



2010

Comprehensive Annual Financial Report

Pima County, Arizona

For the Fiscal Year Ended June 30, 2010

**PIMA COUNTY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2010**

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Sharon Bronson Vice Chair District #3		Ann Day District #1
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COUNTY ADMINISTRATOR

C. H. Huckelberry

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Phil Schroeck

PIMA COUNTY, ARIZONA
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2010

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PIMA COUNTY
Comprehensive Annual Financial Report
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INTRODUCTORY SECTION

Letter of Transmittal

Certificate of Achievement for Excellence in Financial Reporting

Organizational Chart

FINANCIAL SECTION

STATISTICAL SECTION

INTRODUCTORY SECTION

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



COUNTY ADMINISTRATOR'S OFFICE

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

C.H. HUCKELBERRY
County Administrator

December 17, 2010

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, 2010. This report presents comprehensive financial and operating information about the County's activities for the fiscal year. The information is useful to its property owners, businesses, and other resource providers. Responsibility for the accuracy, the completeness, and the fairness of the presented data, including all disclosures, rests with the County.

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

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

The CAFR consists of three sections:

- The **INTRODUCTORY** section familiarizes the reader with the organizational structure of the County, the nature and scope of its services, and the specifics of its legal operating environment.
- The **FINANCIAL** section includes the independent auditor's report, MD&A, audited basic financial statements, notes to the statements, and required supplementary information necessary to fairly present the financial position and results of operations of the County in conformity with GAAP. This section also includes supporting statements and schedules necessary to produce a CAFR.
- The **STATISTICAL** section contains comprehensive statistical data on the County's financial, physical, economic, and demographic characteristics.

Pima County and County Services

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

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

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

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

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

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

Blended and discrete component units include:

- *Southwestern Fair Commission* - Activities of the Commission are reported as a discrete component unit of the County in the accompanying financial statements
- *Pima County Sports and Tourism Authority* - Activities of this discrete component unit are reported in the accompanying financial statements
- *Pima County Stadium District, Regional Flood Control District, and Library District.* Activities are reported in special revenue funds as blended component units in the accompanying financial statements

- *Special Districts.* Pima County includes the financial activities of various improvement districts in its financial statements. Improvement districts are established to pay for the construction or maintenance of specific public works projects that benefit citizens of a limited geographical area. The County's currently active improvement districts include La Cholla Boulevard, Hayhook Ranch Road, and Camino Ojo De Agua

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

Economic Outlook

Pima County and other Arizona counties continue to be significantly affected by the financial health of the State of Arizona. In March 2010, the State of Arizona adopted its fiscal year 2010-11 budget that included significant impacts to the County through a combination of cost shifting and revenue reductions. The County anticipated such action and has, over the past several years, initiated ongoing expenditure reductions and hiring restrictions to mitigate the impact of the State's Budget.

The County implemented a 2% budget reduction for fiscal year 2010-11 designed to address any additional reduction in State-shared revenues and any potential increased cost shifting from the State to cities, towns, and counties.

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 the fiscal year 2009-10 are expected to be under the limit of \$506.4 million.

Major Program Initiatives and Developments

Several significant financial activities during the year include debt management and the County's capital improvement program. Additionally, the County continues to receive significant amounts of ARRA funding. Highlights of each of these programs are as follows:

Debt Management

As in prior years, the County's activity of various debt issuances remained highly active during fiscal year 2009-10.

Bond sales consisting of General Obligation and Street and Highway Revenue occurred in December of 2009. A loan with the Water Infrastructure Financing Authority was entered into in October of 2009. Certificates of Participation and Sewer System Revenue Obligations were issued in February and June of 2010, respectively.

Refunding of general obligation bonds resulted in an economic gain of approximately \$.9 million and a reduction in debt service payments of approximately \$1 million for the County. See Note 7 on page 61 for further detail on the defeased debt.

Please refer to the MD&A beginning on page 11 and Note 7 beginning on page 61 for specific details on debt issuances, defeasances and refundings during the year.

Capital Improvement Program

Several ongoing capital projects and open space acquisitions continue to be progress as expected. The significant capital projects were for upgrades to our roadway system, new buildings, and for communication and financial systems. In addition, the County is making a significant upgrade to the sewage treatment and conveyance system.

Significant roadway projects progressing through the year include:

- Interstate I-19 Northbound Frontage Rd from Canoa to Continental at a project cost of \$24 million
- La Cholla Blvd: Ruthrauff to River Rd. project cost of \$20 million
- La Canada Drive from Ina Road to Calle Concordia at a project cost of \$28 million
- Sunrise Drive from Craycroft to Kolb at a total cost of \$20 million.

Significant land acquisitions this year include:

- \$10.8 million purchase of Rocking K Holdings
- \$8.4 million partial purchase of the Sopori Ranch east of Arivaca
- \$3.7 million purchase of Clyne Ranch
- \$3.5 million purchase of Black Wash Watercourse (Ryan Ranch/Snyder Hill)

A Regional Optimization Master Planning (ROMP) effort began in November 2007 to meet environmental regulatory requirements. Since then, the County has been working to implement the plan. During the fiscal year 2009-10, approximately \$40 million was spent on upgrades, modifications and treatment capacity increases at the Ina Road facility, a new wastewater reclamation campus in the vicinity of the present Roger Road Wastewater Treatment site and a plant inter-connect adjoining the two.

Major bond-funded projects still underway include the Psychiatric Hospital with a \$50 million project cost, the Urgent Care facility located at the Kino campus with a project cost of \$18 million and the Regional Public Safety Communications System, project cost \$63 million.

The County has also begun the process of replacing its outdated financial systems to better serve County finance, budget, procurement, human resources, and material management requirements. Project PimaCore is expected to cost approximately \$24.5 million.

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

American Recovery and Reinvestment Act (ARRA)

The County has been awarded various ARRA grants towards health, education, infrastructure, workforce training, public safety, and neighborhood stabilization programs. The most significant award received this fiscal year was approximately \$15.8 million in March for Health, "Communities Putting Prevention to Work." The purpose of the grant is to create healthier communities through broad-based policy, systems, organizational and environmental changes in communities and schools.

To date, the County has been awarded approximately \$73 million in ARRA grants. The County expects to continue to aggressively pursue all grant opportunities.

Financial Information

Accounting System and Budgetary Control

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

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

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

Cash Management

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

Risk Management

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

Other Information

Independent Audit

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

Single Audit

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

As a part of the County's Single Audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs and whether the County has complied with applicable laws and regulations. There were no federal award findings or questioned costs to report in the County's Single Audit for the fiscal year ended June 30, 2009.

The Single Audit for Pima County for the fiscal year ended June 30, 2010, was not complete at the time of publication of this CAFR.

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

Certificate of Achievement

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to Pima County, Arizona, for its CAFR for 23 years from fiscal years ended June 30, 1984 through 2009, 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 2010-2011 budget document. In order to qualify for the Distinguished Budget Presentation Award, the government's budget had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

Acknowledgements

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

Respectfully submitted,

C.H. Huckelberry
County Administrator

Tom Burke
Director, Finance and Risk Management

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Pima County
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

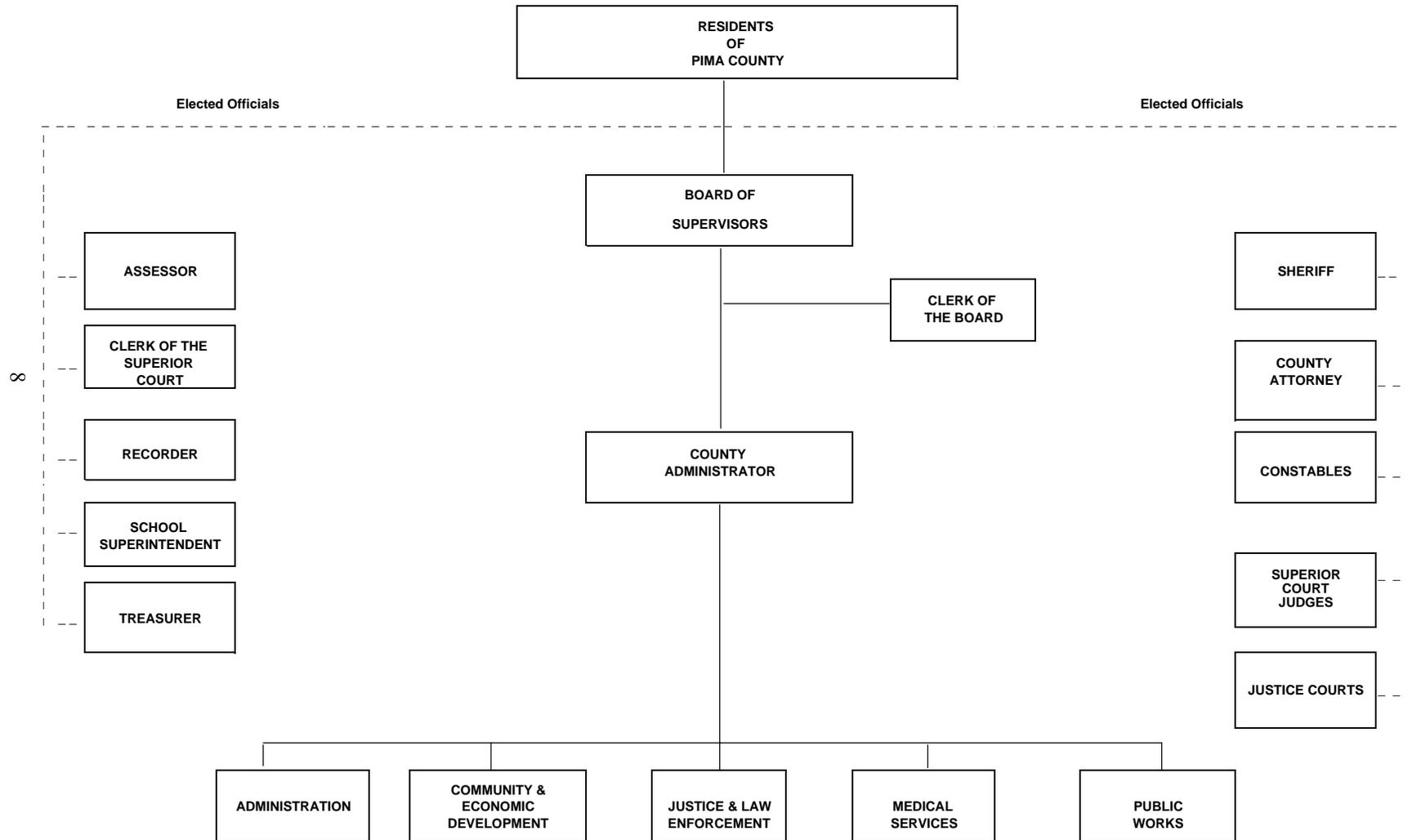
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

PIMA COUNTY ORGANIZATIONAL CHART



PIMA COUNTY
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010

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, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain departments, one major fund, and the component units, which account for the following percentages of the assets, liabilities, revenues, and expenses or expenditures of the opinion units affected:

Opinion Unit/Department	Assets	Liabilities	Revenues	Expenses/ Expenditures
<u>Government-Wide Statements</u>				
Governmental Activities:				
Stadium District	0.13%	0.06%	0.27%	0.61%
School Reserve Fund	0.10%	0.03%	0.49%	0.62%
Self-Insurance Trust	2.39%	4.78%	0.08%	0.26%
Business-Type Activities:				
Regional Wastewater Reclamation Department	95.07%	94.50%	38.26%	34.03%
Development Services	0.36%	0.15%	1.64%	2.44%
Self-Insurance Trust	0.00%	0.00%	0.00%	0.13%
Aggregate Discretely Presented Component Units:				
Southwestern Fair Commission	98.58%	100.00%	97.25%	98.31%
Sports & Tourism Authority	1.42%	0.00%	2.75%	1.69%
<u>Fund Statements</u>				
Major Fund:				
Regional Wastewater Reclamation Department	100.00%	100.00%	100.00%	100.00%
Aggregate Remaining Fund Information:				
Stadium District	0.45%	0.32%	0.82%	1.77%
School Reserve Fund	0.33%	0.18%	1.47%	1.79%
Development Services	0.63%	0.50%	2.16%	3.27%
Self-Insurance Trust	8.25%	26.47%	7.09%	7.06%

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, 2010, 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.

As described in Note 1, the County implemented the provisions of the Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended June 30, 2010, which represents a change in accounting principle.

The Management's Discussion and Analysis on pages 11 through 28, the Budgetary Comparison Schedule on pages 79 through 80, and the Schedule of Agent Retirement Plans' Funding Progress on page 81 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Debbie Davenport
Auditor General

December 17, 2010



Management's Discussion and Analysis

Management's Discussion and Analysis

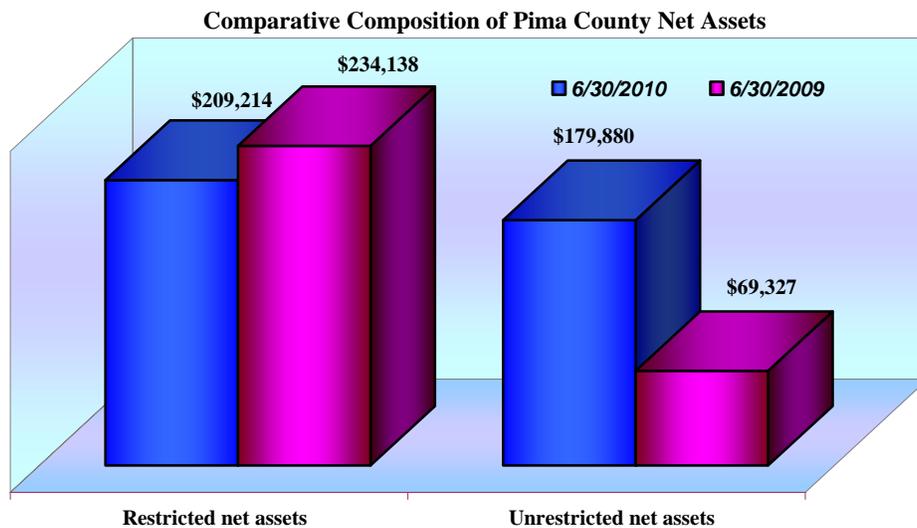
This section of Pima County's comprehensive annual financial report presents a discussion and analysis of the County's financial performance during the year ended June 30, 2010, and should be read in conjunction with the County's basic financial statements in the following sections. All dollar amounts are expressed in thousands (000's) unless otherwise noted.

FINANCIAL HIGHLIGHTS

- At June 30, 2010, the assets of the County exceeded its liabilities (*net* assets) by \$1,988,455, an increase of 9.5% from the prior year. Of this amount, \$179,880 is available for general government expenditures (unrestricted net assets). Unrestricted net assets increased by \$110,553 from last year, or approximately 160%.

\$209,214 is restricted for specific purposes (restricted net assets), and \$1,599,361 is invested in capital assets, net of related debt and accumulated depreciation.

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



- The unrestricted net asset balance of \$179,880 represents approximately 42.2% of the County's General Fund expenditures of \$426,361 and 20.2% of total governmental funds expenditures of \$892,685.
- The General Fund unassigned fund balance is \$73,837, which comprises 90.5% of the General Fund total fund balance of \$81,541.
- General Fund expenditures decreased by \$35,915 as a result of continued cost saving efforts and a \$15,941 ALTCS and AHCCCS refund.
- Construction activity remains significant, with Regional Wastewater Reclamation reporting an increase of \$48,970, or 113.3%, in construction-in-progress and the Capital Projects fund reporting an increase of \$15,972, or 10.9%, in expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

Discretely presented component units are included in the basic financial statements. They consist of legally separate entities for which the County is financially accountable. The County reports the Southwestern Fair Commission, which operates the County Fairgrounds and the annual Pima County Fair, as a discretely presented component unit. The County is also presenting Pima County Sports and Tourism Authority (S&TA) as a discrete component unit. Last year, S&TA financial statements were not included in the CAFR due to highly immaterial amounts reported in their financial statements. 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 29-31.

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

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

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

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

The governmental fund financial statements can be found on pages 32-35. The combining statements for non-major governmental funds can be found on pages 84-87.

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

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

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

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

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

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

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 44-77.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve as a useful indicator of a government's financial position over time. County assets exceeded liabilities by \$1,988,455 at June 30, 2010. The following table shows condensed information for the Schedule of Assets, Liabilities, and Net Assets:

Table 1

Schedule of Assets, Liabilities, and Net Assets At June 30, 2010 and 2009						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$536,514	\$452,751	\$293,569	\$133,963	\$830,083	\$586,714
Capital assets (net):						
Land, buildings, equipment, infrastructure & other assets	1,634,662	1,526,774	808,945	773,117	2,443,607	2,299,891
Total assets	<u>2,171,176</u>	<u>1,979,525</u>	<u>1,102,514</u>	<u>907,080</u>	<u>3,273,690</u>	<u>2,886,605</u>
Current and other liabilities	106,057	86,278	47,342	48,328	153,399	134,606
Long-term liabilities	714,248	682,111	417,588	254,359	1,131,836	936,470
Total liabilities	<u>820,305</u>	<u>768,389</u>	<u>464,930</u>	<u>302,687</u>	<u>1,285,235</u>	<u>1,071,076</u>
Net assets :						
Invested in capital assets, net of related debt	1,048,821	972,346	550,540	539,718	1,599,361	1,512,064
Restricted	152,084	203,940	57,130	30,198	209,214	234,138
Unrestricted	149,966	34,850	29,914	34,477	179,880	69,327
Total net assets	<u>\$1,350,871</u>	<u>\$1,211,136</u>	<u>\$637,584</u>	<u>\$604,393</u>	<u>\$1,988,455</u>	<u>\$1,815,529</u>

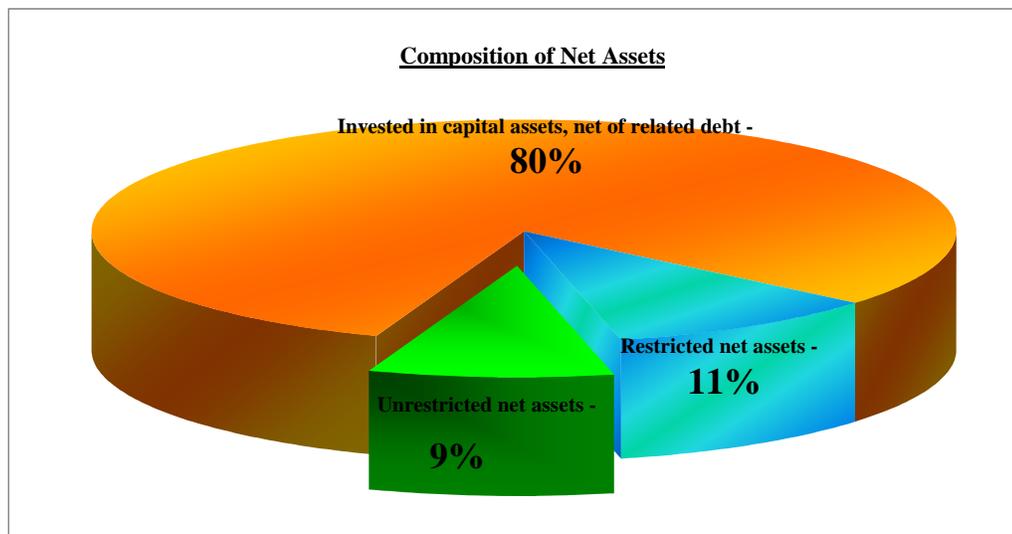
The largest portion of the County's net assets reflects its investment in capital assets (i.e. land, buildings, infrastructure and equipment), less any related outstanding debt used to acquire those assets. As of June 30, 2010, investment in capital assets totaled \$1,599,361, comprising approximately 80.4% of total net assets. The County uses a portion of these capital assets to provide services to its citizens, with the other portion available to its citizens for use; consequently, these assets are *not* available for future spending. The \$87,297 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.

Current and other assets for the primary government increased by \$243,369 primarily as a result of:

- An increase in restricted cash for business-type activities, specifically, \$152,858 of unspent proceeds from the 2010 Sewer Revenue Obligations available for construction at year-end.
- Current and other assets for governmental activities increased by \$83,763. Most of the increase is due to increases in cash and cash equivalents and due from other governments:
 - Cash and cash equivalents increased \$62,358 as a result of multiple factors affecting cash, the most notable of which was increased property tax revenues along with decreased expenses for highways and streets and welfare.
 - Due from other governments increased overall by \$22,654. \$4,573 of the increase is attributable to an ALTCS refund due from the State of Arizona. \$6,180 is due from the Regional Transportation Authority (RTA). Federal grant receivables increased by \$10,070, primarily due to ARRA grants of \$4,828.

Current and other liabilities for the primary government increased by \$18,793, primarily attributable to a \$15,000 payment due to UA Healthcare, Inc. to support healthcare service expansion on the Kino Campus site.

Unrestricted net assets for governmental activities increased significantly by \$115,116. \$40,868 of the increase was due to a reclassification of debt service net assets from restricted to unrestricted. Generally, other factors affecting unrestricted net assets for governmental activities include the increase in general revenues offset by a decrease in expenses.



Restricted net assets represent resources that are subject to external restrictions on how they may be used. As of June 30, 2010, restricted net assets totaled \$209,214 and comprised approximately 10.5% of total net assets. This represents a \$24,924 decrease in restricted net assets from the \$234,138 balance of the prior fiscal year.

The remaining balance of the County's net assets represents unrestricted net assets, which may be used to meet the County's ongoing obligations to citizens and creditors. As of June 30, 2010, unrestricted net assets totaled \$179,880 and comprised approximately 9% of total net assets.

Governmental activities

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

Table 2
Governmental Activities
Schedule of Changes in Net Assets
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>	<u>Variance</u>	
			<u>Amount</u>	<u>Percent</u>
Program revenues:				
Charges for services	\$ 64,247	\$ 59,886	\$ 4,361	7.3%
Operating grants and contributions	142,840	131,361	11,479	8.7%
Capital grants and contributions	65,820	68,535	(2,715)	-4.0%
Total program revenues	<u>272,907</u>	<u>259,782</u>	<u>13,125</u>	<u>5.1%</u>
General revenues:				
Property taxes	416,501	393,255	23,246	5.9%
State-shared taxes	108,970	115,046	(6,076)	-5.3%
Investment earnings	5,266	5,875	(609)	-10.4%
Other general revenues	35,803	42,452	(6,649)	-15.7%
Total general revenues	<u>566,540</u>	<u>556,628</u>	<u>9,912</u>	<u>1.8%</u>
Total revenues	839,447	816,410	23,037	2.8%
Expenses:				
General government	218,504	212,196	6,308	3.0%
Public safety	145,697	149,253	(3,556)	-2.4%
Highways and streets	68,691	79,251	(10,560)	-13.3%
Sanitation	6,669	7,434	(765)	-10.3%
Health	33,086	31,541	1,545	4.9%
Welfare	87,107	115,513	(28,406)	-24.6%
Culture and recreation	61,642	60,520	1,122	1.9%
Education and economic opportunity	52,023	46,770	5,253	11.2%
Amortization	428	(235)	663	-282.1%
Interest on long-term debt	26,403	26,780	(377)	-1.4%
Total expenses	<u>700,250</u>	<u>729,023</u>	<u>(28,773)</u>	<u>-3.9%</u>
Excess before contributions and transfers	139,197	87,387	51,810	59.3%
Transfers in	538	4,005	(3,467)	-86.6%
Change in net assets	<u>139,735</u>	<u>91,392</u>	<u>48,343</u>	<u>52.9%</u>
Ending net assets	<u>\$ 1,350,871</u>	<u>\$ 1,211,136</u>	<u>\$ 139,735</u>	<u>11.5%</u>

Overall, this year's change in net assets increased by \$48,343 from last year, adding another 11.5% to the County's ending net assets. The \$23,037 or 2.8% increase in revenues and \$28,773 or 3.9% decrease in expenses from last year contributed to the \$51,810 increase in excess before contributions and transfers.

Factors affecting the \$23,037 increase in revenues from governmental activities:

- Increase in Operating grants and contributions of \$11,479 is due primarily to receiving \$3,818 for the Proposition 204 Hold Harmless funding during the year. In addition, approximately \$2,934 was received from the University of Arizona for indigent health. Of the \$5,033 received from the

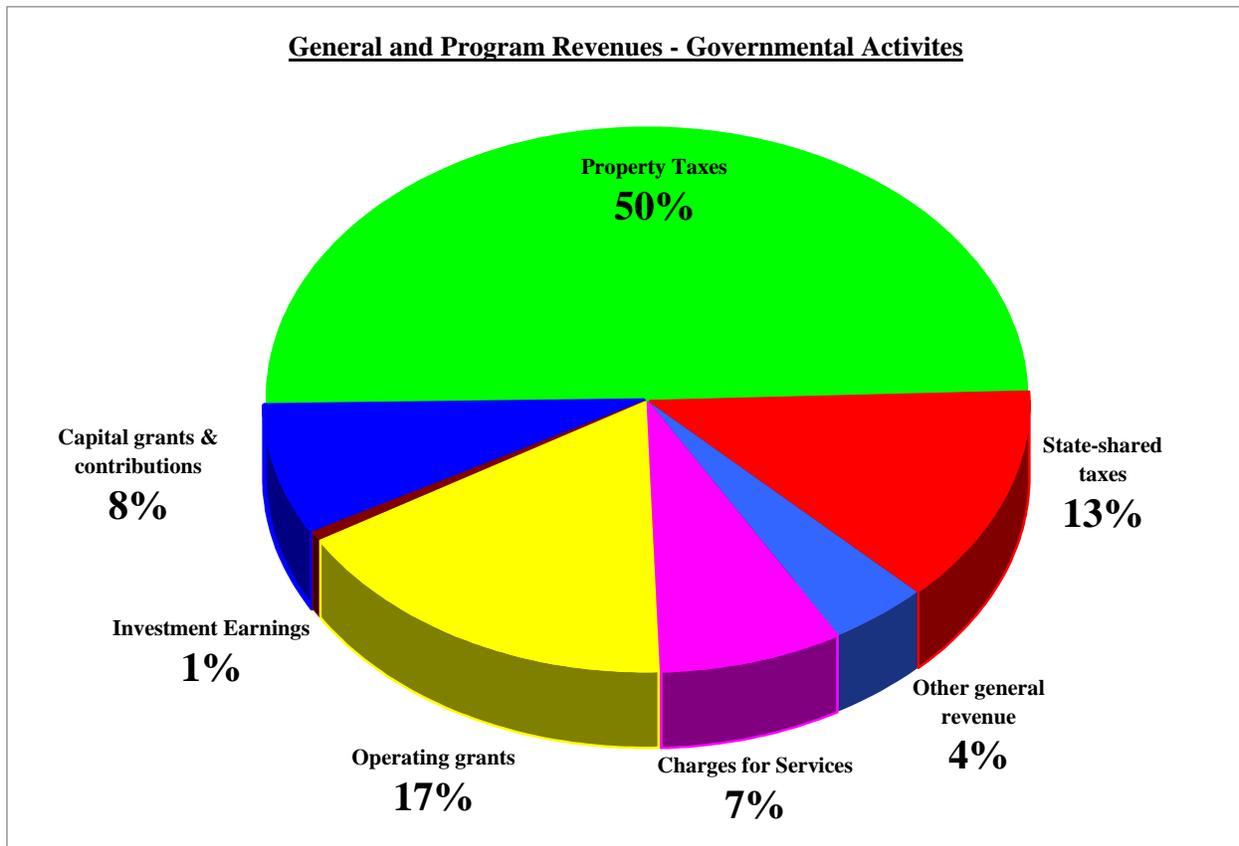
Workforce Innovation in Regional Economic Development (WIRED) grant, \$4,120 was received during the current year. The purpose of the WIRED grant is to stimulate economic transformation.

- Property taxes increased \$23,246 as a result of an increase in property valuations for primary and secondary taxes that was partially offset by a decrease in the primary and secondary tax rates.
- The decrease in Other general revenues is \$6,649. The decrease can be attributed to a \$5,000 one-time only revenue received from the Chicago White Sox baseball team last fiscal year for the release from its contract with the Stadium District.

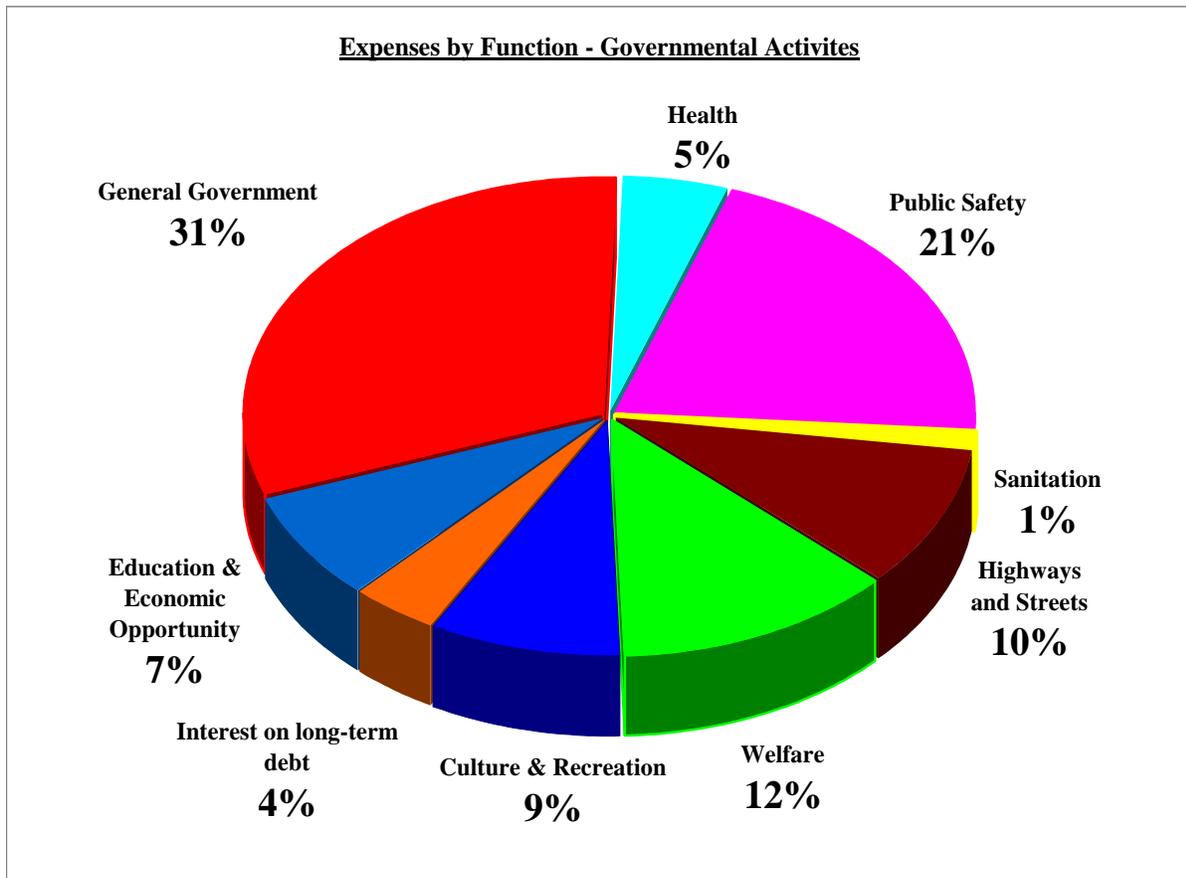
Total expenses of governmental activities were \$700,250, down 3.9% or \$28,773 compared to the previous year's total of \$729,023. Factors contributing to the decrease in expenses:

- The \$10,560 reduction in expenses for Highways and Streets resulted primarily from the county-wide reductions in spending implemented within the fiscal year.
- The \$28,406 decrease in Welfare is related to refunds of approximately \$11,368 received from the Arizona Long-Term Care System (ALTCS) and \$4,573 from the Arizona Health Care Cost Containment System (AHCCCS).

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



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



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

Business-type activities

Business-type activities, which are composed exclusively of enterprise funds, are intended to recover all or a significant portion of their costs through user fees and charges. Change in net assets for business-type activities added \$33,191, or 19.2%, to the County's \$172,926 change in total net assets for the year ended June 30, 2010. The following table shows changes in net assets for business-type activities:

Table 3

Business-type Activities				
Schedule of Changes in Net Assets				
For the Years Ended June 30, 2010 and 2009				
	<u>2010</u>	<u>2009</u>	<u>Variance</u>	
			<u>Amount</u>	<u>Percent</u>
Program revenues:				
Charges for services	\$ 340,936	\$ 328,600	\$ 12,336	3.8%
Operating grants and contributions	4,421	4,626	(205)	-4.4%
Capital grants and contributions	9,319	14,916	(5,597)	-37.5%
Total program revenues	<u>354,676</u>	<u>348,142</u>	<u>6,534</u>	1.9%
General revenues:				
Investment earnings	1,236	2,025	(789)	-39.0%
Other general revenues	2,884	2,394	490	20.5%
Total general revenues	<u>4,120</u>	<u>4,419</u>	<u>(299)</u>	-6.8%
Total revenues	358,796	352,561	6,235	1.8%
Expenses:				
Regional Wastewater Reclamation	110,618	105,139	5,479	5.2%
Pima Health System & Services	204,619	224,959	(20,340)	-9.0%
Development Services	7,924	9,992	(2,068)	-20.7%
Parking Garages	1,906	1,696	210	12.4%
Total expenses	<u>325,067</u>	<u>341,786</u>	<u>(16,719)</u>	-4.9%
Excess before contributions and transfers	33,729	10,775	22,954	213.0%
Transfers in (out)	<u>(538)</u>	<u>(4,005)</u>	<u>3,467</u>	-86.6%
Change in net assets	33,191	6,770	26,421	390.3%
Beginning net assets	<u>604,393</u>	<u>597,623</u>	<u>6,770</u>	1.1%
Ending net assets	<u>\$ 637,584</u>	<u>\$ 604,393</u>	<u>\$ 33,191</u>	5.5%

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

- The \$12,336 increase in charges for services is mainly attributable to two 12.75% increases in the Regional Wastewater Reclamation (RWR) user fee volume rate on July 1, 2009 and January 1, 2010, and an 18% increase in the monthly standard service fee.
- \$3,964 of the increased \$5,479 expenses from last year for Regional Wastewater Reclamation is due to increased depreciation expense from significant amounts of equipment capitalized at the end of last fiscal year.
- Expenses for Pima Health System & Services decreased by \$20,340 mainly due to a \$16,054 decrease for medical claims.

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. The County early implemented GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (see Note 1, Summary of Significant Accounting Policies). As such, a comparative discussion of fund balance classifications between this year and last year, given the different basis of reporting, would not be meaningful.

Governmental funds

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

Major Governmental Funds

General Fund

The General Fund is the chief operating fund of the County. At June 30, 2010, total fund balance of the General Fund was \$81,541.

The net change in fund balance for the General Fund was \$41,375. Revenues increased by \$24,844 and reflects the increase of \$22,692 for property taxes due to higher assessed property valuations that were partially offset by lower tax rates. A decrease in expenditures of \$35,915 was reported within the General Fund for the fiscal year as a result of a decrease in AHCCCS contributions and cost cutting measures implemented.

The excess of revenues over expenditures was \$63,178, which is further decreased by net operating transfers out of \$22,007.

Budget to Actual Comparison for the General Fund

Overall, actual revenues were more than budgeted revenues by \$5,949 and actual expenditures were less than budgeted expenditures by \$68,405. No variances between the budget to actual amounts were significant enough to affect the County's ability to provide future services.

Capital Projects Fund

The net change in fund balance for the Capital Projects Fund was a decrease of \$703. Revenues increased by \$6,318, offset by increased expenditures in capital outlay of \$15,972. The increase in capital outlay was largely due to increased expenditures for the Regional Public Safety Communications Systems and the County's financial enterprise system.

The fund reported a \$125,219 deficiency of revenues under expenditures that was offset by \$125,000 proceeds from the issuance of bonds, resulting in a net change in the fund balance of \$703 for the Capital Projects Fund.

Debt Service Fund

The fund accounts for the accumulation of resources for and the payment of principal and interest of the general long-term debt. At June 30, 2010, the net change in fund balance was \$7,026. Last year, there was a change in funding dates which provided the debt service fund with a significant amount of cash on June 30th. The County returned to a June 30th funding date in fiscal year 2009-10.

Revenue increased by \$12,153 mainly from the tax levy and growth in property valuations. Expenditures, mainly as a result of decreased principal payments, decreased \$12,999 from last fiscal year.

Overview of all governmental funds

At June 30, 2010, the County's governmental funds reported combined fund balances of \$346,270, an increase of \$54,023 from the prior year. Approximately 19.6% of the combined fund balances, or \$67,817, 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, 2010 and 2009						
	2010		2009		Variance	
	Amount	Percent	Amount	Percent	Amount	Percent
Taxes	\$ 423,443	51.6%	\$ 396,241	50.4%	\$ 27,202	6.9%
Special assessments	536	0.1%	441	0.1%	95	21.5%
Licenses and permits	7,791	1.0%	6,989	0.9%	802	11.5%
Intergovernmental	296,004	36.2%	292,236	37.2%	3,768	1.3%
Charges for services	60,376	7.4%	55,346	7.0%	5,030	9.1%
Fines and forfeits	8,443	1.0%	6,283	0.8%	2,160	34.4%
Interest	4,612	0.6%	5,335	0.7%	(723)	-13.6%
Miscellaneous	17,442	2.1%	22,414	2.9%	(4,972)	-22.2%
Total revenues	<u>\$ 818,647</u>	<u>100.0%</u>	<u>\$ 785,285</u>	<u>100.0%</u>	<u>\$ 33,362</u>	<u>4.2%</u>

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

- Taxes - Increased property tax revenue resulted from higher property valuations that were partially offset by a decrease in the primary tax rate.
- The increase in charges for services results from the General Fund, primarily due to increases from indirect cost recovery of \$3 million and from photo traffic enforcement of approximately \$1.1 million.
- The most significant item affecting the decrease in miscellaneous is from rents and royalties, which decreased approximately \$2,169.

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, 2010 and 2009						
Government Function	2010		2009		Variance	
	Amount	Percent	Amount	Percent	Amount	Percent
General government	\$ 221,144	24.8%	\$ 222,309	24.0%	\$ (1,165)	-0.5%
Public safety	136,744	15.3%	144,617	15.6%	(7,873)	-5.4%
Highways and streets	34,274	3.8%	38,132	4.1%	(3,858)	-10.1%
Sanitation	5,637	0.6%	6,666	0.7%	(1,029)	-15.4%
Health	32,737	3.7%	31,626	3.4%	1,111	3.5%
Welfare	87,089	9.8%	115,481	12.5%	(28,392)	-24.6%
Culture and recreation	50,198	5.6%	51,657	5.6%	(1,459)	-2.8%
Education and economic opportunity	48,402	5.4%	42,299	4.6%	6,103	14.4%
Capital outlay	162,306	18.2%	146,334	15.8%	15,972	10.9%
<u>Debt service:</u>						
- Principal	87,307	9.8%	100,384	10.8%	(13,077)	-13.0%
- Interest	26,414	3.0%	26,849	2.9%	(435)	-1.6%
- Miscellaneous	433	0.0%	24	0.0%	409	1704.2%
Total expenditures	<u>\$ 892,685</u>	<u>100.0%</u>	<u>\$ 926,378</u>	<u>100.0%</u>	<u>\$ (33,693)</u>	<u>-3.6%</u>

Total expenditures in governmental funds decreased during fiscal year 2009-10 by \$33,693 due primarily from the net decrease in AHCCCS mandatory contributions discussed previously.

Proprietary funds

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

The internal service funds consist of the Self-Insurance Trust Fund and multiple smaller funds consisting of Fleet Services, Print Shop, and Wireless/Telecom. The change in net assets for all Internal Service Funds was \$4,679, a decrease of \$406 from the prior year.

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

Table 6

Enterprise Funds				
Schedule of Revenues, Expenses and Changes in Net Assets				
For the Years Ended June 30, 2010 and 2009				
	<u>2010</u>	<u>2009</u>	<u>Variance</u>	
			<u>Amount</u>	<u>Percent</u>
Operating revenues:				
Net patient services	\$ 203,067	\$ 213,986	\$ (10,919)	-5.1%
Charges for services	120,149	96,310	23,839	24.8%
Other	2,882	2,414	468	19.4%
Total net operating revenues	<u>326,098</u>	<u>312,710</u>	<u>13,388</u>	<u>4.3%</u>
Operating expenses:				
Employee compensation	67,724	72,681	(4,957)	-6.8%
Medical claims	161,230	177,284	(16,054)	-9.1%
Operating supplies & services	8,791	9,534	(743)	-7.8%
Utilities	5,765	7,347	(1,582)	-21.5%
Sludge and refuse disposal	1,502	1,485	17	1.1%
Repair and maintenance	6,760	5,989	771	12.9%
General and administrative	19,432	20,500	(1,068)	-5.2%
Consultants and professional services	7,568	8,668	(1,100)	-12.7%
Depreciation and amortization	31,543	27,689	3,854	13.9%
Total operating expenses	<u>310,315</u>	<u>331,177</u>	<u>(20,862)</u>	<u>-6.3%</u>
Operating gain (loss)	<u>15,783</u>	<u>(18,467)</u>	<u>34,250</u>	<u>-185.5%</u>
Nonoperating revenues (expenses):				
Intergovernmental revenue	6,412	4,626	1,786	38.6%
Investment earnings	1,257	2,039	(782)	-38.4%
Sewer connection fees	17,705	18,284	(579)	-3.2%
Interest expense	(8,738)	(6,060)	(2,678)	44.2%
Loss on disposal of capital assets	(2,259)	(341)	(1,918)	562.5%
Amortization of deferred charges	(263)	(227)	(36)	15.9%
Premium tax	(4,117)	(4,403)	286	-6.5%
Total nonoperating revenues	<u>9,997</u>	<u>13,918</u>	<u>(3,921)</u>	<u>-28.2%</u>
Income (loss) before contributions and transfers	25,780	(4,549)	30,329	-666.7%
Capital contributions	7,319	14,916	(7,597)	-50.9%
Transfers in	26,001	25,570	431	1.7%
Transfers (out)	(26,539)	(29,575)	3,036	-10.3%
Change in net assets	<u>\$ 32,561</u>	<u>\$ 6,362</u>	<u>\$ 26,199</u>	<u>411.8%</u>

The increase in revenues, in addition to a decrease in expenses, contributed to the change from an operating loss last year to an operating gain for all enterprise funds this year. RWR contributed approximately two-thirds, or \$10,435, to the \$15,783 in operating gain for all enterprise funds.

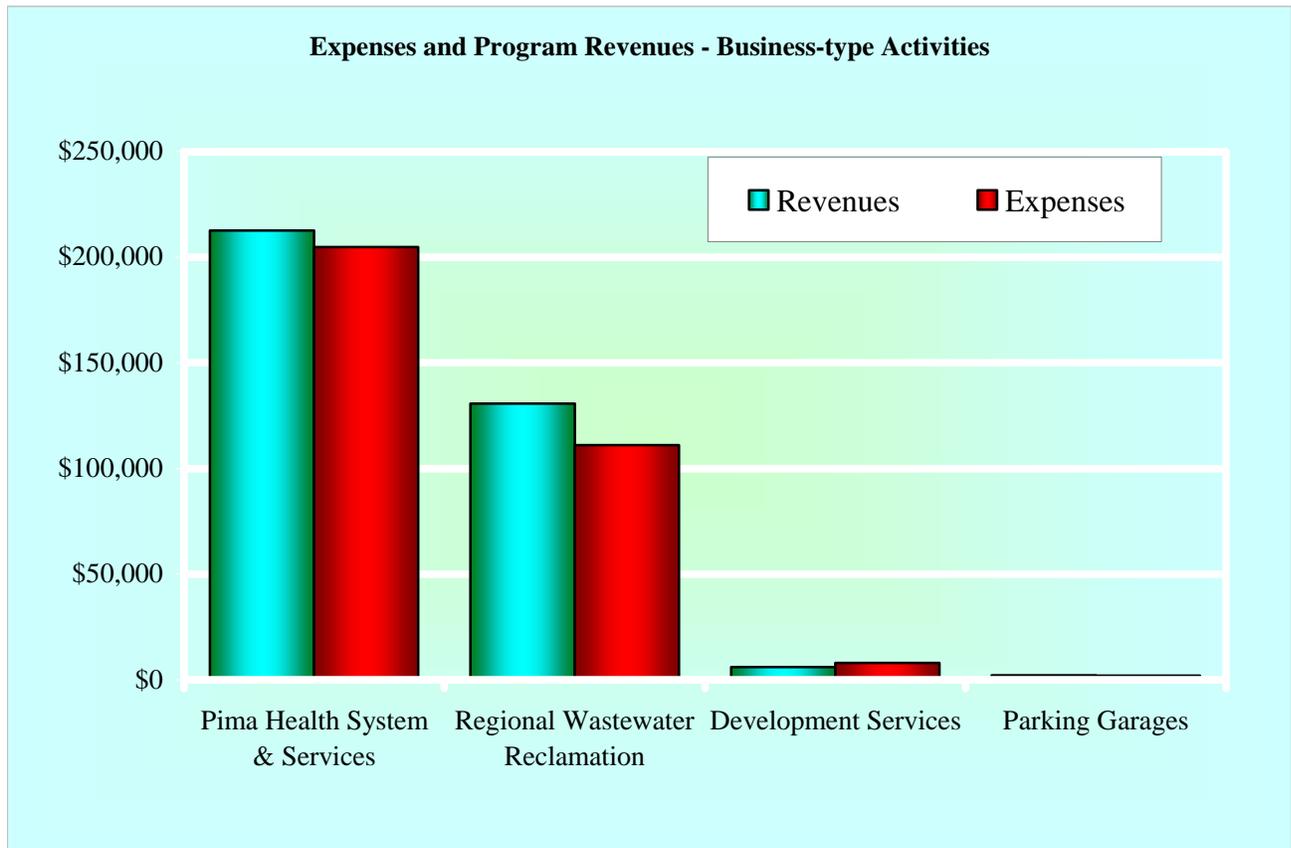
RWR's charges for services increased mainly as a result of increased user fee volume rates and the monthly standard service fee. Its utilities expense decreased as a result of lower natural gas charges.

At Pima Health System & Services, total operating expenses decreased by approximately \$19,719 mainly due to a decrease in medical claims resulting from the loss of the Ambulatory contract with AHCCCS.

Nonoperating revenues contributing to an increased income before contributions and transfers include \$2,000 received from the stimulus funds (American Recovery and Reinvestment Act) passed through the Water Infrastructure Financing Authority (WIFA) for RWR.

Of the decrease in capital contributions, approximately \$7,000 is due to the continued lack of construction activities.

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



Capital Assets and Debt Administration

Capital Assets

The County's total investment in capital assets as of June 30, 2010 amounted to \$2,443,607 (net of accumulated depreciation), an increase of 6.3% (or \$143,716). Of this amount, \$107,888 (75.1%) came from governmental activities and \$35,828 (24.9%) 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, 2010 and 2009						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 433,098	\$ 384,368	\$ 15,178	\$ 13,595	\$ 448,276	\$ 397,963
Construction in progress	176,749	103,106	92,178	43,208	268,927	146,314
Buildings and improvements	381,800	380,798	217,321	228,198	599,121	608,996
Infrastructure	600,634	614,951	398,495	399,094	999,129	1,014,045
Equipment	42,381	43,551	85,773	89,022	128,154	132,573
Total	\$ 1,634,662	\$ 1,526,774	\$ 808,945	\$ 773,117	\$ 2,443,607	\$ 2,299,891

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

Governmental activities

- Land acquisitions increased \$48,730, or 12.7%. Open space purchases include \$10,843 for Rocking K Holdings, \$3,732 Clyne Ranch, and \$8,386 for a partial purchase of Sopori Ranch east of Arivaca. \$3,486 was spent on the Black Wash Watercourse (Ryan Ranch/Snyder Hill). In addition, \$2,430 in land parcels were donated to the County. \$9,343 also were donated towards roadway projects.
- Construction in progress increased \$73,643 or 71.4% compared to last fiscal year. Current cost of major projects still in progress include
 - \$12,146 for the new Psychiatric Hospital
 - \$4,589 for Justice Court/Municipal Court building complex
 - \$5,895 for the Regional Public Safety Communications System
 - \$5,082 for upgrading the County's financial enterprise system
 - \$6,812 La Cholla Blvd I-10 River Road Project
 - \$12,006 I-19 NB Frontage Rd Canoa to Continental
 - \$5,553 for Sunrise Dr (Craycroft to Kolb)
 - \$5,834 La Canada Dr (Ina to Calle Concordia)
- Buildings and improvements activities increased by \$1,002 mainly due to the completion of the Pima County Animal Care Center.

Business-type activities

- Construction in progress increased approximately \$48,970, or 113.3%, mainly due to Regional Optimization Master Planning (ROMP) activities.

The County's infrastructure assets are recorded at historical cost and estimated historical cost in the government-wide financial statements. Additional information regarding the County's capital assets can be found in Note 5 of the financial statements on page 57-58.

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, 2010 and 2009		
	2010	2009
Bonds issued (at face value):		
General Obligation	\$113,535	\$75,000
Street and Highway Revenue	23,420	
Sewer Revenue		18,940
Sewer System Revenue Obligations	165,000	
Certificate of Participation (COPs)	20,000	34,400
Water Infrastructure Financing Authority Loan Payable	10,002 *	
Total	\$ 331,957	\$ 128,340

*\$2,000 of the \$10,002 loan was the amount received from the American Recovery and Reinvestment Act grant passed through WIFA.

\$113,535 General Obligation Bonds and \$23,420 Street and Highway Revenue Bonds were issued during the fiscal year. \$165,000 Sewer System Revenue Obligations and \$20,000 Certificates of Participation were also issued during the fiscal year. General Obligations bonds were issued to finance projects for new facilities, open space acquisitions and for emergency communication systems, while proceeds from Street and Highway Revenue bonds were used for various roadway projects.

Monies from the Sewer System Revenue Obligations will 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. The Certificates of Participation Series issued will finance the replacement computer enterprise system. The new enterprise system will serve the County with finance, budget, procurement, human resources, and material management systems.

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

Table 9

Credit Ratings						
	Moody's Investors Service		Standard & Poor's		Fitch Ratings	
	Rating	Date	Rating	Date	Rating	Date
Certificate of Participation (COPs)	Aa3	May-2010	A+	Oct-2009	AA-	May-2010
General Obligation	Aa2	May-2010	AA-	Oct-2009	AA	May-2010
Street and Highway Revenue	Aa3	May-2010	AA	Oct-2009	AA	May-2010
Sewer Revenue Obligations	n/a	May-2010	A	May-2010	AA-	May-2010

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 \$1,479,147, 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 61-69.

Economic Factors and Next Year's Budget

As the national and state and local economies remain in recession, the County has recognized several issues and has reacted and planned accordingly within Adopted Budget for fiscal year 2010-11. Some of the notable topics include:

Property taxes

The Primary Net Assessed Value of the County for fiscal year 2010-11 decreased \$46 million or .51% from fiscal year 2009-10. The market value of existing property decreased by more than 2%, but was partially offset by an increase of 1.7% as a result of new construction added to the tax base. The contraction of the property tax base is expected to continue until fiscal year 2014-15.

State shared revenues

State shared funding sources in the areas of sales tax, vehicle license tax, and highway user revenues have decreased more than \$36.7 million from their peak in fiscal year 2006-07. The state also terminated the County Assistance lottery funding of \$250 thousand and the vehicle license tax which experienced an 11% decrease is projected to remain flat in fiscal year 2010-11.

Health insurance costs

As the cost of health insurance continues to escalate, Pima County has been proactive in attempting to manage its' health insurance premium cost paid per employee. Cost increases associated with County employee health insurance have escalated at near record amounts in the last two years. While the amount of the increase is capped by contract with United Healthcare, the County's insurance provider, these rate caps still represent significant premium increases. The health insurance plan options being developed for fiscal year 2010-11 will still require an additional contribution of \$2.7 million from the County.

University Physician Healthcare Hospital

In 2004, the Board of Supervisors approved a lease with University Physicians Healthcare (UPH) for the operation of a hospital in place of the formerly County owned and operated Kino Community Hospital. Under the terms of the lease, the County would make payments to UPH totaling \$127 million over 10 years. The scheduled payment for fiscal year 2010-11 is \$6.5 million; however, to address an operating deficit at the hospital, the County Administrator recommended that an additional \$13.4 million be appropriated to the Budget Stabilization Fund to be used as needed. Any use of these funds will be subject to review and approval by the Board of Supervisors.

American Recovery and Reinvestment Act (ARRA)

Since signing of the American Recovery and Reinvestment Act on February 17, 2009, the County has been awarded approximately \$73,016 in ARRA grants. Significant grants awarded to the County include approximately \$15,750 towards health, \$8,640 million towards transportation, \$5,970 towards workforce training, \$4,470 for criminal justice and public safety, and \$3,370 for emergency food and shelter/community services. Several County departments are still awaiting a final decision on outstanding ARRA grant requests.

Request for Information

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



Basic Financial Statements

PIMA COUNTY, ARIZONA
Statement of Net Assets
June 30, 2010
(in thousands)

Exhibit A - 1

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 437,837	\$ 52,868	\$ 490,705	\$ 728
Property taxes receivable (net)	16,188		16,188	
Interest receivable	830	105	935	
Internal balances	12	(12)		
Due from other governments	67,476	885	68,361	
Accounts receivable (net)	3,060	20,677	23,737	45
Inventories	1,941	3,784	5,725	24
Prepays	3,961	442	4,403	
Special assessments receivable	537		537	
Other assets	2,840	4,936	7,776	4
Restricted assets:				
Cash and cash equivalents	579	209,884	210,463	1,800
Loans receivable	1,253		1,253	
Capital assets not being depreciated:				
Land	433,098	15,178	448,276	
Construction in progress	176,749	92,178	268,927	
Capital assets being depreciated (net):				
Buildings and improvements	381,800	217,321	599,121	1,793
Sewage conveyance system		398,495	398,495	
Equipment	42,381	85,773	128,154	678
Infrastructure	600,634		600,634	
Total assets	2,171,176	1,102,514	3,273,690	5,072
Liabilities				
Accounts payable	52,298	14,768	67,066	247
Accrued medical and healthcare claims		20,173	20,173	
Interest payable	6	1,456	1,462	
Contract retentions	3,014		3,014	
Employee compensation	42,843	6,931	49,774	
Due to other governments	625	2,394	3,019	
Deposits and rebates	683		683	21
Deferred revenues	6,588	1,620	8,208	
Noncurrent liabilities:				
Due within one year	84,584	16,477	101,061	21
Due in more than one year	629,664	401,111	1,030,775	9
Total liabilities	820,305	464,930	1,285,235	298
Net Assets				
Invested in capital assets, net of related debt	1,048,821	550,540	1,599,361	2,471
Restricted for:				
Facilities, justice, library, tax stabilization and community development	64,991		64,991	
Highways and streets	25,749		25,749	
Debt service		13,454	13,454	
Capital projects	57,939	11,623	69,562	
Regional wastewater		16,110	16,110	
Healthcare	3,405	15,943	19,348	
Unrestricted	149,966	29,914	179,880	2,303
Total net assets	\$ 1,350,871	\$ 637,584	\$ 1,988,455	\$ 4,774

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Activities
For the Year Ended June 30, 2010
(in thousands)

Functions/Programs	Program Revenues			
Primary government:	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 218,504	\$ 31,050	\$ 33,682	\$ 601
Public safety	145,697	10,218	8,843	1,442
Highways and streets	68,691	5,317	53,193	57,899
Sanitation	6,669	3,378	1,043	
Health	33,086	11,003	10,930	
Welfare	87,107		2,934	
Culture and recreation	61,642	2,532	751	4,053
Education and economic opportunity	52,023	749	31,464	1,825
Amortization - unallocated	428			
Interest on long-term debt	26,403			
Total governmental activities	700,250	64,247	142,840	65,820
Business-type activities:				
Regional Wastewater Reclamation	110,618	127,889	54	9,319
Pima Health System & Services	204,619	205,176	4,358	
Development Services	7,924	5,886	9	
Parking Garages	1,906	1,985		
Total business-type activities	325,067	340,936	4,421	9,319
Total primary government	\$ 1,025,317	\$ 405,183	\$ 147,261	\$ 75,139
Component units:				
Sports & Tourism Authority	\$ 87		\$ 5	
Southwestern Fair Commission	5,067	\$ 5,371	120	
Total component units	\$ 5,154	\$ 5,371	\$ 125	
General revenues:				
Property taxes, levied for general purposes				
Property taxes, levied for regional flood control district				
Property taxes, levied for library district				
Property taxes, levied for debt service				
Hotel/motel taxes, levied for sports facility and tourism				
Other taxes, levied for stadium district				
Unrestricted share of state sales tax				
Unrestricted share of state vehicle license tax				
Grants and contributions not restricted to specific programs				
Interest and penalties on delinquent taxes				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets at beginning of year				
Net assets at end of year				

See accompanying notes to financial statements

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

Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (153,171)		\$ (153,171)	
(125,194)		(125,194)	
47,718		47,718	
(2,248)		(2,248)	
(11,153)		(11,153)	
(84,173)		(84,173)	
(54,306)		(54,306)	
(17,985)		(17,985)	
(428)		(428)	
(26,403)		(26,403)	
(427,343)		(427,343)	
	\$ 26,644	26,644	
	4,915	4,915	
	(2,029)	(2,029)	
	79	79	
	29,609	29,609	
(427,343)	29,609	(397,734)	
			\$ (82)
			424
			\$ 342
297,562		297,562	
23,374		23,374	
25,968		25,968	
69,597		69,597	
5,688		5,688	
1,515		1,515	
84,767		84,767	
24,203		24,203	
4,081		4,081	
7,940		7,940	
5,266	1,236	6,502	
16,579	2,884	19,463	286
538	(538)		
567,078	3,582	570,660	286
139,735	33,191	172,926	628
1,211,136	604,393	1,815,529	4,146
\$ 1,350,871	\$ 637,584	\$ 1,988,455	\$ 4,774

Functions/Programs

Primary government:

Governmental activities:

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

Total governmental activities

Business-type activities:

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

Total business-type activities

Total primary government

Component units:

- Sports & Tourism Authority
- Southwestern Fair Commission

Total component units

General revenues:

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

Transfers

- Total general revenues and transfers
- Change in net assets

- Net assets at beginning of year
- Net assets at end of year

PIMA COUNTY, ARIZONA
Balance Sheet - Governmental Funds
June 30, 2010
(in thousands)

Exhibit A - 3

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and cash equivalents	\$ 89,785	\$ 139,181	\$ 40,314	\$ 95,894	\$ 365,174
Property taxes receivable (net)	11,342		2,802	2,044	16,188
Interest receivable	396	72	150	131	749
Due from other funds	3,289	519		2,059	5,867
Due from other governments	25,490	17,536	9	24,328	67,363
Accounts receivable	1,419	30		1,596	3,045
Inventory				1,557	1,557
Prepaid expenditures	2,949	18		296	3,263
Special assessments receivable				537	537
Loan receivable	1,140			113	1,253
Other assets				952	952
Restricted cash equivalents		534		45	579
Total assets	<u>\$ 135,810</u>	<u>\$ 157,890</u>	<u>\$ 43,275</u>	<u>\$ 129,552</u>	<u>\$ 466,527</u>
<u>Liabilities and fund balances</u>					
Liabilities:					
Accounts payable	\$ 24,256	\$ 15,826	\$ 1	\$ 10,559	\$ 50,642
Interest payable	2	3		1	6
Contract retentions		3,014			3,014
Employee compensation	9,717	24		3,905	13,646
Due to other funds	1,796	382		2,945	5,123
Due to other governments				625	625
Deposits and rebates	149	534			683
Deferred revenues	18,349	11,947	2,406	13,816	46,518
Total liabilities	<u>54,269</u>	<u>31,730</u>	<u>2,407</u>	<u>31,851</u>	<u>120,257</u>
Fund balances:					
Nonspendable	4,089	18		2,011	6,118
Restricted	522	124,830		82,957	208,309
Committed		1,487		15,305	16,792
Assigned	3,093	52	40,868	3,221	47,234
Unassigned	73,837	(227)		(5,793)	67,817
Total fund balances	<u>81,541</u>	<u>126,160</u>	<u>40,868</u>	<u>97,701</u>	<u>346,270</u>
Total liabilities and fund balances	<u>\$ 135,810</u>	<u>\$ 157,890</u>	<u>\$ 43,275</u>	<u>\$ 129,552</u>	<u>\$ 466,527</u>

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2010
(in thousands)

Exhibit A - 4

Fund balances - total governmental funds	\$	346,270
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds</p>		
Governmental capital assets	\$ 2,359,016	
Less accumulated depreciation	<u>(742,505)</u>	1,616,511
<p>Some liabilities and their associated issuance costs are not due and payable in the current period and therefore are not reported in the governmental funds</p>		
Bonds payable	(562,487)	
Certificates of participation payable	(72,638)	
Loans and leases payable	(19,386)	
Unamortized deferred issuance costs reported as other assets	<u>1,888</u>	(652,623)
<p>Some compensated absences are not due and payable shortly after June 30, 2010, and therefore are not reported in the governmental funds</p>		
Employee compensation		(28,487)
<p>Some liabilities are not due and payable shortly after June 30, 2010, and therefore are not reported in the governmental funds</p>		
Landfill liability	(19,624)	
Pollution remediation liability	<u>(1,735)</u>	(21,359)
<p>Deferred revenue in governmental funds is susceptible to full accrual on the government-wide statements</p>		
		39,930
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets</p>		
		50,629
Net assets of governmental activities	<u>\$</u>	<u>1,350,871</u>

PIMA COUNTY, ARIZONA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010
(in thousands)

Exhibit A - 5

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 304,441		\$ 69,325	\$ 49,677	\$ 423,443
Special assessments				536	536
Licenses and permits	2,738			5,053	7,791
Intergovernmental	128,927	\$ 31,106	78	135,893	296,004
Charges for services	40,356	4,380		15,640	60,376
Fines and forfeits	7,011			1,432	8,443
Investment earnings	1,198	1,170	936	1,308	4,612
Miscellaneous	4,868	431		12,143	17,442
Total revenues	489,539	37,087	70,339	221,682	818,647
Expenditures:					
Current:					
General government	184,606			36,538	221,144
Public safety	117,378			19,366	136,744
Highways and streets				34,274	34,274
Sanitation				5,637	5,637
Health	2,702			30,035	32,737
Welfare	87,089				87,089
Culture and recreation	14,671			35,527	50,198
Education and economic opportunity	13,996			34,406	48,402
Capital outlay		162,306			162,306
Debt service - principal	3,635		83,565	107	87,307
- interest	2,281		24,097	36	26,414
- miscellaneous	3		430		433
Total expenditures	426,361	162,306	108,092	195,926	892,685
Excess (deficiency) of revenues over (under) expenditures	63,178	(125,219)	(37,753)	25,756	(74,038)
Other financing sources (uses):					
Premium on bonds			1,909		1,909
Proceeds from refunding debt			31,955		31,955
Payments to escrow agent			(32,361)		(32,361)
Face amount of long-term debt		125,000			125,000
Proceeds from sale of capital assets	204	815		99	1,118
Transfers in	8,439	23,147	43,276	23,938	98,800
Transfers (out)	(30,446)	(24,446)		(43,463)	(98,355)
Total other financing sources	(21,803)	124,516	44,779	(19,426)	128,066
Net change in fund balances	41,375	(703)	7,026	6,330	54,028
Fund balances at beginning of year	40,166	126,863	33,842	91,376	292,247
Change in reserve for inventory				4	4
Change in reserve for prepaids				(9)	(9)
Fund balances at end of year	\$ 81,541	\$ 126,160	\$ 40,868	\$ 97,701	\$ 346,270

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, 2010
(in thousands)

Net change in fund balances - total governmental funds \$ 54,028

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	\$ 146,492	
Less current year depreciation	<u>(55,710)</u>	90,782

Transfers of capital assets between governmental activities and proprietary funds or internal service funds are not reported in the governmental funds but are recognized in the statement of activities 293

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

Face amount of long-term debt	(125,000)	
Premium on bonds	(1,909)	
Proceeds on refunding bonds	(31,955)	
Debt service - principal payments	87,307	
Payments to escrow agent	32,361	
Deferred issuance costs	412	
Amortization expense	<u>(428)</u>	(39,212)

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	22,789	
Property tax revenues	998	
Other	<u>11,689</u>	35,476

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	(549)	
Change in landfill liability	(295)	
Pollution remediation liability	(268)	
Net book value of capital asset disposals	(4,564)	
Change in reservation of fund balances	<u>(5)</u>	(5,681)

Internal service funds are used by management to charge the costs of certain activities to individual funds. A portion of the net expense of the internal service funds is reported with governmental activities 4,049

Change in net assets of governmental activities \$ 139,735

PIMA COUNTY, ARIZONA
Statement of Net Assets - Proprietary Funds
June 30, 2010
(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	\$ 35,325	\$ 11,261	\$ 6,282	\$ 52,868	\$ 72,663
Restricted cash and cash equivalents		181,910		181,910	
Interest receivable	41	59	5	105	81
Due from other funds	10	2	26	38	287
Due from other governments	862		23	885	113
Accounts receivable (net)	4,152	16,187	338	20,677	15
Inventory	81	3,703		3,784	384
Prepaid expense	237	151	54	442	698
Total current assets	<u>40,708</u>	<u>213,273</u>	<u>6,728</u>	<u>260,709</u>	<u>74,241</u>
Noncurrent assets:					
Restricted cash and cash equivalents		27,974		27,974	
Capital assets:					
Land and other improvements		13,410	1,768	15,178	592
Buildings and improvements	901	354,253	12,927	368,081	614
Sewage conveyance system		632,633		632,633	
Equipment	1,422	103,429	1,326	106,177	33,695
Less accumulated depreciation	(1,605)	(393,951)	(9,746)	(405,302)	(16,924)
Construction in progress		92,178		92,178	174
Total capital assets (net of accumulated depreciation)	<u>718</u>	<u>801,952</u>	<u>6,275</u>	<u>808,945</u>	<u>18,151</u>
Deferred financing costs		4,936		4,936	
Total noncurrent assets	<u>718</u>	<u>834,862</u>	<u>6,275</u>	<u>841,855</u>	<u>18,151</u>
Total assets	<u>41,426</u>	<u>1,048,135</u>	<u>13,003</u>	<u>1,102,564</u>	<u>92,392</u>
<u>Liabilities</u>					
Current liabilities:					
Accounts payable	414	14,063	291	14,768	1,656
Accrued medical and health care claims	20,173			20,173	
Employee compensation	2,271	3,951	709	6,931	710
Interest payable	2	1,454		1,456	
Due to other funds	843	111	32	986	83
Due to other governments	1,566	708	120	2,394	
Deferred revenues	11	1,609		1,620	-
Current portion of sewer revenue bonds		8,425		8,425	
Current portion of wastewater loans payable		8,052		8,052	
Current portion reported but unpaid losses					3,906
Current portion incurred but not reported losses					2,923
Total current liabilities	<u>25,280</u>	<u>38,373</u>	<u>1,152</u>	<u>64,805</u>	<u>9,278</u>
Noncurrent liabilities:					
Contracts and notes		6,305		6,305	
Sewer revenue bonds and obligations payable		336,648		336,648	
Wastewater loans payable		58,158		58,158	
Reported but unpaid losses					17,959
Incurred but not reported losses					13,590
Total noncurrent liabilities		<u>401,111</u>		<u>401,111</u>	<u>31,549</u>
Total liabilities	<u>25,280</u>	<u>439,484</u>	<u>1,152</u>	<u>465,916</u>	<u>40,827</u>
<u>Net assets</u>					
Invested in capital assets, net of related debt	718	543,547	6,275	550,540	18,151
Restricted for:					
Debt service		13,454		13,454	
Capital projects		11,623		11,623	
Regional wastewater		16,110		16,110	
Healthcare	15,943			15,943	
Unrestricted	(515)	23,917	5,576	28,978	33,414
Total net assets	<u>\$ 16,146</u>	<u>\$ 608,651</u>	<u>\$ 11,851</u>	<u>636,648</u>	<u>\$ 51,565</u>

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

936

Net assets of business-type activities

\$ 637,584

Statement of Revenues, Expenses and Changes in Fund Net Assets
 Proprietary Funds
 For the Year Ended June 30, 2010
 (in thousands)

	Business-type Activities Enterprise Funds			Total Enterprise Funds	Governmental Activities- Internal Service Funds
	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds		
Operating revenues:					
Net patient services	\$ 203,067			\$ 203,067	
Charges for services	2,109	\$ 110,155	\$ 7,885	120,149	\$ 39,295
Other	2,655	73	154	2,882	1,734
Total net operating revenues	207,831	110,228	8,039	326,098	41,029
Operating expenses:					
Employee compensation	28,532	32,961	6,231	67,724	6,447
Medical claims	161,230			161,230	
Operating supplies and services	773	7,927	91	8,791	5,309
Utilities	435	5,064	266	5,765	993
Sludge and refuse disposal		1,502		1,502	
Repair and maintenance	295	6,021	444	6,760	3,596
Incurred losses					9,893
Insurance premiums					4,739
General and administrative	7,686	9,398	2,348	19,432	3,052
Consultants and professional services	1,474	6,044	50	7,568	305
Depreciation	244	30,876	423	31,543	2,659
Total operating expenses	200,669	99,793	9,853	310,315	36,993
Operating income (loss)	7,162	10,435	(1,814)	15,783	4,036
Nonoperating revenues (expenses):					
Intergovernmental revenue	4,358	2,054		6,412	35
Investment earnings	506	688	63	1,257	837
Sewer connection fees		17,705		17,705	
Interest expense	(13)	(8,725)		(8,738)	
Gain/(loss) on disposal of capital assets	1	(2,260)		(2,259)	(161)
Amortization of deferred charges		(263)		(263)	
Premium tax	(4,117)			(4,117)	
Total nonoperating revenues	735	9,199	63	9,997	711
Income (loss) before contributions and transfers	7,897	19,634	(1,751)	25,780	4,747
Capital contributions		7,319		7,319	132
Transfers in	256	22,445	3,300	26,001	16
Transfers (out)	(1,256)	(23,928)	(1,355)	(26,539)	(216)
Change in net assets	6,897	25,470	194	32,561	4,679
Net assets at beginning of year	9,249	583,181	11,657	604,087	46,886
Net assets at end of year	\$ 16,146	\$ 608,651	\$ 11,851	636,648	\$ 51,565

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.

630

Change in net assets of business-type activities

\$ 33,191

PIMA COUNTY, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010
(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	\$ 161		\$ 27	\$ 188	\$ 39,295
Cash received from customers for goods and services provided	206,552	\$ 107,636	7,598	321,786	
Cash received from miscellaneous operations	2,656	73	100	2,829	1,778
Cash payments to suppliers for goods and services	(164,859)	(27,238)	(1,534)	(193,631)	(14,198)
Cash payments to other funds for goods and services	(5,453)	(8,902)	(2,850)	(17,205)	(4,031)
Cash payments for incurred losses					(8,509)
Cash payments to employees for services	(28,573)	(32,990)	(5,114)	(66,677)	(5,937)
Net cash provided by (used for) operating activities	10,484	38,579	(1,773)	47,290	8,398
Cash flows from noncapital financing activities:					
Interest paid on short-term credit	(15)			(15)	
Cash transfers in from other funds	256		2,000	2,256	
Cash transfers out to other funds	(1,256)	(1,200)	(30)	(2,486)	(216)
Loans with other funds	(170)	(23)	6	(187)	223
Premium Tax	(4,117)			(4,117)	
Intergovernmental revenues	4,533	54		4,587	35
Net cash provided by (used for) noncapital financing activities	(769)	(1,169)	1,976	38	42
Cash flows from capital and related financing activities:					
Proceeds from issuance of bonds and loans		173,002		173,002	
Principal paid on bonds and loans		(23,087)		(23,087)	
Interest paid on bonds and loans		(1,160)		(1,160)	
Sewer connection fees		17,278		17,278	
Proceeds from sale or transfer of capital assets	1	24	1	26	90
Proceeds from intergovernmental contract		1,719		1,719	
Purchase of capital assets	(207)	(58,852)		(59,059)	(1,350)
Net cash provided by (used for) capital and related financing activities	(206)	108,924	1	108,719	(1,260)
Cash flows from investing activities:					
Interest received on cash and investments	582	870	83	1,535	923
Net cash provided by investing activities	582	870	83	1,535	923
Net increase in cash and cash equivalents	10,091	147,204	287	157,582	8,103
Cash and cash equivalents at beginning of year	25,234	73,941	5,995	105,170	64,560
Cash and cash equivalents at end of year	<u>\$ 35,325</u>	<u>\$ 221,145</u>	<u>\$ 6,282</u>	<u>\$ 262,752</u>	<u>\$ 72,663</u>

(Continued)

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010
(in thousands)

Exhibit A - 9.1

(continued)

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Operating income (loss)	\$ 7,162	\$ 10,435	\$ (1,814)	\$ 15,783	\$ 4,036
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	244	30,876	423	31,543	2,659
Changes in assets and liabilities:					
Decrease (increase) in assets:					
Accounts receivable	3,603	(2,519)	(318)	766	(9)
Due from other governments	3		(23)	(20)	53
Inventory and other assets	8	(68)		(60)	17
Prepaid expenses	(226)	125	12	(89)	247
Increase (decrease) in liabilities:					
Accounts payable	1,832	(949)	(65)	818	18
Due to other governments	(2,077)	708	49	(1,320)	
Reported but unpaid losses					(2,670)
Incurred but not reported losses					4,054
Other current liabilities	(65)	(29)	(37)	(131)	(7)
Net cash provided by (used for) operating activities	<u>\$ 10,484</u>	<u>\$ 38,579</u>	<u>\$ (1,773)</u>	<u>\$ 47,290</u>	<u>\$ 8,398</u>

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2010:

Regional Wastewater Reclamation Enterprise Fund received contributed developer-built conveyance systems with estimated fair values totaling \$6,613, other capital assets totaling \$1,774 were received from other governments and \$9 from outside entities. These contributions were recorded as an increase in capital assets and capital contributions.

Regional Wastewater Reclamation Enterprise Fund recorded a Board of Supervisor approved connection fee credit agreement of \$1,358. This credit was recorded as an increase to deferred revenue and a decrease to capital contributions.

Regional Wastewater Reclamation Enterprise Fund disposed of capital assets with a net book value of \$2,284.

Regional Wastewater Reclamation Enterprise Fund retired expired Sewer Credit Agreements totaling \$280. This transaction was recorded as a decrease to deferred revenue and an increase in capital contributions.

Regional Wastewater Reclamation Enterprise Fund received capital assets with a net book value of \$5 from the County's general government.

Regional Wastewater Reclamation Enterprise Fund transferred to other enterprise funds the capital assets with a net book value of \$9.

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

Other Enterprise Funds transferred capital assets with a net book value of \$25: \$4 to the County's general government, \$16 to the Internal Services Fund and \$5 to the Regional Wastewater Reclamation Enterprise Fund.

Internal Service Funds transferred in capital assets with a net book value of \$16, received capital contributions with a value of \$132 and sold capital assets with a net book value of \$251.

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Fiduciary Net Assets - Fiduciary Funds
June 30, 2010
(in thousands)

Exhibit A - 10

	Investment Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 321,965	\$ 74,490
Interest receivable	216	
Total assets	322,181	\$ 74,490
Liabilities		
Employee compensation		\$ 3,067
Due to other governments		51,182
Deposits and rebates		20,241
Total liabilities		\$ 74,490
Net Assets		
Held in trust for pool participants	\$ 322,181	

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2010
(in thousands)

Exhibit A - 11

	Investment Trust Funds
Additions	
Contributions from participants	\$ 2,597,653
Total contributions	2,597,653
Investment earnings	2,527
Total investment earnings	2,527
Total additions	2,600,180
Deductions	
Distributions to participants	2,550,184
Total deductions	2,550,184
Change in net assets	49,996
Net assets held in trust July 1, 2009	272,185
Net assets held in trust June 30, 2010	\$ 322,181

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Combining Statement of Net Assets
Component Units
June 30, 2010
(in thousands)

Exhibit A - 12

	Sports & Tourism Authority	Southwestern Fair Commission	Total Component Units
ASSETS			
Cash and cash equivalents	\$ 27	\$ 701	\$ 728
Accounts receivable (net)	41	4	45
Inventories		24	24
Other assets	4		4
Restricted assets:			
Cash and cash equivalents		1,800	1,800
Capital assets (net):			
Buildings and improvements		1,793	1,793
Equipment		678	678
Total assets	72	5,000	5,072
LIABILITIES			
Accounts payable		247	247
Deposits and rebates		21	21
Noncurrent liabilities:			
Due within one year:			
Contracts and notes		21	21
Due in more than one year:			
Contracts and notes		9	9
Total liabilities		298	298
NET ASSETS			
Invested in capital assets, net of related debt		2,471	2,471
Unrestricted	72	2,231	2,303
Total net assets	\$ 72	\$ 4,702	\$ 4,774

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2010
(in thousands)

Exhibit A - 13

	Program Revenues			Net (Expense) Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	S&TA	SFC	Total
Sports & Tourism Authority						
Operations	\$ 87		\$ 5	\$ (82)		\$ (82)
Total Sports & Tourism Authority (S&TA)	<u>87</u>		<u>5</u>	<u>(82)</u>		<u>(82)</u>
Southwestern Fair Commission (SFC)						
Operations	5,067	\$ 5,371	120		\$ 424	424
Total SFC	<u>5,067</u>	<u>5,371</u>	<u>120</u>		<u>424</u>	<u>424</u>
Total component units	<u>\$ 5,154</u>	<u>\$ 5,371</u>	<u>\$ 125</u>	<u>(82)</u>	<u>424</u>	<u>342</u>
General revenues:						
Miscellaneous				154	132	286
Total general revenues				<u>154</u>	<u>132</u>	<u>286</u>
Change in net assets				72	556	628
Net assets at beginning of year					4,146	4,146
Net assets at end of year				<u>\$ 72</u>	<u>\$ 4,702</u>	<u>\$ 4,774</u>

See accompanying notes to financial statements
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PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(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, 2010, the County adopted early implementation of the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 establishes criteria for classifying governmental fund balances into specifically defined classifications to make the nature and extent of the constraints placed on fund balance more transparent. The classifications are as follows: Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance and Unassigned Fund Balance.

A. Reporting Entity

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

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

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

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

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

The Southwestern Fair Commission, Inc. (SFC) is a nonprofit corporation, which manages and maintains the fairgrounds owned by the County and conducts an annual fair and other events at the fairgrounds. The Commission's members are appointed and can be removed at any time by the Pima County Board of Supervisors. Based on these factors, and because SFC does not provide services entirely, or almost entirely to

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

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 Directors. Based on these factors, and because S&TA does not provide services entirely, or almost entirely to the County, but rather to the general citizenry, S&TA is reported as a separate component unit (discrete presentation) in these financial statements. Complete financial statements for S&TA can be obtained from the Pima County Department of Finance and Risk Management located at 130 West Congress Street, Tucson, Arizona 85701.

Related Organization:

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

B. Basis of Accounting

Primary government:

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

Governmental funds in the fund-based financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the 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 postclosure care costs and pollution remediation which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

The County may fund certain programs by a combination of restricted, committed, assigned and/or unassigned (general) revenues. When program expenses are incurred and there are restricted, committed, assigned and/or unassigned net assets available to finance the program, the County applies restricted, committed and/or assigned revenues before using unassigned (general) revenues.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

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.

Discretely presented component units:

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

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

C. Basis of Presentation

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

Government-wide statements provide information about the primary government and its component units. The statements include a statement of net assets and a statement of activities. These statements report the financial activities of the overall government, except for fiduciary activities. They also distinguish between the governmental and business-type activities of the County and between the County and its discretely presented component 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
- Capital grants and contributions

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

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

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

The County reports the following major governmental funds:

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

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

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

The County reports the following major enterprise funds:

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

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

The County reports the following fund types:

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

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

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

D. Cash and Investments

Primary government:

For purposes of its statement 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.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

Discretely presented component units:

SFC's cash and cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less. Restricted cash consists of non-negotiable certificates of deposit with maturities greater than three months and less than one year.

S&TA considers all highly liquid investments purchased with a maturity of three months or less to be cash and cash equivalents.

E. Inventories and Prepaids

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

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

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

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

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

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

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

F. Property Tax Calendar

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

G. Capital Assets

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

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

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

Discretely presented component 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.

S&TA had no capital assets to report on June 30, 2010.

H. Investment Earnings

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

I. Compensated Absences

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

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(in thousands)

Note 2 – Fund Balance Classifications

The categories for fund balance are nonspendable, restricted, committed, assigned, and unassigned. Nonspendable fund balances are those items that cannot be spent because of their form or because resources must remain intact. Restricted fund balances are those that have an externally enforceable limit on their usage through legislation or limitations imposed by creditors, grantors or laws and regulations of other governments.

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(in thousands)

Note 2 – Fund Balance Classifications (continued)

The table below details the fund balance categories and classifications:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>CAFR Total</u>
Fund balances:					
Nonspendable:					
Inventory				\$ 1,557	\$ 1,557
Prepaid expenses	\$ 2,949	\$ 18		296	3,263
Loan receivable	1,140			113	1,253
Permanent fund principal				45	45
Total nonspendable	<u>4,089</u>	<u>18</u>		<u>2,011</u>	<u>6,118</u>
Restricted for:					
Capital Projects					
Streets and highways		34,766			34,766
Other		83,123			83,123
Judicial activities				21,470	21,470
Flood Control District		6,341		9,507	15,848
Health				4,663	4,663
Law enforcement				3,192	3,192
Library District		477		17,450	17,927
Parks and recreation				108	108
School reserve				900	900
Social services		123		1,560	1,683
Streets and highways				20,762	20,762
Tire fund				1,300	1,300
Other purposes	522			2,045	2,567
Total restricted	<u>522</u>	<u>124,830</u>		<u>82,957</u>	<u>208,309</u>
Committed to:					
Sports promotion (Stadium)		641		4,431	5,072
Other purposes		846		10,874	11,720
Total committed		<u>1,487</u>		<u>15,305</u>	<u>16,792</u>
Assigned to:					
Debt service reserve			\$ 40,868		40,868
Judicial activities	82			17	99
Health				138	138
Parks and recreation		48		1,074	1,122
Landfill				1,058	1,058
School Reserve				934	934
Other purposes	3,011	4			3,015
Total assigned	<u>3,093</u>	<u>52</u>	<u>40,868</u>	<u>3,221</u>	<u>47,234</u>
Unassigned:					
	<u>73,837</u>	<u>(227)</u>		<u>(5,793)</u>	<u>67,817</u>
Total fund balances	<u>\$ 81,541</u>	<u>\$ 126,160</u>	<u>\$ 40,868</u>	<u>\$ 97,701</u>	<u>\$ 346,270</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(in thousands)

Note 3: Cash and Investments

Primary Government

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

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

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

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

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

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

Foreign currency risk—Statutes do not allow foreign investments.

Deposits—At June 30, 2010, the carrying amount of the County's deposits was \$73,309 and the bank balance was \$48,271.

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, 2010, \$2,174 of the County's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments—At June 30, 2010, the County's investments consisted of \$264,385 invested in marketable securities and \$759,875 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.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(in thousands)

Note 3: Cash and Investments (continued)

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, 2010, 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	\$ 24,339
Corporate bonds	A/A3	S&P / Moody's	93,170
Federal Farm Credit Bank	AAA/Aaa	S&P / Moody's	18,312
Federal Home Loan Bank	AAA/Aaa	S&P / Moody's	10,203
Fannie Mae (Federal National Mortgage Association)	AAA/Aaa	S&P / Moody's	14,882
Freddie Mac (Federal Home Loan Mortgage Corp)	AAA/Aaa	S&P / Moody's	19,627
Money market mutual fund	AAAm/Aaa	S&P / Moody's	11,201
State Treasurer Investment Pool 5	AAAf	S&P	557,612
State Treasurer Investment Pool 500	Unrated		25,226
State Treasurer Investment Pool 7	Unrated		177,037
Total			\$951,609

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 \$1,024,260 of investments, \$253,184, consisting of the commercial paper, corporate bonds, Federal Farm Credit Bank, Federal Home Loan Bank, Fannie Mae and Freddie Mac discount notes and U.S. Treasury notes, is uninsured and held by a counterparty in the County’s name in book entry form.

Concentration of credit risk—The County has no formal policy with respect to limiting the amount the Treasurer may invest in any one issuer. The County’s exposure as of June 30, 2010 is less than 5% per issuer.

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(in thousands)

Note 3: Cash and Investments (continued)

As of June 30, 2010, the County had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (Years)</u>
State Treasurer Investment Pool 5	\$ 557,612	0.06
State Treasurer Investment Pool 500	25,226	4.45
State Treasurer Investment Pool 7	177,037	0.08
Commercial paper	24,339	0.13
Corporate bonds	93,170	1.31
Federal Farm Credit Bank	18,312	0.60
Federal Home Loan Bank	10,203	0.12
Fannie Mae (Federal National Mortgage Association)	14,882	0.61
Freddie Mac (Federal Home Loan Mortgage Corp)	19,627	0.40
U.S. Treasury	72,651	2.56
Money market mutual fund	11,201	0.10
Total	<u>\$1,024,260</u>	

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

	<u>Cash on Hand</u>	<u>Amount of Deposits</u>	<u>Amount of Investments</u>	<u>Total</u>
Cash, deposits and investments:	\$ 54	\$ 73,309	\$ 1,024,260	\$ 1,097,623

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Investment Trust Funds</u>	<u>Agency Funds</u>	<u>Totals</u>
Statement of Net Assets:					
Cash and cash equivalents	\$ 437,837	\$ 52,868	\$ 321,965	\$ 74,490	\$ 887,160
Restricted cash and cash equivalents	579	209,884			210,463
Total	<u>\$ 438,416</u>	<u>\$ 262,752</u>	<u>\$ 321,965</u>	<u>\$ 74,490</u>	<u>\$ 1,097,623</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, 2010
(in thousands)

Note 3: Cash and Investments (continued)

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

	<u>Principal</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Fair Value</u>
Commercial paper	\$24,350	0.2-0.4%	07/10-12/10	\$ 24,339
Corporate bonds	89,951	0.5-7.3%	07/10-05/14	93,170
Federal Farm Credit Bank	17,500	5.0-5.4%	09/10-07/11	18,312
Federal Home Loan Bank	10,000	4.1%	08/10	10,203
Fannie Mae (Federal National Mortgage Association)	14,625	2.9-3.4%	10/10-05/11	14,882
Freddie Mac (Federal Home Loan Mortgage Corp)	19,200	3.3-4.1%	10/10-02/11	19,627
U.S. Treasury	69,490	0.9-4.8%	09/10-07/14	72,651
State Treasurer Investment Pool 5	299,862	N/A	N/A	299,862
Deposits	54,931	N/A	N/A	54,931
Interest Receivable	216	N/A	N/A	216
Total assets				<u><u>\$608,193</u></u>

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

Statement of Net Assets

Assets held in trust for:	
Internal participants	\$ 463,049
External participants	145,144
Total assets	<u>608,193</u>
Total liabilities	<u>0</u>
Total net assets held in trust	<u><u>\$ 608,193</u></u>

Statement of Changes in Net Assets

Total additions	\$ 7,465,711
Total deductions	<u>(7,385,912)</u>
Net increase	79,799
Net assets held in trust:	
July 1, 2009	<u>528,394</u>
June 30, 2010	<u><u>\$ 608,193</u></u>

Discretely Presented Component Units

Southwestern Fair Commission—At June 30, 2010, the commission's cash and cash equivalents consisted of deposits with financial institutions. Of the total balance, \$264 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Sports & Tourism Authority—At June 30, 2010, the S&TA's cash and cash equivalents of \$27 consisted of deposits with financial institutions.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(in thousands)

Note 4: Due from Other Governments

Governmental activities:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Total Governmental Activities</u>
Federal government:						
Grants and contributions	\$ 279	\$ 6,667		\$ 12,595		\$ 19,541
State of Arizona:						
Taxes and shared revenues	18,106	220		8,462		26,788
Grants and contributions				1,799	\$ 4	1,803
Refunds and discounts	4,573					4,573
City of Tucson:						
Reimbursement for services	2,288	7	\$ 9	597	101	3,002
Other governments:						
Reimbursement for services	244	10,642		875	8	11,769
Total due from other governments fund based statements	<u>\$25,490</u>	<u>\$ 17,536</u>	<u>\$ 9</u>	<u>\$ 24,328</u>	<u>\$ 113</u>	<u>\$ 67,476</u>

Business-type activities:

	<u>Pima Health System & Services</u>	<u>Other Business- type Activities</u>	<u>Business-type Activities Total</u>
Federal government:			
Reimbursement for services		\$ 9	\$ 9
State of Arizona:			
Reimbursement for services	\$ 722		722
Grants and contributions	140		140
Other local governments:			
Reimbursements for services		14	14
Total due from other governments fund based statements	<u>\$ 862</u>	<u>\$ 23</u>	<u>\$ 885</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(in thousands)

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2010, was as follows:

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 384,368	\$ 48,731	\$ (1)	\$ 433,098
Construction in progress	103,106	98,926	(25,283)	176,749
Total capital assets not being depreciated	<u>487,474</u>	<u>147,657</u>	<u>(25,284)</u>	<u>609,847</u>
Capital assets being depreciated:				
Buildings and improvements	525,914	14,285	(537)	539,662
Infrastructure	1,108,315	24,830	(4,444)	1,128,701
Equipment	110,666	9,810	(4,595)	115,881
Total capital assets being depreciated	<u>1,744,895</u>	<u>48,925</u>	<u>(9,576)</u>	<u>1,784,244</u>
Less accumulated depreciation for:				
Buildings and improvements	(145,116)	(13,060)	314	(157,862)
Infrastructure	(493,364)	(35,089)	386	(528,067)
Equipment	(67,115)	(10,448)	4,063	(73,500)
Total accumulated depreciation	<u>(705,595)</u>	<u>(58,597)</u>	<u>4,763</u>	<u>(759,429)</u>
Total capital assets, being depreciated, net	<u>1,039,300</u>	<u>(9,672)</u>	<u>(4,813)</u>	<u>1,024,815</u>
Governmental activities capital assets, net	<u>\$ 1,526,774</u>	<u>\$ 137,985</u>	<u>\$ (30,097)</u>	<u>\$ 1,634,662</u>
	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 13,595	\$ 1,583		\$ 15,178
Construction in progress	43,208	57,677	\$ (8,707)	92,178
Total capital assets not being depreciated	<u>56,803</u>	<u>59,260</u>	<u>(8,707)</u>	<u>107,356</u>
Capital assets being depreciated:				
Buildings and improvements	367,275	1,792	(986)	368,081
Infrastructure	621,077	11,569	(13)	632,633
Equipment	102,699	5,818	(2,340)	106,177
Total capital assets being depreciated	<u>1,091,051</u>	<u>19,179</u>	<u>(3,339)</u>	<u>1,106,891</u>
Less accumulated depreciation for:				
Buildings and improvements	(139,077)	(12,073)	390	(150,760)
Infrastructure	(221,983)	(12,162)	7	(234,138)
Equipment	(13,677)	(7,399)	672	(20,404)
Total accumulated depreciation	<u>(374,737)</u>	<u>(31,634)</u>	<u>1,069</u>	<u>(405,302)</u>
Total capital assets, being depreciated, net	<u>716,314</u>	<u>(12,455)</u>	<u>(2,270)</u>	<u>701,589</u>
Business-type activities capital assets, net	<u>\$ 773,117</u>	<u>\$ 46,805</u>	<u>\$ (10,977)</u>	<u>\$ 808,945</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(in thousands)

Note 5: Capital Assets (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$	7,368
Public safety		11,003
Highway and streets		29,950
Sanitation		159
Health		559
Welfare		17
Culture and recreation		5,867
Education and economic opportunity		787
Internal service funds		2,659
Total governmental activities depreciation expense	\$	<u>58,369</u>

Business-type activities:

Pima Health System & Services	\$	244
Parking Garages		216
Regional Wastewater Reclamation		30,876
Development Services		207
Total business-type activities depreciation expense	\$	<u>31,543</u>

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Discretely presented component units:				
Southwestern Fair Commission (SFC):				
Capital assets being depreciated:				
Buildings and improvements	\$ 4,330	\$ 158		\$ 4,488
Equipment	2,190	143	\$ (5)	2,328
Total capital assets being depreciated	<u>6,520</u>	<u>301</u>	<u>(5)</u>	<u>6,816</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,552)	(143)		(2,695)
Equipment	(1,520)	(135)	5	(1,650)
Total accumulated depreciation	<u>(4,072)</u>	<u>(278)</u>	<u>5</u>	<u>(4,345)</u>
Total capital assets being depreciated, net	<u>2,448</u>	<u>23</u>		<u>2,471</u>
SFC capital assets, net	<u>\$ 2,448</u>	<u>\$ 23</u>		<u>\$ 2,471</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(in thousands)

Note 6: Claims, Judgments and Risk Management

Risk Management and Claims Liability

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

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

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

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

The claims liability of \$38,378 reported in the Fund at June 30, 2010, 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.

	2010	2009
Claims liabilities - beginning	\$ 36,994	\$ 31,205
Current-year claims and changes in estimates	9,893	12,600
Claims payment	(8,509)	(6,811)
Claims liabilities balance - ending	\$ 38,378	\$ 36,994

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, 2010
(in thousands)

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

Pollution Remediation

The County has estimated and reported an environmental liability of \$1,735 in the government-wide financial statements for governmental activities (in noncurrent liabilities). Remediation efforts are currently underway at two County sites.

At the Administration West building, 150 West Congress Street, the first floor is undergoing demolition and asbestos abatement efforts. The remediation process is scheduled to be completed in the first quarter of FY 2010-11.

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.

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

The estimated liability was calculated based upon the expected future outlays associated with the estimate of one pump-and-treat system for one year.

There is potential for changes due to increased costs associated with sewage disposal costs, construction costs for extraction wells, and/or changes in the estimated extent of contamination.

There are no estimated recoveries at this time.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(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, 2010.

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Due within 1 year
Governmental activities:					
General obligation bonds	\$ 386,845	\$ 113,535	\$ 82,385	\$ 417,995	\$ 40,245
Plus unamortized deferred amount	1,187	1,290	211	2,266	253
Total general obligation bonds	<u>388,032</u>	<u>114,825</u>	<u>82,596</u>	<u>420,261</u>	<u>40,498</u>
Flood control bonds	<u>725</u>		<u>725</u>		
Transportation revenue bonds	139,565	23,420	21,045	141,940	10,530
Plus unamortized deferred amount	118	207	39	286	35
Total transportation revenue bonds	<u>139,683</u>	<u>23,627</u>	<u>21,084</u>	<u>142,226</u>	<u>10,565</u>
Certificates of participation	71,930	20,000	21,610	70,320	23,425
Plus unamortized deferred amount	2,624	412	718	2,318	743
Total certificates of participation	<u>74,554</u>	<u>20,412</u>	<u>22,328</u>	<u>72,638</u>	<u>24,168</u>
Capital leases payable:					
Jail capital lease	22,715		2,025	20,690	2,125
Less unamortized deferred amount	(1,531)		(191)	(1,340)	(191)
Other capital leases	143		107	36	36
Total capital leases	<u>21,327</u>		<u>1,941</u>	<u>19,386</u>	<u>1,970</u>
Reported but unpaid losses (Note 6)	24,535	5,839	8,509	21,865	3,906
Incurred but not reported losses (Note 6)	12,459	4,054		16,513	2,923
Landfill closure and post-closure care costs (Note 9)	19,329	295		19,624	
Pollution remediation (Note 6)	1,467	268		1,735	554
Total governmental activities long-term liabilities	<u>\$ 682,111</u>	<u>\$ 169,320</u>	<u>\$ 137,183</u>	<u>\$ 714,248</u>	<u>\$ 84,584</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(in thousands)

Note 7: Long-Term Liabilities (continued)

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Due within</u> <u>1 year</u>
Business-type activities:					
Sewer revenue bonds	\$ 183,880		\$ 16,770	\$ 167,110	\$ 8,425
Less unamortized deferred amount	(491)		(316)	(175)	
Total revenue bonds payable	<u>183,389</u>		<u>16,454</u>	<u>166,935</u>	<u>8,425</u>
Sewer revenue obligations		\$ 165,000		165,000	
Plus unamortized deferred amount		13,211	73	13,138	
Total revenue obligations payable		<u>178,211</u>	<u>73</u>	<u>178,138</u>	
Regional Wastewater Reclamation (RWR) loans payable	64,597	8,002 *	6,316	66,283	8,052
Less unamortized deferred amount	(108)		(35)	(73)	
Total loans payable	<u>64,489</u>	<u>8,002</u>	<u>6,281</u>	<u>66,210</u>	<u>8,052</u>
Contracts and notes	6,481	2,547	2,723	6,305	
Total business-type activities long-term liabilities	<u>\$ 254,359</u>	<u>\$ 188,760</u>	<u>\$ 25,531</u>	<u>\$ 417,588</u>	<u>\$ 16,477</u>

* At June 30, 2010, Regional Wastewater Reclamation has drawn down the total loan amount of \$10,002 from the 2009 Water Infrastructure Financing Authority (WIFA) loan. Of this amount \$2,000 was a forgivable principal amount from the American Recovery and Reinvestment Act (ARRA) grant.

GENERAL OBLIGATION BONDS OUTSTANDING

Governmental Activities

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

General obligation bonds payable at June 30, 2010, consisted of the outstanding general obligation bonds presented below. Of the total amounts originally authorized, \$13,940 from the May 20, 1997, \$169,982 from the May 18, 2004, and \$29,634 from the May 16, 2006 bond elections remain unissued.

The following table presents amounts outstanding by issue.

<u>Issue</u>	<u>Issue</u> <u>Amount</u>	<u>Interest</u> <u>Rates</u>	<u>Maturities</u>	<u>Outstanding</u> <u>June 30, 2010</u>
Series of 2002	\$ 20,000	4.25	2011	\$ 1,000
Series of 2003	50,000	4.00 - 4.25%	2011-17	26,850
Series of 2004	65,000	3.00 - 5.00%	2011-19	40,200
Series of 2005	65,000	3.50 - 5.00%	2011-20	42,750
Series of 2007	95,000	3.00 - 4.50%	2011-21	73,675
Series of 2008	100,000	3.00 - 4.00%	2011-22	78,500
Series of 2009	75,000	3.00 - 4.13%	2011-23	49,000
Series of 2009A	90,000	3.00 - 4.00%	2011-24	83,100
Series of 2009A Refunding	23,535	3.00 - 3.50%	2011-16	22,920
G.O. bonds outstanding				<u>417,995</u>
Plus unamortized deferred amount:				2,266
Total G.O. bonds outstanding				<u>\$ 420,261</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details general obligation bond debt service requirements to maturity at June 30, 2010.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 40,245	\$ 16,174
2012	34,055	14,637
2013	34,025	13,358
2014	32,465	12,051
2015	31,690	10,711
2016 - 2020	163,485	34,357
2021 - 2024	82,030	6,637
Total	\$ 417,995	\$ 107,925

REFUNDED GENERAL OBLIGATION BONDS

In 2010, the County defeased \$23,120 of General Obligation Bonds, Series 1998, 2000 and 2002, by issuing \$23,535 of General Obligation Bonds that have an average life of 3.58 years and an interest rate of 2.964%. This refunding transaction resulted in an economic gain of \$880, and a reduction in debt service payments of \$993. 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. Also, the refunded bond debt is not included in the County's financial statements because as of June 30, 2010, the County had transferred cash to its paying agent to pay off the bonds. The Series 1998 and 2000 Bonds were legally defeased during the fiscal year, while the Series 2002 Bonds remain defeased in substance at the amount disclosed below.

<u>Issue</u>	<u>Outstanding June 30, 2010</u>
2002 General Obligation Refunded Bonds	\$ 4,126

TRANSPORTATION BONDS PAYABLE

**Governmental Activities
(Payments made from street and highway revenues)**

Pima County transportation revenue bonds were issued to provide monies to construct improvements to the County's streets and highways. Of the total amount originally authorized, \$107,718 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, 2010</u>
Series of 2002	\$ 55,000	4.25 - 4.38%	2011-12	\$ 7,095
Series of 2003	35,000	3.75 - 4.38%	2011-18	22,960
Series of 2005	51,200	3.50 - 5.00%	2011-20	44,300
Series of 2007	21,000	3.25 - 4.75%	2011-22	19,465
Series of 2008	25,000	3.00 - 4.50%	2011-22	24,700
Series of 2009	15,000	3.00 - 4.00%	2011-24	15,000
Series of 2009 Refunding	8,420	3.00 - 4.00%	2011-24	8,420
Transportation bonds outstanding				141,940
Plus unamortized deferred amount:				286
Total transportation bonds outstanding				\$ 142,226

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details transportation bond debt service requirements to maturity at June 30, 2010.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 10,530	\$ 5,709
2012	11,015	5,244
2013	11,170	4,785
2014	11,600	4,354
2015	12,055	3,906
2016 - 2020	64,035	11,767
2021 - 2024	21,535	1,734
Total	<u>\$ 141,940</u>	<u>\$ 37,499</u>

Pima County has pledged future highway user revenues, net of specified operating expenses, to repay \$141,940 in transportation revenue bonds issued between 2002 and 2010. Proceeds from the bonds provide financing for construction of various highways and streets within Pima County. The bonds are payable from net highway user revenues and are payable through 2024. Annual principal and interest payments on the bonds are expected to require approximately 90 percent of net revenues. Total principal and interest remaining to be paid on the bonds is \$179,439. Principal and interest paid for bonds in the current year and total customer net revenues were \$16,272 and \$20,233, respectively.

REFUNDED TRANSPORTATION BONDS

In 2010, the County defeased \$8,300 of Transportation Bonds, Series 2002, by issuing \$8,420 of Transportation Bonds that have an average life of 9.08 years and an interest rate of 3.542%. The proceeds of the new bonds were placed in an irrevocable trust to provide for legal defeasance of the refunded debt on January 1, 2010. This refunding transaction was performed primarily to restructure outstanding debt in order to align projected future revenues with corresponding debt service requirements. As a result, there was an increase in debt service payments of \$2,541, whose present value benefits the County with an economic gain of \$6.

CERTIFICATES OF PARTICIPATION

Governmental Activities

(Payments made from General Fund revenues)

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(in thousands)

Note 7: Long-Term Liabilities (continued)

hardware, computer terminals, software and system training. The new enterprise system will serve the County with finance, budget, procurement, human resources and material management systems.

The following schedule details outstanding Certificates of Participation payable at June 30, 2010.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2010</u>
Series of 2007A	\$ 28,765	4.00 - 5.00%	2011-22	\$ 25,920
Series of 2008	50,000	5.00%	2011	10,000
Series of 2009	34,400	4.00%	2011-12	14,400
Series of 2010	20,000	2.00 - 5.25%	2011-19	20,000
Certificates of participation outstanding				<u>70,320</u>
Plus unamortized deferred amount:				2,318
Total certificates of participation outstanding				<u><u>\$ 72,638</u></u>

The following schedule details debt service requirements to maturity for the County's Certificates of Participation payable at June 30, 2010.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 23,425	\$ 3,296
2012	8,165	2,052
2013	3,875	1,766
2014	4,020	1,627
2015	4,170	1,472
2016 - 2020	21,255	4,230
2021 - 2022	5,410	409
Total	<u><u>\$ 70,320</u></u>	<u><u>\$ 14,852</u></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 computer equipment. The outstanding balance as of June 30, 2010, for these leases totaled \$36. The net book value of assets acquired through capital leases consists of \$17,303 of buildings and \$9 of equipment.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details capital lease debt service requirements to maturity at June 30, 2010.

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>
2011	\$ 2,125	\$ 879	\$ 36	\$ 1
2012	2,230	774		
2013	2,780	647		
2014	2,485	511		
2015	2,605	399		
2016 - 2018	8,465	536		
	<u>\$ 20,690</u>	<u>\$ 3,746</u>	<u>\$ 36</u>	<u>\$ 1</u>

SEWER REVENUE BONDS AND LOANS

Business-type Activities

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

Pima County sewer revenue bonds, as presented below, were issued to provide monies to construct improvements to the County's Regional Wastewater Reclamation system. As of June 30, 2010, the County has issued the total amount originally authorized from the May 18, 2004 bond election.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2010</u>
Series of 1998	\$ 29,185	4.00 - 4.50%	2011-15	\$ 8,640
Series of 2001 Refunding	19,440	4.25 - 5.38%	2011-15	10,125
Series of 2004 Refunding	25,770	4.60 - 5.50%	2011-15	14,085
Series of 2007	50,000	3.75 - 5.00%	2011-26	42,450
Series of 2008	75,000	4.00 - 5.00%	2011-23	73,680
Series of 2009	18,940	3.25 - 4.25%	2011-24	18,130
Sewer revenue bonds outstanding				167,110
Less unamortized deferred amount:				(175)
Total sewer revenue bonds outstanding				<u>\$ 166,935</u>

The following schedule details sewer revenue bond debt service requirements to maturity at June 30, 2010.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 8,425	\$ 7,145
2012	8,795	6,776
2013	10,405	6,381
2014	12,030	5,916
2015	12,590	5,377
2016 - 2020	59,210	19,367
2021 - 2025	51,925	5,983
2026	3,730	149
Total	<u>\$ 167,110</u>	<u>\$ 57,094</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(in thousands)

Note 7: Long-Term Liabilities (continued)

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

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2010</u>
Series of 2010	\$ 165,000	2.50 - 5.00%	2014-25	<u>\$ 165,000</u>
Sewer revenue obligations outstanding				165,000
Plus unamortized deferred amount:				13,138
Total sewer revenue obligations outstanding				<u><u>\$ 178,138</u></u>

The following schedule details sewer revenue obligation debt service requirements to maturity at June 30, 2010.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2011		\$ 8,339
2012		8,026
2013		8,026
2014	\$ 2,000	8,026
2015	2,000	7,946
2016 - 2020	64,255	35,013
2021 - 2025	96,745	14,983
Total	<u><u>\$ 165,000</u></u>	<u><u>\$ 90,359</u></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 1997, 2000, and 2004 which were used for construction and improvement of wastewater treatment facilities). In October 2009 the County entered into an additional loan agreement for the funding of construction of wastewater treatment facilities. Interest is payable semiannually and is calculated based on the principal amount of the loan outstanding during such period.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rate</u>	<u>Maturities</u>	<u>Outstanding June 30, 2010</u>
1996 Loans payable	\$ 11,313	3.19%	2010-12	\$ 4,285
1997 Loans payable	7,500	2.95%	2010-11	1,295
2000 Loans payable	61,180	2.20%	2010-16	35,324
2004 Loans payable	19,967	1.81%	2010-24	17,377
2009 Loans payable	8,002	0.96%	2010-24	8,002
Loans payable				<u>66,283</u>
Less unamortized deferred amount:				(73)
Total loans payable				<u><u>\$ 66,210</u></u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details loans payable debt service requirements to maturity at June 30, 2010.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 8,052	\$ 2,139
2012	8,349	1,847
2013	7,406	1,566
2014	6,514	1,318
2015	6,766	1,082
2016 - 2020	19,453	2,553
2021 - 2024	9,743	759
Total	<u>\$ 66,283</u>	<u>\$ 11,264</u>

Pima County has pledged future user charges, net of specified operating expenses, to repay \$167,110 in sewer revenue bonds issued between 1998 and 2009, \$66,283 in sewer revenue loans issued between 1996 and 2009, and \$165,000 in sewer revenue obligations issued in 2010. Proceeds from the bonds, loans and obligations provided financing for construction of various treatment facilities and sewer infrastructure within Pima County. The bonds, loans and obligations are payable from net sewer revenues and are payable through fiscal year 2025-26. Annual principal and interest payments on the bonds and obligations are expected to require approximately 26 percent of net revenues. The annual principal and interest payments on the loans are expected to require approximately 24 percent of net revenues. Total principal and interest remaining to be paid on the bonds is \$224,204. Total principal and interest remaining to be paid on the loans is \$77,547. Total principal and interest remaining to be paid on the obligations is \$255,359. Principal and interest paid for bonds, loans and obligations in the current year and total customer net revenues were \$27,988, \$8,540 and \$63,317, respectively.

CONTRACTS AND NOTES
Business-type Activities

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(in thousands)

Note 7: Long-Term Liabilities (continued)

LEGAL DEBT MARGIN
County General Obligation Bonds

General obligation debt may not exceed 6 percent of the value of the County's taxable property as of the latest assessment. However, with voter approval, debt may be incurred up to 15 percent of the value of taxable property. Pima County has received voter approval for all general obligation debt. The legal debt margin at June 30, 2010, is as follows:

Net assessed valuation		\$ 9,860,981
<u>Debt Limit (15% of net assessed valuation):</u>		1,479,147
<u>Less amount of debt applicable to debt limit:</u>		
General obligation bonds outstanding	\$ 417,995	
Less fund balance in debt service fund available for payment of general obligation bond principal	(11,396)	406,599
Legal debt margin available		\$ 1,072,548

Note 8: Short-term Debt

Line of Credit

The County maintains a revolving line of credit with Bank of America National Trust and Savings Association to meet its short-term cash needs. At June 30, 2010, the County had an outstanding balance of \$0. Advances on the line of credit are payable on demand. The credit line is secured by the County's general taxing authority.

	<u>July 1, 2009</u> <u>Balance</u>	<u>Draws</u>	<u>Repayments</u>	<u>June 30, 2010</u> <u>Balance</u>
Line of credit	\$0	\$ 30,450	\$ 30,450	\$0

Note 9: Landfill Liabilities

SOLID WASTE LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS:

State and Federal laws and regulations require the County to place a final cover on its solid waste landfill sites when these sites stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after their closure. Although closure and post-closure care costs will not be paid until near or after the date the landfills stop accepting waste, the County records a portion of these closure and post-closure care costs as a long-term liability in each period, based on landfill capacity used as of each balance sheet date. The \$19,624 reported as landfill closure and post-closure care long-term liability within the governmental

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(in thousands)

Note 9: Landfill Liabilities (continued)

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 \$6,059 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, 2010; actual costs may change due to inflation, changes in technology, or changes in regulations.

<u>Landfill Site</u>	<u>Capacity Used June 30, 2010</u>	<u>Estimated Remaining Service Life</u>
Ajo *	68%	41 Years
Sahuarita	47%	30 Years
Tangerine	92%	8 Years

*Arizona Department of Environmental Quality (ADEQ) approved the Ajo Landfill Type IV Permit Modification package on February 16, 2010 effectively increasing the permitted airspace and the remaining service life of the facility. The expansion involves a 2.77-acre lateral expansion and a 6-foot vertical expansion.

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 \$10,277 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 10: Retirement Plans

Pension Plan Descriptions

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
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Note 10: Retirement Plans (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 Pima County Sheriff's public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The **PSPRS**, acting as a common investment and administrative agent, is governed by a five-member board, known as The Fund Manager, and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

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

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

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

Funding Policy

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

Cost-sharing plans

For the year ended June 30, 2010, active ASRS members were required by statute to contribute at the actuarially determined rate of 9.4 percent (9.0 percent for retirement and 0.40 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, 2010 the County contributed 9.4 percent (8.34 percent for retirement, .66 percent for health insurance premium, and 0.40 percent for long-term disability) of the members' annual covered payroll. For the year ended June 30, 2009 the County contributed 9.4 percent (7.99 percent for retirement, .96 percent for health insurance premium, and 0.45 percent for long-term disability) of the members' annual covered payroll. For the year ended June 30, 2008 the County contributed 9.60 percent (8.05 percent for retirement, 1.05 percent for health insurance premium, and 0.50 percent for long-term disability) of the members' annual covered payroll.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(in thousands)

Note 10: Retirement Plans (continued)

	ASRS Retirement Fund	Health Benefit Supplement Fund	Long-term Disability Fund
Year ended June 30,			
2010	\$ 20,234	\$ 1,601	\$ 970
2009	\$ 20,127	\$ 2,418	\$ 1,259
2008	\$ 20,981	\$ 2,737	\$ 1,303

Agent plans

For the year ended June 30, 2010, active **PSPRS** members were required by statute to contribute 7.65 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 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 4.00 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, 2010 were established by the June 30, 2008 actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

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

Projections of benefits are based on 1) the plans as understood by the County and plans' members and include the types of benefits in force at the valuation date, and 2) the pattern of sharing benefit costs between the County and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for all plans and related benefits (unless noted), and the actuarial methods and assumptions used to establish the fiscal year 2010 contribution requirements, are as follows:

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(in thousands)

Note 10: Retirement Plans (continued)

	<u>PSPRS</u>	<u>CORP</u>
Actuarial valuation date	June 30, 2008	June 30, 2008
Actuarial cost method	Projected unit credit	Projected unit credit
Actuarial Assumptions:		
Investment rate of return	8.50%	8.50%
Projected salary increases	5.50% - 8.50%	5.50% - 8.50%
includes inflation at	5.00%	5.00%
Amortization method	Level percentage closed for unfunded	Level percentage closed for
	actuarial accrued liability, open for	unfunded actuarial accrued liability,
	excess	open for excess
Remaining amortization period	28 Years for unfunded actuarial accrued	28 Years for unfunded actuarial
	liability, 20 years for excess	accrued liability, 20 years for excess
Asset valuation method	Smoothed market value	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, 2010, and related information follows:

	<u>PSPRS</u>		<u>CORP</u>	
	<u>Pension</u>	<u>Health Insurance</u>	<u>Pension</u>	<u>Health Insurance</u>
Annual pension/OPEB cost	\$ 8,761	\$ 591	\$ 1,943	\$ 232
Contributions made	\$ 8,912	\$ 440	\$ 1,993	\$ 182

Trend Information

Annual pension cost information for the current and 2 preceding years follows for the PSPRS and CORP agent plans. Annual OPEB cost information for FY 2010, FY 2009 and FY 2008 is as follows.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(in thousands)

Note 10: Retirement Plans (continued)

<u>Plan</u>	<u>Year Ended June 30</u>	<u>Annual Pension/ OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net Pension/ OPEB Obligation</u>
PSPRS				
Pension	2010	\$ 8,761	100%	
Health insurance	2010	\$ 591	74.5%	\$ 151
Pension	2009	\$ 8,268	100%	
Health insurance	2009	\$ 627	73.8%	\$ 164
Pension	2008	\$ 6,923	100%	
Health insurance	2008	\$ 565	79%	\$ 121
CORP				
Pension	2010	\$ 1,943	100%	
Health insurance	2010	\$ 232	78.8%	\$ 49
Pension	2009	\$ 2,162	100%	
Health insurance	2009	\$ 236	77.1%	\$ 54
Pension	2008	\$ 1,513	100%	
Health insurance	2008	\$ 247	66%	\$ 84

Funded Status

The funded status of the plans, as of the most recent valuation date June 30, 2010, 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.

	<u>PSPRS</u>		<u>CORP</u>	
	<u>Pension</u>	<u>Health Insurance</u>	<u>Pension</u>	<u>Health Insurance</u>
Actuarial accrued liability	\$ 220,865	\$ 7,040	\$ 64,614	\$ 3,092
Actuarial value of assets	\$ 145,388	0	\$ 50,077	0
Unfunded actuarial accrued liability (funding excess)	\$ 75,477	\$ 7,040	\$ 14,537	\$ 3,092
Funded ratio	65.8 %	0 %	77.5 %	0 %
Covered payroll	\$ 31,302	\$ 31,302	\$ 19,885	\$ 19,885
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	241.1 %	22.5 %	73.1 %	15.5 %

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(in thousands)

Note 10: Retirement Plans (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 percentage-of-pay closed	Level percentage-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

Note 11: Interfund Transactions

A. Interfund Assets/ Liabilities

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

Amounts recorded as due to:

	<i>General</i>	<i>Capital Projects</i>	<i>Other Governmental</i>	<i>PHS & Services</i>	<i>RWR</i>	<i>Other Enterprise</i>	<i>Internal Services</i>	<i>Total</i>
General		20	2,389	839	19	2	20	3,289
Capital Projects	401		4		83	30	1	519
Other Governmental	1,384	362	262	4			47	2,059
Pima Health System & Services	9						1	10
RWR	2							2
Other Enterprise			3		9		14	26
Internal Services			287					287
Total	1,796	382	2,945	843	111	32	83	6,192

Amounts recorded as due from:

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(in thousands)

Note 11: Interfund Transactions (continued)

B. Transfers

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

Amounts recorded as transfers out:

	<i>General</i>	<i>Capital Projects</i>	<i>Other Governmental</i>	<i>PHS. & Services</i>	<i>RWR</i>	<i>Other Enterprise</i>	<i>Internal Services</i>	<i>Total</i>
General			\$ 7,183	\$ 1,256				\$ 8,439
Capital Projects	\$ 4,539		17,214		\$ 4	\$ 1,330	\$ 60	23,147
Debt Service		\$ 584	18,901		23,635		156	43,276
Other Governmental	22,351	1,422	165					23,938
Pima Health System & Services	256							256
RWR		22,440				5		22,445
Other Enterprise	3,300							3,300
Internal Service						16		16
Total	\$ 30,446	\$ 24,446	\$ 43,463	\$ 1,256	\$ 23,639	\$ 1,351	\$ 216	\$ 124,817

Amounts recorded as transfers in:

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

Transfer from	Transfer to
\$ 289 RWR	Governmental activities
4 Other enterprise funds	Governmental activities
<u>\$ 293</u>	

Note 12: Construction and Other Significant Commitments

At June 30, 2010, Pima County had the following major contractual commitments related to Facilities Management, General Government, Natural Resources, Parks & Recreation, Pima Health Systems and Services, Regional Wastewater Reclamation and Transportation.

Facilities Management

At June 30, 2010, the Pima County Facilities Management Department had contractual commitments related to service contracts of \$40,154. Funding for these expenditures will be provided from general fund revenues.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2010
(in thousands)

Note 12: Construction and Other Significant Commitments (continued)

General Government

At June 30, 2010, Pima County had contractual commitments related to service contracts for Elections of \$2,285, Environmental Quality of \$9,116, Finance and Risk Management of \$23,332, Fleet Services of \$8,421, Human Resources of \$56,040, Institutional Health of \$72,580 and Sheriff of \$58,166. Funding for these expenditures will be provided from general fund revenues. Real Property had contractual commitments related to land acquisitions of \$4,944, for which the funding of these expenditures will be provided by general obligation bonds.

Natural Resources, Parks and Recreation

At June 30, 2010, Pima County had contractual commitments related to construction contracts for Natural Resources, Parks and Recreation of \$16,836. Funding for these expenditures will be provided from general obligation bonds.

Pima Health Systems & Services

At June 30, 2010, Pima County had contractual commitments related to service contracts for Pima Health Systems & Services of \$127,816. Funding for these expenditures will be primarily provided from federal and state funding sources.

Regional Wastewater Reclamation

At June 30, 2010, the Regional Wastewater Reclamation Enterprise fund had construction contractual commitments of \$48,708 and other contractual commitments related to service contracts of \$2,376. Funding for these expenditures will be primarily from Sewer Revenue Bonds and related fees.

Transportation

At June 30, 2010, the Pima County Transportation Department had construction contractual commitments of \$38,140 and other contractual commitments related to service contracts of \$311. Funding for these expenditures will be primarily provided from Transportation Revenue Bonds and Highway User Tax Revenue, the primary source of revenue for the Transportation Department.

Note 13: Stewardship, Compliance, and Accountability (Deficit Fund Balances)

The Special Districts Fund (non-major governmental fund) had a deficit fund balance at June 30, 2010, of \$487. This deficit can be eliminated in the future through normal operations.

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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, 2010
(in thousands)

Exhibit B - 1

	Budgeted Amounts		Actual	Variance
	Original	Final		Over/Under
Revenues:				
Property taxes	\$ 301,095	\$ 301,095	\$ 304,441	\$ 3,346
Licenses and permits	2,442	2,442	2,738	296
Intergovernmental	128,651	128,651	128,927	276
Charges for services	37,611	37,611	40,356	2,745
Fines and forfeits	8,830	8,830	7,011	(1,819)
Investment earnings	616	616	1,198	582
Miscellaneous	4,345	4,345	4,868	523
Total revenues	483,590	483,590	489,539	5,949
Expenditures:				
Assessor	8,409	8,409	7,897	512
Board of Supervisors	1,881	1,881	1,680	201
Clerk of Superior Court	10,072	10,072	10,053	19
Community & Economic Development	13,579	13,579	12,598	981
Constables	994	994	990	4
County Administration	79,807	79,807	35,815	43,992
County Attorney	19,289	19,289	18,693	596
Institutional Health	106,334	106,334	87,089	19,245
Forensic Science Center	2,706	2,706	2,702	4
Graphics	630	630	530	100
Justice Courts	7,700	7,700	7,544	156
Juvenile Court	21,426	21,426	21,366	60
Justice & Law Enforcement	30,675	30,675	31,331	(656)
Public Works	31,180	31,180	29,519	1,661
Recorder	2,653	2,653	2,577	76
Sheriff	118,140	118,140	117,379	761
Superior Court	27,554	27,554	27,443	111
Superior Court Mandated Services	1,824	1,824	1,820	4
School Superintendent	1,537	1,537	1,398	139
Treasurer	2,454	2,454	2,018	436
Debt Service - principal	3,635	3,635	3,635	
- interest	2,281	2,281	2,281	
- miscellaneous	6	6	3	3
Total expenditures	494,766	494,766	426,361	68,405
Excess (deficiency) of revenues over (under) expenditures	(11,176)	(11,176)	63,178	74,354
Other financing sources (uses):				
Proceeds from sale of capital assets			204	204
Transfers in	4,962	4,962	8,439	3,477
Transfers (out)	(18,768)	(18,768)	(30,446)	(11,678)
Total other financing (uses)	(13,806)	(13,806)	(21,803)	(7,997)
 Net change in fund balance	 (24,982)	 (24,982)	 41,375	 66,357
Fund balance at beginning of year	24,982	24,982	40,166	15,184
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,541</u>	<u>\$ 81,541</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, 2010
(in thousands)

Note 1: Budgetary Basis of Accounting

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

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

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

Note 2: Excess of Expenditures Over Appropriations

For the year ended June 30, 2010, expenditures exceeded appropriations by \$656 in the General Fund's Justice and Law Enforcement department. These expenditures were funded by unspent appropriations by the County Administrator. Budgetary control department will monitor to control expenditures in the future.

PIMA COUNTY, ARIZONA
 Schedule of Retirement Plans' Funding Progress
 June 30, 2010
 (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
<u>PSPRS</u>							
Pension	2010	\$ 145,388	\$ 220,865	\$ (75,477)	65.8%	\$ 31,302	241.1%
Health Insurance	2010	0	7,040	(7,040)	0%	31,302	22.5%
Pension	2009	142,164	212,291	(70,127)	67.0%	33,557	209.0%
Health Insurance	2009	0	7,088	(7,088)	0%	33,557	21.1%
Pension	2008	133,286	198,116	(64,830)	67.3%	32,495	199.5%
Health Insurance	2008	0	8,056	(8,056)	0%	32,495	24.8%
<u>CORP</u>							
Pension	2010	\$ 50,077	\$ 64,614	\$ (14,537)	77.5%	\$ 19,885	73.1%
Health Insurance	2010	0	3,092	(3,092)	0.0%	19,885	15.6%
Pension	2009	48,740	60,217	(11,477)	80.9%	20,411	56.2%
Health Insurance	2009	0	3,095	(3,095)	0.0%	20,411	15.1%
Pension	2008	45,957	55,365	(9,408)	83.0%	21,455	43.8%
Health Insurance	2008	0	2,958	(2,958)	0%	21,455	13.8%

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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 control and emergency management. Major sources of funding include Federal and State grants, charges for services provided and operating transfers from the General Fund.

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

Employment and Training Fund - primarily to account for resources received under the Workforce Investment Act. Financing is provided by the federal government and County resources.

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

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

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

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

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

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

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

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

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PIMA COUNTY, ARIZONA
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2010
(in thousands)

	Special Revenue Funds					
	Transportation	Health	Regional Flood Control District	Employment and Training	Other	Other Grants
<u>Assets</u>						
Cash and cash equivalents	\$ 18,640	\$ 2,245	\$ 10,164		\$ 38,933	\$ 5
Property taxes receivable (net of allowances for uncollectables)			999			
Interest receivable	18	3	28		36	
Due from other funds	307	12		\$ 316	920	176
Due from other governments	8,394	3,310	151	5,819	442	4,977
Loan receivable					113	
Accounts receivable	92	107	2	32	1,000	78
Inventory	1,481	76				
Prepaid expenditures	4	111	15		74	64
Other assets	952					
Special assessments receivable						
Restricted cash and cash equivalents						
Total assets	<u>\$ 29,888</u>	<u>\$ 5,864</u>	<u>\$ 11,359</u>	<u>\$ 6,167</u>	<u>\$ 41,518</u>	<u>\$ 5,300</u>
<u>Liabilities and fund balances</u>						
Liabilities:						
Accounts payable	\$ 2,371	\$ 798	\$ 733	\$ 2,946	\$ 874	\$ 1,441
Interest payable						
Employee compensation	787	773	213	128	196	779
Due to other funds	82	4	6	1,264	1,030	10
Due to other governments	266	241				118
Deferred revenues	4,135	1,080	885	1,532	1,919	2,685
Total liabilities	<u>7,641</u>	<u>2,896</u>	<u>1,837</u>	<u>5,870</u>	<u>4,019</u>	<u>5,033</u>
Fund balances:						
Nonspendable	1,485	187	15		187	64
Restricted	20,762	3,424	9,507	1,560	25,362	1,525
Committed					10,863	
Assigned					1,091	
Unassigned		(643)		(1,263)	(4)	(1,322)
Total fund balances	<u>22,247</u>	<u>2,968</u>	<u>9,522</u>	<u>297</u>	<u>37,499</u>	<u>267</u>
Total liabilities and fund balances	<u>\$ 29,888</u>	<u>\$ 5,864</u>	<u>\$ 11,359</u>	<u>\$ 6,167</u>	<u>\$ 41,518</u>	<u>\$ 5,300</u>

Special Revenue Funds						Total Other Governmental Funds
School Reserve	Environmental Quality	Special Districts	Solid Waste	Library District	Stadium District	
\$ 1,515	\$ 1,254	\$ 60	\$ 2,016	\$ 18,575	\$ 2,487	\$ 95,894
				1,045		2,044
	1		2	40	3	131
			230		98	2,059
540	148		257	59	231	24,328
						113
49	42		146	18	30	1,596
						1,557
	1			17	10	296
						952
		537				537
				45		45
<u>\$ 2,104</u>	<u>\$ 1,446</u>	<u>\$ 597</u>	<u>\$ 2,651</u>	<u>\$ 19,799</u>	<u>\$ 2,859</u>	<u>\$ 129,552</u>
\$ 93	\$ 27		\$ 228	\$ 732	\$ 316	\$ 10,559
					1	1
172	85		64	659	49	3,905
	1	\$ 547	1			2,945
						625
<u>5</u>	<u>27</u>	<u>537</u>		<u>896</u>	<u>115</u>	<u>13,816</u>
<u>270</u>	<u>140</u>	<u>1,084</u>	<u>293</u>	<u>2,287</u>	<u>481</u>	<u>31,851</u>
	1			62	10	2,011
900	1,167		1,300	17,450		82,957
		11			4,431	15,305
934	138		1,058			3,221
		(498)			(2,063)	(5,793)
<u>1,834</u>	<u>1,306</u>	<u>(487)</u>	<u>2,358</u>	<u>17,512</u>	<u>2,378</u>	<u>97,701</u>
<u>\$ 2,104</u>	<u>\$ 1,446</u>	<u>\$ 597</u>	<u>\$ 2,651</u>	<u>\$ 19,799</u>	<u>\$ 2,859</u>	<u>\$ 129,552</u>

PIMA COUNTY, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Nonmajor Governmental Funds
For the Year Ended June 30, 2010
(in thousands)

	Special Revenue Funds					
	Transportation	Health	Regional Flood Control District	Employment and Training	Other	Other Grants
Revenues:						
Taxes			\$ 23,458			
Special assessments						
Licenses and permits	\$ 396	\$ 2,737				
Intergovernmental	53,809	12,101	257	\$ 22,548	\$ 5,146	\$ 33,977
Charges for services	243	2,831	41		8,517	
Fines and forfeits		166			513	
Investment earnings	196	40	135		510	26
Miscellaneous	253	388	149	202	10,536	269
Total revenues	54,897	18,263	24,040	22,750	25,222	34,272
Expenditures:						
Current:						
General government					13,340	23,198
Public safety			10,414		1,907	7,045
Highways and streets	34,214				58	
Sanitation						
Health		26,924				117
Culture and recreation					389	47
Education and economic opportunity				23,463	1,482	5,124
Debt service - principal					107	
- interest					4	
Total expenditures	34,214	26,924	10,414	23,463	17,287	35,531
Excess (deficiency) of revenues over (under) expenditures	20,683	(8,661)	13,626	(713)	7,935	(1,259)
Other financing sources (uses):						
Proceeds from sale of capital assets					99	
Transfers in	3,257	9,354		320	4,970	14
Transfers (out)	(19,328)	(20)	(10,034)	(31)	(8,237)	(163)
Total other financing sources (uses)	(16,071)	9,334	(10,034)	289	(3,168)	(149)
Net change in fund balances	4,612	673	3,592	(424)	4,767	(1,408)
Fund balance at beginning of year	17,635	2,291	5,930	721	32,732	1,675
Change in reserve for inventory		4				
Change in reserve for prepaid expenditures						
Fund balance at end of year	\$ 22,247	\$ 2,968	\$ 9,522	\$ 297	\$ 37,499	\$ 267

Special Revenue Funds						Total Other Governmental Funds
School Reserve	Environmental Quality	Special Districts	Solid Waste	Library District	Stadium District	
		\$ 536		\$ 26,219		\$ 49,677
	\$ 1,920					536
\$ 4,131	897		\$ 1,043	463	\$ 1,521	5,053
			3,339		669	135,893
	10			743		15,640
	17	1	36	287	60	1,432
	19		40	237	50	1,308
<u>4,131</u>	<u>2,863</u>	<u>537</u>	<u>4,458</u>	<u>27,949</u>	<u>2,300</u>	<u>12,143</u>
						221,682
						36,538
		2				19,366
	2,994		5,637			34,274
4,337				30,798	4,293	5,637
						30,035
						35,527
						34,406
		32				107
						36
<u>4,337</u>	<u>2,994</u>	<u>34</u>	<u>5,637</u>	<u>30,798</u>	<u>4,293</u>	<u>195,926</u>
<u>(206)</u>	<u>(131)</u>	<u>503</u>	<u>(1,179)</u>	<u>(2,849)</u>	<u>(1,993)</u>	<u>25,756</u>
	396		1,000	568	4,059	99
		(38)	(400)	(699)	(4,513)	23,938
						(43,463)
	396	(38)	600	(131)	(454)	(19,426)
(206)	265	465	(579)	(2,980)	(2,447)	6,330
2,049	1,041	(952)	2,937	20,492	4,825	91,376
						4
(9)						(9)
<u>\$ 1,834</u>	<u>\$ 1,306</u>	<u>\$ (487)</u>	<u>\$ 2,358</u>	<u>\$ 17,512</u>	<u>\$ 2,378</u>	<u>\$ 97,701</u>

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Combining Statements and Other Schedules

Schedule of Revenues, Expenditures and Changes in Fund
Balance

Budget and Actual – Other Governmental Funds

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Capital Projects Fund
For the Year Ended June 30, 2010
(in thousands)

Exhibit C - 3

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 51,474	\$ 31,106	\$ (20,368)
Charges for services	10,992	4,380	(6,612)
Investment earnings	750	1,170	420
Miscellaneous		431	431
Total revenues	<u>63,216</u>	<u>37,087</u>	<u>(26,129)</u>
Expenditures:			
Capital outlay	<u>200,125</u>	<u>162,306</u>	<u>37,819</u>
Total expenditures	<u>200,125</u>	<u>162,306</u>	<u>37,819</u>
Deficiency of revenues under expenditures	<u>(136,909)</u>	<u>(125,219)</u>	<u>11,690</u>
Other financing sources (uses):			
Face amount of long-term debt	125,000	125,000	
Proceeds from sale of capital assets		815	815
Transfers in	11,881	23,147	11,266
Transfers (out)	(22,012)	(24,446)	(2,434)
Total other financing sources	<u>114,869</u>	<u>124,516</u>	<u>9,647</u>
Net change in fund balance	(22,040)	(703)	21,337
Fund balance at beginning of year	107,422	126,863	19,441
Fund balance at end of year	<u>\$ 85,382</u>	<u>\$ 126,160</u>	<u>\$ 40,778</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, 2010
(in thousands)

Exhibit C - 4

	Budget	Actual	Variance Over/Under
Revenues:			
Taxes	\$ 68,930	\$ 69,325	\$ 395
Intergovernmental	7	78	71
Investment earnings	1,000	936	(64)
Total revenues	<u>69,937</u>	<u>70,339</u>	<u>402</u>
Expenditures:			
Debt service - principal	84,450	83,565	885
- interest	25,654	24,097	1,557
- miscellaneous	35	430	(395)
Total expenditures	<u>110,139</u>	<u>108,092</u>	<u>2,047</u>
Deficiency of revenues under expenditures	<u>(40,202)</u>	<u>(37,753)</u>	<u>2,449</u>
Other financing sources (uses):			
Premium on bonds		1,909	1,909
Proceeds-refunding debt		31,955	31,955
Payments to escrow agent		(32,361)	(32,361)
Transfers in	41,115	43,276	2,161
Total other financing sources	<u>41,115</u>	<u>44,779</u>	<u>3,664</u>
Net change in fund balance	913	7,026	6,113
Fund balance at beginning of year	14,861	33,842	18,981
Fund balance at end of year	<u>\$ 15,774</u>	<u>\$ 40,868</u>	<u>\$ 25,094</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, 2010
(in thousands)

Exhibit C - 5

	Budget	Actual	Variance Over/Under
Revenues:			
Licenses and permits	\$ 694	\$ 396	\$ (298)
Intergovernmental	54,877	53,809	(1,068)
Charges for services	226	243	17
Investment earnings	69	196	127
Miscellaneous	183	253	70
Total revenues	<u>56,049</u>	<u>54,897</u>	<u>(1,152)</u>
Expenditures:			
Highways and streets	40,619	34,214	6,405
Total expenditures	<u>40,619</u>	<u>34,214</u>	<u>6,405</u>
Excess of revenues over expenditures	<u>15,430</u>	<u>20,683</u>	<u>5,253</u>
Other financing sources (uses):			
Proceeds from sale of capital assets	120		(120)
Transfers in	3,363	3,257	(106)
Transfers (out)	(19,859)	(19,328)	531
Total other financing (uses)	<u>(16,376)</u>	<u>(16,071)</u>	<u>305</u>
Net change in fund balance	(946)	4,612	5,558
Fund balance at beginning of year	11,617	17,635	6,018
Fund balance at end of year	<u>\$ 10,671</u>	<u>\$ 22,247</u>	<u>\$ 11,576</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Health - Special Revenue Fund
For the Year Ended June 30, 2010
(in thousands)

Exhibit C - 6

	Budget	Actual	Variance Over/Under
Revenues:			
Licenses and permits	\$ 2,729	\$ 2,737	\$ 8
Intergovernmental	11,091	12,101	1,010
Charges for services	3,442	2,831	(611)
Fines and forfeits	201	166	(35)
Investment earnings		40	40
Miscellaneous	264	388	124
Total revenues	<u>17,727</u>	<u>18,263</u>	<u>536</u>
Expenditures:			
Health	17,044	16,750	294
Health grants	9,667	10,174	(507)
Total expenditures	<u>26,711</u>	<u>26,924</u>	<u>(213)</u>
Deficiency of revenues under expenditures	<u>(8,984)</u>	<u>(8,661)</u>	<u>323</u>
Other financing sources (uses):			
Transfers in	9,354	9,354	
Transfers (out)		(20)	(20)
Total other financing sources (uses)	<u>9,354</u>	<u>9,334</u>	<u>(20)</u>
Net change in fund balance	370	673	303
Fund balance at beginning of year	1,497	2,291	794
Change in reserve for inventory		4	4
Fund balance at end of year	<u>\$ 1,867</u>	<u>\$ 2,968</u>	<u>\$ 1,101</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, 2010
(in thousands)

Exhibit C - 7

	Budget	Actual	Variance Over/Under
Revenues:			
Taxes	\$ 23,293	\$ 23,458	\$ 165
Intergovernmental	40	257	217
Charges for services	50	41	(9)
Investment earnings	35	135	100
Miscellaneous	180	149	(31)
Total revenues	<u>23,598</u>	<u>24,040</u>	<u>442</u>
Expenditures:			
Flood control	12,227	10,414	1,813
Total expenditures	<u>12,227</u>	<u>10,414</u>	<u>1,813</u>
Excess of revenues over expenditures	<u>11,371</u>	<u>13,626</u>	<u>2,255</u>
Other financing (uses):			
Transfers (out)	(10,030)	(10,034)	(4)
Total other financing (uses)	<u>(10,030)</u>	<u>(10,034)</u>	<u>(4)</u>
Net change in fund balance	1,341	3,592	2,251
Fund balance at beginning of year	4,800	5,930	1,130
Fund balance at end of year	<u>\$ 6,141</u>	<u>\$ 9,522</u>	<u>\$ 3,381</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Employment and Training - Special Revenue Fund
For the Year Ended June 30, 2010
(in thousands)

Exhibit C - 8

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 24,053	\$ 22,548	\$ (1,505)
Miscellaneous	164	202	38
Total revenues	<u>24,217</u>	<u>22,750</u>	<u>(1,467)</u>
Expenditures:			
Employment and training	24,494	23,463	1,031
Total expenditures	<u>24,494</u>	<u>23,463</u>	<u>1,031</u>
Deficiency of revenues under expenditures	<u>(277)</u>	<u>(713)</u>	<u>(436)</u>
Other financing sources (uses):			
Transfers in	289	320	31
Transfers (out)	<u>(31)</u>	<u>(31)</u>	<u>(31)</u>
Total other financing sources	<u>289</u>	<u>289</u>	<u></u>
Net change in fund balance	12	(424)	(436)
Fund balance at beginning of year	403	721	318
Fund balance at end of year	<u>\$ 415</u>	<u>\$ 297</u>	<u>\$ (118)</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, 2010
(in thousands)

Exhibit C - 9

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 4,816	\$ 5,146	\$ 330
Charges for services	6,797	8,517	1,720
Fines and forfeits	548	513	(35)
Investment earnings	669	510	(159)
Miscellaneous	8,175	10,536	2,361
Total revenues	21,005	25,222	4,217
Expenditures:			
General government	21,765	13,340	8,425
Public safety	3,834	1,907	1,927
Highways and streets	50	58	(8)
Culture and recreation	2,130	389	1,741
Education and economic opportunity	1,570	1,482	88
Debt service - principal	106	107	(1)
- interest	5	4	1
Total expenditures	29,460	17,287	12,173
Excess (deficiency) of revenues over (under) expenditures	(8,455)	7,935	16,390
Other financing sources (uses):			
Proceeds from sale of capital assets		99	99
Transfers in	1,513	4,970	3,457
Transfers (out)	(1,793)	(8,237)	(6,444)
Total other financing (uses)	(280)	(3,168)	(2,888)
Net change in fund balance	(8,735)	4,767	13,502
Fund balance at beginning of year	25,545	32,732	7,187
Fund balance at end of year	\$ 16,810	\$ 37,499	\$ 20,689

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Other Grants - Special Revenue Fund
For the Year Ended June 30, 2010
(in thousands)

Exhibit C - 10

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 47,135	\$ 33,977	\$ (13,158)
Investment earnings	35	26	(9)
Miscellaneous	376	269	(107)
Total revenues	<u>47,546</u>	<u>34,272</u>	<u>(13,274)</u>
Expenditures:			
Community Services	14,861	5,124	9,737
Clerk of Superior Court		15	(15)
County Attorney	3,654	3,605	49
Facilities Management	3,982		3,982
Elections	1,154		1,154
Justice Court	100	94	6
Juvenile Court	9,807	10,001	(194)
Parks and Recreation	90	47	43
Adult Probation	9,060	9,028	32
Sheriff	4,686	7,045	(2,359)
Superior Court	281	439	(158)
Medical Assistance	110	117	(7)
County Administrator		16	(16)
Total expenditures	<u>47,785</u>	<u>35,531</u>	<u>12,254</u>
Deficiency of revenues under expenditures	<u>(239)</u>	<u>(1,259)</u>	<u>(1,020)</u>
Other financing sources (uses):			
Transfers in		14	14
Transfers (out)		(163)	(163)
Total other financing (uses)		<u>(149)</u>	<u>(149)</u>
Net change in fund balance	(239)	(1,408)	(1,169)
Fund balance at beginning of year	2,051	1,675	(376)
Fund balance at end of year	<u>\$ 1,812</u>	<u>\$ 267</u>	<u>\$ (1,545)</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, 2010
(in thousands)

Exhibit C - 11

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 4,981	\$ 4,131	\$ (850)
Total revenues	<u>4,981</u>	<u>4,131</u>	<u>(850)</u>
Expenditures:			
School Reserve grants	4,981	4,337	644
Total expenditures	<u>4,981</u>	<u>4,337</u>	<u>644</u>
Deficiency of revenues under expenditures		<u>(206)</u>	<u>(206)</u>
Net change in fund balance		(206)	(206)
Fund balance at beginning of year	2,488	2,049	(439)
Change in reserve for prepaid expenditures		(9)	(9)
Fund balance at end of year	<u>\$ 2,488</u>	<u>\$ 1,834</u>	<u>\$ (654)</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, 2010
(in thousands)

Exhibit C - 12

	Budget	Actual	Variance Over/Under
Revenues:			
Licenses and permits	\$ 1,771	\$ 1,920	\$ 149
Intergovernmental	1,276	897	(379)
Fines and forfeits		10	10
Investment earnings	18	17	(1)
Miscellaneous	18	19	1
Total revenues	<u>3,083</u>	<u>2,863</u>	<u>(220)</u>
Expenditures:			
Environmental quality	2,669	2,146	523
Environmental quality grants	1,103	848	255
Total expenditures	<u>3,772</u>	<u>2,994</u>	<u>778</u>
Deficiency of revenues under expenditures	<u>(689)</u>	<u>(131)</u>	<u>558</u>
Other financing sources:			
Transfers in	396	396	
Total other financing sources	<u>396</u>	<u>396</u>	
Net change in fund balance	(293)	265	558
Fund balance at beginning of year	842	1,041	199
Fund balance at end of year	<u>\$ 549</u>	<u>\$ 1,306</u>	<u>\$ 757</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, 2010
(in thousands)

Exhibit C - 13

	Budget	Actual	Variance Over/Under
Revenues:			
Special assesments	\$ 401	\$ 536	\$ 135
Investment earnings		1	1
Total revenues	<u>401</u>	<u>537</u>	<u>136</u>
Expenditures:			
Highways and streets		2	(2)
Debt service - principal			
- interest	62	32	30
Total expenditures	<u>62</u>	<u>34</u>	<u>28</u>
Excess of revenues over expenditures	<u>339</u>	<u>503</u>	<u>164</u>
Other financing uses:			
Transfers (out)	(38)	(38)	
Total other financing uses	<u>(38)</u>	<u>(38)</u>	
Net change in fund balance	301	465	164
Fund balance at beginning of year	(946)	(952)	(6)
Fund balance at end of year	<u>\$ (645)</u>	<u>\$ (487)</u>	<u>\$ 158</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Solid Waste - Special Revenue Fund
For the Year Ended June 30, 2010
(in thousands)

Exhibit C - 14

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 1,200	\$ 1,043	\$ (157)
Charges for services	3,864	3,339	(525)
Investment earnings	30	36	6
Miscellaneous	34	40	6
Total revenues	<u>5,128</u>	<u>4,458</u>	<u>(670)</u>
Expenditures:			
Sanitation	<u>7,178</u>	<u>5,637</u>	<u>1,541</u>
Total expenditures	<u>7,178</u>	<u>5,637</u>	<u>1,541</u>
Deficiency of revenues under expenditures	<u>(2,050)</u>	<u>(1,179)</u>	<u>871</u>
Other financing sources (uses):			
Transfers in	1,000	1,000	
Transfers out		(400)	(400)
Total other financing sources	<u>1,000</u>	<u>600</u>	<u>(400)</u>
Net change in fund balance	(1,050)	(579)	471
Fund balance at beginning of year	868	2,937	2,069
Fund balance at end of year	<u>\$ (182)</u>	<u>\$ 2,358</u>	<u>\$ 2,540</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, 2010
(in thousands)

Exhibit C - 15

	Budget	Actual	Variance Over/Under
Revenues:			
Taxes	\$ 26,001	\$ 26,219	\$ 218
Intergovernmental	370	463	93
Fines and forfeits	600	743	143
Investment earnings	272	287	15
Miscellaneous	390	237	(153)
Total revenues	27,633	27,949	316
Expenditures:			
Culture and recreation	37,483	30,798	6,685
Total expenditures	37,483	30,798	6,685
Deficiency of revenues under expenditures	(9,850)	(2,849)	7,001
Other financing sources (uses):			
Transfers in	568	568	
Transfers (out)	(699)	(699)	(699)
Total other financing sources (uses)	568	(131)	(699)
Net change in fund balance	(9,282)	(2,980)	6,302
Fund balance at beginning of year	16,892	20,492	3,600
Fund balance at end of year	\$ 7,610	\$ 17,512	\$ 9,902

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, 2010
(in thousands)

Exhibit C - 16

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 1,404	\$ 1,521	\$ 117
Charges for services	850	669	(181)
Investment earnings	12	60	48
Miscellaneous		50	50
Total revenues	<u>2,266</u>	<u>2,300</u>	<u>34</u>
Expenditures:			
Culture and recreation	<u>5,056</u>	<u>4,293</u>	<u>763</u>
Total expenditures	<u>5,056</u>	<u>4,293</u>	<u>763</u>
Deficiency of revenues under expenditures	<u>(2,790)</u>	<u>(1,993)</u>	<u>797</u>
Other financing sources (uses):			
Transfers in	3,581	4,059	478
Transfers (out)	<u>(4,513)</u>	<u>(4,513)</u>	
Total other financing sources (uses)	<u>(932)</u>	<u>(454)</u>	<u>478</u>
Net change in fund balance	(3,722)	(2,447)	1,275
Fund balance at beginning of year	4,955	4,825	(130)
Fund balance at end of year	<u>\$ 1,233</u>	<u>\$ 2,378</u>	<u>\$ 1,145</u>



Combining Statements and Other Schedules

Other (Nonmajor) Enterprise Funds

Other (Nonmajor) Enterprise Funds

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

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

PIMA COUNTY, ARIZONA
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2010
(in thousands)

Exhibit C - 17

	Development Services	Parking Garages	Total Other Enterprise Funds
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 3,486	\$ 2,796	\$ 6,282
Interest receivable	3	2	5
Due from other funds	12	14	26
Due from other governments	9	14	23
Accounts receivable	328	10	338
Prepaid expense	54		54
Total current assets	<u>3,892</u>	<u>2,836</u>	<u>6,728</u>
Noncurrent assets:			
Capital assets:			
Land and other improvements		1,768	1,768
Buildings and improvements		12,927	12,927
Equipment	1,095	231	1,326
Less accumulated depreciation	(1,037)	(8,709)	(9,746)
Total capital assets (net of accumulated depreciation)	<u>58</u>	<u>6,217</u>	<u>6,275</u>
Total noncurrent assets	<u>58</u>	<u>6,217</u>	<u>6,275</u>
Total assets	<u>3,950</u>	<u>9,053</u>	<u>13,003</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	20	271	291
Employee compensation	694	15	709
Due to other funds	32		32
Due to other governments		120	120
Total current liabilities	<u>746</u>	<u>406</u>	<u>1,152</u>
Total liabilities	<u>746</u>	<u>406</u>	<u>1,152</u>
<u>Net assets</u>			
Invested in capital assets	58	6,217	6,275
Unrestricted	<u>3,146</u>	<u>2,430</u>	<u>5,576</u>
Total net assets	<u>\$ 3,204</u>	<u>\$ 8,647</u>	<u>\$ 11,851</u>

PIMA COUNTY, ARIZONA
Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets
Nonmajor Enterprise Funds
June 30, 2010
(in thousands)

Exhibit C - 18

	Development Services	Parking Garages	Total Other Enterprise Funds
Operating revenues:			
Charges for services	\$ 5,886	\$ 1,999	\$ 7,885
Other	154		154
Total net operating revenues	<u>6,040</u>	<u>1,999</u>	<u>8,039</u>
Operating expenses:			
Employee compensation	5,908	323	6,231
Operating supplies and services	65	26	91
Utilities	84	182	266
Repair and maintenance	81	363	444
General and administrative	1,556	792	2,348
Consultants and professional services	44	6	50
Depreciation	207	216	423
Total operating expenses	<u>7,945</u>	<u>1,908</u>	<u>9,853</u>
Operating loss	<u>(1,905)</u>	<u>91</u>	<u>(1,814)</u>
Nonoperating revenues:			
Investment earnings	<u>35</u>	<u>28</u>	<u>63</u>
Total nonoperating revenues:	<u>35</u>	<u>28</u>	<u>63</u>
Income/(loss) before contributions and transfers	<u>(1,870)</u>	<u>119</u>	<u>(1,751)</u>
Transfers in	2,000	1,300	3,300
Transfers (out)	<u>(55)</u>	<u>(1,300)</u>	<u>(1,355)</u>
Change in net assets	75	119	194
Net assets at beginning of year	<u>3,129</u>	<u>8,528</u>	<u>11,657</u>
Net assets at end of year	<u>\$ 3,204</u>	<u>\$ 8,647</u>	<u>\$ 11,851</u>

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2010
(in thousands)

Exhibit C - 19

	Development Services	Parking Garages	Total Other Enterprise Funds
Cash flows from operating activities:			
Cash received from other funds for goods and services provided	\$ 27		\$ 27
Cash received from customers for goods and services provided	5,619	\$ 1,979	7,598
Cash received from miscellaneous operations	100		100
Cash payments to suppliers for goods and services	(163)	(1,371)	(1,534)
Cash payments to other funds for goods and services	(2,850)		(2,850)
Cash payments to employees for services	(4,789)	(325)	(5,114)
	(2,056)	283	(1,773)
Net cash provided by (used for) operating activities			
Cash flows from noncapital financing activities:			
Cash transfers in from other funds	2,000		2,000
Cash transfers out to other funds	(30)		(30)
Loans with other funds	19	(13)	6
	1,989	(13)	1,976
Net cash provided by (used for) noncapital financing activities			
Cash flows from capital and related financing activities:			
Proceeds from sale of capital assets	1		1
	1		1
Net cash provided by capital and related financing activities			
Cash flows from investing activities:			
Interest on cash and investments	49	34	83
	49	34	83
Net cash provided by investing activities			
Net increase (decrease) in cash and cash equivalents	(17)	304	287
Cash and cash equivalents at beginning of year	3,503	2,492	5,995
Cash and cash equivalents at end of year	\$ 3,486	\$ 2,796	\$ 6,282

(Continued)

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2010
(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)	(1,905)	91	(1,814)
Adjustments to reconcile operating income/(loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	207	216	423
Changes in assets and liabilities:			
Decrease (increase) in assets:			
Accounts receivable	(312)	(6)	(318)
Due from other governments	(9)	(14)	(23)
Prepaid expenses	8	4	12
Increase (decrease) in liabilities:			
Accounts payable	(10)	(55)	(65)
Due to other governments		49	49
Other current liabilities	(35)	(2)	(37)
Net cash provided by (used for) operating activities	\$ (2,056)	\$ 283	\$ (1,773)

Noncash investing, capital and financing activities during the year ended June 30, 2010:

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

Development Services Enterprise Fund transferred capital assets with a net book value of \$25: \$4 to the County's general government, \$16 to Other Internal Service Funds and \$5 to the Regional Wastewater Reclamation Enterprise Fund.



Combining Statements and Other Schedules

Internal Service Funds

Internal Service Funds

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

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

PIMA COUNTY, ARIZONA
Combining Statement of Net Assets
Internal Service Funds
June 30, 2010
(in thousands)

Exhibit C - 20

	Self Insurance Trust	Other Internal Service	Total Internal Service Funds
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 50,327	\$ 22,336	\$ 72,663
Interest receivable	60	21	81
Due from other funds	287		287
Due from other governments		113	113
Accounts receivable	15		15
Inventory		384	384
Prepaid expense	563	135	698
Total current assets	51,252	22,989	74,241
Noncurrent assets:			
Capital assets:			
Land and other improvements	592		592
Buildings and improvements		614	614
Equipment	210	33,485	33,695
Less accumulated depreciation	(135)	(16,789)	(16,924)
Construction in progress	158	16	174
Total capital assets (net of accumulated depreciation)	825	17,326	18,151
Total noncurrent assets	825	17,326	18,151
Total assets	52,077	40,315	92,392
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	726	930	1,656
Employee compensation	76	634	710
Due to other funds	79	4	83
Current portion reported but unpaid losses	3,906		3,906
Current portion incurred but not reported losses	2,923		2,923
Total current liabilities	7,710	1,568	9,278
Noncurrent liabilities:			
Reported but unpaid losses	17,959		17,959
Incurred but not reported losses	13,590		13,590
Total noncurrent liabilities	31,549		31,549
Total liabilities	39,259	1,568	40,827
<u>Net assets</u>			
Invested in capital assets	825	17,326	18,151
Unrestricted	11,993	21,421	33,414
Total net assets	\$ 12,818	\$ 38,747	\$ 51,565

PIMA COUNTY, ARIZONA
Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2010
(in thousands)

Exhibit C - 21

	Self Insurance Trust	Other Internal Service	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 19,344	\$ 19,951	\$ 39,295
Other	56	1,678	1,734
Total operating revenues	<u>19,400</u>	<u>21,629</u>	<u>41,029</u>
Operating expenses:			
Employee compensation	1,676	4,771	6,447
Operating supplies and services	181	5,128	5,309
Utilities	15	978	993
Incurred losses	9,893		9,893
Insurance premiums	3,588	1,151	4,739
General and administrative	1,395	1,657	3,052
Repair and maintenance	91	3,505	3,596
Consultants and professional services	283	22	305
Depreciation	35	2,624	2,659
Total operating expenses	<u>17,157</u>	<u>19,836</u>	<u>36,993</u>
Operating income	<u>2,243</u>	<u>1,793</u>	<u>4,036</u>
Nonoperating revenues (expenses):			
Intergovernmental revenue	35		35
Investment earnings	550	287	837
(Loss) on disposal of capital assets		(161)	(161)
Total nonoperating revenues:	<u>585</u>	<u>126</u>	<u>711</u>
Income before capital contributions and transfers:	2,828	1,919	4,747
Capital contributions		132	132
Transfers in		16	16
Transfers (out)	(59)	(157)	(216)
Change in net assets	2,769	1,910	4,679
Net assets at beginning of year	<u>10,049</u>	<u>36,837</u>	<u>46,886</u>
Net assets at end of year	<u>\$ 12,818</u>	<u>\$ 38,747</u>	<u>\$ 51,565</u>

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2010
(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	\$ 19,344	\$ 19,951	\$ 39,295
Cash received from miscellaneous operations	44	1,734	1,778
Cash payments to suppliers for goods and services	(3,663)	(10,535)	(14,198)
Cash payments to other funds for goods and services	(1,922)	(2,109)	(4,031)
Cash payments for incurred losses	(8,509)		(8,509)
Cash payments to employees for services	(1,187)	(4,750)	(5,937)
	4,107	4,291	8,398
Cash flows from noncapital financing activities:			
Cash transfers out to other funds	(59)	(157)	(216)
Loans with other funds	220	3	223
Intergovernmental receipts	35		35
	196	(154)	42
Cash flows from capital and related financing activities:			
Proceeds from sale of capital assets		90	90
Purchase of capital assets	(34)	(1,316)	(1,350)
	(34)	(1,226)	(1,260)
Cash flows from investing activities:			
Interest on cash and investments	614	309	923
	614	309	923
Net increase in cash and cash equivalents	4,883	3,220	8,103
Cash and cash equivalents at beginning of year	45,444	19,116	64,560
Cash and cash equivalents at end of year	\$ 50,327	\$ 22,336	\$ 72,663

(Continued)

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2010
(in thousands)

Exhibit C - 22.1

(continued)

Reconciliation of operating income to net cash provided by operating activities	Self Insurance Trust	Other Internal Service	Total Internal Service Funds
Operating income	\$ 2,243	\$ 1,793	\$ 4,036
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	35	2,624	2,659
Changes in assets and liabilities:			
Decrease (increase) in assets:			
Accounts receivable	(12)	3	(9)
Due from other governments		53	53
Inventory		17	17
Prepaid expenses	190	57	247
Increase (decrease) in liabilities:			
Accounts payable	295	(277)	18
Reported but unpaid losses	(2,670)		(2,670)
Incurred but not reported losses	4,054		4,054
Other current liabilities	(28)	21	(7)
Net cash provided by operating activities	\$ 4,107	\$ 4,291	\$ 8,398

Noncash investing, capital and financing activities during the year ended June 30, 2010:

Other Internal Service Funds (Fleet Services) transferred in capital assets with a net book value of \$16, received capital contribution with a value of \$132 and sold capital assets with a net book value of \$251.



Combining Statements and Other Schedules

Fiduciary Funds

PIMA COUNTY, ARIZONA
 Combining Statement of Fiduciary Net Assets
 Investment Trust Funds
 June 30, 2010
 (in thousands)

Exhibit C - 23

	Treasurer's Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
Assets			
Cash and cash equivalents	\$ 144,928	\$ 177,037	\$ 321,965
Interest receivable	216		216
Total assets	145,144	177,037	322,181
Liabilities			
Total liabilities	_____	_____	_____
Net Assets			
Held in trust for pool participants	\$ 145,144	\$ 177,037	\$ 322,181

PIMA COUNTY, ARIZONA
Combining Statement of Changes in Fiduciary Net Assets
Investment Trust Funds
For the Year Ended June 30, 2010
(in thousands)

Exhibit C - 24

	Treasurer's Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
Additions			
Contributions:			
Participants	\$ 2,351,103	\$ 246,550	\$ 2,597,653
Total contributions	<u>2,351,103</u>	<u>246,550</u>	<u>2,597,653</u>
Investment earnings:			
Total investment earnings	<u>2,209</u>	<u>318</u>	<u>2,527</u>
Total additions	<u>2,353,312</u>	<u>246,868</u>	<u>2,600,180</u>
Deductions			
Distributions to participants	2,350,639	199,545	2,550,184
Total deductions	<u>2,350,639</u>	<u>199,545</u>	<u>2,550,184</u>
Net increase	2,673	47,323	49,996
Net assets held in trust July 1, 2009	142,471	129,714	272,185
Net assets held in trust June 30, 2010	<u>\$ 145,144</u>	<u>\$ 177,037</u>	<u>\$ 322,181</u>

PIMA COUNTY, ARIZONA
Combining Statement of Fiduciary Net Assets
Agency Funds
June 30, 2010
(in thousands)

Exhibit C - 25

	Payroll	Treasurer's Clearing	Other	Total
Assets				
Cash and cash equivalents	\$ 3,067	\$ 3,007	\$ 68,416	\$ 74,490
Total assets	<u>3,067</u>	<u>3,007</u>	<u>68,416</u>	<u>74,490</u>
Liabilities				
Employee compensation	3,067			3,067
Due to other governments		165	51,017	51,182
Deposits and rebates		2,842	17,399	20,241
Total liabilities	<u>\$ 3,067</u>	<u>\$ 3,007</u>	<u>\$ 68,416</u>	<u>\$ 74,490</u>

PIMA COUNTY, ARIZONA
Combining Statement of Changes in Fiduciary Net Assets
Agency Funds
For the Year Ended June 30, 2010
(in thousands)

Exhibit C - 26

	Balance 06/30/09	Additions	Deductions	Balance 06/30/10
Payroll Clearing				
Assets				
Cash and cash equivalents	\$ 3,931	\$ 688,713	\$ 689,577	\$ 3,067
Total assets	<u>3,931</u>	<u>688,713</u>	<u>689,577</u>	<u>3,067</u>
Liabilities				
Employee compensation	3,931	688,713	689,577	3,067
Total liabilities	<u>3,931</u>	<u>688,713</u>	<u>689,577</u>	<u>3,067</u>
Treasurer's Clearing				
Assets				
Cash and cash equivalents	3,255	2,055,634	2,055,882	3,007
Total assets	<u>3,255</u>	<u>2,055,634</u>	<u>2,055,882</u>	<u>3,007</u>
Liabilities				
Due to other governments	25	1,094,010	1,093,870	165
Deposits and rebates	3,230	961,624	962,012	2,842
Total liabilities	<u>3,255</u>	<u>2,055,634</u>	<u>2,055,882</u>	<u>3,007</u>
Other				
Assets				
Cash and cash equivalents	59,440	265,891	256,915	68,416
Total assets	<u>59,440</u>	<u>265,891</u>	<u>256,915</u>	<u>68,416</u>
Liabilities				
Due to other governments	38,481	183,846	171,310	51,017
Deposits and rebates	20,959	82,045	85,605	17,399
Total liabilities	<u>59,440</u>	<u>265,891</u>	<u>256,915</u>	<u>68,416</u>
Totals - All Agency Funds				
Assets				
Cash and cash equivalents	66,626	3,010,238	3,002,374	74,490
Total assets	<u>66,626</u>	<u>3,010,238</u>	<u>3,002,374</u>	<u>74,490</u>
Liabilities				
Employee compensation	3,931	688,713	689,577	3,067
Due to other governments	38,506	1,277,856	1,265,180	51,182
Deposits and rebates	24,189	1,043,669	1,047,617	20,241
Total liabilities	<u>\$ 66,626</u>	<u>\$ 3,010,238</u>	<u>\$ 3,002,374</u>	<u>\$ 74,490</u>

PIMA COUNTY

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2010

INTRODUCTORY SECTION

FINANCIAL SECTION

STATISTICAL SECTION

Financial Trends Information

Revenue Capacity Information

Debt Capacity Information

Demographic and Economic Information

Operating Information

STATISTICAL SECTION

FINANCIAL TRENDS:

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

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

Exhibit D - 1

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities									
Invested in capital assets, net of related debt	\$ 215,646	\$ 272,130	\$ 391,514	\$ 741,453	\$ 761,130	\$ 774,000	\$ 882,424	\$ 972,346	\$ 1,048,821
Restricted for:									
Special revenue	43,339	29,322	52,363	59,789	53,384	63,014	71,618	78,080	64,991
Highways and streets					21,353	16,734	17,390	21,349	25,749
Debt service	5,450	2,926	5,686	11,439	7,934	8,980	13,612	44,566	
Capital projects	33,752	35,686	17,368	27,027	77,088	90,467	80,922	59,945	57,939
Healthcare									3,405
Worker's compensation				9,042					
Unrestricted	60,050	66,015	41,020	33,451	38,464	46,256	53,778	34,850	149,966
Total governmental activities net assets	<u>358,237</u>	<u>406,079</u>	<u>507,951</u>	<u>882,201</u>	<u>959,353</u>	<u>999,451</u>	<u>1,119,744</u>	<u>1,211,136</u>	<u>1,350,871</u>
Business-type activities									
Invested in capital assets, net of related debt	380,916	444,590	451,162	457,600	466,257	476,950	482,822	539,718	550,540
Restricted for:									
Debt service	1,216	1,245	499	468	438	574	791	819	13,454
Capital projects	18,982	3,008	88			35,480	37,925	14,479	11,623
Regional Wastewater Reclamation	15,748	3,669	3,696	3,511	48,379	38,628	5,956	5,883	16,110
Healthcare	19,684	13,217	4,011	6,319	5,464	9,985	13,732	9,017	15,943
Unrestricted (deficit)	(4,109)	(24,744)	(4,766)	20,851	15,284	10,845	56,397	34,477	29,914
Total business-type activities net assets	<u>432,437</u>	<u>440,985</u>	<u>454,690</u>	<u>488,749</u>	<u>535,822</u>	<u>572,462</u>	<u>597,623</u>	<u>604,393</u>	<u>637,584</u>
Primary government									
Invested in capital assets, net of related debt	596,562	716,720	842,676	1,199,053	1,227,387	1,250,950	1,365,246	1,512,064	1,599,361
Restricted for:									
(2) Facilities, justice, library, tax stabilization and community development							71,618	78,080	64,991
(2) Special revenue	43,339	29,322	52,363	59,789	53,384	63,014			
(2) Highways and streets					21,353	16,734	17,390	21,349	25,749
Debt service	6,666	4,171	6,185	11,907	8,372	9,554	14,403	45,385	13,454
Capital projects	52,734	38,694	17,456	27,027	77,088	125,947	118,847	74,424	69,562
Worker's compensation				9,042					
Regional Wastewater Reclamation	15,748	3,669	3,696	3,511	48,379	38,628	5,956	5,883	16,110
Healthcare	19,684	13,217	4,011	6,319	5,464	9,985	13,732	9,017	19,348
Unrestricted	55,941	41,271	36,254	54,302	53,748	57,101	110,175	69,327	179,880
Total primary government net assets	<u>\$ 790,674</u>	<u>\$ 847,064</u>	<u>\$ 962,641</u>	<u>\$ 1,370,950</u>	<u>\$ 1,495,175</u>	<u>\$ 1,571,913</u>	<u>\$ 1,717,367</u>	<u>\$ 1,815,529</u>	<u>\$ 1,988,455</u>

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

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

Exhibit D - 2

	Fiscal Year								
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Expenses									
Governmental activities:									
General government	\$ 137,296	\$ 131,925	\$ 140,827	\$ 194,873	\$ 208,293	\$ 223,266	\$ 239,399	\$ 212,196	\$ 214,161
Public safety	123,513	132,939	151,860	118,412	132,583	148,831	165,715	149,253	145,697
Highways and streets	42,515	39,492	42,133	65,414	70,392	92,985	88,488	79,251	68,691
Sanitation					7,258	9,623	9,658	7,434	6,669
Health	23,120	23,917	30,165	31,798	32,043	33,800	36,977	31,541	33,086
Welfare	73,243	84,457	76,894	96,199	103,085	97,154	106,546	115,513	87,107
Culture and recreation	27,081	31,326	32,727	29,663	34,510	55,482	60,616	60,520	61,642
Education and economic opportunity	37,565	35,033	33,093	39,714	39,517	42,483	47,296	46,770	52,023
Depreciation-unallocated *	727	820	805	849					
Amortization-unallocated	649	654	967	161	165	168	138	(235)	428
Interest on long-term debt	14,391	15,779	15,012	16,152	19,463	18,924	22,860	26,780	26,403
Total governmental activities expenses	<u>480,100</u>	<u>496,342</u>	<u>524,483</u>	<u>593,235</u>	<u>647,309</u>	<u>722,716</u>	<u>777,693</u>	<u>729,023</u>	<u>695,907</u>
Business-type activities:									
Regional Wastewater Reclamation	65,494	74,816	71,804	76,079	82,701	98,222	106,803	105,139	110,618
Pima Health System & Services	195,445	221,970	268,869	249,809	256,583	261,859	295,494	224,959	204,619
Development Services	7,917	8,373	9,617	10,857	14,422	15,400	14,750	9,992	7,924
Parking Garages	1,254	1,346	1,377	1,494	1,479	1,579	1,877	1,696	1,906
Total business-type activities expenses	<u>270,110</u>	<u>306,505</u>	<u>351,667</u>	<u>338,239</u>	<u>355,185</u>	<u>377,060</u>	<u>418,924</u>	<u>341,786</u>	<u>325,067</u>
Total primary government expenses	<u>750,210</u>	<u>802,847</u>	<u>876,150</u>	<u>931,474</u>	<u>1,002,494</u>	<u>1,099,776</u>	<u>1,196,617</u>	<u>1,070,809</u>	<u>1,020,974</u>
Program revenues									
Governmental activities:									
Charges for services									
General government	21,542	18,667	21,422	22,881	26,033	26,663	25,502	26,283	31,050
Public safety	8,498	10,804	10,289	6,985	8,136	9,797	9,550	10,386	10,218
Highways and streets	4,916	5,339	11,728	20,549	21,617	11,732	9,316	4,616	5,317
Sanitation					4,531	4,747	5,930	4,668	3,378
Health	6,971	7,822	8,772	9,526	9,693	10,270	9,965	10,488	11,003
Welfare	1,379	1,037	918						
Culture and recreation	1,787	1,662	1,709	1,643	1,797	2,991	3,031	2,754	2,532
Education and economic opportunity	214	196	101	298	314	698	716	691	749
Operating grants and contributions	121,934	121,587	135,119	125,121	133,113	139,324	144,479	131,361	142,840
Capital grants and contributions	18,207	5,665	17,413	23,663	12,188	15,085	48,672	68,535	65,820
Subtotal governmental activities program revenues	<u>\$ 185,448</u>	<u>\$ 172,779</u>	<u>\$ 207,471</u>	<u>\$ 210,666</u>	<u>\$ 217,422</u>	<u>\$ 221,307</u>	<u>\$ 257,161</u>	<u>\$ 259,782</u>	<u>\$ 272,907</u>

(continued)

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

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

Exhibit D - 2

(continued)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Program revenues									
Business-type activities:									
Charges for services									
Regional Wastewater Reclamation	\$ 63,601	\$ 71,626	\$ 82,432	\$ 92,379	\$ 104,501	\$ 106,266	\$ 106,448	\$ 105,162	\$ 127,889
Pima Health System & Services	179,322	195,872	224,820	244,932	253,748	257,142	291,980	216,108	205,176
Development Services	7,754	8,464	11,830	14,730	17,140	11,239	8,992	5,654	5,886
Parking Garages	1,454	1,413	1,460	1,507	1,485	1,548	1,720	1,676	1,985
Operating grants and contributions	6,505	4,909	4,777	4,238	4,997	5,174	4,806	4,626	4,421
Capital grants and contributions					449	803	22,952	14,916	9,319
Total business-type activities program revenues	<u>258,636</u>	<u>282,284</u>	<u>325,319</u>	<u>357,786</u>	<u>382,320</u>	<u>382,172</u>	<u>436,898</u>	<u>348,142</u>	<u>354,676</u>
Total primary government program revenues	<u>444,084</u>	<u>455,063</u>	<u>532,790</u>	<u>568,452</u>	<u>599,742</u>	<u>603,479</u>	<u>694,059</u>	<u>607,924</u>	<u>627,583</u>
Net (expense) revenue									
Governmental activities	(294,652)	(323,563)	(317,012)	(382,569)	(429,887)	(501,409)	(520,532)	(469,241)	(423,000)
Business-type activities	-	(24,221)	(26,348)	19,547	27,135	5,112	17,974	6,356	29,609
Total governmental activities net expense	<u>(294,652)</u>	<u>(347,784)</u>	<u>(343,360)</u>	<u>(363,022)</u>	<u>(402,752)</u>	<u>(496,297)</u>	<u>(502,558)</u>	<u>(462,885)</u>	<u>(393,391)</u>
General revenues and other changes in net assets									
Governmental activities:									
Taxes									
Property taxes	237,049	251,844	272,507	294,643	316,170	343,525	377,810	393,255	416,500
Hotel/motel taxes	2,495	2,557	2,745	2,822	6,856	8,715	8,176	6,591	5,688
Other taxes levied for stadium district	1,600	1,597	1,709	1,819	1,808	1,884	1,952	1,534	1,515
Shared sales tax	76,752	78,504	83,202	91,510	103,158	106,985	103,171	89,177	84,767
Shared vehicle licenses	21,093	21,904	23,413	23,630	25,894	26,967	27,166	25,869	24,203
Unrestricted grants and contributions	9,550	9,216	3,201	7,571	7,975	9,468	7,748	5,741	4,081
Interest and penalties on delinquent taxes	5,479	7,052	6,321	6,771	5,683	5,149	6,365	6,123	7,940
Investment earnings	8,157	5,064	3,102	6,140	12,942	16,439	16,326	5,875	5,266
Miscellaneous	10,340	12,774	14,063	16,254	12,828	16,309	15,416	21,323	16,579
Capital contributions		2,789	5,441	185	247	5,051			
Gain on sale of capital assets					323			1,140	(4,343)
Extraordinary item		(7,447)							
Transfers	(13,954)	(17,980)	(13,196)	1,935	(134)	721	113	4,005	538
Total governmental activities	<u>358,561</u>	<u>367,874</u>	<u>402,508</u>	<u>453,280</u>	<u>493,750</u>	<u>541,213</u>	<u>564,243</u>	<u>560,633</u>	<u>562,734</u>
Business-type activities:									
State shared tax	905	959	1,146	1,163					
Investment earnings	2,888	1,727	747	1,609	3,849	5,510	6,721	2,025	1,236
Miscellaneous	3,309	5,828	2,750	2,865	1,348	1,522	1,286	2,394	2,884
Capital contributions	11,261	12,479	22,214	20,722	14,607	25,217			
Extraordinary item		(2,673)							
Transfers	13,954	17,980	13,196	(1,935)	134	(721)	(113)	(4,005)	(538)
Total business-type activities	<u>32,317</u>	<u>36,300</u>	<u>40,053</u>	<u>24,424</u>	<u>19,938</u>	<u>31,528</u>	<u>7,894</u>	<u>414</u>	<u>3,582</u>
Total primary government	<u>390,878</u>	<u>404,174</u>	<u>442,561</u>	<u>477,704</u>	<u>513,688</u>	<u>572,741</u>	<u>572,137</u>	<u>561,047</u>	<u>566,316</u>
Change in net assets									
Governmental activities	63,909	44,311	85,496	70,711	63,863	39,804	43,711	91,392	139,734
Business-type activities	32,317	12,079	13,705	43,971	47,073	36,640	25,868	6,770	33,191
Total primary government	<u>\$ 96,226</u>	<u>\$ 56,390</u>	<u>\$ 99,201</u>	<u>\$ 114,682</u>	<u>\$ 110,936</u>	<u>\$ 76,444</u>	<u>\$ 69,579</u>	<u>\$ 98,162</u>	<u>\$ 172,925</u>

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

Exhibit D - 3

	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund										
Reserved	\$ 2,233	\$ 2,486	\$ 2,549	\$ 7,068	\$ 4,056	\$ 5,152	\$ 8,889	\$ 5,415	\$ 4,363	
Unreserved	19,653	28,656	30,999	25,628	33,171	46,423	48,671	64,974	35,803	
Nonspendable*										\$ 4,089
Restricted										522
Committed										
Assigned										3,093
Unassigned										73,837
Total general fund	<u>21,886</u>	<u>31,142</u>	<u>33,548</u>	<u>32,696</u>	<u>37,227</u>	<u>51,575</u>	<u>57,560</u>	<u>70,389</u>	<u>40,166</u>	<u>81,541</u>
All other governmental funds										
Reserved	9,176	8,542	6,742	7,603	12,746	11,784	13,999	17,094	39,139	
Unreserved, reported in:										
Special revenue funds	48,616	61,134	42,312	45,325	54,384	66,167	69,773	77,451	86,121	
Nonspendable*										2,011
Restricted										82,957
Committed										15,305
Assigned										3,221
Unassigned										(5,793)
Capital projects funds	30,986	46,985	82,793	97,270	147,650	84,472	89,328	152,643	126,821	
Nonspendable*										18
Restricted										124,830
Committed										1,487
Assigned										52
Unassigned										(227)
Debt Service Assigned										40,868
Total other governmental funds	<u>\$ 88,778</u>	<u>\$ 116,661</u>	<u>\$ 131,847</u>	<u>\$ 150,198</u>	<u>\$ 214,780</u>	<u>\$ 162,423</u>	<u>\$ 173,100</u>	<u>\$ 247,188</u>	<u>\$ 252,081</u>	<u>\$ 264,729</u>

*Due to implementation of GASB 54 in FY 2010 categories regarding fund balances have been redefined. See Note 2 page 50 for details.

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes	\$ 227,542	\$ 244,807	\$ 258,375	\$ 279,527	\$ 300,972	\$ 321,474	\$ 348,700	\$ 381,862	\$ 396,241	\$ 423,443
Special assessments	845	598	1,023	505	244	215	521	556	441	536
Licenses and permits	4,882	6,077	6,087	6,566	7,265	7,452	7,132	7,710	6,989	7,791
Intergovernmental	253,863	260,218	245,378	273,225	278,414	291,059	303,392	312,634	292,236	296,004
Charges for services	26,613	31,112	35,721	43,505	53,568	63,582	63,508	58,890	55,346	60,376
Fines and forfeits	4,365	4,882	5,047	5,010	5,967	6,014	6,550	6,480	6,283	8,443
Investment earnings	15,468	6,952	4,152	2,656	5,181	11,382	13,988	14,218	5,335	4,612
Miscellaneous	8,131	8,143	10,356	11,918	14,806	13,165	17,544	21,752	22,414	17,442
Total revenues	<u>541,709</u>	<u>562,789</u>	<u>566,139</u>	<u>622,912</u>	<u>666,417</u>	<u>714,343</u>	<u>761,335</u>	<u>804,102</u>	<u>785,285</u>	<u>818,647</u>
Expenditures										
General government	122,023	125,416	132,416	140,319	193,308	203,881	222,434	237,640	222,309	221,144
Public safety	117,058	123,021	127,155	146,275	109,798	121,229	132,930	149,475	144,617	136,744
Highways and streets	24,977	27,835	26,741	29,170	38,363	39,394	42,683	43,741	38,132	34,274
Sanitation						6,271	6,766	8,310	6,666	5,637
Health	22,584	23,102	24,029	30,322	30,802	30,038	32,311	34,352	31,626	32,737
Welfare	71,260	73,136	84,238	76,725	96,996	103,034	97,168	106,607	115,481	87,089
Culture and recreation	22,242	25,581	25,214	27,141	23,172	28,561	45,197	50,509	51,657	50,198
Education and economic opportunity	32,458	37,524	35,057	32,146	38,098	37,918	38,474	42,286	42,299	48,402
Capital outlay	87,673	109,670	97,147	103,167	127,632	121,007	202,659	139,539	146,334	162,306
Debt service - principal	39,823	37,342	45,544	49,025	42,891	50,547	53,733	59,719	100,384	87,307
- interest	15,003	14,128	15,695	14,851	16,127	19,448	18,965	22,639	26,849	26,414
- miscellaneous	186	391	24	161	25	15	12	330	24	433
Total expenditures	<u>555,287</u>	<u>597,146</u>	<u>613,260</u>	<u>649,302</u>	<u>717,212</u>	<u>761,343</u>	<u>893,332</u>	<u>895,147</u>	<u>926,378</u>	<u>892,235</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,578)</u>	<u>(34,357)</u>	<u>(47,121)</u>	<u>(26,390)</u>	<u>(50,795)</u>	<u>(47,000)</u>	<u>(131,997)</u>	<u>(91,045)</u>	<u>(141,093)</u>	<u>(73,588)</u>
Other financing sources (uses):										
Proceeds-refunding bonds		22,420		6,880						31,955
Issuance cost on bonds			(163)							
Premium on bonds		796	410	148	250		1,429	1,964	675	1,909
Payments to refund escrow agents		(22,551)		(6,846)						(32,361)
Capital leases		590	177			231		312		
Proceeds from sale of capital assets			37	406	27	416	1,426	27	876	1,118
Compensated loss on capital assets										
Face amount of long-term debt	50,358	81,921	85,000	65,000	116,200	4,836	146,320	175,000	109,400	125,000
Transfers in	34,335	52,753	78,457	68,583	50,008	59,948	86,089	128,406	171,186	98,800
Transfers (out)	(72,276)	(65,658)	(93,597)	(89,916)	(46,962)	(56,263)	(86,688)	(127,692)	(166,319)	(98,355)
Total other financing sources (uses)	<u>12,417</u>	<u>70,271</u>	<u>70,321</u>	<u>44,255</u>	<u>119,523</u>	<u>9,168</u>	<u>148,576</u>	<u>178,017</u>	<u>115,818</u>	<u>128,066</u>
Extraordinary item			(6,237)							
Residual equity - net	4,315									
Change in reserves - net	(107)	50	629	(366)	385	(177)	(211)	(55)	(55)	
Net change in fund balances	<u>\$ 3,047</u>	<u>\$ 35,964</u>	<u>\$ 17,592</u>	<u>\$ 17,499</u>	<u>\$ 69,113</u>	<u>\$ (38,009)</u>	<u>\$ 16,368</u>	<u>\$ 86,917</u>	<u>\$ (25,330)</u>	<u>\$ 54,478</u>
Debt service as a percentage of noncapital expenditures	11.76%	10.26%	11.56%	11.53%	9.87%	10.90%	9.88%	10.48%	15.89%	15.31%

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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
2001	\$ 1,601,929	\$ 2,494,934	\$ 246,938	\$ 17,692	\$ 4,361,493	5.5828	\$ 37,257,921	11.71%
2002	1,678,649	2,709,068	263,270	18,348	4,669,335	5.4998	39,908,791	11.70%
2003	1,764,657	2,955,066	281,243	21,508	5,022,474	5.4981	42,927,737	11.70%
2004	1,823,592	3,265,040	302,323	21,595	5,412,550	5.4967	46,754,009	11.58%
2005	1,882,879	3,615,603	323,147	27,920	5,849,549	5.4611	50,631,267	11.55%
2006	2,001,137	4,076,600	359,662	29,803	6,467,202	5.3406	56,437,790	11.46%
2007	2,204,072	4,689,972	428,486	30,802	7,353,331	5.0674	64,347,659	11.43%
2008	2,358,259	5,352,916	493,055	35,442	8,239,672	4.6702	73,122,499	11.27%
2009	2,568,203	5,853,947	525,779	37,783	8,985,712	4.5917	80,593,121	11.15%
2010	2,473,320	5,889,572	536,958	39,797	8,939,647	4.6798	82,348,215	10.86%

Source: Pima County Assessor's Office.

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

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

County Direct Rates						
Tax Year	County Primary	County Secondary	Flood Control District (1)	County Library District	Fire District Assistance	Total
2001	4.0720	0.8950	0.3546	0.2124	0.0488	5.5828
2002	4.0720	0.8150	0.3546	0.2124	0.0458	5.4998
2003	4.0720	0.8150	0.3546	0.2124	0.0441	5.4981
2004	4.0720	0.8150	0.3546	0.2124	0.0427	5.4967
2005	4.0720	0.7150	0.3746	0.2575	0.0420	5.4611
2006	3.8420	0.7150	0.3746	0.3675	0.0415	5.3406
2007	3.6020	0.6850	0.3446	0.3975	0.0383	5.0674
2008	3.3913	0.6050	0.2935	0.3393	0.0411	4.6702
2009	3.3133	0.7100	0.2635	0.2643	0.0406	4.5917
2010	3.3133	0.7500	0.2635	0.3100	0.0430	4.6798

Overlapping Rates																		
Tax Year	State of Arizona	Education Assistance	Community College District	City of Tucson	City of South Tucson	Central AZ Water Conserv District	Flowing Wells Irrigation District (2)	Silverbell Irrigation District (2)	Cortaro-Marana Irrigation District (2)	Mobile Home Relocation District (3)	Town of Casas Adobes Incorporation Costs	Town of Tortolita Incorporation Costs	Gladden Farms Community Facilities District	Vanderbilt Farms Community Facilities District	Quail Creek Community Facilities District	Gladden Farms Phase II Community Facilities District	Saguaro Springs Community Facilities District	
2001	0.0000	0.4974	1.5470	1.1202	0.2828	0.1300	10.4000	3.0000	24.7500	0.5000								
2002	0.0000	0.4889	1.5333	1.1202	0.2706	0.1300	10.4000	3.0000	24.7500									
2003	0.0000	0.4717	1.4884	1.1569	0.2513	0.1200	10.4000	3.0000	50.0000		0.1438	0.2313						
2004	0.0000	0.4560	1.3428	1.1847	0.2383	0.1200	12.9000	3.0000	60.0000				2.8000					
2005	0.0000	0.4358	1.3114	1.2364	0.2383	0.1200	12.9000	3.0000	60.0000				2.8000					
2006	0.0000	0.0000	1.2515	1.2257	0.2383	0.1200	12.9000	3.0000	60.0000				2.8000	0.3000				
2007	0.0000	0.0000	1.1845	1.1321	0.2258	0.1000	12.9000	3.0000	65.0000				2.8000	0.3000	3.3000			
2008	0.0000	0.0000	1.1355	0.9601	0.2143	0.1000	19.3500	3.0000	66.0000				2.8000	0.3000	3.3000			
2009	0.0000	0.3306	1.0770	0.9344	0.2035	0.1000	19.3500	3.0000	66.0000				2.8000	0.3000	3.3000			
2010	0.0000	0.3564	1.0848	0.9550	0.1999	0.1000	19.3500	3.0000	66.0000				2.8000	0.3000	3.3000	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 (not presented after 2001-02).

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

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

Exhibit D - 6a

School District	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Tucson Unified (#1)	9.8088	9.2780	8.7610	8.3286	7.8829	7.3857	7.0500	6.5659	6.0701	6.2976
Marana Unified (#6)	7.7028	7.3623	6.7979	6.5034	6.0991	5.9117	5.7887	5.4815	4.9286	4.6995
Flowing Wells Unified (#8)	8.0490	7.2175	6.6568	6.5883	7.1232	6.8677	6.5674	6.2665	6.1239	6.0407
Amphitheater Unified (#10)	7.4427	7.0207	6.7601	6.3375	6.4258	6.1193	5.4964	4.8589	4.6112	5.0511
Sunnyside Unified (#12)	10.3706	9.6945	9.1041	8.4846	8.6482	9.1529	8.1490	7.8009	7.0899	6.9680
Tanque Verde Unified (#13)	6.8484	6.6818	7.1785	5.6661	5.7985	5.4806	5.1033	4.3682	3.1837	3.3545
Ajo Unified (#15)	7.0508	4.1555	5.3016	4.4316	4.4994	4.4929	4.8627	4.5964	4.3158	4.9069
Catalina Foothills Unified (#16)	7.5344	7.0956	7.0256	6.6459	6.8422	6.7428	6.3942	6.1053	4.9970	4.2154
Vail Elementary (#20)	7.2314	7.2295	7.1748	7.0008	6.7510	6.7032	6.0327	5.5360	5.2016	4.8839
Sahuarita Unified (#30)	8.7860	9.1329	9.0113	8.3095	8.1495	7.7345	6.1807	5.9176	5.4230	6.5753
San Fernando Elementary (#35)					3.7121	3.7481	3.7900	3.7920	4.5954	3.6883
Empire Elementary (#37)	7.6596	6.6965	6.4699	6.1171	8.0930	8.4864	7.5703	4.9021	2.9383	2.9195
Continental Elementary (#39)	2.4346	2.4398	2.3198	2.2216	2.1532	2.0682	1.8970	1.7343	1.6122	1.6945
Indian Oasis Unified (#40)										
Redington Elementary (#44)	6.3661	6.4230	5.6853	3.9915	4.8856	4.8853	4.8952	7.4720	7.6340	7.0689
Altar Valley Elementary (#51)	6.3052	6.3035	6.3615	6.2759	6.2607	5.7696	5.8086	5.7451	6.0506	6.2500
Unorganized*	2.0647	2.0296	1.9583	1.8931	1.8090	1.7394	1.6020	1.4622	1.3726	1.4797

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

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

Exhibit D - 7

(continued)

Taxpayer	2006			2007			2008			2009			2010		
	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.	\$ 143,362	1	1.7%	\$ 150,771	1	1.6%	\$ 153,431	2	1.6%	\$ 158,764	2	1.6%	\$ 164,363	1	1.8%
Phelps Dodge	55,176	4	0.7%	93,656	3	1.0%	156,780	1	1.6%	198,694	1	2.0%	89,289	2	1.0%
Southwest Gas Corporation	62,846	3	0.8%	62,919	4	0.7%	63,698	4	0.6%	64,775	4	0.7%	65,879	3	0.7%
QWEST	87,093	2	1.1%	94,300	2	1.0%	87,000	3	0.9%	74,646	3	0.8%	55,076	4	0.6%
ASARCO LLC	0		0.0%	0		0.0%	0		0.0%	20,042	8	0.2%	28,878	5	0.3%
TRICO	14,806	10	0.2%	18,044	8	0.2%	18,816	9	0.2%	21,029	7	0.2%	21,208	6	0.2%
DND Neffson (Tucson Mall)	19,087	7	0.2%	19,897	7	0.2%	21,013	8	0.2%	18,888	10	0.2%	17,715	7	0.2%
Northwest Hospital	0		0.0%	0		0.0%	0		0.0%	0		0.0%	17,097	8	0.2%
Arizona Portland Cement	22,858	5	0.3%	23,468	6	0.2%	23,593	7	0.2%	27,561	6	0.3%	16,635	9	0.2%
Starr Pass Resorts	17,068	8	0.2%	15,280	10	0.2%	15,889	10	0.2%	19,384	9	0.2%	16,582	10	0.2%
ASARCO Mining	0		0.0%	0		0.0%	44,047	5	0.4%	63,572	5	0.6%	0		0.0%
Raytheon/Hughes Aircraft **	21,665	6	0.3%	58,987	5	0.6%	33,833	6	0.3%	0		0.0%	0		0.0%
Westin La Paloma	15,504	9	0.2%	15,959	9	0.2%	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%
A T & T	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	\$ 459,465		6.6%	\$ 553,281		6.6%	\$ 618,100		6.5%	\$ 667,355		6.8%	\$ 492,722		5.4%

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

(1) Secondary Assessed Valuation for Tax Year	\$6,869,955	\$8,220,396	\$9,594,862	\$9,860,981	\$9,342,561
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** Name change 2001

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

Exhibit D - 8

Fiscal Year	Original Real Property Tax Levy	Tax Roll Corrections	Real Property Tax Levy (Adjusted)	Collected to June 30, End of Tax Fiscal Year (2)		Collections in Subsequent Years	Collected to June 30, 2010 (2)		Delinquent Taxes Receivable (1)
				Amount	Percent of Original Levy		Amount	Percent of Adjusted Levy	
2000-01	\$ 214,642	\$ (974)	\$ 213,668	\$ 204,424	95.24%	9,154	\$ 213,578	99.96%	90
2001-02	228,477	(1,023)	227,454	218,192	95.50%	8,986	227,178	99.88%	276
2002-03	241,416	(1,013)	240,403	231,619	95.94%	8,666	240,285	99.95%	118
2003-04	260,570	(987)	259,583	250,929	96.30%	8,635	259,564	99.99%	19
2004-05	281,172	(494)	280,678	271,841	96.68%	8,667	280,507	99.94%	171
2005-06	302,127	(291)	301,836	292,019	96.65%	9,756	301,776	99.98%	60
2006-07	330,240	(322)	329,918	318,520	96.45%	11,298	329,818	99.97%	100
2007-08	362,535	(622)	361,913	348,741	96.20%	12,893	361,634	99.92%	279
2008-09	379,674	(360)	379,314	363,624	95.77%	14,785	378,409	99.76%	905
2009-10	402,062	(87)	401,975	384,983	95.75%		384,983	95.77%	16,992

NOTES:

- (1) Represents the difference between the adjusted levy and collected to June 30, 2010.
- (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
2000-01 Primary	\$ 4,111,664	\$ 34,898,941	11.78%
2000-01 Secondary	4,236,070	35,819,691	11.83%
2001-02 Primary	4,361,493	37,257,921	11.71%
2001-02 Secondary	4,491,395	38,196,337	11.76%
2002-03 Primary	4,669,336	39,908,791	11.70%
2002-03 Secondary	4,835,561	41,109,997	11.76%
2003-04 Primary	5,022,474	42,927,737	11.70%
2003-04 Secondary	5,221,271	44,423,165	11.75%
2004-05 Primary	5,412,550	46,754,009	11.58%
2004-05 Secondary	5,620,156	48,474,537	11.59%
2005-06 Primary	5,849,549	50,631,267	11.55%
2005-06 Secondary	6,050,950	52,335,111	11.56%
2006-07 Primary	6,467,202	56,437,790	11.46%
2006-07 Secondary	6,869,955	59,890,229	11.47%
2007-08 Primary	7,353,331	64,347,659	11.43%
2007-08 Secondary	8,220,396	72,101,321	11.40%
2008-09 Primary	8,230,967	73,122,499	11.26%
2008-09 Secondary	9,594,862	85,993,246	11.16%
2009-10 Primary	8,985,712	80,593,121	11.15%
2009-10 Secondary	9,860,981	88,095,754	11.19%

(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 2009-10 (Tax Year 2009)		FY 2010-11 (Tax Year 2010)	
	Valuation	Rate	Valuation	Rate
<u>State of Arizona</u>	\$ 8,985,712	\$0.0000	\$ 8,939,647	\$0.0000
<u>Pima County</u>				
General Fund - Primary	8,985,712	3.3133	8,939,647	3.3133
Debt Service - Secondary	9,860,981	0.7100	9,342,561	0.7500
Free Library - Secondary	9,860,981	0.2643	9,342,561	0.3100
Total County - Primary	8,985,712	3.3133	8,939,647	3.3133
Total County - Secondary	9,860,981	0.9743	9,342,561	1.0600
Grand Total		<u>4.2876</u>		<u>4.3733</u>
<u>Education Assistance</u>	8,985,712	0.3306	8,939,647	0.3564
<u>Flood Control District - Secondary</u>	8,885,190	0.2635	8,529,150	0.2635
<u>Fire District Assistance - Secondary</u>	9,860,981	0.0406	9,345,594	0.0430
<u>Pima Community College District</u>				
Primary	8,985,712	0.9356	8,939,647	0.9755
Secondary	9,860,981	0.1414	9,342,561	0.1093
Total		<u>1.0770</u>		<u>1.0848</u>
<u>Central Arizona Water Conservation District</u>				
Secondary	9,860,981	0.1000	9,342,561	0.1000
<u>Cities & Towns</u>				
City of Tucson				
Primary	3,627,276	0.3144	3,667,566	0.3289
Secondary	4,030,242	0.6200	3,914,105	0.6261
Total		<u>0.9344</u>		<u>0.9550</u>
City of South Tucson				
Primary	23,591	0.2035	25,107	0.1999
<u>School Districts</u>				
Unorganized - Primary	13,854	1.3726	15,711	1.4797
Tucson Unified (District #1)				
Primary	3,599,209	4.9398	3,632,596	5.0489
Secondary	3,975,387	1.1303	3,809,571	1.2487
Total		<u>6.0701</u>		<u>6.2976</u>

(continued)

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

Exhibit D - 10

(continued)

Jurisdiction	FY 2009-10 (Tax Year 2009)		FY 2010-11 (Tax Year 2010)	
	Valuation	Rate	Valuation	Rate
Marana Unified (District #6)				
Primary	\$ 869,433	\$ 3.2634	\$ 852,820	\$ 3.0360
Secondary	948,760	<u>1.6652</u>	890,671	<u>1.6635</u>
Total		<u><u>4.9286</u></u>		<u><u>4.6995</u></u>
Flowing Wells Unified (District #8)				
Primary	219,641	3.9867	218,438	3.8837
Secondary	242,759	<u>2.1372</u>	233,154	<u>2.1570</u>
Total		<u><u>6.1239</u></u>		<u><u>6.0407</u></u>
Amphitheater Unified (District #10)				
Primary	1,595,327	3.1469	1,613,751	3.6518
Secondary	1,758,161	<u>1.4643</u>	1,695,333	<u>1.3993</u>
Total		<u><u>4.6112</u></u>		<u><u>5.0511</u></u>
Sunnyside Unified (District #12)				
Primary	474,332	4.1213	489,883	3.9944
Secondary	521,692	<u>2.9686</u>	512,628	<u>2.9736</u>
Total		<u><u>7.0899</u></u>		<u><u>6.9680</u></u>
Tanque Verde Unified (District #13)				
Primary	218,207	2.3721	220,027	2.3744
Secondary	238,861	<u>0.8116</u>	227,156	<u>0.9801</u>
Total		<u><u>3.1837</u></u>		<u><u>3.3545</u></u>
Ajo Unified (District #15)				
Primary	17,938	4.3158	19,941	4.9069
Secondary	19,488	<u>0.0000</u>	20,821	<u>0.0000</u>
Total		<u><u>4.3158</u></u>		<u><u>4.9069</u></u>
Catalina Foothills Unified (District #16)				
Primary	668,966	2.8268	679,717	2.7180
Secondary	720,103	<u>2.1702</u>	697,492	<u>1.4974</u>
Total		<u><u>4.9970</u></u>		<u><u>4.2154</u></u>
Vail Elementary (District #20)				
Primary	482,636	3.5552	486,043	3.1463
Secondary	523,749	<u>1.6464</u>	507,007	<u>1.7376</u>
Total		<u><u>5.2016</u></u>		<u><u>4.8839</u></u>

(continued)

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

Exhibit D - 10

(continued)

Jurisdiction	FY 2009-10 (Tax Year 2009)		FY 2010-11 (Tax Year 2010)	
	Valuation	Rate	Valuation	Rate
Sahuarita Unified (District #30)				
Primary	\$ 451,935	\$ 3.5332	\$ 304,949	\$ 3.1373
Secondary	462,350	1.8898	309,567	3.4380
Total		<u>5.4230</u>		<u>6.5753</u>
San Fernando Elementary (District #35)				
Primary	1,088	4.5954	1,525	3.6883
Secondary	1,125	0.0000	1,887	0.0000
Total		<u>4.5954</u>		<u>3.6883</u>
Empire Elementary (District #37)				
Primary	6,807	2.9383	7,381	2.9195
Secondary	7,523	0.0000	7,988	0.0000
Total		<u>2.9383</u>		<u>2.9195</u>
Continental Elementary (District #39)				
Primary	349,360	1.3726	355,497	1.4797
Secondary	375,806	0.2396	365,271	0.2148
Total		<u>1.6122</u>		<u>1.6945</u>
Indian Oasis Unified (District #40)				
Primary	1,171	0.0000	1,039	0.0000
Secondary	1,171	0.0000	1,040	0.0000
Total		<u>0.0000</u>		<u>0.0000</u>
Redington Elementary (District #44)				
Primary	1,459	7.6340	1,556	7.0689
Secondary	1,542	0.0000	1,598	0.0000
Total		<u>7.6340</u>		<u>7.0689</u>
Altar Valley Elementary (District #51)*				
Primary	38,878	5.0869	37,918	5.2001
Secondary	45,669	0.9637	41,025	1.0499
Total		<u>6.0506</u>		<u>6.2500</u>

*Formerly known as the Mary E. Dill School District

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

Exhibit D - 11

Fiscal Year	Hotel Excise Tax (1)	Car Rental Surcharges (2)	Recreational Vehicle Tax (3)
2000-01	\$ 2,824	\$ 1,557	\$ 199
2001-02	2,495	1,377	190
2002-03	2,536	1,436	195
2003-04	2,717	1,277	209
2004-05	2,885	1,595	200
2005-06	5,212	1,589	214
2006-07	7,796	1,357	210
2007-08	6,901	1,732	222
2008-09	5,628	1,389	159
2009-10	5,637	1,521	181

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

Source: Pima County Finance and Risk Management Department

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

Exhibit D - 12

<u>Fiscal Year</u>	<u>Amount</u>
2000-01	\$ 48,317
2001-02	47,071
2002-03	48,072
2003-04	51,334
2004-05	53,878
2005-06	56,937
2006-07	44,607
2007-08	44,060
2008-09	41,210
2009-10	38,739

Source: Pima County Finance and Risk Management Department

STATISTICAL SECTION

DEBT CAPACITY:

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

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

PIMA COUNTY, ARIZONA

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	Regional Wastewater Loans Payable	Contracts and Notes	Total Primary Government
2000-01	\$ 192,640	\$ 5,840	\$ 28,000	\$ 965	\$ 1,053	\$ 4,505		\$ 34,008	\$ 71,444		\$ 32,314	\$ 112	\$ 370,881
2001-02	183,381	5,348	79,206	825	2,506	3,045	\$ 5,100	32,596	67,811		57,456	3,685	440,959
2002-03	200,554	4,585	105,541	495	2,121	1,560	4,060	31,049	63,098		63,551	6,849	483,463
2003-04	232,553	3,805	95,461		1,736		3,020	29,323	60,064		83,941	5,783	515,686
2004-05	267,927	3,010	137,736		1,093		1,943	27,879	55,809		83,978	4,852	584,227
2005-06	231,918	2,230	127,000		911		5,739	26,426	51,710		80,148	4,562	530,644
2006-07	290,150	1,470	136,541			31,731	3,714	24,736	94,356		76,111	5,280	664,089
2007-08	349,542	725	149,801			81,612	1,000	23,223	163,701		70,426	5,842	845,872
2008-09	388,032	725	139,683			74,554		21,327	183,389		64,489	6,481	878,680
2009-10	420,261		142,226			72,638		19,387	166,935	\$ 165,000	66,210	6,305	1,058,962

Fiscal Year	Total Primary Government	Personal Income	Percentage of Personal Income	Population at July 1 (a)	Debt per Capita
2000-01	\$ 370,881	\$ 21,827,000	1.70%	872,394	\$ 425
2001-02	440,959	21,991,000	2.01%	890,356	495
2002-03	483,463	22,973,000	2.10%	908,227	532
2003-04	515,686	23,965,000	2.15%	926,052	557
2004-05	584,227	26,302,000	2.22%	943,795	619
2005-06	530,644	28,421,000	1.87%	961,519	552
2006-07	664,089	30,899,000	2.15%	1,003,918	661
2007-08	845,872	33,009,000	2.56%	1,026,506	824
2008-09	878,680	32,898,000	2.67%	1,048,796	838
2009-10	1,058,962	34,974,000	3.03%	1,070,723	989

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

Note: Details regarding outstanding debt can be found in Note 7 page 61 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*
2000-01	\$ 192,640	\$ 5,840	\$ 4,309	\$ 194,171	\$ 4,236,070	4.58%	872,394	\$ 223
2001-02	183,381	5,348	4,883	183,846	4,491,395	4.09%	890,356	206
2002-03	200,554	4,585	2,226	202,913	4,835,561	4.20%	908,227	223
2003-04	232,553	3,805	2,648	233,710	5,221,271	4.48%	926,052	252
2004-05	267,927	3,010	8,899	262,038	5,620,156	4.66%	943,795	278
2005-06	231,918	2,230	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

* 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 61 in Notes to the Financial Statements.

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

Exhibit D - 14a

Fiscal Year	Total Overlapping Debt	Secondary Net Assessed Value	Percentage of Assessed Value	Population at July 1	Debt per Capita*
2000-01	\$ 1,135,282	\$ 4,236,070	26.80%	872,394	\$ 1,301
2001-02	1,134,289	4,491,395	25.25%	890,356	1,274
2002-03	1,129,103	4,835,561	23.35%	908,227	1,243
2003-04	1,091,892	5,221,271	20.91%	926,052	1,179
2004-05	1,185,435	5,620,156	21.09%	943,795	1,256
2005-06	1,146,388	6,050,950	18.95%	961,519	1,192
2006-07	1,107,662	6,869,955	16.12%	1,003,918	1,103
2007-08	1,137,114	8,220,396	13.83%	1,026,506	1,108
2008-09	1,213,050	9,594,862	12.64%	1,048,796	1,157
2009-10	1,302,802	9,860,981	13.21%	1,070,723	1,217

* 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, 2010
 (\$ 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	\$ 609,939	\$ 609,939
Pima Community College	18,490	18,490
City of Tucson	254,076	<u>254,076</u>
Total overlapping		<u>\$ 882,505</u>
Debt repaid with property tax Direct:		
Pima County *	\$ 420,261	<u>\$ 420,261</u>
Total direct		<u>\$ 420,261</u>
Other Debt:		
Certificates of participation	\$ 72,638	\$ 72,638
Jail capital lease	19,350	19,350
Other capital leases	36	36
Transportation bonds	142,226	<u>142,226</u>
Total other debt		<u>\$ 234,250</u>
Total direct and overlapping debt		<u><u>\$ 1,537,016</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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Assessed Value	\$ 4,236,070	\$ 4,491,395	\$ 4,835,561	\$ 5,221,271	\$ 5,620,156	\$ 6,050,950	\$ 6,869,955	\$ 8,220,396	\$ 9,594,862	\$ 9,860,981
Legal Debt Margin										
Debt limit (15% of assessed value)	635,411	673,709	725,334	783,191	843,023	907,643	1,030,493	1,233,059	1,439,229	1,479,147
Debt applicable to limit:										
General obligation bonds	192,640	183,070	200,275	232,105	267,270	231,310	289,590	348,335	386,845	417,995
Less: Net assets reserved for repayment of general obligation debt	(4,309)	(4,883)	(2,226)	(2,648)	(8,899)	(5,571)	(7,431)	(10,241)	(10,523)	(11,396)
Total net debt applicable to the limit	188,331	178,187	198,049	229,457	258,371	225,739	282,159	338,094	376,322	406,599
Legal debt margin	\$ 447,080	\$ 495,522	\$ 527,285	\$ 553,734	\$ 584,652	\$ 681,904	\$ 748,334	\$ 894,965	\$ 1,062,907	\$ 1,072,548
Total net debt applicable to the limit as a percentage of debt limit.	29.64%	26.45%	27.30%	29.30%	30.65%	24.87%	27.38%	27.42%	26.15%	27.49%

See Notes to the Financial Statements (Note 7 page 69) for calculation of the legal debt margin for the current year.

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

Exhibit D - 17a

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)

(1) Includes sewer connection fees.

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

(3) Pledged revenues defined by the 2010 Sewer Obligations Purchase Agreement.

(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. The Bond Year is defined as the one-year period commencing each July 2 and ending on the next forthcoming July 1.

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

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

Exhibit D - 17b

Fiscal Year	Transportation Revenue	Less: Operating Expense	Available Net Revenue	Debt Service *		Coverage Ratio
				Principal	Interest	
2000-01	\$ 53,264	\$ 31,006	\$ 22,258	\$ 4,000	\$ 1,244	4.24
2001-02	50,599	34,855	15,744	8,535	3,370	1.32
2002-03	51,852	34,059	17,793	10,215	4,394	1.22
2003-04	55,777	36,865	18,912	8,905	3,965	1.47
2004-05	57,819	38,349	19,470	10,710	6,058	1.16
2005-06	61,944	39,336	22,608	11,435	5,257	1.35
2006-07	64,781	42,639	22,142	11,745	5,659	1.27
2007-08	65,009	43,490	21,519	12,365	6,147	1.16
2008-09	58,891	38,082	20,809	15,145	6,203	0.97
2009-10	54,897	34,214	20,683	10,530	5,709	1.27

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

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

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

Exhibit D - 17c

Fiscal Year	Lease Revenue	Less: Operating Expense	Available Net Revenue	Debt Service		Coverage Ratio
				Principal	Interest	
2000-01	\$ 6	\$ 7	\$ (1)	\$ 140	\$ 61	(0.00)
2001-02	2	7	(5)	145	52	(0.03)
2002-03	1	7	(6)	155	31	(0.03)
2003-04	0	27	(27)	460	99	(0.05)
2004-05	*					
2005-06	*					
2006-07	*					
2007-08	*					
2008-09	*					
2009-10	*					

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

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

Exhibit D - 18

Function/Department	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11
Clerk of Superior Court - equipment	\$ 195	\$ 147	\$ 31	\$ 82	\$ 82	\$ 131	\$ 111	\$ 37
Jail *	3,824	2,764	3,042	3,015	5,920	3,027	3,007	3,004
Juvenile Court	74							
Public Works Building	1,643							
Sheriff	42	42	42	21				
	<u>\$ 5,778</u>	<u>\$ 2,953</u>	<u>\$ 3,115</u>	<u>\$ 3,118</u>	<u>\$ 6,002</u>	<u>\$ 3,158</u>	<u>\$ 3,118</u>	<u>\$ 3,041</u>

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

Source: Pima County Finance and Risk Management Department

PIMA COUNTY, ARIZONA

Exhibit D - 19

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures *</u>	<u>Ratio of Debt Service To General Expenditures</u>
2000-01	\$ 36,873	\$ 13,173	\$ 50,046	\$ 467,614	10.7%
2001-02	35,358	12,366	47,724	487,476	9.8%
2002-03	43,648	13,904	57,552	515,774	11.2%
2003-04	46,998	13,702	60,700	546,136	11.1%
2004-05	41,255	14,794	56,049	589,708	9.5%
2005-06	48,672	18,147	66,819	640,336	10.4%
2006-07	50,940	17,672	68,612	689,968	9.9%
2007-08	56,459	19,757	76,216	755,413	10.1%
2008-09	96,751	24,322	121,073	780,044	15.5%
2009-10	83,565	24,097	107,662	730,379	14.7%

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

STATISTICAL SECTION

DEMOGRAPHIC AND ECONOMIC INFORMATION:

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

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

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

Exhibit D - 20

Calendar Year	Population (a)	Personal Income (b)	Per Capita Personal Income (\$)	Unemployment Rate (a)
2001	872,394	\$ 21,827,000	\$ 24,698	2.8%
2002	890,356	21,991,000	24,787	4.7%
2003	908,227	22,973,000	25,395	4.8%
2004	926,052	23,965,000	25,797	3.5%
2005	943,795	26,302,000	27,599	4.1%
2006	961,519	28,421,000	28,894	4.4%
2007	1,003,918	30,899,000	30,813	3.3%
2008	1,026,506	33,009,000	32,470	4.7%
2009	1,048,796	32,898,000	32,343	7.9%
2010	1,070,723	34,974,000	33,931	8.6%

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	2001			2002			2003			2004			2005		
	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
Raytheon	10,149	3	2.6%	10,400	3	2.6%	10,100	3	2.4%	10,171	2	2.4%	10,300	3	2.3%
University of Arizona	11,032	2	2.8%	11,606	1	2.9%	11,335	2	2.7%	10,078	3	2.3%	10,348	2	2.3%
State of Arizona	9,978	4	2.5%	9,932	4	2.5%	9,732	5	2.3%	9,753	4	2.3%	9,750	4	2.2%
Davis Monthan AFB	8,796	6	2.2%	9,200	5	2.3%	9,947	4	2.3%	7,692	5	1.8%	8,727	5	2.0%
Wal-Mart Stores, Inc.							4,000	9	0.9%	4,420	9	1.0%	4,595	9	1.0%
Tucson Unified School District	9,102	5	2.3%	8,278	6	2.1%	8,234	6	1.9%	7,690	6	1.8%	7,684	6	1.7%
Pima County Government	7,119	7	1.8%	7,175	7	1.8%	7,135	7	1.7%	6,987	7	1.6%	6,767	7	1.5%
Fort Huachuca	11,376	1	2.9%	10,969	2	2.8%	11,580	1	2.7%	11,939	1	2.8%	12,250	1	2.8%
City of Tucson	6,058	8	1.5%	5,933	8	1.5%	6,168	8	1.5%	5,495	8	1.3%	6,757	8	1.5%
Carondelet Health Network	3,329	10	0.8%												
T M C HealthCare Inc.				3,800	9	1.0%									
Phelps Dodge	4,200	9	1.1%	3,783	10	1.0%							4,500	10	1.0%
Tohono O'odam Nation							3,375	10	0.8%	3,515	10	0.8%			
Total	81,139		20.5%	81,076		20.4%	81,606		19.2%	77,740		18.1%	81,678		18.3%
Total Work Force			393,200			397,900			424,400			431,400			443,100

(continued)

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

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

Exhibit D - 21

(continued)

Employer	2006			2007			2008			2009			2010		
	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
Raytheon	10,756	2	2.4%	11,184	1	2.5%	12,515	1	2.7%	11,539	1	2.4%	12,140	1	2.5%
University of Arizona	10,282	3	2.3%	10,354	2	2.3%	10,535	3	2.3%	10,575	2	2.2%	10,363	2	2.1%
State of Arizona	9,742	4	2.2%	9,927	3	2.2%	10,754	2	2.3%	9,329	3	1.9%	8,708	3	1.8%
Davis Monthan AFB	8,233	5	1.9%	8,233	5	1.8%	7,701	5	1.7%	7,509	4	1.5%	7,755	4	1.6%
Wal-Mart Stores, Inc.	4,980	9	1.1%	5,625	9	1.2%	5,805	10	1.3%	6,715	6	1.4%	7,192	5	1.5%
Tucson Unified School District	7,623	6	1.7%	7,419	6	1.6%	8,018	4	1.7%	7,227	5	1.5%	7,012	6	1.4%
Pima County Government	6,765	7	1.5%	7,290	7	1.6%	6,954	6	1.5%	6,235	8	1.3%	6,511	7	1.3%
Fort Huachuca	13,098	1	3.0%	9,119	4	2.0%	6,701	7	1.5%	6,463	7	1.3%	6,236	8	1.3%
City of Tucson	5,306	8	1.2%	5,848	8	1.3%	5,848	8	1.3%	5,635	10	1.2%	5,399	9	1.1%
Carondelet Health Network													4,566	10	0.9%
Freeport-McMoran Copper							5,840	9	1.3%	5,987	9	1.2%			
Phelps Dodge	4,123	10	0.9%	4,900	10	1.1%									
Tohono O'odam Nation															
Total	80,908		18.2%	79,899		17.6%	80,671		17.6%	77,214		15.9%	75,882		15.5%
Total Work Force			443,300			453,500			459,200			486,400			488,500

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

PIMA COUNTY, ARIZONA
Population and Employment
Last Ten Calendar Years

Exhibit D - 22

Calendar Year	Population	Civilian Labor Force	Total Unemployment Rate	EMPLOYMENT				
				Mining	Construction	Manufacturing	Trades and Services	Finance, Insurance and Real Estate
2001	872,394	393,200	2.8%	1,800	21,600	34,000	190,800	14,100
2002	890,356	397,900	4.7%	1,500	21,800	32,300	184,500	15,100
2003	908,227	424,400	4.8%	1,400	23,700	29,100	184,500	14,800
2004	926,052	431,400	3.5%	1,200	24,000	28,500	185,000	15,600
2005	943,795	443,100	4.1%	1,500	26,600	28,600	199,300	18,200
2006	961,519	443,300	4.4%	1,700	28,500	29,300	219,200	17,500
2007	1,003,918	453,500	3.3%	1,900	28,100	29,000	228,600	17,800
2008	1,026,506	459,200	4.7%	2,100	23,600	26,900	221,600	16,300
2009	1,048,796	486,400	7.9%	1,300	16,500	25,900	215,900	16,700
2010	1,070,723	488,500	8.6%	1,800	14,300	24,500	216,800	17,400

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

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

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

Exhibit D - 23

Calendar Year	Transportation				Real Estate		
	Aircraft Movements	No. of Air Passengers	Bus Ridership	Riders Per Mile	Residential Bldg Permits	Multiple Listings	Sales Volume In \$ 000's
2001	260,258	3,733,205	14,513,188	1.87	3,182	11,229	\$ 1,775,178
2002	259,794	3,459,183	13,628,899	1.80	3,367	11,860	1,955,348
2003	271,802	3,522,401	15,016,131	1.91	9,441	12,933	2,271,131
2004	239,966	3,611,696	15,393,817	1.96	10,432	15,054	2,899,012
2005	261,037	3,928,773	15,847,429	2.00	12,103	17,039	3,908,054
2006	289,440	4,251,710	17,179,275	2.18	11,903	16,630	4,462,020
2007	263,910	4,284,880	17,857,865	2.21	6,265	13,821	3,757,536
2008	240,329	4,474,352	19,491,376	2.27	4,171	10,718	2,810,383
2009	190,445	3,777,057	21,648,350	2.46	2,364	10,472	2,245,644
2010	169,780	3,696,875	20,483,709	2.22	2,340	12,471	2,457,147

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

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

Exhibit D - 24

Calendar Year	Aggregate Retail Sales	Construction Activity		Bank Deposits
		Construction Awards	No. of Dwelling Units Awarded	
2001	\$ 8,632,021	\$ 1,536,760	7,694	\$ 5,664,000
2002	8,728,079	1,678,354	7,716	6,554,000
2003	8,804,946		8,015	7,175,000
2004	9,550,501		9,281	7,895,000
2005	10,366,181		12,640	9,013,000
2006	11,478,781		10,313	10,134,000
2007	11,829,081		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

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

PIMA COUNTY, ARIZONA
Population Statistics
June 30, 2010

Exhibit D - 25

<u>Age Group</u>	<u>Population</u>
0-4	71,079
5-9	69,474
10-14	64,062
15-19	66,666
20-24	77,251
25-39	220,021
40-54	208,792
55-59	67,399
60-64	60,585
65-69	46,912
70-74	37,029
75+	<u>81,453</u>
 Total	 <u><u>1,070,723</u></u>

POPULATION PROJECTIONS

<u>Year</u>	<u>Projected Population</u>
2010	1,070,723
2012	1,113,749
2017	1,215,512
2022	1,307,914
2042	1,611,534
2052	1,733,499

Source: Arizona Department of Economic Security

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

<u>Calendar Year</u>	<u>Average Jail Population</u>
2000	1,330
2001	1,481
2002	1,462
2003	1,539
2004	1,739
2005	2,009
2006	2,028
2007	2,008
2008	1,913
2009	1,826

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 Eight Years

Exhibit D - 27

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

Note:

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

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

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

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

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

* Previously known as Wastewater Management - Liquid Waste.

PIMA COUNTY, ARIZONA
Operating Indicators by Program
Last Eight Years

Exhibit D - 28

	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>
Program:								
Sheriff								
Physical arrests	32,159	33,815	32,501	30,686	33,929	32,796	33,571	27,946
Traffic violations/citations								
Criminal								
Total	3,920	3,813	4,148	3,170	3,927	5,967	6,422	6,417
Civil								
Total	42,074	36,823	37,868	27,846	30,204	41,542	49,817	41,800
Total violations/citations	<u>45,994</u>	<u>40,636</u>	<u>42,016</u>	<u>31,016</u>	<u>34,131</u>	<u>47,509</u>	<u>56,239</u>	<u>48,217</u>
Wastewater								
(1) Avg. daily sewage treated (MGD)	64.5	65.0	65.5	66.4	68.5	67.3	67.8	65.4
New connections	8,289	9,718	11,245	8,325	8,734	4,452	1,477	1,950
Cultural and Recreational								
Spring training attendance	137,302	147,117	146,739	155,377	142,773	160,626	103,407	84,520
(2) Sidewinders attendance	167,552	165,387	165,441	171,179	153,595	143,611	58,879	
Parks & Recreation								
Athletic field permits issued	101	107	129	135	141	147	149	168
Community center admissions	280,850	344,470	388,092	391,295	438,051	445,137	403,887	351,692
Volunteer hours	23,070	22,465	23,785	17,218	25,700	19,622	25,756	14,321
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
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
Number of cardholders	458,736	486,402	474,045	488,250	492,973	554,339	516,780	526,170
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
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
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
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
	<u>\$ 97,403,283</u>	<u>\$ 112,791,318</u>	<u>\$ 98,220,398</u>	<u>\$ 99,185,638</u>	<u>\$ 154,588,664</u>	<u>\$ 113,810,324</u>	<u>\$ 106,021,120</u>	<u>\$ 65,029,616</u>

(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

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

Exhibit D - 29

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

(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.

* Data unavailable for FY 2010

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