:	
Internal participants	\$ 385,923
External participants	<u>142,471</u>
Total assets	528,394
Total liabilities	<u>0</u>
Total net assets held in trust	<u><u>\$ 528,394</u></u>

Statement of Changes in Net Assets

Total additions	\$ 7,040,430
Total deductions	<u>(7,132,253)</u>
Net decrease	(91,823)
Net assets held in trust:	
July 1, 2008	<u>620,217</u>
June 30, 2009	<u><u>\$ 528,394</u></u>

Discretely Presented Component Units

Southwestern Fair Commission—At June 30, 2009, the commission's cash and cash equivalents of \$1,898 consisted of deposits with financial institutions. Of the total balance, \$265 was exposed to custodial credit risk because it was uninsured and uncollateralized.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 3: 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	\$ 235	\$ 342		\$ 8,894		\$ 9,471
State of Arizona:						
Taxes and shared revenues	17,512	1,523		8,495		27,530
Grants and contributions				1,085	\$ 10	1,095
City of Tucson:						
Reimbursement for services	1,392		\$ 8	830		2,230
Other governments:						
Reimbursement for services	145	3,839		356	156	4,496
Total due from other governments fund based statements	<u>\$19,284</u>	<u>\$ 5,704</u>	<u>\$ 8</u>	<u>\$ 19,660</u>	<u>\$ 166</u>	<u>\$ 44,822</u>

Business-type activities:

	Total Business-type Activities Pima Health System & Services	
Federal government:		
Reimbursement for services	\$	143
State of Arizona:		
Grants and contributions		<u>897</u>
Total due from other governments fund based statements	<u>\$</u>	<u>1,040</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2009, was as follows:

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 303,646	\$ 80,726	\$ (4)	\$ 384,368
Construction in progress	90,098	59,106	(46,098)	103,106
Total capital assets not being depreciated	<u>393,744</u>	<u>139,832</u>	<u>(46,102)</u>	<u>487,474</u>
Capital assets being depreciated:				
Buildings and improvements	499,224	26,818	(128)	525,914
Infrastructure	1,067,881	40,935	(501)	1,108,315
Equipment	107,243	9,769	(6,346)	110,666
Total capital assets being depreciated	<u>1,674,348</u>	<u>77,522</u>	<u>(6,975)</u>	<u>1,744,895</u>
Less accumulated depreciation for:				
Buildings and improvements	(132,854)	(12,339)	77	(145,116)
Infrastructure	(458,769)	(35,052)	457	(493,364)
Equipment	(62,588)	(10,045)	5,518	(67,115)
Total accumulated depreciation	<u>(654,211)</u>	<u>(57,436)</u>	<u>6,052</u>	<u>(705,595)</u>
Total capital assets being depreciated, net	<u>1,020,137</u>	<u>20,086</u>	<u>(923)</u>	<u>1,039,300</u>
Governmental activities capital assets, net	<u>\$ 1,413,881</u>	<u>\$ 159,918</u>	<u>\$ (47,025)</u>	<u>\$ 1,526,774</u>
	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 10,596	\$ 3,092	\$ (93)	\$ 13,595
Construction in progress	72,060	34,598	(63,450)	43,208
Total capital assets not being depreciated	<u>82,656</u>	<u>37,690</u>	<u>(63,543)</u>	<u>56,803</u>
Capital assets being depreciated:				
Buildings and improvements	361,468	6,132	(325)	367,275
Sewage conveyance system	580,096	40,997	(16)	621,077
Equipment	38,459	65,339	(1,099)	102,699
Total capital assets being depreciated	<u>980,023</u>	<u>112,468</u>	<u>(1,440)</u>	<u>1,091,051</u>
Less accumulated depreciation for:				
Buildings and improvements	(127,326)	(11,994)	243	(139,077)
Sewage conveyance system	(210,582)	(11,417)	16	(221,983)
Equipment	(10,223)	(4,278)	824	(13,677)
Total accumulated depreciation	<u>(348,131)</u>	<u>(27,689)</u>	<u>1,083</u>	<u>(374,737)</u>
Total capital assets being depreciated, net	<u>631,892</u>	<u>84,779</u>	<u>(357)</u>	<u>716,314</u>
Business-type activities capital assets, net	<u>\$ 714,548</u>	<u>\$ 122,469</u>	<u>\$ (63,900)</u>	<u>\$ 773,117</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 4: Capital Assets (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$	7,099
Public safety		10,197
Highway and streets		30,381
Sanitation		318
Health		596
Welfare		17
Culture and recreation		5,281
Education and economic opportunity		707
Internal service funds		2,840
Total governmental activities depreciation expense	\$	<u>57,436</u>

Business-type activities:

Pima Health System & Services	\$	234
Parking Garages		298
Regional Wastewater Reclamation		26,912
Development Services		245
Total business-type activities depreciation expense	\$	<u>27,689</u>

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
Discretely presented component units:				
Southwestern Fair Commission (SFC):				
Capital assets not being depreciated:				
Construction in progress	\$ 38		\$ (38)	
Total capital assets not being depreciated	<u>38</u>		<u>(38)</u>	
Capital assets being depreciated:				
Buildings and improvements	4,019	\$ 318	(7)	\$ 4,330
Equipment	1,997	208	(15)	2,190
Total capital assets being depreciated	<u>6,016</u>	<u>526</u>	<u>(22)</u>	<u>6,520</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,429)	(130)	7	(2,552)
Equipment	(1,403)	(132)	15	(1,520)
Total accumulated depreciation	<u>(3,832)</u>	<u>(262)</u>	<u>22</u>	<u>(4,072)</u>
Total capital assets being depreciated, net	<u>2,184</u>	<u>264</u>		<u>2,448</u>
SFC capital assets, net	<u>\$ 2,222</u>	<u>\$ 264</u>	<u>\$ (38)</u>	<u>\$ 2,448</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 5: Claims, Judgments and Risk Management

Risk Management and Claims Liability

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

The Fund is liable for any single general or automobile liability claim up to \$2,000,000 per occurrence, any workers' compensation claim up to \$750,000 per occurrence or any medical malpractice claims in aggregate up to \$5,000,000 in any policy year. The County purchases commercial insurance for claims in excess of coverage provided by the Fund and for some other risks of loss. Settled claims have not exceeded insurance coverage in any of the last three fiscal years.

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

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

The claims liability of \$36,994 reported in the Fund at June 30, 2009, 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.

	2009	2008
Claims liability - beginning	\$ 31,205	\$ 32,857
Current-year claims and changes in estimates	12,600	10,227
Claims payment	(6,811)	(11,879)
Claims liability - ending	\$ 36,994	\$ 31,205

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.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 5: Claims, Judgments and Risk Management (continued)

Pollution Remediation - El Camino del Cerro Site

The County has estimated and reported an environmental liability of \$1,467 in the government-wide financial statements for governmental activities (in noncurrent liabilities). Remediation efforts are currently underway at the El Camino del Cerro site which is approximately bordered by the Santa Cruz River on the west, Interstate 10 on the east and north of El Camino del Cerro Road. The groundwater contamination is suggested to resonate from the municipal and solid waste landfill operated on the site from 1973 to 1977.

In communication with the Arizona Department of Environmental Quality, the County has begun remediation efforts that will include a groundwater pump-and-treat system.

The estimated liability was calculated based upon the expected future outlays associated with the 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 wells, and/or changes in the estimated extent of contamination.

There are no estimated recoveries at this time.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 6: Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2009.

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Due within</u> <u>1 year</u>
Governmental activities:					
General obligation bonds	\$ 348,335	\$ 75,000	\$ 36,490	\$ 386,845	\$ 51,750
Plus unamortized deferred amount	1,208	79	100	1,187	104
Total general obligation bonds	<u>349,543</u>	<u>75,079</u>	<u>36,590</u>	<u>388,032</u>	<u>51,854</u>
Flood control bonds	<u>725</u>			<u>725</u>	<u>725</u>
Transportation revenue bonds	149,655		10,090	139,565	15,145
Plus unamortized deferred amount	146		28	118	28
Total transportation revenue bonds	<u>149,801</u>		<u>10,118</u>	<u>139,683</u>	<u>15,173</u>
Certificates of participation	79,076	34,400	41,546	71,930	21,610
Plus unamortized deferred amount	2,536	596	508	2,624	699
Total certificates of participation	<u>81,612</u>	<u>34,996</u>	<u>42,054</u>	<u>74,554</u>	<u>22,309</u>
Loans and Leases:					
Transportation loans payable	<u>1,000</u>		<u>1,000</u>		
Capital leases payable:					
Jail capital lease	24,680		1,965	22,715	2,025
Less unamortized deferred amount	(1,723)		(192)	(1,531)	(191)
Other capital leases	266		123	143	107
Total capital leases	<u>23,223</u>		<u>1,896</u>	<u>21,327</u>	<u>1,941</u>
Total loans and leases	<u>24,223</u>		<u>2,896</u>	<u>21,327</u>	<u>1,941</u>
Reported but unpaid losses (Note 5)	19,422	11,924	6,811	24,535	4,446
Incurred but not reported losses (Note 5)	11,783	676		12,459	2,218
Landfill closure and post-closure care costs (Note 8)	18,419	910		19,329	
Pollution remediation (Note 5)	1,784		317	1,467	544
Payroll-related liabilities	9,845		9,845		
Total governmental activities long-term liabilities	<u>\$ 667,157</u>	<u>\$123,585</u>	<u>\$ 108,631</u>	<u>\$ 682,111</u>	<u>\$ 99,210</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 6: Long-Term Liabilities (continued)

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Due within</u> <u>1 year</u>
Business-type activities:					
Sewer revenue bonds	\$ 164,940	\$ 18,940		\$ 183,880	\$ 7,870
Less unamortized deferred amount	(1,239)	413	(335)	(491)	
Total revenue bonds payable	<u>163,701</u>	<u>19,353</u>	<u>(335)</u>	<u>183,389</u>	<u>7,870</u>
Regional Wastewater Reclamation (RWR) loans payable	70,572		5,975	64,597	6,317
Less unamortized deferred amount	(146)		(38)	(108)	
Total loans payable	<u>70,426</u>		<u>5,937</u>	<u>64,489</u>	<u>6,317</u>
Contracts and notes	5,842	3,181	2,542	6,481	
Payroll-related liabilities	2,254		2,254		
Total business-type activities long-term liabilities	<u>\$ 242,223</u>	<u>\$ 22,534</u>	<u>\$ 10,398</u>	<u>\$ 254,359</u>	<u>\$ 14,187</u>

GENERAL OBLIGATION BONDS OUTSTANDING

Governmental Activities

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

General obligation bonds payable at June 30, 2009, consisted of the outstanding general obligation bonds presented below. Of the total amounts originally authorized, \$20,090 from the May 20, 1997, \$232,061 from the May 18, 2004, and \$51,655 from the May 16, 2006 bond election remain unissued.

The following table presents amounts outstanding by issue.

<u>Issue</u>	<u>Issue</u> <u>Amount</u>	<u>Interest</u> <u>Rates</u>	<u>Maturities</u>	<u>Outstanding</u> <u>June 30, 2009</u>
*Series of 1998	\$ 42,420	4.50 - 4.60%	2010-13	\$ 11,720
Series of 1999	50,000	5.00%	2010	3,115
Series of 2000	50,000	4.00 - 5.00%	2010-14	15,000
*Series of 2001 Refunding	17,835	5.00%	2010	375
Series of 2002	20,000	4.25 - 4.50%	2010-16	6,000
*Series of 2003	50,000	3.50 - 4.25%	2010-17	33,850
Series of 2004	65,000	3.00 - 5.00%	2010-19	43,740
Series of 2005	65,000	3.50 - 5.00%	2010-20	46,080
Series of 2007	95,000	3.00 - 4.50%	2010-21	78,965
Series of 2008	100,000	3.00 - 4.00%	2010-22	82,000
Series of 2009	75,000	3.00 - 4.13%	2010-23	66,000
G.O. bonds outstanding				<u>386,845</u>
Plus unamortized deferred amount:				<u>1,187</u>
Total G.O. bonds outstanding				<u>\$ 388,032</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 6: Long-Term Liabilities (continued)

* The U.S. Government has launched various economic stabilization programs, one of which was the Transaction Account Guarantee Program (TAGP). As a result of this initiative, the FDIC is assessing a 10 basis point surcharge to participating banks that carry a quarterly ending balance for noninterest-bearing transaction accounts. These charges will be passed down to customers with such accounts at these institutions. In order to avoid these surcharges, Pima County has chosen to submit debt service payments on the day they are due and not the day before, as has been customary. These debt issuances were paid on July 1, 2009 and not June 30th. The amount outstanding, therefore, has not changed for fiscal year 2008-09.

The following schedule details general obligation bond debt service requirements to maturity at June 30, 2009.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 51,750	\$ 16,454
2011	35,240	13,602
2012	29,105	12,118
2013	29,030	10,883
2014	27,400	9,645
2015 - 2019	134,755	31,162
2020 - 2023	79,565	6,868
Total	<u>\$ 386,845</u>	<u>\$ 100,732</u>

FLOOD CONTROL REFUNDING BONDS OUTSTANDING

Governmental Activities

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

The Pima County Regional Flood Control District outstanding bonds payable at June 30, 2009 is presented below.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2009</u>
*Series of 2001 Refunding	\$ 4,585	4.20%	2010	\$ 725

* The U.S. Government has launched various economic stabilization programs, one of which was the Transaction Account Guarantee Program (TAGP). As a result of this initiative, the FDIC is assessing a 10 basis point surcharge to participating banks that carry a quarterly ending balance for noninterest-bearing transaction accounts. These charges will be passed down to customers with such accounts at these institutions. In order to avoid these surcharges, Pima County has chosen to submit debt service payments on the day they are due and not the day before, as has been customary. These debt issuances were paid on July 1, 2009 and not June 30th. The amount outstanding, therefore, has not changed for fiscal year 2008-09.

The following schedule details flood control bond debt service requirements to maturity at June 30, 2009.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	<u>\$ 725</u>	<u>\$ 15</u>
Total	<u>\$ 725</u>	<u>\$ 15</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 6: Long-Term Liabilities (continued)

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

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

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2009</u>
Series of 2002	\$55,000	4.25 - 4.38%	2010-12	\$ 19,055
*Series of 2003	35,000	3.38 - 4.38%	2010-18	27,600
Series of 2005	51,200	3.50 - 5.00%	2010-20	47,810
Series of 2007	21,000	3.25 - 4.75%	2010-22	20,250
Series of 2008	25,000	3.00 - 4.50%	2010-22	24,850
		Transportation bonds outstanding		<u>139,565</u>
		Plus unamortized deferred amount:		<u>118</u>
		Total transportation bonds outstanding		<u><u>\$ 139,683</u></u>

* The U.S. Government has launched various economic stabilization programs, one of which was the Transaction Account Guarantee Program (TAGP). As a result of this initiative, the FDIC is assessing a 10 basis point surcharge to participating banks that carry a quarterly ending balance for noninterest-bearing transaction accounts. These charges will be passed down to customers with such accounts at these institutions. In order to avoid these surcharges, Pima County has chosen to submit debt service payments on the day they are due and not the day before, as has been customary. These debt issuances were paid on July 1, 2009 and not June 30th. The amount outstanding, therefore, has not changed for fiscal year 2008-09.

The following schedule details transportation bond debt service requirements to maturity at June 30, 2009.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 15,145	\$ 6,203
2011	13,430	5,091
2012	14,015	4,503
2013	9,970	3,912
2014	10,415	3,517
2015 - 2019	56,360	10,703
2020 - 2022	20,230	1,330
Total	<u><u>\$ 139,565</u></u>	<u><u>\$ 35,259</u></u>

Pima County has pledged future highway user revenues, net of specified operating expenses, to repay \$139,565 in transportation revenue bonds issued between 2002 and 2008. 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 2022. Annual principal and interest payments on the bonds are expected to require approximately 93 percent of net revenues. Total principal and interest remaining to be paid on the bonds is \$174,824. Principal and interest paid for bonds and loans in the current year and total highway user revenues were \$15,686, \$1,061 and \$20,808, respectively.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 6: Long-Term Liabilities (continued)

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

Certificates of Participation represent proportionate interests in semiannual lease payments. The County's obligation to make lease payments is subject to annual appropriations being made by the County for that purpose. On May 1, 2007, the County issued Certificates of Participation Series 2007-A for \$28,765 to finance the acquisition of and improvements to a 22-story office tower located in downtown Tucson. On June 26, 2008, the County issued Certificates of Participation Series 2008 for \$50,000 to finance capital costs for public infrastructure of the County, including expansion and upgrades to the County's sewer treatment system and major road corridors. On June 10, 2009, the County issued Certificates of Participation Series 2009 for \$34,400 to finance capital costs for public infrastructure of the County, including expansion and upgrades to the County's sewer treatment system.

The following schedule details outstanding Certificates of Participation payable at June 30, 2009.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2009</u>
Series of 2007A	\$ 28,765	4.00 - 5.00%	2010-22	\$ 27,530
Series of 2008	50,000	5.00%	2011	10,000
Series of 2009	34,400	3.00 - 4.00%	2010-12	34,400
			Certificates of participation outstanding	71,930
			Plus unamortized deferred amount:	2,624
			Total certificates of participation outstanding	<u>\$ 74,554</u>

The following schedule details debt service requirements to maturity for the County's Certificates of Participation payable at June 30, 2009.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 21,610	\$ 2,445
2011	21,675	2,310
2012	6,140	1,343
2013	1,810	1,097
2014	1,890	1,021
2015 - 2019	10,880	3,667
2020 - 2022	7,925	805
	<u>\$ 71,930</u>	<u>\$ 12,688</u>

CAPITAL LEASES
Governmental Activities

On February 1, 1997, the County entered into an agreement to sell certain jail facilities and then lease them back for a 15-year term. The jail facilities were sold for \$34,500, and the proceeds were used to finance the construction of the baseball stadium. On September 1, 1999 and October 1, 2003, Pima County amended the capital lease agreement between U.S. Bank Trust National Association and Pima

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 6: Long-Term Liabilities (continued)

County. The amendments extended the lease term to 2014 and 2018 respectively, increased the range of interest rates and increased the County's obligation under the lease agreement. The County has also entered into capital leases for computer equipment. The outstanding balance as of June 30, 2009, for these leases totaled \$143. The net book value of assets acquired through capital leases consists of \$18,000 of buildings and \$63 of equipment.

The following schedule details capital lease debt service requirements to maturity at June 30, 2009.

Governmental Activities:

<u>Year Ending June 30,</u>	<u>Buildings</u>		<u>Equipment</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 2,025	\$ 982	\$ 107	\$ 4
2011	2,125	878	36	1
2012	2,230	775		
2013	2,780	648		
2014	2,485	511		
2015 - 2018	11,070	935		
	<u>\$ 22,715</u>	<u>\$ 4,729</u>	<u>\$ 143</u>	<u>\$ 5</u>

SEWER REVENUE BONDS AND LOANS

Business-type Activities

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

Pima County sewer revenue bonds, as presented below, were issued to provide monies to construct improvements to the County's Regional Wastewater Reclamation system. Of the total amount originally authorized, \$10,003 from the May 18, 2004 bond election remain unissued.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2009</u>
*Series of 1998	\$ 29,185	4.00 - 4.50%	2009-15	\$ 13,355
*Series of 2001 Refunding	19,440	4.25 - 5.38%	2009-15	12,655
*Series of 2004 Refunding	25,770	3.50 - 5.50%	2009-15	18,145
*Series of 2007	50,000	3.75 - 5.00%	2009-26	45,785
*Series of 2008	75,000	4.00 - 5.00%	2009-23	75,000
Series of 2009	18,940	3.25 - 4.25%	2009-24	18,940
			Sewer revenue bonds outstanding	183,880
			Less unamortized deferred amount:	(491)
			Total sewer revenue bonds outstanding	<u>\$ 183,389</u>

* The U.S. Government has launched various economic stabilization programs, one of which was the Transaction Account Guarantee Program (TAGP). As a result of this initiative, the FDIC is assessing a 10 basis point surcharge to participating banks that carry a quarterly ending balance for noninterest-bearing transaction accounts. These charges will be passed down to customers with such accounts at these institutions. In order to avoid these surcharges, Pima County has chosen to submit debt service payments on the day they are due and not the day before, as has been customary. These debt issuances were paid on July 1, 2009 and not June 30th. The amount outstanding, therefore, has not changed for fiscal year 2008-09.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 6: Long-Term Liabilities (continued)

The following schedule details sewer revenue bond debt service requirements to maturity at June 30, 2009.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 7,870	\$ 7,457
2011	8,900	7,334
2012	8,425	6,961
2013	8,795	6,579
2014	10,405	6,148
2015 - 2019	58,400	23,080
2020 - 2024	68,595	10,061
2025 - 2027	12,490	693
	<u>\$ 183,880</u>	<u>\$ 68,313</u>

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

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rate</u>	<u>Maturities</u>	<u>Outstanding June 30, 2009</u>
1996 Loans payable	\$ 11,313	3.19%	2009-12	\$ 4,775
1997 Loans payable	7,500	2.95%	2009-11	1,915
2000 Loans payable	61,180	2.20%	2009-16	39,645
2004 Loans payable	19,967	1.81%	2009-24	18,262
Loans payable				<u>64,597</u>
Less unamortized deferred amount				(108)
Total loans payable				<u>\$ 64,489</u>

The following schedule details loans payable debt service requirements to maturity at June 30, 2009.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 6,317	\$ 2,200
2011	7,605	1,948
2012	7,891	1,667
2013	6,937	1,397
2014	6,032	1,160
2015 - 2019	21,845	2,710
2020 - 2024	6,547	791
2025 - 2029	1,423	23
	<u>\$ 64,597</u>	<u>\$ 11,896</u>

Pima County has pledged future user charges, net of specified operating expenses, to repay \$183,880 in sewer revenue bonds issued between 1998 and 2009 and \$64,597 in sewer revenue loans issued

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 6: Long-Term Liabilities (continued)

between 1996 and 2004. Proceeds from the bonds and loans provided financing for construction of various treatment facilities and sewer infrastructure within Pima County. The bonds and loans are payable from net sewer revenues and are payable through fiscal year 2026-27. Annual principal and interest payments on the bonds are expected to require approximately 28 percent of net revenues. The annual principal and interest payments on the loans are expected to require approximately 19 percent of net revenues. Total principal and interest remaining to be paid on the bonds is \$252,193. Total principal and interest remaining to be paid on the loans is \$76,493. Principal and interest paid for bonds and loans in the current year and total customer net revenues were \$3,588, \$8,377 and \$34,445, respectively.

CONTRACTS AND NOTES

Business-type Activities

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

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

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, 2009, is as follows:

Net assessed valuation		\$ 9,594,862
<u>Debt Limit (15% of net assessed valuation):</u>		1,439,229
<u>Less amount of debt applicable to debt limit:</u>		
General obligation bonds outstanding	\$ 386,845	
Less net assets in debt service fund available for payment of general obligation bond principal	(10,523)	376,322
Legal debt margin available		\$ 1,062,907

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 6: Long-Term Liabilities (continued)

Flood Control General Obligation Bonds

Flood Control general obligation debt may not exceed 5 percent of the value of the Flood Control District's taxable property as of the latest assessment. Legal debt margin at June 30, 2009, is as follows:

Net assessed valuation		\$ 8,684,572	
<u>Debt Limit (5% of net assessed valuation):</u>		434,229	
<u>Less amount of debt applicable to debt limit:</u>			
Flood Control obligation bonds outstanding	\$ 725		
Less net assets in debt service fund available for payment of flood control bond principal	(49)	676	
Legal debt margin available		<u>\$ 433,553</u>	

Note 7: Short-term Debt

Line of Credit

The County maintains a revolving line of credit with Bank of America National Trust and Savings Association to meet its short-term cash needs. At June 30, 2009, the County had an outstanding balance of \$0. Advances on the line of credit are payable on demand. The credit line is secured by the County's general taxing authority.

	<u>July 1, 2008</u>	<u>Draws</u>	<u>Repayments</u>	<u>June 30, 2009</u>
	<u>Balance</u>			<u>Balance</u>
Line of credit	\$0	\$ 18,300	\$ 18,300	\$0

Note 8: Landfill Liabilities

SOLID WASTE LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS:

State and federal laws and regulations require the County to place a final cover on its solid waste landfill sites when these sites stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after their closure. Although closure and post-closure care costs will not be paid until near or after the date the landfills stop accepting waste, the County records a portion of these closure and post-closure care costs as a long-term liability in each period, based on landfill capacity used as of each balance sheet date. The \$19,329 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 \$5,437 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, 2009; actual costs may change due to inflation, changes in technology, or changes in regulations.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 8: Landfill Liabilities (continued)

<u>Landfill Site</u>	<u>Capacity Used June 30, 2009</u>	<u>Estimated Remaining Service Life</u>
Ajo *	100%	0 Year
Sahuarita **	45%	41 Years
Tangerine ***	91%	12 Years

*Life extending facility development options are presently being considered for the Ajo Landfill, including vertical and/or horizontal expansion. A Type IV Modification application has been submitted to Arizona Department of Environmental Quality to increase capacity.

** Sahuarita's facility has incurred a decrease in annual solid waste tipping. This decrease has resulted in an increase in the expected life of the landfill.

*** Tangerine's facility has increased expected life due to decreased disposal activity and revised annual airspace consumption.

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 \$9,727 when closure occurs and plans to fund the costs with proceeds of general obligation bonds and with solid waste tipping fees. At this time, there is no closure date available.

Note 9: Retirement Plans

Pension Plan Descriptions

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 9: Retirement Plans (continued)

Title 38, Chapter 5, Article 2.

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

The **CORP** administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium plan that covers certain employees of the State of Arizona's Departments of Corrections and Juvenile Corrections, and County employees whose primary duties require direct inmate contact. The **CORP** is governed by the Fund Manager of **PSPRS** and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

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

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

Funding Policy

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

Cost-sharing plans

For the year ended June 30, 2009, active **ASRS** members were required by statute to contribute at the actuarially determined rate of 9.45 percent (8.95 percent for retirement and 0.50 percent for long-term disability) of the members' annual covered payroll. The County was required by statute to contribute at the actuarially determined rate of 9.45 percent (7.99 percent for retirement, .96 percent for health insurance premium, and 0.50 percent for long-term disability) of the members' annual covered payroll.

	ASRS Retirement Fund	Health Benefit Supplement Fund	Long-term Disability Fund
Year ended June 30,			
2009	\$ 20,127	\$ 2,418	\$ 1,259
2008	20,981	2,737	1,303
2007	19,169	2,666	1,270

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 9: Retirement Plans (continued)

Agent plans

For the year ended June 30, 2009, active **PSPRS** members were required by statute to contribute 7.65 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 23.89 percent, the aggregate of which is the actuarially required amount. As allowed by statute, the County contributed 3.65 percent of the members' required contribution, with the members contributing 4.00 percent. The health insurance premium portion of the contribution was set at 1.93 percent of covered payroll. Active **CORP** members were required by statute to contribute 7.96 percent of the members' annual covered payroll, except that, beginning in October 2008, all non-dispatcher members were required to contribute 8.41 percent, and the County was required to contribute at the actuarially determined rate of 9.42 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.10 percent of covered payroll.

Actuarial methods and assumptions

The contribution requirements for the year ended June 30, 2009 were established by the June 30, 2007 actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

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

Projections of benefits are based on 1) the plans as understood by the County and plans' members and include the types of benefits in force at the valuation date, and 2) the pattern of sharing benefit costs between the County and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for all plans and related benefits (unless noted), and the actuarial methods and assumptions used to establish the fiscal year 2009 contribution requirements, are as follows:

	PSPRS	CORP
Actuarial valuation date	June 30, 2007	June 30, 2007
Actuarial cost method	Projected unit credit	Projected unit credit
Actuarial Assumptions:		
Investment rate of return	8.50%	8.50%
Projected salary increases	5.50% - 8.50%	5.50% - 8.50%
includes inflation at	5.00%	5.00%
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	29 Years for unfunded actuarial accrued liability, 20 years for excess	29 Years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	Smoothed market value	Smoothed market value

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 9: Retirement Plans (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, 2009, and related information follows:

	PSPRS		CORP	
	<u>Pension</u>	<u>Health Insurance</u>	<u>Pension</u>	<u>Health Insurance</u>
Annual pension/OPEB cost	\$ 8,268	\$ 627	\$ 2,162	\$ 236
Contributions made	\$ 8,268	\$ 463	\$ 2,162	\$ 182

Trend Information

Annual pension cost information for the current and 2 preceding years follows for the PSPRS and CORP agent plans. Annual OPEB cost information for fiscal year 2009 and 2008 are as follows. Information about the other preceding year will be added in next year.

<u>Plan</u>	<u>Year Ended June 30</u>	<u>Annual Pension/ OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	
PSPRS				
Pension	2009	\$ 8,268	100%	
Health insurance	2009	\$ 627	73.8%	\$ 164
Pension	2008	\$ 6,923	100%	
Health insurance	2008	\$ 565	79%	\$ 121
Pension & health insurance	2007	\$ 5,422	100%	
CORP				
Pension	2009	\$ 2,162	100%	
Health insurance	2009	\$ 236	77.1%	\$ 54
Pension	2008	\$ 1,513	100%	
Health insurance	2008	\$ 247	66%	\$ 84
Pension & health insurance	2007	\$ 1,224	100%	

Funded Status

The funded status of the plans, as of the most recent valuation date June 30, 2009, 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.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 9: Retirement Plans (continued)

	<u>PSPRS</u>		<u>CORP</u>	
	<u>Pension Insurance</u>	<u>Health Insurance</u>	<u>Pension Insurance</u>	<u>Health Insurance</u>
Actuarial accrued liability	\$ 212,291	\$ 7,088	\$ 60,217	\$ 3,095
Actuarial value of assets	\$ 142,164	0	\$ 48,740	0
Unfunded actuarial accrued liability (funding excess)	\$ 70,127	\$ 7,088	\$ 11,477	\$ 3,095
Funded ratio	67.0 %	0 %	80.90 %	0 %
Covered payroll	\$ 33,557	\$ 33,557	\$ 20,411	\$ 20,411
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	209.0 %	21.1 %	56.2 %	15.1 %

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

Note 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:

	<i>General</i>	<i>Capital Projects</i>	<i>Other Governmental</i>	<i>PHS & Services</i>	<i>RWR</i>	<i>Other Enterprise</i>	<i>Internal Service</i>	<i>Total</i>
General		\$ 1,463	\$ 1,003	\$ 13	\$ 1	\$ 1	\$ 1	2,481
Capital Projects		-		118				118
Debt Service				3,099				3,099
Other Governmental	\$ 256		595					851
RWR		\$ 3,098						3,098
Other Enterprise	1							1
Internal Service			428					428
Total	\$ 257	\$ 3,098	\$ 2,486	\$ 1,003	\$ 3,230	\$ 1	\$ 1	\$ 10,076

Amounts recorded as due from:

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 10: Interfund Transactions (continued)

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:											
		General	Capital Projects	Other Governmental	PHS & Services	RWR	Internal Services	Total					
Amounts recorded as transfers in:	General	\$	20,594	\$	12,778	\$	3,400	\$	12,892	\$	853	\$	50,517
	Capital Projects	\$	571		14,180						1,000		15,751
	Debt Service		49,091	937	20,331		13,190	130					83,679
	Other Governmental		19,553	1,552	134								21,239
	RWR		13,462	12,108									25,570
	Internal Service		853	175									1,028
	Total		\$ 83,530	\$ 35,366	\$ 47,423	\$ 3,400	\$ 26,082	\$ 1,983	\$ 197,784				

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

Transfer from	Transfer to	Transfer from	Transfer to
		\$ 93	Other enterprise funds
		\$ 3	Internal Services
	Subtotal	<u>\$ 96</u>	Government activities
Government activities	Internal Services	<u>(1)</u>	Government activities
	Total	<u>\$ 95</u>	

Note 11: Construction and Other Significant Commitments

At June 30, 2009, Pima County had the following major contractual commitments related to Facilities Management, General Government, Natural Resources, Parks & Recreation, Pima Health Systems & Services, Regional Flood Control District, Regional Wastewater Reclamation and Transportation.

Facilities Management

At June 30, 2009, the Pima County Facilities Management Department had contractual commitments related to service contracts of \$7,876. Funding for these expenditures will be provided from general fund revenues.

General Government

At June 30, 2009, Pima County had contractual commitments related to service contracts for Fleet Services of \$3,733, Human Resources of \$39,062, Institutional Health of \$28,718 and Sheriff of \$815. Funding for these expenditures will be provided from General Fund revenues. Real Property had contractual

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 11: Construction and Other Significant Commitments (continued)

commitments related to land acquisitions of \$23,511, for which the funding of these expenditures will be provided by general obligation bonds.

Natural Resources, Parks and Recreation

At June 30, 2009, Pima County had contractual commitments related to construction contracts for Natural Resources, Parks and Recreation of \$11,141. Funding for these expenditures will be provided from general obligation bonds.

Pima Health Systems & Services

At June 30, 2009, Pima County had contractual commitments related to service contracts for Pima Health Systems & Services of \$58,407. Funding for these expenditures will be primarily provided from federal and state funding sources.

Regional Flood Control District

At June 30, 2009, the Pima County Regional Flood Control District had construction contractual commitments of \$3,719. Funding for these expenditures will be provided from tax levy revenues.

Regional Wastewater Reclamation

At June 30, 2009, the Regional Wastewater Reclamation Enterprise Fund had construction contractual commitments of \$44,508 and other contractual commitments related to service contracts of \$7,245. Funding for these expenditures will be primarily from Sewer Revenue Bonds and related fees.

Transportation

At June 30, 2009, the Pima County Transportation Department had construction contractual commitments of \$33,639 and other contractual commitments related to service contracts of \$1,420. Funding for these expenditures will be primarily provided from Transportation Revenue Bonds and Highway User Tax Revenue, the primary source of revenue for the Transportation Department.

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

The Special Districts Fund (non-major governmental fund) had a deficit fund balance at June 30, 2009, of \$952. This deficit can be eliminated in the future through normal operations.

Note 13: Subsequent Events

On October 9, 2009 the Regional Wastewater Reclamation Enterprise Fund entered into a loan agreement with the Water Infrastructure Financing Authority (WIFA) in the amount of \$10,002 to provide funds for the construction of approximately 5 miles of system improvements to interconnect the Roger Road and the Ina Road treatment facilities to one another, as approved by Pima County Board of Supervisors' Resolution No 2009-58 on April 14, 2009.

Interest is payable semiannually beginning January 1, 2010 and is calculated based on the principal amount of the loan outstanding during such period. Principal payments to maturity are subject to change based upon total amounts drawn down. Payments will be made from user charges received in the Regional Wastewater Reclamation Enterprise Fund.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2009
(in thousands)

Note 13: Subsequent Events (continued)

On November 17, 2009, the County issued \$23,535 in Series 2009 Refunding Bonds. The net proceeds of the refunding bonds issuance were placed in an irrevocable trust account with U. S. Bank to advance refund various General Obligation bonds as follows:

Series 1998	\$	7,120
Series 2000		12,000
Series 2002		<u>4,000</u>
	<u>\$</u>	<u>23,120</u>

The interest rate on the bonds range from 2.00% to 3.50%, and the maturity dates range from July 1, 2010 to 2016. Interest is payable semiannually beginning July 1, 2010.

On November 17, 2009, the County issued \$90,000, Series 2009A G. O. Bonds, to fund various County capital projects. Interest rates on the bonds range from 2.00% to 4.00%, and the maturity date ranges from July 1, 2010 to 2024. Interest is payable semiannually beginning July 1, 2010.

On November 17, 2009, the County issued \$8,400, Series 2009 Transportation Refunding Bonds to advance refund \$8,300 of Series 2002 Transportation Bonds. The net proceeds were placed in an irrevocable trust with U. S. Bank. Interest rates on the bonds range from 3.00% to 4.00%, and maturity date ranges from July 1, 2013 to 2024. Interest is payable semiannually beginning July 1, 2010. Payments will be made from the revenues received by the County from highway user taxes.

On November 17, 2009, the County issued \$15,020 in Series 2009 Transportation Bonds to provide funds for road construction. Interest rates on the bonds range from 3.00% to 4.00% and maturity dates range from July 1, 2013 to 2024. Interest is payable semiannually beginning on July 1, 2010. Payments will be made from the revenues received from highway user taxes.

On December 3, 2009, the County defeased \$20,000 in Series 2009 Certificates of Participation, payable June 1, 2010, with an interest rate of 3.00%. These funds will be placed in irrevocable trust with U.S. Bank.

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Required Supplementary Information

Other Than Management's Discussion & Analysis

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - General Fund
For the Year Ended June 30, 2009
(in thousands)

Exhibit B - 1

	Budgeted Amounts		Actual	Variance
	Original	Final		Over/Under
Revenues:				
Taxes	\$ 282,377	\$ 282,377	\$ 281,749	\$ (628)
Licenses and permits	2,956	2,956	2,747	(209)
Intergovernmental	148,442	148,442	131,966	(16,476)
Charges for services	33,096	33,096	35,330	2,234
Fines and forfeits	5,237	5,237	4,720	(517)
Investment earnings	1,864	1,864	1,084	(780)
Miscellaneous	7,362	7,362	7,099	(263)
Total revenues	481,334	481,334	464,695	(16,639)
Expenditures:				
Assessor	8,651	8,651	8,352	299
Board of Supervisors	1,913	1,913	1,729	184
Clerk of Superior Court	10,323	10,323	9,929	394
Community & Economic Development	15,862	15,862	14,955	907
Constables	1,010	1,010	978	32
County Administration	74,031	73,794	33,036	40,758
County Attorney	19,870	20,077	19,487	590
Department of Institutional Health	112,187	112,187	115,481	(3,294)
Forensic Science Center	2,782	2,782	2,767	15
Graphics	753	753	618	135
Justice Courts	7,770	7,770	7,575	195
Juvenile Court	22,747	22,747	22,454	293
Justice & Law Enforcement	28,850	28,850	30,585	(1,735)
Public Works	32,050	32,050	30,184	1,866
Recorder	4,191	4,191	3,743	448
Sheriff	118,066	118,066	121,704	(3,638)
Superior Court	27,729	27,759	27,158	601
Superior Court Mandated Services	1,824	1,824	1,997	(173)
School Superintendent	2,348	2,348	1,413	935
Treasurer	2,514	2,514	2,189	325
Debt Service - principal	3,510	3,510	3,510	
- interest	2,426	2,426	2,426	
- miscellaneous	6	6	6	
Total expenditures	501,413	501,413	462,276	39,137
Excess (deficiency) of revenues over (under) expenditures	(20,079)	(20,079)	2,419	22,498
Other financing sources (uses):				
Proceeds from sale of capital assets			371	371
Transfers in	11,914	11,914	50,517	38,603
Transfers (out)	(19,584)	(19,584)	(83,530)	(63,946)
Total other financing sources (uses)	(7,670)	(7,670)	(32,642)	(24,972)
Net change in fund balance	(27,749)	(27,749)	(30,223)	(2,474)
Fund balance at beginning of year	27,749	27,749	70,389	42,640
Fund balance at end of year	\$ -	\$ -	\$ 40,166	\$ 40,166

See notes to budgetary comparison schedule

PIMA COUNTY, ARIZONA
Notes to Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - General Fund
June 30, 2009
(in thousands)

Note 1: Budgetary Basis of Accounting

Arizona Revised Statutes (ARS § 42-17101) requires that on or before the third Monday in July of each year, the Board of Supervisors adopt a tentative budget for the fiscal year. A public hearing and special board meeting is scheduled at which time the final budget is adopted.

The County adopts, on a modified accrual basis, budgets for all governmental fund types (General, Special Revenue, Debt Service and Capital Projects Fund). Operating plans for all Enterprise Funds are also adopted as part of the budget document. Per ARS § 42-17106, expenditures may not be in excess of the amounts specified for each purpose in the budget, except as provided by law. Each Special Revenue Fund maintains budgetary control at the fund or sub-fund level where applicable. Budgetary control for the Capital Projects Fund and the Debt Service Fund are at the fund level.

Adopted budgets provide that the beginning unreserved fund balance plus revenues and other financing sources equal expenditures and other uses. ARS § 42-17106 requires that amendments to the budget, including transfers of appropriations between departments or funds are not permissible unless the Board of Supervisors determines that it is in the public interest and it is based on a demonstrated need.

Note 2: Excess of Expenditures Over Appropriations

For the year ended June 30, 2009, expenditures exceeded appropriations in the following General Fund departments (the legal level of budgetary control) by the following amounts: Sheriff, \$3,638; Institutional Health, \$3,294; Justice & Law Enforcement, \$1,735; and Superior Court Mandated Services, \$173. These expenditures were funded by unspent appropriations by the County Administrator.

PIMA COUNTY, ARIZONA
Schedule of Retirement Plans' Funding Progress
June 30, 2009
(in thousands)

Exhibit B - 2

Plan	Year Ended June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Funding Liability (Excess)	Funded Ratio	Annual Covered Payroll	Unfunded Liability as Percentage of Covered Payroll
PSPRS							
Pension	2009	\$ 142,164	\$ 212,291	\$ 70,127	67.0%	\$ 33,557	209.0%
Health Insurance	2009	0	7,088	7,088	0%	33,557	21.1%
Pension	2008	133,286	198,116	64,830	67.3%	32,495	199.5%
Health Insurance	2008	0	8,056	8,056	0%	32,495	24.8%
Pension	2007	128,524	197,365	68,841	65.1%	29,428	233.9%
Health Insurance	2007	0	7,930	7,930	0%	29,428	27.0%
CORP							
Pension	2009	\$ 48,740	\$ 60,217	\$ 11,477	80.9%	\$ 20,411	56.2%
Health Insurance	2009	0	3,095	3,095	0%	20,411	15.1%
Pension	2008	45,957	55,365	9,408	83.0%	21,455	43.8%
Health Insurance	2008	0	2,958	2,958	0%	21,455	13.8%
Pension	2007	44,196	54,488	10,292	81.1%	20,190	51.0%
Health Insurance	2007	0	2,735	2,735	0%	20,190	13.6%

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Combining Statements and Other Schedules

Other (Nonmajor) Governmental Funds

OTHER GOVERNMENTAL FUNDS (Nonmajor)

Transportation Fund - to account for administrative and operating costs, as well as resources transferred to the Capital Projects Fund for construction of highways and streets. Financing is provided primarily from the County share of gasoline and vehicle license taxes collected by the State.

Health and Animal Care Fund - to account for resources used to finance activities involved in the conservation and improvement of public health. Major sources of funding include Federal and State grants, charges for services provided and operating transfers from the General Fund.

Regional Flood Control District Fund - to account for amounts expended to protect persons and property from floodwaters. Revenues are provided by secondary taxes on real property and government grants. The Regional Flood Control District is a blended component unit of Pima County.

Employment and Training Fund - to account for resources controlled by the County as a prime sponsor under the Workforce Investment Act. Financing is provided by the Federal Government.

Other Special Revenue Fund - to account for resources specifically identified to be expended for the various other programs of the County. These include various probation programs, consumer protection programs, family support, antiracketeering programs, law library, etc. Revenues are provided by fines, intergovernmental revenues, fees and forfeitures and charges for services.

Other Special Revenue Grants Fund - to account for Federal and State grants received by the County not required to be accounted for in a separate fund. Each grant has a specific project objective and the grant funds must be used for a stated purpose.

School Reserve Fund - to account for Federal and State grants received by the Superintendent of Schools. Each grant has a specific project objective and the grant funds must be used for a stated purpose.

Environmental Quality Fund - to account for resources specifically identified to be expended for protection of water, air and land from pollutants. Revenues are provided by fines, fees and forfeitures, licenses, permits and Federal and State grants.

Special Districts Fund - to account for financial activity related to Improvement Districts, which are legally separate districts not accounted for elsewhere.

Solid Waste Fund - to account for the resources used to finance the operations of the County's landfills and transfer stations and to account for the state shared revenue tax for the tire recycling program.

Library District Fund - to account for the resources used for management and operation of the Library District. Revenues are provided primarily by secondary taxes on real property. The Library District is a blended component unit of Pima County.

Stadium District Fund - to account for resources specifically identified to be expended for the Stadium District. Revenues are provided by the car rental, hotel/motel bed and recreation vehicle park taxes and charges for services provided. The Stadium District is a blended component unit of Pima County.

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PIMA COUNTY, ARIZONA
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2009
(in thousands)

	Special Revenue Funds					
	Transportation	Health and Animal Care	Regional Flood Control District	Employment and Training	Other	Other Grants
<u>Assets</u>						
Cash and cash equivalents	\$ 14,387	\$ 2,236	\$ 6,469		\$ 33,996	\$ 587
Property taxes receivable (net of allowances for uncollectables)			1,050			
Interest receivable	35	6	30		109	1
Due from other funds	599			\$ 6	72	22
Due from other governments	8,460	2,111	2	4,653	184	3,148
Accounts receivable	22	112	10	58	941	32
Inventory	1,479	72				
Prepaid expenditures	32	16	6	8	94	38
Other assets					82	
Special assessments receivable						
Total assets	<u>\$ 25,014</u>	<u>\$ 4,553</u>	<u>\$ 7,567</u>	<u>\$ 4,725</u>	<u>\$ 35,478</u>	<u>\$ 3,828</u>
<u>Liabilities and fund balances</u>						
Liabilities:						
Accounts payable	\$ 3,111	\$ 546	\$ 506	\$ 1,874	\$ 1,206	\$ 1,004
Interest payable						
Employee compensation	740	631	187	116	209	654
Due to other funds	27	1		1,405	7	23
Due to other governments				1		6
Deferred revenues	3,501	1,084	944	608	1,324	466
Total liabilities	<u>7,379</u>	<u>2,262</u>	<u>1,637</u>	<u>4,004</u>	<u>2,746</u>	<u>2,153</u>
Fund balances:						
Reserved for inventory	1,479	72				
Reserved for prepaid expenditures	32	16	6	8	94	38
Reserved for debt service						
Reserved for capital repairs and refurbishments						
Reserved for specified programs						
Unreserved	16,124	2,203	5,924	713	32,638	1,637
Designated for sports promotion						
Total fund balances	<u>17,635</u>	<u>2,291</u>	<u>5,930</u>	<u>721</u>	<u>32,732</u>	<u>1,675</u>
Total liabilities and fund balances	<u>\$ 25,014</u>	<u>\$ 4,553</u>	<u>\$ 7,567</u>	<u>\$ 4,725</u>	<u>\$ 35,478</u>	<u>\$ 3,828</u>

Special Revenue Funds						Total Other Governmental Funds
School Reserve	Environmental Quality	Special Districts	Solid Waste	Library District	Stadium District	
\$ 1,745	\$ 1,009	\$ 71	\$ 2,870	\$ 22,422	\$ 4,459	\$ 90,251
	2		8	1,290 78	14	2,340 283
421	195		244		152	851
71	41		161	21	242	19,660
					253	1,722
9				496	76	1,551 775
		995				82
						995
<u>\$ 2,246</u>	<u>\$ 1,247</u>	<u>\$ 1,066</u>	<u>\$ 3,283</u>	<u>\$ 24,307</u>	<u>\$ 5,196</u>	<u>\$ 118,510</u>
\$ 103	\$ 30		\$ 268	\$ 2,073	\$ 196	\$ 10,917
86	109		72	595	1 6	1 3,405
		\$ 1,023	6			2,486
8	67	995		1,147	168	13
<u>197</u>	<u>206</u>	<u>2,018</u>	<u>346</u>	<u>3,815</u>	<u>371</u>	<u>10,312</u>
						1,551
9				496	76	775
		28				28
					98	98
2,040	1,022 19	(980)	1,679 1,258	102 19,894	(274)	2,803 81,196
					4,925	4,925
<u>2,049</u>	<u>1,041</u>	<u>(952)</u>	<u>2,937</u>	<u>20,492</u>	<u>4,825</u>	<u>91,376</u>
<u>\$ 2,246</u>	<u>\$ 1,247</u>	<u>\$ 1,066</u>	<u>\$ 3,283</u>	<u>\$ 24,307</u>	<u>\$ 5,196</u>	<u>\$ 118,510</u>

PIMA COUNTY, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Governmental Funds
For the Year Ended June 30, 2009
(in thousands)

	Special Revenue Funds					Other Grants
	Transportation	Health and Animal Care	Regional Flood Control District	Employment and Training	Other	
Revenues:						
Taxes			\$ 25,145			
Special assessments						
Licenses and permits	\$ 186	\$ 2,267				
Intergovernmental	57,987	10,673	762	\$ 14,499	\$ 5,119	\$ 35,950
Charges for services	222	2,894	77		7,737	
Fines and forfeits		158			588	
Investment earnings	250	8	101		671	19
Miscellaneous	246	471	371	203	7,838	285
Total revenues	58,891	16,471	26,456	14,702	21,953	36,254
Expenditures:						
Current:						
General government					15,807	22,068
Public safety			10,858		3,371	8,684
Highways and streets	38,082				50	
Sanitation						
Health		25,108				40
Culture and recreation					632	48
Education and economic opportunity				14,686	1,770	5,139
Debt service - principal					123	
- interest					8	
Total expenditures	38,082	25,108	10,858	14,686	21,761	35,979
Excess (deficiency) of revenues over (under) expenditures	20,809	(8,637)	15,598	16	192	275
Other financing sources (uses):						
Proceeds from sale of capital assets	325		97		83	
Transfers in	4,863	9,447		289	2,486	477
Transfers (out)	(21,093)	(58)	(10,787)		(12,015)	(265)
Total other financing sources (uses)	(15,905)	9,389	(10,690)	289	(9,446)	212
Net change in fund balances	4,904	752	4,908	305	(9,254)	487
Fund balances at beginning of year	12,731	1,594	1,022	416	41,986	1,188
Change in reserve for inventory		(55)				
Fund balances at end of year	\$ 17,635	\$ 2,291	\$ 5,930	\$ 721	\$ 32,732	\$ 1,675

Special Revenue Funds						Total Other Governmental Funds
School Reserve	Environmental Quality	Special Districts	Solid Waste	Library District	Stadium District	
		\$ 441		\$ 32,124		\$ 57,269
	\$ 1,789					441
\$ 3,908	1,302		\$ 1,048	2,422	\$ 1,547	4,242
	77		4,487		947	135,217
	16	2		740		16,364
	12		198	367	5,001	1,563
						1,547
						14,992
<u>3,908</u>	<u>3,196</u>	<u>443</u>	<u>5,777</u>	<u>36,026</u>	<u>7,558</u>	<u>231,635</u>
						37,875
						22,913
						38,132
			6,666			6,666
	3,711					28,859
				31,995	3,402	36,077
4,336						25,931
						123
		<u>93</u>				<u>101</u>
<u>4,336</u>	<u>3,711</u>	<u>93</u>	<u>6,666</u>	<u>31,995</u>	<u>3,402</u>	<u>196,677</u>
<u>(428)</u>	<u>(515)</u>	<u>350</u>	<u>(889)</u>	<u>4,031</u>	<u>4,156</u>	<u>34,958</u>
	399		1,000		2,278	505
				(172)	(3,033)	21,239
						(47,423)
	399		1,000	(172)	(755)	(25,679)
(428)	(116)	350	111	3,859	3,401	9,279
2,477	1,157	(1,302)	2,826	16,633	1,424	82,152
						(55)
<u>\$ 2,049</u>	<u>\$ 1,041</u>	<u>\$ (952)</u>	<u>\$ 2,937</u>	<u>\$ 20,492</u>	<u>\$ 4,825</u>	<u>\$ 91,376</u>

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Combining Statements and Other Schedules

Schedule of Revenues, Expenditures and Changes in Fund
Balance

Budget and Actual – Other Governmental Funds

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Capital Projects Fund
For the Year Ended June 30, 2009
(in thousands)

Exhibit C - 3

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 25,849	\$ 25,036	\$ (813)
Charges for services	9,425	3,652	(5,773)
Investment earnings	1,118	1,758	640
Miscellaneous	94	323	229
Total revenues	<u>36,486</u>	<u>30,769</u>	<u>(5,717)</u>
Expenditures:			
Capital outlay	<u>166,449</u>	<u>146,334</u>	<u>20,115</u>
Total expenditures	<u>166,449</u>	<u>146,334</u>	<u>20,115</u>
Deficiency of revenues under expenditures	<u>(129,963)</u>	<u>(115,565)</u>	<u>14,398</u>
Other financing sources (uses):			
Face amount of long-term debt	100,000	109,400	9,400
Transfers in	15,122	15,751	629
Transfers (out)	(15,096)	(35,366)	(20,270)
Total other financing sources	<u>100,026</u>	<u>89,785</u>	<u>(10,241)</u>
Net change in fund balance	(29,937)	(25,780)	4,157
Fund balance at beginning of year	137,921	152,643	14,722
Fund balance at end of year	<u>\$ 107,984</u>	<u>\$ 126,863</u>	<u>\$ 18,879</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Debt Service Fund
For the Year Ended June 30, 2009
(in thousands)

Exhibit C - 4

	Budget	Actual	Variance Over/Under
Revenues:			
Taxes	\$ 57,164	\$ 57,223	\$ 59
Intergovernmental	8	17	9
Investment earnings	1,000	946	(54)
Total revenues	<u>58,172</u>	<u>58,186</u>	<u>14</u>
Expenditures:			
Debt service - principal	72,395	96,751	(24,356)
- interest	28,090	24,322	3,768
- miscellaneous	37	18	19
Total expenditures	<u>100,522</u>	<u>121,091</u>	<u>(20,569)</u>
Deficiency of revenues under expenditures	<u>(42,350)</u>	<u>(62,905)</u>	<u>(20,555)</u>
Other financing sources:			
Premium on bonds		675	675
Transfers in	44,581	83,679	39,098
Total other financing sources	<u>44,581</u>	<u>84,354</u>	<u>39,773</u>
Net change in fund balance	2,231	21,449	19,218
Fund balance at beginning of year	10,504	12,393	1,889
Fund balance at end of year	<u>\$ 12,735</u>	<u>\$ 33,842</u>	<u>\$ 21,107</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Transportation - Special Revenue Fund
For the Year Ended June 30, 2009
(in thousands)

Exhibit C - 5

	Budget	Actual	Variance Over/Under
Revenues:			
Licenses and permits	\$ 211	\$ 186	\$ (25)
Intergovernmental	63,903	57,987	(5,916)
Charges for services	375	222	(153)
Investment earnings	606	250	(356)
Miscellaneous	137	246	109
Total revenues	<u>65,232</u>	<u>58,891</u>	<u>(6,341)</u>
Expenditures:			
Highways and streets	<u>48,330</u>	<u>38,082</u>	<u>10,248</u>
Total expenditures	<u>48,330</u>	<u>38,082</u>	<u>10,248</u>
Excess of revenues over expenditures	<u>16,902</u>	<u>20,809</u>	<u>3,907</u>
Other financing sources (uses):			
Proceeds from sale of capital assets		325	325
Transfers in	3,943	4,863	920
Transfers (out)	<u>(21,093)</u>	<u>(21,093)</u>	
Total other financing (uses)	<u>(17,150)</u>	<u>(15,905)</u>	<u>1,245</u>
Net change in fund balance	(248)	4,904	5,152
Fund balance at beginning of year	<u>9,019</u>	<u>12,731</u>	<u>3,712</u>
Fund balance at end of year	<u>\$ 8,771</u>	<u>\$ 17,635</u>	<u>\$ 8,864</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Health and Animal Care - Special Revenue Fund
For the Year Ended June 30, 2009
(in thousands)

Exhibit C - 6

	Budget	Actual	Variance Over/Under
Revenues:			
Licenses and permits	\$ 2,452	\$ 2,267	\$ (185)
Intergovernmental	11,643	10,673	(970)
Charges for services	2,645	2,894	249
Fines and forfeits	207	158	(49)
Investment earnings		8	8
Miscellaneous	348	471	123
Total revenues	<u>17,295</u>	<u>16,471</u>	<u>(824)</u>
Expenditures:			
Health	17,145	16,193	952
Health grants	10,143	8,915	1,228
Total expenditures	<u>27,288</u>	<u>25,108</u>	<u>2,180</u>
Deficiency of revenues under expenditures	<u>(9,993)</u>	<u>(8,637)</u>	<u>1,356</u>
Other financing sources (uses):			
Transfers in	9,689	9,447	(242)
Transfers (out)		(58)	(58)
Total other financing sources	<u>9,689</u>	<u>9,389</u>	<u>(300)</u>
Net change in fund balance	(304)	752	1,056
Fund balance at beginning of year	1,066	1,594	528
Change in reserve for inventory		(55)	(55)
Fund balance at end of year	<u>\$ 762</u>	<u>\$ 2,291</u>	<u>\$ 1,529</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Regional Flood Control - Special Revenue Fund
For the Year Ended June 30, 2009
(in thousands)

Exhibit C - 7

	Budget	Actual	Variance Over/Under
Revenues:			
Taxes	\$ 25,333	\$ 25,145	\$ (188)
Intergovernmental	217	762	545
Charges for services	175	77	(98)
Investment earnings	100	101	1
Miscellaneous	181	371	190
Total revenues	<u>26,006</u>	<u>26,456</u>	<u>450</u>
Expenditures:			
Flood control	12,545	10,858	1,687
Total expenditures	<u>12,545</u>	<u>10,858</u>	<u>1,687</u>
Excess of revenues over expenditures	<u>13,461</u>	<u>15,598</u>	<u>2,137</u>
Other financing (uses):			
Proceeds from sale of capital assets		97	97
Transfers (out)	(10,788)	(10,787)	1
Total other financing (uses)	<u>(10,788)</u>	<u>(10,690)</u>	<u>98</u>
Net change in fund balance	2,673	4,908	2,235
Fund balance at beginning of year	2,097	1,022	(1,075)
Fund balance at end of year	<u>\$ 4,770</u>	<u>\$ 5,930</u>	<u>\$ 1,160</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Employment and Training - Special Revenue Fund
For the Year Ended June 30, 2009
(in thousands)

Exhibit C - 8

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 14,588	\$ 14,499	\$ (89)
Miscellaneous	302	203	(99)
Total revenues	<u>14,890</u>	<u>14,702</u>	<u>(188)</u>
Expenditures:			
Employment and training	15,179	14,686	493
Total expenditures	<u>15,179</u>	<u>14,686</u>	<u>493</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(289)</u>	<u>16</u>	<u>305</u>
Other financing sources:			
Transfers in	289	289	
Total other financing sources	<u>289</u>	<u>289</u>	
Net change in fund balance		305	305
Fund balance at beginning of year	748	416	(332)
Fund balance at end of year	<u>\$ 748</u>	<u>\$ 721</u>	<u>\$ (27)</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Other - Special Revenue Fund
For the Year Ended June 30, 2009
(in thousands)

Exhibit C - 9

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 4,565	\$ 5,119	\$ 554
Charges for services	6,737	7,737	1,000
Fines and forfeits	604	588	(16)
Investment earnings	1,606	671	(935)
Miscellaneous	7,300	7,838	538
Total revenues	<u>20,812</u>	<u>21,953</u>	<u>1,141</u>
Expenditures:			
General government	25,262	15,807	9,455
Public safety	5,547	3,371	2,176
Highways and streets	50	50	
Culture and recreation	2,199	632	1,567
Education and economic opportunity	2,023	1,770	253
Debt service - principal	174	123	51
- interest	11	8	3
Total expenditures	<u>35,266</u>	<u>21,761</u>	<u>13,505</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,454)</u>	<u>192</u>	<u>14,646</u>
Other financing sources (uses):			
Proceeds from sale of capital assets		83	83
Transfers in	2,840	2,486	(354)
Transfers (out)	(11,349)	(12,015)	(666)
Total other financing (uses)	<u>(8,509)</u>	<u>(9,446)</u>	<u>(937)</u>
Net change in fund balance	(22,963)	(9,254)	13,709
Fund balance at beginning of year	<u>34,990</u>	<u>41,986</u>	<u>6,996</u>
Fund balance at end of year	<u>\$ 12,027</u>	<u>\$ 32,732</u>	<u>\$ 20,705</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Other Grants - Special Revenue Fund
For the Year Ended June 30, 2009
(in thousands)

Exhibit C - 10

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 38,125	\$ 35,950	\$ (2,175)
Investment earnings	47	19	(28)
Miscellaneous	920	285	(635)
Total revenues	39,092	36,254	(2,838)
Expenditures:			
Community Services	7,791	5,139	2,652
County Attorney	3,540	3,010	530
Justice Court	120	88	32
Juvenile Court	11,536	9,745	1,791
Legal Defender	20	30	(10)
Parks and Recreation	103	48	55
Public Defender	62	70	(8)
Adult Probation	9,912	8,955	957
Sheriff	6,007	8,684	(2,677)
Superior Court	131	186	(55)
Medical Assistance	110	40	70
County Administrator		(16)	16
Total expenditures	39,332	35,979	3,353
Excess (deficiency) of revenues over (under) expenditures	(240)	275	515
Other financing sources (uses):			
Transfers in		477	477
Transfers (out)		(265)	(265)
Total other financing sources		212	212
Net change in fund balance	(240)	487	727
Fund balance at beginning of year	794	1,188	394
Fund balance at end of year	\$ 554	\$ 1,675	\$ 1,121

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
School Reserve - Special Revenue Fund
For the Year Ended June 30, 2009
(in thousands)

Exhibit C - 11

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 3,816	\$ 3,908	\$ 92
Total revenues	<u>3,816</u>	<u>3,908</u>	<u>92</u>
Expenditures:			
School Reserve grants	3,910	4,336	(426)
Total expenditures	<u>3,910</u>	<u>4,336</u>	<u>(426)</u>
Deficiency of revenues under expenditures	<u>(94)</u>	<u>(428)</u>	<u>(334)</u>
Net change in fund balance	(94)	(428)	(334)
Fund balance at beginning of year	2,126	2,477	351
Fund balance at end of year	<u>\$ 2,032</u>	<u>\$ 2,049</u>	<u>\$ 17</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Environmental Quality - Special Revenue Fund
For the Year Ended June 30, 2009
(in thousands)

Exhibit C - 12

	Budget	Actual	Variance Over/Under
Revenues:			
Licenses and permits	\$ 2,142	\$ 1,789	\$ (353)
Intergovernmental	1,331	1,302	(29)
Fines and forfeits		77	77
Investment earnings	35	16	(19)
Miscellaneous	36	12	(24)
Total revenues	<u>3,544</u>	<u>3,196</u>	<u>(348)</u>
Expenditures:			
Environmental quality	3,043	2,612	431
Environmental quality grants	1,123	1,099	24
Total expenditures	<u>4,166</u>	<u>3,711</u>	<u>455</u>
Deficiency of revenues under expenditures	<u>(622)</u>	<u>(515)</u>	<u>107</u>
Other financing sources:			
Transfers in	409	399	(10)
Total other financing sources	<u>409</u>	<u>399</u>	<u>(10)</u>
Net change in fund balance	(213)	(116)	97
Fund balance at beginning of year	995	1,157	162
Fund balance at end of year	<u>\$ 782</u>	<u>\$ 1,041</u>	<u>\$ 259</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Special Districts - Special Revenue Fund
For the Year Ended June 30, 2009
(in thousands)

Exhibit C - 13

	Budget	Actual	Variance Over/Under
Revenues:			
Special assessments	\$ 449	\$ 441	\$ (8)
Investment earnings	2	2	2
Total revenues	<u>449</u>	<u>443</u>	<u>(6)</u>
Expenditures:			
Debt service - principal			
- interest	91	93	(2)
Total expenditures	<u>91</u>	<u>93</u>	<u>(2)</u>
Excess of revenues over expenditures	<u>358</u>	<u>350</u>	<u>(8)</u>
Net change in fund balance	358	350	(8)
Fund balance at beginning of year	(889)	(1,302)	(413)
Fund balance at end of year	<u>\$ (531)</u>	<u>\$ (952)</u>	<u>\$ (421)</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Solid Waste - Special Revenue Fund
For the Year Ended June 30, 2009
(in thousands)

Exhibit C - 14

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 1,200	\$ 1,048	\$ (152)
Charges for services	3,963	4,487	524
Investment earnings	85	44	(41)
Miscellaneous	54	198	144
Total revenues	<u>5,302</u>	<u>5,777</u>	<u>475</u>
Expenditures:			
Sanitation	8,260	6,666	1,594
Total expenditures	<u>8,260</u>	<u>6,666</u>	<u>1,594</u>
Deficiency of revenues under expenditures	<u>(2,958)</u>	<u>(889)</u>	<u>2,069</u>
Other financing sources:			
Transfers in	1,000	1,000	-
Total other financing sources	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Net change in fund balance	(1,958)	111	2,069
Fund balance at beginning of year	1,569	2,826	1,257
Fund balance at end of year	<u>\$ (389)</u>	<u>\$ 2,937</u>	<u>\$ 3,326</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Library District - Special Revenue Fund
For the Year Ended June 30, 2009
(in thousands)

Exhibit C - 15

	Budget	Actual	Variance Over/Under
Revenues:			
Taxes	\$ 31,927	\$ 32,124	\$ 197
Intergovernmental	2,100	2,422	322
Fines and forfeits	600	740	140
Investment earnings	503	373	(130)
Miscellaneous	355	367	12
Total revenues	<u>35,485</u>	<u>36,026</u>	<u>541</u>
Expenditures:			
Culture and recreation	36,108	31,995	4,113
Total expenditures	<u>36,108</u>	<u>31,995</u>	<u>4,113</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(623)</u>	<u>4,031</u>	<u>4,654</u>
Other financing (uses):			
Transfers (out)	(172)	(172)	
Total other financing (uses)	<u>(172)</u>	<u>(172)</u>	
Net change in fund balance	(795)	3,859	4,654
Fund balance at beginning of year	9,735	16,633	6,898
Fund balance at end of year	<u>\$ 8,940</u>	<u>\$ 20,492</u>	<u>\$ 11,552</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Stadium District - Special Revenue Fund
For the Year Ended June 30, 2009
(in thousands)

Exhibit C - 16

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 2,034	\$ 1,547	\$ (487)
Charges for services	1,276	947	(329)
Investment earnings	15	63	48
Miscellaneous		5,001	5,001
Total revenues	<u>3,325</u>	<u>7,558</u>	<u>4,233</u>
Expenditures:			
Culture and recreation	<u>3,413</u>	<u>3,402</u>	<u>11</u>
Total expenditures	<u>3,413</u>	<u>3,402</u>	<u>11</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(88)</u>	<u>4,156</u>	<u>4,244</u>
Other financing sources (uses):			
Transfers in	2,975	2,278	(697)
Transfers (out)	(3,033)	(3,033)	
Total other financing sources (uses)	<u>(58)</u>	<u>(755)</u>	<u>(697)</u>
Net change in fund balance	(146)	3,401	3,547
Fund balance at beginning of year	1,635	1,424	(211)
Fund balance at end of year	<u>\$ 1,489</u>	<u>\$ 4,825</u>	<u>\$ 3,336</u>



Combining Statements and Other Schedules

Other (Nonmajor) Enterprise Funds

Other (Nonmajor) Enterprise Funds

Development Services – to account for the operations of providing zoning permits, enforcing ordinances in compliance with state statutes and administering uniform building codes.

Parking Garages – to account for the management and operation of six public parking garages located in downtown Tucson.

PIMA COUNTY, ARIZONA
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2009
(in thousands)

Exhibit C - 17

	Development Services	Parking Garages	Total Other Enterprise Funds
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 3,503	\$ 2,492	\$ 5,995
Interest receivable	17	8	25
Due from other funds		1	1
Accounts receivable	16	4	20
Prepaid expense	62	4	66
Total current assets	3,598	2,509	6,107
Noncurrent assets:			
Capital assets:			
Land and other improvements		1,768	1,768
Buildings and improvements		12,927	12,927
Equipment	1,403	231	1,634
Less accumulated depreciation	(1,112)	(8,493)	(9,605)
Total capital assets (net of accumulated depreciation)	291	6,433	6,724
Total noncurrent assets	291	6,433	6,724
Total assets	3,889	8,942	12,831
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	30	326	356
Employee compensation	729	17	746
Due to other funds	1		1
Due to other governments		71	71
Total current liabilities	760	414	1,174
Total liabilities	760	414	1,174
<u>Net assets</u>			
Invested in capital assets	291	6,433	6,724
Unrestricted	2,838	2,095	4,933
Total net assets	\$ 3,129	\$ 8,528	\$ 11,657

PIMA COUNTY, ARIZONA
Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets
Nonmajor Enterprise Funds
June 30, 2009
(in thousands)

Exhibit C - 18

	Development Services	Parking Garages	Total Other Enterprise Funds
Operating revenues:			
Charges for services	\$ 5,654	\$ 1,676	\$ 7,330
Other	222		222
Total net operating revenues	<u>5,876</u>	<u>1,676</u>	<u>7,552</u>
Operating expenses:			
Employee compensation	7,588	280	7,868
Operating supplies and services	190	11	201
Utilities	131	192	323
Repair and maintenance	74	90	164
General and administrative	1,782	814	2,596
Consultants and professional services	75	1	76
Depreciation	245	298	543
Total operating expenses	<u>10,085</u>	<u>1,686</u>	<u>11,771</u>
Operating loss	<u>(4,209)</u>	<u>(10)</u>	<u>(4,219)</u>
Nonoperating revenues:			
Investment earnings	103	44	147
Gain/(loss) on disposal of capital assets	5	(18)	(13)
Total nonoperating revenues:	<u>108</u>	<u>26</u>	<u>134</u>
Income/(loss) before contributions and transfers	<u>(4,101)</u>	<u>16</u>	<u>(4,085)</u>
Transfers (out)		<u>(93)</u>	<u>(93)</u>
Change in net assets	(4,101)	(77)	(4,178)
Net assets at beginning of year	<u>7,230</u>	<u>8,605</u>	<u>15,835</u>
Net assets at end of year	<u>\$ 3,129</u>	<u>\$ 8,528</u>	<u>\$ 11,657</u>

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2009
(in thousands)

Exhibit C - 19

	Development Services	Parking Garages	Total Other Enterprise Funds
Cash flows from operating activities:			
Cash received from customers for goods and services provided	\$ 5,654	\$ 1,675	\$ 7,329
Cash received from miscellaneous operations	216		216
Cash payments to suppliers for goods and services	(344)	(1,008)	(1,352)
Cash payments to other funds for goods and services	(3,147)	(97)	(3,244)
Cash payments to employees for services	(7,104)	(289)	(7,393)
Net cash provided by (used for) operating activities	<u>(4,725)</u>	<u>281</u>	<u>(4,444)</u>
Cash flows from noncapital financing activities:			
Loans with other funds	<u>2,634</u>	<u>(1)</u>	<u>2,633</u>
Net cash provided by (used for) noncapital financing activities	<u>2,634</u>	<u>(1)</u>	<u>2,633</u>
Cash flows from capital and related financing activities:			
Proceeds on sale of capital assets	16		16
Purchase of capital assets		(65)	(65)
Net cash provided by (used for) capital and related financing activities	<u>16</u>	<u>(65)</u>	<u>(49)</u>
Cash flows from investing activities:			
Interest on cash and investments	<u>98</u>	<u>41</u>	<u>139</u>
Net cash provided by investing activities	<u>98</u>	<u>41</u>	<u>139</u>
Net increase (decrease) in cash and cash equivalents	(1,977)	256	(1,721)
Cash and cash equivalents at beginning of year	<u>5,480</u>	<u>2,236</u>	<u>7,716</u>
Cash and cash equivalents at end of year	<u>\$ 3,503</u>	<u>\$ 2,492</u>	<u>\$ 5,995</u>

(continued)

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2009
(in thousands)

Exhibit C - 19.1

(continued)

Reconciliation of operating loss to net cash (used for) operating activities	Development Services	Parking Garages	Total Other Enterprise Funds
	\$	\$	\$
Operating loss	(4,209)	(10)	(4,219)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:			
Depreciation and amortization	245	298	543
Changes in assets and liabilities:			
Decrease (increase) in assets:			
Accounts receivable	(6)	(1)	(7)
Prepaid expenses	(55)	(4)	(59)
Increase (decrease) in liabilities:			
Accounts payable	(39)	40	1
Due to other governments		(33)	(33)
Other current liabilities	(661)	(9)	(670)
Net cash provided by (used for) operating activities	\$ (4,725)	\$ 281	\$ (4,444)

Noncash investing, capital and financing activities during the year ended June 30, 2009:

Development Services Enterprise Fund disposed of capital assets with an original cost of \$54 and accumulated depreciation of \$43, resulting in a loss on disposal of \$11.

Parking Garages Enterprise Fund transferred land with a book value of \$93 to the County's general government.

Parking Garages Enterprise Fund retired assets with a net book value of \$18.



Combining Statements and Other Schedules

Internal Service Funds

Internal Service Funds

Self Insurance Trust Fund – to account for the risk management function of the County. The Fund provides self insurance coverage to the County for medical malpractice, workers' compensation, unemployment, dental, general liability, environmental liability and property damage as well as acquiring coverage for other risks.

Other Internal Service – to account for the acquisition, operation and maintenance of fleet services equipment provided to County departments, as well as to account for the provision of printing, infrastructure and telecommunication services to County departments.

PIMA COUNTY, ARIZONA
Combining Statement of Net Assets
Internal Service Funds
June 30, 2009
(in thousands)

Exhibit C - 20

	Self Insurance Trust	Other Internal Service	Total Internal Service Funds
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 45,444	\$ 19,116	\$ 64,560
Interest receivable	124	43	167
Due from other funds	428		428
Due from other governments		166	166
Accounts receivable	3	3	6
Inventory		401	401
Prepaid expense	753	192	945
Total current assets	46,752	19,921	66,673
Noncurrent assets:			
Capital assets:			
Land and other improvements	592		592
Buildings and improvements		614	614
Equipment	248	32,593	32,841
Less accumulated depreciation	(138)	(14,959)	(15,097)
Construction in progress	124	489	613
Total capital assets (net of accumulated depreciation)	826	18,737	19,563
Total noncurrent assets	826	18,737	19,563
Total assets	47,578	38,658	86,236
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	431	1,207	1,638
Employee compensation	104	613	717
Due to other funds		1	1
Current portion reported but unpaid losses	4,446		4,446
Current portion incurred but not reported losses	2,218		2,218
Total current liabilities	7,199	1,821	9,020
Noncurrent liabilities:			
Reported but unpaid losses	20,089		20,089
Incurred but not reported losses	10,241		10,241
Total noncurrent liabilities	30,330		30,330
Total liabilities	37,529	1,821	39,350
<u>Net assets</u>			
Invested in capital assets	826	18,737	19,563
Unrestricted	9,223	18,100	27,323
Total net assets	\$ 10,049	\$ 36,837	\$ 46,886

PIMA COUNTY, ARIZONA
Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2009
(in thousands)

Exhibit C - 21

	Self Insurance Trust	Other Internal Service	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 17,718	\$ 26,722	\$ 44,440
Other	299	1,870	2,169
Total operating revenues	<u>18,017</u>	<u>28,592</u>	<u>46,609</u>
Operating expenses:			
Employee compensation	1,921	4,728	6,649
Operating supplies and services	171	5,485	5,656
Utilities	26	1,045	1,071
Incurred losses	12,600		12,600
Insurance premiums	3,615	1,012	4,627
General and administrative	1,551	1,592	3,143
Repair and maintenance	139	3,428	3,567
Consultants and professional services	548	26	574
Depreciation	35	2,805	2,840
Total operating expenses	<u>20,606</u>	<u>20,121</u>	<u>40,727</u>
Operating income (loss)	<u>(2,589)</u>	<u>8,471</u>	<u>5,882</u>
Nonoperating revenues (expenses):			
Investment earnings	252	237	489
Loss on disposal of capital assets		(329)	(329)
Total nonoperating revenues (expenses):	<u>252</u>	<u>(92)</u>	<u>160</u>
Income (loss) before capital contributions and transfers:	(2,337)	8,379	6,042
Transfers in	176	853	1,029
Transfers (out)	<u>(1,003)</u>	<u>(983)</u>	<u>(1,986)</u>
Change in net assets	(3,164)	8,249	5,085
Net assets at beginning of year	<u>13,213</u>	<u>28,588</u>	<u>41,801</u>
Net assets at end of year	<u>\$ 10,049</u>	<u>\$ 36,837</u>	<u>\$ 46,886</u>

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2009
(in thousands)

Exhibit C - 22

	<u>Self Insurance Trust</u>	<u>Other Internal Service</u>	<u>Total Internal Service Funds</u>
Cash flows from operating activities:			
Cash received from other funds for goods and services	\$ 17,718	\$ 26,722	\$ 44,440
Cash received from miscellaneous operations	322	2,002	2,324
Cash payments to suppliers for goods and services	(4,792)	(10,897)	(15,689)
Cash payments to other funds for goods and services	(2,053)	(1,926)	(3,979)
Cash payments for incurred losses	(6,667)		(6,667)
Cash payments to employees for services	(1,296)	(4,907)	(6,203)
Net cash provided by operating activities	<u>3,232</u>	<u>10,994</u>	<u>14,226</u>
Cash flows from noncapital financing activities:			
Cash transfers in from other funds	175	853	1,028
Cash transfers out to other funds	(1,000)	(983)	(1,983)
Loans with other funds	160	(13)	147
Net cash used for noncapital financing activities	<u>(665)</u>	<u>(143)</u>	<u>(808)</u>
Cash flows from capital and related financing activities:			
Proceeds from sale of equipment		294	294
Purchase of capital assets	(124)	(3,303)	(3,427)
Net cash used for capital and related financing activities	<u>(124)</u>	<u>(3,009)</u>	<u>(3,133)</u>
Cash flows from investing activities:			
Interest on cash and investments	280	214	494
Net cash provided by investing activities	<u>280</u>	<u>214</u>	<u>494</u>
Net increase in cash and cash equivalents	2,723	8,056	10,779
Cash and cash equivalents at beginning of year	<u>42,721</u>	<u>11,060</u>	<u>53,781</u>
Cash and cash equivalents at end of year	<u>\$ 45,444</u>	<u>\$ 19,116</u>	<u>\$ 64,560</u>

(continued)

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2009
(in thousands)

Exhibit C - 22.1

(continued)

Reconciliation of operating income to net cash provided by operating activities	Self Insurance Trust	Other Internal Service	Total Internal Service Funds
	<u> </u>	<u> </u>	<u> </u>
Operating income (loss)	\$ (2,589)	\$ 8,471	\$ 5,882
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation and amortization	35	2,805	2,840
Changes in assets and liabilities:			
Decrease (increase) in assets:			
Accounts receivable	23	118	141
Due from other governments		14	14
Inventory		157	157
Prepaid expenses	(100)	(148)	(248)
Increase (decrease) in liabilities:			
Accounts payable	130	(239)	(109)
Due to other governments		(5)	(5)
Reported but unpaid losses	5,113		5,113
Incurred but not reported losses	676		676
Other current liabilities	(56)	(179)	(235)
	<u> </u>	<u> </u>	<u> </u>
Net cash provided by operating activities	<u>\$ 3,232</u>	<u>\$ 10,994</u>	<u>\$ 14,226</u>

Noncash investing, capital and financing activities during the year ended June 30, 2009:

Self Insurance Trust Fund transferred out capital assets with a net book value of \$3 to the County's general government.

Self Insurance Trust Fund transferred in capital assets with a net book value of \$1 from the County's general government.

Other Internal Service Funds (Graphics Production) retired assets with a net book value of \$6.



Combining Statements and Other Schedules

Fiduciary Funds

PIMA COUNTY, ARIZONA
 Combing Statement of Fiduciary Net Assets
 Investment Trust Funds
 June 30, 2009
 (in thousands)

Exhibit C - 23

	Treasurer's Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
Assets			
Cash and cash equivalents	\$ 141,685	\$ 129,712	\$ 271,397
Interest receivable	786	2	788
Total assets	142,471	129,714	272,185
Liabilities			
Total liabilities			
Net assets			
Held in trust for pool participants	\$ 142,471	\$ 129,714	\$ 272,185

PIMA COUNTY, ARIZONA
Combining Statement of Changes in Fiduciary Net Assets
Investment Trust Funds
For the Year Ended June 30, 2009
(in thousands)

Exhibit C - 24

	Treasurer's Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
Additions			
Contributions:			
Participants	\$ 2,324,759	\$ 193,803	\$ 2,518,562
Total contributions	<u>2,324,759</u>	<u>193,803</u>	<u>2,518,562</u>
Investment earnings:	3,531	2,301	5,832
Total investment earnings	<u>3,531</u>	<u>2,301</u>	<u>5,832</u>
Total additions	<u>2,328,290</u>	<u>196,104</u>	<u>2,524,394</u>
Deductions			
Distributions to participants	2,391,785	175,753	2,567,538
Total deductions	<u>2,391,785</u>	<u>175,753</u>	<u>2,567,538</u>
Net increase (decrease)	(63,495)	20,351	(43,144)
Net assets held in trust July 1, 2008	205,966	109,363	315,329
Net assets held in trust June 30, 2009	<u>\$ 142,471</u>	<u>\$ 129,714</u>	<u>\$ 272,185</u>

PIMA COUNTY, ARIZONA
Combining Statement of Fiduciary Net Assets
Agency Funds
June 30, 2009
(in thousands)

Exhibit C - 25

	Payroll	Treasurer's Clearing	Other	Total
Assets				
Cash and cash equivalents	\$ 3,931	\$ 3,255	\$ 59,440	\$ 66,626
Total assets	<u>3,931</u>	<u>3,255</u>	<u>59,440</u>	<u>66,626</u>
Liabilities				
Employee compensation	3,931			3,931
Due to other governments		25	38,481	38,506
Deposits and rebates		3,230	20,959	24,189
Total liabilities	<u>\$ 3,931</u>	<u>\$ 3,255</u>	<u>\$ 59,440</u>	<u>\$ 66,626</u>

PIMA COUNTY, ARIZONA
Combining Statement of Changes in Fiduciary Net Assets
Agency Funds
For the Year Ended June 30, 2009
(in thousands)

Exhibit C - 26

	Balance 06/30/08	Additions	Deductions	Balance 06/30/09
Payroll Clearing				
Assets				
Cash and cash equivalents	\$ 4,751	\$ 647,267	\$ 648,087	\$ 3,931
Total assets	<u>4,751</u>	<u>647,267</u>	<u>648,087</u>	<u>3,931</u>
Liabilities				
Employee compensation	4,751	647,267	648,087	3,931
Total liabilities	<u>4,751</u>	<u>647,267</u>	<u>648,087</u>	<u>3,931</u>
Treasurer's Clearing				
Assets				
Cash and cash equivalents	778	1,921,178	1,918,701	3,255
Due from other governments	1,809		1,809	
Total assets	<u>2,587</u>	<u>1,921,178</u>	<u>1,920,510</u>	<u>3,255</u>
Liabilities				
Due to other governments		1,048,293	1,048,268	25
Deposits and rebates	2,587	872,885	872,242	3,230
Total liabilities	<u>2,587</u>	<u>1,921,178</u>	<u>1,920,510</u>	<u>3,255</u>
Other				
Assets				
Cash and cash equivalents	69,475	461,785	471,820	59,440
Total assets	<u>69,475</u>	<u>461,785</u>	<u>471,820</u>	<u>59,440</u>
Liabilities				
Due to other governments	46,048	165,443	173,010	38,481
Deposits and rebates	23,427	296,342	298,810	20,959
Total liabilities	<u>69,475</u>	<u>461,785</u>	<u>471,820</u>	<u>59,440</u>
Totals - All Agency Funds				
Assets				
Cash and cash equivalents	75,004	3,030,230	3,038,608	66,626
Due from other governments	1,809		1,809	
Total assets	<u>76,813</u>	<u>3,030,230</u>	<u>3,040,417</u>	<u>66,626</u>
Liabilities				
Employee compensation	4,751	647,267	648,087	3,931
Due to other governments	46,048	1,213,736	1,221,278	38,506
Deposits and rebates	26,014	1,169,227	1,171,052	24,189
Total liabilities	<u>\$ 76,813</u>	<u>\$ 3,030,230</u>	<u>\$ 3,040,417</u>	<u>\$ 66,626</u>

PIMA COUNTY

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2009

INTRODUCTORY SECTION

FINANCIAL SECTION

STATISTICAL SECTION

Financial Trends Information

Revenue Capacity Information

Debt Capacity Information

Demographic and Economic Information

Operating Information

STATISTICAL SECTION

FINANCIAL TRENDS:

The financial trends schedules are intended to provide users with information to assist them in understanding and assessing how a government's financial position has changed over time. Financial trends information is considered to be a primary source of the historical perspective that helps users comprehend the direction in which a government's economic condition is heading. It also serves the purpose of giving users a form of information that is among their most highly valued, comparative information over time.

PIMA COUNTY, ARIZONA
Net Assets by Component
Last Eight Fiscal Years
(in thousands)
(accrual basis of accounting)

Exhibit D - 1

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Governmental activities								
Invested in capital assets, net of related debt	\$ 215,646	\$ 272,130	\$ 391,514	\$ 741,453	\$ 761,130	\$ 774,000	\$ 882,424	\$ 972,346
Restricted for:								
Special revenue	43,339	29,322	52,363	59,789	53,384	63,014	71,618	78,080
Highways and streets					21,353	16,734	17,390	21,349
Debt service	5,450	2,926	5,686	11,439	7,934	8,980	13,612	44,566
Capital projects	33,752	35,686	17,368	27,027	77,088	90,467	80,922	59,945
Worker's compensation				9,042				
Unrestricted	60,050	66,015	41,020	33,451	38,464	46,256	53,778	34,850
Total governmental activities net assets	<u>358,237</u>	<u>406,079</u>	<u>507,951</u>	<u>882,201</u>	<u>959,353</u>	<u>999,451</u>	<u>1,119,744</u>	<u>1,211,136</u>
Business-type activities								
Invested in capital assets, net of related debt	380,916	444,590	451,162	457,600	466,257	476,950	482,822	539,718
Restricted for:								
Debt service	1,216	1,245	499	468	438	574	791	819
Capital projects	18,982	3,008	88			35,480	37,925	14,479
Regional Wastewater Reclamation	15,748	3,669	3,696	3,511	48,379	38,628	5,956	5,883
Healthcare	19,684	13,217	4,011	6,319	5,464	9,985	13,732	9,017
Unrestricted (deficit)	(4,109)	(24,744)	(4,766)	20,851	15,284	10,845	56,397	34,477
Total business-type activities net assets	<u>432,437</u>	<u>440,985</u>	<u>454,690</u>	<u>488,749</u>	<u>535,822</u>	<u>572,462</u>	<u>597,623</u>	<u>604,393</u>
Primary government								
Invested in capital assets, net of related debt	596,562	716,720	842,676	1,199,053	1,227,387	1,250,950	1,365,246	1,512,064
Restricted for:								
(2) Facilities, justice, library, tax stabilization and community development							71,618	78,080
(2) Special revenue	43,339	29,322	52,363	59,789	53,384	63,014		
(2) Highways and streets					21,353	16,734	17,390	21,349
Debt service	6,666	4,171	6,185	11,907	8,372	9,554	14,403	45,385
Capital projects	52,734	38,694	17,456	27,027	77,088	125,947	118,847	74,424
Workers' compensation				9,042				
Regional Wastewater Reclamation	15,748	3,669	3,696	3,511	48,379	38,628	5,956	5,883
Healthcare	19,684	13,217	4,011	6,319	5,464	9,985	13,732	9,017
Unrestricted	55,941	41,271	36,254	54,302	53,748	57,101	110,175	69,327
Total primary government net assets	<u>\$ 790,674</u>	<u>\$ 847,064</u>	<u>\$ 962,641</u>	<u>\$ 1,370,950</u>	<u>\$ 1,495,175</u>	<u>\$ 1,571,913</u>	<u>\$ 1,717,367</u>	<u>\$ 1,815,529</u>

(2) Beginning in fiscal year 2005-06 and in 2008-09, all special revenue funds were reclassified and reported from a functional perspective.

PIMA COUNTY, ARIZONA
Changes in Net Assets
Last Eight Fiscal Years
(in thousands)
(accrual basis of accounting)

Exhibit D - 2

	Fiscal Year							
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses								
Governmental activities:								
General government	\$ 137,296	\$ 131,925	\$ 140,827	\$ 194,873	\$ 208,293	\$ 223,266	\$ 239,399	\$ 212,196
Public safety	123,513	132,939	151,860	118,412	132,583	148,831	165,715	149,253
Highways and streets	42,515	39,492	42,133	65,414	70,392	92,985	88,488	79,251
Sanitation					7,258	9,623	9,658	7,434
Health	23,120	23,917	30,165	31,798	32,043	33,800	36,977	31,541
Welfare	73,243	84,457	76,894	96,199	103,085	97,154	106,546	115,513
Culture and recreation	27,081	31,326	32,727	29,663	34,510	55,482	60,616	60,520
Education and economic opportunity	37,565	35,033	33,093	39,714	39,517	42,483	47,296	46,770
Depreciation-unallocated *	727	820	805	849				
Amortization-unallocated	649	654	967	161	165	168	138	(235)
Interest on long-term debt	14,391	15,779	15,012	16,152	19,463	18,924	22,860	26,780
Total governmental activities expenses	<u>480,100</u>	<u>496,342</u>	<u>524,483</u>	<u>593,235</u>	<u>647,309</u>	<u>722,716</u>	<u>777,693</u>	<u>729,023</u>
Business-type activities:								
Regional Wastewater Reclamation	65,494	74,816	71,804	76,079	82,701	98,222	106,803	105,139
Pima Health System & Services	195,445	221,970	268,869	249,809	256,583	261,859	295,494	224,959
Development Services	7,917	8,373	9,617	10,857	14,422	15,400	14,750	9,992
Parking Garages	1,254	1,346	1,377	1,494	1,479	1,579	1,877	1,696
Total business-type activities expenses	<u>270,110</u>	<u>306,505</u>	<u>351,667</u>	<u>338,239</u>	<u>355,185</u>	<u>377,060</u>	<u>418,924</u>	<u>341,786</u>
Total primary government expenses	<u>750,210</u>	<u>802,847</u>	<u>876,150</u>	<u>931,474</u>	<u>1,002,494</u>	<u>1,099,776</u>	<u>1,196,617</u>	<u>1,070,809</u>
Program revenues								
Governmental activities:								
Charges for services								
General government	21,542	18,667	21,422	22,881	26,033	26,663	25,502	26,283
Public safety	8,498	10,804	10,289	6,985	8,136	9,797	9,550	10,386
Highways and streets	4,916	5,339	11,728	20,549	21,617	11,732	9,316	4,616
Sanitation					4,531	4,747	5,930	4,668
Health	6,971	7,822	8,772	9,526	9,693	10,270	9,965	10,488
Welfare	1,379	1,037	918					
Culture and recreation	1,787	1,662	1,709	1,643	1,797	2,991	3,031	2,754
Education and economic opportunity	214	196	101	298	314	698	716	691
Operating grants and contributions	121,934	121,587	135,119	125,121	133,113	139,324	144,479	131,361
Capital grants and contributions	18,207	5,665	17,413	23,663	12,188	15,085	48,672	68,535
Subtotal governmental activities program revenues	<u>\$ 185,448</u>	<u>\$ 172,779</u>	<u>\$ 207,471</u>	<u>\$ 210,666</u>	<u>\$ 217,422</u>	<u>\$ 221,307</u>	<u>\$ 257,161</u>	<u>\$ 259,782</u>

(continued)

* Due to the changes in the County's asset management system in fiscal year 2005-2006, depreciation - unallocated is included in the general government activities.

PIMA COUNTY, ARIZONA
Changes in Net Assets
Last Eight Fiscal Years
(in thousands)
(accrual basis of accounting)

Exhibit D - 2

(continued)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Program revenues								
Business-type activities:								
Charges for services								
Regional Wastewater Reclamation	\$ 63,601	\$ 71,626	\$ 82,432	\$ 92,379	\$ 104,501	\$ 106,266	\$ 106,448	\$ 105,162
Pima Health System & Services	179,322	195,872	224,820	244,932	253,748	257,142	291,980	216,108
Development Services	7,754	8,464	11,830	14,730	17,140	11,239	8,992	5,654
Parking Garages	1,454	1,413	1,460	1,507	1,485	1,548	1,720	1,676
Operating grants and contributions	6,505	4,909	4,777	4,238	4,997	5,174	4,806	4,626
Capital grants and contributions					449	803	22,952	14,916
Total business-type activities program revenues	<u>258,636</u>	<u>282,284</u>	<u>325,319</u>	<u>357,786</u>	<u>382,320</u>	<u>382,172</u>	<u>436,898</u>	<u>348,142</u>
Total primary government program revenues	<u>444,084</u>	<u>455,063</u>	<u>532,790</u>	<u>568,452</u>	<u>599,742</u>	<u>603,479</u>	<u>694,059</u>	<u>607,924</u>
Net (expense) revenue								
Governmental activities	(294,652)	(323,563)	(317,012)	(382,569)	(429,887)	(501,409)	(520,532)	(469,241)
Business-type activities	-	(24,221)	(26,348)	19,547	27,135	5,112	17,974	6,356
Total governmental activities net expense	<u>(294,652)</u>	<u>(347,784)</u>	<u>(343,360)</u>	<u>(363,022)</u>	<u>(402,752)</u>	<u>(496,297)</u>	<u>(502,558)</u>	<u>(462,885)</u>
General revenues and other changes in net assets								
Governmental activities:								
Taxes								
Property taxes	237,049	251,844	272,507	294,643	316,170	343,525	377,810	393,255
Hotel/motel taxes	2,495	2,557	2,745	2,822	6,856	8,715	8,176	6,591
Other taxes levied for stadium district	1,600	1,597	1,709	1,819	1,808	1,884	1,952	1,534
Shared sales tax	76,752	78,504	83,202	91,510	103,158	106,985	103,171	89,177
Shared vehicle licenses	21,093	21,904	23,413	23,630	25,894	26,967	27,166	25,869
Unrestricted grants and contributions	9,550	9,216	3,201	7,571	7,975	9,468	7,748	5,741
Interest and penalties on delinquent taxes	5,479	7,052	6,321	6,771	5,683	5,149	6,365	6,123
Investment earnings	8,157	5,064	3,102	6,140	12,942	16,439	16,326	5,875
Miscellaneous	10,340	12,774	14,063	16,254	12,828	16,309	15,416	21,323
Capital contributions		2,789	5,441	185	247	5,051		
Gain on sale of capital assets					323			1,140
Extraordinary item		(7,447)						
Transfers	(13,954)	(17,980)	(13,196)	1,935	(134)	721	113	4,005
Total governmental activities	<u>358,561</u>	<u>367,874</u>	<u>402,508</u>	<u>453,280</u>	<u>493,750</u>	<u>541,213</u>	<u>564,243</u>	<u>560,633</u>
Business-type activities:								
State shared tax	905	959	1,146	1,163				
Investment earnings	2,888	1,727	747	1,609	3,849	5,510	6,721	2,025
Miscellaneous	3,309	5,828	2,750	2,865	1,348	1,522	1,286	2,394
Capital contributions	11,261	12,479	22,214	20,722	14,607	25,217		
Extraordinary item		(2,673)						
Transfers	13,954	17,980	13,196	(1,935)	134	(721)	(113)	(4,005)
Total business-type activities	<u>32,317</u>	<u>36,300</u>	<u>40,053</u>	<u>24,424</u>	<u>19,938</u>	<u>31,528</u>	<u>7,894</u>	<u>414</u>
Total primary government	<u>390,878</u>	<u>404,174</u>	<u>442,561</u>	<u>477,704</u>	<u>513,688</u>	<u>572,741</u>	<u>572,137</u>	<u>561,047</u>
Change in net assets								
Governmental activities	63,909	44,311	85,496	70,711	63,863	39,804	43,711	91,392
Business-type activities	32,317	12,079	13,705	43,971	47,073	36,640	25,868	6,770
Total primary government	<u>\$ 96,226</u>	<u>\$ 56,390</u>	<u>\$ 99,201</u>	<u>\$ 114,682</u>	<u>\$ 110,936</u>	<u>\$ 76,444</u>	<u>\$ 69,579</u>	<u>\$ 98,162</u>

PIMA COUNTY, ARIZONA
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(amounts in thousands)
(modified accrual basis of accounting)

Exhibit D - 3

	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund										
Reserved	\$ 1,846	\$ 2,233	\$ 2,486	\$ 2,549	\$ 7,068	\$ 4,056	\$ 5,152	\$ 8,889	\$ 5,415	\$ 4,363
Unreserved	<u>24,721</u>	<u>19,653</u>	<u>28,656</u>	<u>30,999</u>	<u>25,628</u>	<u>33,171</u>	<u>46,423</u>	<u>48,671</u>	<u>64,974</u>	<u>35,803</u>
Total general fund	<u><u>26,567</u></u>	<u><u>21,886</u></u>	<u><u>31,142</u></u>	<u><u>33,548</u></u>	<u><u>32,696</u></u>	<u><u>37,227</u></u>	<u><u>51,575</u></u>	<u><u>57,560</u></u>	<u><u>70,389</u></u>	<u><u>40,166</u></u>
All other governmental funds										
Reserved	10,412	9,176	8,542	6,742	7,603	12,746	11,784	13,999	17,094	39,139
Unreserved, reported in:										
Special revenue funds	40,785	48,616	61,134	42,312	45,325	54,384	66,167	69,773	77,451	86,121
Capital projects funds	<u>27,790</u>	<u>30,986</u>	<u>46,985</u>	<u>82,793</u>	<u>97,270</u>	<u>147,650</u>	<u>84,472</u>	<u>89,328</u>	<u>152,643</u>	<u>126,821</u>
Total other governmental funds	<u><u>\$ 78,987</u></u>	<u><u>\$ 88,778</u></u>	<u><u>\$ 116,661</u></u>	<u><u>\$ 131,847</u></u>	<u><u>\$ 150,198</u></u>	<u><u>\$ 214,780</u></u>	<u><u>\$ 162,423</u></u>	<u><u>\$ 173,100</u></u>	<u><u>\$ 247,188</u></u>	<u><u>\$ 252,081</u></u>

PIMA COUNTY, ARIZONA
 Changes in Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 (amounts in thousands)
 (modified accrual basis of accounting)

Exhibit D - 4

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Taxes	\$ 214,332	\$ 227,542	\$ 244,807	\$ 258,375	\$ 279,527	\$ 300,972	\$ 321,474	\$ 348,700	\$ 381,862	\$ 396,241
Special assessments	703	845	598	1,023	505	244	215	521	556	441
Licenses and permits	4,541	4,882	6,077	6,087	6,566	7,265	7,452	7,132	7,710	6,989
Intergovernmental	241,225	253,863	260,218	245,378	273,225	278,414	291,059	303,392	312,634	292,236
Charges for services	27,308	26,613	31,112	35,721	43,505	53,568	63,582	63,508	58,890	55,346
Fines and forfeits	4,245	4,365	4,882	5,047	5,010	5,967	6,014	6,550	6,480	6,283
Investment earnings	11,384	15,468	6,952	4,152	2,656	5,181	11,382	13,988	14,218	5,335
Miscellaneous	9,452	8,131	8,143	10,356	11,918	14,806	13,165	17,544	21,752	22,414
Total revenues	513,190	541,709	562,789	566,139	622,912	666,417	714,343	761,335	804,102	785,285
Expenditures										
General government	110,022	122,023	125,416	132,416	140,319	193,308	203,881	222,434	237,640	222,309
Public safety	109,815	117,058	123,021	127,155	146,275	109,798	121,229	132,930	149,475	144,617
Highways and streets	25,689	24,977	27,835	26,741	29,170	38,363	39,394	42,683	43,741	38,132
Sanitation							6,271	6,766	8,310	6,666
Health	22,579	22,584	23,102	24,029	30,322	30,802	30,038	32,311	34,352	31,626
Welfare	69,368	71,260	73,136	84,238	76,725	96,996	103,034	97,168	106,607	115,481
Culture and recreation	20,263	22,242	25,581	25,214	27,141	23,172	28,561	45,197	50,509	51,657
Education and economic opportunity	33,135	32,458	37,524	35,057	32,146	38,098	37,918	38,474	42,286	42,299
Capital outlay	89,215	87,673	109,670	97,147	103,167	127,632	121,007	202,659	139,539	146,334
Debt service - principal	37,480	39,823	37,342	45,544	49,025	42,891	50,547	53,733	59,719	100,384
- interest	13,981	15,003	14,128	15,695	14,851	16,127	19,448	18,965	22,639	26,849
- miscellaneous	83	186	391	24	161	25	15	12	330	24
Total expenditures	531,630	555,287	597,146	613,260	649,302	717,212	761,343	893,332	895,147	926,378
Excess (deficiency) of revenues over (under) expenditures	(18,440)	(13,578)	(34,357)	(47,121)	(26,390)	(50,795)	(47,000)	(131,997)	(91,045)	(141,093)
Other financing sources (uses):										
Refunding bonds			22,420		6,880					
Issuance cost on bonds				(163)						
Premium on bonds			796	410	148	250		1,429	1,964	675
Payments to refund escrow agents			(22,551)		(6,846)					
Capital leases			590	177			231		312	
Proceeds from sale of capital assets				37	406	27	416	1,426	27	876
Face amount of long-term debt	54,129	50,358	81,921	85,000	65,000	116,200	4,836	146,320	175,000	109,400
Transfers in	33,084	34,335	52,753	78,457	68,583	50,008	59,948	86,089	128,406	171,186
Transfers (out)	(46,218)	(72,276)	(65,658)	(93,597)	(89,916)	(46,962)	(56,263)	(86,688)	(127,692)	(166,319)
Total other financing sources (uses)	40,995	12,417	70,271	70,321	44,255	119,523	9,168	148,576	178,017	115,818
Extraordinary item				(6,237)						
Residual equity - net	348	4,315								
Change in reserves - net	160	(107)	50	629	(366)	385	(177)	(211)	(55)	(55)
Net change in fund balances	\$ 23,063	\$ 3,047	\$ 35,964	\$ 17,592	\$ 17,499	\$ 69,113	\$ (38,009)	\$ 16,368	\$ 86,917	\$ (25,330)
Debt service as a percentage of noncapital expenditures	11.65%	11.76%	10.26%	11.56%	11.53%	9.87%	10.90%	9.88%	10.48%	15.89%

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STATISTICAL SECTION

REVENUE CAPACITY:

The revenue capacity information is intended to assist users to understand and assess the factors affecting a government's ability to generate its own-source revenues. The presentation here is not limited to property tax revenues, but certain other revenues are presented to comply with debt disclosure requirements, e.g., hotel taxes, car rental and RV taxes and street and highway revenues.

PIMA COUNTY, ARIZONA
 Taxable Assessed Value and Estimated Actual Value of Property
 Last Ten Tax Years
 (amounts in thousands)

Tax Year	Commercial Property	Residential Property	Vacant Land	Other	Taxable Assessed Value	Total Direct Tax Rate	Estimated Limited Value	Assessed Value as a Percentage of Limited Value
2000	\$ 1,532,186	\$ 2,324,927	\$ 239,298	\$ 15,253	\$ 4,111,664	5.5635	\$ 34,898,941	11.78%
2001	1,601,929	2,494,934	246,938	17,692	4,361,493	5.5828	37,257,921	11.71%
2002	1,678,649	2,709,068	263,270	18,348	4,669,335	5.4998	39,908,791	11.70%
2003	1,764,657	2,955,066	281,243	21,508	5,022,474	5.4981	42,927,737	11.70%
2004	1,823,592	3,265,040	302,323	21,595	5,412,550	5.4967	46,754,009	11.58%
2005	1,882,879	3,615,603	323,147	27,920	5,849,549	5.4611	50,631,267	11.55%
2006	2,001,137	4,076,600	359,662	29,803	6,467,202	5.3406	56,437,790	11.46%
2007	2,204,072	4,689,972	428,486	30,802	7,353,331	5.0674	64,347,659	11.43%
2008	2,358,259	5,352,916	493,055	35,442	8,239,672	4.6702	73,122,499	11.27%
2009	2,568,203	5,853,947	525,779	37,783	8,985,712	4.5917	80,593,121	11.15%

Source: Pima County Assessor's Office.

Notes: Property in Pima County is assessed annually with values being set by either the County Assessor or the Arizona Department of Revenue. The values are the basis for Primary Taxes and annual changes therein are restricted by the State Constitution. Assessment ratios are set by the legislature for individual property types. The taxable assessed value is arrived at by multiplying an assessment ratio that has varied from ten percent for residential property, to twenty-five percent for commercial property. Tax rates are per \$100 of assessed value.

PIMA COUNTY, ARIZONA
Direct and Overlapping Property Tax Rates
Last Ten Tax Years
(per \$100 of assessed value)

County Direct Rates						
Tax Year	County Primary	County Secondary	Flood Control District (1)	County Library District	Fire District Assistance	Total
2000	4.0720	0.9350	0.3046	0.2024	0.0495	5.5635
2001	4.0720	0.8950	0.3546	0.2124	0.0488	5.5828
2002	4.0720	0.8150	0.3546	0.2124	0.0458	5.4998
2003	4.0720	0.8150	0.3546	0.2124	0.0441	5.4981
2004	4.0720	0.8150	0.3546	0.2124	0.0427	5.4967
2005	4.0720	0.7150	0.3746	0.2575	0.0420	5.4611
2006	3.8420	0.7150	0.3746	0.3675	0.0415	5.3406
2007	3.6020	0.6850	0.3446	0.3975	0.0383	5.0674
2008	3.3913	0.6050	0.2935	0.3393	0.0411	4.6702
2009	3.3133	0.7100	0.2635	0.2643	0.0406	4.5917

Overlapping Rates															
Tax Year	State of Arizona	Education Assistance	Community College District	City of Tucson	City of South Tucson	Central AZ Water Conserv District	Flowing Wells Irrigation District (2)	Silverbell Irrigation District (2)	Cortaro-Marana Irrigation District (2)	Mobile Home Relocation District (3)	Town of Casas Adobes Incorporation Costs	Town of Tortolita Incorporation Costs	Gladden Farms Community Facilities District	Vanderbilt Farms Community Facilities District	Quail Creek Community Facilities District
2000	0.0000	0.5123	1.5574	1.1270	0.2918	0.1300	6.9300	3.0000	1.0000	0.5000					
2001	0.0000	0.4974	1.5470	1.1202	0.2828	0.1300	10.4000	3.0000	24.7500	0.5000					
2002	0.0000	0.4889	1.5333	1.1202	0.2706	0.1300	10.4000	3.0000	24.7500						
2003	0.0000	0.4717	1.4884	1.1569	0.2513	0.1200	10.4000	3.0000	50.0000		0.1438	0.2313			
2004	0.0000	0.4560	1.3428	1.1847	0.2383	0.1200	12.9000	3.0000	60.0000				2.8000		
2005	0.0000	0.4358	1.3114	1.2364	0.2383	0.1200	12.9000	3.0000	60.0000				2.8000		
2006	0.0000	0.0000	1.2515	1.2257	0.2383	0.1200	12.9000	3.0000	60.0000				2.8000	0.3000	
2007	0.0000	0.0000	1.1845	1.1321	0.2258	0.1000	12.9000	3.0000	65.0000				2.8000	0.3000	3.3000
2008	0.0000	0.0000	1.1355	0.9601	0.2143	0.1000	19.3500	3.0000	66.0000				2.8000	0.3000	3.3000
2009	0.0000	0.3306	1.0770	0.9344	0.2035	0.1000	19.3500	3.0000	66.0000				2.8000	0.3000	3.3000

- (1) The Pima County Flood Control District tax levy applies only to real property.
- (2) Irrigation Districts' tax rates shown are levied on a per acre basis.
- (3) Mobile Home Relocation levy applies only to unsecured mobile homes (not presented after 2001-02).

Notes:
 Primary and secondary tax rates (per \$100 of net assessed value) are set by the County Board of Supervisors or the governing boards of other taxing jurisdictions.
 (A) The Towns of Marana, Oro Valley and Sahuarita do not currently levy a property tax.
 (B) The Tucson Business Improvement District levy (on a per-business basis) is not shown.

PIMA COUNTY, ARIZONA
 Direct and Overlapping Property Tax Rates
 Last Ten Tax Years
 (per \$100 of assessed value)

Exhibit D - 6a

School District	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Tucson Unified (#1)	9.0494	9.8088	9.2780	8.7610	8.3286	7.8829	7.3857	7.0500	6.5659	6.0701
Marana Unified (#6)	7.5418	7.7028	7.3623	6.7979	6.5034	6.0991	5.9117	5.7887	5.4815	4.9286
Flowing Wells Unified (#8)	8.4928	8.0490	7.2175	6.6568	6.5883	7.1232	6.8677	6.5674	6.2665	6.1239
Amphitheater Unified (#10)	6.8816	7.4427	7.0207	6.7601	6.3375	6.4258	6.1193	5.4964	4.8589	4.6112
Sunnyside Unified (#12)	10.3609	10.3706	9.6945	9.1041	8.4846	8.6482	9.1529	8.1490	7.8009	7.0899
Tanque Verde Unified (#13)	6.9434	6.8484	6.6818	7.1785	5.6661	5.7985	5.4806	5.1033	4.3682	3.1837
Ajo Unified (#15)	6.0973	7.0508	4.1555	5.3016	4.4316	4.4994	4.4929	4.8627	4.5964	4.3158
Catalina Foothills Unified (#16)	7.7258	7.5344	7.0956	7.0256	6.6459	6.8422	6.7428	6.3942	6.1053	4.9970
Vail Elementary (#20)	7.2604	7.2314	7.2295	7.1748	7.0008	6.7510	6.7032	6.0327	5.5360	5.2016
Sahuarita Unified (#30)	8.7007	8.7860	9.1329	9.0113	8.3095	8.1495	7.7345	6.1807	5.9176	5.4230
San Fernando Elementary (#35)						3.7121	3.7481	3.7900	3.7920	4.5954
Empire Elementary (#37)	8.5371	7.6596	6.6965	6.4699	6.1171	8.0930	8.4864	7.5703	4.9021	2.9383
Continental Elementary (#39)	2.4983	2.4346	2.4398	2.3198	2.2216	2.1532	2.0682	1.8970	1.7343	1.6122
Indian Oasis Unified (#40)	9.1002									
Redington Elementary (#44)	5.0186	6.3661	6.4230	5.6853	3.9915	4.8856	4.8853	4.8952	7.4720	7.6340
Altar Valley Elementary (#51)	6.5620	6.3052	6.3035	6.3615	6.2759	6.2607	5.7696	5.8086	5.7451	6.0506
Unorganized*	2.1265	2.0647	2.0296	1.9583	1.8931	1.8090	1.7394	1.6020	1.4622	1.3726

*County Education District; applies only to those geographical areas within Pima County not part of formal school districting.

PIMA COUNTY, ARIZONA
Principal Property Taxpayers
Current Year and Nine Years Ago
(amounts in thousands)

Exhibit D - 7

Taxpayer	2000			2001			2002			2003			2004		
	Estimated Assessed Value (1)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (1)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (1)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (1)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (1)	Rank	Percent of Total Assessed Value
Phelps Dodge	0		0.0%	0		0.0%	\$ 18,250	6	0.3%	\$ 14,375	8	0.3%	\$ 15,250	7	0.4%
Unisource/Tucson Electric Power Co.	\$ 166,949	1	3.7%	\$ 136,337	1	2.8%	137,315	1	2.6%	122,499	1	2.2%	125,597	1	3.0%
QWEST	78,642	2	1.8%	84,382	2	1.7%	87,757	2	1.7%	108,829	2	1.9%	104,944	2	2.5%
Southwest Gas Corporation	46,191	3	1.0%	51,214	3	1.1%	53,668	3	1.0%	55,710	3	1.0%	59,528	3	1.4%
ASARCO Mining	21,200	4	0.5%	18,911	5	0.4%	27,736	4	0.5%	0		0.0%	0		0.0%
Arizona Portland Cement	13,146	9	0.3%	16,614		0.3%	18,213	7	0.3%	19,990	4	0.4%	21,296	4	0.5%
TRICO	0		0.0%	0		0.0%	0		0.0%	11,467	10	0.2%	12,925	10	0.3%
ASARCO LLC	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
Star Pass Resorts	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
DND Neffson (Tucson Mall)	15,168	6	0.3%	19,362	4	0.4%	18,733	5	0.4%	18,703	5	0.3%	19,364	5	0.5%
Raytheon/Hughes Aircraft **	14,193	8	0.3%	13,642	9	0.3%	13,349	10	0.3%	13,290	9	0.2%	13,895	9	0.3%
Westin La Paloma	15,097	7	0.3%	16,183	7	0.3%	16,703	8	0.3%	16,057	6	0.3%	15,943	6	0.4%
El Conquistador Hotel	0		0.0%	13,632	10	0.3%	13,898	9	0.3%	14,461	7	0.3%	14,655	8	0.3%
Ventana Hotel Associates	12,950	10	0.3%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
Cyprus/Sierrita Mining Co.	20,000	5	0.4%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
A T & T	0		0.0%	14,292	8	0.3%	0		0.0%	0		0.0%	0		0.0%
HDP Northwest	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
Total Top Ten	\$ 403,536		9.6%	\$ 384,569		8.5%	\$ 405,622		8.4%	\$ 395,381		7.7%	\$ 403,397		7.2%

Sources: Arizona Department of Revenue, Pima County Assessor's Office.

(1) Secondary Assessed Valuation for tax year	\$ 4,236,070	\$ 4,491,395	\$4,835,561	\$5,221,271	\$5,620,156
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** Name change 2001

(continued)

PIMA COUNTY, ARIZONA
Principal Property Taxpayers
Current Year and Nine Years Ago
(amounts in thousands)

Exhibit D - 7

(continued)

Taxpayer	2005			2006			2007			2008			2009		
	Estimated Assessed Value (1)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (1)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (1)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (1)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (1)	Rank	Percent of Total Assessed Value
Phelps Dodge	\$ 21,209	6	0.3%	\$ 55,176	4	0.7%	\$ 93,656	3	1.0%	\$ 156,780	1	1.6%	\$ 198,694	1	2.0%
Unisource/Tucson Electric Power Co.	145,937	1	2.1%	143,362	1	1.7%	150,771	1	1.6%	153,431	2	1.6%	158,764	2	1.6%
QWEST	104,468	2	1.5%	87,093	2	1.1%	94,300	2	1.0%	87,000	3	0.9%	74,646	3	0.8%
Southwest Gas Corporation	62,970	3	0.9%	62,846	3	0.8%	62,919	4	0.7%	63,698	4	0.6%	64,775	4	0.7%
ASARCO Mining	0		0.0%	0		0.0%	0		0.0%	44,047	5	0.4%	63,572	5	0.6%
Arizona Portland Cement	22,459	4	0.3%	22,858		0.3%	23,468	6	0.2%	23,593	7	0.2%	27,561	6	0.3%
TRICO	0		0.0%	14,806	10	0.2%	18,044	8	0.2%	18,816	9	0.2%	21,029	7	0.2%
ASARCO LLC	0		0.0%	0		0.0%	0		0.0%	0		0.0%	20,042	8	0.2%
Starr Pass Resorts	0		0.0%	17,068	8	0.2%	15,280	10	0.2%	15,889	10	0.2%	19,384	9	0.2%
DND Neffson (Tucson Mall)	22,377	5	0.3%	19,087	7	0.2%	19,897	7	0.2%	21,013	8	0.2%	18,888	10	0.2%
Raytheon/Hughes Aircraft **	16,069	8	0.2%	21,665	6	0.3%	58,987	5	0.6%	33,833	6	0.3%	0		0.0%
Westin La Paloma	16,358	7	0.2%	15,504	9	0.2%	15,959	9	0.2%	0		0.0%	0		0.0%
El Conquistador Hotel	13,653	10	0.2%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
Ventana Hotel Associates	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
Cyprus/Sierrita Mining Co.	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
A T & T	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
HDP Northwest	14,708	9	0.2%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
Total Top Ten	\$ 440,208		7.3%	\$ 459,465		6.6%	\$ 553,281		6.6%	\$ 618,100		6.5%	\$ 667,355		6.8%

Sources: Arizona Department of Revenue, Pima County Assessor's Office.

(1) Secondary Assessed Valuation for Tax Year	\$6,050,950	\$6,869,955	\$8,220,396	\$9,594,862	\$9,860,981
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** Name change 2001

PIMA COUNTY, ARIZONA
Real Property Tax Levies and Collections
Last Ten Fiscal Years
(in thousands)

Exhibit D - 8

Fiscal Year	Original Real Property Tax Levy	Tax Roll Corrections	Real Property Tax Levy (Adjusted)	Collected to June 30, End of Tax Fiscal Year (2)		Collected to June 30, 2009 (2)		Delinquent Taxes Receivable (1)	
				Amount	Percent of Original Levy	Amount	Percent of Adjusted Levy		
1999-00	\$ 201,925	\$ (1,167)	\$ 200,758	\$ 192,409	95.29%	\$ 8,561	\$ 200,970	100.11%	\$ (212)
2000-01	214,642	(974)	213,668	204,424	95.24%	9,154	213,578	99.96%	90
2001-02	228,477	(1,023)	227,454	218,192	95.50%	8,986	227,178	99.88%	276
2002-03	241,416	(1,013)	240,403	231,619	95.94%	8,666	240,285	99.95%	118
2003-04	260,570	(987)	259,583	250,929	96.30%	8,635	259,564	99.99%	19
2004-05	281,172	(494)	280,678	271,841	96.68%	8,667	280,507	99.94%	171
2005-06	302,127	(291)	301,836	292,019	96.65%	9,756	301,776	99.98%	60
2006-07	330,240	(322)	329,918	318,520	96.45%	11,286	329,806	99.97%	112
2007-08	362,535	(622)	361,913	348,741	96.20%	12,384	361,125	99.78%	788
2008-09	379,674	(360)	379,314	363,624	95.77%		363,624	95.86%	15,690

NOTES:

- (1) Represents the difference between the adjusted levy and collected to June 30, 2009.
- (2) Amounts collected are on a cash basis rather than the modified accrual basis used in the financial statements.

PIMA COUNTY, ARIZONA
 Assessed, Limited and Full Cash (Secondary) Value of Taxable Property
 Last Ten Fiscal Years
 (in thousands)

Exhibit D - 9

Fiscal Year	Net Assessed Value	Limited and Full Cash Values (1)	Ratio of Net Assessed to Full Cash Value
1999-00 Primary	\$ 3,853,630	\$ 32,801,718	11.75%
1999-00 Secondary	4,000,624	33,893,530	11.80%
2000-01 Primary	4,111,664	34,898,941	11.78%
2000-01 Secondary	4,236,070	35,819,691	11.83%
2001-02 Primary	4,361,493	37,257,921	11.71%
2001-02 Secondary	4,491,395	38,196,337	11.76%
2002-03 Primary	4,669,336	39,908,791	11.70%
2002-03 Secondary	4,835,561	41,109,997	11.76%
2003-04 Primary	5,022,474	42,927,737	11.70%
2003-04 Secondary	5,221,271	44,423,165	11.75%
2004-05 Primary	5,412,550	46,754,009	11.58%
2004-05 Secondary	5,620,156	48,474,537	11.59%
2005-06 Primary	5,849,549	50,631,267	11.55%
2005-06 Secondary	6,050,950	52,335,111	11.56%
2006-07 Primary	6,467,202	56,437,790	11.46%
2006-07 Secondary	6,869,955	59,890,229	11.47%
2007-08 Primary	7,353,331	64,347,659	11.43%
2007-08 Secondary	8,220,396	72,101,321	11.40%
2008-09 Primary	8,230,967	73,122,499	11.26%
2008-09 Secondary	9,594,862	85,993,246	11.16%

(1) Limited value is the basis for primary taxes and annual changes therein are restricted by statute; Full Cash Value or Secondary Value approximates market value.

PIMA COUNTY, ARIZONA
Comparative Net Valuations and Tax Rates
(per \$100 assessed value)
(valuation \$ amounts in thousands)

Exhibit D - 10

Jurisdiction	FY 2008-09 (Tax Year 2008)		FY 2009-10 (Tax Year 2009)	
	Valuation	Rate	Valuation	Rate
<u>State of Arizona</u>	\$ 8,230,967	\$0.0000	\$ 8,985,712	\$0.0000
<u>Pima County</u>				
General Fund - Primary	8,230,967	3.3913	8,985,712	3.3133
Debt Service - Secondary	9,594,862	0.6050	9,860,981	0.7100
Free Library - Secondary	9,594,862	0.3393	9,860,981	0.2643
Total County - Primary	8,230,967	3.3913	8,985,712	3.3133
Total County - Secondary	9,594,862	0.9443	9,860,981	0.9743
Grand Total		<u>4.3356</u>		<u>4.2876</u>
<u>Education Assistance</u>	8,230,967	0.0000	8,985,712	0.3306
<u>Flood Control District - Secondary</u>	8,684,572	0.2935		0.2635
<u>Fire District Assistance - Secondary</u>	9,594,862	0.0411	9,860,981	0.0406
<u>Pima Community College District</u>				
Primary	8,230,967	0.9787	8,985,712	0.9356
Secondary	9,594,862	0.1502	9,860,981	0.1414
Total		<u>1.1289</u>		<u>1.0770</u>
<u>Central Arizona Water Conservation District</u>				
Secondary	9,594,862	0.1000	9,860,981	0.1000
<u>Cities & Towns</u>				
City of Tucson				
Primary	3,378,331	0.3231	3,627,276	0.3144
Secondary	3,895,582	0.6370	4,030,242	0.6200
Total		<u>0.9601</u>		<u>0.9344</u>
City of South Tucson				
Primary	22,175	0.2143	23,591	0.2035
<u>School Districts</u>				
Unorganized - Primary	11,950	1.4622	13,854	1.3726
Tucson Unified (District #1)				
Primary	3,334,344	5.3565	3,599,209	4.9398
Secondary	3,866,799	1.2094	3,975,387	1.1303
Total		<u>6.5659</u>		<u>6.0701</u>

(continued)

PIMA COUNTY, ARIZONA
 Comparative Net Valuations and Tax Rates
 (per \$100 assessed value)
 (valuation \$ amounts in thousands)

Exhibit D - 10

(continued)

Jurisdiction	FY 2008-09 (Tax Year 2008)		FY 2009-10 (Tax Year 2009)	
	Valuation	Rate	Valuation	Rate
Marana Unified (District #6)				
Primary	\$ 788,663	\$ 3.7725	\$ 869,433	\$ 3.2634
Secondary	952,444	1.7090	948,760	1.6652
Total		<u>5.4815</u>		<u>4.9286</u>
Flowing Wells Unified (District #8)				
Primary	206,794	4.2244	219,641	3.9867
Secondary	234,267	2.0421	242,759	2.1372
Total		<u>6.2665</u>		<u>6.1239</u>
Amphitheater Unified (District #10)				
Primary	1,468,535	3.3570	1,595,327	3.1469
Secondary	1,714,181	1.5019	1,758,161	1.4643
Total		<u>4.8589</u>		<u>4.6112</u>
Sunnyside Unified (District #12)				
Primary	434,350	4.6010	474,332	4.1213
Secondary	488,676	3.1999	521,692	2.9686
Total		<u>7.8009</u>		<u>7.0899</u>
Tanque Verde Unified (District #13)				
Primary	198,996	3.4139	218,207	2.3721
Secondary	238,434	0.9543	238,861	0.8116
Total		<u>4.3682</u>		<u>3.1837</u>
Ajo Unified (District #15)				
Primary	16,539	4.5964	17,938	4.3158
Secondary	18,351	0.0000	19,488	0.0000
Total		<u>4.5964</u>		<u>4.3158</u>
Catalina Foothills Unified (District #16)				
Primary	620,912	4.1353	668,966	2.8268
Secondary	717,981	1.9700	720,103	2.1702
Total		<u>6.1053</u>		<u>4.9970</u>
Vail Elementary (District #20)				
Primary	433,249	3.9845	482,636	3.5552
Secondary	521,677	1.5515	523,749	1.6464
Total		<u>5.5360</u>		<u>5.2016</u>

(continued)

PIMA COUNTY, ARIZONA
 Comparative Net Valuations and Tax Rates
 (per \$100 assessed value)
 (valuation \$ amounts in thousands)

Exhibit D - 10

(continued)

Jurisdiction	FY 2008-09 (Tax Year 2008)		FY 2009-10 (Tax Year 2009)	
	Valuation	Rate	Valuation	Rate
Sahuarita Unified (District #30)				
Primary	\$ 357,366	\$ 3.8010	\$ 451,935	\$ 3.5332
Secondary	384,176	2.1166	462,350	1.8898
Total		<u>5.9176</u>		<u>5.4230</u>
San Fernando Elementary (District #35)				
Primary	1,032	3.7920	1,088	4.5954
Secondary	1,119	0.0000	1,125	0.0000
Total		<u>3.7920</u>		<u>4.5954</u>
Empire Elementary (District #37)				
Primary	6,073	4.9021	6,807	2.9383
Secondary	6,945	0.0000	7,523	0.0000
Total		<u>4.9021</u>		<u>2.9383</u>
Continental Elementary (District #39)				
Primary	323,703	1.5067	349,360	1.3726
Secondary	390,323	0.2276	375,806	0.2396
Total		<u>1.7343</u>		<u>1.6122</u>
Indian Oasis Unified (District #40)				
Primary	1,586	0.0000	1,171	0.0000
Secondary	1,586	0.0000	1,171	0.0000
Total		<u>0.0000</u>		<u>0.0000</u>
Redington Elementary (District #44)				
Primary	1,428	7.4720	1,459	7.6340
Secondary	1,541	0.0000	1,542	0.0000
Total		<u>7.4720</u>		<u>7.6340</u>
Altar Valley Elementary (District #51)*				
Primary	33,416	5.2462	38,878	5.0869
Secondary	41,902	0.4989	45,669	0.9637
Total		<u>5.7451</u>		<u>6.0506</u>

*Formerly known as the Mary E. Dill School District

PIMA COUNTY, ARIZONA
 Historical Collections - Hotel Excise Tax,
 Car Rental Surcharges and Recreational Vehicle Tax
 Last Ten Fiscal Years
 (amounts in thousands)

Exhibit D - 11

Fiscal Year	Hotel Excise Tax (1)	Car Rental Surcharges (2)	Recreational Vehicle Tax (3)
1999-00	\$ 2,625	\$ 1,477	\$ 213
2000-01	2,824	1,557	199
2001-02	2,495	1,377	190
2002-03	2,536	1,436	195
2003-04	2,717	1,277	209
2004-05	2,885	1,595	200
2005-06	5,212	1,589	214
2006-07	7,796	1,357	214
2007-08	6,901	1,732	222
2008-09	5,628	1,389	159

- (1) Tax increased from 1% to 2% January 1, 1997; the additional 1% can only be used for County sports facilities.
 In January of 2006, the tax increased from 2% to 6%, of which only 34% can be used for sports facilities.
- (2) Car rental surcharges increased from \$2.50 to \$3.50 per rental contract July 1, 1996. Usage is restricted to County sports facilities.
- (3) Recreational vehicle taxes apply at the rate of \$0.50 per vehicle per night and became effective July 1, 1997. Usage of this tax is limited to Spring Training activities.

Source: Pima County Finance and Risk Management Department

PIMA COUNTY, ARIZONA
Streets and Highways Revenues
Last Ten Fiscal Years
(amounts in thousands)

Exhibit D - 12

<u>Fiscal Year</u>	<u>Amount</u>
1999-00	\$ 47,699
2000-01	48,317
2001-02	47,071
2002-03	48,072
2003-04	51,334
2004-05	53,878
2005-06	56,937
2006-07	44,607
2007-08	44,060
2008-09	41,210

Source: Pima County Finance and Risk Management Department

STATISTICAL SECTION

DEBT CAPACITY:

The debt capacity information is intended to assist users to understand and assess a government's debt burden and ability to issue debt. Debt capacity information is cited as being very useful for assessing economic condition as frequently as revenue or tax capacity. Five of the schedules presented provide ten-year comparisons.

Certain schedules, for example; leases, lease-purchase and purchase agreements, are provided to comply with debt disclosure requirements.

PIMA COUNTY, ARIZONA
Ratios of Outstanding Debt by Type to Personal Income and Per Capita
Last Ten Fiscal Years
(\$ amounts in thousands)

Fiscal Year	Governmental Activities								Business-Type Activities			
	General Obligation Bonds	Flood Control Bonds	Transportation Revenue Bonds	Lease Revenue Bonds	Special Assessment Bonds	Certificates of Participation	Transportation Loans	Capital Leases	Sewer Revenue Bonds	Regional Wastewater Loans Payable	Contracts and Notes	Total Primary Government
1999-00	\$ 173,985	\$ 6,595	\$ 32,000	\$ 1,095	\$ 1,697	\$ 6,725		\$ 35,338	\$ 75,564	\$ 14,477	\$ 2,479	\$ 349,955
2000-01	192,640	5,840	28,000	965	1,053	4,505		34,008	71,444	32,314	112	370,881
2001-02	183,381	5,348	79,206	825	2,506	3,045	\$ 5,100	32,596	67,811	57,456	3,685	440,959
2002-03	200,554	4,585	105,541	495	2,121	1,560	4,060	31,049	63,098	63,551	6,849	483,463
2003-04	232,553	3,805	95,461		1,736		3,020	29,323	60,064	83,941	5,783	515,686
2004-05	267,927	3,010	137,736		1,093		1,943	27,879	55,809	83,978	4,852	584,227
2005-06	231,918	2,230	127,000		911		5,739	26,426	51,710	80,148	4,562	530,644
2006-07	290,150	1,470	136,541			31,731	3,714	24,736	94,356	76,111	5,280	664,089
2007-08	349,542	725	149,801			81,612	1,000	23,223	163,701	70,426	5,842	845,872
2008-09	388,032	725	139,683			74,554		21,327	183,389	64,489	6,481	878,680

Fiscal Year	Total Primary Government	Personal Income	Percentage of Personal Income	Population at July 1 (a)	Debt per Capita
1999-00	\$ 349,955	\$ 20,855,000	1.68%	854,329	\$ 410
2000-01	370,881	21,827,000	1.70%	872,394	425
2001-02	440,959	21,991,000	2.01%	890,356	495
2002-03	483,463	22,973,000	2.10%	908,227	532
2003-04	515,686	23,965,000	2.15%	926,052	557
2004-05	584,227	26,302,000	2.22%	943,795	619
2005-06	530,644	28,421,000	1.87%	961,519	552
2006-07	664,089	30,899,000	2.15%	1,003,918	661
2007-08	845,872	33,009,000	2.56%	1,026,506	824
2008-09	878,680	32,898,000	2.67%	1,048,796	838

(a) See schedule D-20 for population data.

Note: Details regarding outstanding debt can be found in Note 6 page 57 in Notes to the Financial Statements.

PIMA COUNTY, ARIZONA
 Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita
 Last Ten Fiscal Years
 (\$ amounts in thousands)

Fiscal Year	General Obligation Bond Debt	Flood Control General Obligation Bond Debt	Debt Service Funds Available for Principal	Net General Bond Debt	Secondary Net Assessed Value	Percent Net General Bond Debt to Assessed Value	Population at July 1	Net General Bond Debt per Capita*
1999-00	\$ 173,985	\$ 6,595	\$ 6,249	\$ 174,331	\$ 4,000,624	4.36%	854,329	\$ 204
2000-01	192,640	5,840	4,309	194,171	4,236,070	4.58%	872,394	223
2001-02	183,381	5,348	4,883	183,846	4,491,395	4.09%	890,356	206
2002-03	200,554	4,585	2,226	202,913	4,835,561	4.20%	908,227	223
2003-04	232,553	3,805	2,648	233,710	5,221,271	4.48%	926,052	252
2004-05	267,927	3,010	8,899	262,038	5,620,156	4.66%	943,795	278
2005-06	231,918	2,230	8,899	225,249	6,050,950	3.72%	961,519	234
2006-07	290,150	1,470	7,431	284,189	6,869,955	4.14%	1,003,918	283
2007-08	349,542	725	10,241	340,026	8,220,396	4.14%	1,026,506	331
2008-09	388,032	725	10,523	378,234	9,594,862	3.94%	1,048,796	361

* The Debt per Capita is shown in actual dollars and not in thousands.

Note: Details regarding outstanding debt can be found in Note 6 on page 57 in Notes to the Financial Statements.

PIMA COUNTY, ARIZONA
Ratio of Direct and Overlapping Debt to Property Values and Per Capita
Last Ten Fiscal Years
(\$ amounts in thousands)

Exhibit D - 14a

Fiscal Year	Total Overlapping Debt	Secondary Net Assessed Value	Percentage of Assessed Value	Population at July 1	Debt per Capita*
1999-00	\$ 1,067,544	\$ 4,000,624	26.68%	854,329	\$ 1,250
2000-01	1,135,282	4,236,070	26.80%	872,394	1,301
2001-02	1,134,289	4,491,395	25.25%	890,356	1,274
2002-03	1,129,103	4,835,561	23.35%	908,227	1,243
2003-04	1,091,892	5,221,271	20.91%	926,052	1,179
2004-05	1,185,435	5,620,156	21.09%	943,795	1,256
2005-06	1,146,388	6,050,950	18.95%	961,519	1,192
2006-07	1,107,662	6,869,955	16.12%	1,003,918	1,103
2007-08	1,137,114	8,220,396	13.83%	1,026,506	1,108
2008-09	1,213,050	9,594,862	12.64%	1,048,796	1,157

* The Debt per Capita is shown in actual dollars and not in thousands.

Note: Overlapping governments are those that coincide (at least in part), with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Pima County. When considering the County's ability to issue and repay long-term debt, the process should recognize the entire debt burden borne by the residents and businesses therein. However, this does not imply that every taxpayer is a resident and is responsible for the repayment of debt of each overlapping government.

PIMA COUNTY, ARIZONA
 Computation of Direct and Overlapping
 Governmental Activities Debt Outstanding
 At June 30, 2009
 (\$ amounts in thousands)

Exhibit D - 15

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Amount Overlapping</u>
Debt repaid with property tax School Districts	\$ 555,045	\$ 555,045
Pima Community College	31,515	31,515
City of Tucson	269,106	<u>269,106</u>
Total overlapping		<u>\$ 855,666</u>
Debt repaid with property tax Direct:		
Pima County *	\$ 388,032	\$ 388,032
Flood Control District	725	<u>725</u>
Total direct		<u>\$ 388,757</u>
Other Debt:		
Certificates of participation	\$ 74,554	\$ 74,554
Jail capital lease	21,184	21,184
Other capital leases	143	143
Transportation bonds	139,683	<u>139,683</u>
Total other debt		<u>\$ 235,564</u>
Total direct and overlapping debt		<u><u>\$ 1,479,987</u></u>

*Excludes improvement districts.

Note: Overlapping governments are those that coincide with the geographic boundaries of the County. All overlapping governments are 100% within the County's boundaries. This schedule estimates the portion of the outstanding debt borne by the residents and businesses of Pima County. When considering the county's ability to issue and repay long-term debt, the process should recognize the entire debt burden borne by the residents and businesses therein. However, this does not imply that every taxpayer is a resident of each government and is responsible for the repayment of debt of each overlapping government.

PIMA COUNTY, ARIZONA
 Legal Debt Margin
 Last Ten Fiscal Years
 (\$ amounts in thousands)

Exhibit D - 16

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Assessed Value	\$ 4,000,624	\$ 4,236,070	\$ 4,491,395	\$ 4,835,561	\$ 5,221,271	\$ 5,620,156	\$ 6,050,950	\$ 6,869,955	\$ 8,220,396	\$ 9,594,862
Legal Debt Margin										
Debt limit (15% of assessed value)	600,094	635,411	673,709	725,334	783,191	843,023	907,643	1,030,493	1,233,059	1,439,229
Debt applicable to limit:										
General obligation bonds	173,985	192,640	183,070	200,275	232,105	267,270	231,310	289,590	348,335	386,845
Less: Net assets reserved for repayment of general obligation debt	(6,249)	(4,309)	(4,883)	(2,226)	(2,648)	(8,899)	(5,571)	(7,431)	(10,241)	(10,523)
Total net debt applicable to the limit	<u>167,736</u>	<u>188,331</u>	<u>178,187</u>	<u>198,049</u>	<u>229,457</u>	<u>258,371</u>	<u>225,739</u>	<u>282,159</u>	<u>338,094</u>	<u>376,322</u>
Legal debt margin	<u>\$ 432,358</u>	<u>\$ 447,080</u>	<u>\$ 495,522</u>	<u>\$ 527,285</u>	<u>\$ 553,734</u>	<u>\$ 584,652</u>	<u>\$ 681,904</u>	<u>\$ 748,334</u>	<u>\$ 894,965</u>	<u>\$ 1,062,907</u>
Total net debt applicable to the limit as a percentage of debt limit.	27.95%	29.64%	26.45%	27.30%	29.30%	30.65%	24.87%	27.38%	27.42%	26.15%

See Notes to the Financial Statements (Note 6 page 64) for calculation of the legal debt margin for the current year.

PIMA COUNTY, ARIZONA
Regional Wastewater Reclamation Pledged Sewer Revenue Debt Coverage
Last Ten Fiscal Years
(amounts in thousands)

Exhibit D - 17a

Fiscal Year	Sewer User Revenues (2)	Less: Operating Expense (3)	Available Net Revenue	Debt Service (1)		Coverage Ratio (4)
				Principal	Interest	
1999-00	\$ 60,177	\$ 35,334	\$ 24,843	\$ 4,727	\$ 5,157	2.51
2000-01	62,134	39,643	22,491	5,006	4,531	2.36
2001-02	60,845	42,571	18,274	7,662	5,782	1.36
2002-03	68,374	46,937	21,437	8,887	5,913	1.45
2003-04	79,528	44,566	34,962	7,979	5,378	2.62
2004-05	89,525	46,795	42,730	4,705	4,472	4.66
2005-06	105,827	57,371	48,456	9,501	5,710	3.19
2006-07	103,959	69,597	34,362	13,738	6,409	1.71
2007-08	109,264	78,521	30,743	13,072	7,315	1.51
2008-09	105,987	73,186	32,801	5,975 *	5,990 *	2.74 **

(1) Debt Service Requirements include principal and interest payable in the 12 months following each fiscal year.

(2) Includes sewer connection fees.

(3) Excludes grants, depreciation, interest expense and amortization.

(4) Sewer revenue debt rate covenants require minimum coverage of 1.20.

* Due to banking regulation change, principal paid on bonds July 1, 2009 are not reflected in the principal payments during the current year.

** 2008-2009 estimated as of June 30, 2009; annual debt disclosure statements pending

Note: Beginning in 2008-2009, this exhibit was restated to reflect Regional Wastewater Reclamation disclosure document information.
Details regarding outstanding debt can be found on page 58 in Notes to Financial Statements.

PIMA COUNTY, ARIZONA
Transportation Revenue Bonds - Pledged Revenue Bond Coverage
Last Ten Fiscal Years
(amounts in thousands)

Exhibit D - 17b

Fiscal Year	Transportation Revenue	Less: Operating Expense	Available Net Revenue	Debt Service *		Coverage Ratio
				Principal	Interest	
1999-00	\$ 52,345	\$ 31,714	\$ 20,631	\$ 4,000	\$ 1,444	3.79
2000-01	53,264	31,006	22,258	4,000	1,244	4.24
2001-02	50,599	34,855	15,744	8,535	3,370	1.32
2002-03	51,852	34,059	17,793	10,215	4,394	1.22
2003-04	55,777	36,865	18,912	8,905	3,965	1.47
2004-05	57,819	38,349	19,470	10,710	6,058	1.16
2005-06	61,944	39,336	22,608	11,435	5,257	1.35
2006-07	64,781	42,639	22,142	11,745	5,659	1.27
2007-08	65,009	43,490	21,519	12,365	6,147	1.16
2008-09	58,891	38,082	20,809	15,145	6,203	0.97

Note: Details regarding the County's outstanding debt can be found in Notes to Financial Statements.
Operating expenditures do not include interest, depreciation, or amortization.

* Debt Service Requirements include principal and interest payable in the 12 months following each fiscal year.

PIMA COUNTY, ARIZONA
Pledged Revenue Bond Coverage - Lease Revenue Bonds
Last Ten Fiscal Years
(amounts in thousands)

Exhibit D - 17c

Fiscal Year	Lease Revenue	Less: Operating Expense	Available Net Revenue	Debt Service		Coverage Ratio
				Principal	Interest	
1999-00	\$ 6	\$ 7	\$ (1)	\$ 130	\$ 68	(0.01)
2000-01	6	7	(1)	140	61	(0.00)
2001-02	2	7	(5)	145	52	(0.03)
2002-03	1	7	(6)	155	31	(0.03)
2003-04	0	27	(27)	460	99	(0.05)
2004-05	*					
2005-06	*					
2006-07	*					
2007-08	*					
2008-09	*					

* This debt was satisfied in full during FY 2003-04.

PIMA COUNTY, ARIZONA
Lease, Lease-Purchase and Purchase Agreements
(amounts in thousands)

Exhibit D - 18

Function/Department	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10
Clerk of Superior Court - equipment	\$ 195	\$ 147	\$ 31	\$ 82	\$ 82	\$ 131	\$ 111
Jail *	3,824	2,764	3,042	3,015	5,920	3,027	3,007
Juvenile Court	74						
Public Works Building	1,643						
Sheriff	42	42	42	21			
	<u>\$ 5,778</u>	<u>\$ 2,953</u>	<u>\$ 3,115</u>	<u>\$ 3,118</u>	<u>\$ 6,002</u>	<u>\$ 3,158</u>	<u>\$ 3,118</u>

* Funds derived from a sale/leaseback of the County's Adult Corrections Facility provided funding for construction of Kino Veteran's Memorial Sportspark & Tucson Electric Park Stadium.

Source: Pima County Finance and Risk Management Department

PIMA COUNTY, ARIZONA

Exhibit D - 19

Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Expenditures
Last Ten Fiscal Years
(amounts in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures *</u>	<u>Ratio of Debt Service To General Expenditures</u>
1999-00	\$ 34,803	\$ 12,122	\$ 46,925	\$ 442,415	10.6%
2000-01	36,873	13,173	50,046	467,614	10.7%
2001-02	35,358	12,366	47,724	487,476	9.8%
2002-03	43,648	13,904	57,552	515,774	11.2%
2003-04	46,998	13,702	60,700	546,136	11.1%
2004-05	41,255	14,794	56,049	589,708	9.5%
2005-06	48,672	18,147	66,819	640,336	10.4%
2006-07	50,940	17,672	68,612	689,968	9.9%
2007-08	56,459	19,757	76,216	755,413	10.1%
2008-09	96,751	24,322	121,073	780,044	15.5%

* Includes General, Special Revenue and Debt Service Funds, while excluding Capital Projects Fund.

STATISTICAL SECTION

DEMOGRAPHIC AND ECONOMIC INFORMATION:

The dual objectives of the demographic and economic information are to assist users in understanding certain aspects of the environment in which a government operates and to provide information that facilitates the comparisons of financial statement data over time and across governments.

Information of this type can help readers assess a government's condition by providing information about community expansion, average age increases or decreases and changes in personal income and unemployment. This type of data is important to readers in assessing economic condition.

PIMA COUNTY, ARIZONA
Demographic and Economic Statistics
Last Ten Fiscal Years

Exhibit D - 20

Calendar Year	Population (a)	Personal Income (b)	Per Capita Personal Income (\$)	Unemployment Rate (a)
2000	854,329	\$ 20,855,000	\$ 24,057	2.6%
2001	872,394	21,827,000	24,698	2.8%
2002	890,356	21,991,000	24,787	4.7%
2003	908,227	22,973,000	25,395	4.8%
2004	926,052	23,965,000	25,797	3.5%
2005	943,795	26,302,000	27,599	4.1%
2006	961,519	28,421,000	28,894	4.4%
2007	1,003,918	30,899,000	30,813	3.3%
2008	1,026,506	33,009,000	32,470	4.7%
2009	1,048,796	32,898,000	32,343	7.9%

Note :

- a) Population and unemployment data are obtained from projections supplied by the Arizona Department of Economic Security Statistics Unit.
- b) Personal income is obtained from "Arizona's Economy" magazine.

PIMA COUNTY, ARIZONA
Principal Employers
Current and Nine Years Ago

Employer	2000			2001			2002			2003			2004		
	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
Raytheon	9,800	4	2.5%	10,149	3	2.6%	10,400	3	2.6%	10,100	3	2.4%	10,171	2	2.4%
University of Arizona	10,850	2	2.8%	11,032	2	2.8%	11,606	1	2.9%	11,335	2	2.7%	10,078	3	2.3%
State of Arizona	10,071	3	2.6%	9,978	4	2.5%	9,932	4	2.5%	9,732	5	2.3%	9,753	4	2.3%
Davis Monthan AFB	8,346	5	2.1%	8,796	6	2.2%	9,200	5	2.3%	9,947	4	2.3%	7,692	5	1.8%
Tucson Unified School District	8,239	6	2.1%	9,102	5	2.3%	8,278	6	2.1%	8,234	6	1.9%	7,690	6	1.8%
Wal-Mart Stores, Inc.										4,000	9	0.9%	4,420	9	1.0%
Fort Huachuca	11,140	1	2.8%	11,376	1	2.9%	10,969	2	2.8%	11,580	1	2.7%	11,939	1	2.8%
Pima County Government	6,832	7	1.7%	7,119	7	1.8%	7,175	7	1.8%	7,135	7	1.7%	6,987	7	1.6%
City of Tucson	5,494	8	1.4%	6,058	8	1.5%	5,933	8	1.5%	6,168	8	1.5%	5,495	8	1.3%
Tohono O'odam Nation										3,375	10	0.8%	3,515	10	0.8%
Phelps Dodge	3,275	10	0.8%	4,200	9	1.1%	3,783	10	1.0%						
T M C HealthCare Inc.							3,800	9	1.0%						
Carondelet Health Network	3,596	9	0.9%	3,329	10	0.8%									
Total	<u>77,643</u>		19.7%	<u>81,139</u>		20.5%	<u>81,076</u>		20.4%	<u>81,606</u>		19.2%	<u>77,740</u>		18.1%
Total Work Force			394,100			393,200			397,900			424,400			431,400

(continued)

Sources: www.azstarnet.com/sn/star200, a website of the Arizona Daily Star.

PIMA COUNTY, ARIZONA
Principal Employers
Current Year and Nine Years Ago

Exhibit D - 21

(continued)

Employer	2005			2006			2007			2008			2009		
	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
Raytheon	10,300	3	2.3%	10,756	2	2.4%	11,184	1	2.5%	12,515	1	2.7%	11,539	1	2.4%
University of Arizona	10,348	2	2.3%	10,282	3	2.3%	10,354	2	2.3%	10,535	3	2.3%	10,575	2	2.2%
State of Arizona	9,750	4	2.2%	9,742	4	2.2%	9,927	3	2.2%	10,754	2	2.3%	9,329	3	1.9%
Davis Monthan AFB	8,727	5	2.0%	8,233	5	1.9%	8,233	5	1.8%	7,701	5	1.7%	7,509	4	1.5%
Tucson Unified School District	7,684	6	1.7%	7,623	6	1.7%	7,419	6	1.6%	8,018	4	1.7%	7,227	5	1.5%
Wal-Mart Stores, Inc.	4,595	9	1.0%	4,980	9	1.1%	5,625	9	1.2%	5,805	10	1.3%	6,715	6	1.4%
Fort Huachuca	12,250	1	2.8%	4,980 13,098	1	3.0%	9,119	4	2.0%	6,701	7	1.5%	6,463	7	1.3%
Pima County Government	6,767	7	1.5%	6,765	7	1.5%	7,290	7	1.6%	6,954	6	1.5%	6,235	8	1.3%
Freeport-McMoran Copper										5,840	9	1.3%	5,987	9	1.2%
City of Tucson	6,757	8	1.5%	5,306	8	1.2%	5,848	8	1.3%	5,848	8	1.3%	5,635	10	1.2%
Phelps Dodge	4,500	10	1.0%	4,123	10	0.9%	4,900	10	1.1%						
Tohono O'odam Nation															
Total	81,678		18.3%	85,888		19.3%	79,899		17.6%	80,671		17.6%	77,214		15.9%
Total Work Force			443,100			443,300			453,500			459,200			486,400

Note: Data is obtained from www.azstarnet.com/sn/star200, a website of the Arizona Daily Star.

PIMA COUNTY, ARIZONA
Population and Employment
Last Ten Calendar Years

Exhibit D - 22

Calendar Year	Population	Civilian Labor Force	Total Unemployment Rate	EMPLOYMENT				
				Mining	Construction	Manufacturing	Trades and Services	Finance, Insurance and Real Estate
2000	854,329	394,100	2.6%	1,800	22,100	33,500	191,600	13,800
2001	872,394	393,200	2.8%	1,800	21,600	34,000	190,800	14,100
2002	890,356	397,900	4.7%	1,500	21,800	32,300	184,500	15,100
2003	908,227	424,400	4.8%	1,400	23,700	29,100	184,500	14,800
2004	926,052	431,400	3.5%	1,200	24,000	28,500	185,000	15,600
2005	943,795	443,100	4.1%	1,500	26,600	28,600	199,300	18,200
2006	961,519	443,300	4.4%	1,700	28,500	29,300	219,200	17,500
2007	1,003,918	453,500	3.3%	1,900	28,100	29,000	228,600	17,800
2008	1,026,506	459,200	4.7%	2,100	23,600	26,900	221,600	16,300
2009	1,048,796	486,400	7.9%	1,300	16,500	25,900	215,900	16,700

Sources: Arizona Department of Economic Security, Economic Forecasting Project
University of Arizona, "Arizona's Economy"
U of A Business Research Program (EBR), College of Business & Public Administration

Note: Beginning with the July, 2003 issue, "Arizona's Economy" stopped using the Standard Industrial Classification System reporting format (SICS) and began using the North American Industrial Classification System reporting format (NAICS).

PIMA COUNTY, ARIZONA
 Transportation and Real Estate
 Last Ten Calendar Years

Exhibit D - 23

Calendar Year	Transportation				Real Estate		
	Aircraft Movements	No. of Air Passengers	Bus Ridership	Riders Per Mile	Residential Bldg Permits	Multiple Listings	Sales Volume In \$ 000's
2000	262,845	3,526,164	15,334,429	1.90	2,453	11,127	\$ 1,667,928
2001	260,258	3,733,205	14,513,188	1.87	3,182	11,229	1,775,178
2002	259,794	3,459,183	13,628,899	1.80	3,367	11,860	1,955,348
2003	271,802	3,522,401	15,016,131	1.91	9,441	12,933	2,271,131
2004	239,966	3,611,696	15,393,817	1.96	10,432	15,054	2,899,012
2005	261,037	3,928,773	15,847,429	2.00	12,103	17,039	3,908,054
2006	289,440	4,251,710	17,179,275	2.18	11,903	16,630	4,462,020
2007	263,910	4,284,880	17,857,865	2.21	6,265	13,821	3,757,536
2008	240,329	4,474,352	19,491,376	2.27	4,171	10,718	2,810,383
2009	190,445	3,777,057	21,648,350	2.46	2,364	10,472	2,245,644

Sources: University of Arizona, "Arizona's Economy"
 U of A Business Research Program, Eller Business Review (EBR), College of Business & Public Administration
 Pima Association of Governments
 Tucson Association of Realtors, Multiple Listing Service, Inc.

PIMA COUNTY, ARIZONA
 Economic Indicators by Calendar Year
 Last Ten Calendar Years
 (\$ amounts in thousands)

Exhibit D - 24

Calendar Year	Aggregate Retail Sales	Construction Activity		Bank Deposits
		Construction Awards	No. of Dwelling Units Awarded	
2000	\$ 8,170,826	\$ 1,561,110	8,489	\$ 5,619,000
2001	8,632,021	1,536,760	7,694	5,664,000
2002	8,728,079	1,678,354	7,716	6,554,000
2003	8,804,946		8,015	7,175,000
2004	9,550,501		9,281	7,895,000
2005	10,366,181		12,640	9,013,000
2006	11,478,781		10,313	10,134,000
2007	11,829,081		10,313	10,497,000
2008	11,922,231		3,728	10,765,000
2009	10,799,849		1,986	10,855,000

Source: University of Arizona, "Arizona's Economy"
 U of A Business Research Program (EBR), College of Business & Public Administration.

PIMA COUNTY, ARIZONA
Population Statistics
June 30, 2009

Exhibit D - 25

<u>Age Group</u>	<u>Population</u>
0-4	69,774
5-9	68,112
10-14	62,765
15-19	66,977
20-24	75,574
25-39	216,485
40-54	206,745
55-59	65,342
60-64	56,934
65-69	44,652
70-74	35,835
75+	79,601
Total	<u>1,048,796</u>

POPULATION PROJECTIONS

<u>Year</u>	<u>Projected Population</u>
2009	1,048,796
2011	1,092,369
2016	1,195,933
2021	1,290,058
2041	1,598,868
2051	1,721,232

Source: Arizona Department of Economic Security

PIMA COUNTY, ARIZONA
Average Annual Jail Population
Last Ten Calendar Years

<u>Calendar Year</u>	<u>Average Jail Population</u>
1999	1,339
2000	1,330
2001	1,481
2002	1,462
2003	1,539
2004	1,739
2005	2,009
2006	2,028
2007	2,008
2008	1,913

Source: Pima County Sheriff's Department

STATISTICAL SECTION

OPERATING INFORMATION:

The objective of the operating information is to provide contextual information about a government's operations and resources to assist users in using financial information to understand and assess a government's economic condition. Two types of information are considered important:

1. Basic information about infrastructure assets, utilities and public works; in essence, the capital resources at the government's disposal. Examples include miles of streets and sewers and wastewater treatment volume.
2. Descriptive service information, which would help to evaluate the size of the government. This would include types of services, the related demand and volume, and the non-financial resources employed to provide the services.

PIMA COUNTY, ARIZONA
Employees by Function
Last Seven Years

Exhibit D - 27

<u>Function/Program</u>	Full-time employees (FTEs) as of 6/30:						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities							
General government	1,851	2,040	2,952	2,911	2,776	2,860	2,684
Public safety	1,986	1,902	1,434	1,401	1,442	1,560	1,491
Highways and streets	290	288	351	526	334	330	311
Sanitation	0	0	0	45	41	40	34
Health	407	413	408	414	408	404	397
Welfare	174	185	20	23	22	26	29
Culture and recreation	180	197	164	180	466	485	480
Education and economic opportunity	140	117	250	289	179	186	184
Total governmental activities	5,028	5,142	5,579	5,789	5,668	5,891	5,610
Business-type activities							
Regional Wastewater Reclamation*	506	481	449	668	472	508	507
Wastewater Management- Solid Waste	43	42	42	0	0	0	0
Kino Hospital	607	548	0	0	0	0	0
Pima Health System & Services	511	162	631	634	559	563	451
Development Services	141	149	116	156	153	128	73
Parking Garages	3	3	3	3	3	3	3
Total business-type activities	1,811	1,385	1,241	1,461	1,187	1,202	1,034
Total	6,839	6,527	6,820	7,250	6,855	7,093	6,644

Note:

Internal service funds FTEs were added to the General Government function in FY 2004-2005.

Variances can be noted in the Governmental Activities categories due to a change in classification criteria in fiscal year 2005.

Variances can be noted in the Governmental Activities categories due to employees being added to the Library District from the City of Tucson on July 1, 2006.

Variances can also be noted in the Business Activities categories due to the closure of Kino Hospital which resulted in the absorption of some Kino employees into Pima Health System & Services.

In fiscal year 2005-2006 Wastewater Management-Solid Waste was classified as a governmental fund. It now appears under the category "Sanitation".

* Previously known as Wastewater Management - Liquid Waste.

PIMA COUNTY, ARIZONA
Operating Indicators by Program
Last Seven Years

Exhibit D - 28

Program:	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Sheriff							
Physical arrests	32,159	33,815	32,501	30,686	33,929	32,796	33,571
Traffic violations/citations							
Criminal							
Total	3,920	3,813	4,148	3,170	3,927	5,967	6,422
Civil							
Total	42,074	36,823	37,868	27,846	30,204	41,542	49,817
Total violations/citations	45,994	40,636	42,016	31,016	34,131	47,509	56,239
Wastewater							
(1) Avg. daily sewage treated (MGD)		65.0	65.5	66.4	68.5	67.3	67.8
New connections	8,289	9,718	11,245	8,325	8,734	4,452	1,477
Cultural and Recreational							
Spring training attendance	137,302	147,117	146,739	155,377	142,773	160,626	103,407
(2) Sidewinders attendance	167,552	165,387	165,441	171,179	153,595	143,611	58,879
Parks & Recreation							
Athletic field permits issued	101	107	129	135	141	147	149
Community center admissions	280,850	344,470	388,092	391,295	438,051	445,137	403,887
Volunteer hours	23,070	22,465	23,785	17,218	25,700	19,622	25,756
Library							
Volumes in collection	1,300,000	1,338,000	1,430,690	1,390,792	1,395,849	1,429,365	1,425,235
Total volumes borrowed	5,761,423	6,063,771	6,249,123	6,276,794	6,371,480	6,874,888	7,409,820
Number of cardholders	458,736	486,402	474,045	488,250	492,973	554,339	516,780
Capital Projects Completed							
Land	\$ 12,908,101	\$ 20,698,771	\$ 42,755,555	\$ 16,646,964	\$ 37,402,683	\$ 18,619,333	\$ 59,922,798
Buildings	9,356,754	18,609,343	42,916,920	2,018,849	66,095,100	17,591,833	14,336,536
Improvements	2,598,134	5,592,348	5,071,608	3,568,917	21,944,399	4,673,301	9,028,251
Infrastructure	72,540,294	67,890,856	7,476,315	76,950,908	29,146,482	72,925,857	22,733,535
	\$ 97,403,283	\$ 112,791,318	\$ 98,220,398	\$ 99,185,638	\$ 154,588,664	\$ 113,810,324	\$ 106,021,120

(1) MGD: Millions of Gallons per Day

(2) Sidewinders attendance 7/09 through 9/09; beginning in fiscal year 2008-09, the team is no longer in Tucson

PIMA COUNTY, ARIZONA
Capital Assets and Infrastructure by Program
Last Seven Years

Exhibit D - 29

	Fiscal Year						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Program:							
Sheriff							
Stations	6	6	6	6	7	7	7
Zone offices	5	5	5	5	4	4	4
Patrol Units	252	280	276	303	302	324	323
Transportation (streets and highways)							
Streets (miles)	1,750	1,773	1,782	1,798	1,801	1,893	1,893
Pothole repair	\$ 691,236	\$ 672,427	\$926,828	\$964,051	\$ 1,150,950	\$ 1,321,034	\$ 1,257,087
Flood Control							
Bank protection (miles)	138	138	138	138	139	140	140
Flood plain / drainageway (acres)	10,219	138	10,558	10,622	10,840	10,999	11,053
Parks & Recreation							
Urban parks (acres)	2,366	2,411	2,419	2,885	2,932	2,991	2,881
Playgrounds	30	32	34	36	41	41	38
(1) Baseball/softball diamonds	64	67	73	78	84	90	85
Soccer/football fields	12	12	14	14	16	17	17
Community centers	8	9	9	9	9	11	8
Swimming pools	7	8	8	9	9	9	9
Wastewater							
Sanitary sewers (miles)	3,049	3,177	3,249	3,314	3,464	3,492	3,462
Treatment capacity (MGD)	74.76	74.76	81.50	87.45	92.45	90.00	91.50
Libraries							
County	12	12	12	12	25	26	26
(2) City	12	12	12	13			
Open Space Acquisitions							
Properties added	2	7	7	17	18	9	5
Acres	606	10,334	13,942	1,235	3,668	757	14,753
Cumulative acreage	7,437	17,771	31,713	32,948	36,616	37,373	52,126
Total properties	18	25	32	49	67	76	81

(1) 2005 Baseball/softball diamonds adjusted after department review

(2) On July 1, 2006, the Pima County Library District assumed control of the operations of all County libraries.

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