

Pima County, Arizona

*Comprehensive Annual
Financial Report*

2011



For the Fiscal Year Ended June 30, 2011

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

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COUNTY ADMINISTRATOR

C. H. Huckelberry

Prepared by the Department of Finance and Risk Management

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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
130 W. CONGRESS, TUCSON, AZ 85701-1317
(520) 740-8661 FAX (520) 740-8171

C.H. HUCKELBERRY
County Administrator

December 19, 2011

The Honorable Board of Supervisors and Citizens
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, 2011. This report presents comprehensive financial and operating information about the County's activities for the fiscal year. The information is useful to its property owners, businesses, and other resource providers. Responsibility for the accuracy, the completeness, and the fairness of the presented data, 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 auditor's 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 familiarizes the reader with the organizational structure of the County, the nature and scope of its services, and the specifics of its legal operating environment.
- The **FINANCIAL** section includes the independent auditor's 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 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 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 also 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 Pima County. 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, Pima County Sports and Tourism Authority, 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, Fleet Services, Graphic Services, Cultural Resources, and Natural Resources, 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

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
- *Pima County Sports and Tourism Authority* - Activities of this discrete component unit are reported in the accompanying 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 as well as various street and lighting districts.

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

Over the last few years, Pima County has taken specific actions in response to the economic recession. Declining revenues and increased service demands generated specific actions to address redundancy and waste. Some of those actions include centralization of administrative services, a reduction in workforce through attrition, elimination of some lines of business, and a steady decrease in departmental budgets. Over the last three years, the County has reduced operating budgets by 11.5% with the exception of the Sheriff's Office which has been reduced by 2.5%.

The Adopted Budget for fiscal year 2011-12 continues this trend by reducing most department budgets by 1.5% (except law enforcement functions) and is reflected in the County's reduced combined fiscal year 2011-12 total budget of \$1.295 million.

The recommended combined total County budget for fiscal year 2011-12 is \$1.295 million which is 9.53% less than the current year, a large portion of which is a result of the County discontinuing to be a plan administrator for the Arizona Health Care Cost Containment System (AHCCCS).

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. The expenditure limitation is determined each year by adjusting the amount of actual payments of local revenues received by the County during fiscal year 1979-80 to reflect inflation and subsequent population growth for the County. Not subject to this limitation are items such as bond proceeds, related debt service, interest earnings, special voter approved districts, certain highway user revenue funds, federal grant and aid funds, monies received pursuant to intergovernmental agreements, and state grants which are to be used for specific purposes.

As in previous years, the County's expenditures for fiscal year 2010-11 are expected to be under the limit of \$516.3 million.

Major Program Initiatives and Developments

Several significant program initiatives and developments during the year include:

Pima Health System & Services

On September 30, 2011, the County's contracts with the Arizona Health Care Cost Containment System (AHCCCS) terminated. In preparation for the closure of this major enterprise fund, the County implemented strategic plans for the transition of County employees into new positions within or outside of the County. In addition, the County has decided to privatize the County's nursing facility, Posada del Sol, the sale of which is scheduled for December 31,

2011. As a result, the County's Adopted Budget for fiscal year 2011-12 was significantly decreased and the Adopted Budget for fiscal year 2012-13 will no longer report activities of Pima Health System & Services as an enterprise fund of the County.

Regional Optimization Master Plan

The Regional Optimization Master Plan is a master plan to allow Pima County to meet environmental regulatory requirements mandated by the Arizona Department of Environmental Quality (ADEQ) for the County's sewer system. ADEQ directed the County to meet new stringent quality based on mandates set by the United States Environmental Protection Agency (EPA).

The County is pursuing the most cost-effective option for the 32 MGD Wastewater Reclamation Facility (WRF): a design-build-operate contract, with a contractor providing all three elements. The DBO contract was awarded to CH2MHill on December 7, 2010, for \$164 million. The WRF is projected to be operational in September 2014.

Additionally, work has just been completed on a new Central Laboratory Complex, which will gather all laboratory services into one location and provide staff facilities for the Compliance and Regulatory Affairs Office and for training.

For fiscal year 2011-12, the capital budget for wastewater infrastructure is \$238.6 million, an increase of \$68.1 million. The Regional Optimization Master Plan capital program is primarily funded with obligations paid for with revenues generated mostly by user fees.

Debt Management

Pima County continues to be one of the major debt issuers for Arizona counties. Of the total amounts originally authorized, \$9.5 million from the May 20, 1997, \$121.3 million from the May 18, 2004, and \$7.9 million from the May 16, 2006 bond election remain unissued at June 30, 2011.

Bond sales anticipated for fiscal year 2011-12 include \$60 million of general obligation debt, \$13 million of Street and Highway bonds and \$189 million of sewer revenue obligations.

Please refer to the MD&A beginning on page 11 and Note 7 beginning on page 63 for specific details on debt issuances, defeasances and refundings.

Capital Improvements

During the year, the County began implementation of a new system to replace significant portions of its outdated financial and procurement systems through Project PimaCore. Next fiscal year, the human resources module of the project is expected to be implemented.

Additional major project expenditure budgets for next year include the Justice Court/Municipal Court Complex for \$27.2 million, the Communications Emergency Operations Center for \$17.1 million, new courtrooms for Superior Court for \$8.5 million and \$6.1 million for the Regional Public Safety Communications System.

Significant transportation projects budgeted for the year include Magee Road/Cortaro Farms Road: Mona Lisa to La Canada project (budget of \$8.5 million), La Canada Drive: Ina Road to River Road (budget of \$6.7 million), La Cholla Boulevard: Magee Road to Overton Road (budget of \$6.5 million) and the Magee Road/Cortaro Farms Road: Corridor Study and Thornydale Road to Mona Lisa project (budget of \$5.7 million).

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

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 uses internal borrowings among funds that are 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 auditor's 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 Single Audit for the fiscal year ended June 30, 2010 reported one material weakness and four significant deficiencies in its' internal control over compliance.

A complete Single Audit report for fiscal year 2009-10 can be found at:

<http://www.pima.gov/finance/PDFs/FCR/SAR/2010SAFinal.pdf>

The Single Audit for Pima County for the fiscal year ended June 30, 2011, 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 23 years from fiscal years ended June 30, 1984 through 2010, except for fiscal years ended June 30, 1990 and June 30, 1999, due to missing the filing deadline.

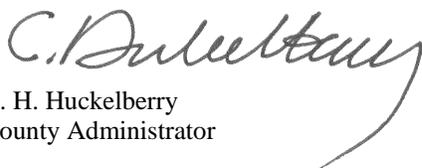
In order to receive a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR with contents that conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

In addition, for 12 consecutive years, Pima County has received GFOA's Distinguished Budget Presentation Award for its annual budget. The most current award was received for the fiscal year 2010-2011 budget document. 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.

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, 2010

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.



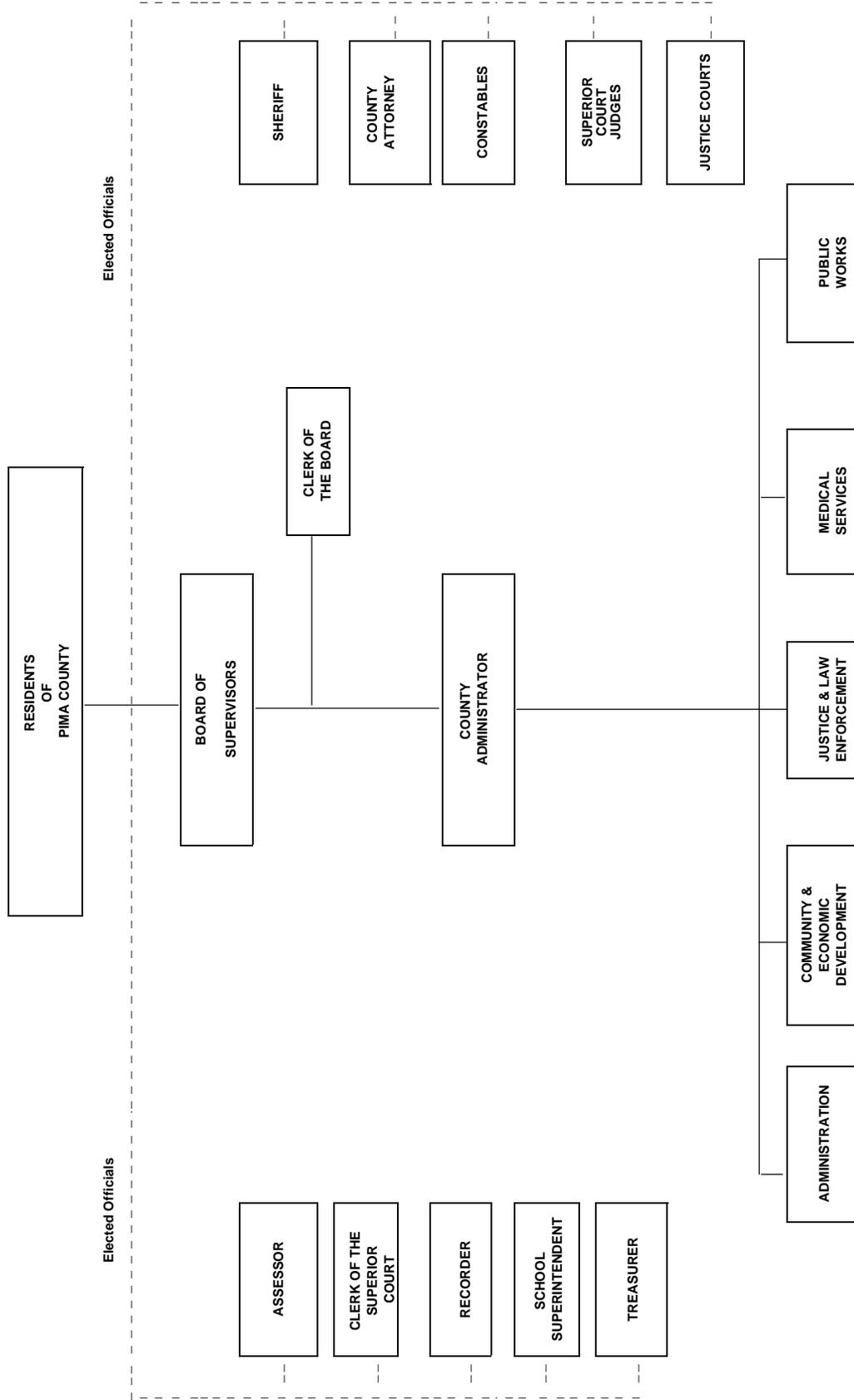
Linda C. Danison

President

Jeffrey R. Enen

Executive Director

PIMA COUNTY ORGANIZATIONAL CHART



PIMA COUNTY
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011

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

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of
Pima County, Arizona

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

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

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

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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of Pima County as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

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

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

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

Debbie Davenport
Auditor General

December 19, 2011



Management's Discussion and Analysis

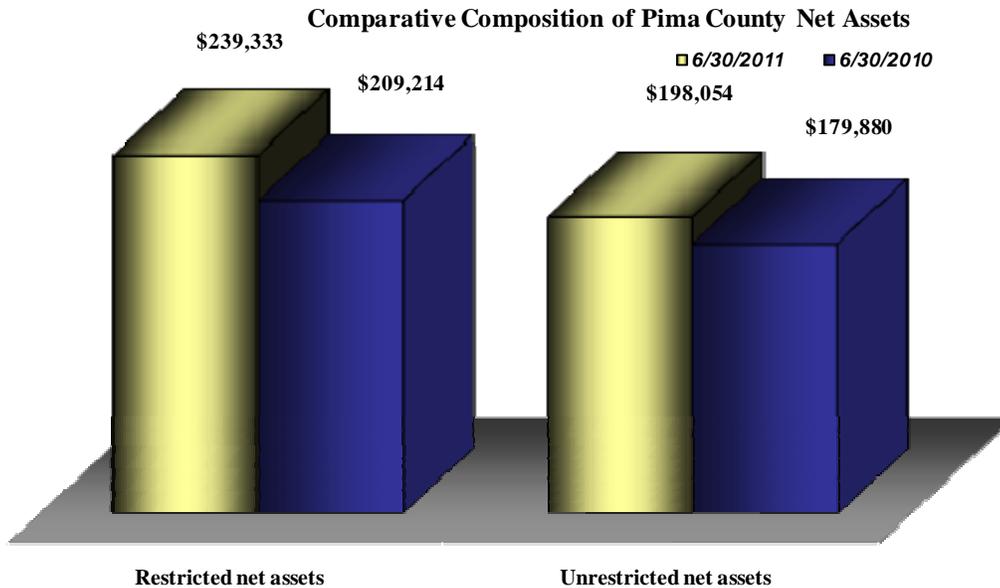
Management's Discussion and Analysis

This section of Pima County's comprehensive annual financial report presents a discussion and analysis of the County's financial performance during the year ended June 30, 2011 and should be read in conjunction with the County's basic financial statements in the following sections. All dollar amounts are expressed in thousands (000's) unless otherwise noted.

FINANCIAL HIGHLIGHTS

- At June 30, 2011, net assets for the County increased \$160 million from the prior year. Increases were experienced in all net asset categories, with a \$112 million increase in invested in capital assets, net of related debt, an increase of \$30 million in restricted net assets and an increase of \$18 million in unrestricted net assets.
- Assets of the County exceeded its liabilities by \$2,148,945, an increase of 8.1% from the prior year. Of this amount, \$198,054 is available for general government expenditures (unrestricted net assets). Unrestricted net assets increased by \$18,174 from last year, or approximately 10.1%.
- \$239,333 is restricted for specific purposes (restricted net assets), and \$1,711,558 is invested in capital assets, net of related debt and accumulated depreciation.

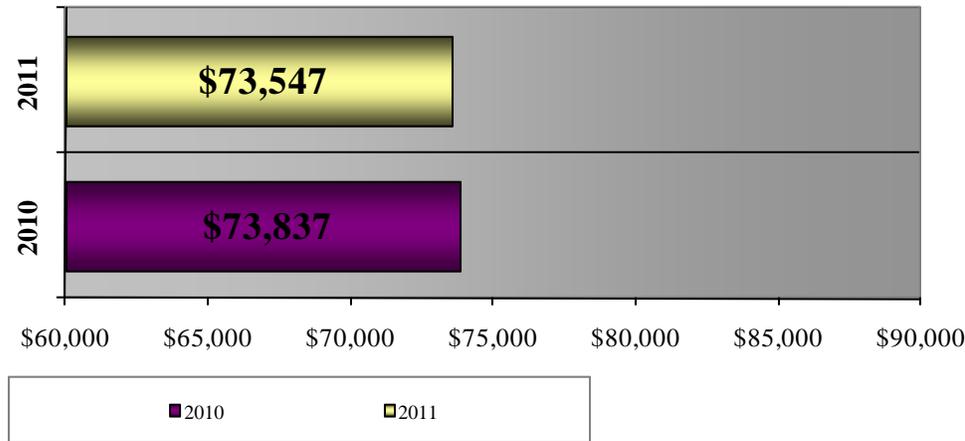
The chart below presents the composition of restricted and unrestricted net assets for the current and prior year:



- General Fund revenues decreased by \$16,568 from the prior year while expenditures only increased by \$2,821.
- The General Fund unassigned fund balance decreased to \$73,547, from \$73,837 in the prior year. The unassigned fund balances comprise 92.8% of the total fund balance of \$77,555.

General Fund - Unassigned Fund Balance

(in Millions)



OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 46-78.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve as a useful indicator of a government's financial position over time. County assets exceeded liabilities by \$2,148,945 at June 30, 2011. The following table shows condensed information for the Schedule of Assets, Liabilities, and Net Assets:

Table 1

Schedule of Assets, Liabilities, and Net Assets						
At June 30, 2011 and 2010						
	Governmental Activities		Business-type Activities		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	\$529,767	\$536,514	\$226,442	\$293,569	\$756,209	\$830,083
Capital assets (net):						
Land, buildings, equipment, infrastructure & other assets	1,718,730	1,634,662	905,710	808,945	2,624,440	2,443,607
Total assets	<u>2,248,497</u>	<u>2,171,176</u>	<u>1,132,152</u>	<u>1,102,514</u>	<u>3,380,649</u>	<u>3,273,690</u>
Current and other liabilities	71,038	106,057	51,975	47,342	123,013	153,399
Long-term liabilities	715,013	714,248	393,678	417,588	1,108,691	1,131,836
Total liabilities	<u>786,051</u>	<u>820,305</u>	<u>445,653</u>	<u>464,930</u>	<u>1,231,704</u>	<u>1,285,235</u>
Net assets :						
Invested in capital assets, net of related debt	1,136,033	1,048,821	575,525	550,540	1,711,558	1,599,361
Restricted	161,807	152,084	77,526	57,130	239,333	209,214
Unrestricted	164,606	149,966	33,448	29,914	198,054	179,880
Total net assets	<u>\$1,462,446</u>	<u>\$1,350,871</u>	<u>\$686,499</u>	<u>\$637,584</u>	<u>\$2,148,945</u>	<u>\$1,988,455</u>

Assets

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

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

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

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

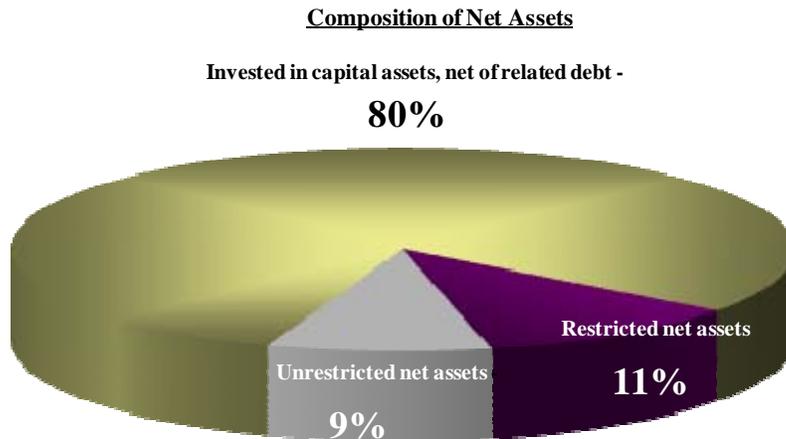
Net Assets

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

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

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

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



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

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

Governmental activities

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

Table 2
Governmental Activities
Schedule of Changes in Net Assets
For the Years Ended June 30, 2011 and 2010

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

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

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

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

- Revenue from operating grants and contributions decreased by \$6,368 due primarily to three state revenue sources not being received in the current fiscal year, as follows:
 - Statewide election grant revenue of \$953 was a one time grant received in fiscal year 2009-10.
 - Kino – University Physician’s Hospital program revenue of \$2,934 ended in fiscal year 2009-10.
 - Proposition 204 Hold Harmless (\$3,818) program ended in fiscal year 2009-10.

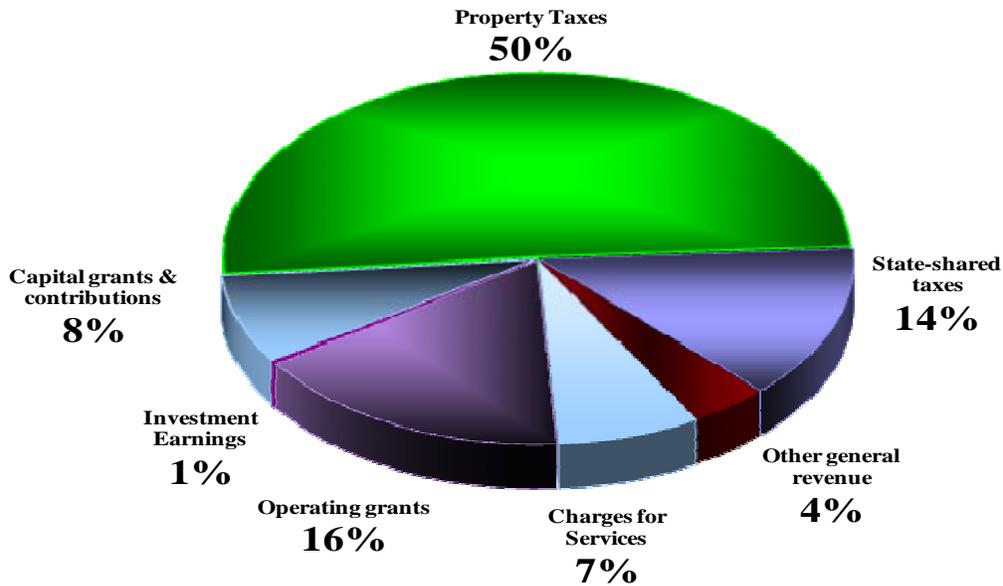
Total expenses for governmental activities were \$718,932, up 2.7% or \$18,682 compared to the previous year’s total of \$700,250. Factors contributing to the increase in expenses:

- Highways and streets expenses increased by \$4,657, of which \$4,324 was related to expenses incurred in transportation capital projects. Two of the largest transportation projects were:
 - \$3,926 for Tanque Verde: Catalina Hwy to Houghton Rd.
 - \$3,354 for Magee/Cortaro Farms: Magee/LaCholla.
- Culture and recreation expenses increased by \$5,421, of which \$5,808 was related to expenses incurred in Library and Parks and Recreation capital projects. Two of the largest culture and recreation projects were:
 - \$2,954 for Wilmot Branch Library.
 - \$2,414 for Eastside Sports Complex & Senior Center.
- The increase of \$4,603 in education and economic opportunity was due mostly to grant related expenses for the following American Recovery and Reinvestment grants:
 - Pima Neighborhood Investment Partnership with Southern Arizona Land Trust for \$2,486.
 - Pima Neighborhood Stabilization Program for \$2,143.

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

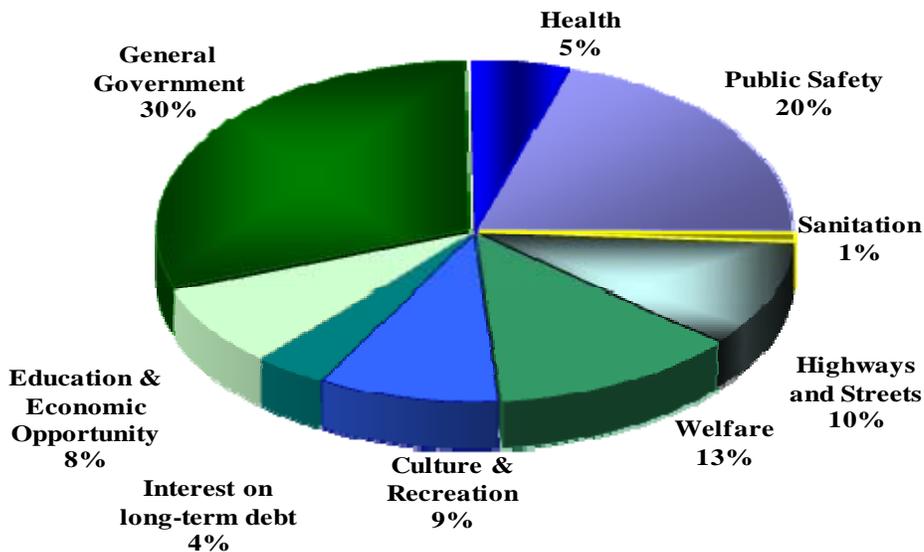
The chart below presents general and program revenues, as a percentage to total revenues. The amount provided from each revenue source for governmental activities, as a percentage to total revenue for governmental activities, has not changed significantly from the prior fiscal year. Property taxes, operating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

General and Program Revenues - Governmental Activities



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

Expenses by Function - Governmental Activities



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

Business-type activities

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

Table 3

Business-type Activities				
Schedule of Changes in Net Assets				
For the Years Ended June 30, 2011 and 2010				
	<u>2011</u>	<u>2010</u>	<u>Variance</u>	
			<u>Amount</u>	<u>Percent</u>
Program revenues:				
Charges for services	\$ 363,421	\$ 340,936	\$ 22,485	6.6%
Operating grants and contributions	4,691	4,421	270	6.1%
Capital grants and contributions	4,192	9,319	(5,127)	-55.0%
Total program revenues	<u>372,304</u>	<u>354,676</u>	<u>17,628</u>	<u>5.0%</u>
General revenues:				
Investment earnings	900	1,236	(336)	-27.2%
Other general revenues	2,681	2,884	(203)	-7.0%
Total general revenues	<u>3,581</u>	<u>4,120</u>	<u>(539)</u>	<u>-13.1%</u>
Total revenues	375,885	358,796	17,089	4.8%
Expenses:				
Regional Wastewater Reclamation	113,495	110,618	2,877	2.6%
Pima Health System & Services	200,305	204,619	(4,314)	-2.1%
Development Services	6,982	7,924	(942)	-11.9%
Parking Garages	1,538	1,906	(368)	-19.3%
Total expenses	<u>322,320</u>	<u>325,067</u>	<u>(2,747)</u>	<u>-0.8%</u>
Excess before contributions and transfers	53,565	33,729	19,836	58.8%
Transfers in (out)	<u>(4,650)</u>	<u>(538)</u>	<u>(4,112)</u>	<u>764.3%</u>
Change in net assets	48,915	33,191	15,724	47.4%
Beginning net assets	<u>637,584</u>	<u>604,393</u>	<u>33,191</u>	<u>5.5%</u>
Ending net assets	<u>\$ 686,499</u>	<u>\$ 637,584</u>	<u>\$ 48,915</u>	<u>7.7%</u>

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

- Charges for service revenue increased by \$22,485 due primarily to an \$18,187 increase in sewer fees associated with a rate increase effective July 1, 2010. There was also an increase in sewer connection revenue of \$1,500 from the Tucson Housing Authority. Additionally, Pima Health System & Services had an increase of \$4,531 in reinsurance claims less a \$1,783 decrease in capitation revenues.
- The decrease in capital grants and contributions of \$5,127 primarily resulted because of a downturn in construction activities.
- The decrease of \$4,314 in expenses for Pima Health System & Services is primarily due to a decrease of \$5,937 in medical and health care claims expenses.

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

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental funds

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

Major Governmental Funds

General Fund

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

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

- Property taxes decreased \$2,948 primarily due to lower assessed property valuations with the tax rates remaining constant.
- Intergovernmental revenue decreased by \$5,975 primarily due to decreases in three revenue streams: shared vehicle license tax revenue decreased \$1,029, state shared revenue tax decreased by \$3,969, and \$953 of revenue that was received last year for May 18, 2010 statewide elections was not received this year.
- Charges for Service revenue decreased by \$4,995 primarily in three areas:
 - a \$1,781 decrease in contributions from administration overhead allocations primarily from: Internal Service Fund Risk Management of \$787, Transportation of \$316, Library District of \$304 and Development Services of \$236.
 - a decrease in revenue from the City of Tucson for Correctional Housing of \$1,635.
 - a decrease in revenue from photo traffic enforcement of \$558 and voter registration of \$466.
- Fines and forfeits decreased by \$1,667 within two areas of Justice Courts: traffic fines decreased by \$610 and forfeits decreased by \$1,065.

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

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

Budget to Actual Comparison for the General Fund

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

Capital Projects Fund

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

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

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

Debt Service Fund

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

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

Overview of all governmental funds

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

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

Table 4

Governmental Funds						
Revenues Classified by Source						
For the Years Ended June 30, 2011 and 2010						
	<u>2011</u>		<u>2010</u>		<u>Variance</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Taxes	\$ 421,623	51.7%	\$ 423,443	51.6%	\$ (1,820)	-0.4%
Special assessments	330	0.1%	536	0.1%	(206)	-38.4%
Licenses and permits	8,494	1.0%	7,791	1.0%	703	9.0%
Intergovernmental	308,219	37.8%	296,004	36.2%	12,215	4.1%
Charges for services	54,491	6.7%	60,376	7.4%	(5,885)	-9.7%
Fines and forfeits	6,786	0.8%	8,443	1.0%	(1,657)	-19.6%
Interest	1,723	0.2%	4,612	0.6%	(2,889)	-62.6%
Miscellaneous	14,162	1.7%	17,442	2.1%	(3,280)	-18.8%
Total revenues	<u>\$ 815,828</u>	<u>100.0%</u>	<u>\$ 818,647</u>	<u>100.0%</u>	<u>\$ (2,819)</u>	<u>-0.3%</u>

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

- The \$12,215 increase in intergovernmental revenue was due primarily to a \$16,182 increase within Capital Projects Fund, increase of \$2,067 in Special Revenue Funds less a decrease of \$5,975 in General Fund. The Capital Projects increase was due to an increase in ARRA stimulus grants of \$6,256 and RTA sales tax revenue of \$10,562. The increase in Special Revenue Funds was due to increases in ARRA stimulus grants received in FY11. The General Fund revenues decrease was primarily due to three prior year revenue sources not being received in fiscal year 2011: May 18 2010 Statewide elections of \$953, Kino - University Physician's Hospital of \$2,934 and Proposition 204 Hold Harmless program revenues of \$3,818.
- The \$5,885 decrease in charges for services was from three decreases in revenue sources within the General fund, including administration overhead allocation revenue collected from the County's funds of \$1,781, Correctional Housing from the City of Tucson of \$1,635 and General Government Fees of \$1,376.
- Miscellaneous revenues decreased by \$3,280 due primarily to a decrease of \$3,164 of anti-racketeering monies received by the County Attorney's office.

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

Table 5
Governmental Funds
Expenditures by Function
For the Years Ended June 30, 2011 and 2010

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

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

- Health expenditures increased by \$3,774 due to increases in grant funded activities, specifically the Communities Putting Prevention to Work – ARRA program for \$2,162 and Public Health Nursing –Child program for \$1,451.
- Expenditures decreased by \$9,103 in capital outlay primarily due to the net effect of decreases in cost for open space land acquisitions of \$23,675 and an increase in costs of \$15,557 for building construction.
- Debt service principal payments on debt decreased by \$10,946 because of lower principal payments made on general obligation bonds.

Proprietary funds

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

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

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

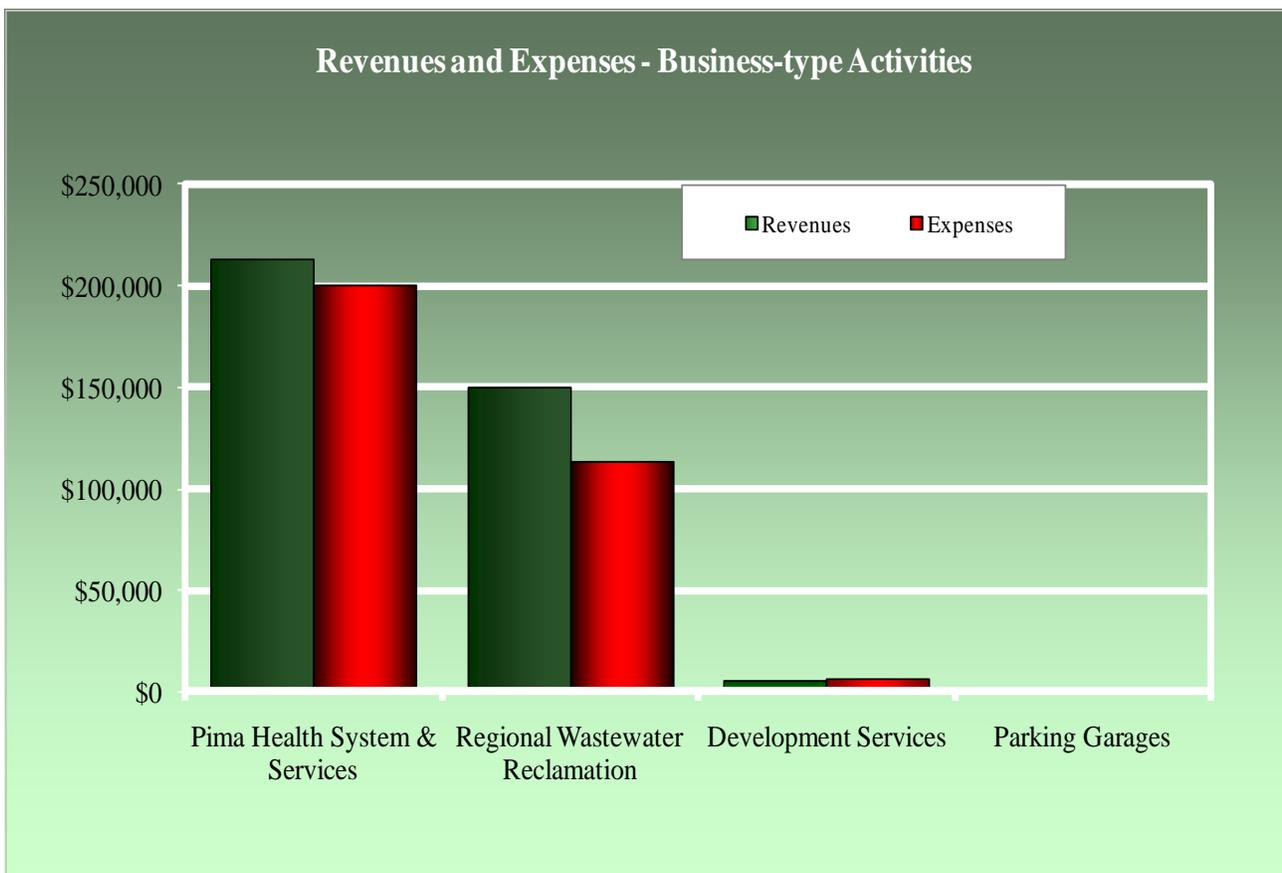
	2011	2010	Variance	
			Amount	Percent
Operating revenues:				
Net patient services	\$ 205,814	\$ 203,067	\$ 2,747	1.4%
Charges for services	137,838	120,149	17,689	14.7%
Other	2,821	2,882	(61)	-2.1%
Total net operating revenues	<u>346,473</u>	<u>326,098</u>	<u>20,375</u>	<u>6.2%</u>
Operating expenses: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

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

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

- Charges for service revenue increased by \$17,689 due primarily to an \$18,187 increase in Regional Wastewater Reclamation Sewer Utility Service fees for user fee volume and monthly standard service fees effective July 1, 2010.
- Medical and health care claims expense decreased \$3,623 due to Pima Health System & Services lowering the rates/reimbursements to its providers because AHCCCS lowered its capitation rates paid to Pima Health System & Services.
- The decrease of \$1,556 in intergovernmental revenue is primarily a result of a \$2,054 forgivable loan from WIFA that was not provided this year.
- There was an increase of \$1,919 in sewer connection fee revenue due to \$1,500 received from the Tucson Housing Authority.
- The decrease in capital contributions of \$3,292 is due to a continuing decrease in construction activity.
- Transfers in and transfers out are significantly less this year. Transfers in the Regional Wastewater Reclamation fund were lower because of reduced construction activity and debt service requirements. In the current year, Pima Health System & Services transferred out \$4,596 as an equity transfer to the General fund.

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



Capital Assets and Debt Administration

Capital Assets

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

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

Table 7

Governmental and Business-type Activities Capital Assets For the Years Ended June 30, 2011 and 2010						
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 448,790	\$ 433,098	\$ 15,409	\$ 15,178	\$ 464,199	\$ 448,276
Construction in progress	202,977	176,749	165,481	92,178	368,458	268,927
Buildings and improvements	432,149	381,800	207,081	217,321	639,230	599,121
Infrastructure	593,946	600,634			593,946	600,634
Sewage conveyance systems			435,232	398,495	435,232	398,495
Equipment	40,868	42,381	82,507	85,773	123,375	128,154
Total	\$ 1,718,730	\$ 1,634,662	\$ 905,710	\$ 808,945	\$ 2,624,440	\$ 2,443,607

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

Governmental activities

- Land acquisitions increased \$15,692, or 3.6% due primarily to the following acquisitions: land received as contributed capital of \$8,997 for transportation purposes; land purchased for \$626 on north Oracle Road; a purchase of \$4,751 for parks and recreational purposes that includes land off of northwest Camino De Oeste and Sweetwater for \$1,600, land related to the intersection of Tanque Verde and Houghton of \$1,573; and land at north Camino De La Canada for \$552.
- Construction in progress increased \$26,228 or 14.8% compared to last fiscal year. Current major projects still in progress include:
 - the Regional Public Safety Communication System
 - La Canada Dr: Ina Rd to Calle Concordia
 - La Cholla Blvd I-10 to River Road
 - Interstate 19 - northbound Frontage Rd, Canoa to Continental
 - Justice Court/Municipal Court Complex
 - PimaCore Project

Business-type activities

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

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

Long-term Debt

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

Table 8
Long-Term Debt
For the Years Ended June 30, 2011 and 2010

	2011	2010
Bonds issued (at face value):		
General Obligation	\$75,000	\$113,535
Street and Highway Revenue		23,420
Sewer Revenue	43,625	
Sewer System Revenue Obligations		165,000
Certificate of Participation (COPs)		20,000
WIFA Loans Payable		8,002
Total	\$ 118,625	\$ 329,957

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

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

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

Table 9
Credit Ratings

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

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

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

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

Economic Factors and Next Year's Budget

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

Pima Health System & Services Effect on County Budget

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

Primary property taxes

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

University Physician Healthcare Hospital

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

Request for Information

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

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Basic Financial Statements

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

Exhibit A - 1

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

See accompanying notes to financial statements

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

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 218,843	\$ 27,802	\$ 28,530	\$ 1,257
Public safety	146,395	9,034	9,487	6,313
Highways and streets	73,348	4,891	50,772	52,821
Sanitation	6,208	3,699	1,092	
Health	36,475	11,436	12,687	
Welfare	90,521			
Culture and recreation	67,063	2,191	342	1,881
Education and economic opportunity	56,626	1,024	33,562	2,758
Amortization - unallocated	(2,626)			
Interest on long-term debt	26,079			
Total governmental activities	718,932	60,077	136,472	65,030
Business-type activities:				
Regional Wastewater Reclamation	113,495	148,010		4,027
Pima Health System & Services	200,305	207,652	4,691	
Development Services	6,982	5,688		165
Parking Garages	1,538	2,071		
Total business-type activities	322,320	363,421	4,691	4,192
Total primary government	\$ 1,041,252	\$ 423,498	\$ 141,163	\$ 69,222
Component units:				
Sports & Tourism Authority	\$ 137	\$ 33	\$ 8	
Southwestern Fair Commission	5,044	5,247	120	
Total component units	\$ 5,181	\$ 5,280	\$ 128	
General revenues:				
Property taxes, levied for general purposes				
Property taxes, levied for regional flood control district				
Property taxes, levied for library district				
Property taxes, levied for debt service				
Hotel/motel taxes, levied for sports facility and tourism				
Other taxes, levied for stadium district				
Unrestricted share of state sales tax				
Unrestricted share of state vehicle license tax				
Grants and contributions not restricted to specific programs				
Interest and penalties on delinquent taxes				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets at beginning of year				
Net assets at end of year				

See accompanying notes to financial statements

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

Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (161,254)		\$ (161,254)	
(121,561)		(121,561)	
35,136		35,136	
(1,417)		(1,417)	
(12,352)		(12,352)	
(90,521)		(90,521)	
(62,649)		(62,649)	
(19,282)		(19,282)	
2,626		2,626	
(26,079)		(26,079)	
(457,353)		(457,353)	
	\$ 38,542	38,542	
	12,038	12,038	
	(1,129)	(1,129)	
	533	533	
	49,984	49,984	
(457,353)	49,984	(407,369)	
			\$ (96)
			323
			\$ 227
295,904		295,904	
22,386		22,386	
28,860		28,860	
69,835		69,835	
5,591		5,591	
1,538		1,538	
88,631		88,631	
23,173		23,173	
4,527		4,527	
8,125		8,125	
2,153	900	3,053	
13,555	2,681	16,236	241
4,650	(4,650)		
568,928	(1,069)	567,859	241
111,575	48,915	160,490	468
1,350,871	637,584	1,988,455	4,774
\$ 1,462,446	\$ 686,499	\$ 2,148,945	\$ 5,242

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 units:

- Sports & Tourism Authority
- 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

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, 2011
(in thousands)

Exhibit A - 3

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

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Assets
 June 30, 2011
 (in thousands)

Exhibit A - 4

Fund balances - total governmental funds		\$ 361,730
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds</p>		
Governmental capital assets	\$ 2,490,801	
Less accumulated depreciation	<u>(790,831)</u>	1,699,970
<p>Some liabilities and their associated issuance costs are not due and payable in the current period and therefore are not reported in the governmental funds</p>		
Bonds payable	(587,231)	
Certificates of participation payable	(48,235)	
Loans and leases payable	(17,775)	
Unamortized deferred issuance costs reported as other assets	<u>1,496</u>	(651,745)
<p>Some compensated absences are not due and payable shortly after June 30, 2011, and therefore are not reported in the governmental funds</p>		
Employee compensation		(28,335)
<p>Some liabilities are not due and payable shortly after June 30, 2011, and are therefore not reported in the governmental funds</p>		
Landfill liability	(19,944)	
Pollution remediation liability	<u>(1,033)</u>	(20,977)
<p>Deferred revenue in governmental funds is susceptible to full accrual on the government-wide statements</p>		
		46,525
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets</p>		
		55,278
Net assets of governmental activities		<u><u>\$ 1,462,446</u></u>

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

Exhibit A - 5

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

See accompanying notes to financial statements

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

Net change in fund balances - total governmental funds \$ 15,390

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense

Expenditures for capital assets	\$ 126,908	
Less current year depreciation	<u>(55,037)</u>	71,871

Transfers of capital assets between governmental activities and proprietary funds or internal service funds are not reported in the governmental funds but are recognized in the statement of activities (78)

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

Face amount of long-term debt	(75,000)	
Premium on bonds	(3,276)	
Debt service - principal payments	76,361	
Deferred issuance costs	170	
Amortization expense	<u>2,626</u>	881

Some revenues reported in the statement of activities do not represent the collection of current financial resources and therefore are not reported as revenues in the governmental funds.

Donations of capital assets	17,270	
Property tax revenues	3,487	
Other	<u>3,108</u>	23,865

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds

Change in compensated absences	152	
Change in landfill liability	(320)	
Pollution remediation liability	702	
Net book value of capital asset disposals	(5,607)	
Change in reservation of fund balances	<u>70</u>	(5,003)

Internal service funds are used by management to charge the costs of certain activities to individual funds. A portion of the net expense of the internal service funds is reported with governmental activities 4,649

Change in net assets of governmental activities \$ 111,575

PIMA COUNTY, ARIZONA
Statement of Net Assets - Proprietary Funds
June 30, 2011
(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	\$ 40,623	\$ 32,806	\$ 6,710	\$ 80,139	\$ 77,880
Restricted cash and cash equivalents		82,805		82,805	
Interest receivable	15	36	2	53	14
Due from other funds	44	2	7	53	1,767
Due from other governments	1,288		49	1,337	41
Accounts receivable (net)	2,976	17,679	149	20,804	166
Inventory	91	3,833		3,924	951
Prepaid expenses	78	36	77	191	1,025
Total current assets	<u>45,115</u>	<u>137,197</u>	<u>6,994</u>	<u>189,306</u>	<u>81,844</u>
Noncurrent assets:					
Restricted cash and cash equivalents		31,780		31,780	
Capital assets:					
Land and other improvements		13,641	1,768	15,409	592
Buildings and improvements	907	355,517	12,927	369,351	614
Sewage conveyance system		681,720		681,720	
Equipment	1,354	107,477	1,232	110,063	35,811
Less accumulated depreciation	(1,726)	(424,681)	(9,907)	(436,314)	(18,415)
Construction in progress		165,481		165,481	158
Total capital assets (net of accumulated depreciation)	<u>535</u>	<u>899,155</u>	<u>6,020</u>	<u>905,710</u>	<u>18,760</u>
Deferred financing costs		4,526		4,526	
Total noncurrent assets	<u>535</u>	<u>935,461</u>	<u>6,020</u>	<u>942,016</u>	<u>18,760</u>
Total assets	<u>45,650</u>	<u>1,072,658</u>	<u>13,014</u>	<u>1,131,322</u>	<u>100,604</u>
<u>Liabilities</u>					
Current liabilities:					
Accounts payable	310	24,117	75	24,502	456
Accrued medical and health care claims	19,544			19,544	
Employee compensation	1,079	4,040	721	5,840	807
Interest payable		428		428	
Due to other funds	599	323	22	944	1,494
Due to other governments	39		136	175	
Deferred revenues		1,486		1,486	
Current portion of sewer revenue bonds		13,120		13,120	
Current portion of wastewater loans payable		3,685		3,685	
Current portion of reported but unpaid losses					4,324
Current portion of incurred but not reported losses					3,156
Total current liabilities	<u>21,571</u>	<u>47,199</u>	<u>954</u>	<u>69,724</u>	<u>10,237</u>
Noncurrent liabilities:					
Contracts and notes		4,657		4,657	
Sewer revenue bonds and obligations payable		348,511		348,511	
Wastewater loans payable		23,705		23,705	
Reported but unpaid losses					19,132
Incurred but not reported losses					14,183
Total noncurrent liabilities		<u>376,873</u>		<u>376,873</u>	<u>33,315</u>
Total liabilities	<u>21,571</u>	<u>424,072</u>	<u>954</u>	<u>446,597</u>	<u>43,552</u>
<u>Net assets</u>					
Invested in capital assets, net of related debt	535	568,970	6,020	575,525	18,760
Restricted for:					
Debt service		12,567		12,567	
Capital projects		24,236		24,236	
Regional wastewater reclamation		17,161		17,161	
Healthcare	23,562			23,562	
Unrestricted	(18)	25,652	6,040	31,674	38,292
Total net assets	<u>\$ 24,079</u>	<u>\$ 648,586</u>	<u>\$ 12,060</u>	<u>684,725</u>	<u>\$ 57,052</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.

1,774

Net assets of business-type activities

\$ 686,499

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011
(in thousands)

Exhibit A - 8

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

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

838

Change in net assets of business-type activities

\$ 48,915

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

Exhibit A - 9

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

(continued)

See accompanying notes to financial statements

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

Exhibit A - 9.1

(continued)

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

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

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

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

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

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

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

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

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

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

See accompanying notes to financial statements

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

Exhibit A - 10

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

See accompanying notes to financial statements

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

Exhibit A - 11

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

See accompanying notes to financial statements

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

Exhibit A - 12

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

See accompanying notes to financial statements

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2011
(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.

A. Reporting Entity

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

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

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

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

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2011
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

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

Related Organization:

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

B. Basis of Accounting

Primary government:

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

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

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2011
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

The County's business-type activities and enterprise funds follow FASB Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The County has chosen the option not to follow FASB statements and interpretations issued after November 30, 1989.

C. Basis of Presentation

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

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2011
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

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

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

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

Proprietary funds are financed mainly by fees and charges received from users of the services provided by the fund's operations. Proprietary funds distinguish operating revenues and expenses from non-operating items.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County reports the following major governmental funds:

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

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

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

The County reports the following major enterprise funds:

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

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

The County reports the following fund types:

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2011
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

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

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

D. Cash and Investments

Primary government:

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

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

E. Inventories and Prepaids

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

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

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

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

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

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2011
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

F. Property Tax Calendar

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

G. Capital Assets

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

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

	<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 5 to 40 years.

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

H. Investment Earnings

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2011
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

I. Compensated Absences

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

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2011
(in thousands)

Note 2: Fund Balance Classifications

The table below details the fund balance categories and classifications:

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2011
(in thousands)

Note 3: Cash and Investments

Primary Government

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

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

1. Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.
2. Corporate bonds, debentures and notes must be rated within the top three ratings by a nationally recognized rating agency.
3. Fixed income securities must carry one of the two highest ratings by Moody's Investors Service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

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

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

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

Foreign currency risk—Statutes do not allow foreign investments.

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

Custodial credit risk—Custodial credit risk is the risk that the County will not be able to recover its deposits if a financial institution fails. The County does not have a formal policy with respect to custodial credit risk. As of June 30, 2011, \$1,251 of the County's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2011
(in thousands)

Note 3: Cash and Investments (continued)

Investments—At June 30, 2011, the County’s investments consisted of \$302,415 invested in marketable securities and \$785,658 invested in the State Treasurer’s Investment Pool. Cash from the County and from externally legally separate governments are pooled to purchase the investments in marketable securities and the State Treasurer’s Pool. The State Board of Investment provides oversight for the State Treasurer’s pools. The fair value of a participant’s position in the pool approximates the value of that participant’s pool shares and the participant’s shares are not identified with specific investments.

Credit risk—Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The County does not have a formal investment policy with respect to credit risk.

At June 30, 2011, credit risk for the County’s investments was as follows:

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

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

Concentration of credit risk—The County has no formal policy with respect to limiting the amount the Treasurer may invest in any one issuer. The County’s exposure as of June 30, 2011 is less than 5% per issuer.

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2011
(in thousands)

Note 3: Cash and Investments (continued)

As of June 30, 2011, the County had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (Years)</u>
State Treasurer Investment Pool 5	\$ 487,537	0.07
State Treasurer Investment Pool 500	48,673	5.32
State Treasurer Investment Pool 7	249,448	0.13
Commercial paper	67,481	0.21
Corporate bonds	105,936	0.96
Federal Farm Credit Bank	7,707	0.05
Federal Home Loan Bank	24,143	0.70
Fannie Mae (Federal National Mortgage Association)	9,996	0.49
Freddie Mac (Federal Home Loan Mortgage Corp)	10,998	0.46
U.S. Treasury	64,977	1.87
Money market mutual fund	11,177	0.12
Total	<u>\$ 1,088,073</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:	\$ 54	\$ 8,000	\$ 1,088,073	\$ 1,096,127

	<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	\$ 439,555	\$ 80,139	\$ 398,180	\$ 63,426	\$ 981,300
Restricted cash and cash equivalents	242	114,585			114,827
Total	<u>\$ 439,797</u>	<u>\$ 194,724</u>	<u>\$ 398,180</u>	<u>\$ 63,426</u>	<u>\$ 1,096,127</u>

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2011
(in thousands)

Note 3: Cash and Investments (continued)

The Pool's assets are subject to applicable risks as discussed above and consist of the following:

	<u>Principal</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Fair Value</u>
Commercial paper	\$ 67,500	0.1-0.2%	07/11-12/11	\$ 67,481
Corporate bonds	101,414	0.3-7.3%	07/11-05/14	105,936
Federal Farm Credit Bank	7,500	5.4%	07/11	7,707
Federal Home Loan Bank	23,975	0.3-1.8%	12/11-12/12	24,143
Fannie Mae (Federal National Mortgage Association)	10,000	N/A	12/11	9,996
Freddie Mac (Federal Home Loan Mortgage Corp)	10,955	1.1%	12/11	10,998
U.S. Treasury	62,290	1.1-4.8%	12/11-07/14	64,977
State Treasurer Investment Pool 5	328,461	N/A	N/A	328,461
Interest Receivable	96	N/A	N/A	96
Total assets				<u>619,795</u>
Less: Reduction of Pool's assets-outstanding warrants				<u>(14,309)</u>
Total				<u><u>\$ 605,486</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	\$ 456,659
External participants	<u>148,827</u>
Total assets	605,486
Total liabilities	<u>0</u>
Total net assets held in trust	<u><u>\$ 605,486</u></u>

Statement of Changes in Net Assets

Total additions	\$ 7,392,740
Total deductions	<u>(7,395,447)</u>
Net decrease	(2,707)
Net assets held in trust:	
July 1, 2010	<u>608,193</u>
June 30, 2011	<u><u>\$ 605,486</u></u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2011
(in thousands)

Note 4: Due from Other Governments

Governmental activities:

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

Business-type activities:

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2011
(in thousands)

Note 5: Capital Assets

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

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 433,098	\$ 16,501	\$ (809)	\$ 448,790
Construction in progress	176,749	114,749	(88,521)	202,977
Total capital assets not being depreciated	<u>609,847</u>	<u>131,250</u>	<u>(89,330)</u>	<u>651,767</u>
Capital assets being depreciated:				
Buildings and improvements	539,662	66,439	(4,156)	601,945
Infrastructure	1,128,701	28,500	(1,603)	1,155,598
Equipment	115,881	10,186	(7,401)	118,666
Total capital assets being depreciated	<u>1,784,244</u>	<u>105,125</u>	<u>(13,160)</u>	<u>1,876,209</u>
Less accumulated depreciation for:				
Buildings and improvements	(157,862)	(13,511)	1,577	(169,796)
Infrastructure	(528,067)	(34,100)	515	(561,652)
Equipment	(73,500)	(10,213)	5,915	(77,798)
Total accumulated depreciation	<u>(759,429)</u>	<u>(57,824)</u>	<u>8,007</u>	<u>(809,246)</u>
Total capital assets being depreciated, net	<u>1,024,815</u>	<u>47,301</u>	<u>(5,153)</u>	<u>1,066,963</u>
Governmental activities capital assets, net	<u>\$ 1,634,662</u>	<u>\$ 178,551</u>	<u>\$ (94,483)</u>	<u>\$ 1,718,730</u>
	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 15,178	\$ 231		\$ 15,409
Construction in progress	92,178	115,927	\$ (42,624)	165,481
Total capital assets not being depreciated	<u>107,356</u>	<u>116,158</u>	<u>(42,624)</u>	<u>180,890</u>
Capital assets being depreciated:				
Buildings and improvements	368,081	4,069	(2,799)	369,351
Sewage conveyance system	632,633	49,109	(22)	681,720
Equipment	106,177	4,320	(434)	110,063
Total capital assets being depreciated	<u>1,106,891</u>	<u>57,498</u>	<u>(3,255)</u>	<u>1,161,134</u>
Less accumulated depreciation for:				
Buildings and improvements	(150,760)	(12,073)	563	(162,270)
Sewage conveyance system	(234,138)	(12,367)	17	(246,488)
Equipment	(20,404)	(7,582)	430	(27,556)
Total accumulated depreciation	<u>(405,302)</u>	<u>(32,022)</u>	<u>1,010</u>	<u>(436,314)</u>
Total capital assets being depreciated, net	<u>701,589</u>	<u>25,476</u>	<u>(2,245)</u>	<u>724,820</u>
Business-type activities capital assets, net	<u>\$ 808,945</u>	<u>\$ 141,634</u>	<u>\$ (44,869)</u>	<u>\$ 905,710</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2011
(in thousands)

Note 5: Capital Assets (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$	7,733
Public safety		10,719
Highways and streets		29,186
Sanitation		159
Health		676
Welfare		17
Culture and recreation		5,609
Education and economic opportunity		938
Internal service funds		2,746
Total governmental activities depreciation expense	\$	<u>57,783</u>

Business-type activities:

Pima Health System & Services	\$	215
Parking Garages		219
Regional Wastewater Reclamation		31,540
Development Services		48
Total business-type activities depreciation expense	\$	<u>32,022</u>

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2011
(in thousands)

Note 6: Claims, Judgments and Risk Management

Risk Management and Claims Liability

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

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

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

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

The claims liability of \$40,795 reported in the Fund at June 30, 2011, is based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The ultimate cost of claims includes incremental claim adjustment expenses that have been allocated to specific claims, as well as salvage and subrogation. No other claim adjustment expenses have been included.

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

Litigation

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

The following lawsuit is currently pending against Pima County:

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

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

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

Pollution Remediation

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

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

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

There are no estimated recoveries at this time.

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

Note 7: Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2011.

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2011
(in thousands)

Note 7: Long-Term Liabilities (continued)

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Due within</u> <u>1 year</u>
Business-type activities:					
Sewer revenue bonds	\$ 167,110	\$ 43,625	\$ 28,305	\$ 182,430	\$ 13,120
Less unamortized deferred amount	(175)	2,044	(483)	2,352	
Total revenue bonds payable	<u>166,935</u>	<u>45,669</u>	<u>27,822</u>	<u>184,782</u>	<u>13,120</u>
Sewer revenue obligations	165,000			165,000	
Plus unamortized deferred amount	13,138		1,289	11,849	
Total revenue obligations payable	<u>178,138</u>		<u>1,289</u>	<u>176,849</u>	
Regional Wastewater Reclamation (RWR) loans payable	66,283		38,879	27,404	3,685
Less unamortized deferred amount	(73)		(59)	(14)	
Total loans payable	<u>66,210</u>		<u>38,820</u>	<u>27,390</u>	<u>3,685</u>
Contracts and notes	6,305	4,721	6,369	4,657	
Total business-type activities long-term liabilities	<u>\$ 417,588</u>	<u>\$ 50,390</u>	<u>\$ 74,300</u>	<u>\$ 393,678</u>	<u>\$ 16,805</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, 2011, consisted of the outstanding general obligation bonds presented below. Of the total amounts originally authorized, \$9,530 from the May 20, 1997, \$121,276 from the May 18, 2004, and \$7,875 from the May 16, 2006 bond election remain unissued.

The following table presents amounts outstanding by issue.

<u>Issue</u>	<u>Issue</u> <u>Amount</u>	<u>Interest</u> <u>Rates</u>	<u>Maturities</u>	<u>Outstanding</u> <u>June 30, 2011</u>
Series of 2003	50,000	4.00 - 4.25%	2012-17	\$ 23,350
Series of 2004	65,000	3.00 - 5.00%	2012-19	36,510
Series of 2005	65,000	3.50 - 5.00%	2012-20	39,270
Series of 2007	95,000	3.00 - 4.50%	2012-21	68,125
Series of 2008	100,000	3.50 - 4.00%	2012-22	75,000
Series of 2009	75,000	3.00 - 4.13%	2012-23	40,000
Series of 2009A	90,000	3.00 - 4.00%	2012-24	78,315
Series of 2009A Refunding	23,535	3.00 - 3.50%	2012-16	17,180
Series of 2011	75,000	1.50 - 5.00%	2012-26	75,000
G.O. bonds outstanding				452,750
Plus unamortized deferred amount:				3,106
Total G.O. bonds outstanding				<u>\$ 455,856</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2011
(in thousands)

Note 7: Long-Term Liabilities (continued)

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

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

TRANSPORTATION BONDS PAYABLE

Governmental Activities

(Payments made from street and highway revenues)

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

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

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2011
(in thousands)

Note 7: Long-Term Liabilities (continued)

Pima County has pledged future highway user revenues, net of specified operating expenses, to repay \$131,410 in transportation revenue bonds issued between 2002 and 2010. Proceeds from the bonds provide financing for construction of various highways and streets within Pima County. The bonds are payable from net highway user revenues and are payable through 2024. Annual principal and interest payments on the bonds are expected to require approximately 88 percent of net revenues. Total principal and interest remaining to be paid on the bonds is \$163,200. Principal and interest paid for bonds in the current year and total customer net revenues were \$16,239 and \$18,159, respectively.

CERTIFICATES OF PARTICIPATION

Governmental Activities

(Payments made from General Fund revenues)

Certificates of Participation represent proportionate interests in semiannual lease payments. The County's obligation to make lease payments is subject to annual appropriations being made by the County for that purpose. On May 1, 2007, the County issued Certificates of Participation Series 2007A for \$28,765 to finance the acquisition of and improvements to a 22-story office tower located in downtown Tucson and to acquire and construct replacement facilities for the Pima County Community Services Department. On June 10, 2009, the County issued Certificates of Participation Series 2009 for \$34,400 to finance capital costs for public infrastructure of the County, including expansion and upgrades to the County's sewer treatment system. On February 4, 2010, the County issued Certificates of Participation Series 2010 for \$20,000 to finance the replacement computer enterprise system composed of servers and other hardware, computer terminals, software and system training. The new enterprise system will serve the County with finance, budget, procurement, human resources and material management systems.

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

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

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2011
(in thousands)

Note 7: Long-Term Liabilities (continued)

CAPITAL LEASES
Governmental Activities

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

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

Governmental Activities:

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

SEWER REVENUE BONDS AND LOANS

Business-type Activities

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

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2011
(in thousands)

Note 7: Long-Term Liabilities (continued)

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

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

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

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

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
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Note 7: Long-Term Liabilities (continued)

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

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

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

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

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

REFUNDED SEWER REVENUE BONDS AND LOANS

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2011
(in thousands)

Note 7: Long-Term Liabilities (continued)

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

CONTRACTS AND NOTES

Business-type Activities

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

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

LEGAL DEBT MARGIN

County General Obligation Bonds

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

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

Note 8: Landfill Liabilities

Solid Waste Landfill Closure and Post-Closure Care Costs:

State and federal laws and regulations require the County to place a final cover on its solid waste landfill sites when these sites stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after their closure. Although closure and post-closure care costs will not be paid until near or after the date the landfills stop accepting waste, the County records a portion of these closure and post-closure care costs as a long-term liability in each period, based on landfill capacity used as of each balance sheet date. The \$19,944 reported as landfill closure and post-closure care long-term liability within the governmental activities represents the cumulative amount reported to date, based on the percentage used of each landfill's total estimated capacity. The County will recognize the remaining estimated cost of closure and post-closure care of \$5,984 as the remaining estimated capacities are used. These amounts are based on what it would cost to perform all closure and post-closure care in the fiscal year ended June 30, 2011; actual costs may change due to inflation, changes in technology or changes in regulations.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2011
(in thousands)

Note 8: Landfill Liabilities (continued)

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

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

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

Note 9: Retirement Plans

Pension Plan Descriptions

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

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2011
(in thousands)

Note 9: Retirement Plans (continued)

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

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

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2011
(in thousands)

Note 9: Retirement Plans (continued)

Agent plans

For the year ended June 30, 2011, active **PSPRS** members were required by statute to contribute 7.65 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 29.16 percent, the aggregate of which is the actuarially required amount. As allowed by statute, the County contributed 3.65 percent of the members' required contribution, with the members contributing 4.00 percent. The health insurance premium portion of the contribution was set at 1.74 percent of covered payroll. Active **CORP** members were required by statute to contribute 8.41 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 12.08 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.17 percent of covered payroll.

Actuarial methods and assumptions

The contribution requirements for the year ended June 30, 2011 were established by the June 30, 2009 actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

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

Projections of benefits are based on 1) the plans as understood by the County and plans' members and include the types of benefits in force at the valuation date, and 2) the pattern of sharing benefit costs between the County and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for all plans and related benefits (unless noted), and the actuarial methods and assumptions used to establish the fiscal year 2011 contribution requirements, are as follows:

	<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	5.50% - 8.50%	5.50% - 8.50%
includes inflation at	5.50%	5.50%
Amortization method	Level percent-of-pay closed	Level percent-of-pay closed
Remaining amortization period	27 Years for unfunded actuarial accrued liability, 20 years for excess	27 Years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year Smoothed market value	7-year Smoothed market value

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2011
(in thousands)

Note 9: Retirement Plans (continued)

Annual Pension and Healthcare Cost

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

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

Trend Information

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2011
(in thousands)

Note 9: Retirement Plans (continued)

Funded Status

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

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2011
(in thousands)

Note 10: Interfund Transactions

A. Interfund Assets/Liabilities

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

Amounts recorded as due from:

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

B. Transfers

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

Amounts recorded as transfers out:

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2011
(in thousands)

Note 10: Interfund Transactions (continued)

		Transfer from	Transfer to
	\$	78	Government activities
			RWR
Total	<u>\$</u>	<u>78</u>	

Note 11: Construction and Other Significant Commitments

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

Environmental Quality

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

Facilities Management

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

General Government

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

Natural Resources, Parks and Recreation

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

Pima Health Systems and Services

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

Regional Wastewater Reclamation

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2011
(in thousands)

Note 11: Construction and Other Significant Commitments (continued)

Transportation

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

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

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

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

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

Note 13: Subsequent Events

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

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



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, 2011
(in thousands)

Exhibit B - 1

	Budgeted Amounts		Actual	Variance
	Original	Final		Over/Under
Revenues:				
Property taxes	\$ 301,398	\$ 301,398	\$ 301,493	\$ 95
Licenses and permits	2,463	2,463	2,681	218
Intergovernmental	122,016	122,016	122,952	936
Charges for services	36,591	36,591	35,361	(1,230)
Fines and forfeits	7,682	7,682	5,344	(2,338)
Investment earnings	871	871	418	(453)
Miscellaneous	4,527	4,527	4,722	195
Total revenues	475,548	475,548	472,971	(2,577)
Expenditures:				
Assessor	8,362	8,362	7,537	825
Board of Supervisors	1,887	1,887	1,732	155
Clerk of Superior Court	10,041	10,041	10,060	(19)
Community & Economic Development	12,394	12,394	11,604	790
Constables	1,038	1,038	1,028	10
County Administration	86,372	86,372	38,362	48,010
County Attorney	19,285	19,285	18,393	892
Institutional Health	94,403	94,403	90,572	3,831
Forensic Science Center	2,699	2,699	2,792	(93)
Graphics	461	461	351	110
Justice Courts	10,638	10,638	7,576	3,062
Juvenile Court	21,963	21,963	21,321	642
Justice & Law Enforcement	27,314	27,314	30,700	(3,386)
Public Works	30,041	30,041	28,725	1,316
Recorder	3,208	3,208	3,214	(6)
Sheriff	118,051	118,051	116,573	1,478
Superior Court	27,741	27,741	27,674	67
Superior Court Mandated Services	1,824	1,824	1,745	79
School Superintendent	1,582	1,582	1,345	237
Treasurer	2,444	2,444	1,958	486
Debt Service - principal	3,800	3,800	3,800	
- interest	2,113	2,113	2,113	
- miscellaneous	6	6	7	(1)
Total expenditures	487,667	487,667	429,182	58,485
Excess (deficiency) of revenues over (under) expenditures	(12,119)	(12,119)	43,789	55,908
Other financing sources (uses):				
Proceeds from sale of capital assets			11	11
Transfers in	5,211	5,211	9,981	4,770
Transfers (out)	(46,725)	(46,725)	(57,767)	(11,042)
Total other financing sources (uses)	(41,514)	(41,514)	(47,775)	(6,261)
Net change in fund balance	(53,633)	(53,633)	(3,986)	49,647
Fund balance at beginning of year	53,633	53,633	81,541	27,908
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,555</u>	<u>\$ 77,555</u>

See accompanying notes to schedule

PIMA COUNTY, ARIZONA
Notes to Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - General Fund
June 30, 2011
(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 Funds). 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, 2011, expenditures exceeded appropriations in the following General Fund departments (the legal level of budgetary control) by the following amounts: Justice & Law Enforcement, \$3,386; Forensic Science Center, \$93; Clerk of Superior Court, \$19; Recorder, \$6; and Debt Service miscellaneous, \$1. These expenditures were funded by greater than anticipated revenues and unspent appropriations.

PIMA COUNTY, ARIZONA
Schedule of Retirement Plans' Funding Progress
June 30, 2011
(in thousands)

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	2011	\$ 149,088	\$ 242,778	\$ (93,690)	61.4%	\$ 30,805	304.1%
Health Insurance	2011	0	7,353	(7,353)	0.0%	30,805	23.9%
Pension	2010	145,388	220,865	(75,477)	65.8%	31,302	241.1%
Health Insurance	2010	0	7,040	(7,040)	0.0%	31,302	22.5%
Pension	2009	142,164	212,291	(70,127)	67.0%	33,557	209.0%
Health Insurance	2009	0	7,088	(7,088)	0.0%	33,557	21.1%
CORP							
Pension	2011	\$ 51,477	\$ 75,051	\$ (23,574)	68.6%	\$ 20,441	115.3%
Health Insurance	2011	0	3,261	(3,261)	0.0%	20,441	16.0%
Pension	2010	50,077	64,614	(14,537)	77.5%	19,885	73.1%
Health Insurance	2010	0	3,092	(3,092)	0.0%	19,885	15.6%
Pension	2009	48,740	60,217	(11,477)	80.9%	20,411	56.2%
Health Insurance	2009	0	3,095	(3,095)	0.0%	20,411	15.1%

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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's share of gasoline and vehicle license taxes collected by the State.

Health Fund - to account for resources used to finance activities involved in the conservation and improvement of public health, animal control and emergency management. 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 - primarily to account for resources received under the Workforce Investment Act. Financing is provided by the Federal Government and County resources.

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. The Special Districts are a blended component unit of Pima County.

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
Jun 30, 2011
(in thousands)

	Special Revenue Funds					
	Transportation	Health	Regional Flood Control District	Employment and Training	Other	Other Grants
<u>Assets</u>						
Cash and cash equivalents	\$ 25,538	\$ 1,071	\$ 14,283		\$ 65,383	
Property taxes receivable (net of allowances for uncollectables)			1,024			
Interest receivable	10	1	6		21	
Due from other funds	342	1	38	\$ 18	83	\$ 1,584
Due from other governments	7,145	2,681	19	2,913	60	6,372
Loan receivable					87	
Accounts receivable	100	249	10	4	537	33
Inventory	1,499	119				
Prepaid expenditures	2	117	13	18	36	45
Other assets	1,018					
Special assessments receivable						
Restricted cash and cash equivalents						
Total assets	<u>\$ 35,654</u>	<u>\$ 4,239</u>	<u>\$ 15,393</u>	<u>\$ 2,953</u>	<u>\$ 66,207</u>	<u>\$ 8,034</u>
<u>Liabilities and fund balances</u>						
Liabilities:						
Accounts payable	\$ 1,162	\$ 735	\$ 347	\$ 630	\$ 372	\$ 1,828
Interest payable		1				
Employee compensation	752	823	245	171	259	966
Due to other funds	315	105	32	928	1,219	3,085
Due to other governments	12	6	1			205
Deposits and rebates	1		1			
Deferred revenues	3,675	1,341	903	1,420	1,706	4,529
Total liabilities	<u>5,917</u>	<u>3,011</u>	<u>1,529</u>	<u>3,149</u>	<u>3,556</u>	<u>10,613</u>
Fund balances:						
Nonspendable	1,501	236	13	18	123	45
Restricted	28,236	2,715	13,851	557	27,705	1,523
Committed					33,508	
Assigned					1,315	
Unassigned		(1,723)		(771)		(4,147)
Total fund balances	<u>29,737</u>	<u>1,228</u>	<u>13,864</u>	<u>(196)</u>	<u>62,651</u>	<u>(2,579)</u>
Total liabilities and fund balances	<u>\$ 35,654</u>	<u>\$ 4,239</u>	<u>\$ 15,393</u>	<u>\$ 2,953</u>	<u>\$ 66,207</u>	<u>\$ 8,034</u>

Special Revenue Funds						Total Other Governmental Funds
School Reserve	Environmental Quality	Special Districts	Solid Waste	Library District	Stadium District	
\$ 1,818	\$ 1,569	\$ 91	\$ 3,043	\$ 17,437	\$ 1,899	\$ 132,132
				1,263		2,287
	1		1	7	2	49
	6		47		127	2,246
237	149		278	12	251	20,117
						87
169	84		254		75	1,515
						1,618
27				3		261
						1,018
		239				239
				45		45
<u>\$ 2,251</u>	<u>\$ 1,809</u>	<u>\$ 330</u>	<u>\$ 3,623</u>	<u>\$ 18,767</u>	<u>\$ 2,354</u>	<u>\$ 161,614</u>
\$ 96	\$ 1		\$ 157	\$ 764	\$ 11	\$ 6,103
					1	2
105	97		59	720	60	4,257
	7	\$ 268	87	36	10	6,092
						224
						2
<u>20</u>	<u>82</u>	<u>239</u>		<u>1,111</u>	<u>164</u>	<u>15,190</u>
<u>221</u>	<u>187</u>	<u>507</u>	<u>303</u>	<u>2,631</u>	<u>246</u>	<u>31,870</u>
27				48		2,011
1,412	1,169		1,311	16,088		94,567
		30			4,440	37,978
591	453		2,009			4,368
		(207)			(2,332)	(9,180)
<u>2,030</u>	<u>1,622</u>	<u>(177)</u>	<u>3,320</u>	<u>16,136</u>	<u>2,108</u>	<u>129,744</u>
<u>\$ 2,251</u>	<u>\$ 1,809</u>	<u>\$ 330</u>	<u>\$ 3,623</u>	<u>\$ 18,767</u>	<u>\$ 2,354</u>	<u>\$ 161,614</u>

PIMA COUNTY, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Nonmajor Governmental Funds
For the Year Ended June 30, 2011
(in thousands)

	Special Revenue Funds					
	Transportation	Health	Regional Flood Control District	Employment and Training	Other	Other Grants
Revenues:						
Taxes			\$ 22,275			
Special assessments						
Licenses and permits	\$ 811	\$ 2,967	2			
Intergovernmental	51,326	13,561	52	\$ 15,639	\$ 5,523	\$ 43,953
Charges for services	185	2,764	71		8,099	
Fines and forfeits		204			429	
Investment earnings	143	18	70		312	9
Miscellaneous	246	279	100	208	7,343	247
Total revenues	<u>52,711</u>	<u>19,793</u>	<u>22,570</u>	<u>15,847</u>	<u>21,706</u>	<u>44,209</u>
Expenditures:						
Current:						
General government					14,055	23,363
Public safety			10,288		2,318	7,530
Highways and streets	34,552				61	
Sanitation						
Health		30,353				496
Culture and recreation					328	48
Education and economic opportunity				16,623	1,452	15,285
Debt service - principal					36	
- interest						
Total expenditures	<u>34,552</u>	<u>30,353</u>	<u>10,288</u>	<u>16,623</u>	<u>18,250</u>	<u>46,722</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,159</u>	<u>(10,560)</u>	<u>12,282</u>	<u>(776)</u>	<u>3,456</u>	<u>(2,513)</u>
Other financing sources (uses):						
Proceeds from sale of capital assets	3		13			
Transfers in	5,570	8,777	50	283	33,492	29
Transfers (out)	<u>(16,242)</u>		<u>(8,003)</u>		<u>(11,796)</u>	<u>(362)</u>
Total other financing sources (uses)	<u>(10,669)</u>	<u>8,777</u>	<u>(7,940)</u>	<u>283</u>	<u>21,696</u>	<u>(333)</u>
Net change in fund balances	7,490	(1,783)	4,342	(493)	25,152	(2,846)
Fund balance at beginning of year	22,247	2,968	9,522	297	37,499	267
Change in reserve for inventory		43				
Change in reserve for prepaid expenditures						
Fund balance at end of year	<u>\$ 29,737</u>	<u>\$ 1,228</u>	<u>\$ 13,864</u>	<u>\$ (196)</u>	<u>\$ 62,651</u>	<u>\$ (2,579)</u>

Special Revenue Funds						Total Other Governmental Funds
School Reserve	Environmental Quality	Special Districts	Solid Waste	Library District	Stadium District	
				\$ 28,547		\$ 50,822
	\$ 2,033	\$ 330				330
\$ 4,292	618		\$ 1,092	366	\$ 1,538	5,813
	119		3,641		475	137,960
	9	9	2	688		1,442
	19		12	84	24	690
			58	331	44	8,875
<u>4,292</u>	<u>2,798</u>	<u>339</u>	<u>4,805</u>	<u>30,016</u>	<u>2,081</u>	<u>221,167</u>
						37,418
		1				20,136
	2,870		5,375			34,614
4,123				31,401	4,026	5,375
						33,719
						35,803
						37,483
						36
		<u>28</u>				<u>28</u>
<u>4,123</u>	<u>2,870</u>	<u>29</u>	<u>5,375</u>	<u>31,401</u>	<u>4,026</u>	<u>204,612</u>
<u>169</u>	<u>(72)</u>	<u>310</u>	<u>(570)</u>	<u>(1,385)</u>	<u>(1,945)</u>	<u>16,555</u>
			32			48
	388		1,500	9	4,690	54,788
					(3,015)	(39,418)
	<u>388</u>		<u>1,532</u>	<u>9</u>	<u>1,675</u>	<u>15,418</u>
169	316	310	962	(1,376)	(270)	31,973
1,834	1,306	(487)	2,358	17,512	2,378	97,701
						43
<u>27</u>						<u>27</u>
<u>\$ 2,030</u>	<u>\$ 1,622</u>	<u>\$ (177)</u>	<u>\$ 3,320</u>	<u>\$ 16,136</u>	<u>\$ 2,108</u>	<u>\$ 129,744</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, 2011
(in thousands)

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 67,261	\$ 47,288	\$ (19,973)
Charges for services	6,665	3,895	(2,770)
Investment earnings		265	265
Miscellaneous	404	565	161
Total revenues	<u>74,330</u>	<u>52,013</u>	<u>(22,317)</u>
Expenditures:			
Capital outlay	198,702	153,203	45,499
Total expenditures	<u>198,702</u>	<u>153,203</u>	<u>45,499</u>
Deficiency of revenues under expenditures	<u>(124,372)</u>	<u>(101,190)</u>	<u>23,182</u>
Other financing sources (uses):			
Face amount of long-term debt	75,000	75,000	
Premium on bonds		67	67
Transfers in	18,773	23,368	4,595
Transfers out	(4,173)	(4,877)	(704)
Total other financing sources	<u>89,600</u>	<u>93,558</u>	<u>3,958</u>
Net change in fund balance	(34,772)	(7,632)	27,140
Fund balance at beginning of year	188,235	126,160	(62,075)
Fund balance at end of year	<u>\$ 153,463</u>	<u>\$ 118,528</u>	<u>\$ (34,935)</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, 2011
(in thousands)

Exhibit C - 4

	Budget	Actual	Variance Over/Under
Revenues:			
Taxes	\$ 68,771	\$ 69,308	\$ 537
Intergovernmental	8	19	11
Investment earnings	1,000	350	(650)
Total revenues	<u>69,779</u>	<u>69,677</u>	<u>(102)</u>
Expenditures:			
Debt service - principal	80,025	72,525	7,500
- interest	26,195	23,945	2,250
- miscellaneous	58	14	44
Total expenditures	<u>106,278</u>	<u>96,484</u>	<u>9,794</u>
Deficiency of revenues under expenditures	<u>(36,499)</u>	<u>(26,807)</u>	<u>9,692</u>
Other financing sources (uses):			
Premium on bonds		3,209	3,209
Transfers in	21,425	21,578	153
Transfers (out)		(2,945)	(2,945)
Total other financing sources	<u>21,425</u>	<u>21,842</u>	<u>417</u>
Net change in fund balance	(15,074)	(4,965)	10,109
Fund balance at beginning of year	38,689	40,868	2,179
Fund balance at end of year	<u>\$ 23,615</u>	<u>\$ 35,903</u>	<u>\$ 12,288</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, 2011
(in thousands)

	Budget	Actual	Variance Over/Under
Revenues:			
Licenses and permits	\$ 200	\$ 811	\$ 611
Intergovernmental	50,391	51,326	935
Charges for services	125	185	60
Investment earnings	219	143	(76)
Miscellaneous	205	246	41
Total revenues	<u>51,140</u>	<u>52,711</u>	<u>1,571</u>
Expenditures:			
Highways and streets	37,313	34,552	2,761
Total expenditures	<u>37,313</u>	<u>34,552</u>	<u>2,761</u>
Excess of revenues over expenditures	<u>13,827</u>	<u>18,159</u>	<u>4,332</u>
Other financing sources (uses):			
Proceeds from sale of capital assets		3	3
Transfers in	2,944	5,570	2,626
Transfers (out)	(16,605)	(16,242)	363
Total other financing (uses)	<u>(13,661)</u>	<u>(10,669)</u>	<u>2,992</u>
Net change in fund balance	166	7,490	7,324
Fund balance at beginning of year	<u>17,875</u>	<u>22,247</u>	<u>4,372</u>
Fund balance at end of year	<u>\$ 18,041</u>	<u>\$ 29,737</u>	<u>\$ 11,696</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Health - Special Revenue Fund
For the Year Ended June 30, 2011
(in thousands)

	Budget	Actual	Variance Over/Under
Revenues:			
Licenses and permits	\$ 2,729	\$ 2,967	\$ 238
Intergovernmental	23,064	13,561	(9,503)
Charges for services	3,476	2,764	(712)
Fines and forfeits	201	204	3
Investment earnings		18	18
Miscellaneous	111	279	168
Total revenues	<u>29,581</u>	<u>19,793</u>	<u>(9,788)</u>
Expenditures:			
Health	17,384	17,642	(258)
Health grants	21,484	12,711	8,773
Total expenditures	<u>38,868</u>	<u>30,353</u>	<u>8,515</u>
Deficiency of revenues under expenditures	<u>(9,287)</u>	<u>(10,560)</u>	<u>(1,273)</u>
Other financing sources (uses):			
Transfers in	8,777	8,777	
Total other financing sources	<u>8,777</u>	<u>8,777</u>	
Net change in fund balance	(510)	(1,783)	(1,273)
Fund balance at beginning of year	3,081	2,968	(113)
Change in reserve for inventory		43	43
Fund balance at end of year	<u>\$ 2,571</u>	<u>\$ 1,228</u>	<u>\$ (1,343)</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, 2011
(in thousands)

Exhibit C - 7

	Budget	Actual	Variance Over/Under
Revenues:			
Taxes	\$ 22,221	\$ 22,275	\$ 54
Licenses and permits		2	2
Intergovernmental	10	52	42
Charges for services	25	71	46
Investment earnings	35	70	35
Miscellaneous	181	100	(81)
Total revenues	<u>22,472</u>	<u>22,570</u>	<u>98</u>
Expenditures:			
Flood control	12,227	10,288	1,939
Total expenditures	<u>12,227</u>	<u>10,288</u>	<u>1,939</u>
Excess of revenues over expenditures	<u>10,245</u>	<u>12,282</u>	<u>2,037</u>
Other financing sources (uses):			
Proceeds from sale of capital assets		13	13
Transfers in		50	50
Transfers (out)	(8,000)	(8,003)	(3)
Total other financing (uses)	<u>(8,000)</u>	<u>(7,940)</u>	<u>60</u>
Net change in fund balance	2,245	4,342	2,097
Fund balance at beginning of year	7,105	9,522	2,417
Fund balance at end of year	<u>\$ 9,350</u>	<u>\$ 13,864</u>	<u>\$ 4,514</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, 2011
(in thousands)

Exhibit C - 8

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 21,471	\$ 15,639	\$ (5,832)
Miscellaneous	194	208	14
Total revenues	<u>21,665</u>	<u>15,847</u>	<u>(5,818)</u>
Expenditures:			
Employment and training	21,948	16,623	5,325
Total expenditures	<u>21,948</u>	<u>16,623</u>	<u>5,325</u>
Deficiency of revenues under expenditures	<u>(283)</u>	<u>(776)</u>	<u>(493)</u>
Other financing sources:			
Transfers in	283	283	
Total other financing sources	<u>283</u>	<u>283</u>	
Net change in fund balance		(493)	(493)
Fund balance at beginning of year	693	297	(396)
Fund balance at end of year	<u>\$ 693</u>	<u>\$ (196)</u>	<u>\$ (889)</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, 2011
(in thousands)

Exhibit C - 9

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 4,888	\$ 5,523	\$ 635
Charges for services	7,176	8,099	923
Fines and forfeits	560	429	(131)
Investment earnings	457	312	(145)
Miscellaneous	8,153	7,343	(810)
Total revenues	<u>21,234</u>	<u>21,706</u>	<u>472</u>
Expenditures:			
General government	47,895	14,055	33,840
Public safety	4,229	2,318	1,911
Highways and streets	60	61	(1)
Culture and recreation	1,162	328	834
Education and economic opportunity	1,360	1,452	(92)
Debt service - principal	111	36	75
- interest	10		10
Total expenditures	<u>54,827</u>	<u>18,250</u>	<u>36,577</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(33,593)</u>	<u>3,456</u>	<u>37,049</u>
Other financing sources (uses):			
Transfers in	26,522	33,492	6,970
Transfers (out)	(9,111)	(11,796)	(2,685)
Total other financing sources	<u>17,411</u>	<u>21,696</u>	<u>4,285</u>
Net change in fund balance	(16,182)	25,152	41,334
Fund balance at beginning of year	55,510	37,499	(18,011)
Fund balance at end of year	<u>\$ 39,328</u>	<u>\$ 62,651</u>	<u>\$ 23,323</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, 2011
(in thousands)

Exhibit C - 10

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 59,541	\$ 43,953	\$ (15,588)
Investment earnings	18	9	(9)
Miscellaneous	111	247	136
Total revenues	59,670	44,209	(15,461)
Expenditures:			
Community Development	21,139	15,285	5,854
County Attorney	4,379	4,137	242
Facilities Management	1,577		1,577
Elections	1,173		1,173
Justice Court	118	99	19
Juvenile Court	9,451	9,223	228
Parks and Recreation	36	48	(12)
Adult Probation	9,157	9,481	(324)
Sheriff	12,564	7,530	5,034
Superior Court	354	410	(56)
Forensic Science Center	39	496	(457)
County Administrator		13	(13)
Total expenditures	59,987	46,722	13,265
Deficiency of revenues under expenditures	(317)	(2,513)	(2,196)
Other financing sources (uses):			
Transfers in		29	29
Transfers (out)		(362)	(362)
Total other financing (uses)		(333)	(333)
Net change in fund balance	(317)	(2,846)	(2,529)
Fund balance at beginning of year	144	267	123
Fund balance at end of year	\$ (173)	\$ (2,579)	\$ (2,406)

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, 2011
(in thousands)

Exhibit C - 11

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 4,227	\$ 4,292	\$ 65
Total revenues	<u>4,227</u>	<u>4,292</u>	<u>65</u>
Expenditures:			
School Reserve grants	4,227	4,123	104
Total expenditures	<u>4,227</u>	<u>4,123</u>	<u>104</u>
Excess of revenues over expenditures		<u>169</u>	<u>169</u>
Net change in fund balance		169	169
Fund balance at beginning of year	1,833	1,834	1
Change in reserve for prepaid expenditures		27	27
Fund balance at end of year	<u>\$ 1,833</u>	<u>\$ 2,030</u>	<u>\$ 197</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, 2011
(in thousands)

Exhibit C - 12

	Budget	Actual	Variance Over/Under
Revenues:			
Licenses and permits	\$ 1,921	\$ 2,033	\$ 112
Intergovernmental	761	618	(143)
Fines and forfeits		119	119
Investment earnings	18	9	(9)
Miscellaneous	18	19	1
Total revenues	<u>2,718</u>	<u>2,798</u>	<u>80</u>
Expenditures:			
Environmental quality	2,371	2,088	283
Environmental quality grants	761	782	(21)
Total expenditures	<u>3,132</u>	<u>2,870</u>	<u>262</u>
Deficiency of revenues under expenditures	<u>(414)</u>	<u>(72)</u>	<u>342</u>
Other financing sources:			
Transfers in	388	388	
Total other financing sources	<u>388</u>	<u>388</u>	
Net change in fund balance	(26)	316	342
Fund balance at beginning of year	137	1,306	1,169
Fund balance at end of year	<u>\$ 111</u>	<u>\$ 1,622</u>	<u>\$ 1,511</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, 2011
(in thousands)

Exhibit C - 13

	Budget	Actual	Variance Over/Under
Revenues:			
Special assessments	\$ 304	\$ 330	\$ 26
Investment earnings		9	9
Total revenues	<u>304</u>	<u>339</u>	<u>35</u>
Expenditures:			
Highways and streets		1	(1)
Debt service - principal			
- interest	29	28	1
Total expenditures	<u>29</u>	<u>29</u>	<u></u>
Excess of revenues over expenditures	<u>275</u>	<u>310</u>	<u>35</u>
Net change in fund balance	275	310	35
Fund balance at beginning of year	(557)	(487)	70
Fund balance at end of year	<u>\$ (282)</u>	<u>\$ (177)</u>	<u>\$ 105</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, 2011
(in thousands)

Exhibit C - 14

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 1,050	\$ 1,092	\$ 42
Charges for services	3,072	3,641	569
Fines and forfeits		2	2
Investment earnings	30	12	(18)
Miscellaneous	34	58	24
Total revenues	<u>4,186</u>	<u>4,805</u>	<u>619</u>
Expenditures:			
Sanitation	<u>6,783</u>	<u>5,375</u>	<u>1,408</u>
Total expenditures	<u>6,783</u>	<u>5,375</u>	<u>1,408</u>
Deficiency of revenues under expenditures	<u>(2,597)</u>	<u>(570)</u>	<u>2,027</u>
Other financing sources:			
Proceeds from sale of capital assets		32	32
Transfers in	<u>1,500</u>	<u>1,500</u>	
Total other financing sources	<u>1,500</u>	<u>1,532</u>	<u>32</u>
Net change in fund balance	(1,097)	962	2,059
Fund balance at beginning of year	<u>1,485</u>	<u>2,358</u>	<u>873</u>
Fund balance at end of year	<u>\$ 388</u>	<u>\$ 3,320</u>	<u>\$ 2,932</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, 2011
(in thousands)

Exhibit C - 15

	Budget	Actual	Variance Over/Under
Revenues:			
Taxes	\$ 28,425	\$ 28,547	\$ 122
Intergovernmental	408	366	(42)
Fines and forfeits	600	688	88
Investment earnings	271	84	(187)
Miscellaneous	320	331	11
Total revenues	<u>30,024</u>	<u>30,016</u>	<u>(8)</u>
Expenditures:			
Culture and recreation	34,809	31,401	3,408
Total expenditures	<u>34,809</u>	<u>31,401</u>	<u>3,408</u>
Deficiency of revenues under expenditures	<u>(4,785)</u>	<u>(1,385)</u>	<u>3,400</u>
Other financing sources:			
Transfers in		9	9
Total other financing sources		<u>9</u>	<u>9</u>
Net change in fund balance	(4,785)	(1,376)	3,409
Fund balance at beginning of year	12,399	17,512	5,113
Fund balance at end of year	<u>\$ 7,614</u>	<u>\$ 16,136</u>	<u>\$ 8,522</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, 2011
(in thousands)

Exhibit C - 16

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 1,427	\$ 1,538	\$ 111
Charges for services	309	475	166
Investment earnings	60	24	(36)
Miscellaneous		44	44
Total revenues	<u>1,796</u>	<u>2,081</u>	<u>285</u>
Expenditures:			
Culture and recreation	4,348	4,026	322
Total expenditures	<u>4,348</u>	<u>4,026</u>	<u>322</u>
Deficiency of revenues under expenditures	<u>(2,552)</u>	<u>(1,945)</u>	<u>607</u>
Other financing sources (uses):			
Transfers in	3,011	4,690	1,679
Transfers (out)	(3,009)	(3,015)	(6)
Total other financing sources	<u>2</u>	<u>1,675</u>	<u>1,673</u>
Net change in fund balance	(2,550)	(270)	2,280
Fund balance at beginning of year	1,860	2,378	518
Fund balance at end of year	<u>\$ (690)</u>	<u>\$ 2,108</u>	<u>\$ 2,798</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 seven public parking garages located in downtown Tucson.

PIMA COUNTY, ARIZONA
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2011
(in thousands)

Exhibit C - 17

	Development Services	Parking Garages	Total Other Enterprise Funds
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 3,332	\$ 3,378	\$ 6,710
Interest receivable	1	1	2
Due from other funds	1	6	7
Due from other governments	45	4	49
Accounts receivable	138	11	149
Prepaid expense	77		77
Total current assets	3,594	3,400	6,994
Noncurrent assets:			
Capital assets:			
Land and other improvements		1,768	1,768
Buildings and improvements		12,927	12,927
Equipment	988	244	1,232
Less accumulated depreciation	(979)	(8,928)	(9,907)
Total capital assets (net of accumulated depreciation)	9	6,011	6,020
Total noncurrent assets	9	6,011	6,020
Total assets	3,603	9,411	13,014
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	5	70	75
Employee compensation	713	8	721
Due to other funds	17	5	22
Due to other governments		136	136
Total current liabilities	735	219	954
Total liabilities	735	219	954
<u>Net assets</u>			
Invested in capital assets	9	6,011	6,020
Unrestricted	2,859	3,181	6,040
Total net assets	\$ 2,868	\$ 9,192	\$ 12,060

PIMA COUNTY, ARIZONA
Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2011
(in thousands)

Exhibit C - 18

	Development Services	Parking Garages	Other Enterprise Funds
Operating revenues:			
Charges for services	\$ 5,688	\$ 2,071	\$ 7,759
Other	231		231
Total net operating revenues	<u>5,919</u>	<u>2,071</u>	<u>7,990</u>
Operating expenses:			
Employee compensation	5,554	325	5,879
Operating supplies and services	19	21	40
Utilities	75	177	252
Repair and maintenance	78	114	192
General and administrative	1,197	686	1,883
Consultants and professional services	45		45
Depreciation	48	219	267
Total operating expenses	<u>7,016</u>	<u>1,542</u>	<u>8,558</u>
Operating revenue (loss)	<u>(1,097)</u>	<u>529</u>	<u>(568)</u>
Nonoperating revenues:			
(Loss) on disposal of capital assets	(1)		(1)
Investment earnings	17	16	33
Intergovernmental revenue	165		165
Total nonoperating revenues:	<u>181</u>	<u>16</u>	<u>197</u>
Income/(loss) before transfers	<u>(916)</u>	<u>545</u>	<u>(371)</u>
Transfers in	694		694
Transfers (out)	<u>(114)</u>		<u>(114)</u>
Change in net assets	(336)	545	209
Net assets at beginning of year	<u>3,204</u>	<u>8,647</u>	<u>11,851</u>
Net assets at end of year	<u>\$ 2,868</u>	<u>\$ 9,192</u>	<u>\$ 12,060</u>

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

Exhibit C - 19

	Development Services	Parking Garages	Other Enterprise Funds
Cash flows from operating activities:			
Cash received from other funds for goods and services provided	\$ 102		\$ 102
Cash received from customers for goods and services provided	5,945	\$ 2,080	8,025
Cash received from miscellaneous operations	164		164
Cash payments to suppliers for goods and services	(218)	(1,226)	(1,444)
Cash payments to other funds for goods and services	(2,582)	48	(2,534)
Cash payments to employees for services	(4,289)	(332)	(4,621)
Net cash provided by (used for) operating activities	<u>(878)</u>	<u>570</u>	<u>(308)</u>
Cash flows from noncapital financing activities:			
Cash transfers in from other funds	694		694
Cash transfers out to other funds	(114)		(114)
Loans with other funds	(4)	8	4
Intergovernmental revenue	129		129
Net cash provided by noncapital financing activities	<u>705</u>	<u>8</u>	<u>713</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets		(13)	(13)
Net cash used for capital and related financing activities		<u>(13)</u>	<u>(13)</u>
Cash flows from investing activities:			
Interest on cash and investments	19	17	36
Net cash provided by investing activities	<u>19</u>	<u>17</u>	<u>36</u>
Net increase (decrease) in cash and cash equivalents	(154)	582	428
Cash and cash equivalents at beginning of year	<u>3,486</u>	<u>2,796</u>	<u>6,282</u>
Cash and cash equivalents at end of year	<u>\$ 3,332</u>	<u>\$ 3,378</u>	<u>\$ 6,710</u>

(continued)

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

Exhibit C - 19.1

(continued)

Reconciliation of operating income/(loss) to net cash provided by (used for) operating activities	Development Services	Parking Garages	Total Other Enterprise Funds
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Operating income/(loss)	(1,097)	529	(568)
Adjustments to reconcile operating income/(loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	48	219	267
Changes in assets and liabilities:			
Decrease (increase) in assets:			
Accounts receivable	190	(1)	189
Due from other governments		10	10
Prepaid expenses	(23)		(23)
Increase (decrease) in liabilities:			
Accounts payable	(15)	(201)	(216)
Due to other governments		21	21
Other current liabilities	19	(7)	12
Net cash provided by (used for) operating activities	<u><u>\$ (878)</u></u>	<u><u>\$ 570</u></u>	<u><u>\$ (308)</u></u>

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

Development Services Enterprise Fund retired capital assets with a book value of \$1.



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, network infrastructure and telecommunication services to County departments.

PIMA COUNTY, ARIZONA
Combining Statement of Net Assets
Internal Service Funds
June 30, 2011
(in thousands)

Exhibit C - 20

	Self Insurance Trust	Other Internal Service	Total Internal Service Funds
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 60,219	\$ 17,661	\$ 77,880
Interest receivable	8	6	14
Due from other funds	133	1,633	1,766
Due from other governments		41	41
Accounts receivable	1	165	166
Inventory		951	951
Prepaid expense	926	100	1,026
Total current assets	<u>61,287</u>	<u>20,557</u>	<u>81,844</u>
Noncurrent assets:			
Capital assets:			
Land and other improvements	592		592
Buildings and improvements		614	614
Equipment	160	35,651	35,811
Less accumulated depreciation	(114)	(18,301)	(18,415)
Construction in progress	158		158
Total capital assets (net of accumulated depreciation)	<u>796</u>	<u>17,964</u>	<u>18,760</u>
Total noncurrent assets	<u>796</u>	<u>17,964</u>	<u>18,760</u>
Total assets	<u>62,083</u>	<u>38,521</u>	<u>100,604</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	154	302	456
Employee compensation	71	736	807
Due to other funds	1,487	7	1,494
Current portion reported but unpaid losses	4,324		4,324
Current portion incurred but not reported losses	3,156		3,156
Total current liabilities	<u>9,192</u>	<u>1,045</u>	<u>10,237</u>
Noncurrent liabilities:			
Reported but unpaid losses	19,132		19,132
Incurred but not reported losses	14,183		14,183
Total noncurrent liabilities	<u>33,315</u>		<u>33,315</u>
Total liabilities	<u>42,507</u>	<u>1,045</u>	<u>43,552</u>
<u>Net assets</u>			
Invested in capital assets	796	17,964	18,760
Unrestricted	18,780	19,512	38,292
Total net assets	<u>\$ 19,576</u>	<u>\$ 37,476</u>	<u>\$ 57,052</u>

PIMA COUNTY, ARIZONA
Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2011
(in thousands)

Exhibit C - 21

	Self Insurance Trust	Other Internal Service	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 21,085	\$ 18,398	\$ 39,483
Other	348	1,839	2,187
Total operating revenues	<u>21,433</u>	<u>20,237</u>	<u>41,670</u>
Operating expenses:			
Employee compensation	1,635	5,312	6,947
Operating supplies and services	339	5,901	6,240
Utilities	14	995	1,009
Incurred losses	9,099		9,099
Insurance premiums	2,774	1,207	3,981
General and administrative	791	1,480	2,271
Repair and maintenance	93	3,642	3,735
Consultants and professional services	417	95	512
Depreciation	29	2,717	2,746
Total operating expenses	<u>15,191</u>	<u>21,349</u>	<u>36,540</u>
Operating income (loss)	<u>6,242</u>	<u>(1,112)</u>	<u>5,130</u>
Nonoperating revenues (expenses):			
Investment earnings	444	68	512
(Loss) on disposal of capital assets		(188)	(188)
Total nonoperating revenues (expenses):	<u>444</u>	<u>(120)</u>	<u>324</u>
Income before transfers:	6,686	(1,232)	5,454
Capital contributions		13	13
Transfers in	72		72
Transfers out		(52)	(52)
Change in net assets	6,758	(1,271)	5,487
Net assets at beginning of year	<u>12,818</u>	<u>38,747</u>	<u>51,565</u>
Net assets at end of year	<u>\$ 19,576</u>	<u>\$ 37,476</u>	<u>\$ 57,052</u>

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2011
(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 provided	\$ 21,085	\$ 18,398	\$ 39,483
Cash received from miscellaneous operations	362	1,746	2,108
Cash payments to suppliers for goods and services	(4,811)	(12,306)	(17,117)
Cash payments to other funds for goods and services	(1,306)	(2,174)	(3,480)
Cash payments for incurred losses	(6,682)		(6,682)
Cash payments to employees for services	(886)	(5,210)	(6,096)
Net cash provided by operating activities	<u>7,762</u>	<u>454</u>	<u>8,216</u>
Cash flows from noncapital financing activities:			
Cash transfers out to other funds	72	(52)	20
Loans with other funds	1,562	(1,630)	(68)
Net cash provided by (used for) noncapital financing activities	<u>1,634</u>	<u>(1,682)</u>	<u>(48)</u>
Cash flows from capital and related financing activities:			
Proceeds from sale of equipment		98	98
Purchase of capital assets		(3,628)	(3,628)
Net cash used for capital and related financing activities		<u>(3,530)</u>	<u>(3,530)</u>
Cash flows from investing activities:			
Interest on cash and investments	496	83	579
Net cash provided by investing activities	<u>496</u>	<u>83</u>	<u>579</u>
Net increase (decrease) in cash and cash equivalents	9,892	(4,675)	5,217
Cash and cash equivalents at beginning of year	<u>50,327</u>	<u>22,336</u>	<u>72,663</u>
Cash and cash equivalents at end of year	<u>\$ 60,219</u>	<u>\$ 17,661</u>	<u>\$ 77,880</u>

(continued)

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

Exhibit C - 22.1

(continued)

Reconciliation of operating income (loss) to net cash provided by operating activities	Self Insurance Trust	Other Internal Service	Total Internal Service Funds
	\$	\$	\$
Operating income (loss)	6,242	(1,112)	5,130
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation and amortization	29	2,717	2,746
Changes in assets and liabilities:			
Decrease (increase) in assets:			
Accounts receivable	14	(165)	(151)
Due from other governments		72	72
Inventory		(567)	(567)
Prepaid expenses	(363)	35	(328)
Increase (decrease) in liabilities:			
Accounts payable	(572)	(628)	(1,200)
Reported but unpaid losses	1,591		1,591
Incurred but not reported losses	826		826
Other current liabilities	(5)	102	97
	\$ 7,762	\$ 454	\$ 8,216
Net cash provided by (used for) operating activities			

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

Other Internal Service Funds (Fleet Services) received a capital contribution with a value of \$9 and sold capital assets with a net book value of \$286.

Other Internal Services Funds (Telecommunications) received a capital contribution with a value of \$4 from General Government.



Combining Statements and Other Schedules

Fiduciary Funds

PIMA COUNTY, ARIZONA
Combining Statement of Fiduciary Net Assets
Investment Trust Funds
June 30, 2011
(in thousands)

Exhibit C - 23

	Treasurer's Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
Assets			
Cash and cash equivalents	\$ 148,731	\$ 249,449	\$ 398,180
Interest receivable	96		96
Total assets	148,827	249,449	398,276
Liabilities			
Total liabilities	_____	_____	_____
Net Assets			
Held in trust for pool participants	\$ 148,827	\$ 249,449	\$ 398,276

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

Exhibit C - 24

	Treasurer's Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
Additions			
Contributions:			
Participants	\$ 2,541,725	\$ 315,022	\$ 2,856,747
Total contributions	<u>2,541,725</u>	<u>315,022</u>	<u>2,856,747</u>
Investment earnings:			
Total investment earnings	<u>971</u>	<u>311</u>	<u>1,282</u>
Total additions	<u>2,542,696</u>	<u>315,333</u>	<u>2,858,029</u>
Deductions			
Distributions to participants	2,539,013	242,921	2,781,934
Total deductions	<u>2,539,013</u>	<u>242,921</u>	<u>2,781,934</u>
Net increase	3,683	72,412	76,095
Net assets held in trust July 1, 2010	145,144	177,037	322,181
Net assets held in trust June 30, 2011	<u>\$ 148,827</u>	<u>\$ 249,449</u>	<u>\$ 398,276</u>

PIMA COUNTY, ARIZONA
Combining Statement of Fiduciary Net Assets
Agency Funds
June 30, 2011
(in thousands)

	Payroll	Treasurer's Clearing	Other	Total
Assets				
Cash and cash equivalents	\$ 1,971		\$ 61,455	\$ 63,426
Due from other governments		\$ 3,340		3,340
Total assets	<u>1,971</u>	<u>3,340</u>	<u>61,455</u>	<u>66,766</u>
Liabilities				
Employee compensation	1,971			1,971
Due to other governments		818	42,810	43,628
Deposits and rebates		2,522	18,645	21,167
Total liabilities	<u>\$ 1,971</u>	<u>\$ 3,340</u>	<u>\$ 61,455</u>	<u>\$ 66,766</u>

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

Exhibit C - 26

	Balance 06/30/10	Additions	Deductions	Balance 06/30/11
<u>Payroll Clearing</u>				
Assets				
Cash and cash equivalents	\$ 3,067	\$ 621,043	\$ 622,139	\$ 1,971
Total assets	<u>3,067</u>	<u>621,043</u>	<u>622,139</u>	<u>1,971</u>
Liabilities				
Employee compensation	3,067	621,043	622,139	1,971
Total liabilities	<u>3,067</u>	<u>621,043</u>	<u>622,139</u>	<u>1,971</u>
<u>Treasurer's Clearing</u>				
Assets				
Cash and cash equivalents	3,007	2,070,712	2,073,719	
Due from other governments		3,340		3,340
Total assets	<u>3,007</u>	<u>2,074,052</u>	<u>2,073,719</u>	<u>3,340</u>
Liabilities				
Due to other governments	165	1,097,406	1,096,753	818
Deposits and rebates	2,842	976,646	976,966	2,522
Total liabilities	<u>3,007</u>	<u>2,074,052</u>	<u>2,073,719</u>	<u>3,340</u>
<u>Other</u>				
Assets				
Cash and cash equivalents	68,416	266,309	273,270	61,455
Total assets	<u>68,416</u>	<u>266,309</u>	<u>273,270</u>	<u>61,455</u>
Liabilities				
Due to other governments	51,017	183,713	191,920	42,810
Deposits and rebates	17,399	82,596	81,350	18,645
Total liabilities	<u>68,416</u>	<u>266,309</u>	<u>273,270</u>	<u>61,455</u>
<u>Totals - All Agency Funds</u>				
Assets				
Cash and cash equivalents	74,490	2,958,064	2,969,128	63,426
Due from other governments		3,340		3,340
Total assets	<u>74,490</u>	<u>2,961,404</u>	<u>2,969,128</u>	<u>66,766</u>
Liabilities				
Employee compensation	3,067	621,043	622,139	1,971
Due to other governments	51,182	1,281,119	1,288,673	43,628
Deposits and rebates	20,241	1,059,242	1,058,316	21,167
Total liabilities	<u>\$ 74,490</u>	<u>\$ 2,961,404</u>	<u>\$ 2,969,128</u>	<u>\$ 66,766</u>

PIMA COUNTY

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2011

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 Ten Fiscal Years
(in thousands)
(accrual basis of accounting)

Exhibit D - 1

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 1,048,821	\$ 1,136,033
Restricted for:										
Special revenue	43,339	29,322	52,363	59,789	53,384	63,014	71,618	78,080	64,991	64,446
Highways and streets					21,353	16,734	17,390	21,349	25,749	32,906
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	57,939	60,381
Healthcare									3,405	4,074
Worker's compensation				9,042						
Unrestricted	60,050	66,015	41,020	33,451	38,464	46,256	53,778	34,850	149,966	164,606
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>	<u>1,350,871</u>	<u>1,462,446</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	550,540	575,525
Restricted for:										
Debt service	1,216	1,245	499	468	438	574	791	819	13,454	12,567
Capital projects	18,982	3,008	88			35,480	37,925	14,479	11,623	24,236
Regional Wastewater Reclamation	15,748	3,669	3,696	3,511	48,379	38,628	5,956	5,883	16,110	17,161
Healthcare	19,684	13,217	4,011	6,319	5,464	9,985	13,732	9,017	15,943	23,562
Unrestricted (deficit)	(4,109)	(24,744)	(4,766)	20,851	15,284	10,845	56,397	34,477	29,914	33,448
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>	<u>637,584</u>	<u>686,499</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	1,599,361	1,711,558
Restricted for:										
(2) Facilities, justice, library, tax stabilization and community development							71,618	78,080	64,991	64,446
(2) Special revenue	43,339	29,322	52,363	59,789	53,384	63,014	71,618	78,080	64,991	64,446
(2) Highways and streets					21,353	16,734	17,390	21,349	25,749	32,906
(2) Debt service	6,666	4,171	6,185	11,907	8,372	9,554	14,403	45,385	13,454	12,567
Capital projects	52,734	38,694	17,456	27,027	77,088	125,947	118,847	74,424	69,562	84,617
Worker's compensation				9,042						
Regional Wastewater Reclamation	15,748	3,669	3,696	3,511	48,379	38,628	5,956	5,883	16,110	17,161
Healthcare	19,684	13,217	4,011	6,319	5,464	9,985	13,732	9,017	15,943	23,562
Unrestricted	55,941	41,271	36,254	54,302	53,748	57,101	110,175	69,327	179,880	198,054
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>	<u>\$ 1,988,455</u>	<u>\$ 2,148,945</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 Ten Fiscal Years
(in thousands)
(accrual basis of accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
Governmental activities:										
General government	\$ 137,296	\$ 131,925	\$ 140,827	\$ 194,873	\$ 208,293	\$ 223,266	\$ 239,399	\$ 212,196	\$ 218,504	\$ 218,843
Public safety	123,513	132,939	151,860	118,412	132,583	148,831	165,715	149,253	145,697	146,395
Highways and streets	42,515	39,492	42,133	65,414	70,392	92,985	88,488	79,251	68,691	73,348
Sanitation					7,258	9,623	9,658	7,434	6,669	6,208
Health	23,120	23,917	30,165	31,798	32,043	33,800	36,977	31,541	33,086	36,475
Welfare	73,243	84,457	76,894	96,199	103,085	97,154	106,546	115,513	87,107	90,521
Culture and recreation	27,081	31,326	32,727	29,663	34,510	55,482	60,616	60,520	61,642	67,063
Education and economic opportunity	37,565	35,033	33,093	39,714	39,517	42,483	47,296	46,770	52,023	56,626
Depreciation-unallocated *	727	820	805	849						
Amortization-unallocated	649	654	967	161	165	168	138	(235)	428	(2,626)
Interest on long-term debt	14,391	15,779	15,012	16,152	19,463	18,924	22,860	26,780	26,403	26,079
Total governmental activities expenses	480,100	496,342	524,483	593,235	647,309	722,716	777,693	729,023	700,250	718,932
Business-type activities:										
Regional Wastewater Reclamation	65,494	74,816	71,804	76,079	82,701	98,222	106,803	105,139	110,618	113,495
Pima Health System & Services	195,445	221,970	268,869	249,809	256,583	261,859	295,494	224,959	204,619	200,305
Development Services	7,917	8,373	9,617	10,857	14,422	15,400	14,750	9,992	7,924	6,982
Parking Garages	1,254	1,346	1,377	1,494	1,479	1,579	1,877	1,696	1,906	1,538
Total business-type activities expenses	270,110	306,505	351,667	338,239	355,185	377,060	418,924	341,786	325,067	322,320
Total primary government expenses	750,210	802,847	876,150	931,474	1,002,494	1,099,776	1,196,617	1,070,809	1,025,317	1,041,252
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	31,050	27,802
Public safety	8,498	10,804	10,289	6,985	8,136	9,797	9,550	10,386	10,218	9,034
Highways and streets	4,916	5,339	11,728	20,549	21,617	11,732	9,316	4,616	5,317	4,891
Sanitation					4,531	4,747	5,930	4,668	3,378	3,699
Health	6,971	7,822	8,772	9,526	9,693	10,270	9,965	10,488	11,003	11,436
Welfare	1,379	1,037	918	1,643	1,797	2,991	3,031	2,754	2,532	2,191
Culture and recreation	1,787	1,662	1,709	298	314	698	716	691	749	1,024
Education and economic opportunity	214	196	101	125,121	133,113	139,324	144,479	131,361	142,840	136,472
Operating grants and contributions	121,934	121,587	135,119	125,121	133,113	139,324	144,479	131,361	142,840	136,472
Capital grants and contributions	18,207	5,665	17,413	23,663	12,188	15,085	48,672	68,535	65,820	65,030
Subtotal governmental activities, program revenues	\$ 185,448	\$ 172,779	\$ 207,471	\$ 210,666	\$ 217,422	\$ 221,307	\$ 257,161	\$ 259,782	\$ 272,907	\$ 261,579

(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 Ten Fiscal Years
(in thousands)
(accrual basis of accounting)

Exhibit D - 2

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 127,889	\$ 148,010
Pima Health System & Services	179,322	195,872	224,820	244,932	253,748	257,142	291,980	216,108	205,176	207,652
Development Services	7,754	8,464	11,830	14,730	17,140	11,239	8,992	5,654	5,886	5,688
Parking Garages	1,454	1,413	1,460	1,507	1,485	1,548	1,720	1,676	1,985	2,071
Operating grants and contributions	6,505	4,909	4,777	4,238	4,997	5,174	4,806	4,626	4,421	4,691
Capital grants and contributions				449		803	22,952	14,916	9,319	4,192
Total business-type activities program revenues	258,636	282,284	325,319	357,786	382,320	382,172	436,898	348,142	354,676	372,304
Total primary government program revenues	444,084	455,063	532,790	568,452	599,742	603,479	694,059	607,924	627,583	633,883
Net (expense) revenue										
Governmental activities	(294,652)	(323,563)	(317,012)	(382,569)	(429,887)	(501,409)	(520,532)	(469,241)	(427,343)	(457,353)
Business-type activities	-	(24,221)	(26,348)	19,547	27,135	5,112	17,974	6,356	29,609	49,984
Total governmental activities net expense	(294,652)	(347,784)	(343,360)	(363,022)	(402,752)	(496,297)	(502,558)	(462,885)	(397,734)	(407,369)
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	416,501	416,985
Hotel/motel taxes	2,495	2,557	2,745	2,822	6,856	8,715	8,176	6,591	5,688	5,591
Other taxes levied for stadium district	1,600	1,597	1,709	1,819	1,808	1,884	1,952	1,534	1,515	1,538
Shared sales tax	76,752	78,504	83,202	91,510	103,158	106,985	103,171	89,177	84,767	88,631
Shared vehicle licenses	21,093	21,904	23,413	23,630	25,894	26,967	27,166	25,869	24,203	23,173
Unrestricted grants and contributions	9,550	9,216	3,201	7,571	7,975	9,468	7,748	5,741	4,081	4,527
Interest and penalties on delinquent taxes	5,479	7,052	6,321	6,771	5,149	6,365	6,123	5,741	7,940	8,125
Investment earnings	8,157	5,064	3,102	6,140	12,942	16,439	16,326	5,875	5,266	2,153
Miscellaneous	10,340	12,774	14,063	16,254	12,828	16,309	15,416	21,323	16,579	13,555
Capital contributions		2,789	5,441	185		5,051		1,140		
Gain on sale of capital assets		(7,447)			323					
Extraordinary item										
Transfers	(13,954)	(17,980)	(13,196)	1,935	(134)	721	113	4,005	538	4,650
Total governmental activities	358,561	367,874	402,508	453,280	493,750	541,213	564,243	560,633	567,077	568,928
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	1,236	900
Miscellaneous	3,309	5,828	2,750	2,865	1,348	1,522	1,286	2,394	2,884	2,681
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)	(538)	(4,650)
Total business-type activities	32,317	36,300	40,053	24,424	19,938	31,528	7,894	414	3,582	(1,069)
Total primary government	390,878	404,174	442,561	477,704	513,688	572,741	572,137	561,047	570,659	567,859
Change in net assets										
Governmental activities	63,909	44,311	85,496	70,711	63,863	39,804	43,711	91,392	139,735	111,575
Business-type activities	32,317	12,079	13,705	43,971	47,073	36,640	25,868	6,770	33,191	48,915
Total primary government	\$ 96,226	\$ 56,390	\$ 99,201	\$ 114,682	\$ 110,936	\$ 76,444	\$ 69,579	\$ 98,162	\$ 172,926	\$ 160,490

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved	\$ 2,486	\$ 2,549	\$ 7,068	\$ 4,056	\$ 5,152	\$ 8,889	\$ 5,415	\$ 4,363		
Unreserved	28,656	30,999	25,628	33,171	46,423	48,671	64,974	35,803		
Nonspendable*									\$ 4,089	\$ 3,315
Restricted									522	336
Committed									3,093	357
Assigned									73,837	73,547
Unassigned									81,541	77,555
Total general fund	<u>31,142</u>	<u>33,548</u>	<u>32,696</u>	<u>37,227</u>	<u>51,575</u>	<u>57,560</u>	<u>70,389</u>	<u>40,166</u>		
All other governmental funds										
Reserved	8,542	6,742	7,603	12,746	11,784	13,999	17,094	39,139		
Unreserved, reported in:										
Special revenue funds	61,134	42,312	45,325	54,384	66,167	69,773	77,451	86,121		
Nonspendable*									2,011	2,011
Restricted									82,957	94,567
Committed									15,305	37,978
Assigned									3,221	4,368
Unassigned									(5,793)	(9,180)
Capital projects funds										
Nonspendable*	46,985	82,793	97,270	147,650	84,472	89,328	152,643	126,821	18	12
Restricted									124,830	112,668
Committed									1,487	6,639
Assigned									52	(791)
Unassigned									40,868	35,903
Debt Service Assigned										
Total other governmental funds	<u>\$ 116,661</u>	<u>\$ 131,847</u>	<u>\$ 150,198</u>	<u>\$ 214,780</u>	<u>\$ 162,423</u>	<u>\$ 173,100</u>	<u>\$ 247,188</u>	<u>\$ 252,081</u>	<u>\$ 264,729</u>	<u>\$ 284,175</u>

*Due to implementation of GASB 54 in FY 2010 categories regarding fund balances have been redefined. See Note 1 pages 47-48 for further explanation of categories. See Note 2 page 53 for purpose details.

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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes	\$ 244,807	\$ 258,375	\$ 279,527	\$ 300,972	\$ 321,474	\$ 348,700	\$ 381,862	\$ 396,241	\$ 423,443	\$ 421,623
Special assessments	598	1,023	505	244	215	521	556	441	536	330
Licenses and permits	6,077	6,087	6,566	7,265	7,452	7,132	7,710	6,989	7,791	8,494
Intergovernmental	260,218	245,378	273,225	278,414	291,059	303,392	312,634	292,236	296,004	308,219
Charges for services	31,112	35,721	43,505	53,568	63,582	63,500	58,890	55,346	60,376	54,491
Fines and forfeits	4,882	5,047	5,010	5,967	6,014	6,550	6,480	6,283	8,443	6,786
Investment earnings	6,952	4,152	2,656	5,181	11,382	13,988	14,218	5,335	4,612	1,723
Miscellaneous	8,143	10,356	11,918	14,806	13,165	17,544	21,752	22,414	17,442	14,162
Total revenues	562,789	566,139	622,912	666,417	714,343	761,335	804,102	785,285	818,647	815,828
Expenditures										
General government	125,416	132,416	140,319	193,308	203,881	222,434	237,640	222,309	221,144	223,611
Public safety	123,021	127,155	146,275	109,798	121,229	132,930	149,475	144,617	136,744	136,709
Highways and streets	27,835	26,741	29,170	38,363	39,394	42,683	43,741	38,132	34,274	34,614
Sanitation					6,271	6,766	8,310	6,666	5,637	5,375
Health	23,102	24,029	30,322	30,802	30,038	32,311	34,352	31,626	32,737	36,511
Welfare	73,136	84,238	76,725	96,996	103,034	97,168	106,607	115,481	87,089	90,572
Culture and recreation	25,581	25,214	27,141	23,172	28,561	45,197	50,509	51,657	50,198	49,986
Education and economic opportunity	37,524	35,057	32,146	38,098	37,918	38,474	42,286	42,299	48,402	50,432
Capital outlay	109,670	97,147	103,167	127,632	121,007	202,659	139,539	146,334	162,306	153,203
Debt service - principal	37,342	45,544	49,025	37,342	42,891	53,733	59,719	100,384	87,307	76,361
- interest	14,128	15,695	14,851	16,127	19,448	18,965	22,639	26,849	26,414	26,086
- miscellaneous	391	24	161	25	15	12	330	24	433	21
Total expenditures	597,146	613,260	649,302	717,212	761,343	893,332	895,147	926,378	892,235	883,481
Excess (deficiency) of revenues over (under) expenditures	(34,357)	(47,121)	(26,390)	(50,795)	(47,000)	(131,997)	(91,045)	(141,093)	(73,588)	(67,653)
Other financing sources (uses):										
Proceeds-refunding bonds	22,420		6,880			1,429	1,964	675	31,955	3,276
Issuance cost on bonds		(163)		250					1,909	
Premium on bonds	796	410	148						(32,361)	
Payments to refund escrow agents	(22,551)		(6,846)							
Capital leases	590	177	406		231		312			
Proceeds from sale of capital assets		37		27	416	1,426	27	876	1,118	59
Face amount of long-term debt	81,921	85,000	65,000	116,200	4,836	146,320	175,000	109,400	125,000	75,000
Transfers in	52,753	78,457	68,583	50,008	59,948	86,089	128,406	171,186	98,800	109,715
Transfers (out)	(65,658)	(93,597)	(89,916)	(46,962)	(56,263)	(86,688)	(127,692)	(166,319)	(98,355)	(105,007)
Total other financing sources (uses)	70,271	70,321	44,255	119,523	9,168	148,576	178,017	115,818	128,066	83,043
Extraordinary item		(6,237)				(211)	(55)	(55)		70
Change in reserves - net	50	629	(366)	385	(177)	(211)	(55)	(55)		
Net change in fund balances	\$ 35,964	\$ 17,592	\$ 17,499	\$ 69,113	\$ (38,009)	\$ 16,368	\$ 86,917	\$ (25,330)	\$ 54,478	\$ 15,460
Debt service as a percentage of noncapital expenditures	10.26%	11.56%	11.53%	9.87%	10.90%	9.88%	10.48%	15.89%	15.31%	13.54%

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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		Estimated Limited Value	Assessed Value as a Percentage of Limited Value
						Direct	Tax Rate		
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%	
2010	2,473,320	5,889,572	536,958	39,797	8,939,647	4.6798	82,348,215	10.86%	
2011	2,436,692	5,332,608	500,836	39,803	8,310,120	4.8491	78,036,208	10.65%	

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)

Tax Year	County Direct Rates										Total
	County Primary	County Secondary	Flood Control District (1)	County Library District	Fire District Assistance	Central AZ Water Conserv District	City of Tucson	City of South Tucson	Community College District	State of Arizona	
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
2010	3.3133	0.7500	0.2635	0.3100	0.0430						4.6798
2011	3.4178	0.7800	0.2635	0.3460	0.0418						4.8491

Tax Year	Overlapping Rates														
	Flowing Wells Irrigation District (2)	Silverbell Irrigation District (2)	Cortaro-Marana Irrigation District (2)	Mobile Home Relocation District (3)	Casas Adobes Incorporation Costs	Town of Tortolia Incorporation Costs	Gladden Farms Community Facilities District	Vanderbilt Farms Community Facilities District	Quail Creek Community Facilities District	Gladden Farms Phase II Community Facilities District	Saguaro Springs Community Facilities District	State of Arizona	City of Tucson	City of South Tucson	Community College District
2002	10.4000	3.0000	24.7500		0.1438	0.2313									
2003	10.4000	3.0000	50.0000												
2004	12.9000	3.0000	60.0000				2.8000								
2005	12.9000	3.0000	60.0000				2.8000								
2006	12.9000	3.0000	60.0000				2.8000	0.3000							
2007	12.9000	3.0000	65.0000				2.8000	0.3000	3.3000						
2008	19.3500	3.0000	66.0000				2.8000	0.3000	3.3000						
2009	19.3500	3.0000	66.0000				2.8000	0.3000	3.3000						
2010	19.3500	3.0000	66.0000				2.8000	0.3000	3.3000	0.3000					
2011	19.3500	3.0000	66.0000	0.5000			2.8000	0.3000	3.3000	0.3000					

- (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.

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 - School Districts
Last Ten Tax Years
(per \$100 of assessed value)

School District	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Tucson Unified (#1)	9.2780	8.7610	8.3286	7.8829	7.3857	7.0500	6.5659	6.0701	6.2976	6.9480
Marana Unified (#6)	7.3623	6.7979	6.5034	6.0991	5.9117	5.7887	5.4815	4.9286	4.6995	5.2047
Flowing Wells Unified (#8)	7.2175	6.6568	6.5883	7.1232	6.8677	6.5674	6.2665	6.1239	6.0407	5.9689
Amphitheater Unified (#10)	7.0207	6.7601	6.3375	6.4258	6.1193	5.4964	4.8589	4.6112	5.0511	5.4033
Sunnyside Unified (#12)	9.6945	9.1041	8.4846	8.6482	9.1529	8.1490	7.8009	7.0899	6.9680	6.9415
Tanque Verde Unified (#13)	6.6818	7.1785	5.6661	5.7985	5.4806	5.1033	4.3682	3.1837	3.3545	3.8042
Ajo Unified (#15)	4.1555	5.3016	4.4316	4.4994	4.4929	4.8627	4.5964	4.3158	4.9069	5.6740
Catalina Foothills Unified (#16)	7.0956	7.0256	6.6459	6.8422	6.7428	6.3942	6.1053	4.9970	4.2154	4.2095
Vail Elementary (#20)	7.2295	7.1748	7.0008	6.7510	6.7032	6.0327	5.5360	5.2016	4.8839	4.6550
Sahuarita Unified (#30)	9.1329	9.0113	8.3095	8.1495	7.7345	6.1807	5.9176	5.4230	6.5753	5.4067
San Fernando Elementary (#35)				3.7121	3.7481	3.7900	3.7920	4.5954	3.6883	4.8541
Empire Elementary (#37)	6.6965	6.4699	6.1171	8.0930	8.4864	7.5703	4.9021	2.9383	2.9195	2.7531
Continental Elementary (#39)	2.4398	2.3198	2.2216	2.1532	2.0682	1.8970	1.7343	1.6122	1.6945	2.0258
Indian Oasis Unified (#40)										
Redington Elementary (#44)	6.4230	5.6853	3.9915	4.8856	4.8853	4.8952	7.4720	7.6340	7.0689	6.7630
Altar Valley Elementary (#51)	6.3035	6.3615	6.2759	6.2607	5.7696	5.8086	5.7451	6.0506	6.2500	6.5675
Unorganized*	2.0296	1.9583	1.8931	1.8090	1.7394	1.6020	1.4622	1.3726	1.4797	1.7682

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

PIMA COUNTY, ARIZONA
Principal Property Taxpayers
Last Ten Tax Years
(amounts in thousands)

Exhibit D - 7

Taxpayer	2002			2003			2004			2005			2006		
	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
Unisource/Tucson Electric Power Co.	\$ 137,315	1	2.6%	\$ 122,499	1	2.2%	\$ 125,597	1	3.0%	\$ 145,937	1	2.1%	\$ 143,362	1	1.7%
PHELPS Dodge Corporation	18,250	6	0.3%	14,375	8	0.3%	15,250	7	0.4%	21,209	6	0.3%	55,176	4	0.7%
Southwest Gas Corporation	53,668	3	1.0%	55,710	3	1.0%	59,528	3	1.4%	62,970	3	0.9%	62,846	3	0.8%
ASARCO LLC	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
QWEST Corporation	87,757	2	1.7%	108,829	2	1.9%	104,944	2	2.5%	104,468	2	1.5%	87,093	2	1.1%
Trico Electric Co-Op Inc.	0		0.0%	11,467	10	0.2%	12,925	10	0.3%	0		0.0%	14,806	10	0.2%
DND Neffson Co. (Tucson Mall)	18,733	5	0.4%	18,703	5	0.3%	19,364	5	0.5%	22,377	5	0.3%	19,087	7	0.2%
Target Corporation	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
Northwest Hospital LLC	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
Starr Pass Resort Developments LLC	0		0.0%	0		0.0%	0		0.0%	0		0.0%	17,068	8	0.2%
Arizona Portland Cement	18,213	7	0.3%	19,990	4	0.4%	21,296	4	0.5%	22,459	4	0.3%	22,858	5	0.3%
ASARCO Mining	27,736	4	0.5%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
Raytheon	13,349	10	0.3%	13,290	9	0.2%	13,895	9	0.3%	16,069	8	0.2%	21,665	6	0.3%
Westin La Paloma	16,703	8	0.3%	16,057	6	0.3%	15,943	6	0.4%	16,358	7	0.2%	15,504	9	0.2%
El Conquistador Hotel	13,898	9	0.3%	14,461	7	0.3%	14,655	8	0.3%	13,653	10	0.2%	0		0.0%
HDP Northwest	0		0.0%	0		0.0%	0		0.0%	14,708	9	0.2%	0		0.0%
Total Top Ten	\$ 405,622		8.4%	\$ 395,381		7.7%	\$ 403,397		7.2%	\$ 440,208		7.3%	\$ 459,465		6.7%

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

(1) Secondary Assessed Valuation for tax year

\$5,221,271

\$5,620,156

\$6,050,950

\$6,869,955

(continued)

PIMA COUNTY, ARIZONA
Principal Property Taxpayers
Last Ten Tax Years
(amounts in thousands)

Exhibit D - 7

Taxpayer	2007			2008			2009			2010			2011		
	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
Unisource/Tucson Electric Power Co.	\$ 150,771	1	1.6%	\$ 153,431	2	1.6%	\$ 158,764	2	1.6%	\$ 164,363	1	1.8%	\$ 168,510	1	2.0%
Phelps Dodge Corporation	93,656	3	1.0%	156,780	1	1.6%	198,694	1	2.0%	89,289	2	1.0%	99,048	2	1.2%
Southwest Gas Corporation	62,919	4	0.7%	63,698	4	0.6%	64,775	4	0.7%	65,879	3	0.7%	64,533	3	0.8%
ASARCO LLC	0		0.0%	0		0.0%	20,042	8	0.2%	28,878	5	0.3%	58,585	4	0.7%
QWEST Corporation	94,300	2	1.0%	87,000	3	0.9%	74,646	3	0.8%	55,076	4	0.6%	51,942	5	0.6%
Trico Electric Co-Op Inc.	18,044	8	0.2%	18,816	9	0.2%	21,029	7	0.2%	21,208	6	0.2%	21,217	6	0.3%
DND Nefison Co. (Tucson Mall)	19,897	7	0.2%	21,013	8	0.2%	18,888	10	0.2%	17,715	7	0.2%	17,931	7	0.2%
Target Corporation	0		0.0%	0		0.0%	0		0.0%	0		0.0%	17,519	8	0.2%
Northwest Hospital LLC	0		0.0%	0		0.0%	0		0.0%	17,097	8	0.2%	17,390	9	0.2%
Starr Pass Resort Developments LLC	15,280	10	0.2%	15,889	10	0.2%	19,384	9	0.2%	16,582	10	0.2%	16,153	10	0.2%
Arizona Portland Cement	23,468	6	0.2%	23,593	7	0.2%	27,561	6	0.3%	16,635	9	0.2%	0		0.0%
ASARCO Mining	0		0.0%	44,047	5	0.4%	63,572	5	0.6%	0		0.0%	0		0.0%
Raytheon	58,987	5	0.6%	33,833	6	0.3%	0		0.0%	0		0.0%	0		0.0%
Westin La Paloma	15,959	9	0.2%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
El Conquistador Hotel	0		0.0%	0		0.0%	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	\$ 553,281		6.6%	\$ 618,100		6.5%	\$ 667,355		6.8%	\$ 492,722		5.4%	\$ 532,828		6.4%

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

(1) Secondary Assessed Valuation for Tax Year \$8,220,396 \$9,594,862 \$9,860,981 \$9,342,561 \$8,448,282

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

Fiscal Year	Original		Real Property Tax Levy (Adjusted)		Collected to June 30, End of Tax Fiscal Year (2)		Collected to June 30, 2011 (2)		Delinquent Taxes Receivable (1)
	Property Tax Levy	Tax Roll Corrections	Property Tax Levy	Percent of Original Levy	Amount	Percent of Original Levy	Amount	Percent of Adjusted Levy	
2001-02	\$ 228,477	\$ (1,023)	\$ 227,454	95.50%	\$ 218,192	95.50%	\$ 227,178	99.88%	\$ 276
2002-03	241,416	(1,013)	240,403	95.94%	231,619	95.94%	240,285	99.95%	118
2003-04	260,570	(987)	259,583	96.30%	250,929	96.30%	259,564	99.99%	19
2004-05	281,172	(494)	280,678	96.68%	271,841	96.68%	280,507	99.94%	171
2005-06	302,127	(291)	301,836	96.65%	292,019	96.65%	301,776	99.98%	60
2006-07	330,240	(322)	329,918	96.45%	318,520	96.45%	329,818	99.97%	100
2007-08	362,535	(622)	361,913	96.20%	348,741	96.20%	361,687	99.94%	226
2008-09	379,674	(360)	379,314	95.77%	363,624	95.77%	378,670	99.83%	644
2009-10	402,062	(87)	401,975	95.75%	384,983	95.75%	400,860	99.72%	1,115
2010-11	402,532	(366)	402,166	95.39%	383,978	95.39%	383,978	95.48%	18,188

NOTES:

- (1) Represents the difference between the adjusted levy and collected to June 30, 2011.
- (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
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%
2009-10 Primary	8,985,712	80,593,121	11.15%
2009-10 Secondary	9,860,981	88,095,754	11.19%
2010-11 Primary	8,939,647	82,348,221	10.86%
2010-11 Secondary	9,342,561	86,228,902	10.83%

(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 Rate
(per \$100 assessed value)
(valuation \$ amounts in thousands)

Exhibit D - 10

Jurisdiction	FY 2010-11 (Tax Year 2010)		FY 2011-12 (Tax Year 2011)	
	Valuation	Rate	Valuation	Rate
<u>State of Arizona</u>	\$ 8,939,647	\$0.0000	\$ 8,310,120	\$0.0000
<u>Pima County</u>				
General Fund - Primary	8,939,647	3.3133	8,310,120	3.4178
Debt Service - Secondary	9,342,561	0.7500	8,448,282	0.7800
Free Library - Secondary	9,342,561	0.3100	8,448,282	0.3460
Total County - Primary	8,939,647	3.3133	8,310,120	3.4178
Total County - Secondary	9,342,561	1.0600	8,448,282	1.1260
Grand Total		<u>4.3733</u>		<u>4.5438</u>
<u>Education Assistance</u>	8,939,647	0.3564	8,310,120	0.4259
<u>Flood Control District - Secondary</u>	8,529,150	0.2635	7,634,237	0.2635
<u>Fire District Assistance - Secondary</u>	9,345,594	0.0430	8,481,951	0.0418
<u>Pima Community College District</u>				
Primary	8,939,647	0.9755	8,310,120	1.0846
Secondary	9,342,561	0.1093	8,448,282	0.0248
Total		<u>1.0848</u>		<u>1.1094</u>
<u>Central Arizona Water Conservation District</u>				
Secondary	9,342,561	0.1000	8,448,282	0.1000
<u>Cities & Towns</u>				
City of Tucson				
Primary	3,667,566	0.3289	3,422,619	0.4297
Secondary	3,914,105	0.6261	3,487,960	0.7324
Total		<u>0.9550</u>		<u>1.1621</u>
City of South Tucson				
Primary	25,107	0.1999	23,614	0.2265
Secondary			24,688	2.4338
Total				<u>2.6603</u>
<u>School Districts</u>				
Unorganized - Primary	15,711	1.4797	16,801	1.7682
Tucson Unified (District #1)				
Primary	3,632,596	5.0489	3,313,108	5.4701
Secondary	3,809,571	1.2487	3,388,423	1.4779
Total		<u>6.2976</u>		<u>6.9480</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 2010-11 (Tax Year 2010)		FY 2011-12 (Tax Year 2011)	
	Valuation	Rate	Valuation	Rate
Marana Unified (District #6)				
Primary	\$ 852,820	\$ 3.0360	\$ 780,413	\$ 3.5510
Secondary	890,671	1.6635	794,566	1.6537
Total		<u>4.6995</u>		<u>5.2047</u>
Flowing Wells Unified (District #8)				
Primary	218,438	3.8837	205,273	3.4062
Secondary	233,154	2.1570	212,616	2.5627
Total		<u>6.0407</u>		<u>5.9689</u>
Amphitheater Unified (District #10)				
Primary	1,613,751	3.6518	1,517,536	3.9571
Secondary	1,695,333	1.3993	1,549,557	1.4462
Total		<u>5.0511</u>		<u>5.4033</u>
Sunnyside Unified (District #12)				
Primary	489,883	3.9944	439,615	3.7893
Secondary	512,628	2.9736	455,198	3.1522
Total		<u>6.9680</u>		<u>6.9415</u>
Tanque Verde Unified (District #13)				
Primary	220,027	2.3744	198,984	2.7218
Secondary	227,156	0.9801	200,702	1.0824
Total		<u>3.3545</u>		<u>3.8042</u>
Ajo Unified (District #15)				
Primary	19,941	4.9069	19,368	5.6740
Secondary	20,821	0.0000	19,839	0.0000
Total		<u>4.9069</u>		<u>5.6740</u>
Catalina Foothills Unified (District #16)				
Primary	679,717	2.7180	623,029	2.6674
Secondary	697,492	1.4974	629,511	1.5421
Total		<u>4.2154</u>		<u>4.2095</u>
Vail Elementary (District #20)				
Primary	486,043	3.1463	461,391	3.3502
Secondary	507,007	1.7376	471,045	1.3048
Total		<u>4.8839</u>		<u>4.6550</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 2010-11 (Tax Year 2010)		FY 2011-12 (Tax Year 2011)	
	Valuation	Rate	Valuation	Rate
Sahuarita Unified (District #30)				
Primary	\$ 304,949	\$ 3.1373	\$ 315,986	\$ 3.4833
Secondary	309,567	3.4380	319,085	1.9234
Total		<u>6.5753</u>		<u>5.4067</u>
San Fernando Elementary (District #35)				
Primary	1,525	3.6883	1,211	4.8541
Secondary	1,887	0.0000	1,508	0.0000
Total		<u>3.6883</u>		<u>4.8541</u>
Empire Elementary (District #37)				
Primary	7,381	2.9195	7,636	2.7531
Secondary	7,988	0.0000	7,992	0.0000
Total		<u>2.9195</u>		<u>2.7531</u>
Continental Elementary (District #39)				
Primary	355,497	1.4797	334,446	1.7682
Secondary	365,271	0.2148	338,328	0.2576
Total		<u>1.6945</u>		<u>2.0258</u>
Indian Oasis Unified (District #40)				
Primary	1,039	0.0000	1,060	0.0000
Secondary	1,040	0.0000	1,060	0.0000
Total		<u>0.0000</u>		<u>0.0000</u>
Redington Elementary (District #44)				
Primary	1,556	7.0689	1,417	6.7630
Secondary	1,598	0.0000	1,433	0.0000
Total		<u>7.0689</u>		<u>6.7630</u>
Altar Valley Elementary (District #51)*				
Primary	37,918	5.2001	36,367	5.3985
Secondary	41,025	1.0499	37,661	1.1690
Total		<u>6.2500</u>		<u>6.5675</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)

Fiscal Year	Hotel Excise Tax (1)	Car Rental Surcharges (2)	Recreational Vehicle Tax (3)
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	210
2007-08	6,901	1,732	222
2008-09	5,628	1,389	159
2009-10	5,637	1,521	181
2010-11	5,887	1,538	165

- (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

Fiscal Year	Total Amount	Highway User Revenue	Vehicle License Tax
2001-02	\$ 47,071		
2002-03	48,072		
2003-04	51,334		
2004-05	53,878	\$ 41,756	\$ 12,122
2005-06	56,937	43,292	13,645
2006-07	58,638	44,607	14,031
2007-08	57,847	44,060	13,787
2008-09	53,907	41,210	12,697
2009-10	50,535	38,739	11,796
2010-11	50,460	38,974	11,486

Note: Beginning with fiscal year 2004-05 this schedule identifies the Highway User Revenue and Vehicle License Tax individually

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. Eight 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	Sewer Revenue Obligations	Regional Wastewater Loans Payable	Contracts and Notes	Total Primary Government		
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	63,551	6,849	483,463		
2003-04	232,553	3,805	95,461		1,736		3,020	29,323	60,064	83,941	83,941	5,783	515,686		
2004-05	267,927	3,010	137,736		1,093		1,943	27,879	55,809	83,978	83,978	4,852	584,227		
2005-06	231,918	2,230	127,000		911		5,739	26,426	51,710	80,148	80,148	4,562	530,644		
2006-07	290,150	1,470	136,541				3,714	24,736	94,356	76,111	76,111	5,280	664,089		
2007-08	349,542	725	149,801				1,000	23,223	163,701	70,426	70,426	5,842	845,872		
2008-09	388,032	725	139,683					21,327	183,389	64,489	64,489	6,481	878,680		
2009-10	420,261		142,226					19,387	166,935	66,210	66,210	6,305	1,058,962		
2010-11	455,856		131,375					17,775	184,782	27,390	27,390	4,657	1,035,070		

Fiscal Year	Total Primary Government	Personal Income	Percentage of Personal Income	Population at July 1 (a)	Debt per Capita
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
2009-10	1,058,962	34,974,000	3.03%	1,070,723	989
2010-11	1,035,070	36,263,000	2.85%	1,092,369	948

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

Note: Details regarding outstanding debt can be found in Note 7 page 63 in Notes to the Financial Statements.

PIMA COUNTY, ARIZONA

Exhibit D - 14

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		Debt Service Funds Available for		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*
		General Obligation Bond Debt	General Bond Debt	Principal	Net General Bond Debt	General Bond Debt	Net Assessed Value				
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	5,571	228,577	6,050,950	3.78%	961,519	238			
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			
2009-10	420,261		11,396	408,865	9,860,981	4.15%	1,070,723	382			
2010-11	455,856		27,904	427,952	9,342,561	4.58%	1,092,369	391			

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

Note: Details regarding outstanding debt can be found in Note 7 on page 63 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)

Fiscal Year	Total Overlapping Debt	Secondary Net Assessed Value	Percentage of Assessed Value	Population at July 1	Debt per Capita*
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
2009-10	1,302,802	9,860,981	13.21%	1,070,723	1,217
2010-11	1,335,431	9,342,561	14.29%	1,092,369	1,222

* 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, 2011
 (\$ 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	\$ 632,544	\$ 632,544
Pima Community College	8,715	8,715
City of Tucson	238,316	<u>238,316</u>
Total overlapping		<u>\$ 879,575</u>
Debt repaid with property tax Direct:		
Pima County *	\$ 455,856	<u>\$ 455,856</u>
Total direct		<u>\$ 455,856</u>
Other Debt:		
Certificates of participation	\$ 48,235	\$ 48,235
Jail capital lease	17,775	17,775
Transportation bonds	131,375	<u>131,375</u>
Total other debt		<u>\$ 197,385</u>
Total direct and overlapping debt		<u><u>\$ 1,532,816</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)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Assessed Value	\$ 4,491,395	\$ 4,835,561	\$ 5,221,271	\$ 5,620,156	\$ 6,050,950	\$ 6,869,955	\$ 8,220,396	\$ 9,594,862	\$ 9,860,981	\$ 9,342,561
Legal Debt Margin										
Debt limit (15% of assessed value)	673,709	725,334	783,191	843,023	907,643	1,030,493	1,233,059	1,439,229	1,479,147	1,401,384
Debt applicable to limit:										
General obligation bonds	183,070	200,275	232,105	267,270	231,310	289,590	348,335	386,845	417,995	452,750
Less: Net assets reserved for repayment of general obligation debt	(4,883)	(2,226)	(2,648)	(8,899)	(5,571)	(7,431)	(10,241)	(10,523)	(11,396)	(27,904)
Total net debt applicable to the limit	178,187	198,049	229,457	258,371	225,739	282,159	338,094	376,322	406,599	424,846
Legal debt margin	\$ 495,522	\$ 527,285	\$ 553,734	\$ 584,652	\$ 681,904	\$ 748,334	\$ 894,965	\$ 1,062,907	\$ 1,072,548	\$ 976,538
Total net debt applicable to the limit as a percentage of debt limit.	26.45%	27.30%	29.30%	30.65%	24.87%	27.38%	27.42%	26.15%	27.49%	30.32%

See Notes to the Financial Statements (Note 7, page 70) for calculation of the legal debt margin for the current year.

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

Fiscal Year	Sewer User Revenues (1)	Less: Operating Expense (2)	Available Net Revenue	Ending cash Balances of Prior Fiscal Year (unrestricted)	Pledged Revenues (3)	Debt Service (6)		Coverage Ratio (4)
						Principal	Interest	
2005-06	\$ 105,827	\$ 57,371	\$ 48,456			\$ 10,053	\$ 5,619	3.09
2006-07	103,959	69,597	34,362			13,957	6,340	1.69
2007-08	109,264	78,521	30,743			13,325	7,221	1.50
2008-09	105,987	73,186	32,801			14,187	9,469	1.39
2009-10	128,067	69,904	58,163	\$ 20,163	\$ 78,326	16,952	9,838	2.92 (5)
2010-11	152,442	74,638	77,804	11,257	89,061	17,110	17,047	2.61

(1) Includes sewer connection fees.

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

(3) Pledged revenues defined by BOS 2010-50.

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

(5) For fiscal year 2009-2010, a new Debt Coverage calculation was implemented.

(6) Debt service requirements include principal and interest payable during the Bond Fiscal Year. Per the bond resolution, the Bond Fiscal Year is defined as 7/2/2010 to 7/1/2011.

Note: Beginning with fiscal year 2009-10 sewer revenue debt coverage is presented with 5 years of data .
 Data for each successive year will be added until 10 years are presented.

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

Fiscal Year	Transportation Revenue	Less: Operating Expense	Available Net Revenue	Debt Service *		Coverage Ratio
				Principal	Interest	
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
2009-10	54,897	34,214	20,683	10,530	5,709	1.27
2010-11	52,711	34,552	18,159	11,015	5,244	1.11

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)

Fiscal Year	Lease Revenue	Less: Operating Expense	Available Net Revenue	Debt Service		Coverage Ratio
				Principal	Interest	
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	*					
2009-10	*					
2010-11	*					

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

PIMA COUNTY, ARIZONA
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	FY 10-11	FY 11-12
Clerk of Superior Court - equipment**	\$ 195	\$ 147	\$ 31	\$ 82	\$ 82	\$ 131	\$ 111	\$ 37	
Jail *	3,824	2,764	3,042	3,015	5,920	3,027	3,007	3,004	\$ 18,565
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>	<u>\$ 3,041</u>	<u>\$ 18,565</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.
** The capital lease agreement for equipment was paid in full as of June 30, 2011

Source: Pima County Finance and Risk Management Department

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

Exhibit D - 19

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures *	Ratio of Debt Service To General Expenditures
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%
2009-10	83,565	24,097	107,662	730,379	14.7%
2010-11	72,525	23,945	96,470	730,278	13.2%

* 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 Years

Exhibit D - 20

Calendar Year	Population (a)	Personal Income (b)	Per Capita Personal Income (\$)	Unemployment Rate (a)
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%
2010	1,070,723	34,974,000	33,931	8.6%
2011	1,092,369	36,263,000	37,101	9.1%

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 Year and Nine Years Ago

Employer	2002			2003			2004			2005			2006		
	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	10,400	3	2.6%	10,100	3	2.4%	10,171	2	2.4%	10,300	3	2.3%	10,756	2	2.4%
University of Arizona	11,606	1	2.9%	11,335	2	2.7%	10,078	3	2.3%	10,348	2	2.3%	10,282	3	2.3%
State of Arizona	9,932	4	2.5%	9,732	5	2.3%	9,753	4	2.3%	9,750	4	2.2%	9,742	4	2.2%
Davis Monthan AFB	9,200	5	2.3%	9,947	4	2.3%	7,692	5	1.8%	8,727	5	2.0%	8,233	5	1.9%
Wal-Mart Stores, Inc.				4,000	9	0.9%	4,420	9	1.0%	4,595	9	1.0%	4,980	9	1.1%
Tucson Unified School District	8,278	6	2.1%	8,234	6	1.9%	7,690	6	1.8%	7,684	6	1.7%	7,623	6	1.7%
Pima County Government	7,175	7	1.8%	7,135	7	1.7%	6,987	7	1.6%	6,767	7	1.5%	6,765	7	1.5%
Fort Huachuca	10,969	2	2.8%	11,580	1	2.7%	11,939	1	2.8%	12,250	1	2.8%	13,098	1	3.0%
U/A Healthcare															
City of Tucson	5,933	8	1.5%	6,168	8	1.5%	5,495	8	1.3%	6,757	8	1.5%	5,306	8	1.2%
T M C HealthCare Inc.	3,800	9	1.0%												
Phelps Dodge	3,783	10	1.0%				3,515	10	0.8%				4,123	10	0.9%
Tohono O'odam Nation															
Carondelet Health Network															
Total	81,076		20.4%	81,606		19.2%	77,740		18.1%	81,678		18.3%	80,908		18.2%
Total Work Force				397,900		424,400		431,400		443,100					443,300

(continued)

Sources: Data is obtained from www.azstarnet.com/star200, a website of the Arizona Daily Star. University of Arizona, "Arizona's Economy" U of A Business Research Program (EBR), College of Business & Public Administration

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

(continued)

Employer	2007			2008			2009			2010			2011		
	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	11,184	1	2.5%	12,515	1	2.7%	11,539	1	2.4%	12,140	1	2.4%	10,500	1	2.5%
University of Arizona	10,354	2	2.3%	10,535	3	2.3%	10,575	2	2.2%	10,363	2	2.2%	10,481	2	2.1%
State of Arizona	9,927	3	2.2%	10,754	2	2.3%	9,329	3	1.9%	8,708	3	1.9%	8,866	3	1.8%
Davis Monthan AFB	8,233	5	1.8%	7,701	5	1.7%	7,509	4	1.5%	7,755	4	1.5%	8,462	4	1.6%
Wal-Mart Stores, Inc.	5,625	9	1.2%	5,805	10	1.3%	6,715	6	1.4%	7,192	5	1.4%	7,308	5	1.5%
Tucson Unified School District	7,419	6	1.6%	8,018	4	1.7%	7,227	5	1.5%	7,012	6	1.5%	6,709	6	1.4%
Pima County Government	7,290	7	1.6%	6,954	6	1.5%	6,235	8	1.3%	6,511	7	1.3%	6,403	7	1.3%
Fort Huachuca	9,119	4	2.0%	6,701	7	1.5%	6,463	7	1.3%	6,236	8	1.3%	6,225	8	1.3%
UA Healthcare													5,982	9	1.2%
City of Tucson	5,848	8	1.3%	5,848	8	1.3%	5,635	10	1.2%	5,399	9	1.2%	4,930	10	1.1%
Freeport-McMoran Copper				5,840	9	1.3%	5,987	9	1.2%						
Phelps Dodge	4,900	10	1.1%							4,566	10				
Tohono O'odam Nation															
Carondelet Health Network															0.9%
Total	79,899		17.6%	80,671		17.6%	77,214		15.9%	75,882		15.9%	75,866		15.6%
Total Work Force			453,500			459,200		486,400				488,500			488,800

Sources: Data is obtained from www.azstarnet.com/star200, a website of the Arizona Daily Star. University of Arizona, "Arizona's Economy" U of A Business Research Program (EBR), College of Business & Public Administration

PIMA COUNTY, ARIZONA
 Population and Employment
 Last Ten Calendar Years

Calendar Year	Population	Civilian Labor Force	Total Unemployment Rate	EMPLOYMENT					
				Mining	Construction	Manufacturing	Trades and Services	Finance, Insurance and Real Estate	
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	
2010	1,070,723	488,500	8.6%	1,800	14,300	24,500	216,800	17,400	
2011	1,092,369	485,800	9.1%	1,820	14,456	24,767	219,159	17,589	

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

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
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
2010	169,780	3,696,875	20,483,709	2.22	2,340	12,471	2,457,147
2011	164,152	3,721,785	19,746,774	2.18	2,400	11,545	2,033,702

Sources: University of Arizona, "Arizona's Economy"
 U of A Business Research Program, Eller Business Review (EBR), College of Business & Public Administration
 Tucson Airport Authority
 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	
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		6,110	10,497,000
2008	11,922,231		3,728	10,765,000
2009	10,799,849		1,986	10,855,000
2010	10,614,927		2,221	11,134,000
2011	11,144,720		2,288 *	11,265,000

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

*With Calendar Year 2011 the number of dwelling units awarded includes both single family and 2-5-plus unit structures combined.

PIMA COUNTY, ARIZONA
Population Statistics
June 30, 2011

Exhibit D - 25

<u>Age Group</u>	<u>Population</u>
0-4	72,349
5-9	70,902
10-14	65,651
15-19	66,241
20-24	78,574
25-39	224,006
40-54	210,360
55-59	69,623
60-64	63,375
65-69	49,685
70-74	38,424
75+	83,179
Total	<u>1,092,369</u>

POPULATION PROJECTIONS

<u>Year</u>	<u>Projected Population</u>
2011	1,092,369
2013	1,134,853
2018	1,234,697
2023	1,325,564
2043	1,623,983
2053	1,745,812

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>
2001	1,481
2002	1,462
2003	1,539
2004	1,739
2005	2,009
2006	2,028
2007	2,008
2008	1,913
2009	1,826
2010	1,636

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 Nine Fiscal Years

Function/Program	Full-time employees (FTEs) as of 6/30:								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities									
General government	1,851	2,040	2,952	2,911	2,776	2,860	2,684	2,870	2,850
Public safety	1,986	1,902	1,434	1,401	1,442	1,560	1,491	1,488	1,529
Highways and streets	290	288	351	526	334	330	311	264	262
Sanitation	0	0	0	45	41	40	34	33	23
Health	407	413	408	414	408	404	397	422	412
Welfare	174	185	20	23	22	26	29	32	27
Culture and recreation	180	197	164	180	466	485	480	467	461
Education and economic opportunity	140	117	250	289	179	186	184	174	170
Total governmental activities	5,028	5,142	5,579	5,789	5,668	5,891	5,610	5,750	5,734
Business-type activities									
Regional Wastewater Reclamation*	506	481	449	668	472	508	507	488	481
Wastewater Management- Solid Waste	43	42	42	0	0	0	0	0	0
Kino Hospital	607	548	0	0	0	0	0	0	0
Prima Health System & Services	511	162	631	634	559	563	451	422	421
Development Services	141	149	116	156	153	128	73	66	66
Parking Garages	3	3	3	3	3	3	3	2	2
Total business-type activities	1,811	1,385	1,241	1,461	1,187	1,202	1,034	978	970
Total	6,839	6,527	6,820	7,250	6,855	7,093	6,644	6,728	6,704

Note:

Internal service funds 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 Prma 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 Nine Fiscal Years

Program:	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Sheriff									
Physical arrests	32,159	33,815	32,501	30,686	33,929	32,796	33,571	27,946	24,108
Traffic violations/citations									
Criminal	3,920	3,813	4,148	3,170	3,927	5,967	6,422	6,417	4,304
Total	42,074	36,823	37,868	27,846	30,204	41,542	49,817	41,800	32,270
Civil	45,994	40,636	42,016	31,016	34,131	47,509	56,239	48,217	36,574
Total violations/citations									
Wastewater									
(1) Avg. daily sewage treated (MGD)	64.5	65.0	65.5	66.4	68.5	67.3	67.8	65.4	62.7
New connections	8,289	9,718	11,245	8,325	8,734	4,452	1,477	1,950	1,412
Cultural and Recreational									
(3) Spring training attendance	137,302	147,117	146,739	155,377	142,773	160,626	103,407	84,520	*
(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	168	161
Community center admissions	280,850	344,470	388,092	391,295	438,051	445,137	403,887	351,692	339,550
Volunteer hours	23,070	22,465	23,785	17,218	25,700	19,622	25,756	14,321	12,168
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	1,427,089	1,414,928
Total volumes borrowed	5,761,423	6,063,771	6,249,123	6,276,794	6,371,480	6,874,888	7,409,820	7,517,692	7,199,809
Number of cardholders	458,736	486,402	474,045	488,250	492,973	554,339	516,780	526,170	452,400
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	\$ 36,953,802	\$ 5,655,264
Buildings	9,356,754	18,609,343	42,916,920	2,018,849	66,095,100	17,591,833	14,336,536	11,994,142	57,876,009
Improvements	2,598,134	5,592,348	5,071,608	3,568,917	21,944,399	4,673,301	9,028,251	1,921,052	6,366,258
Infrastructure	72,540,294	67,890,856	7,476,315	76,950,908	29,146,482	72,925,857	22,733,535	14,160,620	24,259,854
	\$ 97,403,283	\$ 112,791,318	\$ 98,220,398	\$ 99,185,638	\$ 154,588,664	\$ 113,810,324	\$ 106,021,120	\$ 65,029,616	\$ 94,157,385

(1) MGD: Millions of Gallons per Day
 (2) Sidewinders attendance 7/08 through 9/08; beginning in fiscal year 2008-09, the team is no longer in Tucson
 (3) *For fiscal year 2010-11 there were no Spring Training games in Tucson

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

Program:	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Sheriff									
Stations	6	6	6	6	7	7	7	7	7
Zone offices	5	5	5	5	4	4	4	4	4
Patrol units	252	280	276	303	302	324	323	361	355
Transportation (streets and highways)									
Streets (miles)	1,750	1,773	1,782	1,798	1,801	1,893	1,893	1,893	1,892 *
Pothole repair**	\$ 691,236	\$ 672,427	\$ 926,828	\$ 964,051	\$ 1,150,950	\$ 1,321,034	\$ 1,257,087	\$ 1,893	\$ 2,822,770
Flood Control									
Bank protection (miles)	138	138	138	138	139	140	140	140	141
Flood plain / drainageway (acres)	10,219	10,313	10,558	10,622	10,840	10,999	11,053	11,966	12,027
Parks & Recreation									
Urban parks (acres)	2,366	2,411	2,419	2,885	2,932	2,991	2,881	2,881	2,898
Playgrounds	30	32	34	36	41	41	38	38	39
(1) Baseball/softball diamonds	64	67	73	78	84	90	85	85	86
Soccer/football fields	12	12	14	14	16	17	17	17	18
Community centers	8	9	9	9	9	11	8	8	11
Swimming pools	7	8	8	9	9	9	9	9	10
Wastewater									
Sanitary sewers (miles)	3,049	3,177	3,249	3,314	3,464	3,492	3,462	3,472	3,476
Treatment capacity (MGD)	74.76	74.76	81.50	87.45	92.45	90.00	91.50	94.26	97.76
Libraries									
County	12	12	12	12	25	26	26	26	26
(2) City	12	12	12	13					
Open Space Acquisitions									
Properties added	2	7	7	17	18	9	5	9	4
Acres	606	10,334	13,942	1,235	3,668	757	14,753	5,390	275
Cumulative acreage	7,437	17,771	31,713	32,948	36,616	37,373	52,126	57,516	57,791
Total properties	18	25	32	49	67	76	81	90	94

(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.
* Annexation by other jurisdictions resulted in a decrease of Transportation (Streets and Highways)
** Pothole repair was unavailable in FY 2010.

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