

2014

Comprehensive Annual Financial Report



Pima County, Arizona
For the Fiscal Year Ended June 30, 2014

**PIMA COUNTY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2014**

BOARD OF SUPERVISORS

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Richard Elias Vice Chair District #5		Ally Miller District #1
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COUNTY ADMINISTRATOR

C. H. Huckelberry

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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, FLOOR 10, TUCSON, AZ 85701-1317
(520) 724-8661 FAX (520) 724-8171

C.H. HUCKELBERRY
County Administrator

December 5, 2014

To the Honorable Board of Supervisors and Citizens of Pima County, Arizona:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of Pima County for the fiscal year ended June 30, 2014. This report presents comprehensive financial and operating information about the County's activities for the fiscal year.

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. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The State of Arizona Office of the Auditor General is required to audit financial transactions and accounts kept by counties. The Auditor General has issued an unmodified ("clean") opinion on the Pima County financial statements for the year ended June 30, 2014. The Auditor General's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The Comprehensive Annual Financial Report consists of three sections:

- The **INTRODUCTORY** section describes 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 Auditor General's report, the MD&A, the audited basic financial statements, the 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 generally accepted accounting principles.
- The **STATISTICAL** section contains comprehensive statistical data on the County's financial, physical, economic, and demographic characteristics.

Pima County Profile

Covering an area of approximately 9,200 square miles, Pima County is one of the oldest continuously inhabited areas of the United States. It is situated in the southern part of Arizona with a portion of its southern boundary bordering Mexico. Created in 1864, Pima County includes a large portion of southern Arizona acquired from Mexico by the Gadsden Purchase of 1854. Pima County has purchased thousands of acres of open space and ranches to preserve and protect the stunning landscapes and historic and cultural sites. The County's population has grown from 395 in 1820 to an estimated population of slightly more than one million in 2014, according to the Arizona Department of Administration, Office of Employment and Population Statistics. The County has a vibrant multicultural diversity. A major commercial and academic hub, Pima County is home to Tucson, the second largest city in Arizona. Although the County has five incorporated cities and towns, more than a third of the population lives outside of any incorporated cities or towns.

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 chairman is selected by the Board from among its members. The Board is responsible for establishing the policies of the County, which provide guidance to the various County constitutional officers and departments. The Board has the legal authority and responsibility to establish spending limits and approve the budgets of all County departments, and also sets the amount of taxes to be levied. The Board appoints a County Administrator who is responsible for the general administrative and overall operations of the various departments of the County. The County has several other elected officials including the Assessor, County Attorney, Recorder, Sheriff, Clerk of the Superior Court, the Constables, Superintendent of Schools, Treasurer, and Judges for the Superior Courts, Juvenile Courts, and Justice Courts.

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

Pima County offers a wide variety of governmental services that are organized into the following functional areas:

- *General Government Services* primarily provides internal administrative and support services to County departments directly serving the public. The departments comprising this function include the Assessor; Board of Supervisors; Clerk of the Board; Communications Office; County Administrator; Elections; Facilities Management; Finance and Risk Management; Human Resources; Information Technology; Office of Emergency Management and Homeland Security; Office of Sustainability and Conservation; Procurement; Recorder; and Treasurer.
- *Community Resources* provides educational, cultural, social, economic development and recreational programs to the public. The departments in this functional area are Community and Economic Development Administration; Community Development and Neighborhood Conservation; Community Services, Employment and Training; County Free Library; Economic Development and Tourism; Kino Sports Complex; Natural Resources, Parks and Recreation; School Superintendent; and the Stadium District.
- *Justice and Law* provides public safety, felony and misdemeanor investigation and prosecution, and services for victims, witnesses, and those needing fiduciary assistance. Services are also provided in the areas of indigent defense, civil representation, correctional housing, and juvenile detention. The departments within this area are the Clerk of the Superior Court; Constables; County Attorney; Forensic Science Center; Justice Courts; Juvenile Court; Legal Defender; Office of Court Appointed Counsel; Public Defender; Public Fiduciary; Sheriff; and Superior Court.

- *Health Services* provides various public health, sanitation, and animal control services, as well as medical assistance to indigents. The component departments are Environmental Quality; Health; and Office of Medical Services.
- *Public Works* provides construction, operations, and maintenance services related to the County's infrastructure and related planning and environmental issues. The departments within this area are Capital Projects; Development Services; Public Works Administration; Regional Flood Control District; Regional Wastewater Reclamation; and Transportation.

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.

The County's component units include the following:

- The *Pima County Stadium District*, the *Regional Flood Control District*, the *Library District*, and the *Street Lighting Districts* are reported as blended component units in special revenue funds in the accompanying financial statements.
- The *Southwestern Fair Commission* is reported as a separate component unit (discrete presentation) in the accompanying financial statements.

Additional information on the legally separate entities and the blended component units can be found in the notes to the financial statements (see Note 1).

The County also has various independently governed school districts, irrigation districts, fire districts, and a health district (Ajo-Lukeville) 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.

Following receipt from the County Administrator's Recommended Budget and public discussion of the Recommended Budget, the Board of Supervisors historically adopts a budget in June, and must adopt a budget on or before the first Monday in August. The Adopted Budget sets a ceiling on expenditures that may be incurred for the County as a whole. This annual budget serves as the foundation for Pima County's financial planning and control. Pima County has implemented a program-oriented presentation of its budget. All departments are budgeted on a cost unit/object line item basis. Departments may modify line item amounts within their own budgets provided the total program budgeted amount remains unchanged. Changes to the adopted budget that require a transfer between funds are evaluated by the County Administrator prior to recommendation of approval to the Board of Supervisors. Should the County Administrator recommend the change to the Board of Supervisors, the recommendation will be considered at a regularly scheduled, open meeting of the Board.

On an annual basis, the County Administrator's office prepares a five-year Capital Improvement Plan and a one-year Capital Improvement Budget.

Economic Outlook

Pima County's major employers are the University of Arizona, Raytheon Missile Systems, State of Arizona, and Davis-Monthan Air Force Base. Major manufacturers include IBM, Ventana Medical Systems and several aerospace and aircraft companies including Raytheon Missile Systems, Bombardier Aerospace, and Honeywell Aerospace. Employment by industry is led by government; educational and health services; trade, transportation and utilities; professional and business services; and leisure and hospitality. The Pima County unemployment rate has decreased from a five year high in 2010 of 9.4% to 7.0% in 2013. This is a greater decrease than the national

unemployment rate which was 9.6% in 2010 and had fallen to 7.4% in 2013. Over half of Pima County's population is in the prime working age range of 18 to 54.

A sunny, mild, dry climate with an average temperature of 71°F and a unique desert location help promote travel and tourism as a major industry in Pima County. Spending by visitors generates sales in lodging, food services, recreation, transportation, and retail businesses. These sales support jobs for Pima County residents and contribute tax revenues to local and state governments. According to recent research data released by the Arizona Office of Tourism, Pima County direct travel spending generated approximately \$2.67 million (13.5% of Arizona direct travel spending) in 2013. This direct travel spending generated over 22,000 direct jobs, \$577 million in direct earnings and over \$207 million in local and state tax revenues. Unlike other industries, taxes generated by travel industry spending are paid by visitors rather than residents. These visitors bring new money into Pima County's economy and generate revenue in the County. Some of the best world-class attractions in Arizona are found in Pima County, such as the Arizona-Sonora Desert Museum and the Pima Air and Space Museum. There are several signature events which draw many tourists to the area and have a significant economic impact on the County, including the following:

- The area's largest annual event is the two-week Tucson Gem, Mineral and Fossil Showcase, the largest event of its kind in the world, which attracts an estimated 55,000 people to Tucson and has an estimated economic impact of \$120 million.
- The annual El Tour de Tucson is Southern Arizona's largest bicycling event, attracting more than 9,000 cyclists and 30,000 spectators. El Tour's annual economic impact is estimated to be \$13 - \$20 million on ride weekend alone and \$50 - \$70 million year-round.

A 2014 Forbes magazine article highlighted Tucson and its 2009 Regional Plan for Bicycling with its identification of 170 miles of potential "Bicycle Boulevards". Bicycle commuting has recently increased 58 percent and the city now boasts an excellent network of bike lanes stretching 610 miles. The County has completed about 75% of the 131 miles of the Loop, shared-use paths for residents and visitors on foot, bikes, skates, and horses connecting various parts of the Tucson area.

Please refer to the MD&A beginning on page 15 for additional information regarding the County's economic outlook.

Capital Improvement Plan

The Adopted Budget for fiscal year 2014-2015 includes \$232 million for its Capital Improvement Plan (CIP). Under this plan, four departments comprise 80% of the total CIP budget as follows:

- Regional Wastewater Reclamation, with a budget of \$84 million
- Transportation, with a budget of \$62 million
- Facilities Management, with a budget of \$34 million
- Regional Flood Control District, with a budget of \$15 million

Regional Wastewater Reclamation – After nearly a decade of planning and implementation, the Regional Wastewater Reclamation Department (RWRD) has completed all the mandated projects in the regulatory-driven Regional Optimization Master Plan (ROMP). ROMP is a master plan designed and constructed to expand and upgrade infrastructure to meet new and current environmental regulatory requirements mandated by the Arizona Department of Environmental Quality (ADEQ) as well as potential future requirements. It also provides for the wastewater capacity needs of the community for the next several decades. With the entire regulatory-required infrastructure now in operation, work on other ROMP-related projects is well underway.

Regional Wastewater Reclamation major projects for fiscal year 2014-2015 include the following:

- Minor Rehabilitation Projects are budgeted for \$9.9 million.
- South Rillito West Central Interceptor Rehabilitation Project is budgeted for \$8.7 million.
- North Rillito Interceptor Rehabilitation Project is budgeted for \$7.9 million
- Conveyance Rehabilitation Program is budgeted for \$6.9 million.

Transportation - The Department of Transportation projects are funded by highway user revenues, vehicle license tax revenues and from funding received from the Pima County Regional Transportation Authority, a taxing entity distinct from Pima County. Transportation has four major projects included in the fiscal year 2014-2015 budget:

- Valencia Road: Alvernon Way to Wilmot Road project is budgeted for \$14.7 million.
- Valencia Road: Mark Road to Wade Road project is budgeted for \$10.9 million.
- Hughes Access Road Relocation project is budgeted for \$6.9 million.
- Magee Road: La Canada Drive to Oracle Road project is budgeted for \$6.1 million.

Facilities Management - A major budgeted project for fiscal year 2014-2015 includes \$30 million for the new Public Service Center at 240 North Stone Avenue, set to open and begin serving the public in fiscal year 2014-2015, that will house the Pima County Justice Courts, the Recorder, the Assessor and the Treasurer. The total cost for the Public Service Center is \$104.5 million.

Regional Flood Control District – The Regional Flood Control District has active projects with a total budget of \$15 million. Major projects include:

- Santa Cruz River Flood Control Erosion Control and Linear Park: Ajo to 29th Street project is budgeted for \$4.0 million.
- Canyon Del Oro Pathway: La Cholla to La Canada project is budgeted for \$2.4 million.
- Urban Drainage project is budgeted for \$2.0 million.
- El Corazon de los Tres Rios Del Norte project is budgeted for \$2.0 million.

Debt Management

Bond ratings for Pima County range from A+ to AA. Pima County maintains a sound financial profile, with healthy operating reserves while its debt burden is manageable and debt repayment is rapid.

Pima County continues to utilize debt authorized by Pima County voters in elections from 1997, 2004 and 2006. At June 30, 2014, \$4.7 million from the May 20, 1997, \$13.3 million from the May 18, 2004, and \$0.7 million from the May 16, 2006 bond elections remained unissued. The County issues Certificates of Participation for building construction and Sewer Revenue Obligations to fund the construction and improvement of the County's wastewater conveyance systems and treatment facilities.

Bond sales anticipated for fiscal year 2014-2015 include \$18.6 million of general obligation debt, \$20 million is anticipated for sewer obligation bonds, and \$60 million of Certificates of Participation debt service to fund additional sewer projects that will be repaid with sewer revenues.

The County's conservative debt management principles play a critical role in the decision regarding when to issue new debt. The County has set an aggressive debt repayment schedule, retiring 80 percent of its debt within 11 years with 100 percent retired at or before 15 years. In November 2014 voters approved a bond proposal to use \$22 million to build a new animal shelter. Pima County is in the process of planning for a November 2015 bond election with several categories of bond project proposals being considered.

The state constitution sets a cap on general obligation debt at 15 percent of the County's net secondary assessed valuation. In fiscal year 2013-2014 the constitutional debt limit was \$1.1 billion. The actual bonded indebtedness was \$407 million, far below the constitutional debt limit.

Please refer to the MD&A beginning on page 15 and Note 7 beginning on page 65 for specific details on debt issuances, defeasances, and refundings.

Expenditure Limitation

Pima County, like all counties and cities in Arizona, is subject to numerous budgetary and related legal requirements. Article 9, Section 20, of the Arizona Constitution sets limits on the County's legal budget capacity. In general, the Board of Supervisors, as the governing body of the County, cannot authorize expenditures from local revenues in excess of the expenditure limitation determined annually for Pima County by the Arizona Economic Estimates Commission. The expenditure limitation is determined each year by adjusting the amount of actual payments of local revenues received by the County during fiscal year 1979-1980 to reflect inflation and subsequent population growth for the County. Not subject to this limitation are items such as bond proceeds, related debt service, interest earnings, special voter approved districts, certain highway user revenue funds, federal grant and aid funds, monies received pursuant to intergovernmental agreements, and state grants which are to be used for specific purposes. As in previous years, the County's expenditures for fiscal year 2013-2014 are expected to be under the limit of \$527.4 million.

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.

A complete Single Audit report for fiscal year 2012-2013 can be found at:

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

The Single Audit for Pima County for the fiscal year ended June 30, 2014 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.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Pima County, Arizona, for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2013. Pima County has received this prestigious award for twenty-eight years from fiscal years ended June 30, 1984 through 2013, except for fiscal years ended June 30, 1990 and June 30, 1999, due to missing the filing deadline. In order to be awarded a Certificate of Achievement, the County had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Pima County also received the GFOA's Distinguished Budget Presentation Award for its fiscal year 2013-2014 budget document. This was the sixteenth consecutive year that Pima County has achieved this award. To qualify for the Distinguished Budget Presentation Award, Pima County's budget had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

Acknowledgments

The preparation of this report could not have been possible without the skill, effort, and dedication of the entire staff of the County's Finance and Risk Management Department. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit is also due to the Board of Supervisors for its unflinching support for maintaining the highest standards of professionalism in the management of Pima County's finances.

Respectfully submitted,

C. H. Huckelberry
County Administrator

Tom Burke
Director, Finance and Risk Management



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

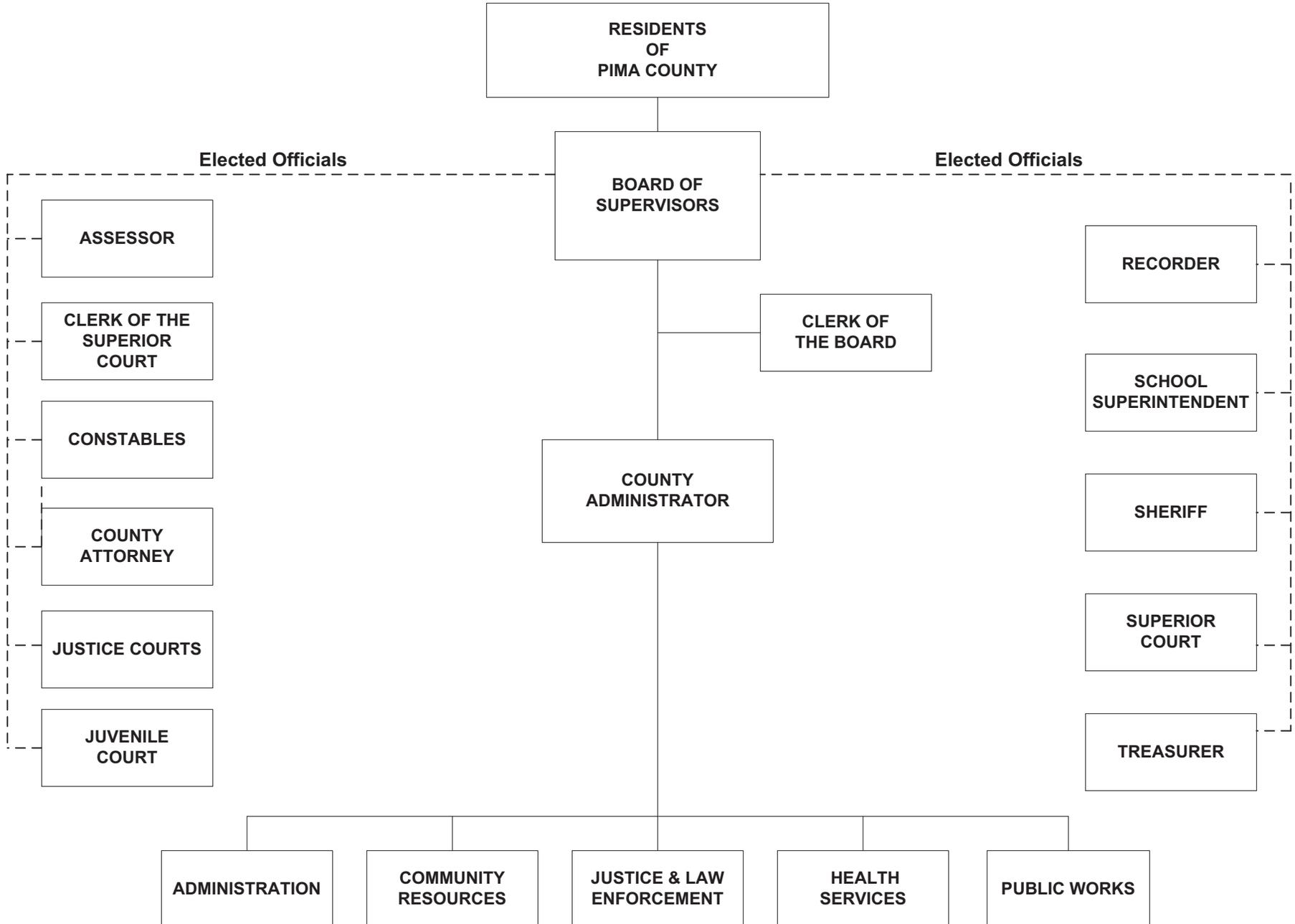
Pima County
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

PIMA COUNTY ORGANIZATIONAL CHART



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PIMA COUNTY
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain departments, one major fund, and the component unit, which account for the following percentages of the assets and deferred outflows, liabilities and deferred inflows, revenues, expenses or expenditures of the opinion units affected.

Opinion Unit/Department	Assets and Deferred Outflows	Liabilities and Deferred Inflows	Revenues	Expenses/ Expenditures
<u>Government-Wide Statements</u>				
Governmental Activities:				
Stadium District	1.40%	1.49%	0.92%	0.72%
School Reserve Fund	0.08%	0.02%	0.24%	0.27%
Self-Insurance Trust	2.80%	3.92%	2.03%	1.63%
Health Benefits Trust	0.99%	1.91%	8.34%	7.28%
Business-Type Activities:				
Regional Wastewater Reclamation Department	98.83%	99.84%	94.07%	94.36%
Development Services	0.27%	0.11%	3.67%	4.66%
Discretely Presented Component Unit:				
Southwestern Fair Commission	100.00%	100.00%	100.00%	100.00%

Opinion Unit/Department	Assets and Deferred Outflows	Liabilities and Deferred Inflows	Revenues	Expenses/ Expenditures
<u>Fund Statements</u>				
Major Fund:				
Regional Wastewater Reclamation Department				
Enterprise Fund	100.00%	100.00%	100.00%	100.00%
Aggregate Remaining Fund Information:				
Stadium District	0.07%	1.05%	0.27%	0.29%
School Reserve Fund	0.36%	0.07%	0.07%	0.07%
Development Services	0.83%	0.50%	0.27%	0.25%
Self-Insurance Trust	13.79%	20.95%	0.58%	0.47%
Health Benefits Trust	4.89%	10.21%	2.40%	2.09%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the reports of the other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 15 through 33, the Budgetary Comparison Schedules on pages 83 and 84, and the Schedule of Agent Retirement Plans' Funding Progress on page 85, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules and the introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Compliance Over the Use of Highway User Revenue Fund and Other Dedicated State Transportation Revenue Monies

In connection with our audit, nothing came to our attention that caused us to believe that the County failed to use highway user revenue fund monies received by the County pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the County solely for the authorized transportation purposes, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the use of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they relate to accounting matters.

The communication related to compliance over the use of highway user revenue fund and other dedicated state transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, the Board of Supervisors, management, and other responsible parties within the County and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by *Government Auditing Standards*

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

Debbie Davenport
Auditor General

December 5, 2014



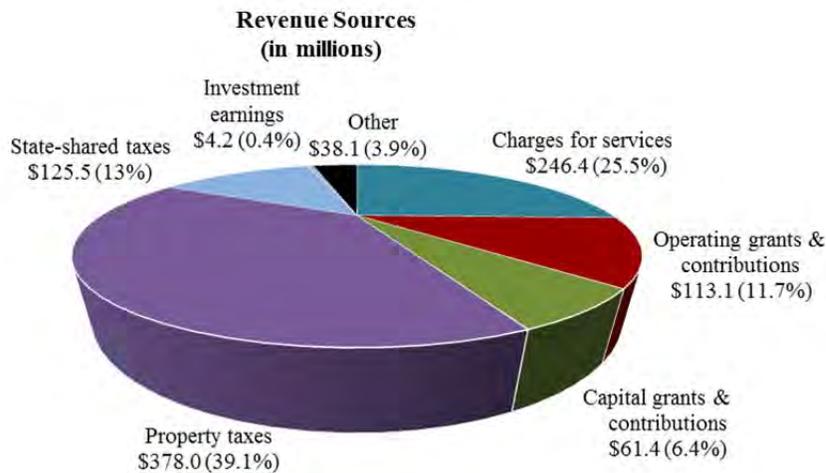
Management's Discussion and Analysis

Pima County, Arizona
Management's Discussion and Analysis
For the Year Ended June 30, 2014

Our discussion and analysis of the County's financial performance provides an overview of the County's financial activities for the year ended June 30, 2014. Please read it in conjunction with the transmittal letter which begins on page 1 and the County's basic financial statements, which begin on page 35. All dollar amounts are expressed in thousands (000's) unless otherwise noted.

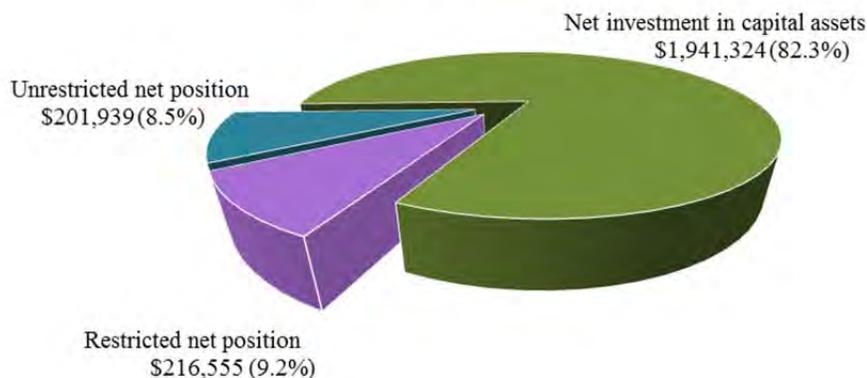
Financial Highlights

- The County's total net position increased \$44,241 in fiscal year 2013-14. This represents a 5.8% decrease when compared to the prior year's change in net position of \$46,972.
- The County's primary sources of revenue come from taxes, grants and contributions, and charges for services, and state shared taxes as displayed below:



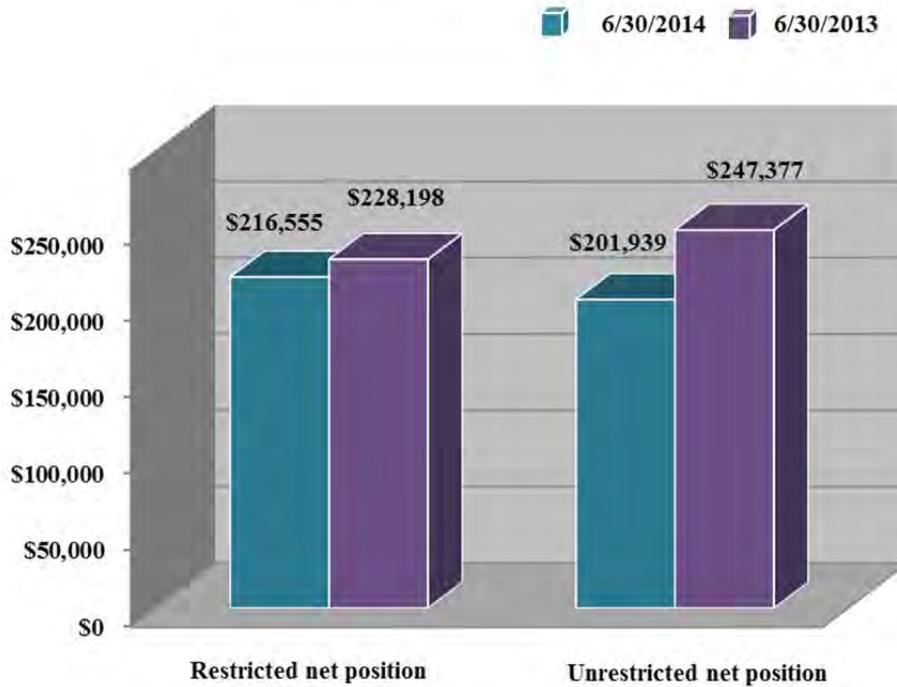
- The assets of the County exceeded its liabilities (net position) by \$2,359,818, an increase of 1.9% from the prior year. Of this amount, \$1,941,324 represents the net investment in capital assets, \$216,555 is restricted for specific purposes (*restricted net position*), and \$201,939 is available for general government expenditures (*unrestricted net position*).

Composition of Net Position



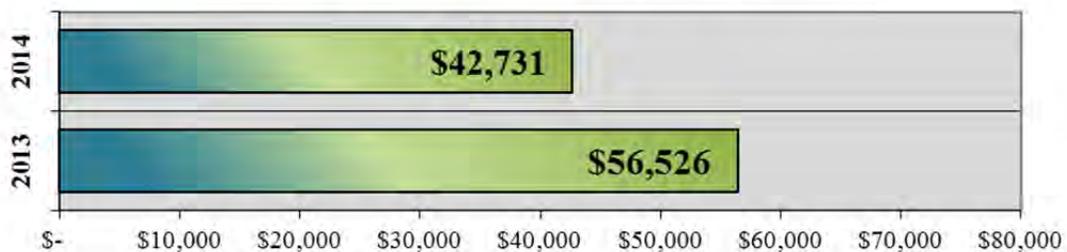
- Unrestricted net position for the County decreased \$45,438 (or 18.4%), from \$247,377 to \$201,939 this fiscal year, restricted net position decreased \$11,643 (or 5.1%) from \$228,198 to \$216,555. The chart below presents the composition of restricted and unrestricted net position for the current and prior years:

Comparative Composition of Pima County Net Position



- The General Fund unassigned fund balance decreased to \$42,731 from \$56,526 in the prior year. The unassigned fund balance comprises 88.7% of the total fund balance of \$48,190.

General Fund - Unassigned Fund Balance



- The County continues to use debt to finance the construction of roads, streets, and buildings. Total capital assets for the year increased \$103,630; long-term liabilities increased \$14,155.

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 35-37.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand

the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

The governmental fund financial statements can be found on pages 38-41. The combining statements for non-major governmental funds can be found on pages 88-91.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The RWR Enterprise Fund is considered to be a major fund of the County. Data from the other enterprise funds are combined into a single, aggregated presentation. Similarly, the County's internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the other enterprise and internal service funds are provided in the form of *combining statements*.

The proprietary fund financial statements can be found on pages 42-45. The combining statements for other enterprise and internal service funds can be found on pages 107-114.

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

The fiduciary fund financial statements can be found on pages 46-47.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 48-82.

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 83-85.

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 88-118.

Government-Wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. An analysis of the results of operations is also useful. The schedule below identifies variances in the results of operations.

Schedule of Results of Operations and Net Position For the Years Ended June 30, 2014 and 2013			
	<u>2014</u>	<u>2013</u>	<u>Variance</u>
Charges for services	\$ 246,421	\$ 231,625	\$ 14,796
Operating grants and contributions	113,129	116,121	(2,992)
Capital grants and contributions	61,390	63,212	(1,822)
Total program revenues	<u>420,940</u>	<u>410,958</u>	<u>9,982</u>
Total general revenues and transfers	<u>545,804</u>	<u>546,973</u>	<u>(1,169)</u>
Total program and general revenues	<u>966,744</u>	<u>957,931</u>	<u>8,813</u>
Total expenses	<u>922,503</u>	<u>910,959</u>	<u>11,544</u>
Change in net position	<u>\$ 44,241</u>	<u>\$ 46,972</u>	<u>\$ (2,731)</u>

As indicated above, total program and general revenues increased \$8,813 primarily due to a \$14,796 increase in charges for services. However, expenses also increased \$11,544 resulting in a decrease in the change in net position of \$2,731.

An explanation of each of these changes is discussed further in the following governmental and business-type activities sections.

The graph and schedule presented below illustrate at a summary level and detail level the changes in the elements of the Statement of Net Position for the County at June 30, 2014 and June 30, 2013.

Pima County
Summary of Assets, Deferred Outflows of Resources,
Liabilities and Components of Net Position



A general discussion of significant variances between fiscal years follows. For a more detailed discussion, please see the governmental activities and business-type activities sections immediately following this section.

Total assets for the County were \$3,976,297, an increase of \$29,633 (0.8%) from the prior year and total liabilities were \$1,619,999, a decrease of \$15,221 (0.9%) from the prior year.

The largest portion of the County's net position reflects its net investment in capital assets (i.e. land, buildings, infrastructure, and equipment), less any related outstanding debt used to acquire those assets. As of June 30, 2014, net investment in capital assets totaled \$1,941,324, comprising approximately 82.3% of total net position. This represents an increase of \$101,322 (5.5%) from the prior year. The County uses a portion of these capital assets to provide services to its citizens, with the other portion available to its citizens for use; consequently, these assets are *not* available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position represents resources that are subject to external restrictions on how they may be used. As of June 30, 2014, restricted net position totaled \$216,555 and comprised approximately 9.2% of total net position. This represents an \$11,643 (5.1%) decrease from the prior fiscal year.

The remaining balance of the County's net position represents unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors. As of June 30, 2014, unrestricted net position totaled \$201,939 and comprised approximately 8.5% of total net position. This represents a \$45,438 (18.4%) decrease from the prior year.

The following schedule presents, on a comparative basis, both governmental activities and business-type activities within the Statement of Net Position.

**Schedule of Assets, Deferred Outflows of Resources,
Liabilities and Net Position
At June 30, 2014 and 2013**

	Governmental Activities			Business-type Activities			Total		
	2014	2013	Variance	2014	2013	Variance	2014	2013	Variance
Current and other assets	\$ 499,542	\$ 579,558	\$(80,016)	\$ 254,677	\$ 248,658	\$ 6,019	\$ 754,219	\$ 828,216	\$(73,997)
Capital assets (net):									
Land, buildings, equipment, infrastructure & other assets	1,965,669	1,908,895	56,774	1,256,409	1,209,553	46,856	3,222,078	3,118,448	103,630
Total assets	2,465,211	2,488,453	(23,242)	1,511,086	1,458,211	52,875	3,976,297	3,946,664	29,633
Deferred outflows of resources									
Deferred charges on refunding	3,520	4,133	(613)				3,520	4,133	(613)
Current and other liabilities	91,818	110,838	(19,020)	24,122	34,478	(10,356)	115,940	145,316	(29,376)
Long-term liabilities	794,543	789,601	4,942	709,516	700,303	9,213	1,504,059	1,489,904	14,155
Total liabilities	886,361	900,439	(14,078)	733,638	734,781	(1,143)	1,619,999	1,635,220	(15,221)
Net position:									
Net investment in capital assets	1,354,456	1,308,057	46,399	586,868	531,945	54,923	1,941,324	1,840,002	101,322
Restricted	143,400	138,472	4,928	73,155	89,726	(16,571)	216,555	228,198	(11,643)
Unrestricted	84,514	145,618	(61,104)	117,425	101,759	15,666	201,939	247,377	(45,438)
Total net position	\$ 1,582,370	\$ 1,592,147	\$ (9,777)	\$ 777,448	\$ 723,430	\$ 54,018	\$ 2,359,818	\$ 2,315,577	\$ 44,241

Analysis of Governmental activities

Assets

Current and other assets decreased by \$80,016 (13.8%) between fiscal years. Most of this variance is attributable to several significant transactions decreasing cash: a cash defeasance of general obligation bonds (series 2005 for \$14,815 and series 2007 for \$1,200) for \$16,015 and a cash transfer of \$51,400 from Capital Projects to RWR due to increases in building and other improvements from the 2013 Certificates of Participation (COPs) loan proceeds received in fiscal year 2012-13.

Capital assets increased \$56,774 (3.0%) primarily due to an increase of \$34,676 in equipment and machinery mainly due to the capitalization of the Regional Public Safety Communications Systems assets, and an increase of \$17,387 in buildings and other improvements including: Regional Flood Control assets increased \$2,106 for the Santa Cruz Pathway and drainage structures, Facilities Management assets increased \$1,464 for improvements to the Abrams building 4th floor, \$2,018 for the Administration building tenant improvements, and \$4,338 for the Sporting Chance Center assets. The Kino Sports Complex increased \$3,212 for facilities modifications and other improvements to the north fields, and an increase of \$1,498 in assets for the Library District included the renovation and expansion of Eckstrom Columbus Library.

Liabilities

Current and other liabilities decreased \$19,020 (17.2%) during the fiscal year. This is mostly due to both a \$10,356 increase in accounts payable and a \$28,604 decrease in employee compensation. Accounts payable increased \$4,419 as part of outstanding payables from an intergovernmental agreement with Regional Transportation Authority (for the regionalization of public transit and special needs service) and a contract with Motorola Solutions for the purchase of communication equipment for the Regional Public Safety Communications Systems for \$6,016. Employee compensation decreased primarily due to the change in reporting the non-current portion of long-term employee compensation under long-term liabilities of \$30,807.

Net position

In summary, total net position decreased by \$9,777 (0.6%) primarily due to a decrease in total revenues of \$11,604, increases in expenses of \$10,895, and a net increase in transfers out of \$9,385, as explained in previous paragraphs.

Analysis of Business-type activities

Assets

Capital assets increased \$46,856 (3.9%) primarily due to \$20,842 increase in RWR equipment assets and \$16,474 increase in the sewage conveyance system. Equipment increased \$22,691 primarily from the Regional Optimization Master Planning (ROMP) projects. Sewage conveyance system assets increased \$9,543 due to system-wide conveyance rehabilitation program, \$4,429 for the sewer modification project for Prince Road and I-10, and \$2,977 from developer contributed capital.

Liabilities

Long-term liabilities increased \$9,213 (1.3%) during the fiscal year. This is mostly due to an increase of sewer revenue obligations of \$48,500 offset by a decrease in sewer revenue bonds of \$16,765 and a decrease in sewer revenue obligations of \$18,725.

Net position

In summary, total net position for business-type activities increased \$54,018 (7.5%) primarily due to an increase in the net position of capital assets from the RWR Enterprise fund.

Governmental activities

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

Governmental Activities					
Schedule of Revenues, Expenses, and Changes in Net Position					
For the Years Ended June 30, 2014 and 2013					
	<u>2014</u>	<u>2013</u>	<u>Variance</u>		
			<u>Amount</u>	<u>Percent</u>	
Program revenues:					
Charges for services	\$ 64,856	\$ 66,460	\$ (1,604)	-2.4%	
Operating grants and contributions	113,129	116,121	(2,992)	-2.6%	
Capital grants and contributions	54,583	59,298	(4,715)	-8.0%	
Total program revenues	<u>232,568</u>	<u>241,879</u>	<u>(9,311)</u>	<u>-3.8%</u>	
General revenues:					
Property taxes	378,032	383,508	(5,476)	-1.4%	
State-shared taxes	125,504	119,728	5,776	4.8%	
Investment earnings	2,955	2,627	328	12.5%	
Other general revenues	36,592	39,513	(2,921)	-7.4%	
Total general revenues	<u>543,083</u>	<u>545,376</u>	<u>(2,293)</u>	<u>-0.4%</u>	
Total revenues	775,651	787,255	(11,604)	-1.5%	
Expenses:					
General government	230,742	233,984	(3,242)	-1.4%	
Public safety	188,782	166,476	22,306	13.4%	
Highways and streets	93,675	80,087	13,588	17.0%	
Sanitation	4,252	6,409	(2,157)	-33.7%	
Health	36,085	36,540	(455)	-1.2%	
Welfare	93,224	95,428	(2,204)	-2.3%	
Culture and recreation	63,961	65,341	(1,380)	-2.1%	
Education and economic opportunity	35,756	49,924	(14,168)	-28.4%	
Amortization	(5,758)	(286)	(5,472)	1913.3%	
Interest on long-term debt	27,994	23,915	4,079	17.1%	
Total expenses	<u>768,713</u>	<u>757,818</u>	<u>10,895</u>	<u>1.4%</u>	
Excess before contributions and transfers	6,938	29,437	(22,499)	-76.4%	
Transfers in (out)	<u>(16,715)</u>	<u>(7,330)</u>	<u>(9,385)</u>	<u>128.0%</u>	
Change in net position	<u>(9,777)</u>	<u>22,107</u>	<u>(31,884)</u>	<u>-144.2%</u>	
Beginning net position	1,592,147	1,570,040	22,107	1.4%	
Ending net position	\$ 1,582,370	\$ 1,592,147	\$ (9,777)	-0.6%	

Revenues

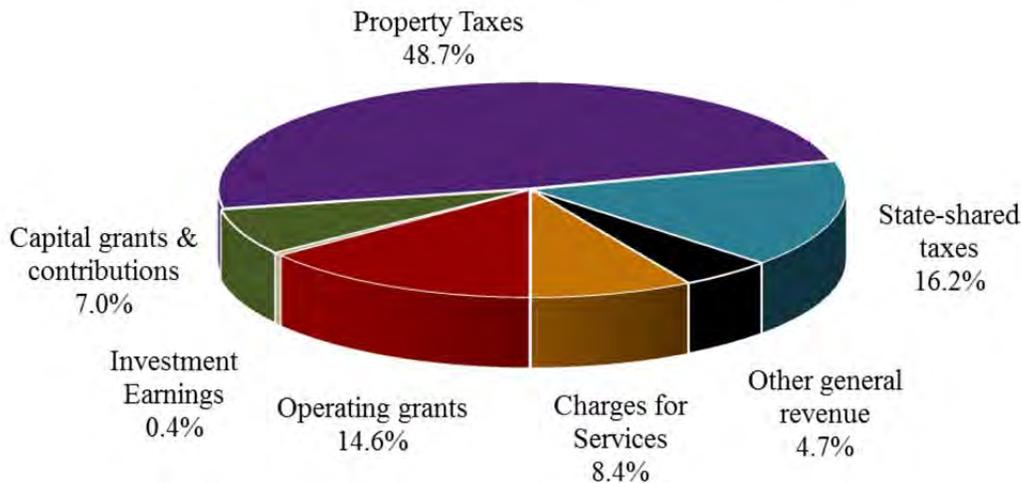
Overall, governmental activities total revenues decreased \$11,604 or 1.5% from fiscal year 2012-13 due to decreases in both program and general revenues.

Program revenues decreased \$9,311 (3.8%) primarily due to a \$2,992 decrease in operating grants and a decrease of \$4,715 in capital grants and contributions. The decrease in operating grants is primarily due to a \$6,707 decrease related to the ending of the American Recovery and Reinvestment Act (ARRA) Program. The \$4,715 decrease in capital grants and contributions is due to decreasing construction activity and related funding for projects nearing completion, primarily a decrease of \$6,930 for the Magee Road project.

General revenues decreased \$2,293 (0.4%) primarily due to a \$5,476 decrease in property tax revenues as a result of decreasing secondary net assessed values. Conversely, State shared sales tax increased \$5,776 due to increasing sales from an anticipated gradual recovery in the local economy.

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 79.5% of the County's revenues.

General and Program Revenues - Governmental Activities



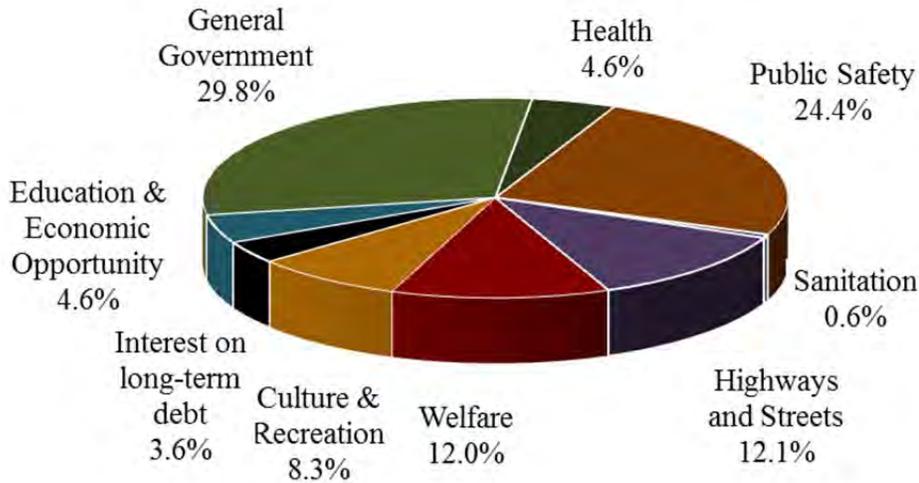
Expenses

Expenses for governmental activities increased \$10,895 (1.4%) primarily due to increases and decreases in the following functions:

- Public safety – a \$22,306 increase in expenses is primarily due from \$22,592 of expenses incurred in the Pima County Wireless Integrated Network (PCWIN) capital project.
- Highways and streets – a \$13,588 increase is primarily due to expenses incurred in the I-19 Frontage Road from Continental Road to Canoa project (\$19,737).
- Education and economic opportunity – a \$14,168 decrease in expenses was primarily due to a decrease in federal funding under the U.S Department of Housing and Urban Development for the Neighborhood Stabilization Program ARRA (\$6,200), Community Development Block Grants (\$660), Home investment Partnership Program (\$690), Housing Opportunities for persons with AIDS (\$185), and the decrease in funding from the U.S. Department of Labor for WIA adult, youth and dislocated worker formula grants (\$1,862).

The chart below presents expenses by function as a percentage to total expenses. The amount of each expense by function as a percentage to total expenses has not changed significantly from the prior fiscal year. General government, public safety, and welfare account for approximately two-thirds of the County's total expenses.

Expenses by Function - Governmental Activities



The resulting change in net position was a decrease of \$9,777 (0.6%) for fiscal year 2014 compared to an increase in net position of \$22,107 in fiscal year 2012-2013.

In summary, and as explained above, ending net position for governmental activities decreased \$9,777 (0.6%). This year's change in net position decreased \$31,884 from last year, primarily due to a decrease in revenues of \$11,604, an increase in expenses of \$10,895 and a net increase of \$9,385 in transfers out to business-type activities to fund capital projects.

Business-type activities

Business-type activities, which are composed exclusively of enterprise funds, are intended to recover all or a significant portion of their costs through user fees and charges. The following schedule shows changes in the net position for business-type activities.

Business-type Activities
Schedule of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>	<u>Variance</u>	
			<u>Amount</u>	<u>Percent</u>
Program revenues:				
Charges for services	\$ 181,565	\$ 165,165	\$ 16,400	9.9%
Capital grants and contributions	6,807	3,914	2,893	73.9%
Total program revenues	188,372	169,079	19,293	11.4%
General revenues:				
Investment earnings	1,237	1,017	220	21.6%
Other general revenues	1,484	580	904	155.9%
Total general revenues	2,721	1,597	1,124	70.4%
Total revenues	191,093	170,676	20,417	12.0%
Expenses:				
Regional Wastewater Reclamation	145,117	144,085	1,032	0.7%
Development Services	6,796	7,231	(435)	-6.0%
Parking Garages	1,877	1,825	52	2.8%
Total expenses	153,790	153,141	649	0.4%
Excess before transfers	37,303	17,535	19,768	112.7%
Transfers in (out)	16,715	7,330	9,385	128.0%
Change in net position	54,018	24,865	29,153	117.2%
Beginning net position, as restated	723,430	698,565	24,865	3.6%
Ending net position	\$ 777,448	\$ 723,430	\$ 54,018	7.5%

Revenues

Total revenues for business-type activities increased \$20,417 (12.0%) mainly due to an increase in charges for services of \$16,400, and an increase in capital grants and contributions of \$2,893. The increase in charges for services is primarily due to a RWR rate increase (from \$3.203 to \$3.523 per CCF), resulting in a \$14,995 increase. The capital grants increase is due to approximately \$3,000 increase in capital contributions for RWR, which is consistent with the increase in construction activities.

Expenses

Total expenses for business-type activities increased \$649 (0.4%) mainly due to the increase of \$1,032 (0.7%) in RWR expenses. The RWR expense increase was primarily due to the increase in interest expense from debt service payments of \$12,062 offset by \$15,691 decrease in reporting a loss on disposals of equipment.

Transfers-in increased \$9,385 (128%) due to transfers from governmental activities, including an increase of \$7,072 from certificates of participation to fund ROMP projects, and an increase of \$2,663 to the Parking Garages Fund mainly for construction projects at the Public Service Center.

Financial Analysis of the County's Funds

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

Governmental funds

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

Major Governmental Funds

General Fund

The General Fund is the chief operating fund of the County.

Intergovernmental revenues for the General Fund increased \$3,969 primarily due to increases in the state-shared sales tax associated with an anticipated gradual recovery in the local economy. Charges for services increased \$2,950 mostly from administrative overhead contributions. These increases were partially offset by decreases in miscellaneous revenue of \$3,585. Miscellaneous revenues received in the previous fiscal year included bankruptcy distributions from the National Century Financial Enterprises and Lehman Brothers of \$2,773 and a state refund from the Arizona Long Term Care System of \$824. Overall, revenues for the General Fund increased \$2,502.

General fund expenditures increased \$18,126 primarily due to a \$13,259 increase in general government for salary increases, higher medical insurance, and retirement benefits for the following departments: Administration \$2,260; County Attorney \$1,670; Juvenile, Justice and Law enforcement \$1,754. The expenditure increases also included \$3,325 for the intergovernmental agreement with the Arizona Health Care Cost Containment System (AHCCCS) for supplemental payments to disproportionate share hospitals (DSH payments). Public safety expenditures (Sheriff Department) increased \$5,738 due to \$3,853 salary increases, higher medical insurance and retirement benefit costs and \$2,100 increases in motor pool rates.

The \$2,502 increase in revenues and \$18,126 increase in expenditures is the primary basis for the \$12,342 decrease in the fund balance, which ended the year at \$48,190.

Budget to Actual Comparison for the General Fund

Overall, actual revenues were lower than budgeted revenues by \$84 and actual expenditures were less than budgeted expenditures by \$33,541.

Actual revenues for the General Fund were lower than budgeted primarily due to both, an under budget variance in property taxes of \$4,535 and an over budget variance for intergovernmental revenue of \$4,181. Actual intergovernmental revenues were higher than budgeted due to higher fiscal year 2014 Payments in Lieu of Taxes (PILT) from the department of interior of \$1,215 and higher State shared sales tax revenues of \$2,366. Actual property taxes were \$4,535 less than budgeted primarily due to lower collections of delinquent taxes and interest payments of property taxes.

Actual expenditures for the General Fund were less than budgeted primarily due to the County Administrator's maintenance of the unreserved contingency being \$21,684 less than budgeted. (The General Contingency is the Board of Supervisors' unreserved contingency that the board uses throughout the year to respond to changing needs or unforeseen circumstances.)

No variances between the budget to actual amounts at the departmental level were significant enough to affect the County's ability to provide future services.

Capital Projects Fund

Revenues for the Capital Projects Fund decreased \$8,880, mainly due to a decrease of \$8,322 in intergovernmental revenues. The intergovernmental revenue variance is primarily associated with a decrease of \$8,923 in State revenue, related to reductions in funding for road projects winding down, primarily the Magee Road project decrease of \$6,930 and the Camino de Oeste project decrease of \$1,764.

Expenditures (capital outlays) decreased \$39,230. This variance results from increases in capital expenditures in new or continuing programs, and greater decreases in expenditures of programs at or near completion. Significant decreases in capital expenditure projects include: Sunset Road-Santa Cruz River property acquisition \$3,963; the Public Service Center \$7,301; Tortolita Mountain Park Expansion \$3,913; Communications Center \$6,781; Magee Rd/Thornydale Rd \$11,363; 2013 Pavement Preservation program \$7,163; La Cholla Boulevard \$4,582; Magee Rd/La Canada Rd \$9,414. Some of the programs with larger increases in expenditures include: Flood Control-Paseo de las Iglesias project \$6,409; Orange Grove Road \$4,244; 2014 Pavement Preservation program \$5,208; Valencia Road-Alvernon Way-Wilmot Road project \$5,774.

The \$78,160 face amount of long-term debt issued represents a decrease of \$52,015 from fiscal year 2012-13. Proceeds received included \$52,160 from certificates of participation, \$10,000 from general obligation bonds, and \$16,000 from Highway-User Revenue Fund (HURF). In fiscal year 2012-13, proceeds received were \$130,175, including \$50,000 from general obligation bonds and \$80,175 from certificates of participation.

Transfers out increased by \$56,175 primarily due to a \$42,883 transfer from the 2013 COPs to RWR, a \$3,667 transfer of the 2014 COPs to Parking Garages for construction at the new Public Service Center, and a \$9,749 transfer to Fleet Services for the new services facility construction in progress.

The \$8,880 decrease in revenues, the \$39,230 decrease in expenses, and a total decrease of \$109,429 in other financing sources yield a decrease of \$79,079 in net change in fund balance, which ended the year at \$149,012.

Debt Service Fund

This major fund accounts for the accumulation of resources for the payment of principal and interest of long-term debt.

Revenues for the Debt Service Fund decreased \$4,630 primarily due to a decrease in property tax revenues as a result of decreasing secondary net assessed values. Expenditures for the Debt Service Fund increased \$47,181 mainly from an increase in principal payments of \$44,950. This expected increase is primarily associated with a \$34,645 first principal payment of COPs 2013A, which was paid on December 2013 and a \$16,000 GO series 2005, 2007 in cash defeasance. Please see Note 7 beginning on page 65 for more information on bond and certificate of participation details.

Proceeds from refunding debt were \$8,805, a decrease of \$42,475, as the only refunding consisted of \$8,805 for 2014 HURF bonds.

Payments to escrow agents decreased to \$10,131, a decrease of \$45,292 from \$55,423 in the prior year. The increase of transfers-in of \$36,511 was primarily transfers from RWR to fund the first \$34,645 principal payment of the 2013A COPs.

Major Proprietary Fund

The County's Regional Wastewater Reclamation Enterprise (RWR) Fund is a major enterprise fund.

The significant changes contributing to the fund's change in net position was an increase in total assets of \$48,977, primarily from an increase of \$28,467 in sewage conveyance system assets from the Regional Optimization Master Plan (ROMP) projects, and a \$25,696 increase in equipment primarily from \$23,865 ROMP projects. Building and improvements assets increased \$456,540, resulting from the capitalization of completed projects.

Operating revenues of \$161,676 represents an increase of \$16,099 (11.1%) over the previous year, primarily due to an increase of \$15,039 charges for services, resulting from a 10% fee increase (from \$3.203 to \$3.523 per ccf) effective in fiscal year 2013-14.

Operating expenses total of \$125,160 represents an increase of \$8,554 (7.3%) over the prior year, mainly due to an increase of \$3,874 in depreciation expense following capitalization of approximately \$446,905 in ROMP projects, and an increase of \$3,093 in administrative expenses including, among other factors, an increase of \$916 in administrative overhead, and an increase of \$649 in motor pool expenses resulting from a rate increase.

The deficit in total nonoperating revenues decreased \$4,628 primarily due to the decrease in loss on disposal of capital assets of \$15,691 offset by an increase in debt interest cost of \$12,062.

Transfers-in increased by \$42,759, mainly due to a cash transfer from 2013 COPs. Transfers out increased by \$35,686, to fund a debt service payment of \$34,645 representing the first principal payment of the 2013A COPs.

The fiscal year 2013-14 activity yields a change in net position of \$50,378, an increase of \$22,489 (80.6%) over the previous year's change in net position, resulting in a total net position of \$761,031 at fiscal year-end.

Capital Assets and Debt Administration

Capital Assets

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

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

Governmental and Business-type Activities									
Capital Assets									
As of June 30, 2014 and 2013									
	Governmental Activities			Business-type Activities			Total		
	2014	2013	Variance	2014	2013	Variance	2014	2013	Variance
Land	\$ 499,163	\$ 487,902	\$ 11,261	\$ 12,630	\$ 12,554	\$ 76	\$ 511,793	\$ 500,456	\$ 11,337
Construction in progress	212,314	297,266	(84,952)	63,730	500,964	(437,234)	276,044	798,230	(522,186)
Buildings and improvements	478,182	460,795	17,387	651,642	204,944	446,698	1,129,824	665,739	464,085
Infrastructure	667,302	590,961	76,341				667,302	590,961	76,341
Sewage conveyance systems				439,754	423,280	16,474	439,754	423,280	16,474
Equipment	108,708	71,971	36,737	88,653	67,811	20,842	197,361	139,782	57,579
Total	\$1,965,669	\$1,908,895	\$ 56,774	\$1,256,409	\$1,209,553	\$ 46,856	\$3,222,078	\$3,118,448	\$103,630

The County's total capital assets increased \$103,630 (3.3%). Overall for the County, the most significant changes were: buildings and improvements increased \$464,085 (69.7%), equipment increased \$57,579 (41.2%), infrastructure increased \$76,341 (12.9%); conversely, construction in progress decreased \$522,186 (65.4%) .

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

Governmental activities

Capital assets of Governmental activities increased \$56,774 (3%) over the previous year. Infrastructure increased \$76,341 (12.9%), primarily from major road projects: La Cholla Blvd-Magee Road-Overton Road \$24,357, Magee Road-Cortaro Farms Rd.-Mona Lisa- Thornydale Road \$45,865. Equipment increased \$36,737 (51%), primarily due to the equipment from Regional Public Safety Communication System \$34,676.

Building and improvements increased \$17,387 (3.8%), with significant projects comprising the increase included the following:

Contributions, Sporting Chance Center	\$4,338
Kino Sports Complex stadium and field improvements	\$3,212
Regional Flood Control District, Santa Cruz project	\$2,106
Administration 4 th Floor Tenant Improvements	\$2,018
Eckstrom Columbus Branch Library Expansion	\$1,498

Construction in progress in Governmental activities decreased \$84,952 (28.6%), primarily due to the following completed projects: a decrease of \$41,710 in the Pima County Wireless Integrated Network (PCWIN) project, a \$23,500 decrease in the Interstate 19 Frontage Road- Continental Road-Canoa Road project, and a decrease of \$22,612 in the Magee Road-Cortaro Farms Road project.

Business-type activities

Total assets increased \$46,856 (3.9%). Equipment assets increased \$20,842 (30.7%) mainly due to the Regional Optimization Master Planning (ROMP) project for \$22,691. Sewage conveyance systems increased \$16,474 (3.9%) primarily due to System-wide Conveyance Rehabilitation Program for \$9,543, Prince Road and I-10 Sewer Modification project for \$4,429, and a \$2,977 increase from contributed capital from developers.

Building improvements increased \$446,698 (218%), while construction in progress decreased \$437,234 (87.3%). This is primarily due to the capitalization of RWRs completed ROMP projects of \$468,232.

The County’s infrastructure assets are recorded at historical cost and estimated historical cost in the government-wide financial statements. Additional information regarding the County’s capital assets can be found in Note 5 of the financial statements on pages 61-62.

Long-term Debt

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

Long-Term Debt		
For the Years Ended June 30, 2014 and 2013		
	2014	2013
Bonds issued (at face value):		
General Obligation	\$ 10,000	\$ 88,575
Street and Highway Revenue	24,805	
Sewer System Revenue Obligations	48,500	128,795
Certificates of Participation (COPs)	52,160	92,880
Total	\$ 135,465	\$ 310,250

During the year, \$10,000 of general obligation bonds were issued. The \$10,000 of new debt issued in Series 2014 was for the purpose of funding various capital projects in the County. The County also issued \$24,805 of transportation revenue bonds of which \$8,805 was used for a refunding transaction. This refunding resulted in an economic gain of \$515 and a reduction in debt service payments of \$569.

In addition, the County issued \$52,160 in Certificates of Participation Series 2014. The County intends to use the proceeds to finance the costs of completing the Public Service Center and Office Tower. The County may also use a portion of the funds for other capital projects.

Regarding business-type activities, \$48,500 of sewer system revenue obligations were issued to finance additions and improvements to the sewer conveyance systems.

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

Credit Ratings				
	Standard & Poor's		Fitch Ratings	
	Rating	Date	Rating	Date
Certificates of Participation (COPs)	A+	Dec-2013	AA-	Dec-2013
General Obligation*	AA-	Dec-2013	AA	Dec-2013
Street and Highway Revenue	AA	Dec-2013	AA	Dec-2013
Sewer Revenue Bonds**	AA	Mar-2014	AA	Dec-2013
Sewer Revenue Obligations***	AA-	Jan-2014	AA-	Dec-2013

* S&P upgraded the 2005 and 2008 GO Bonds to AA based on the rating of insurance coverage on 3/19/2014.

** S&P upgraded the 2004R, 2007, 2008 & 2009 Sewer Revenue Bonds to AA based on the rating of insurance coverage on 3/19/2014.

Excludes the 2011A Sewer Refunding Bonds which have ratings equal to the Sewer Revenue Obligations.

***S&P upgraded the 2010 Sewer Revenue Obligations to AA based on the rating of insurance coverage on 3/19/2014.

The State of Arizona Constitution limits the amount of general obligation debt a governmental entity may issue to 6.0% of its net assessed valuation without voter approval. However, Pima County has voter approval for general obligation debt up to 15.0%. The current debt limitation for Pima County is \$1,143,554, 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 65-74.

Economic Factors and Next Year’s Budget

As presented at The University of Arizona’s Eller College of Management’s 2014 Mid-Year Economic Update, the current economic situation in the State of Arizona and Pima County is one of mixed characteristics. Growth is occurring throughout the State in the areas of employment, population, real income and housing permit activity. Pima County in particular has experienced positive gains in aggregate retail sales. However, these growth rates are slow relative to both pre-recession levels and when comparing Pima County to the rest of the State. Within the County, it is anticipated that the real estate market and construction industry will take several more years to fully recover. In addition, actions of both the State and Federal government that financially impact the County have become increasingly unpredictable, while trending toward shifting of responsibilities to local government. Given these factors, Pima County will continue to face numerous budgetary challenges that necessitate next year’s budget to be primarily a “maintenance of effort budget,” which will sustain the County’s existing service priorities. The following discussions identify significant activities expected to occur in fiscal year 2014-15.

Primary Property Taxes

The persistent weakness in the economy has put the County in an increasingly uncertain operating environment. The primary tax base began contracting in Fiscal Year 2010-11, while Net Assessed Value has declined 16.26% and is expected to shrink an additional 0.54% in the upcoming fiscal year. In order to compensate, the Fiscal Year 2014-15 Adopted Budget relies on a \$0.6114 increase in the primary property tax rate for the General Government over the prior year tax rate. The total property tax rate for Pima County will increase from \$5.0853 to \$5.7167 per \$100 of assessed valuation, a net increase of \$0.6314.

State Shared Revenues

State shared sales tax revenue is projected to increase by \$7.3 million in Fiscal Year 2014-15. This increase reflects a gradual recovery in the local economy.

University of Arizona Medical Center – South Campus

Beginning in 2010, Pima County entered into a two-year agreement with the Arizona Board of Regents on behalf of the University of Arizona, College of Medicine for funding of what is now designated as the University of Arizona Medical Center – South Campus. In May 2012, the Board of Supervisors approved a second two-year contract with the Arizona Board of Regents with an annual base funding of \$15 million. In May 2014, the Board of Supervisors approved a third two-year contract with the Board of Regents continuing with the annual funding base of \$15 million.

Road Repair

Pima County uses special revenues as a major funding source of its road repair. Since the economic recession, these revenues have continually trended downward. This decline is partly due to decreased collections in a weakened economy; but the decline is also exacerbated by the State's diversion of those collections that remain. As such, the Board of Supervisors will take the extraordinary action of appropriating General Fund dollars to the construction and maintenance of County roads for the third consecutive year. Continuation of this subsidy will be in the amount of \$5 million and the Board of Supervisors will review roads to be repaired in Fiscal Year 2015.

Medical Insurance

In order to insulate itself from rapidly rising medical insurance premiums, Pima County moved to a self-insured medical plan run by a third party administrator in fiscal year 2013-14. Under this new model, fiscal year 2013-14 insurance costs increased by less than 7% from the previous year. In the upcoming fiscal year, medical insurance costs are projected to increase by 5% from last year. These increases are well below the historic 15-20% yearly increases that the County experienced in the final five years under the previous insurance model.

Solid Waste

Effective June 1, 2013, Pima County went from a direct service model of providing solid waste services to the Public to a new model of having a private contractor providing these services. This change is anticipated to reduce the County's annual costs for this function by over \$4 million per year. Because of this action, funding within the General Fund to cover potential shortfalls is no longer needed.

Stadium District

Since the combined loss of Major League Baseball and stalling of the economy in 2008, the Stadium District has aggressively sought new strategies to broaden its users, decrease costs and increase revenues. Other than direct rental and concession revenue, funding for the District comes from three primary sources: a \$3.50 surcharge on rental cars; a \$0.50 per day tax on recreational vehicle spaces; and a 2% hotel/motel tax in the unincorporated area of the County. While fee and rental revenues paid to the District continue to trend in a positive direction, the slow

economic recovery continues to negatively affect tourist and recreational activities. The result has been a 23% decline in tax-based revenue over the past six years that was formerly used to fund the District. Fiscal Year 2013-14 projected revenues were insufficient to cover the Stadium's operating, maintenance, and debt service costs; thus necessitating a budgeted transfer of \$1.5 million from the General Fund to the District. A similar situation is expected in Fiscal Year 2014-15, which has prompted the Board of Supervisors to allocate \$2.2 million from the Budget Stabilization Fund to the District as an operating transfer, should the need arise.

Requests for Information

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

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PIMA COUNTY

Basic Financial Statements

Statement of Net Position

June 30, 2014

(in thousands)

	Primary Government			Component Unit SW Fair Commission
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 415,700	\$ 129,781	\$ 545,481	\$ 750
Property taxes receivable (net)	12,138		12,138	
Interest receivable	298	203	501	
Internal balances	6	(6)	-	
Due from other governments	46,016	9	46,025	
Accounts receivable (net)	12,938	18,194	31,132	4
Inventories	2,086	1,877	3,963	32
Prepays	5,017	74	5,091	69
Other assets	1,018		1,018	
Restricted assets:				
Cash and cash equivalents	2,431	104,545	106,976	2,300
Loans receivable	1,894		1,894	
Capital assets not being depreciated:				
Land	499,163	12,630	511,793	
Construction in progress	212,314	63,730	276,044	
Capital assets being depreciated (net):				
Buildings and improvements	478,182	651,642	1,129,824	2,822
Sewage conveyance system		439,754	439,754	
Equipment	108,708	88,653	197,361	445
Infrastructure	667,302		667,302	
Total assets	2,465,211	1,511,086	3,976,297	6,422
Deferred outflows of resources				
Deferred charge on refunding	3,520		3,520	
Total deferred outflows of resources	3,520		3,520	
Liabilities				
Accounts payable	60,239	19,459	79,698	239
Interest payable	3	300	303	
Contract retentions	3,106		3,106	
Employee compensation	19,766	1,854	21,620	
Due to other governments	80	3	83	
Deposits and rebates	2,014		2,014	35
Unearned revenue	6,610	2,506	9,116	66
Noncurrent liabilities:				
Due within one year	100,920	49,129	150,049	
Due in more than one year	693,623	660,387	1,354,010	
Total liabilities	886,361	733,638	1,619,999	340
Net Position				
Net investment in capital assets	1,354,456	586,868	1,941,324	3,267
Restricted for:				
Facilities, justice, library, tax stabilization, and community development	61,936		61,936	
Highways and streets	10,988		10,988	
Debt service		31,615	31,615	
Capital projects	66,885	22,720	89,605	
Regional wastewater		18,820	18,820	
Healthcare	3,591		3,591	
Unrestricted	84,514	117,425	201,939	2,815
Total net position	\$ 1,582,370	\$ 777,448	\$ 2,359,818	\$ 6,082

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Activities
For the Year Ended June 30, 2014
(in thousands)

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 230,742	\$ 27,355	\$ 26,013	\$ 5,969
Public safety	188,782	14,846	7,714	294
Highways and streets	93,675	6,307	49,953	46,125
Sanitation	4,252	31	1,168	
Health	36,085	13,259	8,428	
Welfare	93,224	80	336	
Culture and recreation	63,961	2,548	547	378
Education and economic opportunity	35,756	430	18,970	1,817
Amortization - unallocated	(5,758)			
Interest on long-term debt	27,994			
Total governmental activities	768,713	64,856	113,129	54,583
Business-type activities:				
Regional Wastewater Reclamation	145,117	171,650		6,807
Development Services	6,796	7,553		
Parking Garages	1,877	2,362		
Total business-type activities	153,790	181,565		6,807
Total primary government	\$ 922,503	\$ 246,421	\$ 113,129	\$ 61,390
Component unit:				
Southwestern Fair Commission	5,579	5,635	121	
Total component unit	\$ 5,579	\$ 5,635	\$ 121	
General revenues:				
Property taxes, levied for general purposes				
Property taxes, levied for regional flood control district				
Property taxes, levied for library district				
Property taxes, levied for debt service				
Hotel/motel taxes, levied for sports facility and tourism				
Other taxes, levied for stadium district				
Unrestricted share of state sales tax				
Unrestricted share of state vehicle license tax				
Grants and contributions not restricted to specific programs				
Interest and penalties on delinquent taxes				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position at beginning of year				
Net position at end of year				

See accompanying notes to financial statements

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

Primary Government			Component Unit SW Fair Commission
Governmental Activities	Business-type Activities	Total	
\$ (171,405)		\$ (171,405)	
(165,928)		(165,928)	
8,710		8,710	
(3,053)		(3,053)	
(14,398)		(14,398)	
(92,808)		(92,808)	
(60,488)		(60,488)	
(14,539)		(14,539)	
5,758		5,758	
(27,994)		(27,994)	
(536,145)		(536,145)	
	\$ 33,340	33,340	
	757	757	
	485	485	
	34,582	34,582	
(536,145)	34,582	(501,563)	
			\$ 177
			\$ 177
273,435		273,435	
17,697		17,697	
28,354		28,354	
58,546		58,546	
6,262		6,262	
1,509		1,509	
101,605		101,605	
23,899		23,899	
5,035		5,035	
6,976		6,976	
2,955	1,237	4,192	
16,810	1,484	18,294	82
(16,715)	16,715		
526,368	19,436	545,804	82
(9,777)	54,018	44,241	259
1,592,147	723,430	2,315,577	5,823
\$ 1,582,370	\$ 777,448	\$ 2,359,818	\$ 6,082

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
- Development Services
- Parking Garages

Total business-type activities

Total primary government

Component unit:

- Southwestern Fair Commission

Total component unit

General revenues:

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

Transfers

- Total general revenues and transfers
- Change in net position

Net position at beginning of year

Net position at end of year

PIMA COUNTY, ARIZONA
Balance Sheet - Governmental Funds
June 30, 2014
(in thousands)

Exhibit A - 3

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 56,990	\$ 169,811	\$ 7,685	\$ 75,377	\$ 309,863
Property taxes receivable (net)	8,702		1,888	1,548	12,138
Interest receivable	73	38	74	77	262
Due from other funds	2,544	2,159		222	4,925
Due from other governments	20,625	7,097	6	18,147	45,875
Accounts receivable	1,494	1,952		6,348	9,794
Inventory				1,369	1,369
Prepaid expenditures	3,384			480	3,864
Loan receivable	1,894				1,894
Other assets				1,018	1,018
Restricted cash and cash equivalents		1,816		45	1,861
Total assets	<u>\$ 95,706</u>	<u>\$ 182,873</u>	<u>\$ 9,653</u>	<u>\$ 104,631</u>	<u>\$ 392,863</u>
Liabilities, deferred inflows of resources and fund balances					
Liabilities:					
Accounts payable	\$ 13,462	\$ 25,242	\$ 3	\$ 16,971	\$ 55,678
Interest payable				3	3
Contract retentions		2,532		4	2,536
Employee compensation	14,533	31		4,831	19,395
Due to other funds	140	95		4,726	4,961
Due to other governments	10			70	80
Deposits and rebates	191	1,816		7	2,014
Unearned revenue	2,312	155		4,143	6,610
Total liabilities	<u>30,648</u>	<u>29,871</u>	<u>3</u>	<u>30,755</u>	<u>91,277</u>
Deferred inflows of resources:					
Unavailable revenue - intergovernmental	8,476	3,213		5,277	16,966
Unavailable revenue - property taxes	8,008		1,802	1,446	11,256
Unavailable revenue - other	384	777		299	1,460
Total deferred inflows of resources	<u>16,868</u>	<u>3,990</u>	<u>1,802</u>	<u>7,022</u>	<u>29,682</u>
Total liabilities and deferred inflows of resources	<u>47,516</u>	<u>33,861</u>	<u>1,805</u>	<u>37,777</u>	<u>120,959</u>
Fund balances					
Nonspendable	5,278			1,894	7,172
Restricted		145,256		60,984	206,240
Committed		3,836		6,308	10,144
Assigned	181		7,848	4,204	12,233
Unassigned	42,731	(80)		(6,536)	36,115
Total fund balances	<u>48,190</u>	<u>149,012</u>	<u>7,848</u>	<u>66,854</u>	<u>271,904</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 95,706</u>	<u>\$ 182,873</u>	<u>\$ 9,653</u>	<u>\$ 104,631</u>	<u>\$ 392,863</u>

See accompanying notes to financial statements

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2014
(in thousands)

Fund balances - total governmental funds		\$ 271,904
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	\$ 2,869,451	
Less accumulated depreciation	<u>(945,504)</u>	1,923,947
Some liabilities and their associated costs are not due and payable in the current period and therefore are not reported in the governmental funds.		
Unamortized deferred outflow for bond refunding	3,520	
Bonds payable	(549,087)	
Certificates of participation payable	(149,703)	
Leases and notes payable	<u>(640)</u>	(695,910)
Some compensated absences are not due and payable shortly after June 30, 2014, and therefore are not reported in the governmental funds.		
Employee compensation		(30,294)
Some liabilities are not due and payable shortly after June 30, 2014, and are therefore not reported in the governmental funds.		
Landfill liability	(22,771)	
Pollution remediation liability	<u>(639)</u>	(23,410)
Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.		
		29,682
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		
		106,451
Net position of governmental activities		<u><u>\$ 1,582,370</u></u>

PIMA COUNTY, ARIZONA

Exhibit A - 5

Statement of Revenues, Expenditures and Changes in Fund Balance
 Governmental Funds
 For the Year Ended June 30, 2014
 (in thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 280,965		\$ 58,737	\$ 46,127	\$ 385,829
Licenses and permits	2,928			5,347	8,275
Intergovernmental	135,953	\$ 25,037	14	131,078	292,082
Charges for services	35,671	5,054		17,101	57,826
Fines and forfeits	4,211			4,441	8,652
Investment earnings	287	762	295	393	1,737
Miscellaneous	7,322	1,740	14	8,388	17,464
Total revenues	467,337	32,593	59,060	212,875	771,865
Expenditures:					
Current:					
General government	206,356			41,151	247,507
Public safety	136,825			20,747	157,572
Highways and streets				37,772	37,772
Sanitation				2,521	2,521
Health	3,543			31,814	35,357
Welfare	92,858			335	93,193
Culture and recreation	17,859			38,886	56,745
Education and economic opportunity	12,383			21,813	34,196
Capital outlay		135,746			135,746
Debt service - principal	146		112,835	356	113,337
- interest	14		26,758	5	26,777
- miscellaneous			1,030		1,030
Total expenditures	469,984	135,746	140,623	195,400	941,753
Excess (deficiency) of revenues over (under) expenditures	(2,647)	(103,153)	(81,563)	17,475	(169,888)
Other financing sources (uses):					
Installment note				239	239
Premium on bonds			9,488		9,488
Proceeds from refunding debt			8,805		8,805
Payments to escrow agent			(10,131)		(10,131)
Face amount of long-term debt issued		78,160			78,160
Proceeds from sale of capital assets				360	360
Transfers in	24,192	46,610	61,489	30,392	162,683
Transfers (out)	(33,887)	(67,335)	(5,880)	(83,038)	(190,140)
Total other financing sources (uses)	(9,695)	57,435	63,771	(52,047)	59,464
Net change in fund balances	(12,342)	(45,718)	(17,792)	(34,572)	(110,424)
Fund balances at beginning of year	60,532	194,730	25,640	101,654	382,556
Changes in nonspendable fund balance:					
Change in inventory				(228)	(228)
Fund balances at end of year	\$ 48,190	\$ 149,012	\$ 7,848	\$ 66,854	\$ 271,904

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, 2014
(in thousands)

Net change in fund balances - total governmental funds \$ (110,424)

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	\$ 89,408	
Less current year depreciation	<u>(62,322)</u>	27,086

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

Face amount of long-term debt issued	(78,160)	
Premium on bonds	(9,488)	
Proceeds from refunding bonds	(8,805)	
Debt service - principal payments	113,337	
Payments to escrow agent	10,131	
Installment note	(239)	
Amortization expense	5,758	
Deferred outflows - interest	<u>(1,208)</u>	31,326

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. In addition, collections of some revenues in the governmental funds exceeded revenues reported in the Statement of Activities.

Donations of capital assets	17,544	
Intergovernmental	(2,836)	
Property tax revenues	(822)	
Other	<u>848</u>	14,734

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	(86)	
Change in landfill liability	(1,041)	
Net book value of capital asset disposals	(1,810)	
Other	<u>(133)</u>	(3,070)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The incorporation of the external activities of these funds, and the elimination of profit/loss generated by primary government customers results in net revenue (expense) for governmental activities.

30,571

Change in net position of governmental activities \$ (9,777)

PIMA COUNTY, ARIZONA
Statement of Net Position - Proprietary Funds
June 30, 2014
(in thousands)

Exhibit A - 7

	Business-type Activities			Governmental Activities- Internal Service Funds
	Enterprise Funds			
	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	
Assets				
Current assets:				
Cash and cash equivalents	\$ 121,427	\$ 8,354	\$ 129,781	\$ 105,837
Restricted cash and cash equivalents	55,457		55,457	570
Interest receivable	194	9	203	36
Due from other funds	6		6	71
Due from other governments	3	6	9	141
Accounts receivable (net)	18,039	155	18,194	3,144
Inventory	1,877		1,877	717
Prepaid expense	54	20	74	1,153
Total current assets	<u>197,057</u>	<u>8,544</u>	<u>205,601</u>	<u>111,669</u>
Noncurrent assets:				
Restricted cash and cash equivalents	49,088		49,088	
Loan receivable				10,000
Capital assets:				
Land	10,862	1,768	12,630	592
Buildings and improvements	838,860	12,927	851,787	967
Sewage conveyance system	721,515		721,515	
Equipment	131,586	883	132,469	46,403
Less accumulated depreciation	(515,502)	(10,220)	(525,722)	(20,771)
Construction in progress	60,000	3,730	63,730	14,531
Total capital assets (net of accumulated depreciation)	<u>1,247,321</u>	<u>9,088</u>	<u>1,256,409</u>	<u>41,722</u>
Total noncurrent assets	<u>1,296,409</u>	<u>9,088</u>	<u>1,305,497</u>	<u>51,722</u>
Total assets	<u>1,493,466</u>	<u>17,632</u>	<u>1,511,098</u>	<u>163,391</u>
Liabilities				
Current liabilities:				
Accounts payable	18,960	499	19,459	4,561
Contract retentions				570
Employee compensation	1,611	243	1,854	371
Interest payable	300		300	
Due to other funds	12		12	29
Due to other governments	3		3	
Unearned revenue	2,506		2,506	
Current sewer revenue bonds and obligations payable	47,594		47,594	
Current portion of wastewater loans payable	1,535		1,535	
Current portion reported but unpaid losses				5,883
Current portion incurred but not reported losses				8,815
Total current liabilities	<u>72,521</u>	<u>742</u>	<u>73,263</u>	<u>20,229</u>
Noncurrent liabilities:				
Compensated absences payable	2,702	473	3,175	548
Loan payable				10,000
Contracts and notes	7,942		7,942	
Sewer revenue bonds and obligations payable	631,125		631,125	
Wastewater loans payable	18,145		18,145	
Reported but unpaid losses				15,838
Incurred but not reported losses				10,325
Total noncurrent liabilities	<u>659,914</u>	<u>473</u>	<u>660,387</u>	<u>36,711</u>
Total liabilities	<u>732,435</u>	<u>1,215</u>	<u>733,650</u>	<u>56,940</u>
Net position				
Net investment in capital assets	577,780	9,088	586,868	41,722
Restricted for:				
Debt service	31,615		31,615	
Capital projects	22,720		22,720	
Healthcare				7,538
Regional wastewater reclamation	18,820		18,820	
Unrestricted	110,096	7,329	117,425	57,191
Total net position	<u>\$ 761,031</u>	<u>\$ 16,417</u>	<u>\$ 777,448</u>	<u>\$ 106,451</u>

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2014
(in thousands)

Exhibit A - 8

	Business-type Activities			Governmental Activities- Internal Service Funds
	Enterprise Funds			
	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	
Operating revenues:				
Charges for services	\$ 160,229	\$ 9,915	\$ 170,144	\$ 110,474
Other	1,447	55	1,502	1,649
Total net operating revenues	<u>161,676</u>	<u>9,970</u>	<u>171,646</u>	<u>112,123</u>
Operating expenses:				
Employee compensation	34,878	5,338	40,216	8,992
Operating supplies and services	8,070	94	8,164	8,292
Utilities	7,664		7,664	
Sludge and refuse disposal	1,512		1,512	
Repair and maintenance	6,267	95	6,362	1,470
Incurred losses				52,012
Insurance premiums				10,275
General and administrative	10,810	2,495	13,305	4,411
Consultants and professional services	7,367	434	7,801	4,105
Depreciation	48,592	217	48,809	4,022
Total operating expenses	<u>125,160</u>	<u>8,673</u>	<u>133,833</u>	<u>93,579</u>
Operating income	<u>36,516</u>	<u>1,297</u>	<u>37,813</u>	<u>18,544</u>
Nonoperating revenues (expenses):				
Investment earnings	1,197	40	1,237	1,206
Sewer connection fees	11,397		11,397	
Interest expense	(15,529)		(15,529)	
Debt issuance cost	(523)		(523)	
Gain/(loss) on disposal of capital assets	(3,905)	6	(3,899)	(137)
Total nonoperating revenues (expenses)	<u>(7,363)</u>	<u>46</u>	<u>(7,317)</u>	<u>1,069</u>
Income before contributions and transfers	29,153	1,343	30,496	19,613
Capital contributions	6,807		6,807	216
Transfers in	51,404	3,667	55,071	16,008
Transfers (out)	(36,986)	(1,370)	(38,356)	(5,266)
Change in net position	50,378	3,640	54,018	30,571
Net position at beginning of year	<u>710,653</u>	<u>12,777</u>	<u>723,430</u>	<u>75,880</u>
Net position at end of year	<u>\$ 761,031</u>	<u>\$ 16,417</u>	<u>\$ 777,448</u>	<u>\$ 106,451</u>

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2014
(in thousands)

Exhibit A - 9

	Business-Type Activities —			Governmental Activities- Internal Service Funds
	Regional Wastewater Reclamation	Enterprise Funds	Total Enterprise Funds	
Cash flows from operating activities:				
Cash received from other funds for goods and services provided				\$ 107,639
Cash received from customers for goods and services provided	\$ 160,202	\$ 9,966	\$ 170,168	
Cash received from miscellaneous operations	1,447		1,447	1,678
Cash payments to suppliers for goods and services	(26,697)	(1,560)	(28,257)	(23,582)
Cash payments to other funds for goods and services	(11,810)	(1,800)	(13,610)	(5,230)
Cash payments for incurred losses				(46,919)
Cash payments to employees for services	(34,738)	(4,910)	(39,648)	(7,924)
Net cash provided by operating activities	<u>88,404</u>	<u>1,696</u>	<u>90,100</u>	<u>25,662</u>
Cash flows from noncapital financing activities:				
Cash transfers in from other funds	51,404	3,667	55,071	15,981
Cash transfers out to other funds	(36,959)	(1,370)	(38,329)	(5,266)
Loans with other funds	8,531		8,531	9,865
Net cash provided by noncapital financing activities	<u>22,976</u>	<u>2,297</u>	<u>25,273</u>	<u>20,580</u>
Cash flows from capital and related financing activities:				
Proceeds from issuance of bonds and loans	48,500		48,500	
Principal paid on bonds and loans	(36,978)		(36,978)	
Interest paid on bonds and loans	(23,364)		(23,364)	
Issuance cost of new debt	(523)		(523)	
Proceeds from premium	7,032		7,032	
Sewer connection fees	10,990		10,990	
Proceeds from sale of capital assets		6	6	722
Purchase of capital assets	(102,853)	(3,730)	(106,583)	(18,021)
Net cash (used for) capital and related financing activities	<u>(97,196)</u>	<u>(3,724)</u>	<u>(100,920)</u>	<u>(17,299)</u>
Cash flows from investing activities:				
Loan receivable				(10,000)
Interest received on cash and investments	1,068	34	1,102	1,176
Net cash provided by (used for) investing activities	<u>1,068</u>	<u>34</u>	<u>1,102</u>	<u>(8,824)</u>
Net increase in cash and cash equivalents	15,252	303	15,555	20,119
Cash and cash equivalents at beginning of year	<u>210,720</u>	<u>8,051</u>	<u>218,771</u>	<u>86,288</u>
Cash and cash equivalents at end of year	<u>\$ 225,972</u>	<u>\$ 8,354</u>	<u>\$ 234,326</u>	<u>\$ 106,407</u>

(continued)

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2014
(in thousands)

Exhibit A - 9.1

(continued)

	Business-Type Activities —			Governmental Activities- Internal Service Funds
	Enterprise Funds			
Reconciliation of operating income (loss) to cash provided by (used for) operating activities	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	
Operating income	\$ 36,516	\$ 1,297	\$ 37,813	\$ 18,544
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	48,592	217	48,809	4,022
Changes in assets and liabilities:				
Decrease (increase) in assets:				
Accounts receivable	(26)	(4)	(30)	(2,768)
Due from other governments	(1)		(1)	(38)
Inventory and other assets	1,220		1,220	(32)
Prepaid expense	(37)	(11)	(48)	437
Increase (decrease) in liabilities:				
Accounts payable	2,005	148	2,153	358
Due to other governments	(5)		(5)	
Reported but unpaid losses				115
Incurred but not reported losses				4,978
Other liabilities	140	49	189	46
Net cash provided by operating activities	<u>\$ 88,404</u>	<u>\$ 1,696</u>	<u>\$ 90,100</u>	<u>\$ 25,662</u>

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2014:

Regional Wastewater Reclamation Enterprise Fund received developer-built conveyance systems with estimated fair value of \$6,541 and received other capital assets totaling \$76. These contributions were recorded as an increase in capital assets and capital contributions.

Regional Wastewater Reclamation Enterprise Fund retired capital assets with a net book value of \$3,905.

Regional Wastewater Reclamation Enterprise Fund transferred out assets with a value of \$27 to the County's Internal Service Fund.

Regional Wastewater Reclamation Enterprise Fund received assets from the County's general government in the amount of \$278. This transaction was recorded as an increase in capital assets and capital contributions.

Regional Wastewater Reclamation Enterprise Fund recorded a Pima County Board of Supervisors' approved Connection Flow-Through Sewer Credit Agreement in the amount of \$95. This transaction was recorded as an increase to unearned revenue and a decrease in capital contributions.

The Regional Wastewater Reclamation Enterprise Fund retired expired Sewer Credit Agreements totaling \$7. This transaction was recorded as a decrease to unearned revenue and an increase in capital contributions.

Other Enterprise Funds retired fully depreciated capital assets with an original cost of \$263.

Internal Service Funds received a transfer in of capital assets from Regional Wastewater Reclamation with a net book value of \$27.

Internal Service Funds received capital contributions with a value of \$216 from General Government and sold capital assets with a net book value of \$859.

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2014
(in thousands)

Exhibit A - 10

	Investment Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 144,516	\$ 68,890
Interest receivable	136	
Due from other governments		1,174
Total assets	\$ 144,652	\$ 70,064
Liabilities		
Employee compensation		\$ 115
Due to other governments		37,894
Deposits and rebates		32,055
Total liabilities	\$	\$ 70,064
Net position		
Held in trust for pool participants	\$ 144,652	

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2014
(in thousands)

Exhibit A - 11

	Investment Trust Funds
Additions	
Contributions from participants	\$ 2,452,239
Total contributions	2,452,239
Investment earnings	957
Total investment earnings	957
Total additions	2,453,196
Deductions	
Distributions to participants	2,515,033
Total deductions	2,515,033
Change in net position	(61,837)
Net position held in trust July 1, 2013	206,489
Net position held in trust June 30, 2014	\$ 144,652

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 1: Summary of Significant Accounting Policies

Pima County's accounting policies conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

A. Reporting Entity

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

Component units are legally separate entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are so intertwined with the County that they are in substance part of the County's operations. Component units should be blended in the County's financial statements when the component unit's governing body is substantively the same as the County's governing body and there is either a financial benefit or burden relationship between the County and the component unit or County management has operational responsibility for it; the component unit provides services entirely, or almost entirely, to the County; or the component unit's total debt outstanding is expected to be repaid entirely or almost entirely with the County's resources. Therefore, data from these units is combined with data of the County. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County. Each blended and discretely presented component unit discussed below has a June 30 year-end.

The following describes the County's component units:

The Pima County Stadium District, a legally separate entity, was originally created to provide regional leadership and fiscal resources to ensure the presence of major league baseball in Pima County. However, in 2008 and 2010, the Chicago White Sox and the Arizona Diamondbacks Major League Baseball teams terminated their agreements with the District and moved to newer, larger facilities in Maricopa County. Since their departure, the District has taken steps to repurpose and diversify the use of the Stadium and to decrease costs and increase revenue. The Kino Sports Complex is dedicated primarily to soccer activities with a lighted 2,000-seat North Grandstand field, four more soccer fields, and a 2,000-seat stadium under construction. Additional amenities include two lighted softball fields and the Kino Environmental Restoration Project. The facility hosts youth athletics, amateur and professional sports, concerts and community events on its fields. The County Board of Supervisors serves as the Board of Directors of the District. Acting in the capacity of the Board of Directors, the Pima County Board of Supervisors is able to impose its will on the District. The Board of Directors levies the car rental surcharge rates and the recreation vehicle (RV) park tax for the District. The District is reported as a special revenue fund (blended component unit) in these financial statements. Complete financial statements for the District can be obtained from the Pima County Department of Finance and Risk Management located at 130 West Congress Street, Tucson, Arizona 85701.

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

The Pima County Street Lighting Districts (SLDs) operate and maintain street lighting for specific regions in areas outside local city jurisdictions. The Pima County Board of Supervisors serves as the Board of Directors. SLDs are reported as a special revenue fund in these financial statements and meet substantively the same criteria as blended component units. Separate financial statements for the SLDs are not available.

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

Related Organization:

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

B. Basis of Presentation

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

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

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

- charges to customers or applicants for goods, services, or privileges provided;
- operating grants and contributions; and
- capital grants and contributions, including special assessments.

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes the County levies or imposes, are reported as general revenues.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double-counting of internal activities. However, charges for interfund services provided and used are not eliminated if the prices approximate their external exchange values.

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

Proprietary fund revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from transactions associated with the fund's principal activity. Accordingly, revenues, such as user charges, in which each party receives and gives up essentially equal values, are operating revenues. Other revenues result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues such as connection fees, intergovernmental revenues, along with investment earnings and revenues ancillary activities generate. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund revenues are primarily from property taxes and intergovernmental revenues.

The *Capital Projects Fund* accounts for financial resources to be used for the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. Capital Projects Fund revenues are from intergovernmental, face amount of long-term debt and transfers in.

The *Debt Service Fund* accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Revenues are from property taxes, proceeds from refunding debt, and transfers in.

The County reports the following major enterprise fund:

Regional Wastewater Reclamation (RWR) accounts for the management and operation of wastewater treatment and water pollution control programs. Revenues are from charges for services and connection fees.

The County also reports the following fund types:

Internal Service Funds account for fleet maintenance and operation, insurance, printing services, and telecommunications services provided to the County's departments or to other governments on a cost-reimbursement basis. The County transitioned to a medical self-insurance model on July 1, 2013 that is funded by employee and employer premium rates.

Investment Trust Funds account for pooled assets and individual investment accounts the County Treasurer holds and invests on behalf of other governmental entities.

Agency Funds account for assets the County holds as an agent for the State, cities, towns, and other parties.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The agency funds are custodial in nature and do not have a measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

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

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. The County recognizes property taxes to be available if collected within 30 days. In addition, other taxes that are reported as intergovernmental revenues, i.e. state shared sales tax, highway user revenues and vehicle license tax, recreational vehicle taxes, car rental surcharges, and hotel excise taxes are also recognized if collected within 30 days. Grant funded intergovernmental revenues are considered available if collected within 60 days after fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, landfill closure and postclosure care costs, and pollution remediation obligations, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

D. Cash and Investments

For the statement of cash flows, the County's cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the County Treasurer, investments in the State Treasurer's Local Government Investment Pool, and only those highly liquid investments with a maturity of 3 months or less when purchased.

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest-earning investment contracts with a remaining maturity of 1 year or less at the time of purchase are stated at amortized cost. All other investments are stated at fair value.

E. Inventories

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

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

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

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

F. Property Tax Calendar

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

G. Capital Assets

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

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets are as follows:

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

Discretely presented component unit:

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

H. Deferred Outflows/Inflows of Resources

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as a revenue in future periods.

I. Fund Balance Classifications

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

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

The unrestricted fund balance category is composed of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations that the County's Board of Supervisors approved, which is the highest level of decision-making authority within the County. Only the Board can remove or change the constraints placed on committed fund balances. This approval must be given at a regular supervisory meeting.

Assigned fund balances are resources constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Supervisors has authorized the County Administrator to make assignments of resources for a specific purpose. Modifications or rescissions of the constraints can also be removed by the same action that limited the funds.

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

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it is the County's policy to use restricted fund balance first. For the disbursement of unrestricted fund balances, the County will use committed amounts first, followed by assigned amounts, and lastly unassigned amounts.

J. Investment Earnings

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

K. Compensated Absences

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

Employees may accumulate up to 240 hours of vacation depending on years of service, but they forfeit any unused vacation hours in excess of the maximum amount at fiscal year-end. Upon terminating employment, the County pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide and proprietary funds' financial statements. A liability for these amounts is reported in the governmental funds' financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal year-end.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

Employees may accumulate up to 1920 hours of sick leave. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but employees forfeit them upon terminating employment. Because sick leave benefits do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements. However, employees who have accumulated greater than 240 hours of sick leave and are eligible to retire will receive some benefits. An estimate of those retirement payouts is accrued as a liability in government-wide and proprietary funds' financial statements in Employee Compensation for the current portion and under Noncurrent Liabilities for the noncurrent portion. Compensated absences for the governmental funds is accrued based on vacation and sick leave paid within the first two pay periods after fiscal year-end and is reported in Employee Compensation. 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.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 2: Fund Balance Classifications of the Governmental Funds

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 Balance:					
Nonspendable:					
Inventory				\$ 1,369	\$ 1,369
Prepaid expenditures	\$ 3,384			480	3,864
Loan receivable	1,894				1,894
Permanent fund principal				45	45
Total nonspendable	<u>5,278</u>			<u>1,894</u>	<u>7,172</u>
Restricted for:					
Capital Projects					
Streets and highways		\$ 57,155			57,155
Other		34,792			34,792
Justice Court /Public Service Center		42,813			42,813
Judicial activities				21,829	21,829
Flood Control District		10,496		11,690	22,186
Health				5,128	5,128
Law enforcement				2,153	2,153
Library District				5,991	5,991
School reserve				536	536
Social services				1,368	1,368
Streets and highways				9,704	9,704
Tire fund				1,307	1,307
Other purposes				1,278	1,278
Total restricted		<u>145,256</u>		<u>60,984</u>	<u>206,240</u>
Committed to:					
Judicial activities				124	124
Parks and recreation		220		981	1,201
School reserve				238	238
Sports promotion (Stadium)				1,225	1,225
Other purposes		3,616		3,740	7,356
Total committed		<u>3,836</u>		<u>6,308</u>	<u>10,144</u>
Assigned to:					
Debt service reserve			\$ 7,848		7,848
Health				1,358	1,358
Landfill				379	379
Law enforcement	176			322	498
School reserve				920	920
Other purposes	5			1,225	1,230
Total assigned	<u>181</u>		<u>7,848</u>	<u>4,204</u>	<u>12,233</u>
Unassigned:					
Total Fund Balance	<u>\$ 42,731</u>	<u>(80)</u>	<u>\$ 7,848</u>	<u>(6,536)</u>	<u>\$ 36,115</u>
	<u>\$ 48,190</u>	<u>\$ 149,012</u>	<u>\$ 7,848</u>	<u>\$ 66,854</u>	<u>\$ 271,904</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 3: Cash and Investments

Primary Government

Arizona Revised Statutes (A.R.S.) authorize the County to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds, notes, and other evidences of indebtedness; interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; specified commercial paper issued by corporations organized and doing business in the United States; specified bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars; and certain open-end and closed-end mutual funds, including exchange traded funds. In addition, the County Treasurer may invest trust funds in certain fixed income securities of corporations doing business in the United States or District of Columbia.

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

1. Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.
2. Corporate bonds, debentures and notes that are denominated in United States dollars must be rated "A" or better by at least two nationally recognized rating agencies at the time of purchase.
3. Fixed income securities must carry one of the two highest ratings by Moody's Investors Service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

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

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

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

Foreign currency risk—Statutes do not allow foreign investments unless the investment is denominated in United States dollars.

Deposits—At June 30, 2014, the carrying amount of the County's deposits was \$57,664, and the bank balance was \$61,206.

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, 2014, \$4,599 of County's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 3: Cash and Investments (continued)

Investments—At June 30, 2014, the County’s investments consisted of \$361,411 invested in marketable securities and \$446,740 invested in the State Treasurer’s Investment Pool. Cash from the County and from externally legally separate governments are pooled to purchase the investments in marketable securities and the State Treasurer’s Pool. The State Board of Investment provides oversight for the State Treasurer’s pools. The fair value of a participant’s position in the pool approximates the value of that participant’s pool shares and the participant’s shares are not identified with specific investments.

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

At June 30, 2014, 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	\$ 9,989
Corporate bonds	B+/B1	S&P / Moody's	249,873
Municipal bonds	Unrated		10,773
Federal Farm Credit Bank	AA+/Aaa	S&P / Moody's	15,898
Federal Home Loan Bank	AA+/Aaa	S&P / Moody's	34,013
Money market mutual fund	AAAm/Aaa-mf	S&P / Moody's	29,088
		Marketable securities	349,634
State Treasurer Investment Pool 5	AAAf/S1+	S&P	283,182
State Treasurer Investment Pool 500	Unrated		101,357
State Treasurer Investment Pool 7	Unrated		62,201
		State Treasurer's Investment Pool	446,740
			<hr/>
Total			<u>\$ 796,374</u>

Custodial credit risk—For an investment, custodial risk is the risk that, in the event of the counterparty’s failure, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no formal policy with respect to custodial credit risk. Of the County’s \$808,151 of investments, \$332,323, consisting of the commercial paper, corporate bonds, municipal bonds, Federal Farm Credit Bank, Federal Home Loan Bank, and U.S. Treasury notes, is uninsured and held by a counterparty in the County’s name in book entry form.

Concentration of credit risk—The County has no formal policy with respect to limiting the amount the Treasurer may invest in any one issuer. The County’s exposure as of June 30, 2014 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, 2014
(in thousands)

Note 3: Cash and Investments (continued)

As of June 30, 2014, the County had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (Years)</u>
State Treasurer Investment Pool 5	\$ 283,182	0.16
State Treasurer Investment Pool 500	101,357	5.59
State Treasurer Investment Pool 7	62,201	0.05
Commercial paper	9,989	0.47
Corporate bonds	249,873	1.59
Municipal bonds	10,773	1.64
Federal Farm Credit Bank	15,898	2.36
Federal Home Loan Bank	34,013	3.15
U.S. Treasury Notes	11,777	1.34
Money market mutual fund	29,088	0.13
Total	<u>\$ 808,151</u>	

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

	<u>Cash on Hand</u>	<u>Amount of Deposits</u>	<u>Amount of Investments</u>	<u>Total</u>
Cash, deposits, and investments:	\$ 48	\$ 57,664	\$ 808,151	\$ 865,863

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Investment Trust Funds</u>	<u>Agency Funds</u>	<u>Totals</u>
Statement of Net Position:					
Cash and cash equivalents	\$ 415,700	\$ 129,781	\$ 144,516	\$ 68,890	\$ 758,887
Restricted cash and cash equivalents	2,431	104,545			106,976
Total	<u>\$ 418,131</u>	<u>\$ 234,326</u>	<u>\$ 144,516</u>	<u>\$ 68,890</u>	<u>\$ 865,863</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 monies not specifically invested for a fund or program. In addition, the County Treasurer determines the fair value of those pooled investments annually at June 30. The County Treasurer's Investment Pool is not registered with the Securities and Exchange Commission as an investment company and there is no regulatory oversight of its operations. The structure of the Pool does not provide for shares and the County has not provided or obtained any legally binding guarantees to support the value of the participants' investments. The County Treasurer allocates interest earnings to each of the Pool's participants. Substantially, all deposits and investments of the County's primary government are included in the County Treasurer's investment pool. Therefore, the deposit and investment risks of the Treasurer's investment pool are substantially the same as the County's deposit and investment risks disclosed above.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 3: Cash and Investments (continued)

The Pool's assets consist of the following:

	<u>Principal</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Fair Value</u>
Commercial paper	\$ 10,000	0.00%	12/14	\$ 9,989
Corporate bonds	240,401	0.40-7.13%	07/14-06/18	249,873
Municipal bonds	10,710	0.25-1.5%	07/14-07/17	10,773
Federal Farm Credit Bank	15,828	0.35-2.08%	11/15-9/18	15,898
Federal Home Loan Bank	34,000	0.5-1.25%	11/16-11/18	34,013
U.S. Treasury Notes	11,700	0.75-2.63%	07/14-06/17	11,777
State Treasurer Investment Pool 5	147,502	N/A	N/A	147,502
Deposits	21,316	N/A	N/A	21,316
Interest receivable	136	N/A	N/A	136
Total assets				<u>\$ 501,277</u>

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

Statement of Net Position

Assets held in trust for:

Internal participants	\$ 425,578
External participants	<u>75,699</u>
Total assets	501,277
Total liabilities	
Total net position held in trust	<u>\$ 501,277</u>

Statement of Changes in Net Position

Total additions	\$5,929,669
Total deductions	<u>(5,997,783)</u>
Net decrease	(68,114)
Net position held in trust:	
July 1, 2013	<u>569,391</u>
June 30, 2014	<u>\$ 501,277</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(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	\$ 69		\$ 6	\$ 2,608		\$ 2,683
State of Arizona:						
Taxes and shared revenues	19,016	\$ 1,150		4,792		24,958
Grants and contributions				8,224	\$ 3	8,227
Cities:						
Reimbursement for services	1,446	525		2,456	121	4,548
Other governments:						
Reimbursement for services	<u>94</u>	<u>5,422</u>		<u>67</u>	<u>17</u>	<u>5,600</u>
Total due from other governments fund based statements	<u>\$ 20,625</u>	<u>\$ 7,097</u>	<u>\$ 6</u>	<u>\$ 18,147</u>	<u>\$ 141</u>	<u>\$ 46,016</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 487,902	\$ 11,357	\$ (96)	\$ 499,163
Construction in progress	297,266	88,680	(173,632)	212,314
Total capital assets not being depreciated	<u>785,168</u>	<u>100,037</u>	<u>(173,728)</u>	<u>711,477</u>
Capital assets being depreciated:				
Buildings and improvements	657,161	36,312	(82)	693,391
Infrastructure	1,221,637	112,686	(1,642)	1,332,681
Equipment	155,586	50,383	(11,574)	194,395
Total capital assets being depreciated	<u>2,034,384</u>	<u>199,381</u>	<u>(13,298)</u>	<u>2,220,467</u>
Less accumulated depreciation for:				
Buildings and improvements	(196,366)	(18,902)	59	(215,209)
Infrastructure	(630,676)	(35,090)	387	(665,379)
Equipment	(83,615)	(12,352)	10,280	(85,687)
Total accumulated depreciation	<u>(910,657)</u>	<u>(66,344)</u>	<u>10,726</u>	<u>(966,275)</u>
Total capital assets being depreciated, net	<u>1,123,727</u>	<u>133,037</u>	<u>(2,572)</u>	<u>1,254,192</u>
Governmental activities capital assets, net	<u>\$ 1,908,895</u>	<u>\$ 233,074</u>	<u>\$ (176,300)</u>	<u>\$ 1,965,669</u>
	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 12,554	\$ 76		\$ 12,630
Construction in progress	500,964	92,401	\$ (529,635)	63,730
Total capital assets not being depreciated	<u>513,518</u>	<u>92,477</u>	<u>(529,635)</u>	<u>76,360</u>
Capital assets being depreciated:				
Buildings and improvements	395,247	473,802	(17,262)	851,787
Sewage conveyance systems	693,048	30,902	(2,435)	721,515
Equipment	107,036	32,024	(6,591)	132,469
Total capital assets being depreciated	<u>1,195,331</u>	<u>536,728</u>	<u>(26,288)</u>	<u>1,705,771</u>
Less accumulated depreciation for:				
Buildings and improvements	(190,303)	(25,930)	16,088	(200,145)
Sewage conveyance systems	(269,768)	(13,538)	1,545	(281,761)
Equipment	(39,225)	(9,341)	4,750	(43,816)
Total accumulated depreciation	<u>(499,296)</u>	<u>(48,809)</u>	<u>22,383</u>	<u>(525,722)</u>
Total capital assets being depreciated, net	<u>696,035</u>	<u>487,919</u>	<u>(3,905)</u>	<u>1,180,049</u>
Business-type activities capital assets, net	<u>\$ 1,209,553</u>	<u>\$ 580,396</u>	<u>\$ (533,540)</u>	<u>\$ 1,256,409</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 5: Capital Assets (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 12,425
Public safety	9,824
Highways and streets	31,673
Sanitation	401
Health	488
Welfare	74
Culture and recreation	6,597
Education and economic opportunity	840
Internal service funds	4,022
Total governmental activities depreciation expense	<u>\$ 66,344</u>

Business-type activities:

Parking Garages	\$ 217
Regional Wastewater Reclamation Department	48,592
Total business-type activities depreciation expense	<u>\$ 48,809</u>

Discretely presented component unit:

Southwestern Fair Commission (SFC):

Capital assets being depreciated:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Buildings and improvements	\$ 5,974	\$ 491		\$ 6,465
Equipment	2,521	134	\$ (24)	2,631
Total capital assets being depreciated	<u>8,495</u>	<u>625</u>	<u>(24)</u>	<u>9,096</u>

Less accumulated depreciation for:

Buildings and improvements	(3,339)	(304)		(3,643)
Equipment	(2,021)	(189)	24	(2,186)
Total accumulated depreciation	<u>(5,360)</u>	<u>(493)</u>	<u>24</u>	<u>(5,829)</u>

Total capital assets being depreciated, net

SFC capital assets, net

	<u>3,135</u>	<u>132</u>		<u>3,267</u>
	<u>\$ 3,135</u>	<u>\$ 132</u>		<u>\$ 3,267</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
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Note 6: Claims, Judgments and Risk Management

Self-Insurance Trust Fund (SIT Fund)

The SIT Fund, an internal service fund, accounts for the financing of the insured risk 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. The SIT Fund is liable for any single general or automobile liability claim up to \$2,500 per occurrence, any workers' compensation claim up to \$1,000 per occurrence, and any single medical malpractice claim up to \$1,000 per occurrence or any medical malpractice claims in aggregate up to \$5,000 in any policy year. The County purchases commercial insurance for claims in excess of coverage provided by the SIT Fund. Settled claims have not exceeded insurance coverage in any of the last 3 fiscal years.

Payment of unemployment 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 SIT Fund. With the exception of environmental 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 unemployment losses are based on actual claims paid.

Claims liabilities at June 30, 2014, for each insurable area are as follows:

Auto liability	\$	335
General liability		10,487
Workers' compensation		21,605
Medical malpractice		234
Environmental liability		1,500
		\$ 34,161

The above amounts, excluding environmental and unemployment, are reported at their present value using an expected future investment yield assumption of 2 percent.

Changes in the unpaid claims liability reported in the SIT Fund are as follows:

Year	Balance July 1	Current-Year Claims and Changes in Estimates	Claims Payments	Balance June 30
2012-13	\$ 35,397	7,676	(7,305)	\$ 35,768
2013-14	\$ 35,768	4,851	(6,458)	\$ 34,161

Health Benefits Self-Insurance Trust Fund (HBT Fund)

During fiscal year 2013-2014, the County created the HBT Fund, an internal service fund, to account for the financing of the County's self-insured medical/pharmacy plan for employees and their dependents. The HBT Fund is responsible for collecting employer and employee premiums through payroll deductions and

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
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Note 6: Claims, Judgments and Risk Management (continued)

reimbursing Aetna, acting as a third-party administrator, for the payment of claims. The plan consists of two plan options, a High Deductible Health Plan and a Preferred Provider Organization Plan. The County purchases commercial stop-loss insurance coverage for claims in excess of coverage provided by the HBT Fund. Settled claims have not exceeded insurance coverage during the past fiscal year.

Claim liabilities are computed using a combination of two actuarial methods: the completion factor approach and the exposure approach. Accrued actuarial liabilities for the HBT Fund at June 30, 2014 for each plan option are as follows:

High-Deductible Health Plan:		
Medical	\$	2,843
Pharmacy		973
Preferred Provider Organization Plan:		
Medical		2,149
Pharmacy		735
		\$ 6,700

Changes in the unpaid claims liabilities reported in the HBT Fund are as follows:

Year	Balance July 1	Current-Year Claims and Changes in Estimates	Claims Payments	Balance June 30
2013-14	\$ -	47,161	(40,461)	\$ 6,700

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.

Pollution Remediation

The County has estimated and reported an environmental liability of \$639 in the government-wide financial statements for governmental activities (in noncurrent liabilities). Remediation efforts are currently underway at one County site: El Camino del Cerro.

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

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(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, 2014.

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due within 1 year
Governmental activities:					
General obligation bonds	\$ 456,690	\$ 10,000	\$ 59,415	\$ 407,275	\$ 36,815
Unamortized premium/discount	10,678	409	2,356	8,731	2,059
Total general obligation bonds	<u>467,368</u>	<u>10,409</u>	<u>61,771</u>	<u>416,006</u>	<u>38,874</u>
Transportation revenue bonds	126,015	24,805	21,995	128,825	13,685
Unamortized premium/discount	2,589	2,696	1,029	4,256	1,292
Total transportation revenue bonds	<u>128,604</u>	<u>27,501</u>	<u>23,024</u>	<u>133,081</u>	<u>14,977</u>
Certificates of participation	127,735	52,160	40,995	138,900	29,680
Unamortized premium/discount	6,759	6,383	2,339	10,803	2,463
Total certificates of participation	<u>134,494</u>	<u>58,543</u>	<u>43,334</u>	<u>149,703</u>	<u>32,143</u>
Capital leases payable:					
Other capital leases	298		298		
Total capital leases	<u>298</u>		<u>298</u>		
Installment note payable	605	239	204	640	228
Total installment note payable	<u>605</u>	<u>239</u>	<u>204</u>	<u>640</u>	<u>228</u>
Reported but unpaid losses (Note 6)	21,606	44,936	44,821	21,721	5,883
Incurred but not reported losses (Note 6)	14,162	7,075	2,097	19,140	8,815
Landfill closure and post-closure care costs (Note 8)	21,730	1,041		22,771	
Pollution remediation (Note 6)	734		95	639	
Compensated absences payable *	30,739	103		30,842	
Total governmental activities long-term liabilities	<u>\$ 820,340</u>	<u>\$ 149,847</u>	<u>\$ 175,644</u>	<u>\$ 794,543</u>	<u>\$100,920</u>

* There was a change in reporting the current and non-current portions of the Compensated absences payable. The current portion of Compensated absences payable of \$2,636 is reported as Employee compensation.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 7: Long-Term Liabilities (continued)

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Due within</u> <u>1 year</u>
Business-type activities:					
Sewer revenue bonds	\$ 154,415		\$ 16,765	\$ 137,650	\$ 17,555
Unamortized premium/discount	1,099		318	781	515
Total revenue bonds payable	<u>155,514</u>		<u>17,083</u>	<u>138,431</u>	<u>18,070</u>
Sewer revenue obligations	464,355	\$ 48,500	18,725	494,130	21,890
Unamortized premium/discount	46,620	7,032	7,494	46,158	7,634
Total revenue obligations payable	<u>510,975</u>	<u>55,532</u>	<u>26,219</u>	<u>540,288</u>	<u>29,524</u>
Regional Wastewater Reclamation Loans payable	21,169		1,489	19,680	1,535
Total loans payable	<u>21,169</u>		<u>1,489</u>	<u>19,680</u>	<u>1,535</u>
Contracts and notes	12,645	1,610	6,313	7,942	
Compensated absences payable *	3,087	88		3,175	
Total business-type activities long-term liabilities	<u>\$ 703,390</u>	<u>\$ 57,230</u>	<u>\$ 51,104</u>	<u>\$ 709,516</u>	<u>\$ 49,129</u>

* There was a change in reporting the current and non-current portions of the Compensated absences payable. The current portion of Compensated absences payable of \$271 is reported as Employee compensation.

The County's debt consists of various issues of general obligation, HURF revenue, certificates of participation, sewer revenue bonds, loans, and obligations bonds that are generally callable with interest payable semiannually. Bond proceeds primarily pay for acquiring or constructing capital facilities. Bonds have also been issued to advance-refund previously issued bonds. The County repays general obligation bonds from voter-approved property taxes. HURF revenue bonds are repaid from charges for services in the Transportation fund. Certificates of participation are repaid from General fund and other various funds' revenues. Sewer revenue bonds, loans, and obligations are repaid from the charges for services in the Regional Wastewater Reclamation fund.

GENERAL OBLIGATION BONDS OUTSTANDING

Governmental Activities

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

General obligation bonds payable at June 30, 2014, consisted of the outstanding general obligation bonds presented below. Of the total amounts originally authorized, \$4,662 from the May 20, 1997, \$13,278 from the May 18, 2004, and \$741 from the May 16, 2006 bond elections remain unissued.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 7: Long-Term Liabilities (continued)

The following table presents amounts outstanding by issue.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Call Date</u>	<u>Outstanding June 30, 2014</u>
Series of 2007	\$ 95,000	3.00 - 4.50%	2015-21	July 1, 2017	\$ 48,550
Series of 2008	100,000	4.00%	2015-22	July 1, 2018	63,000
Series of 2009	75,000	3.00 - 4.13%	2015-23	July 1, 2019	36,185
Series of 2009A	90,000	3.00 - 4.00%	2015-24	July 1, 2019	63,225
Series of 2009A Refunding	23,535	3.00 - 3.25%	2015-16		660
Series of 2011	75,000	2.25 - 5.00%	2015-26	July 1, 2021	44,185
Series of 2012A	60,000	2.00 - 4.00%	2015-27	July 1, 2022	43,750
Series of 2012B Refunding	16,225	2.00 - 3.00%	2015-17		12,155
Series of 2013A	50,000	1.50 - 4.00%	2015-28	July 1, 2023	47,000
Series of 2013B Refunding	38,575	3.00 - 4.00%	2015-20		38,565
Series of 2014	10,000	1.00 - 5.00%	2015-28	July 1, 2023	10,000
G.O. bonds outstanding					407,275
Plus unamortized premium/discount:					8,731
			Total G.O. bonds outstanding		<u>\$ 416,006</u>

The following schedule details general obligation bond debt service requirements to maturity at June 30, 2014.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 36,815	\$ 14,715
2016	37,655	13,581
2017	41,445	12,398
2018	40,880	11,041
2019	39,375	9,555
2020 - 2024	171,075	26,117
2025 - 2028	40,030	3,428
Total	<u>\$ 407,275</u>	<u>\$ 90,835</u>

REFUNDED GENERAL OBLIGATION BONDS

During fiscal year 2013-14, the County defeased \$14,815 of General Obligation Bonds, Series 2005 and \$1,200 of General Obligation Bonds, Series 2007 with County funds. County funds were placed in an irrevocable trust to provide for future debt service payments of the defeased debt. Accordingly, the trust account assets and liability for the defeased bonds are not included in the County's financial statements.

In prior years, the County defeased \$14,435 of General Obligation Refunded Bonds, Series 2005 by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the County's financial statements. At June 30, 2014, \$30,450 of outstanding bonds are considered defeased, which includes debt defeased during this current year.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 7: Long-Term Liabilities (continued)

TRANSPORTATION BONDS PAYABLE

Governmental Activities

(Payments made from street and highway revenues)

Pima County transportation revenue bonds were issued to provide monies to construct improvements to the County's streets and highways. Of the total amount originally authorized, \$73,375 from the November 4, 1997 bond election remains unissued.

The following table presents amounts outstanding by issue.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Call Date</u>	<u>Outstanding June 30, 2014</u>
Series of 2005	\$ 51,200	3.50 - 5.00%	2015-20	July 1, 2015	\$ 19,240
Series of 2007	21,000	3.25 - 4.75%	2015-22	July 1, 2017	14,870
Series of 2008	25,000	3.50 - 4.50%	2015-22	July 1, 2018	20,425
Series of 2009	15,000	3.00 - 4.00%	2015-24	July 1, 2019	13,650
Series of 2009 Refunding	8,420	3.00 - 4.00%	2015-24	July 1, 2019	7,385
Series of 2012	18,425	3.00 - 5.00%	2015-27	July 1, 2022	16,570
Series of 2012 Refunding	14,520	4.00 - 5.00%	2015-18		11,880
Series of 2014	16,000	3.00 - 5.00%	2015-28	July 1, 2023	16,000
Series of 2014 Refunding	8,805	5.00%	2017-18		8,805
Transportation bonds outstanding					128,825
Plus unamortized premium/discount:					4,256
Total transportation bonds outstanding					<u>\$ 133,081</u>

The following schedule details transportation bond debt service requirements to maturity at June 30, 2014.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 13,685	\$ 5,197
2016	14,250	4,652
2017	14,585	4,000
2018	15,245	3,351
2019	14,310	2,679
2020 - 2024	46,655	6,151
2025 - 2028	10,095	752
Total	<u>\$ 128,825</u>	<u>\$ 26,782</u>

Pima County has pledged future highway user revenues, net of specified operating expenses, to repay \$128,825 in transportation revenue bonds issued between 2005 and 2014. 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 2028. Annual principal and interest payments on the bonds are expected to require approximately 122 percent of net revenues. Total principal and interest remaining to be paid on the bonds is \$155,607. Principal and interest paid for bonds in the current year and total net highway user revenues were \$17,661 and \$13,702, respectively.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 7: Long-Term Liabilities (continued)

REFUNDED TRANSPORTATION BONDS

During fiscal year 2013-14, the County defeased \$9,570 of Transportation Bonds, Series 2005, by issuing \$8,805 of Transportation Bonds that have an average life of 3.93 years and an average interest rate of 5.00%. This refunding transaction resulted in an economic gain of \$515 and a reduction in debt service payments of \$569. 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. At June 30, 2014, \$9,570 of outstanding bonds are considered defeased.

CERTIFICATES OF PARTICIPATION

Governmental Activities

(Payments made from General Fund revenues)

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

On May 22, 2013, the County issued Certificates of Participation Series 2013A for \$80,175. The County intends to use \$60,000 of the proceeds from that issue for projects related to its sewer system. Although no sewer revenues are pledged for the repayment of the Certificates, the County intends to transfer available cash from the Regional Wastewater Reclamation Fund to repay that portion of the proceeds actually used for sewer projects. The County also issued \$12,705 of Refunding Certificates of Participation, Series 2013B. The Certificates were issued with a premium of \$1,260 and the proceeds were used to refund and redeem \$1,220 of Certificates of Participation, Series 1999, and \$12,335 of Certificates of Participation, Series 2003, previously reported by the County as a jail capital lease.

On February 12, 2014, the County issued Certificates of Participation Series 2014 for \$52,160 to finance the costs of completing the Public Service Center and Office Tower. The County may also use a portion of the funds for other capital projects.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details outstanding Certificates of Participation payable at June 30, 2014.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Call Date</u>	<u>Outstanding June 30, 2014</u>
Series of 2007A	\$ 28,765	5.00%	2015-22	July 1, 2017	\$ 18,805
Series of 2010	20,000	3.50 - 5.25%	2015-19		12,030
Series of 2013A	80,175	2.00 - 5.00%	2015-23		45,530
Series of 2013B Refunding	12,705	3.00 - 5.00%	2015-18		10,375
Series of 2014	52,160	2.00 - 5.00%	2015-29	December 1, 2023	52,160
Certificates of participation outstanding					138,900
Plus unamortized premium/discount:					10,803
Total certificates of participation outstanding					<u>\$ 149,703</u>

The following schedule details debt service requirements to maturity for the County's Certificates of Participation payable at June 30, 2014.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 29,680	\$ 6,572
2016	16,240	5,087
2017	11,955	4,409
2018	12,615	3,808
2019	10,670	3,256
2020 - 2024	35,615	9,622
2025 - 2029	22,125	2,875
Total	<u>\$ 138,900</u>	<u>\$ 35,629</u>

INSTALLMENT NOTE PAYABLE

Governmental Activities

In prior years, the County acquired Tasers under contract agreements at a total purchase price of \$764. During fiscal year 2013-14, the County also acquired computer equipment under contract agreements at a total purchase price of \$239. The outstanding balance as of June 30, 2014, for the payable totaled \$640. The following schedule details debt service requirements to maturity for the County's installment note payable at June 30, 2014.

<u>Year Ending June 30,</u>	<u>Equipment</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 229	\$ 16
2016	234	10
2017	177	4
	<u>\$ 640</u>	<u>\$ 30</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 7: Long-Term Liabilities (continued)

SEWER REVENUE BONDS AND LOANS

Business-type Activities

(Payments made from user charges received in the RWR)

Pima County sewer revenue bonds, as presented below, were issued to provide monies to construct improvements to the County's Regional Wastewater Reclamation system and for the defeasance of prior sewer revenue bonds. As of June 30, 2014, the County has issued the total amounts originally authorized from the May 20, 1997 and May 18, 2004 bond elections.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Call Date</u>	<u>Outstanding June 30, 2014</u>
Series of 2004 Refunding	\$ 25,770	4.60%	2015	July 1, 2014	\$ 4,000
Series of 2007	50,000	4.00 - 5.00%	2015-26	July 1, 2017	34,715
Series of 2008	75,000	4.00 - 5.00%	2015-23	July 1, 2018	70,130
Series of 2009	18,940	3.25 - 4.25%	2015-24	July 1, 2019	14,540
Series of 2011 Refunding	43,625	3.00 - 5.00%	2015-16		14,265
Sewer revenue bonds outstanding					137,650
Plus unamortized premium/discount:					781
Total sewer revenue bonds outstanding					<u>\$ 138,431</u>

The following schedule details sewer revenue bond debt service requirements to maturity at June 30, 2014.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 17,555	\$ 5,883
2016	15,950	5,057
2017	11,250	4,354
2018	11,810	3,886
2019	12,405	3,414
2020 - 2024	61,400	8,606
2025 - 2026	7,280	440
Total	<u>\$ 137,650</u>	<u>\$ 31,640</u>

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

In December 2012, the County issued Sewer Revenue Obligations Series 2012A for \$128,795. The net proceeds of the issuance were used primarily to pay a portion of the costs of the construction, expansion and improvement of sewer treatment facilities and conveyance systems for the System, including the Agua Nueva and Tres Rios Wastewater Reclamation Facilities.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 7: Long-Term Liabilities (continued)

In February 2014, the County issued Sewer Revenue Obligations Series 2014 for \$48,500. The net proceeds of the issuance were used primarily to pay a portion of the costs of the construction, expansion and improvement of sewer treatment facilities and conveyance systems for the System.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Call Date</u>	<u>Outstanding June 30, 2014</u>
Series of 2010	\$165,000	2.50 - 5.00%	2015-25	July 1, 2020	\$ 163,000
Series of 2011B	189,160	5.00%	2015-26	July 1, 2021	164,450
Series of 2012A	128,795	1.75 - 5.00%	2015-27	July 1, 2022	118,180
Series of 2014	48,500	2.00 - 5.00%	2015-28	July 1, 2023	48,500
Sewer revenue obligations outstanding					494,130
Plus unamortized premium/discount:					46,158
Total sewer revenue obligations outstanding					<u>\$ 540,288</u>

The following schedule details sewer revenue obligation debt service requirements to maturity at June 30, 2014.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 21,890	\$ 23,871
2016	22,740	22,967
2017	36,170	21,989
2018	37,795	20,366
2019	39,615	18,548
2020 - 2024	229,110	61,691
2025 - 2028	106,810	9,317
Total	<u>\$ 494,130</u>	<u>\$ 178,749</u>

In prior years, the Regional Wastewater Reclamation Enterprise Fund entered into various loan agreements (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, 2014</u>
2004 Loans payable	\$ 19,967	1.81%	2015-24	\$ 13,534
2009 Loans payable	8,002	0.96%	2015-24	6,146
Total loans payable				<u>\$ 19,680</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details loans payable debt service requirements to maturity at June 30, 2014.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 1,535	\$ 576
2016	1,581	529
2017	1,629	480
2018	1,679	430
2019	1,730	378
2020 - 2024	11,526	1,083
Total	<u>\$ 19,680</u>	<u>\$ 3,476</u>

Pima County has pledged future user charges, net of specified operating expenses, to repay \$137,650 in sewer revenue bonds issued between 2004 and 2011, \$19,680 in sewer revenue loans issued between 2004 and 2009, and \$494,130 in sewer revenue obligations issued between 2010 and 2014. 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 2028. Annual principal and interest payments on the bonds and obligations are expected to require approximately 67 percent of net revenues. The annual principal and interest payments on the loans are expected to require approximately 3 percent of net revenues. Total principal and interest remaining to be paid on the bonds is \$169,290. Total principal and interest remaining to be paid on the loans is \$23,156. Total principal and interest remaining to be paid on the obligations is \$672,879. Principal and interest paid for bonds, obligations and loans in the current year and total customer net revenues were \$65,277, \$2,111, and \$96,134, respectively.

All sewer revenue bonds were issued and the loan agreements were executed with a first lien on the pledge of the RWR net revenues and have restrictive covenants, primarily related to minimum utility rates and limitations on future bond issues. The bond covenants also require the RWR to either maintain a surety bond guaranteeing the payment of annual debt service or to maintain in the Bond Reserve Account monies equal to the average annual debt service payment. At June 30, 2014, the RWR had a surety bond to meet the requirements of the debt covenants. The County is also authorized to issue for the RWR additional parity bonds if certain conditions are met, primarily that net revenues for the fiscal year immediately preceding issuance of the parity bonds exceed 120 percent of the maximum annual debt service requirements immediately after such issuance.

CONTRACTS AND NOTES

Business-type Activities

(Payments made from restricted assets in the RWR)

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(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, 2014, is as follows:

Net assessed valuation		\$7,623,691
<u>Debt limit (15% of net assessed valuation):</u>		1,143,554
<u>Less amount of debt applicable to debt limit:</u>		
General obligation bonds outstanding	\$ 407,275	
Less fund balance in debt service fund available for payment of general obligation bond principal	(5,326)	401,949
Legal debt margin available		\$ 741,605

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 8: Landfill Liabilities

Solid Waste Landfill Closure and Post-Closure Care Costs:

State and Federal laws and regulations require the County to place a final cover on its solid waste landfill sites when these sites stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after their closure. Although closure and post-closure care costs will not be paid until near or after the date the landfills stop accepting waste, the County records a portion of these closure and post-closure care costs as a long-term liability in each period, based on landfill capacity used as of each balance sheet date. The \$22,771 reported as landfill closure and post-closure care long-term liability within the governmental activities represents the cumulative amount reported to date, based on the percentage used of each landfill's total estimated capacity. The County will recognize the remaining estimated cost of closure and post-closure care of \$4,584 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, 2014; actual costs may change due to inflation, changes in technology, or changes in regulations.

<u>Landfill Site</u>	<u>Capacity Used June 30, 2014</u>	<u>Estimated Remaining Service Life</u>
Ajo	73%	37 Years
Sahuarita	56%	28 Years
*Tangerine	99%	36 Years

*The Tangerine Landfill stopped accepting waste from the public on December 1, 2013 but remains open for internal County waste disposal needs until its remaining capacity is fully used. As the amount of County disposal is very small the estimated remaining service life was extended to 36 years.

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

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 \$10,946 when closure occurs and plans to fund the costs with proceeds of general obligation bonds. At this time, there is no closure date available.

On June 1, 2013 Tucson Recycling and Waste Services was contracted to operate the Landfill and Transfer Station operations on behalf of Pima County in an agency capacity. The closure and post closure costs remain the liability of Pima County.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 9: Pension and Other Post Employment Benefits

Pension Plan Descriptions

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

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

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

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

Beginning in fiscal year 2013-14, PSPRS and CORP established separate Funds for pension benefits and health insurance premium benefits. Previously, the plans recorded both pension and health insurance premium contributions in the same Pension Fund. During fiscal year 2013-14, the plans transferred prior year health insurance premium benefit contributions that exceeded benefit payments from each plan’s Pension Fund to the new Health Insurance Fund.

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

ASRS

3300 N. Central Ave
Phoenix, AZ 85012
P.O. Box 33910
Phoenix, AZ 85067-3910
(602) 240-2000 or
(800) 621-3778
www.azasrs.gov

PSPRS and CORP

3010 East Camelback Road
Suite 200
Phoenix, AZ 85016-4416
(602) 255-5575
www.psprs.com

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

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

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, 2014, active **ASRS** members were required by statute to contribute at the actuarially determined rate of 11.54 percent (11.3 percent for retirement and 0.24 percent for long-term disability) of the members' annual covered payroll. The County is required by statute to contribute at an actuarially determined rate. For the year ended June 30, 2014, the County contributed 11.54 percent (10.70 percent for retirement, 0.60 percent for health insurance premium benefit, and 0.24 percent for long-term disability) of the members' annual covered payroll. For the year ended June 30, 2013, the County contributed 11.14 percent (10.25 percent for retirement, 0.65 percent for health insurance premium benefit, and 0.24 percent for long-term disability) of the members' annual covered payroll. For the year ended June 30, 2012, the County contributed 10.74 percent (9.87 percent for retirement, 0.63 percent for health insurance premium, and 0.24 percent for long-term disability) of the members' annual covered payroll.

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

	ASRS Retirement Fund	Health Benefit Supplement Fund	Long-term Disability Fund
Year ended June 30,			
2014	\$ 24,733	\$ 1,387	\$ 555
2013	\$ 22,902	\$ 1,452	\$ 536
2012	\$ 21,290	\$ 1,359	\$ 518

Agent plans

For the year ended June 30, 2014, active **PSPRS** members were required by statute to contribute 10.35 percent of the members' annual covered payroll and the County was required to contribute at the actuarially determined rate of 33.69 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 6.70 percent. The health insurance premium portion of the contribution was set at 1.60 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 14.81 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.05 percent of covered payroll.

Actuarial methods and assumptions

The contribution requirements for the year ended June 30, 2014 were established by the June 30, 2012 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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

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

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 designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for both plans and related benefits (unless noted), and the actuarial methods and assumptions were used to establish the fiscal year 2014 contribution requirements, are as follows:

	<u>PSPRS</u>	<u>CORP</u>
Actuarial valuation date	June 30, 2012	June 30, 2012
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment rate of return	8.00%	8.00%
Projected salary increases	5.00% - 9.00%	5.00% - 8.25%
includes inflation at	5.00%	5.00%
Amortization method	Level percent-of-pay closed	Level percent-of-pay closed
Remaining amortization period	24 Years for underfunded, 20 Years for overfunded	24 Years for underfunded, 20 Years for overfunded
Asset valuation method	7-year smoothed market 80%/120% market	7-year smoothed market 80%/120% market

Annual Pension and OPEB Cost

The County's pension/OPEB cost for the PSPRS and CORP agent plans for the year ended June 30, 2014, and related information follows:

	<u>PSPRS</u>		<u>CORP</u>	
	<u>Pension</u>	<u>Health Insurance Premium Benefit</u>	<u>Pension</u>	<u>Health Insurance Premium Benefit</u>
Annual pension/OPEB cost	\$ 11,856	\$ 563	\$ 3,550	\$ 252
Contributions made	\$ 11,856	\$ 563	\$ 3,550	\$ 252

Trend Information

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 9: Pension and Other Post Employment Benefits (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	2014	\$ 11,856	100%	
Health insurance premium benefit	2014	\$ 563	100%	
Pension	2013	\$ 9,903	102%	
Health insurance premium benefit	2013	\$ 591	64%	\$ 215
Pension	2012	\$ 8,445	103%	
Health insurance premium benefit	2012	\$ 638	60%	\$ 254
CORP				
Pension	2014	\$ 3,550	100%	
Health insurance premium benefit	2014	\$ 252	100%	
Pension	2013	\$ 2,722	104%	
Health insurance premium benefit	2013	\$ 264	54%	\$ 121
Pension	2012	\$ 2,076	107%	
Health insurance premium benefit	2012	\$ 288	51%	\$ 142

Funded Status

The plan's funded status as of the most recent valuation date of June 30, 2014, along with the actuarial assumptions and methods used in those valuations follow. Additionally, the required schedule of funding progress, presented as Exhibit B-2 following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

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

	PSPRS		CORP	
	Pension	Health Insurance Premium Benefit	Pension	Health Insurance Premium Benefit
Actuarial accrued liability	\$ 324,825	\$ 7,337	\$ 100,333	\$ 3,122
Actuarial value of assets	\$ 141,813	7,549	\$ 48,811	3,248
Unfunded actuarial accrued liability (funding excess)	\$ 183,012	\$ (212)	\$ 51,522	\$ (126)
Funded ratio	43.7 %	102.9 %	48.6 %	104.0 %
Covered payroll	\$ 31,544	\$ 31,544	\$ 19,765	\$ 19,765
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	580.2 %	0 %	260.7 %	0 %

	PSPRS	CORP
	Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment rate of return	7.85%	7.85%
Projected salary increases includes inflation at	4.0% - 8.0% 4.00%	4.0% -7.25% 4.00%
Amortization method	Level percent-of-pay closed	Level percent-of-pay closed
Remaining amortization period	22 Years for underfunded , 20 years for overfunded	22 Years for underfunded , 20 years for overfunded
Asset valuation method	7-year smoothed market 80%/120% market	7-year smoothed market 80%/120% market
Permanent Benefit Increases	Members retired on or before: July 1, 2011: 2% compounded on average Members retired on or after: August 1, 2011: 0.5% compounded on average All current retirees receive the same dollar increase amount so approximation techniques were used to develop the assumed PBI for each member	Members retired on or befo July 1, 2011: 2.25% of benefit Members retired on or afte August 1, 2011: 0.5% of bene

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 10: Interfund Transactions

A. Interfund Assets/Liabilities

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

Amounts recorded as due to:

Amounts recorded as due from:

	General	Capital Projects	Other Governmental	Regional Wastewater Reclamation	Internal Services	Total
General	\$ 53		\$ 2,491			\$ 2,544
Capital Projects			2,153	6		2,159
Other Governmental	\$ 140		76	6		222
Regional Wastewater Reclamation			6			6
Internal Services		42			\$ 29	71
Total	\$ 140	\$ 95	\$ 4,726	\$ 12	\$ 29	\$ 5,002

B. Transfers

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

Amounts recorded as transfers out:

Amounts recorded as transfers in:

	General	Capital Projects	Debt service	Other Governmental	Regional Wastewater Reclamation	Other Enterprise	Internal Services	Total
General	\$ 99			\$ 22,990	\$ 103	\$ 1,000		\$ 24,192
Capital Projects	\$ 3,138		\$ 5,880	36,841	337	350	\$ 64	46,610
Debt Service	7,025	146		17,200	36,104	20	994	61,489
Other Governmental	23,724	310		2,115	415		3,828	30,392
Regional Wastewater Reclamation		51,404						51,404
Other Enterprise		3,667						3,667
Internal Service		11,709		3,892	27		380	16,008
Total	\$ 33,887	\$ 67,335	\$ 5,880	\$ 83,038	\$ 36,986	\$ 1,370	\$ 5,266	\$ 233,762

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 11: Construction and Other Significant Commitments

At June 30, 2014, Pima County had the following major contractual commitments related to Facilities Management, General Government, Natural Resources, Parks and Recreation, Regional Flood Control, Regional Wastewater Reclamation and Transportation.

Facilities Management

At June 30, 2014, the Pima County Facilities Management Department had construction contractual commitments of \$37,309 and other contractual commitments related to service contracts of \$6,728. Funding for these expenditures will be provided from general fund revenues and general obligation bonds.

General Government

At June 30, 2014, Pima County had contractual commitments related to service contracts for the Office of Medical Services of \$21,875. Procurement had construction contractual commitments of \$10,028 and other contractual commitments related to service contracts of \$2,406. Information Technology had commitments related to service contracts of \$8,220. Funding for these expenditures will be provided from general fund revenues, the PCWIN special revenue fund and general obligation bonds.

Natural Resources, Parks and Recreation

At June 30, 2014, Pima County had contractual commitments related to service contracts for the Natural Resources, Parks and Recreation Department of \$8,912. Funding for these expenditures will be provided from general fund revenues.

Regional Flood Control

At June 30, 2014, the Regional Flood Control fund had construction contractual commitments of \$4,852 and other contractual commitments related to service contracts of \$6,466. Funding for these expenditures will be provided primarily from Flood Control secondary tax levy revenues.

Regional Wastewater Reclamation

At June 30, 2014, the Regional Wastewater Reclamation Enterprise fund had construction contractual commitments of \$14,718 and other contractual commitments related to service contracts of \$26,040. Funding for these expenses will be primarily from Sewer Revenue Bonds and sewer user fees.

Transportation

At June 30, 2014, the Pima County Transportation Department had construction contractual commitments of \$43,327 and other contractual commitments related to service contracts of \$10,956. Funding for these expenditures will be primarily provided from Transportation Revenue Bonds and Highway User Tax Revenue, which is the primary source of revenue for the Transportation Department.

Note 12: Deficit Fund Balances

The Stadium District and Other Grants – Special Revenue Fund had deficit fund balances at June 30, 2014 of \$1,378 and \$1,032 respectively. The deficits can be eliminated in the future through normal operations.



Required Supplementary Information
Other Than Management's Discussion & Analysis

PIMA COUNTY, ARIZONA

Exhibit B - 1

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - General Fund
For the Year Ended June 30, 2014
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 285,500	\$ 285,500	\$ 280,965	\$ (4,535)
Licenses and permits	2,786	2,786	2,928	142
Intergovernmental	131,772	131,772	135,953	4,181
Charges for services	35,145	35,145	35,671	526
Fines and forfeits	5,780	5,780	4,211	(1,569)
Investment earnings	210	210	287	77
Miscellaneous	6,228	6,228	7,322	1,094
Total revenues	<u>467,421</u>	<u>467,421</u>	<u>467,337</u>	<u>(84)</u>
Expenditures:				
General government				
Assessor	8,997	8,997	8,378	619
Board of Supervisors	2,074	2,074	1,894	180
Clerk of Superior Court	10,870	10,870	10,864	6
Constables	1,207	1,207	1,242	(35)
County Administration	72,328	72,328	45,800	26,528
County Attorney	22,508	22,508	22,454	54
Justice Courts	8,305	8,305	8,066	239
Juvenile Courts	23,260	23,260	23,222	38
Justice & Law Enforcement	29,324	29,324	32,289	(2,965)
Public Works (Facilities Management)	18,204	18,204	16,628	1,576
Recorder	2,400	2,400	2,055	345
Superior Court	30,042	30,042	29,864	178
Superior Court Mandated Services	1,623	1,623	1,531	92
Treasurer	2,568	2,568	2,069	499
Public safety				
Sheriff	135,355	135,355	136,306	(951)
Office of Emergency Management & Homeland Security	517	517	519	(2)
Health				
Forensic Science Center	3,298	3,298	3,543	(245)
Welfare				
County Admin - Welfare	58,577	58,577	56,591	1,986
Office of Medical Services	40,843	40,843	36,267	4,576
Culture and recreation				
Public Works (Parks and Recreation)	18,136	18,136	17,859	277
Education and economic opportunity				
Community & Economic Development	11,544	11,544	10,926	618
School Superintendent	1,545	1,545	1,457	88
Debt Service - principal			146	(146)
- interest			14	(14)
Total expenditures	<u>503,525</u>	<u>503,525</u>	<u>469,984</u>	<u>33,541</u>
Deficiency of revenues under expenditures	(36,104)	(36,104)	(2,647)	33,457
Other financing sources (uses):				
Transfers in	23,895	23,895	24,192	297
Transfers (out)	(31,848)	(31,848)	(33,887)	(2,039)
Total other financing (uses)	<u>(7,953)</u>	<u>(7,953)</u>	<u>(9,695)</u>	<u>(1,742)</u>
Net change in fund balances	(44,057)	(44,057)	(12,342)	31,715
Fund balances at beginning of year	<u>44,057</u>	<u>44,057</u>	<u>60,532</u>	<u>16,475</u>
Fund balances at end of year	<u><u>44,057</u></u>	<u><u>44,057</u></u>	<u><u>\$ 48,190</u></u>	<u><u>\$ 48,190</u></u>

PIMA COUNTY, ARIZONA
Notes to Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual – General Fund
June 30, 2014
(in thousands)

Note 1- Budgeting and Budgetary Control

Arizona Revised Statutes (A.R.S.) requires the County to prepare and adopt a balanced budget annually for each governmental fund. The Board of Supervisors must approve such operating budgets on or before the third Monday in July to allow sufficient time for the legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August. A.R.S. prohibits expenditures or liabilities in excess of the amounts budgeted.

Expenditures may not legally exceed appropriations at the department level. In certain instances, transfers of appropriations between departments or from the contingency account to a department may be made upon the Board of Supervisors' approval. With the exception of the General Fund, Other Special Revenue, and Other Special Revenue – Grants, each fund includes only one department.

Note 2 – Expenditures in Excess of Appropriations

For the year ended June 30, 2014, expenditures for the following departments in the General Fund exceeded final budget amounts at the department level (the legal level of budgetary control) as follows:

Function/Department	Excess
General government:	
Constables	\$ 35
Justice and Law Enforcement	<u>2,965</u>
Total general government	<u><u>3,000</u></u>
Public safety:	
Sheriff	951
Office of Emergency Management and Homeland Security	<u>2</u>
Total public safety	<u><u>953</u></u>
Health:	
Forensic Science Center	<u>245</u>
Total Health	<u><u>245</u></u>
Debt Service - principal	
- interest	146
Total debt service	<u><u>\$ 14</u></u>

These expenditures were funded by greater than anticipated revenues and unspent appropriations.

PIMA COUNTY, ARIZONA
Schedule of Agent Retirement Plans' Funding Progress
June 30, 2014
(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 (Funding Excess) as a Percentage of Covered Payroll
PSPRS							
Pension	2014	\$ 141,813	\$ 324,825	\$ (183,012)	43.7%	\$ 31,544	580.2%
Health Insurance Premium Benefit	2014	7,549	7,337	212	102.9%	31,544	(0.7%)
Pension	2013	\$ 148,871	\$ 274,019	\$ (125,148)	54.3%	\$ 30,768	406.8%
Health Insurance Premium Benefit	2013	0	7,460	(7,460)	0.0%	30,768	24.3%
Pension	2012	\$ 149,085	\$ 268,903	\$ (119,818)	55.4%	\$ 31,920	375.4%
Health Insurance Premium Benefit	2012	0	7,325	(7,325)	0.0%	31,920	23.0%
CORP							
Pension	2014	\$ 48,811	\$ 100,333	\$ (51,522)	48.6%	\$ 19,765	260.7%
Health Insurance Premium Benefit	2014	3,248	3,122	126	104.0%	19,765	(0.6%)
Pension	2013	\$ 52,537	\$ 86,429	\$ (33,892)	60.8%	\$ 19,665	172.4%
Health Insurance Premium Benefit	2013	0	3,195	(3,195)	0.0%	19,665	16.3%
Pension	2012	\$ 51,797	\$ 83,526	\$ (31,729)	62.0%	\$ 21,743	145.9%
Health Insurance Premium Benefit	2012	0	3,161	(3,161)	0.0%	21,743	14.5%

Note - Significant Trend Information

Beginning in fiscal year 2013-14, PSPRS and CORP established separate Funds for pension benefits and health insurance premium benefits. Previously, the plans recorded both pension and health insurance premium contributions in the same Pension Fund. During fiscal year 2013-14, the plans transferred prior year health insurance premium benefit contributions that exceeded benefit payments from each plan's Pension Fund to the new Health Insurance Fund.

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

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

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

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

Office of Emergency Management's Radio System Special Revenue Fund - to account for the design, procurement and deployment of a regional public safety voice communications network to serve public and non-profit entities responsible for providing public safety and emergency management services to the Pima County populace.

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..

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

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

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

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

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PIMA COUNTY, ARIZONA
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2014
(in thousands)

	Special Revenue Funds					
	Transportation	Health	Regional Flood Control District	Other	Other Grants	OEM Radio System
Assets						
Cash and cash equivalents	\$ 15,158	\$ 2,719	\$ 9,443	\$ 33,401		\$ 476
Property taxes receivable (net)			592			
Interest receivable	14	3	10	34		1
Due from other funds		16		66	\$ 44	
Due from other governments	4,022	1,898	15	360	11,137	
Accounts receivable	140	132	3,027	1,589	860	8
Inventory	1,127	60				182
Prepaid expenditures	39	22	12	116	30	4
Other assets	1,018					
Restricted cash and cash equivalents						
Total assets	<u>\$ 21,518</u>	<u>\$ 4,850</u>	<u>\$ 13,099</u>	<u>\$ 35,566</u>	<u>\$ 12,071</u>	<u>\$ 671</u>
Liabilities, deferred inflows of resources and fund balances						
Liabilities:						
Accounts payable	\$ 8,505	\$ 561	\$ 524	\$ 2,160	\$ 3,256	\$ 81
Interest payable						
Contract retentions	4					
Employee compensation	994	682	287	958	762	18
Due to other funds	2			166	3,267	
Due to other governments	3			63	3	
Deposits and rebates	4		2	1		
Unearned revenue	1,020		8	1,250	1,568	64
Total liabilities	<u>10,532</u>	<u>1,243</u>	<u>821</u>	<u>4,598</u>	<u>8,856</u>	<u>163</u>
Deferred inflows of resources:						
Unavailable revenue - intergovernmental		924	13	20	4,215	
Unavailable revenue - property taxes			551			
Unavailable revenue - other	116	57	12	40	32	
Total deferred inflows of resources	<u>116</u>	<u>981</u>	<u>576</u>	<u>60</u>	<u>4,247</u>	
Total liabilities and deferred inflows of resources	<u>10,648</u>	<u>2,224</u>	<u>1,397</u>	<u>4,658</u>	<u>13,103</u>	<u>163</u>
Fund balances						
Nonspendable	1,166	82	12	116	30	186
Restricted	9,704	2,544	11,690	24,722	2,871	
Committed				4,845		
Assigned				1,225		322
Unassigned					(3,933)	
Total fund balances	<u>10,870</u>	<u>2,626</u>	<u>11,702</u>	<u>30,908</u>	<u>(1,032)</u>	<u>508</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 21,518</u>	<u>\$ 4,850</u>	<u>\$ 13,099</u>	<u>\$ 35,566</u>	<u>\$ 12,071</u>	<u>\$ 671</u>

Special Revenue Funds						Total Other Governmental Funds
School Reserve	Environmental Quality	Solid Waste	Library District	Stadium District	Street Lighting Districts	
\$ 1,597	\$ 2,877	\$ 1,800	\$ 7,720		\$ 186	\$ 75,377
	3	2	955		1	1,548
	14		9	\$ 1		77
199		277	3	82		222
22	57		467	236		18,147
				46		6,348
						1,369
			257			480
			45			1,018
						45
<u>\$ 1,818</u>	<u>\$ 2,951</u>	<u>\$ 2,079</u>	<u>\$ 9,456</u>	<u>\$ 365</u>	<u>\$ 187</u>	<u>\$ 104,631</u>
\$ 85	\$ 29	\$ 379	\$ 1,159	\$ 225	\$ 7	\$ 16,971
				3		3
						4
31	109	14	883	93		4,831
	1			1,290		4,726
			1			70
						7
<u>8</u>			<u>225</u>			<u>4,143</u>
<u>124</u>	<u>139</u>	<u>393</u>	<u>2,268</u>	<u>1,611</u>	<u>7</u>	<u>30,755</u>
				105		5,277
			895			1,446
	<u>15</u>			<u>27</u>		<u>299</u>
	<u>15</u>		<u>895</u>	<u>132</u>		<u>7,022</u>
<u>124</u>	<u>154</u>	<u>393</u>	<u>3,163</u>	<u>1,743</u>	<u>7</u>	<u>37,777</u>
			302			1,894
536	1,439	1,307	5,991		180	60,984
238				1,225		6,308
920	1,358	379				4,204
				(2,603)		(6,536)
<u>1,694</u>	<u>2,797</u>	<u>1,686</u>	<u>6,293</u>	<u>(1,378)</u>	<u>180</u>	<u>66,854</u>
<u>\$ 1,818</u>	<u>\$ 2,951</u>	<u>\$ 2,079</u>	<u>\$ 9,456</u>	<u>\$ 365</u>	<u>\$ 187</u>	<u>\$ 104,631</u>

PIMA COUNTY, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Nonmajor Governmental Funds
For the Year Ended June 30, 2014
(in thousands)

	Special Revenue Funds					OEM Radio System
	Transportation	Health	Regional Flood Control District	Other	Other Grants	
Revenues:						
Property taxes			\$ 17,788			
Licenses and permits	\$ 974	\$ 2,233	1			
Intergovernmental	49,405	3,890	51	\$ 22,369	\$ 50,486	
Charges for services	279	2,570	3,224	9,195		\$ 642
Fines and forfeits		141		3,609		
Investment earnings	75	11	44	187	7	1
Miscellaneous	264	556	82	5,715	723	39
Total revenues	<u>50,997</u>	<u>9,401</u>	<u>21,190</u>	<u>41,075</u>	<u>51,216</u>	<u>682</u>
Expenditures:						
Current:						
General government				35,842	5,150	
Public safety			11,401	2,190	6,698	458
Highways and streets	37,295				477	
Sanitation						
Health		20,365		29	8,629	
Welfare					335	
Culture and recreation				396	26	
Education and economic opportunity				2,878	16,873	
Debt service - principal				58		
- interest				5		
Total expenditures	<u>37,295</u>	<u>20,365</u>	<u>11,401</u>	<u>41,398</u>	<u>38,188</u>	<u>458</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,702</u>	<u>(10,964)</u>	<u>9,789</u>	<u>(323)</u>	<u>13,028</u>	<u>224</u>
Other financing sources (uses):						
Installment note				239		
Proceeds from sale of capital assets	158		3	86		
Transfers in	5,296	11,908		6,043	991	284
Transfers (out)	(31,048)	(130)	(6,296)	(26,747)	(15,017)	
Total other financing sources (uses)	<u>(25,594)</u>	<u>11,778</u>	<u>(6,293)</u>	<u>(20,379)</u>	<u>(14,026)</u>	<u>284</u>
Net change in fund balances	(11,892)	814	3,496	(20,702)	(998)	508
Fund balance at beginning of year	22,762	2,040	8,206	51,610	(34)	
Change in reserve for inventory		(228)				
Fund balance at end of year	<u>\$ 10,870</u>	<u>\$ 2,626</u>	<u>\$ 11,702</u>	<u>\$ 30,908</u>	<u>\$ (1,032)</u>	<u>\$ 508</u>

Special Revenue Funds						Total Other Governmental Funds
School Reserve	Environmental Quality	Solid Waste	Library District	Stadium District	Street Lighting Districts	
			\$ 28,225		\$ 114	\$ 46,127
	\$ 2,139					5,347
\$ 1,887		\$ 1,168	310	\$ 1,512		131,078
	4	31		1,156		17,101
	167		524			4,441
	13	12	34	8	1	393
	34	11	960	4		8,388
<u>1,887</u>	<u>2,357</u>	<u>1,222</u>	<u>30,053</u>	<u>2,680</u>	<u>115</u>	<u>212,875</u>
					159	41,151
		2,521				20,747
	2,791					37,772
			33,775	4,689		2,521
2,062						31,814
		298				335
						38,886
						21,813
						356
						5
<u>2,062</u>	<u>2,791</u>	<u>2,819</u>	<u>33,775</u>	<u>4,689</u>	<u>159</u>	<u>195,400</u>
<u>(175)</u>	<u>(434)</u>	<u>(1,597)</u>	<u>(3,722)</u>	<u>(2,009)</u>	<u>(44)</u>	<u>17,475</u>
		113				239
	901	72	16	4,881		360
	(79)		(89)	(3,632)		30,392
	822	185	(73)	1,249		(83,038)
						(52,047)
(175)	388	(1,412)	(3,795)	(760)	(44)	(34,572)
1,869	2,409	3,098	10,088	(618)	224	101,654
						(228)
<u>\$ 1,694</u>	<u>\$ 2,797</u>	<u>\$ 1,686</u>	<u>\$ 6,293</u>	<u>\$ (1,378)</u>	<u>\$ 180</u>	<u>\$ 66,854</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

Exhibit C - 3

Schedule of Revenues, Expenditures & Changes in
Fund Balance - Budget and Actual
Capital Projects Fund
For the Year Ended June 30, 2014
(in thousands)

	Budget	Actual	Variance
Revenues:			
Intergovernmental	\$ 33,862	\$ 25,037	\$ (8,825)
Charges for services	2,377	5,054	2,677
Investment earnings		762	762
Miscellaneous	1,133	1,740	607
Total revenues	<u>37,372</u>	<u>32,593</u>	<u>(4,779)</u>
Expenditures:			
Capital outlay	<u>182,442</u>	<u>135,746</u>	<u>46,696</u>
Total expenditures	<u>182,442</u>	<u>135,746</u>	<u>46,696</u>
Deficiency of revenues under expenditures	<u>(145,070)</u>	<u>(103,153)</u>	<u>41,917</u>
Other financing sources (uses):			
Face amount of long term debt	94,000	78,160	(15,840)
Transfers in	49,169	46,610	(2,559)
Transfers (out)		(67,335)	(67,335)
Total other financing sources	<u>143,169</u>	<u>57,435</u>	<u>(85,734)</u>
Net change in fund balance	(1,901)	(45,718)	(43,817)
Fund balance at beginning of year	74,381	194,730	120,349
Fund balance at end of year	<u>\$ 72,480</u>	<u>\$ 149,012</u>	<u>\$ 76,532</u>

PIMA COUNTY, ARIZONA

Exhibit C - 4

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Debt Service Fund
For the Year Ended June 30, 2014
(in thousands)

	Budget	Actual	Variance
Revenues:			
Property taxes	\$ 59,612	\$ 58,737	\$ (875)
Intergovernmental		14	14
Investment earnings		295	295
Miscellaneous		14	14
Total revenues	59,612	59,060	(552)
Expenditures:			
Debt service - principal	97,455	112,835	(15,380)
- interest	26,563	26,758	(195)
- miscellaneous	25	1,030	(1,005)
Total expenditures	124,043	140,623	(16,580)
Deficiency of revenues under expenditures	(64,431)	(81,563)	(17,132)
Other financing sources (uses):			
Premium on bonds		9,488	9,488
Proceeds from refunding debt		8,805	8,805
Payments to escrow agent		(10,131)	(10,131)
Transfers in	64,073	61,489	(2,584)
Transfers (out)		(5,880)	(5,880)
Total other financing sources	64,073	63,771	(302)
Net change in fund balances	(358)	(17,792)	(17,434)
Fund balance at beginning of year	36,000	25,640	(10,360)
Fund balance at end of year	\$ 35,642	\$ 7,848	\$ (27,794)

PIMA COUNTY, ARIZONA

Exhibit C - 5

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Transportation - Special Revenue Fund
For the Year Ended June 30, 2014
(in thousands)

	Budget	Actual	Variance
Revenues:			
Licenses and permits	\$ 1,111	\$ 974	\$ (137)
Intergovernmental	49,234	49,405	171
Charges for services	111	279	168
Investment earnings	120	75	(45)
Miscellaneous	301	264	(37)
Total revenues	<u>50,877</u>	<u>50,997</u>	<u>120</u>
Expenditures:			
Highways and streets	<u>40,277</u>	<u>37,295</u>	<u>2,982</u>
Total expenditures	<u>40,277</u>	<u>37,295</u>	<u>2,982</u>
Excess of revenues over expenditures	<u>10,600</u>	<u>13,702</u>	<u>3,102</u>
Other financing sources (uses):			
Proceeds from sale of capital assets		158	158
Transfers in	5,121	5,296	175
Transfers (out)	<u>(30,142)</u>	<u>(31,048)</u>	<u>(906)</u>
Total other financing (uses)	<u>(25,021)</u>	<u>(25,594)</u>	<u>(573)</u>
Net change in fund balance	(14,421)	(11,892)	2,529
Fund balance at beginning of year	<u>18,268</u>	<u>22,762</u>	<u>4,494</u>
Fund balance at end of year	<u>\$ 3,847</u>	<u>\$ 10,870</u>	<u>\$ 7,023</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, 2014
(in thousands)

Exhibit C - 6

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Licenses and permits	\$ 2,210	\$ 2,233	\$ 23
Intergovernmental	3,831	3,890	59
Charges for services	2,964	2,570	(394)
Fines and forfeits	126	141	15
Investment earnings		11	11
Miscellaneous	440	556	116
Total revenues	<u>9,571</u>	<u>9,401</u>	<u>(170)</u>
Expenditures:			
Health	<u>21,269</u>	<u>20,365</u>	<u>904</u>
Total expenditures	<u>21,269</u>	<u>20,365</u>	<u>904</u>
Deficiency of revenues under expenditures	<u>(11,698)</u>	<u>(10,964)</u>	<u>734</u>
Other financing sources (uses):			
Transfers in	11,787	11,908	121
Transfers (out)	<u>(103)</u>	<u>(130)</u>	<u>(27)</u>
Total other financing sources	<u>11,684</u>	<u>11,778</u>	<u>94</u>
Net change in fund balance	(14)	814	828
Fund balance at beginning of year	1,488	2,040	552
Change in reserve for inventory		<u>(228)</u>	<u>(228)</u>
Fund balance at end of year	<u>\$ 1,474</u>	<u>\$ 2,626</u>	<u>\$ 1,152</u>

PIMA COUNTY, ARIZONA

Exhibit C - 7

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Regional Flood Control - Special Revenue Fund
For the Year Ended June 30, 2014
(in thousands)

	Budget	Actual	Variance
Revenues:			
Property taxes	\$ 18,208	\$ 17,788	\$ (420)
Licenses and permits		1	1
Intergovernmental		51	51
Charges for services	25	3,224	3,199
Investment earnings	35	44	9
Miscellaneous	60	82	22
Total revenues	<u>18,328</u>	<u>21,190</u>	<u>2,862</u>
Expenditures:			
Flood control	12,484	11,401	1,083
Total expenditures	<u>12,484</u>	<u>11,401</u>	<u>1,083</u>
Excess of revenues over expenditures	<u>5,844</u>	<u>9,789</u>	<u>3,945</u>
Other financing sources (uses):			
Proceeds from sale of capital assets		3	3
Transfers (out)	(6,267)	(6,296)	(29)
Total other financing (uses)	<u>(6,267)</u>	<u>(6,293)</u>	<u>(26)</u>
Net change in fund balance	(423)	3,496	3,919
Fund balance at beginning of year	7,715	8,206	491
Fund balance at end of year	<u>\$ 7,292</u>	<u>\$ 11,702</u>	<u>\$ 4,410</u>

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Other Special Revenue Fund
For the Year Ended June 30, 2014
(in thousands)

	Budget	Actual	Variance
Revenues:			
Intergovernmental	\$ 21,836	\$ 22,369	\$ 533
Charges for services	7,655	9,195	1,540
Fines and forfeits	2,508	3,609	1,101
Investment earnings	368	187	(181)
Miscellaneous	6,636	5,715	(921)
Total revenues	39,003	41,075	2,072
Expenditures:			
General government	42,850	35,842	7,008
Public safety	5,122	2,190	2,932
Health	11	29	(18)
Culture and recreation	931	396	535
Education and economic opportunity	2,108	2,878	(770)
Debt service - principal		58	(58)
- interest		5	(5)
Total expenditures	51,022	41,398	9,624
Deficiency of revenues under expenditures	(12,019)	(323)	11,696
Other financing sources (uses):			
Proceeds of installment note		239	239
Proceeds of capital assets		86	86
Transfers in	5,260	6,043	783
Transfers (out)	(27,030)	(26,747)	283
Total other financing (uses)	(21,770)	(20,379)	1,391
Net change in fund balance	(33,789)	(20,702)	13,087
Fund balance at beginning of year	52,208	51,610	(598)
Fund balance at end of year	\$ 18,419	\$ 30,908	\$ 12,489

PIMA COUNTY, ARIZONA

Exhibit C - 9

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Other Grants - Special Revenue Fund
For the Year Ended June 30, 2014
(in thousands)

	Budget	Actual	Variance
Revenues:			
Intergovernmental	\$ 66,449	\$ 50,486	\$ (15,963)
Investment earnings	9	7	(2)
Miscellaneous	563	723	160
Total revenues	67,021	51,216	(15,805)
Expenditures:			
Clerk of the Superior Court	30		30
Community Development	7,432	5,170	2,262
Community Services	16,595	11,703	4,892
County Attorney	4,326	2,997	1,329
Elections	1,180	5	1,175
Environmental Quality	817	786	31
Finance		10	(10)
Flood Control	140	136	4
Forensic Science Center	35	20	15
Health	8,142	7,817	325
Justice Court	155	129	26
Juvenile Court	1,200	1,193	7
Office of Emergency Management	2,092	785	1,307
Office of Medical Services	316	335	(19)
Office of Sustainability and Conservation	3	4	(1)
Natural Resources, Parks and Recreation	75	26	49
Recorder	99	54	45
Sheriff	8,416	5,783	2,633
Superior Court	1,056	758	298
Transportation	754	477	277
Total expenditures	52,863	38,188	14,675
Excess of revenues over expenditures	14,158	13,028	(1,130)
Other financing sources (uses):			
Transfers in	279	991	712
Transfers (out)	(25,055)	(15,017)	10,038
Total other financing (uses)	(24,776)	(14,026)	10,750
Net change in fund balance	(10,618)	(998)	9,620
Fund balance at beginning of year	(227)	(34)	193
Fund balance at end of year	\$ (10,845)	\$ (1,032)	\$ 9,813

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Office of Emergency Management's Radio System - Special Revenue Fund
For the Year Ended June 30, 2014
(in thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Charges for services	\$ 262	\$ 642	\$ 380
Investment earnings		1	1
Miscellaneous	<u>421</u>	<u>39</u>	<u>(382)</u>
Total revenues	<u>683</u>	<u>682</u>	<u>(1)</u>
Expenditures:			
Public Safety	<u>1,361</u>	<u>458</u>	<u>903</u>
Total expenditures	<u>1,361</u>	<u>458</u>	<u>903</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(678)</u>	<u>224</u>	<u>902</u>
Other financing sources:			
Transfers in		<u>284</u>	<u>284</u>
Total other financing sources		<u>284</u>	<u>284</u>
Net change in fund balance	(678)	508	1,186
Fund balance at beginning of year			
Fund balance at end of year	<u>\$ (678)</u>	<u>\$ 508</u>	<u>\$ 1,186</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, 2014
(in thousands)

Exhibit C - 11

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Intergovernmental	\$ 2,150	\$ 1,887	\$ (263)
Total revenues	<u>2,150</u>	<u>1,887</u>	<u>(263)</u>
Expenditures:			
School Reserve grants	2,150	2,062	88
Total expenditures	<u>2,150</u>	<u>2,062</u>	<u>88</u>
Deficiency of revenues under expenditures		<u>(175)</u>	<u>(175)</u>
Net change in fund balance		(175)	(175)
Fund balance at beginning of year	<u>1,869</u>	<u>1,869</u>	
Fund balance at end of year	<u>\$ 1,869</u>	<u>\$ 1,694</u>	<u>\$ (175)</u>

PIMA COUNTY, ARIZONA

Exhibit C - 12

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Environmental Quality - Special Revenue Fund
For the Year Ended June 30, 2014
(in thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Licenses and permits	\$ 2,005	\$ 2,139	\$ 134
Charges for services		4	4
Fines and forfeits		167	167
Investment earnings	15	13	(2)
Miscellaneous	374	34	(340)
Total revenues	<u>2,394</u>	<u>2,357</u>	<u>(37)</u>
Expenditures:			
Environmental Quality	3,146	2,791	355
Total expenditures	<u>3,146</u>	<u>2,791</u>	<u>355</u>
Deficiency of revenues under expenditures	<u>(752)</u>	<u>(434)</u>	<u>318</u>
Other financing sources (uses):			
Transfers in	412	901	489
Transfers (out)	(117)	(79)	38
Total other financing sources	<u>295</u>	<u>822</u>	<u>527</u>
Net change in fund balance	(457)	388	845
Fund balance at beginning of year	<u>1,503</u>	<u>2,409</u>	<u>906</u>
Fund balance at end of year	<u>\$ 1,046</u>	<u>\$ 2,797</u>	<u>\$ 1,751</u>

PIMA COUNTY, ARIZONA

Exhibit C - 13

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Solid Waste - Special Revenue Fund
For the Year Ended June 30, 2014

(in thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Intergovernmental	\$ 1,050	\$ 1,168	\$ 118
Charges for services	3,479	31	(3,448)
Investment earnings	12	12	
Miscellaneous	52	11	(41)
Total revenues	<u>4,593</u>	<u>1,222</u>	<u>(3,371)</u>
Expenditures :			
Sanitation	6,602	2,521	4,081
Debt service - principal	299	298	1
Total expenditures	<u>6,901</u>	<u>2,819</u>	<u>4,082</u>
Deficiency of revenues under expenditures	<u>(2,308)</u>	<u>(1,597)</u>	<u>711</u>
Other financing sources:			
Proceeds from sale of capital assets		113	113
Transfers in	800	72	(728)
Total other financing sources	<u>800</u>	<u>185</u>	<u>(615)</u>
Net change in fund balance	(1,508)	(1,412)	96
Fund balance at beginning of year	2,308	3,098	790
Fund balance at end of year	<u>\$ 800</u>	<u>\$ 1,686</u>	<u>\$ 886</u>

PIMA COUNTY, ARIZONA

Exhibit C - 14

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Library District - Special Revenue Fund
For the Year Ended June 30, 2014
(in thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Property taxes	\$ 28,603	\$ 28,225	\$ (378)
Intergovernmental	390	310	(80)
Fines and forfeits	650	524	(126)
Investment earnings	50	34	(16)
Miscellaneous	430	960	530
Total revenues	<u>30,123</u>	<u>30,053</u>	<u>(70)</u>
Expenditures:			
Culture and recreation	<u>35,305</u>	<u>33,775</u>	<u>1,530</u>
Total expenditures	<u>35,305</u>	<u>33,775</u>	<u>1,530</u>
Deficiency of revenues under expenditures	<u>(5,182)</u>	<u>(3,722)</u>	<u>1,460</u>
Other financing sources (uses):			
Transfers in		16	16
Transfers (out)	<u>(89)</u>	<u>(89)</u>	
Total other financing (uses)	<u>(89)</u>	<u>(73)</u>	<u>16</u>
Net change in fund balance	(5,271)	(3,795)	1,476
Fund balance at beginning of year	<u>9,522</u>	<u>10,088</u>	<u>566</u>
Fund balance at end of year	<u>\$ 4,251</u>	<u>\$ 6,293</u>	<u>\$ 2,042</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Stadium District - Special Revenue Fund
For the Year Ended June 30, 2014
(in thousands)

Exhibit C - 15

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Intergovernmental	\$ 1,652	\$ 1,512	\$ (140)
Charges for services	153	1,156	1,003
Investment earnings	21	8	(13)
Miscellaneous	455	4	(451)
Total revenues	<u>2,281</u>	<u>2,680</u>	<u>399</u>
Expenditures:			
Cultural and recreation	<u>5,040</u>	<u>4,689</u>	<u>351</u>
Total expenditures	<u>5,040</u>	<u>4,689</u>	<u>351</u>
Deficiency of revenues under expenditures	<u>(2,759)</u>	<u>(2,009)</u>	<u>750</u>
Other financing sources (uses):			
Transfers in	3,471	4,881	1,410
Transfers (out)	<u>(3,484)</u>	<u>(3,632)</u>	<u>(148)</u>
Total other financing sources (uses)	<u>(13)</u>	<u>1,249</u>	<u>1,262</u>
Net change in fund balance	(2,772)	(760)	2,012
Fund balance at beginning of year	<u>(328)</u>	<u>(618)</u>	<u>(290)</u>
Fund balance at end of year	<u>\$ (3,100)</u>	<u>\$ (1,378)</u>	<u>\$ 1,722</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Street Lighting Districts
For the Year Ended June 30, 2014
(in thousands)

Exhibit C - 16

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Property taxes	\$ 113	\$ 114	\$ 1
Investment earnings		1	1
Total revenues	<u>113</u>	<u>115</u>	<u>2</u>
Expenditures:			
General government	154	159	(5)
Total expenditures	<u>154</u>	<u>159</u>	<u>(5)</u>
Deficiency of revenues under expenditures	<u>(41)</u>	<u>(44)</u>	<u>(3)</u>
Net change in fund balance	(41)	(44)	(3)
Fund balance at beginning of year		224	224
Fund balance at end of year	<u>\$ (41)</u>	<u>\$ 180</u>	<u>\$ 221</u>



PIMA COUNTY

Combining Statements and Other Schedules

Other (Nonmajor) Enterprise Funds

Other (Nonmajor) Enterprise Funds

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

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

PIMA COUNTY, ARIZONA
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2014
(in thousands)

Exhibit C - 17

	Development Services	Parking Garages	Total Nonmajor Enterprise Funds
Assets			
Current assets:			
Cash and cash equivalents	\$ 4,023	\$ 4,331	\$ 8,354
Interest receivable	4	5	9
Due from other governments		6	6
Accounts receivable	97	58	155
Prepaid expense	16	4	20
Total current assets	4,140	4,404	8,544
Noncurrent assets:			
Capital assets:			
Land and other improvements		1,768	1,768
Buildings and improvements		12,927	12,927
Equipment	639	244	883
Construction in progress		3,730	3,730
Less accumulated depreciation	(639)	(9,581)	(10,220)
Total capital assets (net of accumulated depreciation)		9,088	9,088
Total noncurrent assets		9,088	9,088
Total assets	4,140	13,492	17,632
Liabilities			
Current liabilities:			
Accounts payable	138	361	499
Employee compensation	231	12	243
Total current liabilities	369	373	742
Noncurrent liabilities:			
Compensated absences payable	463	10	473
Total noncurrent liabilities	463	10	473
Total liabilities	832	383	1,215
Net position			
Net investment in capital assets		9,088	9,088
Unrestricted	3,308	4,021	7,329
Total net position	\$ 3,308	\$ 13,109	\$ 16,417

PIMA COUNTY, ARIZONA
Combining Statement of Revenues, Expenses and
Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2014
(in thousands)

Exhibit C - 18

	Development Services	Parking Garages	Total Nonmajor Enterprise Funds
Operating revenues:			
Charges for services	\$ 7,553	\$ 2,362	\$ 9,915
Other	55		55
Total net operating revenues	<u>7,608</u>	<u>2,362</u>	<u>9,970</u>
Operating expenses:			
Employee compensation	4,938	400	5,338
Operating supplies and services	43	51	94
Repair and maintenance	32	63	95
General and administrative	1,350	1,145	2,495
Consultants and professional services	433	1	434
Depreciation		217	217
Total operating expenses	<u>6,796</u>	<u>1,877</u>	<u>8,673</u>
Operating income	<u>812</u>	<u>485</u>	<u>1,297</u>
Nonoperating revenues:			
Investment earnings	17	23	40
Gain on disposal of capital assets	6		6
Total nonoperating revenues:	<u>23</u>	<u>23</u>	<u>46</u>
Income before transfers	<u>835</u>	<u>508</u>	<u>1,343</u>
Transfers in		3,667	3,667
Transfers (out)	(366)	(1,004)	(1,370)
Change in net position	469	3,171	3,640
Net position at beginning of year	<u>2,839</u>	<u>9,938</u>	<u>12,777</u>
Net position at end of year	<u>\$ 3,308</u>	<u>\$ 13,109</u>	<u>\$ 16,417</u>

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2014
(in thousands)

Exhibit C - 19

	Development Services	Parking Garages	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Cash received from customers for goods and services provided	\$ 7,601	\$ 2,365	\$ 9,966
Cash payments to suppliers for goods and services	(351)	(1,209)	(1,560)
Cash payments to other funds for goods and services	(1,794)	(6)	(1,800)
Cash payments to employees for services	(4,514)	(396)	(4,910)
Net cash provided by operating activities	<u>942</u>	<u>754</u>	<u>1,696</u>
Cash flows from noncapital financing activities:			
Cash transfers in from other funds		3,667	3,667
Cash transfers out to other funds	(366)	(1,004)	(1,370)
Net cash provided by (used for) noncapital financing activities	<u>(366)</u>	<u>2,663</u>	<u>2,297</u>
Cash flows from capital and related financing activities:			
Proceeds from sale of equipment	6		6
Purchase of capital assets		(3,730)	(3,730)
Net cash provided by (used for) capital and related financing activities	<u>6</u>	<u>(3,730)</u>	<u>(3,724)</u>
Cash flows from investing activities:			
Interest received on cash and investments	14	20	34
Net cash provided by investing activities	<u>14</u>	<u>20</u>	<u>34</u>
Net increase (decrease) in cash and cash equivalents	596	(293)	303
Cash and cash equivalents at beginning of year	<u>3,427</u>	<u>4,624</u>	<u>8,051</u>
Cash and cash equivalents at end of year	<u>\$ 4,023</u>	<u>\$ 4,331</u>	<u>\$ 8,354</u>

(continued)

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2014
(in thousands)

Exhibit C - 19.1

(continued)

Reconciliation of operating income to net cash provided by operating activities	Development Services	Parking Garages	Total Nonmajor Enterprise Funds
Operating income	\$ 812	\$ 485	\$ 1,297
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization		217	217
Changes in assets and liabilities:			
Decrease (increase) in assets:			
Accounts receivable	(7)	3	(4)
Prepaid expenses	(11)		(11)
Increase in liabilities:			
Accounts payable	102	46	148
Other liabilities	46	3	49
Net cash provided by operating activities	<u>\$ 942</u>	<u>\$ 754</u>	<u>\$ 1,696</u>

Noncash investing, capital, and noncapital financing activities during the period ended June 30, 2014:

Development Services Enterprise Fund retired fully depreciated capital assets with an original cost of \$263.



PIMA COUNTY

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.

Fleet Services - to account for the acquisition, operation, and maintenance of fleet services equipment provided to County departments.

Health Benefit Self Insurance Trust Fund - to account for health care and health-related benefits. The Fund is responsible for collecting employer and employee premiums through payroll deductions, for the payment of claims. The premiums collected include amounts paid for medical, dental, vision, short-term disability and life insurance coverages.

Other Internal Service - to account for the provision of printing, infrastructure, and telecommunication services to County departments.

PIMA COUNTY, ARIZONA
Combining Statement of Net Position
Internal Service Funds
June 30, 2014
(in thousands)

Exhibit C - 20

	Self- Insurance Trust	Fleet Services	Health Benefit Trust	Other Internal Service	Total Internal Service Funds
<u>Assets</u>					
Current assets:					
Cash and cash equivalents	\$ 57,039	\$ 24,090	\$ 21,628	\$ 3,080	\$ 105,837
Restricted cash equivalents		570			570
Interest receivable	10	10	13	3	36
Due from other funds	29	42			71
Due from other governments		141			141
Accounts receivable	263	24	2,847	10	3,144
Inventory		530		187	717
Prepaid expense	1,083	1		69	1,153
Total current assets	<u>58,424</u>	<u>25,408</u>	<u>24,488</u>	<u>3,349</u>	<u>111,669</u>
Noncurrent assets:					
Loan receivable	10,000				10,000
Capital assets:					
Land and other improvements	592				592
Buildings and improvements		743		224	967
Equipment	168	38,001		8,234	46,403
Less accumulated depreciation	(161)	(14,857)		(5,753)	(20,771)
Construction in progress		12,316		2,215	14,531
Total capital assets (net of accumulated depreciation)	<u>599</u>	<u>36,203</u>		<u>4,920</u>	<u>41,722</u>
Total noncurrent assets	<u>10,599</u>	<u>36,203</u>		<u>4,920</u>	<u>51,722</u>
Total assets	<u>\$ 69,023</u>	<u>\$ 61,611</u>	<u>\$ 24,488</u>	<u>\$ 8,269</u>	<u>\$ 163,391</u>
<u>Liabilities</u>					
Current liabilities:					
Accounts payable	\$ 488	\$ 3,532	\$ 133	\$ 408	\$ 4,561
Contract retentions		570			570
Employee compensation	58	139	42	132	371
Due to other funds			29		29
Current portion reported but unpaid losses	5,301		582		5,883
Current portion incurred but not reported losses	2,897		5,918		8,815
Total current liabilities	<u>8,744</u>	<u>4,241</u>	<u>6,704</u>	<u>540</u>	<u>20,229</u>
Noncurrent liabilities:					
Compensated absences payable	68	274	46	160	548
Loan payable			10,000		10,000
Reported but unpaid losses	15,820		18		15,838
Incurred but not reported losses	10,143		182		10,325
Total noncurrent liabilities	<u>26,031</u>	<u>274</u>	<u>10,246</u>	<u>160</u>	<u>36,711</u>
Total liabilities	<u>34,775</u>	<u>4,515</u>	<u>16,950</u>	<u>700</u>	<u>56,940</u>
<u>Net position</u>					
Net investment in capital assets	599	36,203		4,920	41,722
Restricted for: Healthcare			7,538		7,538
Unrestricted	33,649	20,893		2,649	57,191
Total net position	<u>\$ 34,248</u>	<u>\$ 57,096</u>	<u>\$ 7,538</u>	<u>\$ 7,569</u>	<u>\$ 106,451</u>

PIMA COUNTY, ARIZONA

Exhibit C - 21

Combining Statement of Revenues, Expenses and
Changes in Fund Net Position
Internal Service Funds

For the Year Ended June 30, 2014

(in thousands)

	Self- Insurance Trust	Fleet Services	Health Benefit Trust	Other Internal Service	Total Internal Service Funds
Operating revenues:					
Charges for services	\$ 15,485	\$ 24,979	\$ 63,031	\$ 6,979	\$ 110,474
Other	87	238	1,272	52	1,649
Total operating revenues	<u>15,572</u>	<u>25,217</u>	<u>64,303</u>	<u>7,031</u>	<u>112,123</u>
Operating expenses:					
Employee compensation	2,158	3,321	1,099	2,414	8,992
Operating supplies and services	261	7,679	109	243	8,292
Incurred losses	4,851		47,161		52,012
Insurance premiums	4,052	966	5,214	43	10,275
General and administrative	478	1,246	1,018	1,669	4,411
Repair and maintenance	293	1,016		161	1,470
Consultants and professional services	687	31	2,578	809	4,105
Depreciation	2	3,515		505	4,022
Total operating expenses	<u>12,782</u>	<u>17,774</u>	<u>57,179</u>	<u>5,844</u>	<u>93,579</u>
Operating income	<u>2,790</u>	<u>7,443</u>	<u>7,124</u>	<u>1,187</u>	<u>18,544</u>
Nonoperating revenues (expenses):					
Investment earnings	915	221	60	10	1,206
(Loss) on disposal of capital assets		(137)			(137)
Total nonoperating revenues (expenses)	<u>915</u>	<u>84</u>	<u>60</u>	<u>10</u>	<u>1,069</u>
Income before transfers	3,705	7,527	7,184	1,197	19,613
Capital contributions		216			216
Transfers in	7	11,962	3,854	185	16,008
Transfers (out)	(754)	(997)	(3,500)	(15)	(5,266)
Change in net position	2,958	18,708	7,538	1,367	30,571
Net position at beginning of year	<u>31,290</u>	<u>38,388</u>	<u></u>	<u>6,202</u>	<u>75,880</u>
Net position at end of year	<u>\$ 34,248</u>	<u>\$ 57,096</u>	<u>\$ 7,538</u>	<u>\$ 7,569</u>	<u>\$ 106,451</u>

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2014
(in thousands)

Exhibit C - 22

	Self- Insurance Trust	Fleet Services	Health Benefit Trust	Other Internal Service	Total Internal Service Funds
Cash flows from operating activities:					
Cash received from other funds for goods and services provided	\$ 15,497	\$ 24,979	\$ 60,184	\$ 6,979	\$ 107,639
Cash received from miscellaneous operations	87	262	1,272	57	1,678
Cash payments to suppliers for goods and services	(5,949)	(7,052)	(7,774)	(2,807)	(23,582)
Cash payments to other funds for goods and services	(1,249)	(1,988)	(1,234)	(759)	(5,230)
Cash payments for incurred losses	(6,458)		(40,461)		(46,919)
Cash payments to employees for services	(1,358)	(3,400)	(789)	(2,377)	(7,924)
Net cash provided by operating activities	<u>570</u>	<u>12,801</u>	<u>11,198</u>	<u>1,093</u>	<u>25,662</u>
Cash flows from noncapital financing activities:					
Cash transfers in from other funds	7	11,935	3,854	185	15,981
Cash transfers out to other funds	(754)	(997)	(3,500)	(15)	(5,266)
Loans with other funds	1	(146)	10,029	(19)	9,865
Net cash provided by (used for) noncapital financing activities	<u>(746)</u>	<u>10,792</u>	<u>10,383</u>	<u>151</u>	<u>20,580</u>
Cash flows from capital and related financing activities:					
Proceeds from sale of equipment		722			722
Purchase of capital assets		(17,317)		(704)	(18,021)
Net cash used for capital and related financing activities		<u>(16,595)</u>		<u>(704)</u>	<u>(17,299)</u>
Cash flows from investing activities:					
Loan receivable	(10,000)				(10,000)
Interest on cash and investments	908	213	47	8	1,176
Net cash provided by (used for) investing activities	<u>(9,092)</u>	<u>213</u>	<u>47</u>	<u>8</u>	<u>(8,824)</u>
Net increase (decrease) in cash and cash equivalents	(9,268)	7,211	21,628	548	20,119
Cash and cash equivalents at beginning of year	<u>66,307</u>	<u>17,449</u>		<u>2,532</u>	<u>86,288</u>
Cash and cash equivalents at end of year	<u>\$ 57,039</u>	<u>\$ 24,660</u>	<u>\$ 21,628</u>	<u>\$ 3,080</u>	<u>\$ 106,407</u>

(continued)

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2014
(in thousands)

Exhibit C - 22.1

(continued)

	Self- Insurance Trust	Fleet Services	Health Benefit Trust	Other Internal Service	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income	\$ 2,790	\$ 7,443	\$ 7,124	\$ 1,187	\$ 18,544
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:					
Depreciation and amortization	2	3,515		505	4,022
Changes in assets and liabilities:					
Decrease (increase) in assets:					
Accounts receivable	12	63	(2,847)	4	(2,768)
Due from other governments		(39)		1	(38)
Inventory		155		(187)	(32)
Prepaid expenses	(172)	(1)		610	437
Increase (decrease) in liabilities:					
Accounts payable	(455)	1,744	133	(1,064)	358
Reported but unpaid losses	(485)		600		115
Incurred but not reported losses	(1,122)		6,100		4,978
Other liabilities		(79)	88	37	46
Net cash provided by operating activities	<u>\$ 570</u>	<u>\$ 12,801</u>	<u>\$ 11,198</u>	<u>\$ 1,093</u>	<u>\$ 25,662</u>

Noncash investing, capital, and financing activities during the year ended June 30, 2014:

Fleet Services fund received a transfer in of capital assets from Regional Wastewater Reclamation with a net book value of \$27.

Fleet Services fund received capital contributions with a value of \$216 from General Government and sold capital assets with a net book value of \$859.



Combining Statements and Other Schedules

Fiduciary Funds

PIMA COUNTY, ARIZONA
Combining Statement of Fiduciary Net Position
Investment Trust Funds
June 30, 2014
(in thousands)

Exhibit C - 23

	Treasurer's Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
Assets			
Cash and cash equivalents	\$ 75,563	\$ 68,953	\$ 144,516
Interest receivable	136		136
Total assets	75,699	68,953	144,652
Liabilities			
Total liabilities			
Net position			
Held in trust for pool participants	\$ 75,699	\$ 68,953	\$ 144,652

Combining Statement of Changes in Fiduciary Net Position
 Investment Trust Funds
 For the Year Ended June 30, 2014
 (in thousands)

	Treasurer's Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
Additions			
Contributions:			
Participants	\$ 2,306,165	\$ 146,074	\$ 2,452,239
Total contributions	<u>2,306,165</u>	<u>146,074</u>	<u>2,452,239</u>
Investment earnings:	897	60	957
Total investment earnings	<u>897</u>	<u>60</u>	<u>957</u>
Total additions	<u>2,307,062</u>	<u>146,134</u>	<u>2,453,196</u>
Deductions			
Distributions to participants	2,330,987	184,046	2,515,033
Total deductions	<u>2,330,987</u>	<u>184,046</u>	<u>2,515,033</u>
Change in net position	(23,925)	(37,912)	(61,837)
Net position held in trust July 1, 2013	99,624	106,865	206,489
Net position held in trust June 30, 2014	<u>\$ 75,699</u>	<u>\$ 68,953</u>	<u>\$ 144,652</u>

PIMA COUNTY, ARIZONA
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2014
(in thousands)

Exhibit C - 25

	<u>Payroll Clearing</u>	<u>Treasurer's Clearing</u>	<u>Other</u>	<u>Totals</u>
Assets				
Cash and cash equivalents	\$ 115	\$ 2,518	\$ 66,257	\$ 68,890
Due from other governments		1,174		1,174
Total assets	<u>115</u>	<u>3,692</u>	<u>66,257</u>	<u>70,064</u>
Liabilities				
Employee compensation	115			115
Due to other governments			37,894	37,894
Deposits & rebates		3,692	28,363	32,055
Total liabilities	<u>\$ 115</u>	<u>\$ 3,692</u>	<u>\$ 66,257</u>	<u>\$ 70,064</u>

Combining Statement of Changes in Fiduciary Net Position
 Agency Funds
 For the Year Ended June 30, 2014
 (in thousands)

	Balance 6/30/2013	Additions	Deductions	Balance 6/30/2014
Payroll Clearing				
Assets				
Cash and cash equivalents	\$ 1,081	\$ 1,249,545	\$ 1,250,511	\$ 115
Total assets	<u>1,081</u>	<u>1,249,545</u>	<u>1,250,511</u>	<u>115</u>
Liabilities				
Employee compensation	1,081	1,249,545	1,250,511	115
Total liabilities	<u>1,081</u>	<u>1,249,545</u>	<u>1,250,511</u>	<u>115</u>
Treasurer's Clearing				
Assets				
Cash and cash equivalents	464	1,731,681	1,729,627	2,518
Due from other governments	1,391		217	1,174
Total assets	<u>1,855</u>	<u>1,731,681</u>	<u>1,729,844</u>	<u>3,692</u>
Liabilities				
Due to other governments		1,095,934	1,095,934	
Deposits and rebates	1,855	635,747	633,910	3,692
Total liabilities	<u>1,855</u>	<u>1,731,681</u>	<u>1,729,844</u>	<u>3,692</u>
Other				
Assets				
Cash and cash equivalents	57,016	225,068	215,827	66,257
Total assets	<u>57,016</u>	<u>225,068</u>	<u>215,827</u>	<u>66,257</u>
Liabilities				
Due to other governments	35,755	170,541	168,402	37,894
Deposits and rebates	21,261	54,527	47,425	28,363
Total liabilities	<u>57,016</u>	<u>225,068</u>	<u>215,827</u>	<u>66,257</u>
Totals - All Agency Funds				
Assets				
Cash and cash equivalents	58,561	3,206,294	3,195,965	68,890
Due from other governments	1,391		217	1,174
Total assets	<u>59,952</u>	<u>3,206,294</u>	<u>3,196,182</u>	<u>70,064</u>
Liabilities				
Employee compensation	1,081	1,249,545	1,250,511	115
Due to other governments	35,755	1,266,475	1,264,336	37,894
Deposits and rebates	23,116	690,274	681,335	32,055
Total liabilities	<u>\$ 59,952</u>	<u>\$ 3,206,294</u>	<u>\$ 3,196,182</u>	<u>\$ 70,064</u>

PIMA COUNTY

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014

INTRODUCTORY SECTION

FINANCIAL SECTION

STATISTICAL SECTION

Financial Trends Information

Revenue Capacity Information

Debt Capacity Information

Demographic and Economic Information

Operating Information

STATISTICAL SECTION

FINANCIAL TRENDS:

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

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

Exhibit D - 1

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 741,453	\$ 761,130	\$ 774,000	\$ 882,424	\$ 972,346	\$ 1,048,821	\$ 1,136,033	\$ 1,245,227	\$ 1,308,057	\$ 1,354,456
Restricted for:										
Special revenue	59,789	53,384	63,014	71,618	78,080	64,991	64,446	103,592	100,423	61,936
Highways and streets		21,353	16,734	17,390	21,349	25,749	32,906	32,322	27,033	10,988
Debt service	11,439	7,934	8,980	13,612	44,566					
Capital projects	27,027	77,088	90,467	80,922	59,945	57,939	60,381	30,224	9,853	66,885
Healthcare						3,405	4,074	1,360	1,163	3,591
Workers' compensation	9,042									
Unrestricted	33,451	38,464	46,256	53,778	34,850	149,966	164,606	157,315	145,618	84,514
Total governmental activities net position	<u>882,201</u>	<u>959,353</u>	<u>999,451</u>	<u>1,119,744</u>	<u>1,211,136</u>	<u>1,350,871</u>	<u>1,462,446</u>	<u>1,570,040</u>	<u>1,592,147</u>	<u>1,582,370</u>
Business-type activities										
Net investment in capital assets	457,600	466,257	476,950	482,822	539,718	550,540	575,525	564,561	531,945	586,868
Restricted for:										
Debt service	468	438	574	791	819	13,454	12,567	22,538	29,100	31,615
Capital projects			35,480	37,925	14,479	11,623	24,236	31,680	42,841	22,720
Regional Wastewater Reclamation	3,511	48,379	38,628	5,956	5,883	16,110	17,161	18,449	17,785	18,820
Healthcare	6,319	5,464	9,985	13,732	9,017	15,943	23,562			
Unrestricted (deficit)	20,851	15,284	10,845	56,397	34,477	29,914	33,448	66,470	101,759	117,425
Total business-type activities net position	<u>488,749</u>	<u>535,822</u>	<u>572,462</u>	<u>597,623</u>	<u>604,393</u>	<u>637,584</u>	<u>686,499</u>	<u>703,698</u>	<u>723,430</u>	<u>777,448</u>
Primary government										
Net investment in capital assets	1,199,053	1,227,387	1,250,950	1,365,246	1,512,064	1,599,361	1,711,558	1,809,788	1,840,002	1,941,324
Restricted for:										
Facilities, justice, library, tax stabilization ¹ and community development				71,618	78,080	64,991	64,446	103,592	100,423	61,936
Special Revenue ¹	59,789	53,384	63,014							
Highways and streets ¹		21,353	16,734	17,390	21,349	25,749	32,906	32,322	27,033	10,988
Debt service	11,907	8,372	9,554	14,403	45,385	13,454	12,567	22,538	29,100	31,615
Capital projects	27,027	77,088	125,947	118,847	74,424	69,562	84,617	61,904	52,694	89,605
Workers' compensation	9,042									
Regional Wastewater Reclamation	3,511	48,379	38,628	5,956	5,883	16,110	17,161	18,449	17,785	18,820
Healthcare	6,319	5,464	9,985	13,732	9,017	19,348	27,636	1,360	1,163	3,591
Unrestricted	54,302	53,748	57,101	110,175	69,327	179,880	198,054	223,785	247,377	201,939
Total primary government net position	<u>\$ 1,370,950</u>	<u>\$ 1,495,175</u>	<u>\$ 1,571,913</u>	<u>\$ 1,717,367</u>	<u>\$ 1,815,529</u>	<u>\$ 1,988,455</u>	<u>\$ 2,148,945</u>	<u>\$ 2,273,738</u>	<u>\$ 2,315,577</u>	<u>\$ 2,359,818</u>

Notes:

¹ Beginning in fiscal year 2005-06 and in 2008-09, all special revenue funds were reclassified and reported from a functional perspective.

Source:

Pima County Finance & Risk Management

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

Exhibit D - 2

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 194,873	\$ 208,293	\$ 223,266	\$ 239,399	\$ 212,196	\$ 218,504	\$ 218,843	\$ 223,005	\$ 233,984	\$ 230,742
Public safety	118,412	132,583	148,831	165,715	149,253	145,697	146,395	150,349	166,476	188,782
Highways and streets	65,414	70,392	92,985	88,488	79,251	68,691	73,348	69,183	80,087	93,675
Sanitation		7,258	9,623	9,658	7,434	6,669	6,208	7,224	6,409	4,252
Health	31,798	32,043	33,800	36,977	31,541	33,086	36,475	47,248	36,540	36,085
Welfare	96,199	103,085	97,154	106,546	115,513	87,107	90,521	94,409	95,428	93,224
Culture and recreation	29,663	34,510	55,482	60,616	60,520	61,642	67,063	61,900	65,341	63,961
Education and economic opportunity	39,714	39,517	42,483	47,296	46,770	52,023	56,626	55,126	49,924	35,756
Depreciation-unallocated ¹	849									
Amortization-unallocated	161	165	168	138	(235)	428	(2,625)	805	(286)	(5,758)
Interest on long-term debt	16,152	19,463	18,924	22,860	26,780	26,403	26,078	24,776	23,915	27,994
Total governmental activities expenses	<u>593,235</u>	<u>647,309</u>	<u>722,716</u>	<u>777,693</u>	<u>729,023</u>	<u>700,250</u>	<u>718,932</u>	<u>734,025</u>	<u>757,818</u>	<u>768,713</u>
Business-type activities:										
Regional Wastewater Reclamation	76,079	82,701	98,222	106,803	105,139	110,618	113,495	117,774	144,085	145,117
Pima Health System & Services	249,809	256,583	261,859	295,494	224,959	204,619	200,305	58,773		
Development Services	10,857	14,422	15,400	14,750	9,992	7,924	6,982	6,912	7,231	6,796
Parking Garages	1,494	1,479	1,579	1,877	1,696	1,906	1,538	1,988	1,825	1,877
Total business-type activities expenses	<u>338,239</u>	<u>355,185</u>	<u>377,060</u>	<u>418,924</u>	<u>341,786</u>	<u>325,067</u>	<u>322,320</u>	<u>185,447</u>	<u>153,141</u>	<u>153,790</u>
Total primary government expenses	<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>1,025,317</u>	<u>1,041,252</u>	<u>919,472</u>	<u>910,959</u>	<u>922,503</u>
Program revenues										
Governmental activities:										
Charges for services										
General government	22,881	26,033	26,663	25,502	26,283	31,050	27,802	30,444	28,910	27,355
Public safety	6,985	8,136	9,797	9,550	10,386	10,218	9,034	12,047	10,238	14,846
Highways and streets	20,549	21,617	11,732	9,316	4,616	5,317	4,891	5,059	6,511	6,307
Sanitation		4,531	4,747	5,930	4,668	3,378	3,699	3,487	3,577	31
Health	9,526	9,693	10,270	9,965	10,488	11,003	11,436	12,605	12,495	13,259
Welfare									320	80
Culture and recreation	1,643	1,797	2,991	3,031	2,754	2,532	2,191	2,254	2,865	2,548
Education and economic opportunity	298	314	698	716	691	749	1,024	1,008	1,544	430
Operating grants and contributions	125,121	133,113	139,324	144,479	131,361	142,840	136,472	143,388	116,121	113,129
Capital grants and contributions	23,663	12,188	15,085	48,672	68,535	65,820	65,030	47,528	59,298	54,583
Subtotal governmental activities program revenues	<u>\$ 210,666</u>	<u>\$ 217,422</u>	<u>\$ 221,307</u>	<u>\$ 257,161</u>	<u>\$ 259,782</u>	<u>\$ 272,907</u>	<u>\$ 261,579</u>	<u>\$ 257,820</u>	<u>\$ 241,879</u>	<u>\$ 232,568</u>

Notes:

¹ 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.

Source:

Pima County Finance & Risk Management

(continued)

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

Exhibit D - 2

(continued)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Program revenues										
Business-type activities:										
Charges for services										
Regional Wastewater Reclamation	\$ 92,379	\$ 104,501	\$ 106,266	\$ 106,448	\$ 105,162	\$ 127,889	\$ 148,010	\$ 154,601	\$ 156,573	\$ 171,650
Pima Health System & Services	244,932	253,748	257,142	291,980	216,108	205,176	207,652	207,652	58,722	
Development Services	14,730	17,140	11,239	8,992	5,654	5,886	5,688	6,073	6,519	7,553
Parking Garages	1,507	1,485	1,548	1,720	1,676	1,985	2,071	2,083	2,073	2,362
Operating grants and contributions	4,238	4,997	5,174	4,806	4,626	4,421	4,691	1,275		
Capital grants and contributions		449	803	22,952	14,916	9,319	4,192	2,676	3,914	6,807
Total business-type activities program revenues	<u>357,786</u>	<u>382,320</u>	<u>382,172</u>	<u>436,898</u>	<u>348,142</u>	<u>354,676</u>	<u>372,304</u>	<u>225,430</u>	<u>169,079</u>	<u>188,372</u>
Total primary government program revenues	<u>568,452</u>	<u>599,742</u>	<u>603,479</u>	<u>694,059</u>	<u>607,924</u>	<u>627,583</u>	<u>633,883</u>	<u>483,250</u>	<u>410,958</u>	<u>420,940</u>
Net (expense) revenue										
Governmental activities	(382,569)	(429,887)	(501,409)	(520,532)	(469,241)	(427,343)	(457,353)	(476,205)	(515,939)	(536,145)
Business-type activities	19,547	27,135	5,112	17,974	6,356	29,609	49,984	39,983	15,938	34,582
Total governmental activities net expense	<u>(363,022)</u>	<u>(402,752)</u>	<u>(496,297)</u>	<u>(502,558)</u>	<u>(462,885)</u>	<u>(397,734)</u>	<u>(407,369)</u>	<u>(436,222)</u>	<u>(500,001)</u>	<u>(501,563)</u>
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	294,643	316,170	343,525	377,810	393,255	416,500	416,985	394,963	383,508	378,032
Hotel/motel taxes	2,822	6,856	8,715	8,176	6,591	5,688	5,591	6,285	6,076	6,262
Other taxes levied for stadium district	1,819	1,808	1,884	1,952	1,534	1,515	1,538	1,608	1,524	1,509
Shared sales tax	91,510	103,158	106,985	103,171	89,177	84,767	88,631	93,123	97,685	101,605
Shared vehicle licenses	23,630	25,894	26,967	27,166	25,869	24,203	23,173	23,537	22,043	23,899
Unrestricted grants and contributions	7,571	7,975	9,468	7,748	5,741	4,081	4,527	4,268	3,207	5,035
Interest and penalties on delinquent taxes	6,771	5,683	5,149	6,365	6,123	7,940	8,125	8,235	7,439	6,976
Investment earnings	6,140	12,942	16,439	16,326	5,875	5,266	2,153	3,416	2,627	2,955
Miscellaneous	16,254	12,828	16,309	15,416	21,323	16,579	13,555	22,676	21,267	16,810
Capital contributions	185	247	5,051							
Gain on sale of capital assets		323			1,140					
Transfers	1,935	(134)	721	113	4,005	538	4,650	25,688	(7,330)	(16,715)
Total governmental activities	<u>453,280</u>	<u>493,750</u>	<u>541,213</u>	<u>564,243</u>	<u>560,633</u>	<u>567,077</u>	<u>568,928</u>	<u>583,799</u>	<u>538,046</u>	<u>526,368</u>
Business-type activities:										
State shared tax	1,163									
Investment earnings	1,609	3,849	5,510	6,721	2,025	1,236	900	1,001	1,017	1,237
Miscellaneous	2,865	1,348	1,522	1,286	2,394	2,884	2,681	1,903	580	1,484
Capital contributions	20,722	14,607								
Transfers	(1,935)	134	(721)	(113)	(4,005)	(538)	(4,650)	(25,688)	7,330	16,715
Total business-type activities	<u>24,424</u>	<u>19,938</u>	<u>6,311</u>	<u>7,894</u>	<u>414</u>	<u>3,582</u>	<u>(1,069)</u>	<u>(22,784)</u>	<u>8,927</u>	<u>19,436</u>
Total primary government	<u>477,704</u>	<u>513,688</u>	<u>547,524</u>	<u>572,137</u>	<u>561,047</u>	<u>570,659</u>	<u>567,859</u>	<u>561,015</u>	<u>546,973</u>	<u>545,804</u>
Change in net position:										
Governmental activities	70,711	63,863	39,804	43,711	91,392	139,734	111,575	107,594	22,107	(9,777)
Business-type activities	43,971	47,073	11,423	25,868	6,770	33,191	48,915	17,199	24,865	54,018
Total primary government	<u>\$ 114,682</u>	<u>\$ 110,936</u>	<u>\$ 51,227</u>	<u>\$ 69,579</u>	<u>\$ 98,162</u>	<u>\$ 172,925</u>	<u>\$ 160,490</u>	<u>\$ 124,793</u>	<u>\$ 46,972</u>	<u>\$ 44,241</u>

Source:
Pima County Finance & Risk Management

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 4,056	\$ 5,152	\$ 8,889	\$ 5,415	\$ 4,363					
Unreserved	33,171	46,423	48,671	64,974	35,803					
Nonspendable ¹						\$ 4,089	\$ 3,315	\$ 2,720	\$ 3,848	\$ 5,278
Restricted						522	336	333	-	
Committed										
Assigned						3,093	357	118	158	181
Unassigned						73,837	73,547	77,596	56,526	42,731
Total General Fund	<u>37,227</u>	<u>51,575</u>	<u>57,560</u>	<u>70,389</u>	<u>40,166</u>	<u>81,541</u>	<u>77,555</u>	<u>80,767</u>	<u>60,532</u>	<u>48,190</u>
All other governmental funds										
Reserved	12,746	11,784	13,999	17,094	39,139					
Unreserved, reported in:										
Special revenue funds	54,384	66,167	69,773	77,451	86,121					
Nonspendable ¹						2,011	2,011	1,550	1,939	1,894
Restricted						82,957	94,567	105,468	76,570	60,984
Committed						15,305	37,978	10,264	7,746	6,308
Assigned						3,221	4,368	16,682	23,784	4,204
Unassigned						(5,793)	(9,180)	(9,013)	(8,385)	(6,536)
Capital projects funds	147,650	84,472	89,328	152,643	126,821					
Nonspendable ¹						18	12			
Restricted						124,830	112,668	157,688	187,855	145,256
Committed						1,487	6,639	7,234	6,958	3,836
Assigned						52				
Unassigned						(227)	(791)	(3,553)	(83)	(80)
Debt service Assigned						40,868	35,903	28,298	25,640	7,848
Total other governmental funds	<u>\$ 214,780</u>	<u>\$ 162,423</u>	<u>\$ 173,100</u>	<u>\$ 247,188</u>	<u>\$ 252,081</u>	<u>\$ 264,729</u>	<u>\$ 284,175</u>	<u>\$ 314,618</u>	<u>\$ 322,024</u>	<u>\$ 223,714</u>

Note:

¹ Due to implementation of GASB 54 in FY 2010 categories regarding fund balances have been redefined. See Note 1 page 48 for details. See Note 2 page 55 for purpose details.

Source:

Pima County Finance & Risk Management

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$ 300,972	\$ 321,474	\$ 348,700	\$ 381,862	\$ 396,241	\$ 423,443	\$ 421,623	\$ 407,711	\$ 391,630	\$ 385,829
Special assessments	244	215	521	556	441	536	330	245		
Licenses and permits	7,265	7,452	7,132	7,710	6,989	7,791	8,494	8,155	8,371	8,275
Intergovernmental	278,414	291,059	303,392	312,634	292,236	296,004	308,219	327,939	301,223	292,082
Charges for services	53,568	63,582	63,508	58,890	55,346	60,376	54,491	56,881	53,521	57,826
Fines and forfeits	5,967	6,014	6,550	6,480	6,283	8,443	6,786	10,249	9,904	8,652
Investment earnings	5,181	11,382	13,988	14,218	5,335	4,612	1,723	2,286	2,282	1,737
Miscellaneous	14,806	13,165	17,544	21,752	22,414	17,442	14,162	24,796	22,182	17,464
Total revenues	666,417	714,343	761,335	804,102	785,285	818,647	815,828	838,262	789,113	771,865
Expenditures										
General government	193,308	203,881	222,434	237,640	222,309	221,144	223,611	236,020	238,582	247,507
Public safety	109,798	121,229	132,930	149,475	144,617	136,744	136,709	145,711	152,373	157,572
Highways and streets	38,363	39,394	42,683	43,741	38,132	34,274	34,614	33,651	35,866	37,772
Sanitation		6,271	6,766	8,310	6,666	5,637	5,375	6,317	5,328	2,521
Health	30,802	30,038	32,311	34,352	31,626	32,737	36,511	46,672	35,581	35,357
Welfare	96,996	103,034	97,168	106,607	115,481	87,089	90,572	94,360	95,339	93,193
Culture and recreation	23,172	28,561	45,197	50,509	51,657	50,198	49,986	52,103	55,691	56,745
Education and economic opportunity	38,098	37,918	38,474	42,286	42,299	48,402	50,432	47,798	44,299	34,196
Capital outlay	127,632	121,007	202,659	139,539	146,334	162,306	153,203	149,612	174,976	135,746
Debt service - principal	42,891	50,547	53,733	59,719	100,384	87,307	76,361	78,688	68,342	113,337
- interest	16,127	19,448	18,965	22,639	26,849	26,414	26,086	24,762	23,904	26,777
- miscellaneous	25	15	12	330	24	433	21	1,179	1,654	1,030
Total expenditures	717,212	761,343	893,332	895,147	926,378	892,235	883,481	916,873	931,935	941,753
Excess (deficiency) of revenues over (under) expenditures	(50,795)	(47,000)	(131,997)	(91,045)	(141,093)	(73,588)	(67,653)	(78,611)	(142,822)	(169,888)
Other financing sources (uses):										
Proceeds-refunding bonds						31,955		30,745	51,280	8,805
Premium on bonds	250		1,429	1,964	675	1,909	3,276	7,349	11,959	9,488
Payments to refund escrow agents						(32,361)		(33,013)	(55,423)	(10,131)
Capital leases/Installment note		231		312				894	764	239
Proceeds from sale of capital assets	27	416	1,426	27	876	1,118	59	1,938	31	360
Face amount of long-term debt	116,200	4,836	146,320	175,000	109,400	125,000	75,000	78,425	130,175	78,160
Transfers in	50,008	59,948	86,089	128,406	171,186	98,800	109,715	141,924	113,227	162,683
Transfers (out)	(46,962)	(56,263)	(86,688)	(127,692)	(166,319)	(98,355)	(105,007)	(115,914)	(122,244)	(190,140)
Total other financing sources (uses)	119,523	9,168	148,576	178,017	115,818	128,066	83,043	112,348	129,769	59,464
Change in reserves - net	385	(177)	(211)	(55)	(55)		70	(27)		
Net change in fund balances	\$ 69,113	\$ (38,009)	\$ 16,368	\$ 86,917	\$ (25,330)	\$ 54,478	\$ 15,460	\$ 33,710	\$ (13,053)	\$ (110,424)
Debt service as a percentage of noncapital expenditures	9.87%	10.90%	9.88%	10.48%	15.89%	15.31%	13.54%	13.50%	11.67%	16.56%

Source:
 Pima County Finance & Risk Management

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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
(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
2005	\$ 1,882,879	\$ 3,615,603	\$ 323,147	\$ 27,920	\$ 5,849,549	5.4611	\$ 50,631,267	11.55%
2006	2,001,137	4,076,600	359,662	29,803	6,467,202	5.3406	56,437,790	11.46%
2007	2,204,072	4,689,972	428,486	30,802	7,353,331	5.0674	64,347,659	11.43%
2008	2,358,259	5,352,916	493,055	35,442	8,239,672	4.6702	73,122,499	11.27%
2009	2,568,203	5,853,947	525,779	37,783	8,985,712	4.5917	80,593,121	11.15%
2010	2,473,320	5,889,572	536,958	39,797	8,939,647	4.6798	82,348,215	10.86%
2011	2,436,692	5,332,608	500,836	39,984	8,310,120	4.8491	78,036,208	10.65%
2012	2,514,310	5,036,810	472,558	50,260	8,073,938	4.8520	76,085,641	10.61%
2013	2,375,969	4,701,881	429,967	51,312	7,559,129	5.1309	73,262,703	10.32%
2014	2,308,924	4,752,612	407,857	49,090	7,518,483	5.7639	74,402,882	10.11%

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.

Source:

Pima County Finance & Risk Management

PIMA COUNTY, ARIZONA
Direct and Overlapping Property Tax Rates
(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
2005	4.0720	0.7150	0.3746	0.2575	0.0420	5.4611
2006	3.8420	0.7150	0.3746	0.3675	0.0415	5.3406
2007	3.6020	0.6850	0.3446	0.3975	0.0383	5.0674
2008	3.3913	0.6050	0.2935	0.3393	0.0411	4.6702
2009	3.3133	0.7100	0.2635	0.2643	0.0406	4.5917
2010	3.3133	0.7500	0.2635	0.3100	0.0430	4.6798
2011	3.4178	0.7800	0.2635	0.3460	0.0418	4.8491
2012	3.4178	0.7800	0.2635	0.3460	0.0447	4.8520
2013	3.6665	0.7800	0.2635	0.3753	0.0456	5.1309
2014	4.2779	0.7000	0.3035	0.4353	0.0472	5.7639

Overlapping Rates

Tax Year	State of Arizona	Education Assistance	Community College District	City of Tucson	City of South Tucson	Street Lighting District	Central AZ Water Conservation District	Flowing Wells Irrigation District ²	Silverbell Irrigation District ²	Cortaro-Marana Irrigation District ²	Mobile Home Relocation District ³	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
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
2011	0.0000	0.4259	1.1094	1.1621	2.6603		0.1000	19.3500	3.0000	66.0000	0.5000	2.8000	0.3000	3.3000	0.3000	0.3000
2012	0.0000	0.4717	1.1741	1.2639	2.7640	9.6038	0.1000	19.3500	3.0000	66.0000	0.5000	2.8000	0.3000	3.3000	0.3000	0.3000
2013	0.0000	0.5123	1.2933	1.4304	2.9776	10.1900	0.1400	19.3500	3.0000	69.0000	0.5000	2.8000	0.3000	3.3000	0.3000	0.3000
2014	0.0000	0.5089	1.3344	1.4606	0.2528	12.0787	0.1400	19.3500	3.0000	69.0000	0.5000	2.8000	0.3000	3.3000	0.3000	0.3000

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. The Towns of Marana, Oro Valley and Sahuarita do not currently levy a property tax. The Tucson Business Improvement District levy (on a per-business basis) is not shown.

¹The Pima County Flood Control District tax levy applies only to real property.
²Irrigation Districts' tax rates shown are levied on a per acre basis.
³Mobile Home Relocation levy applies only to unsecured mobile homes.

Source:
Pima County Finance & Risk Management

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

School District	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Tucson Unified (#1)	7.8829	7.3857	7.0500	6.5659	6.0701	6.2976	6.9480	7.3187	7.4319	7.5094
Marana Unified (#6)	6.0991	5.9117	5.7887	5.4815	4.9286	4.6995	5.2047	5.5863	6.0085	6.2288
Flowing Wells Unified (#8)	7.1232	6.8677	6.5674	6.2665	6.1239	6.0407	5.9689	5.9778	6.7146	6.6135
Amphitheater Unified (#10)	6.4258	6.1193	5.4964	4.8589	4.6112	5.0511	5.4033	5.5539	5.9226	5.8044
Sunnyside Unified (#12)	8.6482	9.1529	8.1490	7.8009	7.0899	6.9680	6.9415	6.3154	5.0003	6.0364
Tanque Verde Unified (#13)	5.7985	5.4806	5.1033	4.3682	3.1837	3.3545	3.8042	4.1538	5.0012	5.0329
Ajo Unified (#15)	4.4994	4.4929	4.8627	4.5964	4.3158	4.9069	5.6740	3.5338	3.8882	4.8452
Catalina Foothills Unified (#16)	6.8422	6.7428	6.3942	6.1053	4.9970	4.2154	4.2095	4.7472	4.8264	4.7066
Vail Elementary (#20)	6.7510	6.7032	6.0327	5.5360	5.2016	4.8839	4.6550	5.9120	7.1703	7.3000
Sahuarita Unified (#30)	8.1495	7.7345	6.1807	5.9176	5.4230	6.5753	5.4067	5.5183	6.6341	7.2885
San Fernando Elementary (#35)	3.7121	3.7481	3.7900	3.7920	4.5954	3.6883	4.8541	4.0331	5.7831	5.8244
Empire Elementary (#37)	8.0930	8.4864	7.5703	4.9021	2.9383	2.9195	2.7531	1.2484	1.1287	2.1687
Continental Elementary (#39)	2.1532	2.0682	1.8970	1.7343	1.6122	1.6945	2.0258	1.5729	1.7027	2.6146
Redington Elementary (#44)	4.8856	4.8853	4.8952	7.4720	7.6340	7.0689	6.7630	5.9198	4.8200	4.7711
Altar Valley Elementary (#51)	6.2607	5.7696	5.8086	5.7451	6.0506	6.2500	6.5675	6.4355	6.2676	6.7381
Unorganized ¹	1.8090	1.7394	1.6020	1.4622	1.3726	1.4797	1.7682	1.9585	2.1265	2.1123

Notes:

¹County Education District; Only applies to those geographical areas within Pima County not part of formal school districting

Source:

Pima County Finance & Risk Management

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

Taxpayer	2005			2006			2007			2008			2009		
	Estimated Assessed Value ¹	Rank	Percent of Total Assessed Value	Estimated Assessed Value ¹	Rank	Percent of Total Assessed Value	Estimated Assessed Value ¹	Rank	Percent of Total Assessed Value	Estimated Assessed Value ¹	Rank	Percent of Total Assessed Value	Estimated Assessed Value ¹	Rank	Percent of Total Assessed Value
Unisource/Tucson Electric Power Co.	145,937	1	2.4%	143,362	1	2.1%	150,771	1	1.8%	153,431	2	1.6%	158,764	2	2.6%
Phelps Dodge Corporation - Sierrita Mine	21,209	6	0.4%	55,176	4	0.8%	93,656	3	1.1%	156,780	1	1.6%	198,694	1	3.3%
Southwest Gas Corporation	62,970	3	1.0%	62,846	3	0.9%	62,919	4	0.8%	63,698	4	0.7%	64,775	4	1.1%
ASARCO LLC - Mission Mine	0		0.0%	0		0.0%	0		0.0%	0		0.0%	20,042	8	0.3%
QWEST Corporation	104,468	2	1.7%	87,093	2	1.3%	94,300	2	1.1%	87,000	3	0.9%	74,646	3	1.2%
Trico Electric Co-Op Inc.	0		0.0%	14,806	10	0.2%	18,044	8	0.2%	18,816	9	0.2%	21,029	7	0.3%
Wal-Mart Stores Incorporated	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
Northwest Hospital LLC	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
DND Neffson Co. (Tucson Mall)	22,377	5	0.4%	19,087	7	0.3%	19,897	7	0.2%	21,013	8	0.2%	18,888	10	0.3%
Starr Pass Resort Developments LLC	0		0.0%	17,068	8	0.2%	15,280	10	0.2%	15,889	10	0.2%	19,384	9	0.3%
Verizon Wireless	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
Target Corporation	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
Arizona Portland Cement	22,459	4	0.4%	22,858	5	0.3%	23,468	6	0.3%	23,593	7	0.2%	27,561	6	0.5%
ASARCO Mining	0		0.0%	0		0.0%	0		0.0%	44,047	5	0.5%	63,572	5	1.1%
Raytheon	16,069	8	0.3%	21,665	6	0.3%	58,987	5	0.7%	33,833	6	0.4%	0		0.0%
Westin La Paloma	16,358	7	0.3%	15,504	9	0.2%	15,959	9	0.2%	0		0.0%	0		0.0%
El Conquistador Hotel	13,653	10	0.2%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
HDP Northwest	14,708	9	0.2%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
Total Top Ten	\$ 440,208		7.3%	\$ 459,465		6.7%	\$ 553,281		6.7%	\$ 618,100		6.4%	\$ 667,355		11.0%

Notes: \$6,050,950 \$6,869,955 \$8,220,396 \$9,594,862 \$9,860,981

¹Secondary Assessed Valuation for Tax Year

Source:
Pima County Assessor's Office
Arizona Department of Revenue

(continued)

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 ¹			Collected to June 30, 2014 ¹		Delinquent Taxes Receivable ²
				Amount	Percent of Original Levy	Collections in Subsequent Years	Amount	Percent of Adjusted Levy	
2004-05	\$ 281,172	\$ (494)	\$ 280,678	\$ 271,841	96.68%	\$ 8,667	\$ 280,508	99.94%	\$ 170
2005-06	302,127	(291)	301,836	292,019	96.65%	9,756	301,775	99.98%	61
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%	12,946	361,687	99.94%	226
2008-09	379,674	(360)	379,314	363,624	95.77%	15,416	379,040	99.93%	274
2009-10	402,062	(106)	401,956	384,983	95.75%	16,679	401,662	99.93%	294
2010-11	402,532	(384)	402,148	383,978	95.39%	16,295	400,273	99.53%	1,875
2011-12	383,709		383,709	369,100	96.19%	13,148	382,248	99.62%	1,461
2012-13	370,922		370,922	357,556	96.40%	12,182	369,738	99.68%	1,184
2013-14	368,313		368,313	355,338	96.48%		355,338	96.48%	12,975

Note:

¹ Amounts collected are on a cash basis rather than the modified accrual basis used in the financial statements.

² Represents the difference between the adjusted levy and collected to June 30, 2014.

Source:

Pima County Finance & Risk Management
Pima County Treasurer's Office

PIMA COUNTY, ARIZONA

Exhibit D - 9

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

Fiscal Year		Net Assessed Value	Limited and Full Cash Values ¹	Ratio of Net Assessed to Full Cash Value
2004-05	Primary	\$ 5,412,550	\$ 46,754,009	11.58%
2004-05	Secondary	5,620,156	48,474,537	11.59%
2005-06	Primary	5,849,549	50,631,267	11.55%
2005-06	Secondary	6,050,950	52,335,111	11.56%
2006-07	Primary	6,467,202	56,437,790	11.46%
2006-07	Secondary	6,869,955	59,890,229	11.47%
2007-08	Primary	7,353,331	64,347,659	11.43%
2007-08	Secondary	8,220,396	72,101,321	11.40%
2008-09	Primary	8,230,967	73,122,499	11.26%
2008-09	Secondary	9,594,862	85,993,246	11.16%
2009-10	Primary	8,985,712	80,593,121	11.15%
2009-10	Secondary	9,860,981	88,095,754	11.19%
2010-11	Primary	8,939,647	82,348,221	10.86%
2010-11	Secondary	9,342,561	86,228,902	10.83%
2011-12	Primary	8,310,120	78,036,208	10.65%
2011-12	Secondary	8,448,282	80,152,473	10.54%
2012-13	Primary	8,073,938	76,085,641	10.61%
2012-13	Secondary	8,171,212	77,731,086	10.51%
2013-14	Primary	7,559,129	73,262,703	10.32%
2013-14	Secondary	7,623,691	74,590,067	10.22%

Notes:

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

Source:

Pima County Finance & Risk Management

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

Exhibit D - 10

Jurisdiction	FY 2013-14 (Tax Year 2013)		FY 2014-15 (Tax Year 2014)	
	Valuation	Rate	Valuation	Rate
<u>State of Arizona</u>	\$ 7,559,129	0	\$ 7,518,482	0
<u>Pima County</u>				
General Fund - Primary	7,559,129	3.6665	7,518,482	4.2779
Debt Service - Secondary	7,623,691	0.7800	7,579,899	0.7000
Free Library - Secondary	7,590,546	0.3753	7,522,894	0.4353
Total County - Primary	7,559,129	3.6665	7,518,482	4.2779
Total County - Secondary		1.1600		1.1353
Grand Total		<u>4.8265</u>		<u>5.4132</u>
<u>Education Assistance</u>	7,559,129	0.5123	7,518,482	0.5089
<u>Flood Control District - Secondary</u>	6,768,457	0.2635	6,767,458	0.3035
<u>Fire District Assistance - Secondary</u>	7,623,691	0.0456	7,518,482	0.0472
<u>Pima Community College District</u>				
Primary	7,559,129	1.2746	7,518,482	1.3344
Secondary	7,623,691	0.0187	0	0
Total		<u>1.2933</u>		<u>1.3344</u>
<u>Central Arizona Water Conservation District</u>				
Secondary	7,590,546	0.1400	7,522,894	0.1400
<u>Cities & Towns</u>				
<u>City of Tucson</u>				
Primary	3,114,079	0.5245	3,100,675	0.4829
Secondary	3,151,042	0.9059	3,131,952	0.9777
Total		<u>1.4304</u>		<u>1.4606</u>
<u>City of South Tucson</u>				
Primary	21,690	0.2528	21,180	0.2528
Secondary	22,126	2.7248	0	0
Total		<u>2.9776</u>		<u>0.2528</u>
<u>School Districts</u>				
<u>Unorganized - Primary</u>	18,101	2.1265	18,330	2.1123
<u>Tucson Unified (District #1)</u>				
Primary	3,002,397	6.0056	3,001,654	6.8021
Secondary	3,029,356	1.4263	3,028,699	0.7073
Total		<u>7.4319</u>		<u>7.5094</u>

Source:

Pima County Finance & Risk Management

(continued)

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

Exhibit D - 10

(continued)

Jurisdiction	FY 2013-14 (Tax Year 2013)		FY 2014-15 (Tax Year 2014)	
	Valuation	Rate	Valuation	Rate
Marana Unified (District #6)				
Primary	\$ 709,376	4.1868	\$ 710,743	4.3493
Secondary	714,419	1.8217	716,727	1.8795
Total		<u>6.0085</u>		<u>6.2288</u>
Flowing Wells Unified (District #8)				
Primary	187,075	4.4304	186,862	4.4165
Secondary	188,811	2.2842	188,539	2.1970
Total		<u>6.7146</u>		<u>6.6135</u>
Amphitheater Unified (District #10)				
Primary	1,381,231	4.3876	1,376,502	4.3674
Secondary	1,394,361	1.5350	1,388,632	1.4370
Total		<u>5.9226</u>		<u>5.8044</u>
Sunnyside Unified (District #12)				
Primary	412,538	3.5420	407,058	3.4565
Secondary	420,920	1.4583	411,216	2.5799
Total		<u>5.0003</u>		<u>6.0364</u>
Tanque Verde Unified (District #13)				
Primary	170,152	3.8031	168,681	3.8926
Secondary	170,710	1.1981	169,220	1.1403
Total		<u>5.0012</u>		<u>5.0329</u>
Ajo Unified (District #15)				
Primary	19,958	3.8882	19,274	4.8452
Secondary	20,190	0.0000	19,423	0.0000
Total		<u>3.8882</u>		<u>4.8452</u>
Catalina Foothills Unified (District #16)				
Primary	548,805	3.6625	555,678	3.1273
Secondary	550,355	1.1639	558,433	1.5793
Total		<u>4.8264</u>		<u>4.7066</u>
Vail Elementary (District #20)				
Primary	411,951	4.8308	417,721	4.8751
Secondary	414,482	2.3395	420,342	2.4249
Total		<u>7.1703</u>		<u>7.3000</u>

Source:

Pima County Finance & Risk Management

(continued)

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

Exhibit D - 10

(continued)

Jurisdiction	FY 2013-14 (Tax Year 2013)		FY 2014-15 (Tax Year 2014)	
	Valuation	Rate	Valuation	Rate
Sahuarita Unified (District #30)				
Primary	\$ 351,925	\$ 4.1743	\$ 310,071	\$ 4.2988
Secondary	353,344	2.4598	311,158	2.9897
Total		<u>6.6341</u>		<u>7.2885</u>
San Fernando Elementary (District #35)				
Primary	1,245	5.7831	1,288	5.8244
Secondary	1,265	0	1,293	0
Total		<u>5.7831</u>		<u>5.8244</u>
Empire Elementary (District #37)				
Primary	7,756	1.1287	7,661	2.1687
Secondary	7,860	0	7,713	0
Total		<u>1.1287</u>		<u>2.1687</u>
Continental Elementary (District #39)				
Primary	303,007	1.1939	304,353	2.2575
Secondary	305,321	0.5088	307,027	0.3571
Total		<u>1.7027</u>		<u>2.6146</u>
Baboquivari Unified School (District #40)				
Primary	1,056	0	1,046	0
Secondary	1,056	0	1,046	0
Total		<u>0</u>		<u>0</u>
Redington Elementary (District #44)				
Primary	1,385	4.8200	1,405	4.7711
Secondary	1,450	0	1,453	0
Total		<u>4.8200</u>		<u>4.7711</u>
Altar Valley Elementary (District #51) ¹				
Primary	31,278	4.8580	30,178	5.8245
Secondary	31,402	1.4096	30,503	0.9136
Total		<u>6.2676</u>		<u>6.7381</u>

Notes:

¹Formerly known as the Mary E. Dill School District

Source:

Pima County Finance & Risk Management

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

Exhibit D - 11

Fiscal Year	Hotel Excise Tax ¹	Car Rental Surcharges ²	Recreational Vehicle Tax ³
2004-05	\$ 2,885	\$ 1,595	\$ 200
2005-06	5,212	1,589	214
2006-07	7,796	1,357	210
2007-08	6,901	1,732	222
2008-09	5,628	1,389	159
2009-10	5,637	1,521	181
2010-11	5,887	1,538	165
2011-12	6,626	1,464	146
2012-13	6,286	1,399	136
2013-14	6,276	1,390	122

Notes:

¹ Tax increased from 1% to 2% January 1, 1997; the additional 1% can only be used for County sports facilities. In January of 2006, the tax increased from 2% to 6%, of which only 34% can be used for sports facilities.

² Car rental surcharges increased from \$2.50 to \$3.50 per rental contract July 1, 1996. Usage is restricted to County sports facilities.

³ Recreational vehicle taxes apply at the rate of \$0.50 per vehicle per night and became effective July 1, 1997. Usage of this tax is limited to athletic activities.

Source:

Pima County Finance and Risk Management Department

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

Exhibit D - 12

Fiscal Year	Amount	Highway User Revenue	Vehicle License Tax
2004-05	\$ 53,878	\$ 41,756	\$ 12,122
2005-06	56,937	43,292	13,645
2006-07	58,638	44,607	14,031
2007-08	57,847	44,060	13,787
2008-09	53,907	41,210	12,697
2009-10	50,535	38,739	11,796
2010-11	50,460	38,974	11,486
2011-12	44,890	33,665	11,225
2012-13	47,449	36,860	10,589
2013-14	49,212	37,500	11,712

Source:
Pima County Finance and Risk Management Department

STATISTICAL SECTION

DEBT CAPACITY:

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

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

PIMA COUNTY, ARIZONA

Ratios of Outstanding Debt by Type to Personal Income and Per Capita
Last Ten Fiscal Years
(in thousands)

Fiscal Year	Governmental Activities								Business-Type Activities				
	General Obligation Bonds	Flood Control Bonds	Transportation Revenue Bonds	Special Assessment Bonds	Certificates of Participation	Transportation Loans	Capital Leases	Installment Note Payable	Sewer Revenue Bonds	Sewer Revenue Obligations	Regional Wastewater Loans Payable	Contracts and Notes	Total Primary Government
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
2010-11	455,856		131,375		48,235		17,775		184,782	176,849	27,390	4,657	1,046,919
2011-12	461,557		141,536		39,772		16,431		171,022	379,418	23,719	15,365	1,248,820
2012-13	467,368		128,604		134,494		298	605	155,514	510,975	21,169	12,645	1,431,672
2013-14	416,006		133,081		149,703			640	138,431	540,288	19,680	7,942	1,405,771

Fiscal Year	Total Primary Government	Personal Income	Percentage of Personal Income	Population at July 1 ¹	Debt per Capita
2004-05	584,227	26,302,000	2.22%	940,004	622
2005-06	530,644	28,421,000	1.87%	959,474	553
2006-07	664,089	30,899,000	2.15%	977,258	681
2007-08	845,872	33,009,000	2.56%	984,032	860
2008-09	878,680	32,898,000	2.67%	984,274	893
2009-10	1,058,962	34,974,000	3.03%	981,168	1,079
2010-11	1,046,919	36,263,000	2.89%	986,081	1,062
2011-12	1,248,820	37,000,000	3.38%	990,380	1,261
2012-13	1,431,672	36,648,980	3.91%	996,046	1,437
2013-14	1,405,771	37,867,400	3.71%	1,008,400	1,394

Notes:

Details regarding outstanding debt can be found on page 65, Note 7 of the Notes to the Financial Statements.

¹Personal income and population statistics are based on calendar year. Prior year data updated to reflect new source.

Source:

Pima County Finance & Risk Management

UA Economic and Business Research Center, Eller College of Management

PIMA COUNTY, ARIZONA

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years
(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 ¹	Net General Bond Debt per Capita ²
2004-05	267,927	3,010	8,899	262,038	5,620,156	4.66%	940,004	279
2005-06	231,918	2,230	5,571	228,577	6,050,950	3.78%	959,474	238
2006-07	290,150	1,470	7,431	284,189	6,869,955	4.14%	977,258	291
2007-08	349,542	725	10,241	340,026	8,220,396	4.14%	984,032	346
2008-09	388,032	725	10,523	378,234	9,594,862	3.94%	984,274	384
2009-10	420,261		11,396	408,865	9,860,981	4.15%	981,168	417
2010-11	455,856		27,904	427,952	9,342,561	4.58%	986,081	434
2011-12	461,557		22,602	438,955	8,448,282	5.20%	990,380	443
2012-13	467,368		22,900	444,468	8,171,212	5.44%	996,046	447
2013-14	416,006		5,326	410,680	7,623,691	5.39%	1,008,400	407

Note:

Details regarding outstanding debt can be found on pages 65-67, Note 7 of the Notes to the Financial Statements.

¹Personal income and population statistics are based on calendar year. Prior year data updated to reflect new source.

²Debt per Capita is shown in actual dollars and not in thousands.

Source:

Pima County Finance & Risk Management

UA Economic and Business Research Center, Eller College of Management

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

Fiscal Year	Total Overlapping Debt	Secondary Net Assessed Value	Percentage of Assessed Value	Population at July 1 ¹	Debt per Capita ²
2004-05	1,185,435	5,620,156	21.09%	943,795	1,256
2005-06	1,146,388	6,050,950	18.95%	961,519	1,192
2006-07	1,107,662	6,869,955	16.12%	1,003,918	1,103
2007-08	1,137,114	8,220,396	13.83%	1,026,506	1,108
2008-09	1,213,050	9,594,862	12.64%	1,048,796	1,157
2009-10	1,302,802	9,860,981	13.21%	1,070,723	1,217
2010-11	1,335,431	9,342,561	14.29%	1,092,369	1,222
2011-12	1,284,219	8,448,282	15.20%	990,380	1,297
2012-13	1,311,417	8,171,212	16.05%	996,046	1,317
2013-14	1,218,736	7,623,691	15.99%	1,008,400	1,209

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.

¹Personal income and population statistics are based on calendar year. Prior year data updated to reflect new source.

²Debt per Capita is shown in actual dollars and not in thousands.

Source:

Pima County Finance & Risk Management
UA Economic and Business Research Center, Eller College of Management

PIMA COUNTY, ARIZONA
 Computation of Direct and Overlapping
 Governmental Activities Debt Outstanding
 At June 30, 2014
 (in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Amount Overlapping</u>
Debt repaid with property tax:		
School Districts	\$ 569,280	\$ 569,280
City of Tucson	233,450	<u>233,450</u>
Total overlapping		<u>\$ 802,730</u>
Debt repaid with property tax Direct:		
Pima County*	\$ 416,006	<u>\$ 416,006</u>
Total direct		<u>\$ 416,006</u>
Other Debt:		
Certificates of participation	\$ 149,703	\$ 149,703
Installment note payable	640	640
Transportation bonds	133,081	<u>133,081</u>
Total other debt		<u>\$ 283,424</u>
Total direct and overlapping debt		<u><u>\$ 1,502,160</u></u>

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.

*Excludes improvement districts.

Source:

Pima County Finance & Risk Management
 City of Tucson Finance Department
 Pima Community College District Finance Office

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

Exhibit D - 16

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Assessed Value	\$ 5,620,156	\$ 6,050,950	\$ 6,869,955	\$ 8,220,396	\$ 9,594,862	\$ 9,860,981	\$ 9,342,561	\$ 8,448,282	\$ 8,171,212	\$ 7,623,691
Legal Debt Margin										
Debt limit (15% of assessed value)	843,023	907,643	1,030,493	1,233,059	1,439,229	1,479,147	1,401,384	1,267,242	1,225,682	1,143,554
Debt applicable to limit:										
General obligation bonds	267,270	231,310	289,590	348,335	386,845	417,995	452,750	456,145	456,690	407,275
Less: Net assets reserved for repayment of general obligation debt	(8,899)	(5,571)	(7,431)	(10,241)	(10,523)	(11,396)	(27,904)	(22,602)	(22,900)	(5,326)
Total net debt applicable to the limit	258,371	225,739	282,159	338,094	376,322	406,599	424,846	433,543	433,790	401,949
Legal debt margin	<u>\$ 584,652</u>	<u>\$ 681,904</u>	<u>\$ 748,334</u>	<u>\$ 894,965</u>	<u>\$ 1,062,907</u>	<u>\$ 1,072,548</u>	<u>\$ 976,538</u>	<u>\$ 833,699</u>	<u>\$ 791,892</u>	<u>\$ 741,605</u>
Total net debt applicable to the limit as a percentage of debt limit.	30.65%	24.87%	27.38%	27.42%	26.15%	27.49%	30.32%	34.21%	35.39%	35.15%

See Notes to the Financial Statements (Note 7 page 74) for calculation of the legal debt margin for the current year.

Source:
Pima County Finance & Risk Management

PIMA COUNTY, ARIZONA

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

Fiscal Year	Sewer User Revenues ¹	Less: Operating Expense ²	Available Net Revenue	Plus: Ending cash Balances of Prior Fiscal Year (unrestricted)	Pledged Revenues ³	Debt Service ⁶			Coverage Ratio ^{4,5}
						Principal	Interest	Total	
2005-06	\$ 105,827	\$ 57,371	\$ 48,456			\$ 10,053	\$ 5,619	\$ 15,672	3.09
2006-07	103,959	69,597	34,362			13,957	6,340	20,297	1.69
2007-08	109,264	78,521	30,743			13,325	7,221	20,546	1.50
2008-09	105,987	73,186	32,801			14,187	9,469	23,656	1.39
2009-10	128,067	69,904	58,163	20,163	78,326	16,952	9,838	26,790	2.92
2010-11	151,212	74,638	76,574	11,260	87,834	17,110	17,047	34,157	2.57
2011-12	158,397	73,241	85,156	32,806	117,962	20,895	21,658	42,553	2.77
2012-13	163,512	73,577	89,935	99,491	189,426	29,759	28,243	58,002	3.27
2013-14	181,553	77,893	103,660	128,735	232,395	37,025	30,386	67,411	3.45

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

¹Includes sewer connection fees.

²Excludes grants, depreciation, interest expense and amortization.

³Pledged revenues defined by BOS 2010-50.

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

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

⁶Debt service requirements include principal and interest payable during the Bond Fiscal Year. Per the bond resolution, Bond Fiscal Year is defined as 7/2/20XX to 7/1/20XX.

Source:

Pima County Finance & Risk Management

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

Exhibit D - 17b

Fiscal Year	Transportation Revenue	Less: Operating Expense	Available Net Revenue	Debt Service ¹		Coverage Ratio
				Principal	Interest	
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	0.98
2009-10	54,897	34,214	20,683	10,530	5,709	1.27
2010-11	52,711	34,552	18,159	11,015	5,244	1.12
2011-12	46,834	33,335	13,499	12,055	5,537	0.77
2012-13	49,874	35,041	14,833	12,425	4,969	0.85
2013-14	50,997	37,295	13,702	13,685	5,197	0.73

Notes:

Details regarding outstanding debt can be found on pages 65-74, Note 7 of the Notes to the Financial Statements.
Operating expenditures do not include interest, depreciation or amortization.

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

Source:

Pima County Finance & Risk Management

PIMA COUNTY, ARIZONA

Lease, Lease-Purchase, Installment Note Payable and Purchase Agreements

Scheduled Payments

(dollar amounts in thousands)

Function/Department	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Clerk of Superior Court - Equipment	\$ 31	\$ 82	\$ 82	\$ 131	\$ 111	\$ 37				\$ 84
Jail ¹	3,042	3,015	5,920	3,027	3,007	3,004	\$ 3,004	\$ 3,427		
Sheriff - Equipment	42	21							\$ 160	161
Solid Waste - Equipment								298	298	
	<u>\$ 3,115</u>	<u>\$ 3,118</u>	<u>\$ 6,002</u>	<u>\$ 3,158</u>	<u>\$ 3,118</u>	<u>\$ 3,041</u>	<u>\$ 3,004</u>	<u>\$ 3,725</u>	<u>\$ 458</u>	<u>\$ 245</u>

Notes:

¹ Funds derived from a sale/leaseback of the County's Adult Corrections Facility provided funding for construction of Kino Veteran's Memorial Sportspark & Tucson Electric Park Stadium.

Source:

Pima County Finance & Risk Management

PIMA COUNTY, ARIZONA

Exhibit D - 19

Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Expenditures
Last Ten Fiscal Years
(dollar 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>
2004-05	41,255	14,794	56,049	589,708	9.5%
2005-06	48,672	18,147	66,819	640,336	10.4%
2006-07	50,940	17,672	68,612	689,968	9.9%
2007-08	56,459	19,757	76,216	755,413	10.1%
2008-09	96,751	24,322	121,073	780,044	15.5%
2009-10	83,565	24,097	107,662	730,379	14.7%
2010-11	72,525	23,945	96,470	730,278	13.2%
2011-12	78,390	24,762	103,152	767,261	13.4%
2012-13	67,885	23,903	91,788	756,959	12.1%
2013-14	112,835	26,758	139,593	806,007	17.3%

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

Source:

Pima County Finance & Risk Management

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STATISTICAL SECTION

DEMOGRAPHIC AND ECONOMIC INFORMATION:

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

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

PIMA COUNTY, ARIZONA
Demographic and Economic Statistics
Last Ten Years

Exhibit D - 20

Calendar Year	Population ¹	Personal Income (\$)	Per Capita Personal Income (\$)	Unemployment Rate
2005	940,004	28,573,761	30,397	4.1%
2006	959,474	31,297,982	32,620	4.4%
2007	977,258	33,069,716	33,839	3.3%
2008	984,032	35,067,808	35,637	4.7%
2009	984,274	32,977,680	33,505	7.9%
2010	981,168	33,277,952	33,917	8.6%
2011	986,081	34,596,360	35,085	9.1%
2012	990,380	35,813,670	36,162	7.6%
2013	996,046	36,648,980	36,794	7.6%
2014	1,008,400	37,867,400	37,552	6.4%

Note:

¹Prior year statistic updated to reflect new source data

Sources:

Arizona Department of Administration, Office of Employment & Population Statistics
 UA Economic and Business Research Center, Eller College of Management
 Bureau of Labor Statistics

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

Employer	2005			2006			2007			2008			2009		
	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
University of Arizona	10,348	2	2.3%	10,282	3	2.3%	10,354	2	2.3%	10,535	3	2.3%	10,575	2	2.2%
Raytheon	10,300	3	2.3%	10,756	2	2.4%	11,184	1	2.5%	12,515	1	2.7%	11,539	1	2.4%
State of Arizona	9,750	4	2.2%	9,742	4	2.2%	9,927	3	2.2%	10,754	2	2.3%	9,329	3	1.9%
Davis-Monthan AFB	8,727	5	2.0%	8,233	5	1.9%	8,233	5	1.8%	7,701	5	1.7%	7,509	4	1.5%
Pima County Government	6,767	7	1.5%	6,765	7	1.5%	7,290	7	1.6%	6,954	6	1.5%	6,235	8	1.3%
Tucson Unified School District	7,684	6	1.7%	7,623	6	1.7%	7,419	6	1.6%	8,018	4	1.7%	7,227	5	1.5%
UA Healthcare Network															
Fort Huachuca ¹	12,250	1		13,098	1		9,119	4		6,701	7		6,463	7	
Freeport-McMoran Copper										5,840	9	1.3%	5,987	9	1.2%
Wal-Mart Stores, Inc.	4,595	9	1.0%	4,980	9	1.1%	5,625	9	1.2%	5,805	10	1.3%	6,715	6	1.4%
City of Tucson	6,757	8	1.5%	5,306	8	1.2%	5,848	8	1.3%	5,848	8	1.3%	5,635	10	1.2%
Tohono O'odam Nation															
US Border Patrol															
Carondelet Health Network															
Phelps Dodge	4,500	10	1.0%	4,123	10	0.9%	4,900	10	1.1%						
Total	<u>81,678</u>		18.3%	<u>80,908</u>		18.2%	<u>79,899</u>		17.6%	<u>80,671</u>		17.6%	<u>77,214</u>		15.9%
Total Work Force			443,100			443,300			453,500			459,200			486,400

Notes:

¹Fort Huachuca is located in Cochise County but is listed here due to its role as a large regional employer.

Sources:

UA Economic and Business Research Center, Eller College of Management
Data is obtained from www.azstarnet.com/star200, a website of the Arizona Daily Star.

(continued)

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

Exhibit D - 21

(continued)

Employer	2010			2011			2012			2013			2014		
	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
University of Arizona	10,363	2	2.1%	10,481	2	2.2%	10,681	1	2.3%	10,846	1	2.4%	11,047	1	2.4%
Raytheon	12,140	1	2.5%	10,500	1	2.2%	10,500	2	2.3%	10,300	2	2.3%	9,933	2	2.2%
State of Arizona	8,708	3	1.8%	8,866	3	1.8%	9,061	3	2.0%	8,807	4	1.9%	9,439	3	2.1%
Davis-Monthan AFB	7,755	4	1.6%	8,462	4	1.7%	8,566	4	1.9%	9,100	3	2.0%	8,933	4	2.0%
Pima County Government	6,511	7	1.3%	6,403	7	1.3%	6,170	8	1.4%	6,076	9	1.3%	7,328	5	1.6%
Tucson Unified School District	7,012	6	1.4%	6,709	6	1.4%	6,674	6	1.5%	6,790	6	1.5%	6,525	6	1.4%
UA Healthcare Network				5,982	9	1.2%	5,594	10	1.2%	6,099	8	1.3%	6,329	7	1.4%
Fort Huachuca ¹	6,236	8		6,225	8		6,198	7		6,198			5,717	8	N/A
Freeport-McMoran Copper										5,463	10	1.2%	5,600	9	1.2%
Wal-Mart Stores, Inc.	7,192	5	1.5%	7,308	5	1.5%	7,300	5	1.6%	7,450	5	1.6%	5,200	10	1.1%
City of Tucson	5,399	9	1.1%	4,930	10	1.0%			0.0%	4,585		1.0%	4,845		1.1%
Tohono O'odam Nation										4,350		1.0%	4,350		1.0%
US Border Patrol							6,000	9	1.3%	6,500	7	1.4%	4,135		0.9%
Carondelet Health Network	4,566	10	0.9%							3,668		0.8%	3,476		0.8%
Total	75,882		15.6%	75,866		15.6%	76,744		16.8%	96,232		21.2%	92,857		20.5%
Total Work Force			488,500			485,800			455,900			453,200			452,429

Notes:

¹Fort Huachuca is located in Cochise County but is listed here due to its role as a large regional employer.

Sources:

UA Economic and Business Research Center, Eller College of Management
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

Year	Population ¹	Civilian Labor Force	Total Unemployment Rate	EMPLOYMENT				
				Mining	Construction	Manufacturing	Transportation & Utilities ²	Financial Activities
2005	940,004	437,823	4.5%	1,400	25,700	28,300	59,600	16,300
2006	959,474	446,958	3.9%	1,600	27,900	28,100	62,700	17,300
2007	977,258	454,854	3.6%	1,800	26,500	27,500	64,300	17,900
2008	984,032	473,344	5.7%	1,900	22,800	27,200	62,700	16,800
2009	984,274	486,040	9.0%	1,700	16,600	25,100	58,200	17,000
2010	981,168	479,879	9.4%	1,800	15,000	24,000	56,900	17,200
2011	986,081	465,640	8.4%	1,900	14,500	23,400	57,700	16,800
2012	990,380	459,349	7.4%	2,100	14,400	23,400	57,800	16,800
2013	996,046	449,958	7.0%	2,300	15,300	23,200	58,800	17,000
2014	1,008,400	452,429	6.4%	2,300	15,000	23,100	59,000	17,200

All Employment data is presented as not seasonally adjusted. Labor Force, Unemployment and Sector Employment for 2014 represent the average through July 2014.

Notes:

¹Prior year statistic updated to reflect new source data

²Category formerly known as Trade & Services was redefined and recategorized as Transportation & Utilities.

Sources:

UA Economic and Business Research Center, Eller College of Management

Bureau of Labor Statistics

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

Fiscal 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
2005	261,037	3,928,773	15,847,429	2.00	12,103	17,039	3,908,054
2006	289,440	4,251,710	17,179,275	2.18	11,903	16,630	4,462,020
2007	263,910	4,284,880	17,857,865	2.21	6,265	13,821	3,757,536
2008	240,329	4,474,352	19,491,376	2.27	4,171	10,718	2,810,383
2009	190,445	3,777,057	21,648,350	2.46	2,364	10,472	2,245,644
2010	169,780	3,696,875	20,483,709	2.22	2,340	12,471	2,457,147
2011	164,152	3,721,785	19,746,774	2.18	2,400	11,545	2,033,702
2012	145,967	3,663,982	19,971,230	2.15	2,062	13,436	2,211,369
2013	138,851	3,421,300	20,352,101	2.16	3,713	13,587	2,528,609
2014	138,483	3,222,251	19,713,449	2.06	2,040	13,379	2,648,443

Sources:

UA Economic and Business Research Center, Eller College of Management
Tucson Airport Authority
Pima Association of Governments
Tucson Association of Realtors, Multiple Listing Service, Inc.

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

Exhibit D - 24

Fiscal Year	Aggregate Retail Sales ¹	No. of Dwelling Units Awarded ²	Change in Real Estate Sales Volume	Commercial Bank Deposits (in Thousands)
2005	\$ 9,743,114,411	10,521	26%	\$ 9,013,000
2006	10,805,508,246	11,644	12%	10,134,000
2007	11,530,620,493	8,522	-19%	10,497,000
2008	11,865,697,195	5,237	-34%	10,765,000
2009	11,583,359,104	3,221	-25%	10,855,000
2010	10,439,448,418	2,129	9%	11,134,000
2011	10,640,206,904	1,938	-21%	11,265,000
2012	11,440,377,170	2,242	8%	11,501,822
2013	12,010,672,344	2,841	13%	12,173,345
2014	12,317,085,212	3,491	5%	12,980,645

Notes:

¹Aggregate Retail includes total taxable sales from the following categories: Retail, Restaurant & Bar, Food, and Gasoline.

²Beginning with calendar year 2011, the number of dwelling units awarded includes both single family and multiple family unit structures combined.

Sources:

UA Economic and Business Research Center, Eller College of Management
Tucson Association of Realtors, Multiple Listing Service, Inc.
Federal Deposit Insurance Corporation

PIMA COUNTY, ARIZONA
Population Statistics
June 30, 2014

Exhibit D - 25

ESTIMATED POPULATION BY AGE

<u>Age Group</u>	<u>Population</u>
0-4	62,281
5-9	62,552
10-14	63,369
15-19	70,218
20-24	78,689
25-29	67,919
30-34	62,819
35-39	58,569
40-44	59,572
45-49	56,817
50-54	65,538
55-59	66,163
60-64	62,412
65-69	55,277
70-74	41,698
75+	74,549
Total	<u><u>1,008,442</u></u>

POPULATION PROJECTIONS

<u>Year</u>	<u>Projected Population</u>
2015	1,022,079
2016	1,037,232
2020	1,100,021
2025	1,172,515
2035	1,312,101
2045	1,447,403

Source:

Arizona Department of Administration, Office of Employment & Population Statistics

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

Exhibit D - 26

<u>Fiscal Year</u>	<u>Average Jail Population ¹</u>
2005	2,009
2006	2,028
2007	2,008
2008	1,913
2009	1,826
2010	1,636
2011	1,687
2012	1,926
2013	2,037
2014	2,061

Note:

¹ Prior Year's data updated to reflect updated source

Source:

Pima County Sheriff's Department, Corrections Bureau

STATISTICAL SECTION

OPERATING INFORMATION:

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

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

PIMA COUNTY, ARIZONA
Employees by Function
Last Ten Fiscal Years

Exhibit D - 27

Function/Program	Full-time employees (FTEs) as of 6/30:									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities^{1,2}										
General government	2,952	2,911	2,776	2,860	2,684	2,870	2,850	2,473	2,321	2,805
Public safety	1,434	1,401	1,442	1,560	1,491	1,488	1,529	1,540	1,468	1,525
Highways and streets	351	526	334	330	311	264	262	274	265	258
Sanitation	0	45	41	40	34	33	23	24	3	31
Health	408	414	408	404	397	422	412	404	174	319
Welfare	20	23	22	26	29	32	27	377	397	8
Culture and recreation	164	180	466	485	480	467	461	652	331	442
Education and economic opportunity	250	289	179	186	184	174	170	133	144	112
Total governmental activities	5,579	5,789	5,668	5,891	5,610	5,750	5,734	5,877	5,103	5,500
Business-type activities										
Regional Wastewater Reclamation ³	449	668	472	508	507	488	481	531	413	438
Wastewater Management- Solid Waste ⁴	42	0	0	0	0	0	0	0	0	0
Pima Health System & Services ⁵	631	634	559	563	451	422	421	0	0	0
Development Services	116	156	153	128	73	66	66	59	52	60
Parking Garages	3	3	3	3	3	2	2	3	3	3
Total business-type activities	1,241	1,461	1,187	1,202	1,034	978	970	593	468	501
Total	6,820	7,250	6,855	7,093	6,644	6,728	6,704	6,470	5,571	6,001

Notes:

¹Internal service fund's FTEs were added to the General Government function in FY 2004-2005.

²Variances can be noted in the Governmental Activities categories due to a change in classification criteria in FY 2004- 2005 as well as due to employees being added to the Library District from the City of Tucson on July 1, 2006.

³Previously known as Wastewater Management - Liquid Waste.

⁴In FY 2005-2006 Wastewater Management-Solid Waste was classified as a governmental fund. It now appears under the category "Sanitation".

⁵Variances can 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. Pima Health Systems & Services was subsequently sold and the department closed.

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

	2005	2006	2007	2008	Fiscal Year 2009	2010	2011	2012	2013	2014
Program:										
Sheriff										
Physical arrests	32,501	30,686	33,929	32,796	33,571	27,946	24,108	24,841	25,451	24,394
Traffic violations/citations										
Criminal										
Total	4,148	3,170	3,927	5,967	6,422	6,417	4,304	4,205	4,291	5,691
Civil										
Total	37,868	27,846	30,204	41,542	49,817	41,800	32,270	32,445	33,837	34,466
Total violations/citations	42,016	31,016	34,131	47,509	56,239	48,217	36,574	36,650	38,128	40,157
Wastewater										
Avg. daily sewage treated (MGD) ¹	65.5	66.4	68.5	67.3	67.8	65.4	62.7	62.3	60.9	60.2
New connections	11,245	8,325	8,734	4,452	1,477	1,950	1,412	1,355	1,856	1,804
Cultural and Recreational ^{2,3}										
Spring training attendance	146,739	155,377	142,773	160,626	103,407	84,520	N/A	20,850	21,944	N/A
Sidewinders attendance	165,441	171,179	153,595	143,611	58,879	N/A	N/A	N/A	N/A	N/A
Soccer attendance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	36,001	21,942	36,723
Parks & Recreation										
Athletic field permits issued	129	135	141	147	149	168	161	228	263	326
Community center admissions	388,092	391,295	438,051	445,137	403,887	351,692	339,550	347,379	306,841	327,257
Volunteer hours	23,785	17,218	25,700	19,622	25,756	14,321	12,168	10,787	8,213	11,366
Library										
Volumes in collection	1,430,690	1,390,792	1,395,849	1,429,365	1,425,235	1,427,089	1,414,928	1,326,375	1,257,821	1,193,357
Total volumes borrowed	6,249,123	6,276,794	6,371,480	6,874,888	7,409,820	7,517,692	7,199,809	7,557,865	6,098,216	4,521,039
Number of cardholders	474,045	488,250	492,973	554,339	516,780	526,170	452,400	434,841	405,419	405,507
Capital Projects Completed										
Land	\$ 42,755,555	\$ 16,646,964	\$ 37,402,683	\$ 18,619,333	\$ 59,922,798	\$ 36,953,802	\$ 5,655,264	\$ 13,075,719	\$ 6,947	\$ 4,335,540
Buildings	42,916,920	2,018,849	66,095,100	17,591,833	14,336,536	11,994,142	57,876,009	5,008,707	33,313,996	8,595,432
Improvements	5,071,608	3,568,917	21,944,399	4,673,301	9,028,251	1,921,052	6,366,258	4,287,186	12,837,873	20,436,143
Infrastructure	7,476,315	76,950,908	29,146,482	72,925,857	22,733,535	14,160,620	24,259,854	46,463,053	13,291,580	108,053,960
	\$ 98,220,398	\$ 99,185,638	\$ 154,588,664	\$ 113,810,324	\$ 106,021,120	\$ 65,029,616	\$ 94,157,385	\$ 68,834,665	\$ 59,450,396	\$ 141,421,075

Notes:

¹MGD: Millions of Gallons per Day

²Sidewinders attendance 7/08 through 9/08; beginning in fiscal year 2008-09, the team is no longer in Tucson

³For fiscal year 2010-11 there were no Spring Training games in Tucson

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

Exhibit D - 29

Program:	Fiscal Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Sheriff										
Stations	6	6	7	7	7	7	7	7	7	7
Zone offices	5	5	4	4	4	4	4	4	2	2
Patrol units	276	303	302	324	323	361	355	358	305	354
Transportation (streets and highways)										
Streets (miles) ¹	1,782	1,798	1,801	1,893	1,893	1,893	1,892	1,897	1,905	1,854
Pothole repair ²	\$ 926,828	\$ 964,051	\$ 1,150,950	\$ 1,321,034	\$ 1,257,087	\$ -	\$ 2,822,770	\$ 1,493,531	\$ 1,462,810	\$ 1,767,246
Flood Control										
Bank protection (miles) ³	138	138	139	140	140	140	141	-	-	175
Flood plain / drainage way (acres) ⁴	10,558	10,622	10,840	10,999	11,053	11,966	12,027	13,210	13,645	16,538
Parks & Recreation										
Urban parks (acres)	2,419	2,885	2,932	2,991	2,881	2,881	2,898	3,012	3,143	3,147
Playgrounds	34	36	41	41	38	38	39	40	40	41
Baseball/softball diamonds ⁵	73	78	84	90	85	85	86	86	87	89
Soccer/football fields	14	14	16	17	17	17	18	18	18	20
Community centers	9	9	9	11	8	8	11	11	11	11
Swimming pools / splashpads	8	9	9	9	9	9	10	10	10	10
Wastewater										
Sanitary sewers (miles)	3,249	3,314	3,464	3,492	3,462	3,472	3,476	3,440	3,448	3,462
Treatment capacity (MGD) ⁶	81.50	87.45	92.45	90.00	91.50	94.26	97.76	97.06	97.04	95.04
Libraries⁷										
County	12	12	25	26	26	26	26	26	26	27
City	12	13	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Open Space Acquisitions										
Properties added	7	17	18	9	5	9	4	6	1	3
Acres	13,942	1,235	3,668	757	14,753	5,390	275	595	1,416	823
Cumulative acreage	31,713	32,948	36,616	37,373	52,126	57,516	57,791	58,386	59,802	60,625
Total properties	32	49	67	76	81	90	94	100	101	104

Notes:

¹Annexation by other jurisdictions resulted in a decrease of Transportation (Streets and Highways).

²Pothole repair figures were unavailable in FY 2010.

³No soil cement bank protection projects in 2012 and 2013.

⁴Regional Flood Control District maintained acreage only.

⁵2005 Baseball/softball diamonds adjusted after department review.

⁶On Jan. 3, 2012 capacity was reduced when the Town of Marana obtained ownership of the Marana Wastewater Treatment Facility.

⁷On July 1, 2006, the Pima County Library District assumed control of the operations of all County libraries.

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