

2012

Comprehensive Annual Financial Report



Pima County, Arizona
For the Fiscal Year Ended June 30, 2012

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

BOARD OF SUPERVISORS

	Ramón Valadez Chair District #2	
Sharon Bronson Vice Chair District #3		Ann Day District #1
Ray Carroll District #4		Richard Elías District #5

COUNTY ADMINISTRATOR

C. H. Huckelberry

Prepared by the Department of Finance and Risk Management

Tom Burke, Director

Michelle Campagne, Deputy Director

Ellen Moulton, Deputy Director

Paul Guerrero, CPA, Division Manager
Financial Control & Reporting

Supervisors

Emilia Eveningred	Marilyn Hutzler	Pete Rodriguez
-------------------	-----------------	----------------

Accountants

Linda Baldazo Leticia Brumbaugh Leslie Butler Sabrena Corwin Brenda DeBoo-Nicely Ted Garza Linda House Jean Lee, CPA	Sheri Morgan Lorraine Nuñez Janet Peete Blanca Rossetti Mary Scanlan Phil Schroeck Jennifer Serrano Ann Westmoreland
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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.



PIMA COUNTY
DEPARTMENT OF FINANCE & RISK MANAGEMENT

130 WEST CONGRESS STREET
TUCSON, ARIZONA 85701-1317
(520) 724-8472 FAX (520) 770-4173

Thomas E. Burke, Director

December 18, 2012

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, 2012. 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 auditors' report.

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

The CAFR consists of three sections:

- The **INTRODUCTORY** section 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 auditors' report, MD&A, audited basic financial statements, notes to the statements, and required supplementary information necessary to fairly present the financial position and results of operations of the County in conformity with GAAP. This section also includes supporting statements and schedules necessary to produce a CAFR.
- The **STATISTICAL** section 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:* Institutional Health, Public Health (including Animal Control), and Forensic Science Center. Pima Health System & Services (including Posada del Sol) has ceased operations as of September 30, 2011; therefore, this CAFR is reporting the final financial activity for the fiscal year
- *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, Natural Resources, Parks and Recreation, and Road and Lighting Improvement Districts
- *County Administration:* Board of Supervisors, County Administrator, Assessor, Clerk of the Board, Elections, Finance and Risk Management, Human Resources, Information Technology, Procurement, Recorder, Treasurer, and 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, Library District, Street Lighting Improvement Districts.* Activities are reported as blended component units in special revenue funds in the accompanying financial statements
- *Special Districts.* Pima County includes the financial activities of various road improvement districts in its financial statements. As of June 30, 2012, the County's road improvement districts are all inactive and are reporting residual balances.

The County also has various independently governed schools, irrigation, fire, 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

In response to the ongoing economic recession, Pima County has responded by implementing various cost savings measures: modifying operations over the last 4 years through centralization of internal services to increase efficiency and reduce costs, by reducing the workforce through attrition whenever possible, and by significantly decreasing discretionary spending. Each year, departments have reduced budgets to accommodate reduced revenues.

The primary property tax rate remains constant for fiscal year 2012-13 while Preliminary Primary Net Assessed property values decreased 2.84%, generating a reduction in primary property tax revenues of \$8.1 million. Reductions in the secondary property tax levies for the Library District, Flood Control District, and Debt Service are also occurring, which will reduce total County property taxes by \$12.1 million. The recommended total County budget for fiscal year 2012-13 is \$1.2 billion or 5.4% less than the prior year, and 17% less than fiscal year 2007-08.

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 2011-12 are expected to be under the limit of \$501.8 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. This year the CAFR presents the closing of the enterprise fund with a final Statement of Revenues, Expenses and Changes in Net Position. All year end remaining balances have been transferred to the County's governmental funds. Therefore, there is no Statement of Net Position for PHS&S.

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 single 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.

For fiscal year 2012-13, the capital budget for wastewater infrastructure is \$237.7 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 utilize debt authorized by Pima County voters in numerous elections from 1997 to 2006. At June 30, 2012, \$7.7 million from the May 20, 1997, \$66.3 million from the May 18, 2004, and \$4.7million from the May 16, 2006 bond elections remain unissued at June 30, 2012. The County issues Sewer Revenue Obligations to fund the construction and improvement of the County's wastewater conveyance systems and treatment facilities.

Bond sales anticipated for fiscal year 2012-13 include \$50 million of general obligation debt, \$60 million in sewer revenue obligations, and approximately \$18.5 million to be used for a new Fleet Services facility. A refunding of the 1999 and 2003 capital lease agreements is expected to provide the County an interest rate savings.

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

Major project expenditure budgets for next year include the Justice Court/Municipal Court Complex for \$42.2 million; the Regional Public Safety Communications System (PCWIN) for \$22.9; \$18.5 million for the new Fleet Services Facility, and \$8.7 for the Communications Emergency Operations Center.

Four significant budgets for transportation projects for the year include:

- La Canada Drive: Ina Road to River Road at \$8.9 million
- La Cholla Boulevard: Magee Road to Overton Road at \$10.2 million
- Magee Road/Cortaro Farms Road, Thornydale Road to Mona Lisa project at \$8.1million
- Magee Road, La Canada Drive to Oracle Road is budgeted at \$8.7 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 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 auditors' report is included in this CAFR.

Single Audit

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

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

The Single Audit for the fiscal year ended June 30, 2011 reported no material weakness and two significant deficiencies in its internal control over compliance.

A complete Single Audit report for fiscal year 2010-11 can be found at:

<http://www.pima.gov/finance/reports.shtml>

The Single Audit for Pima County for the fiscal year ended June 30, 2012, 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 24 years from fiscal years ended June 30, 1984 through 2011, except for fiscal years ended June 30, 1990 and June 30, 1999, due to missing the filing deadline.

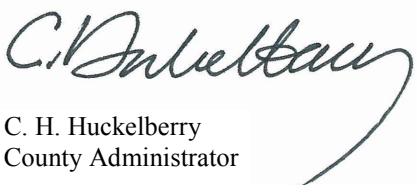
In order to receive a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR with contents that conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

In addition, for 13 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 2011-2012 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, 2011

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.



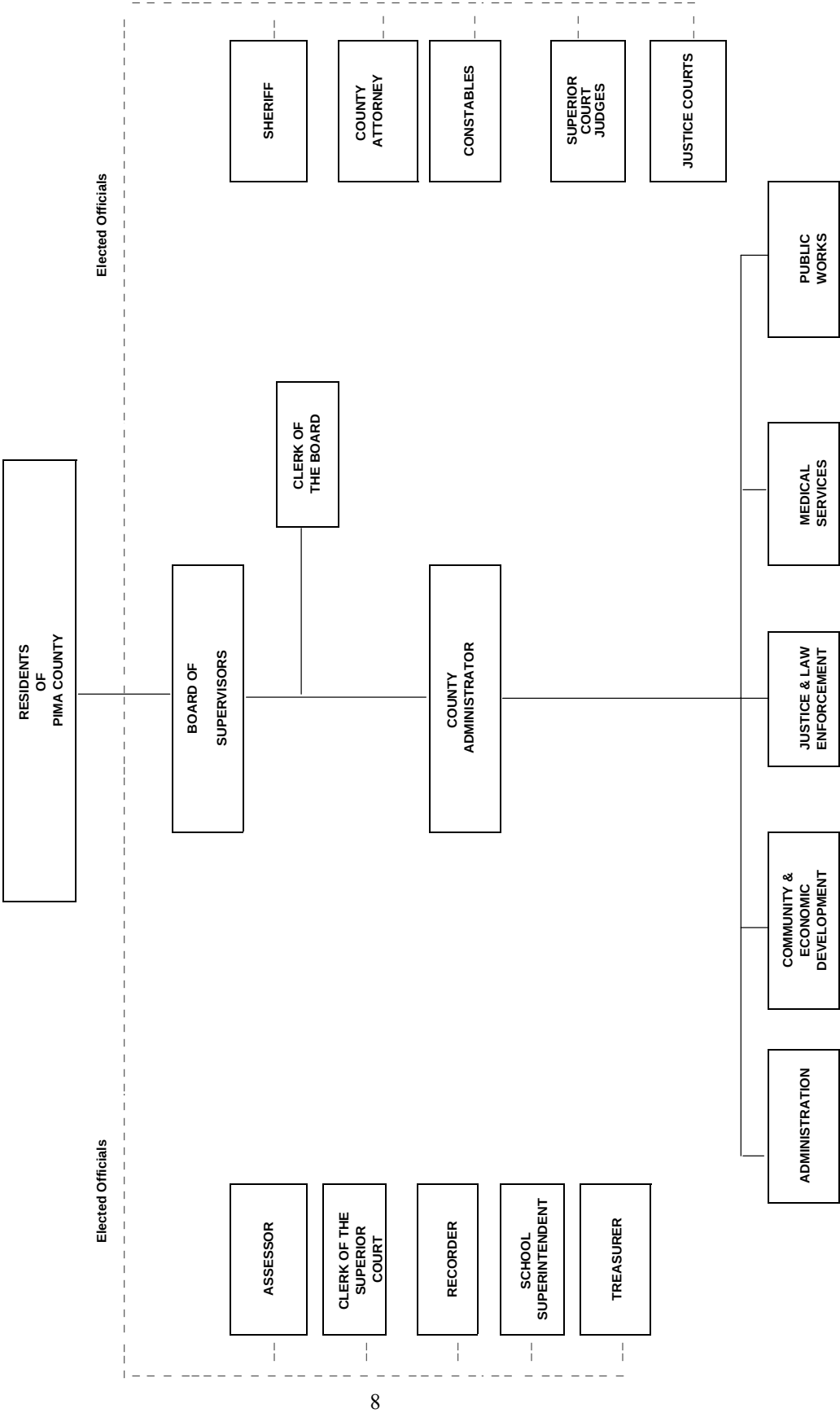
Linda C. Danison

President

Jeffrey R. Enner

Executive Director

PIMA COUNTY ORGANIZATIONAL CHART



PIMA COUNTY
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012

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, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain departments, one major fund, and one component unit, which account for the following percentages of the assets, liabilities, revenues, and expenses or expenditures of the opinion units affected:

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

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

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes

examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of Pima County as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

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

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

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

Debbie Davenport
Auditor General

December 18, 2012



Management's Discussion and Analysis

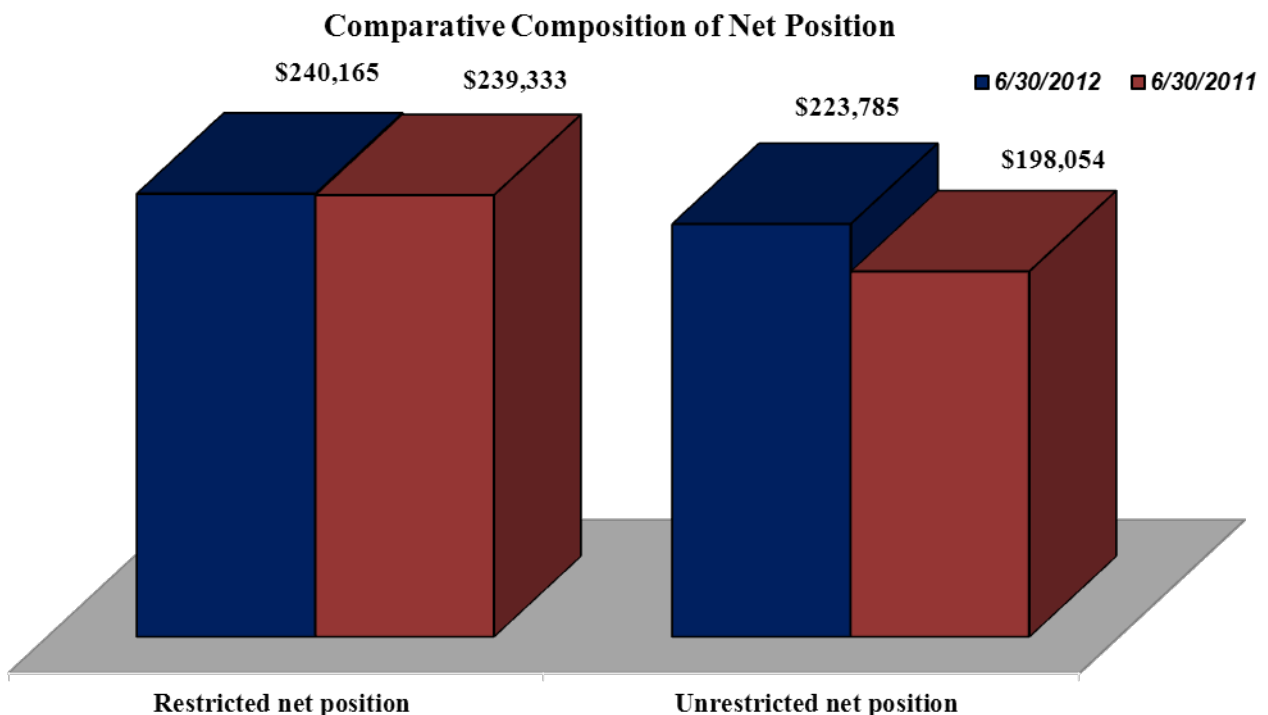
Management's Discussion and Analysis

This section of Pima County's comprehensive annual financial report presents a discussion and analysis of the County's financial performance during the year ended June 30, 2012 and should be read in conjunction with the County's basic financial statements in the following sections. All dollar amounts are expressed in thousands (000's) unless otherwise noted.

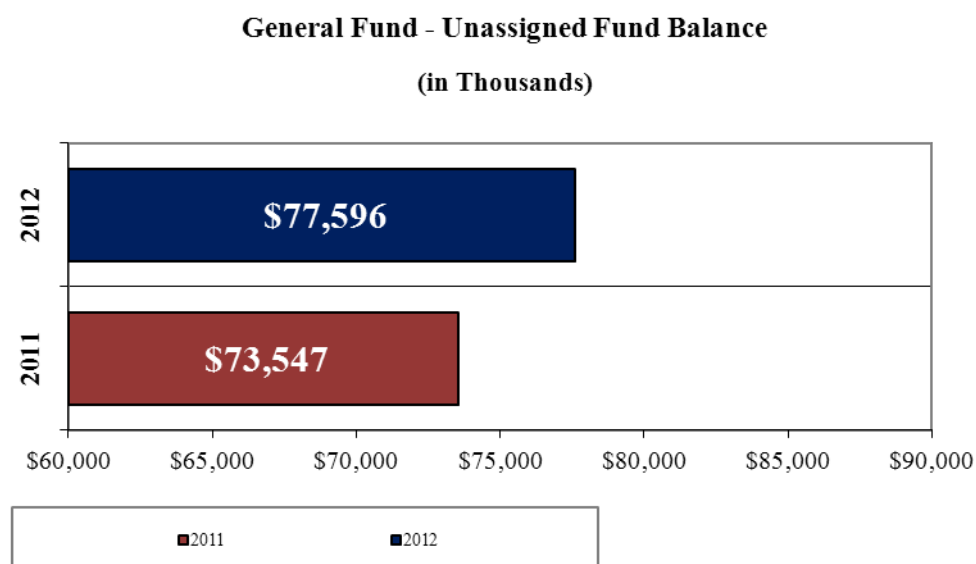
FINANCIAL HIGHLIGHTS

- At June 30, 2012, the net position for the County increased \$125 million from the prior year. Increases were experienced in all net asset categories, with a \$98 million increase in net investment in capital assets, an increase of \$1 million in restricted net position and an increase of \$26 million in unrestricted net position.
- Assets of the County exceeded its liabilities by \$2,274, an increase of 5.8% from the prior year. Of this amount, \$223,785 is available for general government expenditures (unrestricted net position). Unrestricted net position increased by \$25,731 from last year, or approximately 13%.
- \$240,165 is restricted for specific purposes (restricted net position), and \$1,810 is net investment in capital assets.

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



- General Fund revenues increased by \$6,011 from the prior year while expenditures increased by \$16,616.
- The General Fund unassigned fund balance increased to \$77,596, from \$73,547 in the prior year. The unassigned fund balances comprise 96% of the total fund balance of \$80,767.



OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

The governmental fund financial statements can be found on pages 34-37. The combining statements for non-major governmental funds can be found on pages 86-89.

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

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

The proprietary fund financial statements can be found on pages 38-41. The combining statements for other enterprise and internal service funds can be found on pages 105-112.

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

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

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 46-79.

Required Supplementary Information (RSI) is presented concerning the County's General Fund budgetary schedule and the schedule of retirement plans' funding progress. Required supplementary information can be found on pages 81-83.

Combining Statements and Other Schedules referred to earlier provide information for non-major governmental, enterprise, internal service, and fiduciary funds and are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 86-116.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Table 1

Schedule of Assets, Liabilities, and Net Position At June 30, 2012 and 2011						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$596,855	\$529,767	\$246,415	\$226,442	\$843,270	\$756,209
Capital assets (net):						
Land, buildings, equipment, infrastructure & other assets	1,809,998	1,718,730	1,092,477	905,710	2,902,475	2,624,440
Total assets	\$2,406,853	2,248,497	1,338,892	1,132,152	3,745,745	3,380,649
Current and other liabilities	120,443	71,038	42,655	51,975	163,098	123,013
Long-term liabilities	716,370	715,013	592,539	393,678	1,308,909	1,108,691
Total liabilities	836,813	786,051	635,194	445,653	1,472,007	1,231,704
Net position						
Net investment in capital assets	1,245,227	1,136,033	564,561	575,525	1,809,788	1,711,558
Restricted	167,498	161,807	72,667	77,526	240,165	239,333
Unrestricted	157,315	164,606	66,470	33,448	223,785	198,054
Total net position	\$1,570,040	\$1,462,446	\$703,698	\$686,499	\$2,273,738	\$2,148,945

Assets

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

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

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

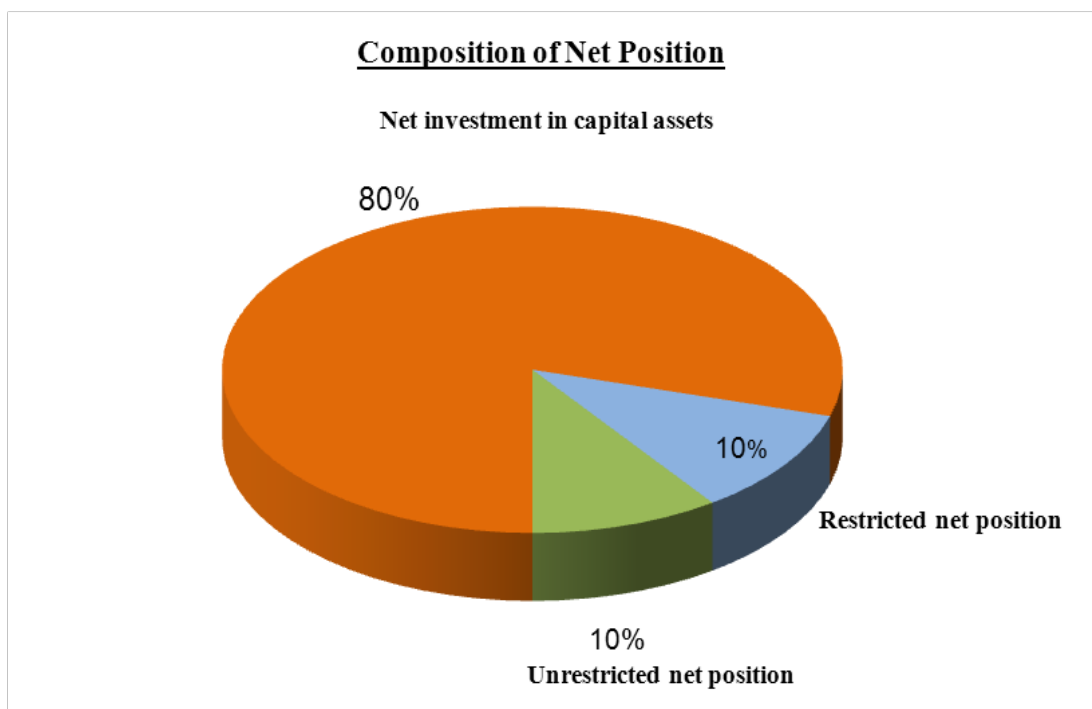
Total liabilities for the primary government increased by \$240,303. Current liabilities increased \$40,085 mainly due to an overall increase in accounts payable, with accounts payable for governmental activities increasing \$47,119 and accounts payable for business-type activities increasing by \$10,815.

Net position

The largest portion of the County's net position reflects its investment in capital assets (i.e. land, buildings, infrastructure, and equipment), less any related outstanding debt used to acquire those assets. As of June 30, 2012, net investment in capital assets totaled \$1,809,788, comprising approximately 79.6% of total net position. The County uses a portion of these capital assets to provide services to its citizens, with the other portion available to its citizens for use; consequently, these assets are *not* available for future spending. The \$98,230 increase in capital assets, net of related debt, is primarily due to the significant amount of capital project activity. Although the County's investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted net position for the primary government increased \$25,731 mainly due to an increase in business-type activities of 99% (\$33,022), specifically; the Regional Wastewater Reclamation Fund had an increase in its unrestricted net position of 120% from \$25,652 to \$56,462.

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



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

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

Governmental activities

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

Table 2 Governmental Activities Schedule of Changes in Net Position For the Years Ended June 30, 2012 and 2011				
	<u>2012</u>	<u>2011</u>	<u>Variance</u>	
			<u>Amount</u>	<u>Percent</u>
Program revenues:				
Charges for services	\$ 66,904	\$ 60,077	\$ 6,827	11.4%
Operating grants and contributions	143,388	136,472	6,916	5.1%
Capital grants and contributions	47,528	65,030	(17,502)	-26.9%
Total program revenues	257,820	261,579	(3,759)	-1.4%
General revenues:				
Property taxes	394,963	416,985	(22,022)	-5.3%
State-shared taxes	116,660	111,804	4,856	4.3%
Investment earnings	3,416	2,153	1,263	58.7%
Other general revenues	43,072	33,336	9,736	29.2%
Total general revenues	558,111	564,278	(6,167)	-1.1%
Total revenues	815,931	825,857	(9,926)	-1.2%
Expenses:				
General government	223,005	218,843	4,162	1.9%
Public safety	150,349	146,395	3,954	2.7%
Highways and streets	69,183	73,348	(4,165)	-5.7%
Sanitation	7,224	6,208	1,016	16.4%
Health	47,248	36,475	10,773	29.5%
Welfare	94,409	90,521	3,888	4.3%
Culture and recreation	61,900	67,063	(5,163)	-7.7%
Education and economic opportunity	55,126	56,626	(1,500)	-2.6%
Amortization	805	(2,626)	3,431	-130.7%
Interest on long-term debt	24,776	26,079	(1,303)	-5.0%
Total expenses	734,025	718,932	15,093	2.1%
Excess before transfers	81,906	106,925	(25,019)	-23.4%
Transfers in	25,688	4,650	21,038	452.4%
Change in net position	107,594	111,575	(3,981)	-3.6%
Ending net position	\$ 1,570,040	\$ 1,462,446	\$ 107,594	7.4%

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

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

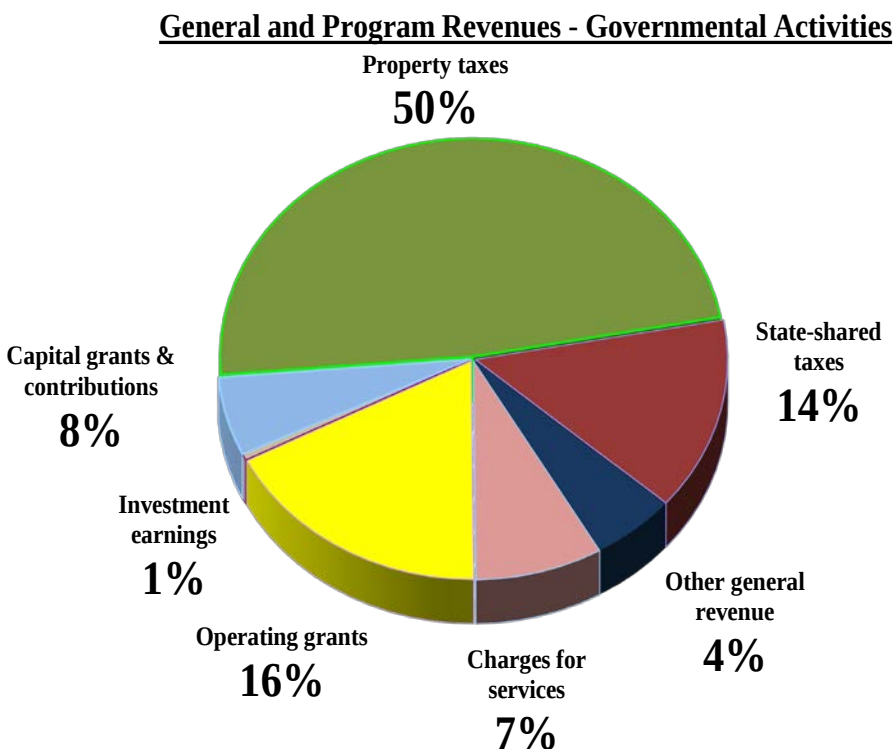
- Revenue from capital grants and contributions decreased by \$17,502 in Highway and Streets Activity. This is primarily from a decrease in ARRA Stimulus revenue, \$4,071, a decrease in State Revenue of \$6,232 and a decrease of \$10,348 in Capital Contributions.

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

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

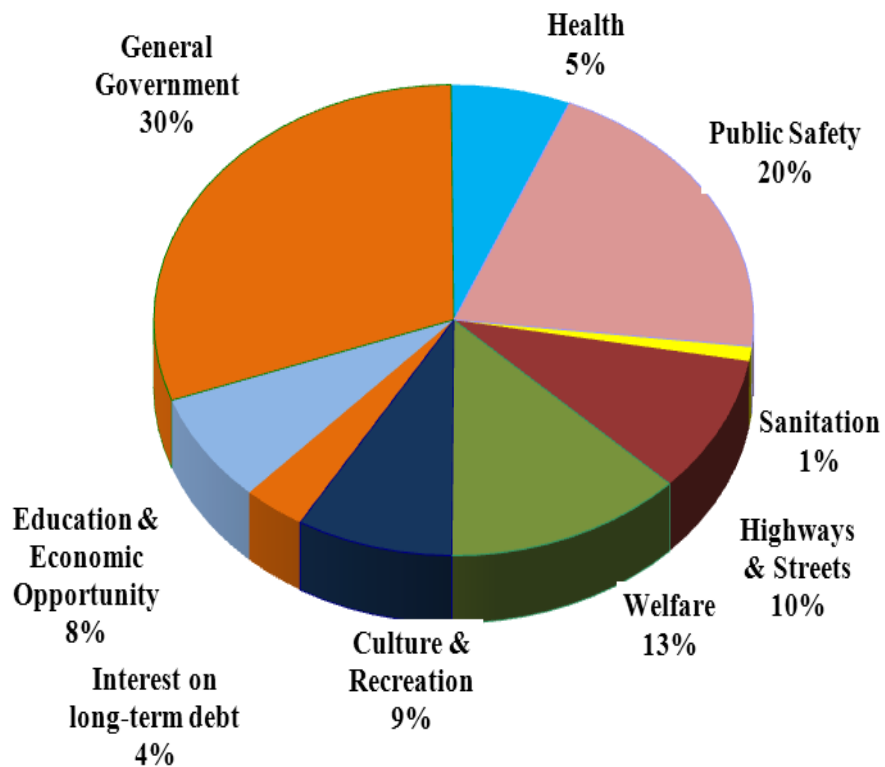
The increase in the Transfers in line item of \$21,038 was due to an equity transfer of \$26,436 from Pima Health System & Services to Other Special Revenue Fund.

The chart below presents general and program revenues, as a percentage to total revenues. The amount provided from each revenue source for governmental activities, as a percentage to total revenue for governmental activities, has not changed significantly from the prior fiscal year. Property taxes, operating grants, and state-shared taxes continue to account for approximately 72% of the County's revenues.



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

Expenses by Function - Governmental Activities



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

Business-type activities

Business-type activities, which are composed exclusively of enterprise funds, are intended to recover all or a significant portion of their costs through user fees and charges. Change in net position for business-type activities added \$17,199 or 2.5% to the County's \$124,793 change in total net position for the year ended June 30, 2012. The following table shows changes in net position for business-type activities:

Table 3
Business-type Activities
Schedule of Changes in Net Position
For the Years Ended June 30, 2012 and 2011

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

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

- Primarily due to the closing of the Pima Health System & Service Enterprise Fund charges for services revenue decreased by \$141,942 and Pima Health System & Services Expenses decreased \$141,532.
- The increase of \$21,038 in the Transfers in (out) line is due to an equity transfer \$26,436 from Pima Health System & Services to Other Special Revenue Fund.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental funds

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

Major Governmental Funds

General Fund

The General Fund is the chief operating fund of the County. At June 30, 2012, total fund balance of the General Fund was \$80,767.

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

- Property taxes decreased \$9,846 primarily due to lower assessed property valuations with the tax rates remaining constant.
- Intergovernmental revenue increased by \$4,077 due to increases in State Shared Sales Tax of \$4,093.
- Service fee revenue increased by \$3,756 primarily in two areas:
 - Correctional Housing Revenues of \$1,772
 - Fees for Recording Documents of \$779.
- Miscellaneous earnings increased by \$7,937 of which \$7,917 was Other Miscellaneous Revenue – Operating.

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

- The net increase in General Government expenditures of \$10,997:
 - County Administrator expenditures increased by \$5,129 primarily from a \$1,586 increase in payments to other governments and agencies.
 - Superior Court expenditures increased by \$3,463 primarily from increased payroll costs.

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

Capital Projects Fund

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

- Of the decrease in revenues, \$3,147, can be attributed to intergovernmental revenues; Federal revenue decreased by \$2,947 and State revenue decreased by \$871.
- Expenditures decreased by \$3,591 in capital outlay primarily from the decrease in expenditures relating to the construction of the Behavioral Health Pavilion, \$20,506, with an increase of \$15,584 in the Emergency Communications Systems expenditures.

The fund reported a \$101,129 deficiency of revenues over expenditures. A net transfer in of \$65,545 and that resulted in a net change in the fund balance of \$42,841 for the Capital Projects Fund.

Debt Service Fund

The fund accounts for the accumulation of resources for and the payment of principal and interest of general long-term debt. At June 30, 2012, the net change in fund balance was a decrease of \$7,605.

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

Budget to Actual Comparison for the General Fund

Overall, actual revenues were more than budgeted revenues by \$18,734 and actual expenditures were less than budgeted expenditures by \$45,856. No variances between the budget to actual amounts at the departmental level were significant enough to affect the County's ability to provide future services.

Overview of all governmental funds

At June 30, 2012, the County's governmental funds reported combined fund balances of \$395,385, an increase of \$33,655 from the prior year. Approximately 16.4% of the combined fund balances, or \$65,030, constitutes unassigned fund balance, which is available to meet the County's current and future needs.

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

Table 4

Governmental Funds Revenues Classified by Source For the Years Ended June 30, 2012 and 2011						
	<u>2012</u>		<u>2011</u>		<u>Variance</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Taxes	\$ 407,711	48.6%	\$ 421,623	51.7%	\$ (13,912)	-3.3%
Special assessments	245	0.0%	330	0.1%	(85)	-25.8%
Licenses and permits	8,155	1.0%	8,494	1.0%	(339)	-4.0%
Intergovernmental	327,939	39.1%	308,219	37.8%	19,720	6.4%
Charges for services	56,881	6.8%	54,491	6.7%	2,390	4.4%
Fines and forfeits	10,249	1.2%	6,786	0.8%	3,463	51.0%
Interest	2,286	0.3%	1,723	0.2%	563	32.7%
Miscellaneous	24,796	3.0%	14,162	1.7%	10,634	75.1%
Total revenues	<u>\$ 838,262</u>	<u>100.0%</u>	<u>\$ 815,828</u>	<u>100.0%</u>	<u>\$ 22,434</u>	<u>2.7%</u>

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

- The \$19,720 increase in intergovernmental revenue was due to a \$18,798 increase in Other Governmental Funds.
- The \$13,912 decrease in tax revenue is due to a \$9,846 decrease in the General Fund revenue from decreased property values.

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

Table 5

Governmental Funds Expenditures by Function For the Years Ended June 30, 2012 and 2011						
Government Function	2012		2011		Variance	
	Amount	Percent	Amount	Percent	Amount	Percent
General government	\$ 236,020	25.7%	\$ 223,611	25.3%	\$ 12,409	5.5%
Public safety	145,711	15.9%	136,709	15.5%	9,002	6.6%
Highways and streets	33,651	3.7%	34,614	3.9%	(963)	-2.8%
Sanitation	6,317	0.7%	5,375	0.6%	942	17.5%
Health	46,672	5.1%	36,511	4.1%	10,161	27.8%
Welfare	94,360	10.3%	90,572	10.3%	3,788	4.2%
Culture and recreation	52,103	5.7%	49,986	5.7%	2,117	4.2%
Education and economic opportunity	47,798	5.2%	50,432	5.7%	(2,634)	-5.2%
Capital outlay	149,612	16.3%	153,203	17.3%	(3,591)	-2.3%
<u>Debt service:</u>						
- Principal	78,688	8.6%	76,361	8.6%	2,327	3.0%
- Interest	24,762	2.7%	26,086	3.0%	(1,324)	-5.1%
- Miscellaneous	1,179	0.1%	21	0.0%	1,158	5514.3%
Total expenditures	<u>\$ 916,873</u>	<u>100.0%</u>	<u>\$ 883,481</u>	<u>100.0%</u>	<u>\$ 33,392</u>	<u>3.8%</u>

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

- Health expenditures increased by \$10,161 primarily from the Communities Putting Prevention to Work grant.
- Public safety expenditures increased by \$9,002 due to the Sheriff's Department purchase of a helicopter, \$2,556.
- General Government expenditures increased by \$12,409 due to a \$10,997 increase in the general fund.

Proprietary funds

The County's proprietary fund functions are contained in the enterprise and internal service funds. The enterprise funds of the County are Pima Health System & Services, Regional Wastewater Reclamation, Development Services, and Parking Garages. Pima Health System & Services contract with the Arizona Health Care Cost Containment System (AHCCCS) terminated on September 30, 2011. As a result, the fund was closed and year-end balances were transferred to the other governmental funds as of June 30, 2012. These business-type activities are accounted for in a similar fashion to private-sector businesses and the costs for services provided are expected to be covered either fully or in part by generated revenues, which include fees charged to external users.

The internal service funds consist of the Self-Insurance Trust Fund and Other Internal Service Funds, which are comprised of multiple smaller funds consisting of Fleet Services, Print Shop, and Wireless/Telecommunications. The change in net position for all Internal Service Funds was \$10,128, generated primarily from the operations of the Self Insurance Trust Fund.

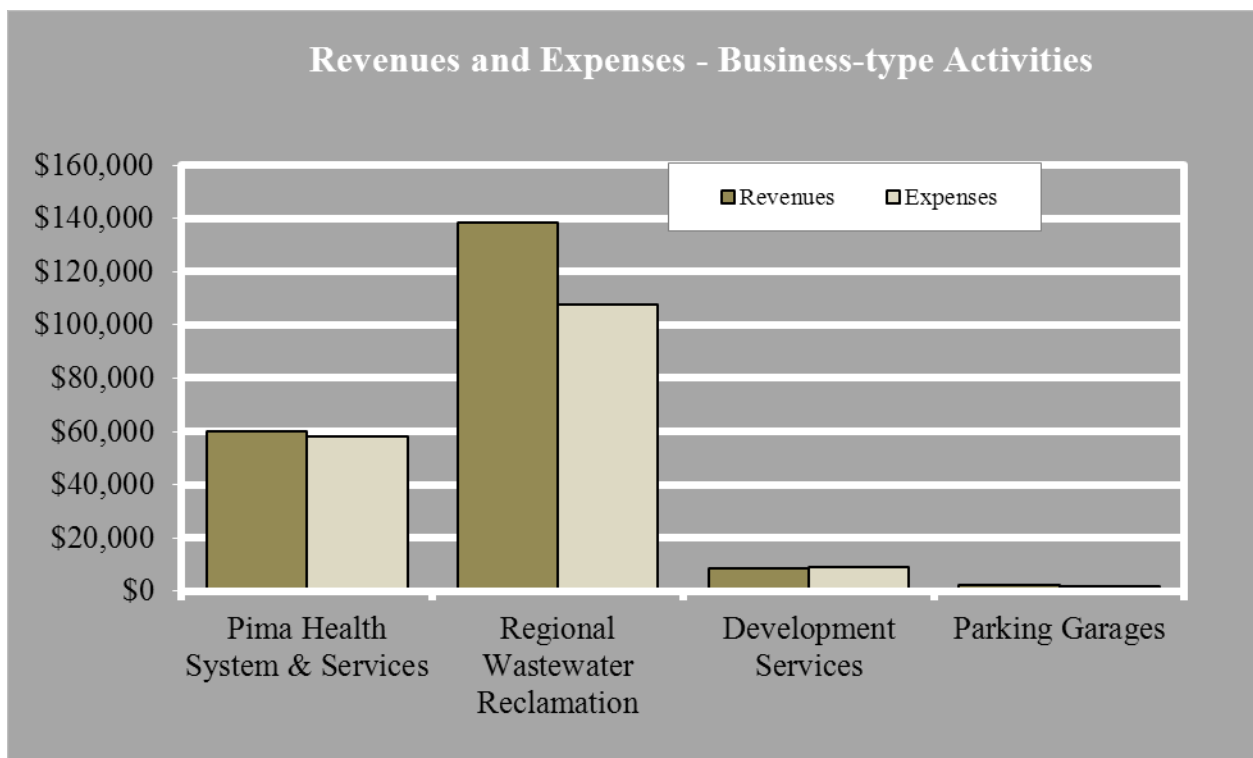
The following table presents a comparison of this year's enterprise fund activities with the prior year:

Table 6 Enterprise Funds Schedule of Revenues, Expenses and Changes in Net Position For the Years Ended June 30, 2012 and 2011				
	<u>2012</u>	<u>2011</u>	<u>Variance</u> <u>Amount</u>	<u>Percent</u>
Operating revenues:				
Net patient services	\$ 52,018	\$ 205,814	\$ (153,796)	-74.7%
Charges for services	153,128	137,838	15,290	11.1%
Other	1,387	2,821	(1,434)	-50.8%
Total net operating revenues	<u>206,533</u>	<u>346,473</u>	<u>(139,940)</u>	<u>-40.4%</u>
Operating expenses:				
Employee compensation	52,657	67,469	(14,812)	-22.0%
Medical claims	39,096	157,607	(118,511)	-75.2%
Operating supplies and services	10,158	8,986	1,172	13.0%
Utilities		5,845	(5,845)	-100.0%
Sludge and refuse disposal	1,553	1,438	115	8.0%
Repair and maintenance	6,819	7,611	(792)	-10.4%
Insurance premiums	-	-	-	100.0%
General and administrative	23,318	19,058	4,260	22.4%
Consultants and professional services	5,471	8,157	(2,686)	-32.9%
Depreciation and amortization	35,819	32,022	3,797	11.9%
Total operating expenses	<u>174,891</u>	<u>308,193</u>	<u>(133,302)</u>	<u>-43.3%</u>
Operating gain (loss)	<u>31,642</u>	<u>38,280</u>	<u>(6,638)</u>	<u>-17.3%</u>
Nonoperating revenues (expenses):				
Intergovernmental revenue	1,380	4,856	(3,476)	-71.6%
Investment earnings	1,001	952	49	5.1%
Sewer connection fees	16,507	19,624	(3,117)	-15.9%
Interest expense	(6,539)	(9,567)	3,028	-31.7%
Loss on disposal of capital assets	25	(596)	621	-104.2%
Amortization of deferred charges	(941)	(750)	(191)	25.5%
Claim and judgment contingency losses	(3,080)		(3,080)	100.0%
Premium tax	(1,112)	(4,099)	2,987	-72.9%
Total nonoperating revenues	<u>7,241</u>	<u>10,420</u>	<u>(3,179)</u>	<u>-30.5%</u>
Income (loss) before contributions and transfers	38,883	48,700	(9,817)	-20.2%
Capital contributions	2,571	4,027	(1,456)	-36.2%
Transfers in	1,475	866	609	70.3%
Transfers (out)	(27,163)	(5,516)	(21,647)	392.4%
Change in net position	<u>\$ 15,766</u>	<u>\$ 48,077</u>	<u>\$ (32,311)</u>	<u>-67.2%</u>

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

- Charges for service revenue increased by \$15,290 due primarily to a \$9,853 increase in Regional Wastewater Reclamation Sewer utility service fees.
- Medical claims expense decreased \$118,511 and employee compensation expense decreased \$14,812 due to the termination of the AHCCCS contract with Pima Health System & Services
- Transfers in and transfers out are significantly more this year. This fiscal year, the transfer out of \$26,436 from Pima Health System & Services to Other Special Revenue was due to the movement of equity from the Enterprise Fund to a new Other Special Revenue Fund. Last fiscal year, Pima Health System & Services transferred out \$4,596 as an equity transfer to the General fund.

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



Capital Assets and Debt Administration

Capital Assets

The County's total net investment in capital assets as of June 30, 2012 amounted to \$2,902 (net of accumulated depreciation), an increase of 10.6% (\$278,035). Of this amount, \$91,268 (32.8%) came from governmental activities and \$186,767 (67.2%) came from business-type activities. The County's investment in capital assets consists of land, buildings, sewage conveyance systems, infrastructure, equipment, and construction in progress.

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

Table 7

Governmental and Business-type Activities Capital Assets For the Years Ended June 30, 2012 and 2011						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 467,661	\$ 448,790	\$ 15,409	\$ 15,409	\$ 483,070	\$ 464,199
Construction in progress	248,317	202,977	342,111	165,481	590,428	368,458
Buildings and improvements	422,879	432,149	212,446	207,081	635,325	639,230
Infrastructure	607,049	593,946			607,049	593,946
Sewage conveyance systems			442,803	435,232	442,803	435,232
Equipment	64,092	40,868	79,708	82,507	143,800	123,375
Total	\$ 1,809,998	\$ 1,718,730	\$ 1,092,477	\$ 905,710	\$ 2,902,475	\$ 2,624,440

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

Governmental activities

- Construction in progress increased \$45,340 or 22.3% compared to last fiscal year. Current major projects in progress include:
 - o the Regional Public Safety Communication System
 - o Pavement Preservation Program
 - o Magee Rd Cortaro Farms Rd: Thornydale Rd to Mona Lisa
 - o Justice Court/Municipal Court Complex
 - o Magee Rd, Cortaro Farms Rd, Mona Lisa Rd to La Canada
- Equipment acquisitions increased \$23,224, or 56.8%, due to the capitalization of the County's new financial reporting system, \$20,614 and a helicopter by the Sheriff department for \$2,590.

Business-type activities

- Construction in progress increased approximately \$176,630, or 106.7%, mainly due to Regional Optimization Master Planning (ROMP) activities.

The County's infrastructure assets are recorded at historical cost and estimated historical cost in the government-wide financial statements. Additional information regarding the County's capital assets can be found in Note 5 of the financial statements on pages 58-60.

Long-term Debt

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

Table 8

Long-Term Debt For the Years Ended June 30, 2012 and 2011		
	2012	2011
Bonds issued (at face value):		
General Obligation	\$ 76,225	\$75,000
Street and Highway Revenue (Transportation)	32,945	
Sewer Revenue		43,625
Sewer System Revenue Obligations	189,160	
Total	\$ 298,330	\$ 118,625

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

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

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

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

Table 9

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

* This excludes the 2012A Sewer Refunding bonds which have ratings equal to the Obligations

The State constitution limits the amount of general obligation debt a governmental entity may issue to 6% of its net assessed valuation without voter approval. However, Pima County has voter approval for general obligation debt up to 15%. The current debt limitation for Pima County is \$1,267,242, which is significantly in excess of Pima County's outstanding general obligation debt.

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

Economic Factors and Next Year's Budget

Primary property taxes

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

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

State shared revenues

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

Other revenues

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

University of Arizona Medical Center – South Campus

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

Request for Information

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

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Basic Financial Statements

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

Exhibit A - 1

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

See accompanying notes to financial statements

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

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 223,005	\$ 30,444	\$ 28,533	\$ 4,130
Public safety	150,349	12,047	9,303	5,561
Highways and streets	69,183	5,059	51,567	35,251
Sanitation	7,224	3,487	1,133	
Health	47,248	12,605	24,830	
Welfare	94,409		68	
Culture and recreation	61,900	2,254	403	261
Education and economic opportunity	55,126	1,008	27,551	2,325
Amortization - unallocated	805			
Interest on long-term debt	24,776			
Total governmental activities	734,025	66,904	143,388	47,528
Business-type activities:				
Regional Wastewater Reclamation	117,774	154,601		2,571
Pima Health System & Services	58,773	58,722	1,275	
Development Services	6,912	6,073		105
Parking Garages	1,988	2,083		
Total business-type activities	185,447	221,479	1,275	2,676
Total primary government	\$ 919,472	\$ 288,383	\$ 144,663	\$ 50,204
Component units:				
Sports & Tourism Authority	\$ 59	\$ 20	\$ 1	
Southwestern Fair Commission	4,959	4,940	120	
Total component units	\$ 5,018	\$ 4,960	\$ 121	
General revenues:				
Property taxes, levied for general purposes				
Property taxes, levied for regional flood control district				
Property taxes, levied for library district				
Property taxes, levied for debt service				
Hotel/motel taxes, levied for sports facility and tourism				
Other taxes, levied for stadium district				
Unrestricted share of state sales tax				
Unrestricted share of state vehicle license tax				
Grants and contributions not restricted to specific programs				
Interest and penalties on delinquent taxes				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position at beginning of year				
Net position at end of year				

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (159,898)		\$ (159,898)	
(123,438)		(123,438)	
22,694		22,694	
(2,604)		(2,604)	
(9,813)		(9,813)	
(94,341)		(94,341)	
(58,982)		(58,982)	
(24,242)		(24,242)	
(805)		(805)	
(24,776)		(24,776)	
(476,205)		(476,205)	
	\$ 39,398	39,398	
	1,224	1,224	
	(734)	(734)	
	95	95	
	39,983	39,983	
(476,205)	39,983	(436,222)	
			\$ (38)
			101
			\$ 63
280,585		280,585	
19,991		19,991	
29,015		29,015	
65,372		65,372	
6,285		6,285	
1,608		1,608	
93,123		93,123	
23,537		23,537	
4,268		4,268	
8,235		8,235	
3,416	1,001	4,417	
22,676	1,903	24,579	92
25,688	(25,688)		
583,799	(22,784)	561,015	92
107,594	17,199	124,793	155
1,462,446	686,499	2,148,945	5,242
\$ 1,570,040	\$ 703,698	\$ 2,273,738	\$ 5,397

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 position

Net position at beginning of year

Net position at end of year

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

Exhibit A - 3

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

See accompanying notes to financial statements

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

Exhibit A - 4

Fund balances - total governmental funds	\$	395,385
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Amounts reported for governmental activities in the Statement of
Net Position are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the governmental funds

Governmental capital assets	\$ 2,628,502	
Less accumulated depreciation	<u>(840,418)</u>	1,788,084

Some liabilities and their associated issuance costs are not due and payable
in the current period and therefore are not reported in the governmental funds

Bonds payable	(603,093)	
Certificates of participation payable	(39,772)	
Loans and leases payable	(16,431)	
Unamortized deferred issuance costs reported as other assets	<u>2,188</u>	(657,108)

Some compensated absences are not due and payable shortly after
June 30, 2012, and therefore are not reported in the governmental funds

Employee compensation		(29,138)
-----------------------	--	----------

Some liabilities are not due and payable shortly after June 30, 2012, and
are therefore not reported in the governmental funds

Landfill liability	(20,872)	
Pollution remediation liability	<u>(805)</u>	(21,677)

Deferred revenue in governmental funds is susceptible to full accrual on the
government-wide statements

30,521

Internal service funds are used by management to charge the costs of certain
activities to individual funds. The assets and liabilities of the internal service
funds are included in governmental activities in the Statement of Net Position

63,973

Net position of governmental activities

\$ 1,570,040

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

Exhibit A - 5

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

See accompanying notes to financial statements

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

Net change in fund balances - total governmental funds \$ 33,737

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

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

Expenditures for capital assets	\$ 141,790	
Less current year depreciation	<u>(58,595)</u>	83,195

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

Face amount of long-term debt	(78,425)	
Premium on bonds	(7,349)	
Proceeds on refunding bonds	(30,745)	
Debt service - principal payments	78,688	
Payments to escrow agent	33,013	
Amendment to capital lease	(894)	
Deferred issuance costs	1,153	
Amortization expense	<u>(805)</u>	(5,364)

Some revenues reported in the Statement of Activities do not represent
the collection of current financial resources and therefore are not reported as
revenues in the governmental funds

Donations of capital assets	8,137	
Property tax revenues	4,234	
Intergovernmental	(18,688)	
Other	<u>(1,550)</u>	(7,867)

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

Change in compensated absences	(803)	
Change in landfill liability	(928)	
Pollution remediation liability	228	
Net book value of capital asset disposals	(3,217)	
Other	<u>(82)</u>	(4,802)

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

		<u>8,695</u>
Change in net position of governmental activities	<u>\$</u>	<u>107,594</u>

PIMA COUNTY, ARIZONA
Statement of Net Position - Proprietary Funds
June 30, 2012
(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		\$ 99,491	\$ 7,661	\$ 107,152	\$ 81,291
Restricted cash and cash equivalents		71,789		71,789	
Interest receivable		91	4	95	18
Due from other funds		44	3	47	218
Due from other governments					112
Accounts receivable (net)		15,198	145	15,343	428
Inventory		3,306		3,306	1,035
Prepaid expense		6	5	11	1,457
Total current assets		189,925	7,818	197,743	84,559
Noncurrent assets:					
Restricted cash and cash equivalents		40,453		40,453	
Capital assets:					
Land and other improvements		13,641	1,768	15,409	592
Buildings and improvements		373,747	12,927	386,674	614
Sewage conveyance system		702,236		702,236	
Equipment		112,298	1,210	113,508	38,895
Less accumulated depreciation		(457,349)	(10,112)	(467,461)	(19,349)
Construction in progress		342,111		342,111	1,162
Total capital assets (net of accumulated depreciation)		1,086,684	5,793	1,092,477	21,914
Deferred financing costs		5,133		5,133	
Total noncurrent assets		1,132,270	5,793	1,138,063	21,914
Total assets		1,322,195	13,611	1,335,806	106,473
<u>Liabilities</u>					
Current liabilities:					
Accounts payable		34,994	323	35,317	2,689
Employee compensation		4,148	692	4,840	955
Interest payable		365		365	
Due to other funds		121		121	251
Deferred revenues		2,131	2	2,133	1
Current sewer revenue bonds and obligations payable		24,445		24,445	
Current portion of wastewater loans payable		2,550		2,550	
Current portion reported but unpaid losses					4,202
Current portion incurred but not reported losses					2,114
Total current liabilities		68,754	1,017	69,771	10,212
Noncurrent liabilities:					
Contracts and notes		15,365		15,365	
Sewer revenue bonds and obligations payable		525,930		525,930	
Wastewater loans payable		21,169		21,169	
Reported but unpaid losses					19,253
Incurred but not reported losses		3,080		3,080	9,828
Total noncurrent liabilities		565,544		565,544	29,081
Total liabilities		634,298	1,017	635,315	39,293
<u>Net position</u>					
Net investment in capital assets		558,768	5,793	564,561	21,914
Restricted for:					
Debt service		22,538		22,538	
Capital projects		31,680		31,680	
Regional wastewater reclamation		18,449		18,449	
Unrestricted		56,462	6,801	63,263	45,266
Total net position		\$ 687,897	\$ 12,594	700,491	\$ 67,180

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

3,207

Net position of business-type activities

\$ 703,698

See accompanying notes to financial statements

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2012

(in thousands)

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

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

1,433

Change in net position of business-type activities

\$ 17,199

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

(continued)

See accompanying notes to financial statements

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

Exhibit A - 9.1

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

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

Regional Wastewater Reclamation Enterprise Fund received developer-built conveyance systems with estimated fair value of \$3,520. This contribution was recorded as an increase in capital assets and capital contributions.

Regional Wastewater Reclamation Enterprise Fund recorded a Board of Supervisors' approved connection fee credit agreement of \$951. This credit was recorded as an increase to deferred revenue and a decrease to capital contributions.

Regional Wastewater Reclamation Enterprise Fund retired expired Sewer Credit Agreements totaling \$2. This transaction was recorded as a decrease to deferred revenue and an increase in capital contributions.

Regional Wastewater Reclamation Enterprise Fund retired capital assets with a net book value of \$314.

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

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

Internal Service Funds received a capital contribution of \$19.

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

See accompanying notes to financial statements

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

Exhibit A - 10

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

See accompanying notes to financial statements

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

Exhibit A - 11

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

See accompanying notes to financial statements

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

Exhibit A - 12

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

See accompanying notes to financial statements

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

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

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(in thousands)

Note 1: Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

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

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

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

Related Organization:

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

B. Basis of Accounting

Primary government:

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources. The County may fund certain programs by a combination of restricted, committed, assigned, and/or unassigned (general) revenues. When an expenditure/expense is incurred that can be paid from either restricted or unrestricted fund balances/net position, the County uses restricted fund balance/net position first. When an expenditure is incurred that can be paid from more than one category of unrestricted fund balances, the County will use committed amounts first, followed by assigned amounts, and lastly unassigned amounts. Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

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

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

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

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

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

The County does not have a formal minimum fund balance policy, however, all County funds' fund balances or net position are analyzed throughout the year and reserved as necessary during the budgetary appropriation process.

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

C. Basis of Presentation

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

The County reports the following major governmental funds:

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

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

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

The County reports the following major enterprise funds:

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

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

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

The County reports the following fund types:

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

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

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

D. Cash and Investments

Primary government:

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

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

E. Inventories and Prepaids

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

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

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

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

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

F. Property Tax Calendar

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

G. Capital Assets

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

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

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

Discretely presented component units:

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

H. Investment Earnings

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(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 government wide and proprietary fund financial statements in Employee Compensation.

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(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>
Net Position:					
Nonspendable:					
Inventory	\$ 67			\$ 1,374	\$ 1,441
Prepaid expenses	1,984			72	2,056
Loan receivable	669			59	728
Permanent fund principal				45	45
Total nonspendable	<u>2,720</u>			<u>1,550</u>	<u>4,270</u>
Restricted for:					
Capital Projects					
Streets and highways		\$ 42,385			42,385
Other		78,481			78,481
Justice Court Complex		22,651			22,651
Judicial activities				34,367	34,367
Flood Control District		14,171		9,712	23,883
Health				9,792	9,792
Law enforcement				4,385	4,385
Library District				15,217	15,217
Parks and recreation				17	17
School reserve				508	508
Social services				3,186	3,186
Streets and highways				22,877	22,877
Tire fund				1,214	1,214
Other purposes	333			4,193	4,526
Total restricted	<u>333</u>	<u>157,688</u>		<u>105,468</u>	<u>263,489</u>
Committed to:					
School reserve				414	414
Sports promotion (Stadium)				4,440	4,440
Other purposes		7,234		5,410	12,644
Total committed		<u>7,234</u>		<u>10,264</u>	<u>17,498</u>
Assigned to:					
Debt service reserve			\$ 28,298		28,298
Judicial activities	114				114
Health				805	805
Parks and recreation	4			1,648	1,652
Landfill				1,890	1,890
School reserve				1,130	1,130
Other purposes				11,209	11,209
Total assigned	<u>118</u>		<u>28,298</u>	<u>16,682</u>	<u>45,098</u>
Unassigned:	<u>77,596</u>	<u>(3,553)</u>		<u>(9,013)</u>	<u>65,030</u>
Total Net Position	<u>\$ 80,767</u>	<u>\$ 161,369</u>	<u>\$ 28,298</u>	<u>\$ 124,951</u>	<u>\$ 395,385</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(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; bonds or other evidences of indebtedness of the State of Arizona or any of its counties, cities, towns, or school districts as specified by statute; and bonds of any county municipal district, municipal utility, or special taxing district of any state that are payable from revenues, earnings, or a special tax pledged for all payments on the obligations. In addition, the County Treasurer may invest trust funds in fixed income securities of corporations doing business in the United States.

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

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

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

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

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

Foreign currency risk—Statutes do not allow foreign investments.

Deposits—At June 30, 2012, the carrying amount of the County's deposits was \$57,136 and the bank balance was \$66,485.

Custodial credit risk—Custodial credit risk is the risk that the County will not be able to recover its deposits if a financial institution fails. The County does not have a formal policy with respect to custodial credit risk. As of June 30, 2012, \$1,977 of the County's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(in thousands)

Note 3: Cash and Investments (continued)

Investments—At June 30, 2012, the County's investments consisted of \$552,258 invested in marketable securities and \$471,556 invested in the State Treasurer's Investment Pool. Cash from the County and from externally legally separate governments are pooled to purchase the investments in marketable securities and the State Treasurer's Pool. The State Board of Investment provides oversight for the State Treasurer's pools. The fair value of a participant's position in the pool approximates the value of that participant's pool shares and the participant's shares are not identified with specific investments.

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

At June 30, 2012, credit risk for the County's investments was as follows:

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

Custodial credit risk—For an investment, custodial risk is the risk that, in the event of the counterparty's failure, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no formal policy with respect to custodial credit risk. Of the County's \$1,023,814 of investments, \$541,083, consisting of the commercial paper, corporate bonds, Federal Farm Credit Bank, Federal Home Loan Bank, Freddie Mac discount notes, and U.S. Treasury notes, is uninsured and held by a counterparty in the County's name in book entry form.

Concentration of credit risk—The County has no formal policy with respect to limiting the amount the Treasurer may invest in any one issuer. At June 30, 2012, the County had investments in the Federal Home Loan Bank with a fair value of \$52,582 or 5.1% of total investments.

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(in thousands)

Note 3: Cash and Investments (continued)

As of June 30, 2012, the County had the following investments:

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

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

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Investment Trust Funds</u>	<u>Agency Funds</u>	<u>Totals</u>
Statement of Net Position:					
Cash and cash equivalents	\$ 504,113	\$ 107,152	\$ 297,724	\$ 57,450	\$ 966,439
Restricted cash and cash equivalents	2,326	112,242			114,568
Total	<u>\$ 506,439</u>	<u>\$ 219,394</u>	<u>\$ 297,724</u>	<u>\$ 57,450</u>	<u>\$ 1,081,007</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, 2012
(in thousands)

Note 3: Cash and Investments (continued)

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

The Pool's assets consist of the following:

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

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

Statement of Net Position

Assets held in trust for:	
Internal participants	\$ 503,836
External participants	133,549
Total assets	<u>637,385</u>
Total liabilities	
Total net position held in trust	<u><u>\$ 637,385</u></u>

Statement of Changes in Net Position

Total additions	\$ 7,353,082
Total deductions	<u>(7,321,183)</u>
Net increase	31,899
Net position held in trust:	
July 1, 2011	605,486
June 30, 2012	<u><u>\$ 637,385</u></u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(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	\$ 187			\$ 16,951	\$ 1	\$ 17,139
State of Arizona:						
Taxes and shared revenues	20,083	\$ 1,733		7,720		29,536
Grants and contributions				3,305	3	3,308
Other Cities:						
Reimbursement for services	995	802	\$ 11	1,544	88	3,440
Other governments:						
Reimbursement for services	248	8,483		288	20	9,039
Total due from other governments fund based statements	<u>\$ 21,513</u>	<u>\$ 11,018</u>	<u>\$ 11</u>	<u>\$ 29,808</u>	<u>\$ 112</u>	<u>\$ 62,462</u>

Note 5: Capital Assets

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(in thousands)

Note 5: Capital Assets (continued)

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(in thousands)

Note 5: Capital Assets (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 10,203
Public safety	9,981
Highways and streets	29,711
Sanitation	1,119
Health	687
Welfare	85
Culture and recreation	5,938
Education and economic opportunity	871
Internal service funds	3,510
Total governmental activities depreciation expense	<u>\$ 62,105</u>

Business-type activities:

Pima Health System & Services	\$ 115
Parking Garages	218
Regional Wastewater Reclamation	35,477
Development Services	9
Total business-type activities depreciation expense	<u>\$ 35,819</u>

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(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 \$2,500, per occurrence; workers' compensation claim up to \$1,000, per occurrence; or any medical malpractice claims in aggregate up to \$5,000, in any policy year. The County purchases commercial insurance for claims in excess of coverage provided by the Fund and for some other risks of loss. Settled claims have not exceeded insurance coverage in any of the last three fiscal years.

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

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

The claims liability of \$35,397 reported in the Fund at June 30, 2012, is based on estimates of the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. The ultimate cost of claims includes incremental claim adjustment expenses that have been allocated to specific claims, as well as salvage and subrogation. No other claim adjustment expenses have been included.

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

Litigation

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(in thousands)

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

Pollution Remediation

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

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(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, 2012.

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(in thousands)

Note 7: Long-Term Liabilities (continued)

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

GENERAL OBLIGATION BONDS OUTSTANDING

Governmental Activities

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

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

The following table presents amounts outstanding by issue.

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(in thousands)

Note 7: Long-Term Liabilities (continued)

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

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

REFUNDED GENERAL OBLIGATION BONDS

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

<u>Issue</u>	<u>Principal Outstanding June 30, 2012</u>
2003 General Obligation Refunded Bonds	\$ 15,850

TRANSPORTATION BONDS PAYABLE

Governmental Activities

(Payments made from street and highway revenues)

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(in thousands)

Note 7: Long-Term Liabilities (continued)

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

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

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

REFUNDED TRANSPORTATION BONDS

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

<u>Issue</u>	<u>Principal Outstanding June 30, 2012</u>
2003 Transportation Refunded Bonds	\$ 15,270

CERTIFICATES OF PARTICIPATION

Governmental Activities

(Payments made from General Fund revenues)

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(in thousands)

Note 7: Long-Term Liabilities (continued)

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

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

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

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

CAPITAL LEASES
Governmental Activities

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

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

Governmental Activities:

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(in thousands)

Note 7: Long-Term Liabilities (continued)

SEWER REVENUE BONDS, LOANS, AND OBLIGATIONS

Business-type Activities

(Payments made from user charges received in the RWR)

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

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

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 14,895	\$ 7,347
2014	16,765	6,661
2015	17,555	5,882
2016	15,950	5,057
2017	11,250	4,354
2018 - 2022	65,300	14,260
2023 - 2026	27,595	2,086
Total	<u>\$ 169,310</u>	<u>\$ 45,647</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. In December 2011, the County issued Sewer Revenue Obligations Series 2011B for \$189,160 to provide additional funding for the construction and improvements of the County's wastewater conveyance systems and treatment facilities.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(in thousands)

Note 7: Long-Term Liabilities (continued)

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

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

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

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

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rate</u>	<u>Maturities</u>	<u>Outstanding June 30, 2012</u>
1996 Loans payable	\$ 11,313	3.19%	2013	\$ 1,105
2004 Loans payable	19,967	1.81%	2013-24	15,518
2009 Loans payable	8,002	0.96%	2013-24	7,096
Total loans payable				<u>\$ 23,719</u>

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(in thousands)

Note 7: Long-Term Liabilities (continued)

Pima County has pledged future user charges, net of specified operating expenses, to repay \$169,310 in sewer revenue bonds issued between 2004 and 2011, \$23,719 in sewer revenue loans issued between 1996 and 2009, and \$348,935 in sewer revenue obligations issued in 2010 and 2011. Proceeds from the bonds, loans, and obligations provided financing for construction of various treatment facilities and sewer infrastructure within Pima County. The bonds, loans, and obligations are payable from net sewer revenues and are payable through fiscal year 2026. Annual principal and interest payments on the bonds and obligations are expected to require approximately 42 percent of net revenues. The annual principal and interest payments on the loans are expected to require approximately 9 percent of net revenues. Total principal and interest remaining to be paid on the bonds is \$214,957. Total principal and interest remaining to be paid on the loans is \$28,504. Total principal and interest remaining to be paid on the obligations is \$498,752. Principal and interest paid for bonds, loans and obligations in the current year and total customer net revenues were \$39,586, \$4,069, and \$80,142, respectively.

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

CONTRACTS AND NOTES

Business-type Activities

(Payments made from restricted assets in the RWR)

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

LEGAL DEBT MARGIN

County General Obligation Bonds

General obligation debt may not exceed 6 percent of the value of the County's taxable property as of the latest assessment. However, with voter approval, debt may be incurred up to 15 percent of the value of taxable property. Pima County has received voter approval for all general obligation debt. The legal debt margin at June 30, 2012, is as follows:

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(in thousands)

Note 8: Landfill Liabilities

Solid Waste Landfill Closure and Post-Closure Care Costs:

State and Federal laws and regulations require the County to place a final cover on its solid waste landfill sites when these sites stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after their closure. Although closure and post-closure care costs will not be paid until near or after the date the landfills stop accepting waste, the County records a portion of these closure and post-closure care costs as a long-term liability in each period, based on landfill capacity used as of each balance sheet date. The \$20,872 reported as landfill closure and post-closure care long-term liability within the governmental activities represents the cumulative amount reported to date, based on the percentage used of each landfill's total estimated capacity. The County will recognize the remaining estimated cost of closure and post-closure care of \$5,608 as the remaining estimated capacities are used. These amounts are based on what it would cost to perform all closure and post-closure care in the fiscal year ended June 30, 2012; actual costs may change due to inflation, changes in technology, or changes in regulations.

<u>Landfill Site</u>	<u>Capacity Used June 30, 2012</u>	<u>Estimated Remaining Service Life</u>
Ajo	71%	38 Years
Sahuarita	51%	30 Years
Tangerine	95%	5 Years

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

According to State and Federal laws and regulations, the County must comply with the local government financial test requirements that ensure the County can meet the costs of landfill closure, post-closure, and corrective action when needed. The County is in compliance with these requirements. The Ina Road Landfill facility is closed to municipal solid waste and only receives green waste and construction debris. It is not subject to the closure and post-closure cost requirements referred to above. Pima County estimates that it will cost approximately \$10,596 when closure occurs and plans to fund the costs with proceeds of general obligation bonds and with solid waste tipping fees. At this time, there is no closure date available.

Note 9: Pension and Other Post Employment Benefits

Pension Plan Descriptions

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(in thousands)

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

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

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

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

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

<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, 2012, active **ASRS** members were required by statute to contribute at the actuarially determined rate of 10.74 percent (10.5 percent for retirement and 0.24 percent for long-term disability) of the members' annual covered payroll. The County is required by statute to contribute at an actuarially determined rate. For the year ended June 30, 2012 the County contributed 10.74 percent (9.87 percent for retirement, 0.63 percent for health insurance premium, and 0.24 percent for long-term disability) of the members' annual covered payroll. For the year ended June 30, 2011, the County contributed 9.85 percent (9.01 percent for retirement, .59 percent for health insurance premium, and 0.25 percent for long-term disability) of the members' annual covered payroll. For the year ended June 30, 2010, the County contributed 9.4 percent (8.34 percent for retirement, 0.66 percent for health insurance premium, and 0.40 percent for long-term disability) of the members' annual covered payroll.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(in thousands)

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

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

Agent plans

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

Actuarial methods and assumptions

The contribution requirements for the year ended June 30, 2012 were established by the June 30, 2010 actuarial valuations and those actuarial valuations were based on the following actuarial methods and assumptions.

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

Projections of benefits are based on 1) the plans as understood by the County and plans' members and include the types of benefits in force at the valuation date, and 2) the pattern of sharing benefit costs between the County and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for all plans and related benefits (unless noted), and the actuarial methods and assumptions used to establish the fiscal year 2012 contribution requirements, are as follows:

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(in thousands)

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

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

Annual Pension and OPEB Cost

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(in thousands)

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

Trend Information

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

<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	2012	\$ 8,445	103%	
Health insurance	2012	\$ 638	60%	\$ 254
Pension	2011	\$ 8,303	103%	
Health insurance	2011	\$ 624	63%	\$ 232
Pension	2010	\$ 8,761	102%	
Health insurance	2010	\$ 591	75%	\$ 151
CORP				
Pension	2012	\$ 2,076	107%	
Health insurance	2012	\$ 288	51%	\$ 142
Pension	2011	\$ 1,824	108%	
Health insurance	2011	\$ 282	50%	\$ 140
Pension	2010	\$ 1,943	102%	
Health insurance	2010	\$ 232	79%	\$ 49

Funded Status

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(in thousands)

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

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

	PSPRS	CORP
Actuarial valuation date	June 30, 2012	June 30, 2012
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment rate of return	8.00%	8.00%
Projected salary increases	5.00% - 9.00%	5.00% - 8.25%
includes inflation at	5.00%	5.00%
Amortization method	Level percentage of pay closed	Level percentage of pay closed
Remaining amortization period	24 Years for unfunded , 20 years for overfunded	24 Years for unfunded , 20 years for overfunded
Asset valuation method	7-year smoothed market	7-year smoothed market

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(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:

	General	Capital Projects	Debt Service	Other Governmental	RWR	Internal Services	Total
General	\$ 12		\$ 7,408	\$ 77	\$ 31		\$ 7,528
Capital Projects	\$ 130	\$ 77	680	\$ 44	217		1,148
Debt Service		1,575					1,575
Other Governmental	412	50	4,427		3		4,892
RWR	1	43					44
Other Enterprise		3					3
Internal Services		218					218
Total	\$ 543	\$ 1,901	\$ 77	\$ 12,515	\$ 121	\$ 251	\$ 15,408

B. Transfers

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

Amounts recorded as transfers out:

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(in thousands)

Note 11: Construction and Other Significant Commitments

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

Facilities Management

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

General Government

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

Natural Resources, Parks and Recreation

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

Pima Health System & Services

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

Regional Flood Control

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

Regional Wastewater Reclamation

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

Transportation

At June 30, 2012, the Pima County Transportation Department had construction contractual commitments of \$37,415 and other contractual commitments related to service contracts of \$21,481. Funding for these expenditures will be primarily provided from Transportation Revenue Bonds and Highway User Tax Revenue, the primary source of revenue for the Transportation Department.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2012
(in thousands)

Note 12: Subsequent Event

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

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

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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, 2012
(in thousands)

Exhibit B - 1

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues:				
Property taxes	\$ 287,133	\$ 287,133	\$ 291,647	\$ 4,514
Licenses and permits	2,613	2,613	2,696	83
Intergovernmental	123,412	123,412	127,029	3,617
Charges for services	36,554	36,554	39,117	2,563
Fines and forfeits	5,793	5,793	5,213	(580)
Investment earnings	470	470	621	151
Miscellaneous	4,273	4,273	12,659	8,386
Total revenues	<u>460,248</u>	<u>460,248</u>	<u>478,982</u>	<u>18,734</u>
Expenditures:				
Assessor	8,455	8,455	7,993	462
Board of Supervisors	1,923	1,923	1,777	146
Clerk of Superior Court	10,188	10,188	10,283	(95)
Community & Economic Development	12,407	12,407	11,536	871
Constables	1,087	1,087	1,080	7
County Administration	84,688	84,688	43,490	41,198
County Attorney	19,502	19,502	19,477	25
Institutional Health	100,825	100,825	94,292	6,533
Forensic Science Center	2,756	2,756	2,919	(163)
Graphics			3	(3)
Justice Courts	10,378	10,378	7,814	2,564
Juvenile Court	22,445	22,445	22,271	174
Justice & Law Enforcement	27,252	27,252	32,729	(5,477)
Public Works	31,352	31,352	30,245	1,107
Recorder	2,548	2,548	3,345	(797)
Sheriff	121,877	121,877	123,236	(1,359)
Superior Court	28,153	28,153	29,568	(1,415)
Superior Court Mandated Services	1,823	1,823	271	1,552
School Superintendent	1,539	1,539	1,431	108
Treasurer	2,456	2,456	2,038	418
Total expenditures	<u>491,654</u>	<u>491,654</u>	<u>445,798</u>	<u>45,856</u>
Excess (deficiency) of revenues over (under) expenditures	(31,406)	(31,406)	33,184	64,590
Other financing sources (uses):				
Proceeds from sale of capital assets			1,608	1,608
Transfers in	5,035	5,035	5,190	155
Transfers (out)	(27,280)	(27,280)	(36,770)	(9,490)
Total other financing sources (uses)	<u>(22,245)</u>	<u>(22,245)</u>	<u>(29,972)</u>	<u>(7,727)</u>
Net change in fund balance	(53,651)	(53,651)	3,212	56,863
Fund balance at beginning of year	53,651	53,651	77,555	23,904
Fund balance at end of year	<u>\$</u>	<u>\$</u>	<u>\$ 80,767</u>	<u>\$ 80,767</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, 2012
(in thousands)

Note 1: Budgetary Basis of Accounting

Arizona Revised Statutes (ARS § 42-17101) require that on or before the third Monday in July of each year, the Board of Supervisors adopts 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 Funds 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, 2012, expenditures exceeded appropriations in the following General Fund departments (the legal level of budgetary control) by the following amounts: Justice & Law Enforcement, \$5,477; Forensic Science Center, \$163; Clerk of Superior Court, \$95; Superior Court, \$1,415; Recorder, \$797; Graphics, \$3; and Sheriff, \$1,359. These expenditures were funded by greater than anticipated revenues and unspent appropriations.

PIMA COUNTY, ARIZONA
Schedule of Retirement Plans' Funding Progress
June 30, 2012
(in thousands)

Exhibit B - 2

Plan	Year Ended June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Funding (Liability) Excess	Funded Ratio	Annual Covered Payroll	Unfunded Liability as Percentage of Covered Payroll
PSPRS							
Pension	2012	\$ 149,085	\$ 268,903	\$ (119,818)	55.4%	\$ 31,920	375.4%
Health Insurance	2012	0	7,325	(7,325)	0.0%	31,920	22.9%
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%
CORP							
Pension	2012	\$ 51,797	\$ 83,526	\$ (31,729)	62.0%	\$ 21,743	145.9%
Health Insurance	2012	0	3,161	(3,161)	0.0%	21,743	14.5%
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%

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Combining Statements and Other Schedules

Other (Nonmajor) Governmental Funds

OTHER GOVERNMENTAL FUNDS (Nonmajor)

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

Health Fund - to account for resources used to finance activities involved in the conservation and improvement of public health, animal care, 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.

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 for roads and streets. 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.

Street Lighting Improvement District (SLIDs) Fund - to account for financial activity related to street lighting in unincorporated Pima County. The SLIDs are a blended component unit of Pima County.

Employment and Training - In prior years, this fund was used to account for resources funded primarily with grant proceeds from the Workforce Investment Act. With the implementation on July 1, 2011 of a new financial reporting system, this fund was combined with other governmental grants and now reports under the Other Special Revenue Grants Fund.

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PIMA COUNTY, ARIZONA
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2012
(in thousands)

	Special Revenue Funds					
	Transportation	Health	Regional Flood Control District	Other	Other Grants	School Reserve
<u>Assets</u>						
Cash and cash equivalents	\$ 20,311	\$ 1,323	\$ 10,577	\$ 64,651		\$ 1,651
Property taxes receivable (net of allowances for uncollectables)			791			
Interest receivable	13	1	16	35	\$ 1	
Due from other funds	11	1,307		194	3,107	
Due from other governments	7,261	1,215	4	299	19,945	493
Loan receivable				59		
Accounts receivable	114	147	11	1,751	404	61
Inventory	1,310	64				
Prepaid expenditures			10	6	56	
Other assets	1,018					
Restricted cash and cash equivalents						
Total assets	<u>\$ 30,038</u>	<u>\$ 4,057</u>	<u>\$ 11,409</u>	<u>\$ 66,995</u>	<u>\$ 23,513</u>	<u>\$ 2,205</u>
<u>Liabilities and fund balances</u>						
Liabilities:						
Accounts payable	\$ 828	\$ 492	\$ 514	\$ 2,631	\$ 6,346	\$ 125
Medical claims payable				271		
Contract retentions				11		
Employee compensation	834	575	261	875	881	
Due to other funds	323	2,275	192	245	9,283	
Deposits and rebates	2		2			
Deferred revenues	3,864	713	718	1,487	2,607	28
Total liabilities	<u>5,851</u>	<u>4,055</u>	<u>1,687</u>	<u>5,520</u>	<u>19,117</u>	<u>153</u>
<u>Fund balances:</u>						
Nonspendable	1,310	64	10	65	56	
Restricted	22,877	995	9,712	43,216	10,121	508
Committed				5,337		414
Assigned				12,857		1,130
Unassigned		(1,057)			(5,781)	
Total fund balances	<u>24,187</u>	<u>2</u>	<u>9,722</u>	<u>61,475</u>	<u>4,396</u>	<u>2,052</u>
Total liabilities and fund balances	<u>\$ 30,038</u>	<u>\$ 4,057</u>	<u>\$ 11,409</u>	<u>\$ 66,995</u>	<u>\$ 23,513</u>	<u>\$ 2,205</u>

Special Revenue Funds						Total Other Governmental Funds
Environmental Quality	Special Districts	Solid Waste	Library District	Stadium District	Street Lighting Improvement Districts	
\$ 2,484	\$ 73	\$ 3,249	\$ 16,674	\$ 2,332	\$ 254	\$ 123,579
			1,077			1,868
		2	13			81
163				110		4,892
		282	5	304		29,808
						59
8		170	410	45	1	3,122
						1,374
						72
						1,018
			45			45
<u>\$ 2,655</u>	<u>\$ 73</u>	<u>\$ 3,703</u>	<u>\$ 18,224</u>	<u>\$ 2,791</u>	<u>\$ 255</u>	<u>\$ 165,918</u>
\$ 205		\$ 531	\$ 808	\$ 303	\$ 4	\$ 12,787
						271
						11
95		64	803	57		4,445
179		2	1	15		12,515
						4
14		2	1,350	151		10,934
<u>493</u>		<u>599</u>	<u>2,962</u>	<u>526</u>	<u>4</u>	<u>40,967</u>
			45			1,550
1,357		1,214	15,217		251	105,468
	73			4,440		10,264
805		1,890				16,682
				(2,175)		(9,013)
<u>2,162</u>	<u>73</u>	<u>3,104</u>	<u>15,262</u>	<u>2,265</u>	<u>251</u>	<u>124,951</u>
<u>\$ 2,655</u>	<u>\$ 73</u>	<u>\$ 3,703</u>	<u>\$ 18,224</u>	<u>\$ 2,791</u>	<u>\$ 255</u>	<u>\$ 165,918</u>

PIMA COUNTY, ARIZONA
Combining Statement of Revenue, Expenditures and Changes in
Fund Balance - Nonmajor Governmental Funds
For the Year Ended June 30, 2012
(in thousands)

	Special Revenue Funds					
	Transportation	Health	Regional Flood Control District	Other	Other Grants	School Reserve
Revenues:						
Taxes			\$ 20,256			
Special assessments						
Licenses and permits	\$ 1,097	\$ 2,182	19			
Intergovernmental	45,181	3,264	4	\$ 20,901	\$ 80,445	\$ 3,754
Charges for services	140	2,811	86	7,944		
Fines and forfeits		159		4,226		
Investment earnings	123	11	132	280	7	
Miscellaneous	293	484	74	6,184	2,341	
Total revenues	46,834	8,911	20,571	39,535	82,793	3,754
Expenditures:						
Current:						
General government				32,257	6,437	
Public safety			10,663	4,368	7,445	
Highways and streets	33,335				316	
Sanitation						
Health		18,205			23,238	
Welfare					68	
Culture and recreation				175	57	
Education and economic opportunity				1,541	29,585	3,705
Debt service - principal						
- miscellaneous						
Total expenditures	33,335	18,205	10,663	38,341	67,146	3,705
Excess (deficiency) of revenues over (under) expenditures	13,499	(9,294)	9,908	1,194	15,647	49
Other financing sources (uses):						
Proceeds on capital leases						
Proceeds from sale of capital assets	330					
Transfers in	2,901	8,326		28,056	454	
Transfers (out)	(22,280)	(203)	(14,050)	(30,426)	(8,930)	
Total other financing sources (uses)	(19,049)	8,123	(14,050)	(2,370)	(8,476)	
Net change in fund balances	(5,550)	(1,171)	(4,142)	(1,176)	7,171	49
Fund balance at beginning of year, as restated	29,737	1,228	13,864	62,651	(2,775)	2,030
Change in inventory		(55)				
Change in prepaids						(27)
Fund balance at end of year	\$ 24,187	\$ 2	\$ 9,722	\$ 61,475	\$ 4,396	\$ 2,052

Special Revenue Funds						Total Other Governmental Funds
Environmental Quality	Special Districts	Solid Waste	Library District	Stadium District	Street Lighting Improvement Districts	
			\$ 29,274		\$ 386	\$ 49,916
	\$ 245					245
\$ 2,161		\$ 1,133	467	\$ 1,609		5,459
		3,486		218		156,758
12			639			14,685
10		14	127	21		5,036
277	5	79	704	1,130	1	725
						11,572
2,460	250	4,712	31,211	2,978	387	244,396
					136	38,830
						22,476
		6,317				33,651
2,310						6,317
						43,753
			31,982	4,694		68
						36,908
		298				34,831
		7				298
						7
2,310		6,622	31,982	4,694	136	217,139
150	250	(1,910)	(771)	(1,716)	251	27,257
		894				894
390		800		4,893		330
			(103)	(3,020)		45,820
						(79,012)
390		1,694	(103)	1,873		(31,968)
540	250	(216)	(874)	157	251	(4,711)
1,622	(177)	3,320	16,136	2,108		129,744
						(55)
						(27)
\$ 2,162	\$ 73	\$ 3,104	\$ 15,262	\$ 2,265	\$ 251	\$ 124,951

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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, 2012
(in thousands)

Exhibit C -3

	Budget	Actual	Variance
Revenues:			
Intergovernmental	\$ 49,384	\$ 44,141	\$ (5,243)
Charges for services	3,656	3,079	(577)
Investment earnings		698	698
Miscellaneous	937	565	(372)
Total revenues	<u>53,977</u>	<u>48,483</u>	<u>(5,494)</u>
Expenditures:			
Capital outlay	<u>221,159</u>	<u>149,612</u>	<u>71,547</u>
Total expenditures	<u>221,159</u>	<u>149,612</u>	<u>71,547</u>
Deficiency of revenues under expenditures	<u>(167,182)</u>	<u>(101,129)</u>	<u>66,053</u>
Other financing sources (uses):			
Face amount of long-term debt	103,000	78,425	(24,575)
Transfers in	26,049	65,677	39,628
Transfers (out)		(132)	(132)
Total other financing sources	<u>129,049</u>	<u>143,970</u>	<u>14,921</u>
Net change in fund balance	(38,133)	42,841	80,974
Fund balance at beginning of year	<u>105,312</u>	<u>118,528</u>	<u>13,216</u>
Fund balance at end of year	<u>\$ 67,179</u>	<u>\$ 161,369</u>	<u>\$ 94,190</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, 2012
(in thousands)

Exhibit C - 4

	Budget	Actual	Variance
Revenues:			
Taxes	\$ 65,603	\$ 66,148	\$ 545
Intergovernmental		11	11
Investment earnings		242	242
Total revenues	<u>65,603</u>	<u>66,401</u>	<u>798</u>
Expenditures:			
Debt service - principal	75,645	78,390	(2,745)
- interest	25,139	24,762	377
- miscellaneous	40	1,172	(1,132)
Total expenditures	<u>100,824</u>	<u>104,324</u>	<u>(3,500)</u>
Deficiency of revenues under expenditures	<u>(35,221)</u>	<u>(37,923)</u>	<u>(2,702)</u>
Other financing sources (uses):			
Premium on bonds		7,349	7,349
Proceeds-refunding debt		30,745	30,745
Payments to escrow agent		(33,013)	(33,013)
Transfers in	25,237	25,237	0
Total other financing sources	<u>25,237</u>	<u>30,318</u>	<u>5,081</u>
Net change in fund balance	(9,984)	(7,605)	2,379
Fund balance at beginning of year	22,780	35,903	13,123
Fund balance at end of year	<u>\$ 12,796</u>	<u>\$ 28,298</u>	<u>\$ 15,502</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, 2012
(in thousands)

Exhibit C - 5

	Budget	Actual	Variance
Revenues:			
Licenses and permits	\$ 822	\$ 1,097	\$ 275
Intergovernmental	47,259	45,181	(2,078)
Charges for services	120	140	20
Investment earnings	118	123	5
Miscellaneous	171	293	122
Total revenues	<u>48,490</u>	<u>46,834</u>	<u>(1,656)</u>
Expenditures:			
Highways and streets	<u>36,200</u>	<u>33,335</u>	<u>2,865</u>
Total expenditures	<u>36,200</u>	<u>33,335</u>	<u>2,865</u>
Excess of revenues over expenditures	<u>12,290</u>	<u>13,499</u>	<u>1,209</u>
Other financing sources (uses):			
Proceeds from sale of capital assets		330	330
Transfers in	2,901	2,901	
Transfers (out)	(22,280)	(22,280)	
Total other financing (uses)	<u>(19,379)</u>	<u>(19,049)</u>	<u>330</u>
Net change in fund balance	(7,089)	(5,550)	1,539
Fund balance at beginning of year	<u>23,380</u>	<u>29,737</u>	<u>6,357</u>
Fund balance at end of year	<u>\$ 16,291</u>	<u>\$ 24,187</u>	<u>\$ 7,896</u>

PIMA COUNTY, ARIZONA
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual
Health - Special Revenue Fund
For the Year Ended June 30, 2012
(in thousands)

Exhibit C - 6

	Budget	Actual	Variance
Revenues:			
Licenses and permits	\$ 2,829	\$ 2,182	\$ (647)
Intergovernmental	1,876	3,264	1,388
Charges for services	3,192	2,811	(381)
Fines and forfeits	158	159	1
Investment earnings		11	11
Miscellaneous	49	484	435
Total revenues	<u>8,104</u>	<u>8,911</u>	<u>807</u>
Expenditures:			
Health	16,700	18,205	(1,505)
Total expenditures	<u>16,700</u>	<u>18,205</u>	<u>(1,505)</u>
Deficiency of revenues under expenditures	<u>(8,596)</u>	<u>(9,294)</u>	<u>(698)</u>
Other financing sources (uses):			
Transfers in	8,123	8,326	203
Transfers (out)		(203)	(203)
Total other financing sources	<u>8,123</u>	<u>8,123</u>	
Net change in fund balance	(473)	(1,171)	(698)
Fund balance at beginning of year	2,792	1,228	(1,564)
Change in inventory		(55)	(55)
Fund balance at end of year	<u>\$ 2,319</u>	<u>\$ 2</u>	<u>\$ (2,317)</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, 2012
(in thousands)

Exhibit C - 7

	Budget	Actual	Variance
Revenues:			
Taxes	\$ 20,178	\$ 20,256	\$ 78
Licenses and permits		19	19
Intergovernmental		4	4
Charges for services	25	86	61
Investment earnings	35	132	97
Miscellaneous	181	74	(107)
Total revenues	<u>20,419</u>	<u>20,571</u>	<u>152</u>
Expenditures:			
Flood control	<u>12,044</u>	<u>10,663</u>	<u>1,381</u>
Total expenditures	<u>12,044</u>	<u>10,663</u>	<u>1,381</u>
Excess of revenues over expenditures	<u>8,375</u>	<u>9,908</u>	<u>1,533</u>
Other financing sources (uses):			
Transfers (out)	<u>(14,056)</u>	<u>(14,050)</u>	<u>6</u>
Total other financing (uses)	<u>(14,056)</u>	<u>(14,050)</u>	<u>6</u>
Net change in fund balance	(5,681)	(4,142)	1,539
Fund balance at beginning of year	<u>11,751</u>	<u>13,864</u>	<u>2,113</u>
Fund balance at end of year	<u>\$ 6,070</u>	<u>\$ 9,722</u>	<u>\$ 3,652</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, 2012
(in thousands)

Exhibit C - 8

	Budget	Actual	Variance
Revenues:			
Intergovernmental	\$ 13,031	\$ 20,901	\$ 7,870
Charges for services	7,345	7,944	599
Fines and forfeits	426	4,226	3,800
Investment earnings	255	280	25
Miscellaneous	7,385	6,184	(1,201)
Total revenues	<u>28,442</u>	<u>39,535</u>	<u>11,093</u>
Expenditures:			
General government	54,674	32,257	22,417
Public safety	3,809	4,368	(559)
Culture and recreation	520	175	345
Education and economic opportunity	1,860	1,541	319
Total expenditures	<u>60,863</u>	<u>38,341</u>	<u>22,522</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(32,421)</u>	<u>1,194</u>	<u>33,615</u>
Other financing sources (uses):			
Transfers in	2,989	28,056	25,067
Transfers (out)	(6,189)	(30,426)	(24,237)
Total other financing sources	<u>(3,200)</u>	<u>(2,370)</u>	<u>830</u>
Net change in fund balance	(35,621)	(1,176)	34,445
Fund balance at beginning of year	58,431	62,651	4,220
Fund balance at end of year	<u>\$ 22,810</u>	<u>\$ 61,475</u>	<u>\$ 38,665</u>

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Other Grants - Special Revenue Fund
For the Year Ended June 30, 2012
(in thousands)

	Budget	Actual	Variance
Revenues:			
Intergovernmental	\$ 80,279	\$ 80,445	\$ 166
Investment earnings	11	7	(4)
Miscellaneous	841	2,341	1,500
Total revenues	<u>81,131</u>	<u>82,793</u>	<u>1,662</u>
Expenditures:			
Community Development	17,360	14,012	3,348
Community Services	19,185	15,573	3,612
County Attorney	5,409	4,356	1,053
Facilities Management	50	54	(4)
Elections	1,166		1,166
Environmental Quality	758	936	(178)
Institutional Health		68	(68)
Justice Court	132	141	(9)
Juvenile Court	9,624	1,147	8,477
Health	15,978	21,198	(5,220)
Office of Emergency Management	1,099	815	284
Finance		18	(18)
Parks and Recreation	85	57	28
Library	180		180
Recorder	192		192
Sheriff	8,384	7,445	939
Superior Court	1,248	720	528
Transportation	553	316	237
Forensic Science Center	361	289	72
County Administrator		1	(1)
Total expenditures	<u>81,764</u>	<u>67,146</u>	<u>14,618</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(633)</u>	<u>15,647</u>	<u>16,280</u>
Other financing sources (uses):			
Transfers in	279	454	175
Transfers (out)		(8,930)	(8,930)
Total other financing sources (uses)	<u>279</u>	<u>(8,476)</u>	<u>(8,755)</u>
Net change in fund balance	(354)	7,171	7,525
Fund balance at beginning of year, as restated	296	(2,775)	(3,071)
Fund balance at end of year	<u>\$ (58)</u>	<u>\$ 4,396</u>	<u>\$ 4,454</u>

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, 2012

Exhibit C - 10

(in thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Intergovernmental	\$ 3,643	\$ 3,754	\$ 111
Total revenues	<u>3,643</u>	<u>3,754</u>	<u>111</u>
Expenditures:			
School Reserve grants	3,643	3,705	(62)
Total expenditures	<u>3,643</u>	<u>3,705</u>	<u>(62)</u>
Excess of revenues over expenditures		<u>49</u>	<u>49</u>
Net change in fund balance		49	49
Fund balance at beginning of year	2,030	2,030	
Change in prepaids		(27)	(27)
Fund balance at end of year	<u>\$ 2,030</u>	<u>\$ 2,052</u>	<u>\$ 22</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, 2012

Exhibit C - 11

(in thousands)

	Budget	Actual	Variance
Revenues:			
Licenses and permits	\$ 1,896	\$ 2,161	\$ 265
Fines and forfeits		12	12
Investment earnings	15	10	(5)
Miscellaneous	18	277	259
Total revenues	<u>1,929</u>	<u>2,460</u>	<u>531</u>
Expenditures:			
Environmental Quality	2,381	2,310	71
Total expenditures	<u>2,381</u>	<u>2,310</u>	<u>71</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(452)</u>	<u>150</u>	<u>602</u>
Other financing sources:			
Transfers in	390	390	
Total other financing sources	<u>390</u>	<u>390</u>	
Net change in fund balance	(62)	540	602
Fund balance at beginning of year	1,535	1,622	87
Fund balance at end of year	<u>\$ 1,473</u>	<u>\$ 2,162</u>	<u>\$ 689</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, 2012
(in thousands)

Exhibit C - 12

	Budget	Actual	Variance
Revenues:			
Special assessments	\$ 265	\$ 245	\$ (20)
Miscellaneous		5	5
Total revenues	<u>265</u>	<u>250</u>	<u>(15)</u>
Expenditures:			
Highways and streets			
Debt service - principal			
- interest	9		9
Total expenditures	<u>9</u>		<u>9</u>
Excess of revenues over expenditures	<u>256</u>	<u>250</u>	<u>(6)</u>
Net change in fund balance	256	250	(6)
Fund balance at beginning of year	(208)	(177)	31
Fund balance at end of year	<u>\$ 48</u>	<u>\$ 73</u>	<u>\$ 25</u>

PIMA COUNTY, ARIZONA
Shedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Solid Waste - Special Revenue Fund
For the Year Ended June 30, 2012

Exhibit C - 13

(in thousands)

	Budget	Actual	Variance
Revenues:			
Intergovernmental	\$ 1,050	\$ 1,133	\$ 83
Charges for services	3,151	3,486	335
Investment earnings	10	14	4
Miscellaneous	36	79	43
Total revenues	<u>4,247</u>	<u>4,712</u>	<u>465</u>
Expenditures:			
Sanitation	6,447	6,317	130
Debt service - principal		298	(298)
- miscellaneous		7	(7)
Total expenditures	<u>6,447</u>	<u>6,622</u>	<u>(175)</u>
Deficiency of revenues under expenditures	<u>(2,200)</u>	<u>(1,910)</u>	<u>290</u>
Other financing sources:			
Proceeds on capital leases		894	894
Transfers in	800	800	
Total other financing sources	<u>800</u>	<u>1,694</u>	<u>894</u>
Net change in fund balance	(1,400)	(216)	1,184
Fund balance at beginning of year	2,231	3,320	1,089
Fund balance at end of year	<u>\$ 831</u>	<u>\$ 3,104</u>	<u>\$ 2,273</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, 2012

Exhibit C - 14

(in thousands)

	Budget	Actual	Variance
Revenues:			
Taxes	\$ 29,044	\$ 29,274	\$ 230
Intergovernmental	435	467	32
Fines and forfeits	600	639	39
Investment earnings	51	127	76
Miscellaneous	320	704	384
Total revenues	<u>30,450</u>	<u>31,211</u>	<u>761</u>
Expenditures:			
Culture and recreation	32,213	31,982	231
Total expenditures	<u>32,213</u>	<u>31,982</u>	<u>231</u>
Deficiency of revenues under expenditures	<u>(1,763)</u>	<u>(771)</u>	<u>992</u>
Other financing sources:			
Transfers (out)	(77)	(103)	(26)
Total other financing sources	<u>(77)</u>	<u>(103)</u>	<u>(26)</u>
Net change in fund balance	(1,840)	(874)	966
Fund balance at beginning of year	12,887	16,136	3,249
Fund balance at end of year	<u>\$ 11,047</u>	<u>\$ 15,262</u>	<u>\$ 4,215</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, 2012

Exhibit C - 15

(in thousands)

	Budget	Actual	Variance
Revenues:			
Intergovernmental	\$ 1,496	\$ 1,609	\$ 113
Charges for services	39	218	179
Investment earnings	12	21	9
Miscellaneous	381	1,130	749
Total revenues	<u>1,928</u>	<u>2,978</u>	<u>1,050</u>
Expenditures:			
Culture and recreation	4,283	4,694	(411)
Total expenditures	<u>4,283</u>	<u>4,694</u>	<u>(411)</u>
Deficiency of revenues under expenditures	<u>(2,355)</u>	<u>(1,716)</u>	<u>639</u>
Other financing sources (uses):			
Transfers in	4,630	4,893	263
Transfers (out)	(3,020)	(3,020)	-
Total other financing sources	<u>1,610</u>	<u>1,873</u>	<u>263</u>
Net change in fund balance	(745)	157	902
Fund balance at beginning of year	1,839	2,108	269
Fund balance at end of year	<u>\$ 1,094</u>	<u>\$ 2,265</u>	<u>\$ 1,171</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Lighting District
For the Year Ended June 30, 2012
(in thousands)

Exhibit C - 16

	Budget	Actual	Variance
Revenues:			
Taxes	\$ 108	\$ 386	\$ 278
Miscellaneous		1	1
Total revenues	<u>108</u>	<u>387</u>	<u>279</u>
Expenditures:			
General government	108	136	(28)
Total expenditures	<u>108</u>	<u>136</u>	<u>(28)</u>
Excess of revenues over expenditures		<u>251</u>	<u>251</u>
Net change in fund balance		251	251
Fund balance at beginning of year			
Fund balance at end of year	<u>\$</u>	<u>\$ 251</u>	<u>\$ 251</u>



Combining Statements and Other Schedules

Other (Nonmajor) Enterprise Funds

Other (Nonmajor) Enterprise Funds

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

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

PIMA COUNTY, ARIZONA
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2012
(in thousands)

Exhibit C - 17

	Development Services	Parking Garages	Total Other Enterprise Funds
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 3,743	\$ 3,918	\$ 7,661
Interest receivable	2	2	4
Due from other funds	3		3
Accounts receivable	98	47	145
Prepaid expense	5		5
Total current assets	<u>3,851</u>	<u>3,967</u>	<u>7,818</u>
Noncurrent assets:			
Capital assets:			
Land and other improvements		1,768	1,768
Buildings and improvements		12,927	12,927
Equipment	966	244	1,210
Less accumulated depreciation	<u>(966)</u>	<u>(9,146)</u>	<u>(10,112)</u>
Total capital assets (net of accumulated depreciation)	<u></u>	<u>5,793</u>	<u>5,793</u>
Total noncurrent assets	<u></u>	<u>5,793</u>	<u>5,793</u>
Total assets	<u>3,851</u>	<u>9,760</u>	<u>13,611</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	56	267	323
Employee compensation	673	19	692
Deferred revenue		2	2
Total current liabilities	<u>729</u>	<u>288</u>	<u>1,017</u>
Total liabilities	<u>729</u>	<u>288</u>	<u>1,017</u>
<u>Net position</u>			
Net investment in capital assets		5,793	5,793
Unrestricted	<u>3,122</u>	<u>3,679</u>	<u>6,801</u>
Total net position	<u>\$ 3,122</u>	<u>\$ 9,472</u>	<u>\$ 12,594</u>

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

Exhibit C - 18

	Development Services	Parking Garages	Total Other Enterprise Funds
Operating revenues:			
Charges for services	\$ 6,073	\$ 2,257	\$ 8,330
Other	39		39
Total net operating revenues	6,112	2,257	8,369
Operating expenses:			
Employee compensation	5,482	331	5,813
Operating supplies and services	30	65	95
Repair and maintenance	13	209	222
General and administrative	1,283	1,168	2,451
Consultants and professional services	147	2	149
Depreciation	9	218	227
Total operating expenses	6,964	1,993	8,957
Operating revenue (loss)	(852)	264	(588)
Nonoperating revenues:			
Intergovernmental revenue	105		105
Investment earnings	16	19	35
Total nonoperating revenues:	121	19	140
Income/(loss) before transfers	(731)	283	(448)
Transfers in	1,000		1,000
Transfers (out)	(15)	(3)	(18)
Change in net position	254	280	534
Net position at beginning of year	2,868	9,192	12,060
Net position at end of year	\$ 3,122	\$ 9,472	\$ 12,594

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

Exhibit C - 19

	Development Services	Parking Garages	Total Other Enterprise Funds
Cash flows from operating activities:			
Cash received from customers for goods and services provided	\$ 6,197	\$ 2,225	\$ 8,422
Cash payments to suppliers for goods and services	(113)	(1,341)	(1,454)
Cash payments to other funds for goods and services	(2,083)	(40)	(2,123)
Cash payments to employees for services	(4,676)	(320)	(4,996)
Net cash provided by (used for) operating activities	(675)	524	(151)
Cash flows from noncapital financing activities:			
Cash transfers in from other funds	1,000		1,000
Cash transfers out to other funds	(15)	(3)	(18)
Loans with other funds	(19)	1	(18)
Intergovernmental revenue	105		105
Net cash provided by (used for) noncapital financing activities	1,071	(2)	1,069
Cash flows from investing activities:			
Interest on cash and investments	15	18	33
Net cash provided by investing activities	15	18	33
Net increase in cash and cash equivalents	411	540	951
Cash and cash equivalents at beginning of year	3,332	3,378	6,710
Cash and cash equivalents at end of year	\$ 3,743	\$ 3,918	\$ 7,661

(continued)

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2012
(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
Operating income (loss)	\$ (852)	\$ 264	\$ (588)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	9	218	227
Changes in assets and liabilities:			
Decrease (increase) in assets:			
Accounts receivable	40	(36)	4
Due from other governments	45	4	49
Prepaid expenses	72		72
Increase (decrease) in liabilities:			
Accounts payable	51	199	250
Due to other governments		(136)	(136)
Other current liabilities	(40)	11	(29)
Net cash provided by (used for) operating activities	<u>\$ (675)</u>	<u>\$ 524</u>	<u>\$ (151)</u>



Combining Statements and Other Schedules

Internal Service Funds

Internal Service Funds

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

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

PIMA COUNTY, ARIZONA
Combining Statement of Net Position
Internal Service Funds
June 30, 2012
(in thousands)

Exhibit C - 20

	Self Insurance Trust	Other Internal Service	Total Internal Service Funds
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 64,409	\$ 16,882	\$ 81,291
Interest receivable	14	4	18
Due from other funds		218	218
Due from other governments		112	112
Accounts receivable	328	100	428
Inventory		1,035	1,035
Prepaid expense	554	903	1,457
Total current assets	<u>65,305</u>	<u>19,254</u>	<u>84,559</u>
Noncurrent assets:			
Capital assets:			
Land and other improvements	592		592
Buildings and improvements		614	614
Equipment	160	38,735	38,895
Less accumulated depreciation	(140)	(19,209)	(19,349)
Construction in progress		<u>1,162</u>	<u>1,162</u>
Total capital assets (net of accumulated depreciation)	<u>612</u>	<u>21,302</u>	<u>21,914</u>
Total noncurrent assets	<u>612</u>	<u>21,302</u>	<u>21,914</u>
Total assets	<u>65,917</u>	<u>40,556</u>	<u>106,473</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	470	2,219	2,689
Employee compensation	155	800	955
Due to other funds		251	251
Deferred revenue	1		1
Current portion reported but unpaid losses	4,202		4,202
Current portion incurred but not reported losses	2,114		2,114
Total current liabilities	<u>6,942</u>	<u>3,270</u>	<u>10,212</u>
Noncurrent liabilities:			
Reported but unpaid losses	19,253		19,253
Incurred but not reported losses	9,828		9,828
Total noncurrent liabilities	<u>29,081</u>		<u>29,081</u>
Total liabilities	<u>36,023</u>	<u>3,270</u>	<u>39,293</u>
<u>Net position</u>			
Net investment in capital assets	612	21,302	21,914
Unrestricted	<u>29,282</u>	<u>15,984</u>	<u>45,266</u>
Total net position	<u>\$ 29,894</u>	<u>\$ 37,286</u>	<u>\$ 67,180</u>

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

Exhibit C - 21

	Self Insurance Trust	Other Internal Service	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 19,182	\$ 23,403	\$ 42,585
Other	201	206	407
Total operating revenues	<u>19,383</u>	<u>23,609</u>	<u>42,992</u>
Operating expenses:			
Employee compensation	2,108	5,538	7,646
Operating supplies and services	422	8,983	9,405
Incurred losses	2,209		2,209
Insurance premiums	3,527	1,092	4,619
General and administrative	620	3,087	3,707
Repair and maintenance	218	1,180	1,398
Consultants and professional services	830	472	1,302
Depreciation	26	3,484	3,510
Total operating expenses	<u>9,960</u>	<u>23,836</u>	<u>33,796</u>
Operating income (loss)	<u>9,423</u>	<u>(227)</u>	<u>9,196</u>
Nonoperating revenues (expenses):			
Investment earnings	962	298	1,260
(Loss) on disposal of capital assets		(25)	(25)
Total nonoperating revenues (expenses):	<u>962</u>	<u>273</u>	<u>1,235</u>
Income before transfers:	10,385	46	10,431
Capital contributions		19	19
Transfers (out)	<u>(67)</u>	<u>(255)</u>	<u>(322)</u>
Change in net position	10,318	(190)	10,128
Net position at beginning of year	<u>19,576</u>	<u>37,476</u>	<u>57,052</u>
Net position at end of year	<u>\$ 29,894</u>	<u>\$ 37,286</u>	<u>\$ 67,180</u>

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

Exhibit C - 22

	Self Insurance Trust	Other Internal Service	Total Internal Service Funds
Cash flows from operating activities:			
Cash received from other funds for goods and services provided	\$ 18,855	\$ 23,403	\$ 42,258
Cash received from miscellaneous operations	201	201	402
Cash payments to suppliers for goods and services	(4,107)	(10,855)	(14,962)
Cash payments to other funds for goods and services	(1,565)	(2,931)	(4,496)
Cash payments for incurred losses	(7,607)		(7,607)
Cash payments to employees for services	(1,123)	(5,474)	(6,597)
Net cash provided by operating activities	4,654	4,344	8,998
Cash flows from noncapital financing activities:			
Cash transfers out to other funds	(67)	(255)	(322)
Loans with other funds	(1,353)	1,659	306
Net cash provided by (used for) noncapital financing activities	(1,420)	1,404	(16)
Cash flows from capital and related financing activities:			
Proceeds from sale of equipment		333	333
Purchase of capital assets		(7,158)	(7,158)
Net cash used for capital and related financing activities		(6,825)	(6,825)
Cash flows from investing activities:			
Interest on cash and investments	956	298	1,254
Net cash provided by investing activities	956	298	1,254
Net increase (decrease) in cash and cash equivalents	4,190	(779)	3,411
Cash and cash equivalents at beginning of year	60,219	17,661	77,880
Cash and cash equivalents at end of year	\$ 64,409	\$ 16,882	\$ 81,291

(continued)

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2012
(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)	\$ 9,423	\$ (227)	\$ 9,196
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation and amortization	26	3,484	3,510
Other	158		158
Changes in assets and liabilities:			
Decrease (increase) in assets:			
Accounts receivable	(327)	65	(262)
Due from other governments		(71)	(71)
Inventory		(84)	(84)
Prepaid expenses	371	(804)	(433)
Increase (decrease) in liabilities:			
Accounts payable	317	1,910	2,227
Reported but unpaid losses	(1)		(1)
Incurred but not reported losses	(5,397)		(5,397)
Other current liabilities	84	71	155
Net cash provided by operating activities	<u>\$ 4,654</u>	<u>\$ 4,344</u>	<u>\$ 8,998</u>

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

Other Internal Service Funds (Fleet Services) received capital contributions with a value of \$14 from Pima Health System & Services and sold capital assets with a net book value of \$358.

Other Internal Service Funds (Telecommunications) received capital contributions with a value of \$5 from Pima Health System & Services.



Combining Statements and Other Schedules

Fiduciary Funds

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

Exhibit C - 23

	Treasurer's Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 133,453	\$ 164,271	\$ 297,724
Interest receivable	96		96
Total assets	<u>133,549</u>	<u>164,271</u>	<u>297,820</u>
<u>Liabilities</u>			
Total liabilities			
<u>Net Position</u>			
Held in trust for pool participants	<u>\$ 133,549</u>	<u>\$ 164,271</u>	<u>\$ 297,820</u>

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

Exhibit C - 24

	Treasurer's Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
Additions			
Contributions:			
Participants	\$ 2,436,771	\$ 172,159	\$ 2,608,930
Total contributions	<u>2,436,771</u>	<u>172,159</u>	<u>2,608,930</u>
Investment earnings:	1,097	329	1,426
Total investment earnings	<u>1,097</u>	<u>329</u>	<u>1,426</u>
Total additions	<u>2,437,868</u>	<u>172,488</u>	<u>2,610,356</u>
Deductions			
Distributions to participants	2,453,146	257,666	2,710,812
Total deductions	<u>2,453,146</u>	<u>257,666</u>	<u>2,710,812</u>
Net decrease	(15,278)	(85,178)	(100,456)
Net position held in trust July 1, 2011	148,827	249,449	398,276
Net position held in trust June 30, 2012	<u><u>\$ 133,549</u></u>	<u><u>\$ 164,271</u></u>	<u><u>\$ 297,820</u></u>

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

Exhibit C - 25

	Payroll	Treasurer's Clearing	Other	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 496		\$ 56,954	\$ 57,450
Due from other governments		\$ 3,704		3,704
Total assets	<u>496</u>	<u>3,704</u>	<u>56,954</u>	<u>61,154</u>
<u>Liabilities</u>				
Employee compensation	496			496
Due to other governments		1,549	37,151	38,700
Deposits and rebates		2,155	19,803	21,958
Total liabilities	<u>\$ 496</u>	<u>\$ 3,704</u>	<u>\$ 56,954</u>	<u>\$ 61,154</u>

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

Exhibit C - 26

	Balance 06/30/11 (as restated)	Additions	Deductions	Balance 06/30/12
Payroll Clearing				
Assets				
Cash and cash equivalents	\$ 1,971	\$ 1,440,360	\$ 1,441,835	\$ 496
Total assets	<u>1,971</u>	<u>1,440,360</u>	<u>1,441,835</u>	<u>496</u>
Liabilities				
Employee compensation	<u>1,971</u>	<u>1,440,360</u>	<u>1,441,835</u>	<u>496</u>
Total liabilities	<u>1,971</u>	<u>1,440,360</u>	<u>1,441,835</u>	<u>496</u>
Treasurer's Clearing				
Assets				
Cash and cash equivalents		2,151,904	2,151,904	
Due from other governments	<u>3,340</u>	<u>364</u>		<u>3,704</u>
Total assets	<u>3,340</u>	<u>2,152,268</u>	<u>2,151,904</u>	
Liabilities				
Due to other governments	<u>818</u>	<u>1,139,272</u>	<u>1,138,541</u>	<u>1,549</u>
Deposits and rebates	<u>2,522</u>	<u>1,012,996</u>	<u>1,013,363</u>	<u>2,155</u>
Total liabilities	<u>3,340</u>	<u>2,152,268</u>	<u>2,151,904</u>	<u>3,704</u>
Other				
Assets				
Cash and cash equivalents	<u>61,172</u>	<u>212,156</u>	<u>216,374</u>	<u>56,954</u>
Total assets	<u>61,172</u>	<u>212,156</u>	<u>216,374</u>	<u>56,954</u>
Liabilities				
Due to other governments	<u>42,810</u>	<u>162,807</u>	<u>168,466</u>	<u>37,151</u>
Deposits and rebates	<u>18,362</u>	<u>49,349</u>	<u>47,908</u>	<u>19,803</u>
Total liabilities	<u>61,172</u>	<u>212,156</u>	<u>216,374</u>	<u>56,954</u>
Totals - All Agency Funds				
Assets				
Cash and cash equivalents	63,143	3,804,420	3,810,113	57,450
Due from other governments	<u>3,340</u>	<u>364</u>		<u>3,704</u>
Total assets	<u>66,483</u>	<u>3,804,784</u>	<u>3,810,113</u>	<u>61,154</u>
Liabilities				
Employee compensation	1,971	1,440,360	1,441,835	496
Due to other governments	43,628	1,302,079	1,307,007	38,700
Deposits and rebates	<u>20,884</u>	<u>1,062,345</u>	<u>1,061,271</u>	<u>21,958</u>
Total liabilities	<u>\$ 66,483</u>	<u>\$ 3,804,784</u>	<u>\$ 3,810,113</u>	<u>\$ 61,154</u>

PIMA COUNTY
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012

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 Position by Component
Last Ten Fiscal Years
(in thousands)
(accrual basis of accounting)

Exhibit D - 1

		Fiscal Year									
		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities											
Net investment in capital assets		\$ 272,130	\$ 391,514	\$ 741,453	\$ 761,130	\$ 774,000	\$ 882,424	\$ 972,346	\$ 1,048,821	\$ 1,136,033	\$ 1,245,227
Restricted for:											
Special revenue		29,322	52,363	59,789	53,384	63,014	71,618	78,080	64,991	64,446	103,592
Highways and streets					21,353	16,734	17,390	21,349	25,749	32,906	32,322
Debt service		2,926	5,686	11,439	7,934	8,980	13,612	44,566			
Capital projects		35,686	17,368	27,027	77,088	90,467	80,922	59,945	57,939	60,381	30,224
Healthcare									3,405	4,074	1,360
Workers' compensation				9,042							
Unrestricted		66,015	41,020	33,451	38,464	46,256	53,778	34,850	149,966	164,606	157,315
Total governmental activities net position		406,079	507,951	882,201	959,353	999,451	1,119,744	1,211,136	1,350,871	1,462,446	1,570,040
Business-type activities											
Net investment in capital assets		444,590	451,162	457,600	466,257	476,950	482,822	539,718	550,540	575,525	564,561
Restricted for:											
Debt service		1,245	499	468	438	574	791	819	13,454	12,567	22,538
Capital projects		3,008	88			35,480	37,925	14,479	11,623	24,236	31,680
Regional Wastewater Reclamation		3,669	3,696	3,511	48,379	38,628	5,956	5,883	16,110	17,161	18,449
Healthcare		13,217	4,011	6,319	5,464	9,985	13,732	9,017	15,943	23,562	
Unrestricted (deficit)		(24,744)	(4,766)	20,851	15,284	10,845	56,397	34,477	29,914	33,448	66,470
Total business-type activities net position		440,985	454,690	488,749	535,822	572,462	597,623	604,393	637,584	686,499	703,698
Primary government											
Net investment in capital assets		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	1,809,788
Restricted for:											
(1) Facilities, justice, library, tax stabilization and community development							71,618	78,080	64,991	64,446	103,592
(1) Special revenue		29,322	52,363	59,789	53,384	63,014	17,390	21,349	25,749	32,906	32,322
(1) Highways and streets		4,171	6,185	11,907	8,372	9,554	14,403	45,385	13,454	12,567	22,538
Capital projects		38,694	17,456	27,027	77,088	125,947	118,847	74,424	69,562	84,617	61,904
Workers' compensation				9,042							
Regional Wastewater Reclamation		3,669	3,696	3,511	48,379	38,628	5,956	5,883	16,110	17,161	18,449
Healthcare		13,217	4,011	6,319	5,464	9,985	13,732	9,017	19,348	27,636	1,360
Unrestricted		41,271	36,254	54,302	53,748	57,101	110,175	69,327	179,880	198,054	223,785
Total primary government net position		\$ 847,064	\$ 962,641	\$ 1,370,950	\$ 1,495,175	\$ 1,571,913	\$ 1,717,367	\$ 1,815,529	\$ 1,988,455	\$ 2,148,945	\$ 2,273,738

(1) 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 Position
Last Ten Fiscal Years
(in thousands)
(accrual basis of accounting)

Exhibit D - 2

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government	\$ 131,925	\$ 140,827	\$ 194,873	\$ 208,293	\$ 223,266	\$ 239,399	\$ 212,196	\$ 218,504	\$ 218,843	\$ 223,005
Public safety	132,939	151,860	118,412	132,583	148,831	165,715	149,253	145,697	146,395	150,349
Highways and streets	39,492	42,133	65,414	70,392	92,985	88,488	79,251	68,691	73,348	69,183
Sanitation				7,258	9,623	9,658	7,434	6,669	6,208	7,224
Health	23,917	30,165	31,798	32,043	33,800	36,977	31,541	33,086	36,475	47,248
Welfare	84,457	76,894	96,199	103,085	97,154	106,546	115,513	87,107	90,521	94,409
Culture and recreation	31,326	32,727	29,663	34,510	55,482	60,616	60,520	61,642	67,063	61,900
Education and economic opportunity	35,033	33,093	39,714	39,517	42,483	47,296	46,770	52,023	56,626	55,126
Depreciation-unallocated *	820	805	849							
Amortization-unallocated	654	967	161	165	168	138	(235)	428	(2,625)	805
Interest on long-term debt	15,779	15,012	16,152	19,463	18,924	22,860	26,780	26,403	26,078	24,776
Total governmental activities expenses	496,342	524,483	593,235	647,309	722,716	777,693	729,023	700,250	718,932	734,025
Business-type activities:										
Regional Wastewater Reclamation	74,816	71,804	76,079	82,701	98,222	106,803	105,139	110,618	113,495	117,774
Pima Health System & Services	221,970	268,869	249,809	256,583	261,859	295,494	224,959	204,619	200,305	58,773
Development Services	8,373	9,617	10,857	14,422	15,400	14,750	9,992	7,924	6,982	6,912
Parking Garages	1,346	1,377	1,494	1,479	1,579	1,877	1,696	1,906	1,538	1,988
Total business-type activities expenses	306,505	351,667	338,239	355,185	377,060	418,924	341,786	325,067	322,320	185,447
Total primary government expenses	802,847	876,150	931,474	1,002,494	1,099,776	1,196,617	1,070,809	1,025,317	1,041,252	919,472
Program revenues										
Governmental activities:										
Charges for services										
General government	18,667	21,422	22,881	26,033	26,663	25,502	26,283	31,050	27,802	30,444
Public safety	10,804	10,289	6,985	8,136	9,797	9,550	10,386	10,218	9,034	12,047
Highways and streets	5,339	11,728	20,549	21,617	11,732	9,316	4,616	5,317	4,891	5,059
Sanitation				4,531	4,747	5,930	4,668	3,378	3,699	3,487
Health	7,822	8,772	9,526	9,693	10,270	9,965	10,488	11,003	11,436	12,605
Welfare	1,037	918								
Culture and recreation	1,662	1,709	1,643	1,797	2,991	3,031	2,754	2,532	2,191	2,254
Education and economic opportunity	196	101	298	314	698	716	691	749	1,024	1,008
Operating grants and contributions	121,587	135,119	125,121	133,113	139,324	144,479	131,361	142,840	136,472	143,388
Capital grants and contributions	5,665	17,413	23,663	12,188	15,085	48,672	68,535	65,820	65,030	47,528
Subtotal governmental activities program revenues	\$ 172,779	\$ 207,471	\$ 210,666	\$ 217,422	\$ 221,307	\$ 257,161	\$ 259,782	\$ 272,907	\$ 261,579	\$ 257,820

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

Exhibit D - 2

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Program revenues										
Business-type activities:										
Charges for services										
Regional Wastewater Reclamation	\$ 71,626	\$ 82,432	\$ 92,379	\$ 104,501	\$ 106,266	\$ 106,448	\$ 105,162	\$ 127,889	\$ 148,010	\$ 154,601
Pima Health System & Services	195,872	224,820	244,932	253,748	257,142	291,980	216,108	205,176	207,652	58,722
Development Services	8,464	11,830	14,730	17,140	11,239	8,992	5,654	5,886	5,688	6,073
Parking Garages	1,413	1,460	1,507	1,485	1,548	1,720	1,985	1,676	2,071	2,083
Operating grants and contributions	4,909	4,777	4,238	4,997	5,174	4,806	4,626	4,421	4,691	1,275
Capital grants and contributions				449	803	22,952	14,916	9,319	4,192	2,676
Total business-type activities program revenues	282,284	325,319	357,786	382,320	382,172	436,898	348,142	354,676	372,304	225,430
Total primary government program revenues	455,063	532,790	568,452	599,742	603,479	694,059	607,924	627,583	633,883	483,250
Net (expense) revenue										
Governmental activities	(323,563)	(317,012)	(382,569)	(429,887)	(501,409)	(520,532)	(469,241)	(427,343)	(457,353)	(476,205)
Business-type activities	(24,221)	(26,348)	19,547	27,135	5,112	17,974	6,356	29,609	49,984	39,983
Total governmental activities net expense	(347,784)	(343,360)	(363,022)	(402,752)	(496,297)	(502,558)	(462,885)	(397,734)	(407,369)	(436,222)
General revenues and other changes in net assets										
Governmental activities:										
Taxes										
Property taxes	251,844	272,507	294,643	316,170	343,525	377,810	393,255	416,500	416,985	394,963
Hotel/motel taxes	2,557	2,745	2,822	6,856	8,715	8,176	6,591	5,688	5,591	6,285
Other taxes levied for stadium district	1,597	1,709	1,819	1,808	1,884	1,952	1,534	1,515	1,538	1,608
Shared sales tax	78,504	83,202	91,510	103,158	106,985	103,171	89,177	84,767	88,631	93,123
Shared vehicle licenses	21,904	23,413	23,630	25,894	26,967	27,166	25,869	24,203	23,173	23,537
Unrestricted grants and contributions	9,216	3,201	7,571	7,975	9,468	7,748	5,741	4,081	4,527	4,268
Interest and penalties on delinquent taxes	7,052	6,321	6,771	5,683	5,149	6,365	6,123	7,940	8,125	8,235
Investment earnings	5,064	3,102	6,140	12,942	16,439	16,326	5,875	5,266	2,153	3,416
Miscellaneous	12,774	14,063	16,254	12,828	16,309	15,416	21,323	16,579	13,555	22,676
Capital contributions	2,789	5,441	185	247	5,051					
Gain on sale of capital assets				323			1,140			
Extraordinary item	(7,447)			(134)	721	113	4,005	538	4,650	25,688
Transfers	(17,980)	(13,196)	1,935	493,750	541,213	564,243	560,633	567,077	568,928	583,799
Total governmental activities	367,874	402,508	453,280	493,750	541,213	564,243	560,633	567,077	568,928	583,799
Business-type activities:										
State shared tax	959	1,146	1,163	3,849	5,510	6,721	2,025	1,236	900	1,001
Investment earnings	1,727	747	1,609	1,348	1,522	1,286	2,394	2,884	2,681	1,903
Miscellaneous	5,828	2,750	2,865	14,607	25,217					
Capital contributions	12,479	22,214	20,722							
Extraordinary item	(2,673)		(1,935)	134	(721)	(113)	(4,005)	(538)	(4,650)	(25,688)
Transfers	17,980	13,196	24,424	19,938	31,528	7,894	414	3,582	(1,069)	(22,784)
Total business-type activities	36,300	40,053	47,704	513,688	572,741	572,137	561,047	570,659	567,859	561,015
Total primary government	404,174	442,561	477,704	513,688	572,741	572,137	561,047	570,659	567,859	561,015
Change in net position:										
Governmental activities	44,311	85,496	70,711	63,863	39,804	43,711	91,392	139,734	111,575	107,594
Business-type activities	12,079	13,705	43,971	47,073	36,640	25,868	6,770	33,191	48,915	17,199
Total primary government	\$ 56,390	\$ 99,201	\$ 114,682	\$ 110,936	\$ 76,444	\$ 69,579	\$ 98,162	\$ 172,925	\$ 160,490	\$ 124,793

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

Exhibit D - 3

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 2,549	\$ 7,068	\$ 4,056	\$ 5,152	\$ 8,889	\$ 5,415	\$ 4,363			
Unreserved	30,999	25,628	33,171	46,423	48,671	64,974	35,803	\$ 4,089	\$ 3,315	\$ 2,720
Nonspendable*								522	336	333
Restricted										
Committed										
Assigned								3,093	357	118
Unassigned								73,837	73,547	77,596
Total general fund	<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>	<u>81,541</u>	<u>77,555</u>	<u>80,767</u>
All other governmental funds										
Reserved	6,742	7,603	12,746	11,784	13,999	17,094	39,139			
Unreserved, reported in:										
Special revenue funds	42,312	45,325	54,384	66,167	69,773	77,451	86,121			
Nonspendable*								2,011	2,011	1,550
Restricted								82,957	94,567	105,468
Committed								15,305	37,978	10,264
Assigned								3,221	4,368	16,682
Unassigned								(5,793)	(9,180)	(9,013)
Capital projects funds	82,793	97,270	147,650	84,472	89,328	152,643	126,821	18	12	
Nonspendable*								124,830	112,668	157,688
Restricted								1,487	6,639	7,234
Committed								52		
Assigned								(227)	(791)	(3,553)
Unassigned								40,868	35,903	28,298
Debt service assigned										
Total other governmental funds	<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>	<u>\$ 314,618</u>

*Due to implementation of GASB 54 in FY 2010 categories regarding fund balances have been redefined. See Note 1 page 49 for details. See Note 2 page 54 for purpose details.

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

Exhibit D - 4

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	\$ 258,375	\$ 279,527	\$ 300,972	\$ 321,474	\$ 348,700	\$ 381,862	\$ 396,241	\$ 423,443	\$ 421,623	\$ 407,711
Special assessments	1,023	505	244	215	521	556	441	536	330	245
Licenses and permits	6,087	6,566	7,265	7,452	7,132	7,710	6,989	7,791	8,494	8,155
Intergovernmental	245,378	273,225	278,414	291,059	303,392	312,634	292,236	296,004	308,219	327,939
Charges for services	35,721	43,505	53,568	63,582	63,508	58,890	55,346	60,376	54,491	56,881
Fines and forfeits	5,047	5,010	5,967	6,014	6,550	6,480	6,283	8,443	6,786	10,249
Investment earnings	4,152	2,656	5,181	11,382	13,988	14,218	5,335	4,612	1,723	2,286
Miscellaneous	10,356	11,918	14,806	13,165	17,544	21,752	22,414	17,442	14,162	24,796
Total revenues	566,139	622,912	666,417	714,343	761,335	804,102	785,285	818,647	815,828	838,262
Expenditures										
General government	132,416	140,319	193,308	203,881	222,434	237,640	222,309	221,144	223,611	236,020
Public safety	127,155	146,275	109,798	121,229	132,930	149,475	144,617	136,744	136,709	145,711
Highways and streets	26,741	29,170	38,363	39,394	42,683	43,741	38,132	34,274	34,614	33,651
Sanitation				6,271	6,766	8,310	6,666	5,637	5,375	6,317
Health	24,029	30,322	30,802	30,038	32,311	34,352	31,626	32,737	36,511	46,672
Welfare	84,238	76,725	96,996	103,034	97,168	106,607	115,481	87,089	90,572	94,360
Culture and recreation	25,214	27,141	23,172	28,561	45,197	50,509	51,657	50,198	49,986	52,103
Education and economic opportunity	35,057	32,146	38,098	37,918	38,474	42,286	42,299	48,402	50,432	47,798
Capital outlay	97,147	103,167	127,632	121,007	202,659	139,539	146,334	162,306	153,203	149,612
Debt service - principal	45,544	49,025	42,891	50,547	53,733	59,719	100,384	87,307	76,361	78,688
- interest	15,695	14,851	16,127	19,448	18,965	22,639	26,849	26,414	26,086	24,762
- miscellaneous	24	161	25	15	12	330	24	433	21	1,179
Total expenditures	613,260	649,302	717,212	761,343	893,332	895,147	926,378	892,235	883,481	916,873
Excess (deficiency) of revenues over (under) expenditures	(47,121)	(26,390)	(50,795)	(47,000)	(131,997)	(91,045)	(141,093)	(73,588)	(67,653)	(78,611)
Other financing sources (uses):										
Proceeds-refunding bonds		6,880					31,955			30,745
Issuance cost on bonds	(163)									
Premium on bonds	410	148	250		1,429	1,964	675	1,909	3,276	7,349
Payments to refund escrow agents		(6,846)						(32,361)		(33,013)
Capital leases	177			231		312				894
Proceeds from sale of capital assets	37	406	27	416	1,426	27	876	1,118	59	1,938
Compensated loss on capital assets										
Face amount of long-term debt	85,000	65,000	116,200	4,836	146,320	175,000	109,400	125,000	75,000	78,425
Transfers in	78,457	68,583	50,008	59,948	86,089	128,406	171,186	98,800	109,715	141,924
Transfers (out)	(93,597)	(89,916)	(46,962)	(56,263)	(86,688)	(127,692)	(166,319)	(98,355)	(105,007)	(115,914)
Total other financing sources (uses)	70,321	44,255	119,523	9,168	148,576	178,017	115,818	128,066	83,043	112,348
Extraordinary item	(6,237)									
Change in reserves - net	629	(366)	385	(177)	(211)	(55)	(55)		70	(82)
Net change in fund balances	\$ 17,592	\$ 17,499	\$ 69,113	\$ (38,009)	\$ 16,368	\$ 86,917	\$ (25,330)	\$ 54,478	\$ 15,460	\$ 33,655
Debt service as a percentage of noncapital expenditures	11.56%	11.53%	9.87%	10.90%	9.88%	10.48%	15.89%	15.31%	13.54%	13.50%

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STATISTICAL SECTION

REVENUE CAPACITY:

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

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

Tax Year	Commercial Property	Residential Property	Vacant Land	Other	Taxable Assessed Value	Total Direct Tax Rate	Estimated Limited Value	Assessed Value as a Percentage of Limited Value
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	39,984	8,310,120	4.8491	78,036,208	10.65%
2012	2,514,310	5,036,810	472,558	50,260	8,073,938	4.8520	76,085,641	10.61%

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)

Exhibit D - 6

Tax Year	County Direct Rates							Total
	County Primary	County Secondary	Flood Control		County Library		Fire District Assistance	
			District (1)	District	District	District		
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
2012	3.4178	0.7800	0.2635		0.3460		0.0447	4.8520

Tax Year	State of Arizona	Education Assistance	Community College District	City of Tucson	City of South Tucson	Street Lighting Impro. District	Central AZ		Flowing Wells Irrigation District (2)	Silverbell Irrigation District (2)	Cortaro- Marana Irrigation District (2)	Mobile		Town of Casas Adobes Incorporation Costs	Town of Tortolita Incorporation Costs	Gladden Farms		Vanderbilt Farms		Quail Creek		Gladden Farms		Saguaro Springs Community Facilities District
							Water Conserv District	Irrigation District (2)				Home Relocation District (2)	Incorporation Costs			Community Facilities District	Community Facilities District	Community Facilities District	Community Facilities District	Community Facilities District	Community Facilities District			
2003	0.0000	0.4717	1.4884	1.1569	0.2513		0.1200	10.4000	3.0000	50.0000			0.1438	0.2313										
2004	0.0000	0.4560	1.3428	1.1847	0.2383		0.1200	12.9000	3.0000	60.0000							2.8000							
2005	0.0000	0.4358	1.3114	1.2364	0.2383		0.1200	12.9000	3.0000	60.0000							2.8000							
2006	0.0000	0.0000	1.2515	1.2257	0.2383		0.1200	12.9000	3.0000	60.0000							2.8000							
2007	0.0000	0.0000	1.1845	1.1321	0.2258		0.1000	12.9000	3.0000	65.0000							2.8000							
2008	0.0000	0.0000	1.1355	0.9601	0.2143		0.1000	19.3500	3.0000	66.0000							2.8000							
2009	0.0000	0.3306	1.0770	0.9344	0.2035		0.1000	19.3500	3.0000	66.0000							2.8000							
2010	0.0000	0.3564	1.0848	0.9550	0.1999		0.1000	19.3500	3.0000	66.0000							2.8000							
2011	0.0000	0.4259	1.1094	1.1621	2.6603		0.1000	19.3500	3.0000	66.0000		0.5000					2.8000						0.3000	0.3000
2012	0.0000	0.4717	1.1741	1.2639	2.7640	9.6038	0.1000	19.3500	3.0000	66.0000		0.5000					2.8000						0.3000	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

Exhibit D - 6a

Direct and Overlapping Property Tax Rates - School Districts

Last Ten Tax Years

(per \$100 of assessed value)

School District	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Tucson Unified (#1)	8.7610	8.3286	7.8829	7.3857	7.0500	6.5659	6.0701	6.2976	6.9480	7.3187
Marana Unified (#6)	6.7979	6.5034	6.0991	5.9117	5.7887	5.4815	4.9286	4.6995	5.2047	5.5863
Flowing Wells Unified (#8)	6.6568	6.5883	7.1232	6.8677	6.5674	6.2665	6.1239	6.0407	5.9689	5.9778
Amphitheater Unified (#10)	6.7601	6.3375	6.4258	6.1193	5.4964	4.8589	4.6112	5.0511	5.4033	5.5539
Sunnyside Unified (#12)	9.1041	8.4846	8.6482	9.1529	8.1490	7.8009	7.0899	6.9680	6.9415	6.3154
Tanque Verde Unified (#13)	7.1785	5.6661	5.7985	5.4806	5.1033	4.3682	3.1837	3.3545	3.8042	4.1538
Ajo Unified (#15)	5.3016	4.4316	4.4994	4.4929	4.8627	4.5964	4.3158	4.9069	5.6740	3.5338
Catalina Foothills Unified (#16)	7.0256	6.6459	6.8422	6.7428	6.3942	6.1053	4.9970	4.2154	4.2095	4.7472
Vail Elementary (#20)	7.1748	7.0008	6.7510	6.7032	6.0327	5.5360	5.2016	4.8839	4.6550	5.9120
Sahuarita Unified (#30)	9.0113	8.3095	8.1495	7.7345	6.1807	5.9176	5.4230	6.5753	5.4067	5.5183
San Fernando Elementary (#35)			3.7121	3.7481	3.7900	3.7920	4.5954	3.6883	4.8541	4.0331
Empire Elementary (#37)	6.4699	6.1171	8.0930	8.4864	7.5703	4.9021	2.9383	2.9195	2.7531	1.2484
Continental Elementary (#39)	2.3198	2.2216	2.1532	2.0682	1.8970	1.7343	1.6122	1.6945	2.0258	1.5729
Redington Elementary (#44)	5.6853	3.9915	4.8856	4.8853	4.8952	7.4720	7.6340	7.0689	6.7630	5.9198
Altar Valley Elementary (#51)	6.3615	6.2759	6.2607	5.7696	5.8086	5.7451	6.0506	6.2500	6.5675	6.4355
Unorganized*	1.9583	1.8931	1.8090	1.7394	1.6020	1.4622	1.3726	1.4797	1.7682	1.9585

*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	2003			2004			2005			2006			2007		
	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.	\$ 122,499	1	2.2%	\$ 125,597	1	3.0%	\$ 145,937	1	2.1%	\$ 143,362	1	1.7%	\$ 150,771	1	1.6%
Phelps Dodge Corporation	14,375	8	0.3%	15,250	7	0.4%	21,209	6	0.3%	55,176	4	0.7%	93,656	3	1.0%
ASARCO LLC	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
Southwest Gas Corporation	55,710	3	1.0%	59,528	3	1.4%	62,970	3	0.9%	62,846	3	0.8%	62,919	4	0.7%
QWEST Corporation	108,829	2	1.9%	104,944	2	2.5%	104,468	2	1.5%	87,093	2	1.1%	94,300	2	1.0%
Trico Electric Co-Op Inc.	11,467	10	0.2%	12,925	10	0.3%	0		0.0%	14,806	10	0.2%	18,044	8	0.2%
DND Nefison Co. (Tucson Mall)	18,703	5	0.3%	19,364	5	0.5%	22,377	5	0.3%	19,087	7	0.2%	19,897	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%
Wal-Mart Stores Incorporated	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
Verizon Wireless	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%	17,068	8	0.2%	15,280	10	0.2%
Arizona Portland Cement	19,990	4	0.4%	21,296	4	0.5%	22,459	4	0.3%	22,858	5	0.3%	23,468	6	0.2%
ASARCO Mining	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
Raytheon	13,290	9	0.2%	13,895	9	0.3%	16,069	8	0.2%	21,665	6	0.3%	58,987	5	0.6%
Westin La Paloma	16,057	6	0.3%	15,943	6	0.4%	16,358	7	0.2%	15,504	9	0.2%	15,959	9	0.2%
El Conquistador Hotel	14,461	7	0.3%	14,655	8	0.3%	13,653	10	0.2%	0		0.0%	0		0.0%
HDP Northwest	0		0.0%	0		0.0%	14,708	9	0.2%	0		0.0%	0		0.0%
Total Top Ten	\$ 395,381		7.7%	\$ 403,397		7.2%	\$ 440,208		7.3%	\$ 459,465		6.7%	\$ 553,281		6.6%

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

(1) Secondary Assessed Valuation for tax year

\$6,869,955

\$6,050,950

\$5,620,156

\$5,221,271

\$8,220,396

(continued)

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

Exhibit D - 7

(continued)

Taxpayer	2008			2009			2010			2011			2012		
	Estimated Assessed Value (I)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (I)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (I)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (I)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (I)	Rank	Percent of Total Assessed Value
Unisource/Tucson Electric Power Co.	\$ 153,431	2	1.6%	\$ 158,764	2	1.6%	\$ 164,363	1	1.8%	\$ 168,510	1	2.0%	\$ 179,262	1	2.2%
PHELPS Dodge Corporation	156,780	1	1.6%	198,694	1	2.0%	89,289	2	1.0%	99,048	2	1.2%	142,419	2	1.7%
ASARCO LLC	0		0.0%	20,042	8	0.2%	28,878	5	0.3%	58,585	4	0.7%	83,778	3	1.0%
Southwest Gas Corporation	63,698	4	0.6%	64,775	4	0.7%	65,879	3	0.7%	64,533	3	0.8%	61,718	4	0.8%
QWEST Corporation	87,000	3	0.9%	74,646	3	0.8%	55,076	4	0.6%	51,942	5	0.6%	53,225	5	0.7%
Trico Electric Co-Op Inc.	18,816	9	0.2%	21,029	7	0.2%	21,208	6	0.2%	21,217	6	0.3%	22,133	6	0.3%
DND Nefelson Co. (Tucson Mall)	21,013	8	0.2%	18,888	10	0.2%	17,715	7	0.2%	17,931	7	0.2%	17,998	7	0.2%
Northwest Hospital LLC	0		0.0%	0		0.0%	17,097	8	0.2%	17,390	9	0.2%	17,723	8	0.2%
Wal-Mart Stores Incorporated	0		0.0%	0		0.0%	0		0.0%	0		0.0%	15,581	9	0.2%
Verizon Wireless	0		0.0%	0		0.0%	0		0.0%	0		0.0%	14,291	10	0.2%
Target Corporation	0		0.0%	0		0.0%	0		0.0%	17,519	8	0.2%	0		0.0%
Starr Pass Resort Developments LLC	15,889	10	0.2%	19,384	9	0.2%	16,582	10	0.2%	16,153	10	0.2%	0		0.0%
Arizona Portland Cement	23,593	7	0.2%	27,561	6	0.3%	16,635	9	0.2%	0		0.0%	0		0.0%
ASARCO Mining	44,047	5	0.4%	63,572	5	0.6%	0		0.0%	0		0.0%	0		0.0%
Raytheon	33,833	6	0.3%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
Westin La Paloma	0		0.0%	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	\$ 618,100		6.5%	\$ 667,355		6.8%	\$ 492,722		5.4%	\$ 532,828		6.4%	\$ 608,128		7.4%

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

(I) Secondary Assessed Valuation for Tax Year

\$9,594,862	\$9,860,981	\$9,342,561	\$8,448,282	\$8,171,212
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PIMA COUNTY, ARIZONA
Real Property Tax Levies and Collections
Last Ten Fiscal Years
(in thousands)

Exhibit D - 8

Fiscal Year	Original Real Property Tax Levy	Tax Roll Corrections	Real Property Tax Levy (Adjusted)	Collected to June 30, End of Tax Fiscal Year (2)		Collected to June 30, 2012 (2)		Delinquent Taxes Receivable (1)
				Amount	Percent of Original Levy	Amount	Percent of Adjusted Levy	
2002-03	\$ 241,416	\$ (1,013)	\$ 240,403	\$ 231,619	95.94%	\$ 240,285	99.95%	\$ 118
2003-04	260,570	(987)	259,583	250,929	96.30%	259,564	99.99%	19
2004-05	281,172	(494)	280,678	271,841	96.68%	280,507	99.94%	171
2005-06	302,127	(291)	301,836	292,019	96.65%	301,776	99.98%	60
2006-07	330,240	(322)	329,918	318,520	96.45%	329,818	99.97%	100
2007-08	362,535	(622)	361,913	348,741	96.20%	361,687	99.94%	226
2008-09	379,674	(360)	379,314	363,624	95.77%	379,040	99.93%	274
2009-10	402,062	(87)	401,975	384,983	95.75%	401,539	99.89%	436
2010-11	402,532	(366)	402,166	383,978	95.39%	399,983	99.46%	2,183
2011-12	383,709		383,709	369,100	96.19%	369,100	96.19%	14,609

NOTES:

- (1) Represents the difference between the adjusted levy and collected to June 30, 2012.
- (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
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%
2011-12	Primary	8,310,120	78,036,208	10.65%
2011-12	Secondary	8,448,282	80,152,473	10.54%

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

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

Exhibit D - 10

Jurisdiction	FY 2011-12 (Tax Year 2011)		FY 2012-13 (Tax Year 2012)	
	Valuation	Rate	Valuation	Rate
<u>State of Arizona</u>	\$ 8,310,120	\$0.0000	\$ 8,073,938	\$0.0000
<u>Pima County</u>				
General Fund - Primary	8,310,120	3.4178	8,073,938	3.4178
Debt Service - Secondary	8,448,282	0.7800	8,171,212	0.7800
Free Library - Secondary	8,448,282	0.3460	8,116,015	0.3460
Total County - Primary	8,310,120	3.4178		3.4178
Total County - Secondary	8,448,282	1.1260		1.1260
Grand Total		<u>4.5438</u>		<u>4.5438</u>
<u>Education Assistance</u>	8,310,120	0.4259	8,073,938	0.4717
<u>Flood Control District - Secondary</u>	7,634,237	0.2635	7,244,629	0.2635
<u>Fire District Assistance - Secondary</u>	8,481,951	0.0418	8,171,212	0.0447
<u>Pima Community College District</u>				
Primary	8,310,120	1.0846	8,073,938	1.1484
Secondary	8,448,282	0.0248	8,171,212	0.0257
Total		<u>1.1094</u>		<u>1.1741</u>
<u>Central Arizona Water Conservation District</u>				
Secondary	8,448,282	0.1000	8,116,015	0.1000
<u>Cities & Towns</u>				
City of Tucson				
Primary	3,422,619	0.4297	3,313,879	0.4125
Secondary	3,487,960	0.7324	3,377,401	0.8514
Total		<u>1.1621</u>		<u>1.2639</u>
City of South Tucson				
Primary	23,614	0.2265	23,256	0.2305
Secondary	24,688	2.4338	23,716	2.5335
Total		<u>2.6603</u>		<u>2.7640</u>
<u>School Districts</u>				
Unorganized - Primary	16,801	1.7682	17,996	1.9585
Tucson Unified (District #1)				
Primary	3,313,108	5.4701	3,215,914	6.0804
Secondary	3,388,423	1.4779	3,264,317	1.2383
Total		<u>6.9480</u>		<u>7.3187</u>

(continued)

PIMA COUNTY, ARIZONA
Comparative Net Valuations and Tax Rates

Exhibit D - 10

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

(continued)

Jurisdiction	FY 2011-12 (Tax Year 2011)		FY 2012-13 (Tax Year 2012)	
	Valuation	Rate	Valuation	Rate
Marana Unified (District #6)				
Primary	\$ 780,413	\$ 3.5510	\$ 755,872	\$ 3.9419
Secondary	794,566	1.6537	766,418	1.6444
Total		<u>5.2047</u>		<u>5.5863</u>
Flowing Wells Unified (District #8)				
Primary	205,273	3.4062	203,705	3.3742
Secondary	212,616	2.5627	208,198	2.6036
Total		<u>5.9689</u>		<u>5.9778</u>
Amphitheater Unified (District #10)				
Primary	1,517,536	3.9571	1,465,994	4.0830
Secondary	1,549,557	1.4462	1,482,678	1.4709
Total		<u>5.4033</u>		<u>5.5539</u>
Sunnyside Unified (District #12)				
Primary	439,615	3.7893	435,018	3.7819
Secondary	455,198	3.1522	447,031	2.5335
Total		<u>6.9415</u>		<u>6.3154</u>
Tanque Verde Unified (District #13)				
Primary	198,984	2.7218	184,135	3.0083
Secondary	200,702	1.0824	184,878	1.1455
Total		<u>3.8042</u>		<u>4.1538</u>
Ajo Unified (District #15)				
Primary	19,368	5.6740	19,744	3.5338
Secondary	19,839	0.0000	20,066	0.0000
Total		<u>5.6740</u>		<u>3.5338</u>
Catalina Foothills Unified (District #16)				
Primary	623,029	2.6674	583,516	3.8770
Secondary	629,511	1.5421	585,344	0.8702
Total		<u>4.2095</u>		<u>4.7472</u>
Vail Elementary (District #20)				
Primary	461,391	3.3502	443,206	4.0849
Secondary	471,045	1.3048	452,491	1.8271
Total		<u>4.6550</u>		<u>5.9120</u>

(continued)

PIMA COUNTY, ARIZONA
Comparative Net Valuations and Tax Rates

Exhibit D - 10

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

(continued)

Jurisdiction	FY 2011-12 (Tax Year 2011)		FY 2012-13 (Tax Year 2012)	
	Valuation	Rate	Valuation	Rate
Sahuarita Unified (District #30)				
Primary	\$ 315,986	\$ 3.4833	\$ 371,039	\$ 3.2630
Secondary	319,085	1.9234	372,867	2.2553
Total		<u>5.4067</u>		<u>5.5183</u>
San Fernando Elementary (District #35)				
Primary	1,211	4.8541	1,233	4.0331
Secondary	1,508	0.0000	1,521	0.0000
Total		<u>4.8541</u>		<u>4.0331</u>
Empire Elementary (District #37)				
Primary	7,636	2.7531	7,861	1.2484
Secondary	7,992	0.0000	8,050	0.0000
Total		<u>2.7531</u>		<u>1.2484</u>
Continental Elementary (District #39)				
Primary	334,446	1.7682	318,391	1.3547
Secondary	338,328	0.2576	320,208	0.2182
Total		<u>2.0258</u>		<u>1.5729</u>
Baboquivari Unified School (District #40)				
Primary	1,060	0.0000	1,168	0.0000
Secondary	1,060	0.0000	1,168	0.0000
Total		<u>0.0000</u>		<u>0.0000</u>
Redington Elementary (District #44)				
Primary	1,417	6.7630	1,389	5.9198
Secondary	1,433	0.0000	1,398	0.0000
Total		<u>6.7630</u>		<u>5.9198</u>
Altar Valley Elementary (District #51)*				
Primary	36,367	5.3985	34,926	5.1783
Secondary	37,661	1.1690	35,281	1.2572
Total		<u>6.5675</u>		<u>6.4355</u>

*Formerly known as the Mary E. Dill School District

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

Exhibit D - 11

Fiscal Year	Hotel Excise Tax (1)	Car Rental Surcharges (2)	Recreational Vehicle Tax (3)
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
2011-12	6,626	1,464	146

- (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 athletic activities.

Source: Pima County Finance and Risk Management Department

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

Exhibit D - 12

<u>Fiscal Year</u>	<u>Amount</u>	<u>Highway User Revenue</u>	<u>Vehicle License Tax</u>
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
2011-12	44,890	33,665	11,225

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. Five of the schedules presented provide ten-year comparisons.

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

PIMA COUNTY, ARIZONA

Exhibit D - 13

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	Wastewater Loans Payable	Contracts and Notes	Total Primary Government	
2002-03	\$ 200,554	\$ 4,585	\$ 105,541	\$ 495	\$ 2,121	\$ 1,560	\$ 4,060	\$ 31,049	\$ 63,098	\$ 165,000	\$ 63,551	\$ 6,849	\$ 483,463	
2003-04	232,553	3,805	95,461		1,736		3,020	29,323	60,064		83,941	5,783	515,686	
2004-05	267,927	3,010	137,736		1,093		1,943	27,879	55,809		83,978	4,852	584,227	
2005-06	231,918	2,230	127,000		911		5,739	26,426	51,710		80,148	4,562	530,644	
2006-07	290,150	1,470	136,541			31,731	3,714	24,736	94,356		76,111	5,280	664,089	
2007-08	349,542	725	149,801			81,612	1,000	23,223	163,701		70,426	5,842	845,872	
2008-09	388,032	725	139,683			74,554		21,327	183,389		64,489	6,481	878,680	
2009-10	420,261		142,226			72,638		19,387	166,935	\$ 176,849	66,210	6,305	1,058,962	
2010-11	455,856		131,375			48,235		17,775	184,782		27,390	4,657	1,046,919	
2011-12	461,557		141,536			39,772		16,431	171,022		23,719	15,365	1,248,820	

Total Primary Government					Percentage of Personal Income	Population at July 1 (a)	Debt per Capita
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	1,046,919	36,263,000	2.89%	1,092,369	957		
2011-12	1,248,820	37,000,000	3.38%	1,113,749	1,121		

(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 General Obligation Bond Debt	Debt Service Funds Available for Principal	Net General Bond Debt	Secondary Net Assessed Value	Percent Net General Bond Debt to Assessed Value	Population at July 1	Net General Bond Debt per Capita*
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
2011-12	461,557		22,602	438,955	8,448,282	5.20%	1,113,749	394

* 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 64 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*
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
2011-12	1,284,219	8,448,282	15.20%	1,113,749	1,153

* 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, 2012
 (\$ 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	\$ 592,565	\$ 592,565
Pima Community College	6,645	6,645
City of Tucson	222,856	<u>222,856</u>
Total overlapping		<u>\$ 822,066</u>
Debt repaid with property tax Direct:		
Pima County *	\$ 461,557	<u>\$ 461,557</u>
Total direct		<u>\$ 461,557</u>
Other Debt:		
Certificates of participation	\$ 39,772	\$ 39,772
Jail capital lease	15,835	15,835
Other capital leases	596	596
Transportation bonds	141,536	<u>141,536</u>
Total other debt		<u>\$ 197,739</u>
Total direct and overlapping debt		<u><u>\$ 1,481,362</u></u>

*Excludes improvement districts.

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

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

Exhibit D - 16

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Assessed Value	\$ 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	\$ 8,448,282
Legal Debt Margin										
Debt limit (15% of assessed value)	725,334	783,191	843,023	907,643	1,030,493	1,233,059	1,439,229	1,479,147	1,401,384	1,267,242
Debt applicable to limit:										
General obligation bonds	200,275	232,105	267,270	231,310	289,590	348,335	386,845	417,995	452,750	456,145
Less: Net assets reserved for repayment of general obligation debt	(2,226)	(2,648)	(8,899)	(5,571)	(7,431)	(10,241)	(10,523)	(11,396)	(27,904)	(22,602)
Total net debt applicable to the limit	198,049	229,457	258,371	225,739	282,159	338,094	376,322	406,599	424,846	433,543
Legal debt margin	\$ 527,285	\$ 553,734	\$ 584,652	\$ 681,904	\$ 748,334	\$ 894,965	\$ 1,062,907	\$ 1,072,548	\$ 976,538	\$ 833,699
Total net debt applicable to the limit as a percentage of debt limit.	27.30%	29.30%	30.65%	24.87%	27.38%	27.42%	26.15%	27.49%	30.32%	34.21%

See Notes to the Financial Statements (Note 7 page 71) for calculation of the legal debt margin for the current year.

PIMA COUNTY, ARIZONA

Exhibit D 17a

Regional Wastewater Reclamation Pledged Sewer Revenue Debt Coverage Last Seven Fiscal Years (amounts in thousands)

Fiscal Year	Sewer User Revenues (1)	Less: Operating Expense (2)	Available Net Revenue	Plus: 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	151,212	74,638	76,574	11,260	87,834	17,110	17,047	2.57
2011-12	158,397	73,241	85,156	32,806	117,962	20,895	21,658	2.77

(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 7/1/20XX to 7/1/20XX.

Note: Sewer revenue debt coverage is presented with 5 years of data beginning with fiscal year 2009-10. 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)

Exhibit D - 17b

Fiscal Year	Transportation Revenue	Less: Operating Expense	Available Net Revenue	Debt Service *		Coverage Ratio
				Principal	Interest	
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
2011-12	46,834	33,335	13,499	12,055	5,537	0.77

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:		Available Net Revenue	Debt Service		Coverage Ratio
		Operating Expense			Principal	Interest	
2002-03	\$	1	\$	\$	155	\$	(0.03)
2003-04		0		(6)	460		(0.05)
2004-05	*			(27)			
2005-06	*						
2006-07	*						
2007-08	*						
2008-09	*						
2009-10	*						
2010-11	*						
2011-12	*						

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

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

Function/Department	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13
Clerk of Superior Court - equipment**	\$ 147	\$ 31	\$ 82	\$ 82	\$ 131	\$ 111	\$ 37		
Jail *	2,764	3,042	3,015	5,920	3,027	3,007	3,004	\$ 18,565	\$ 16,335
Juvenile Court									
Sheriff	42	42	21						596
Environmental Quality - Equipment									
	<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>	<u>\$ 16,931</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

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures *</u>	<u>Ratio of Debt Service To General Expenditures</u>
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%
2011-12	78,390	24,762	103,152	767,261	13.4%

* 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)
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%
2012	1,113,749	37,000,000	37,361	7.6%

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

Exhibit D - 21

Employer	2003			2004			2005			2006			2007		
	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
University of Arizona	11,335	2	2.7%	10,078	3	2.3%	10,348	2	2.3%	10,282	3	2.3%	10,354	2	2.3%
Raytheon	10,100	3	2.4%	10,171	2	2.4%	10,300	3	2.3%	10,756	2	2.4%	11,184	1	2.5%
State of Arizona	9,732	5	2.3%	9,753	4	2.3%	9,750	4	2.2%	9,742	4	2.2%	9,927	3	2.2%
Davis Monthan AFB	9,947	4	2.3%	7,692	5	1.8%	8,727	5	2.0%	8,233	5	1.9%	8,233	5	1.8%
Wal-Mart Stores, Inc.	4,000	9	0.9%	4,420	9	1.0%	4,595	9	1.0%	4,980	9	1.1%	5,625	9	1.2%
Tucson Unified School District	8,234	6	1.9%	7,690	6	1.8%	7,684	6	1.7%	7,623	6	1.7%	7,419	6	1.6%
Fort Huachuca	11,580	1	2.7%	11,939	1	2.8%	12,250	1	2.8%	13,098	1	3.0%	9,119	4	2.0%
Pima County Government	7,135	7	1.7%	6,987	7	1.6%	6,767	7	1.5%	6,765	7	1.5%	7,290	7	1.6%
US Border Patrol															
UA Healthcare															
City of Tucson	6,168	8	1.5%	5,495	8	1.3%	6,757	8	1.5%	5,306	8	1.2%	5,848	8	1.3%
Freeport-McMoran Copper															
Phelps Dodge															
Tohono O'odam Nation	3,375	10	0.8%	3,515	10	0.8%	4,500	10	1.0%	4,123	10	0.9%	4,900	10	1.1%
Carondelet Health Network															
Total	81,606		19.2%	77,740		18.1%	81,678		18.3%	80,908		18.2%	79,899		17.6%
Total Work Force			424,400			431,400			443,100			443,300			453,500

(continued)

Sources: Data is obtained from www.azstatenet.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

Exhibit D - 21

Employer	2008			2009			2010			2011			2012		
	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
University of Arizona	10,535	3	2.3%	10,575	2	2.2%	10,363	2	2.1%	10,481	2	2.2%	10,681	1	2.3%
Raytheon	12,515	1	2.7%	11,539	1	2.4%	12,140	1	2.5%	10,500	1	2.2%	10,500	2	2.3%
State of Arizona	10,754	2	2.3%	9,329	3	1.9%	8,708	3	1.8%	8,866	3	1.8%	9,061	3	2.0%
Davis Monthan AFB	7,701	5	1.7%	7,509	4	1.5%	7,755	4	1.6%	8,462	4	1.7%	8,566	4	1.9%
Wal-Mart Stores, Inc.	5,805	10	1.3%	6,715	6	1.4%	7,192	5	1.5%	7,308	5	1.5%	7,300	5	1.6%
Tucson Unified School District	8,018	4	1.7%	7,227	5	1.5%	7,012	6	1.4%	6,709	6	1.4%	6,674	6	1.5%
Fort Huachuca	6,701	7	1.5%	6,463	7	1.3%	6,236	8	1.3%	6,225	8	1.3%	6,198	7	1.4%
Pima County Government	6,954	6	1.5%	6,235	8	1.3%	6,511	7	1.3%	6,403	7	1.3%	6,170	8	1.4%
US Border Patrol													6,000	9	1.3%
UA Healthcare													5,982	10	1.2%
City of Tucson	5,848	8	1.3%	5,635	10	1.2%	5,399	9	1.1%	4,930	10	1.0%	5,594		0.0%
Freeport-McMoran Copper	5,840	9	1.3%	5,987	9	1.2%									
Phelps Dodge															
Tohono O'odam Nation															
Carondelet Health Network							4,566	10	0.9%						
Total	80,671		17.6%	77,214		15.9%	75,882		15.5%	75,866		15.6%	76,744		16.8%
Total Work Force			459,200			486,400			488,500			485,800			455,900

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

Exhibit D - 22

Calendar Year (a)	Population	Civilian Labor Force	Total Unemployment Rate	EMPLOYMENT				
								Finance, Insurance, and Real Estate
				Mining	Construction	Manufacturing	Trades and Services (b)	
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
2012	1,113,749	455,900	7.6%	1,900	16,900	23,100	250,900	17,600

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: a 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).

Note: b Beginning with the October 2012 issue, "Arizona's Economy" changed what Trade and Services were reported. This resulted in an increase of 40,000 jobs being reported.

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

Exhibit D - 23

Calendar Year	Transportation				Real Estate		
	Aircraft Movements	No. of Air Passengers	Bus Ridership	Riders Per Mile	Residential Bldg. Permits	Multiple Listings	Sales Volume In \$ 000's
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
2012	145,967	3,663,982	19,971,230	2.15	2,062	13,436	2,211,369

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	
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
2012	11,834,329		2,218	11,501,822

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 multiple family unit structures combined.

PIMA COUNTY, ARIZONA
Population Statistics
June 30, 2012

Exhibit D - 25

<u>Age Group</u>	<u>Population</u>
0-4	73,568
5-9	72,290
10-14	67,268
15-19	66,044
20-24	79,724
25-39	228,370
40-54	210,787
55-59	71,902
60-64	64,963
65-69	53,556
70-74	40,298
75+	84,979
Total	<u><u>1,113,749</u></u>

POPULATION PROJECTIONS

<u>Year</u>	<u>Projected Population</u>
2013	1,134,853
2014	1,155,599
2019	1,253,475
2024	1,342,978
2034	1,503,365
2044	1,636,316
2054	1,758,177

Source: Arizona Department of Economic Security

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

Exhibit D - 26

<u>Calendar Year</u>	<u>Average Jail Population</u>
2003	1,539
2004	1,739
2005	2,009
2006	2,028
2007	2,008
2008	1,913
2009	1,826
2010	1,636
2011	1,640
2012	1,802

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 Ten Fiscal Years

Exhibit D - 27

Function/Program	Full-time employees (FTEs) as of 6/30:									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
General government	1,851	2,040	2,952	2,911	2,776	2,860	2,684	2,870	2,850	2,473
Public safety	1,986	1,902	1,434	1,401	1,442	1,560	1,491	1,488	1,529	1,540
Highways and streets	290	288	351	526	334	330	311	264	262	274
Sanitation	0	0	0	45	41	40	34	33	23	24
Health	407	413	408	414	408	404	397	422	412	404
Welfare	174	185	20	23	22	26	29	32	27	377
Culture and recreation	180	197	164	180	466	485	480	467	461	652
Education and economic opportunity	140	117	250	289	179	186	184	174	170	133
Total governmental activities	5,028	5,142	5,579	5,789	5,668	5,891	5,610	5,750	5,734	5,877
Business-type activities										
Regional Wastewater Reclamation*	506	481	449	668	472	508	507	488	481	531
Wastewater Management- Solid Waste	43	42	42	0	0	0	0	0	0	0
Kino Hospital	607	548	0	0	0	0	0	0	0	0
Pima Health System & Services**	511	162	631	634	559	563	451	422	421	0
Development Services	141	149	116	156	153	128	73	66	66	59
Parking Garages	3	3	3	3	3	3	3	2	2	3
Total business-type activities	1,811	1,385	1,241	1,461	1,187	1,202	1,034	978	970	593
Total	6,839	6,527	6,820	7,250	6,855	7,093	6,644	6,728	6,704	6,470

Note:

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

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

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

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

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

* Previously known as Wastewater Management - Liquid Waste.

** Pima Health Systems & Services was sold and the department closed.

PIMA COUNTY, ARIZONA
Operating Indicators by Program
Last Ten Fiscal Years

Program:	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Sheriff										
Physical arrests	32,159	33,815	32,501	30,686	33,929	32,796	33,571	27,946	24,108	24,841
Traffic violations/citations										
Criminal										
Total	3,920	3,813	4,148	3,170	3,927	5,967	6,422	6,417	4,304	4,205
Civil										
Total	42,074	36,823	37,868	27,846	30,204	41,542	49,817	41,800	32,270	32,445
Total violations/citations	45,994	40,636	42,016	31,016	34,131	47,509	56,239	48,217	36,574	36,650
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	62.3
New connections	8,289	9,718	11,245	8,325	8,734	4,452	1,477	1,950	1,412	1,355
Cultural and Recreational										
(3) Spring training attendance	137,302	147,117	146,739	155,377	142,773	160,626	103,407	84,520	*	20,850
(2) Sidewinders attendance	167,552	165,387	165,441	171,179	153,595	143,611	58,879			36,001
Soccer attendance										
Parks & Recreation										
Athletic field permits issued	101	107	129	135	141	147	149	168	161	228
Community center admissions	280,850	344,470	388,092	391,295	438,051	445,137	403,887	351,692	339,550	347,379
Volunteer hours	23,070	22,465	23,785	17,218	25,700	19,622	25,756	14,321	12,168	10,787
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	1,326,375
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	7,557,865
Number of cardholders	458,736	486,402	474,045	488,250	492,973	554,339	516,780	526,170	452,400	434,841
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	\$ 13,075,719
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	5,008,707
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	4,287,186
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	46,463,053
	\$ 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	\$ 68,834,665

- (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 Ten Fiscal Years

Exhibit D - 29

Program:	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Sheriff										
Stations	6	6	6	6	7	7	7	7	7	7
Zone offices	5	5	5	5	4	4	4	4	4	4
Patrol units	252	280	276	303	302	324	323	361	355	358
Transportation (streets and highways)										
Streets (miles)	1,750	1,773	1,782	1,798	1,801	1,893	1,893	1,893	1,892	1,897
Pothole repair **	\$ 691,236	\$ 672,427	\$ 926,828	\$ 964,051	\$ 1,150,950	\$ 1,321,034	\$ 1,257,087	\$ 1,893	\$ 2,822,770	\$ 1,493,531
Flood Control										
Bank protection (miles)	138	138	138	138	139	140	140	140	141	***
Flood plain / drainage way (acres)	10,219	10,313	10,558	10,622	10,840	10,999	11,053	11,966	12,027	13,210
Parks & Recreation										
Urban parks (acres)	2,366	2,411	2,419	2,885	2,932	2,991	2,881	2,881	2,898	3,012
Playgrounds	30	32	34	36	41	41	38	38	39	40
(1) Baseball/softball diamonds	64	67	73	78	84	90	85	85	86	86
Soccer/football fields	12	12	14	14	16	17	17	17	18	18
Community centers	8	9	9	9	9	11	8	8	11	11
Swimming pools	7	8	8	9	9	9	9	9	10	10
Wastewater										
Sanitary sewers (miles)	3,049	3,177	3,249	3,314	3,464	3,492	3,462	3,472	3,476	3,440
Treatment capacity (MGD)	74.76	74.76	81.50	87.45	92.45	90.00	91.50	94.26	97.76	97.06 ****
Libraries										
County	12	12	12	12	25	26	26	26	26	26
(2) City	12	12	12	13						
Open Space Acquisitions										
Properties added	2	7	7	17	18	9	5	9	4	6
Acres	606	10,334	13,942	1,235	3,668	757	14,753	5,390	275	595
Cumulative acreage	7,437	17,771	31,713	32,948	36,616	37,373	52,126	57,516	57,791	58,386
Total properties	18	25	32	49	67	76	81	90	94	100

(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
*** No soil cement bank protection projects in 2012
**** Jan. 3, 2012 Capacity was reduced when the Town of Marana obtained ownership.

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