$55,000,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2002

Closing: January 30, 2002

INDEX TO DOCUMENTS

TERMS USED HEREIN:

County	-	Pima County, Arizona
Bond Counsel	-	Snell & Wilmer L.L.P.
Underwriter	-	SWS Securities
Bond Registrar, Paying Agent and Depository Trustee	-	U.S. Bank, N.A.
Financial Advisor	-	RBC Dain Rauscher Inc.
Bond Insurer	-	Financial Guaranty Insurance Company

COUNTY PROCEEDINGS AND RELATED DOCUMENTS:

1. Certified copy of Resolution No. 2001-267, passed, adopted and approved by the Board of Supervisors of the County on November 13, 2001, ordering the sale of the Bonds.

2. Preliminary Official Statement, dated December 20, 2001, including a Notice Inviting Proposals for the Purchase of Street and Highway Revenue Bonds

3. Affidavit of Daily Territorial regarding publication of Order and Notice of Bond Sale

4. Copy of Resolution No. 2002-6, passed, adopted and approved by the Board of Supervisors of the County on January 8, 2002, authorizing the issuance and sale of the Bonds

5. Official Statement, dated January 8, 2002

6. Bond Registrar, Transfer Agent and Paying Agent Agreement, dated as of January 8, 2001, between the County and the Registrar

7. Municipal Bond Insurance Policy No. 02010075 (the "Insurance Policy"), issued by the Bond Insurer

8. Continuing Disclosure Undertaking, dated January 30, 2002

9. Blanket Issuer Letter of Representations

CERTIFICATES:

10. General Certificate of County

Exhibit A: Notices and Agendas of Board of Supervisors Meetings

11. Tax Certificate and Agreement

12. Certificate of Underwriter

13. Certificate of Registrar and Paying Agent

14. Certificate of Financial Advisor

15. Tax Certificate of Bond Insurer

16. Certificate as to Satisfaction of Debt Service Coverage Requirement

RECEIPTS:

17. County Treasurer's Receipt for Bond Proceeds

18. Paying Agent's Receipt for the Insurance Policy

19. Underwriter's Receipt

LEGAL OPINIONS:

20. Opinion of Snell & Wilmer L.L.P., as Bond Counsel

21. Reliance Letter to the Bond Insurer

22. Opinion of Bond Insurer

MISCELLANEOUS:

23. Information Return for Tax-Exempt Governmental Obligations (IRS Form 8038-G) (with proof of mailing)

24. Report of Bond and Security Issuance Pursuant to A.R.S. §35-501B

25. Specimen Bonds

26. Rating Letters

27. Debt Retirement Schedule

DISTRIBUTION OF TRANSCRIPTS

Eight (8) Transcripts containing executed counterparts or photocopies of the closing documents are to be distributed by Bond Counsel to the following parties:

Pima County	1
RBC Dain Rauscher Inc.	1
Snell & Wilmer L.L.P.	1
U.S. Bank, N.A.	1
SWS Securities	1
Financial Guaranty Insurance Company	3

Certificate of Clerk

Board of Supervisors of Pima County, Arizona

State of Arizona
County of Pima ss

I, Lori Godoshian, do hereby certify that I am the duly appointed, and qualified, Clerk of the Board of Supervisors of Pima County, Arizona.

I further certify that the attached resolution entitled

RESOLUTION NO. 2001-267

(See attached pages 1 - 10)

is a true and correct copy of a resolution passed and adopted by the Board of Supervisors of Pima County, Arizona, at a meeting held on the 13th *day of* November, 2001, *at which a quorum was present, and that the original resolution is officially of record in my possession.*

In Witness Whereof, *I have hereunto set my hand and affixed the seal of the Board of Supervisors of Pima County, Arizona, this* 24th *day of* January, 2002.

Lori Godoshian
Clerk

RESOLUTION NO. 2001-267

A RESOLUTION OF THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA ORDERING THE SALE OF NOT TO EXCEED $55,000,000 PRINCIPAL AMOUNT OF PIMA COUNTY, ARIZONA, STREET AND HIGHWAY REVENUE BONDS, SERIES 2002.

BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF PIMA COUNTY AS FOLLOWS:

Section 1. Pima County, Arizona, Street and Highway Revenue Bonds, Series 2002, in the principal amount of not to exceed $55,000,000 (the "*Bonds*") are hereby ordered to be sold in accordance with the Order and Notice of Bond Sale (the "*Order and Notice*") attached hereto as Exhibit A. The Bonds are authorized pursuant to a special bond election held in and for the County on November 4, 1997.

Section 2. The Bonds shall be sold by public sale by invitation for proposals for the purchase of the Bonds. Bids may be submitted as sealed bids or as electronic bids as described in the Notice Inviting Proposals for Purchase of Street and Highway Revenue Bonds in substantially the form attached hereto as Exhibit B. Sealed proposals for the purchase of the Bonds will be received at the office of the Director of Financial and Information Services of Pima County, Arizona (the "*County*") until 10:30 A.M., M.S.T., on the sale date, which shall be January 8, 2002, provided that the sale date for the Bonds will be postponed to a later date if, by 10:30 A.M., M.S.T., on the business day before the sale date, the County Administrator or his designee shall cause to be filed in the office of the Director of Financial and Information Services his written statement that, in his opinion, the County would obtain a more favorable net interest cost for the Bonds by delaying the receipt of proposals for the Bonds until a later date. The opinion of the County Administrator or his designee expressed in any such statement shall be conclusive for all purposes with respect to the receipt and opening of proposals. If the receipt of sealed proposals is postponed, notice of such postponement and of the rescheduled date for the receipt of proposals shall be given in the manner determined by the County Administrator or his designee. Bidders must submit proposals to purchase the Bonds utilizing the appropriate bid form.

Sealed proposals will be opened and announced immediately after the deadline for submission of proposals in the office of the Director of Financial and Information Services. The Board of Supervisors will award the Bonds to the bidder whose proposal results in the lowest net interest cost to the County, taking into account any premium offered to be paid for the Bonds, or will reject all proposals.

Section 3. The Clerk of the Board is hereby authorized and directed to execute the Order and Notice and cause the Order and Notice to be published once a week for two successive weeks, prior to the date set to receive bids, in the *Daily Territorial*, a newspaper of general circulation in the County.

The Clerk of the Board is hereby further authorized and directed to cause a Notice Inviting Proposals for Purchase of Street and Highway Revenue Bonds in substantially the form

attached hereto as Exhibit B to be completed, executed and transmitted to RBC Dain Rauscher Inc., financial advisor to the County, and circulated so as to be made known to potential bidders for the Bonds. No defect or error in that Notice shall affect or invalidate the sale of the Bonds, it being expressly determined by the Board of Supervisors that such Notice is solely to supplement the required legal notice to be given pursuant to the preceding paragraph.

PASSED, ADOPTED AND APPROVED, by the Board of Supervisors of Pima County, Arizona, on November 13, 2001.

PIMA COUNTY, ARIZONA

By: _____
Chairman, Board of Supervisors
NOV 13 2001

ATTEST:

By: _____
Clerk, Board of Supervisors
NOV 13 2001

APPROVED AS TO FORM:

SNELL & WILMER L.L.P., Bond Counsel

By: _____
Timothy E. Pickrell

EXHIBIT A

ORDER AND NOTICE OF BOND SALE

NOT TO EXCEED $55,000,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2002

NOTICE IS HEREBY GIVEN that sealed unconditional proposals will be received at the office of the Director of Financial and Information Services of Pima County, Arizona (the "*County*"), 130 West Congress Street, Tucson, Arizona 85701, for the purchase of all, but not less than all, of not to exceed $55,000,000 principal amount of Pima County, Arizona, Street and Highway Revenue Bonds, Series 2002 (the "*Bonds*") until 10:30 A.M., M.S.T., on the sale date, which shall be January 8, 2002 unless the County, acting through the County Administrator or his designee, postpones receipt of proposals for the Bonds to a later date. If the sale date is postponed, notice will be given of the postponement and of the rescheduled sale date. Bidders may submit proposals to purchase the Bonds utilizing the appropriate bid form.

The Bonds will bear interest at rates, none of which may exceed twelve percent (12%) per annum, to be determined at the time of the award of the contract for the purchase of the Bonds.

Unless all bids are rejected, the Board of Supervisors will award the Bonds to the bidder whose proposal results in the lowest net interest cost to the County, taking into account any premium offered to be paid for the Bonds. Proposals must be for all of the Bonds and must offer to pay no less than the face amount of the Bonds plus accrued interest to the date of delivery of the Bonds.

Further information, including copies of the Notice Inviting Proposals for Purchase of Bonds and the Official Statement relating to the Bonds, may be obtained from RBC Dain Rauscher Inc., 2398 East Camelback Road, Phoenix, Arizona 85016, telephone number (602) 381-5300, financial advisor to the County.

Dated: November 13, 2001

PIMA COUNTY, ARIZONA

By: Lori Godoshian
Clerk, Board of Supervisors

EXHIBIT B

NOTICE INVITING PROPOSALS FOR THE PURCHASE OF STREET AND HIGHWAY REVENUE BONDS

$55,000,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2002

NOTICE IS HEREBY GIVEN that Pima County, Arizona (the "*County*"), will receive unconditional proposals to and including the hour of 10:30 A.M., Mountain Standard Time (M.S.T.) on the sale date, which shall be January 8, 2002, unless the County acting through the County Administrator or his designee postpones receipt of proposals to a later date. A determination to postpone the sale date will be made and announced by 10:30 A.M., M.S.T. on the business day preceding the scheduled sale date. Proposals must be submitted at the office of the Director of Financial and Information Services, 130 West Congress Street, 10th Floor, Tucson, Arizona, 85701, and must be for the purchase of all of $55,000,000 principal amount of the County's Street and Highway Revenue Bonds, Series 2002 (the "*Street and Highway Revenue Bonds*"). Sealed proposals may be submitted as a sealed bid or as an electronic bid using the facilities of PARITY. Submission of bids is further discussed below. The Board of Supervisors of the County will meet on that date to consider the proposals received and award the Street and Highway Revenues Bonds to the bidder offering the best bid or reject all proposals.

For the purposes of the written sealed bid and bids received through the electronic bidding process, the time as maintained by PARITY shall constitute the official time.

BIDS DELIVERED TO THE COUNTY: Sealed bids, plainly marked in a separate sealed envelope containing no other proposals and indicating clearly on its face that it contains a proposal for the purchase of the Street and Highway Revenue Bonds, should be addressed to "Pima County" and delivered to the office of the Director of Financial and Information Services, 130 West Congress Street, 10th Floor, Tucson, Arizona, 85701, prior to 10:30 a.m., M.S.T. on January 8, 2002, the date of the bid opening. Such bids must be submitted on the Official Bid Form, without alteration or interlineation.

ELECTRONIC BIDDING PROCEDURES: Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. All electronic bids must be submitted prior to 10:30 a.m., M.S.T. on January 8, 2002, to the office of the Director of Financial and Information Services, 130 West Congress Street, 10th Floor, Tucson, Arizona, 85701. Subscription to the Thomson Financial Municipal Group's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. The County will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Street and Highway Revenue Bonds on the terms provided in this Notice Inviting Proposals for the Purchase of Street and Highway Revenue Bonds, shall be binding

upon the bidder as if made by a signed, sealed bid delivered to the County. Neither the County nor RBC Dain Rauscher Inc. shall be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY, the use of such facilities being the sole risk of the prospective buyer.

If any provisions of this Notice Inviting Proposals for the Purchase of Street and Highway Revenue Bonds shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Notice Inviting Proposals for the Purchase of Street and Highway Revenue Bonds shall control. Further information about PARITY, including any fee charged, may be obtained from BIDCOMP/PARITY, 395 Hudson Street, 3rd Floor, New York, New York, 10014, attention: Customer Support (212) 806-8304.

For information purposes only, bidders are requested to state in their electronic bids the net interest cost to the Board, as described under "AWARD AND DELIVERY" herein. All electronic bids shall be deemed to incorporate the provisions of this Notice Inviting Proposals for the Purchase of Street and Highway Revenue Bonds and the Official Bid Form.

THE STREET AND HIGHWAY REVENUE BONDS: The Street and Highway Revenue Bonds will be dated January 1, 2002, and upon initial issuance, will bear interest from such date to the maturity or earlier redemption of each of the Street and Highway Revenue Bonds at a rate or rates none of which may exceed twelve percent (12%) per annum, payable on July 1, 2002, and semiannually thereafter on January 1 and July 1 of each year during the term of each of the Street and Highway Revenue Bonds. The Street and Highway Revenue Bonds are to mature (or be subject to mandatory redemption) on July 1 in the years and in the amounts as follows:

Due July 1	Principal Amount	Due July 1	Principal Amount

PURPOSE: The Street and Highway Revenue Bonds are being issued pursuant to the Constitution and laws of the State of Arizona, including Chapter 2, Article 12 of Title 11 of the Arizona Revised Statutes, and all amendments thereto, and under the provisions of a resolution adopted by the Board of Supervisors of Pima County on November 13, 2001 and a resolution to be adopted by the Board of Supervisors of Pima County on the sale date, and are being issued for the purpose of (1) providing funds for improvements to County streets and highways and (2) paying costs relating to the issuance of the Street and Highway Revenue Bonds.

OPTIONAL REDEMPTION: The Street and Highway Revenue Bonds maturing on or before July 1, 20__ are not subject to call for redemption prior to their respective maturity dates. The Street and Highway Revenue Bonds maturing on or after July 1, 20__ are subject to call for redemption on or after July 1, 20__ at the election of the County, in whole or in part on any date,

by the payment of a redemption price equal to the principal amount of each Street and Highway Revenue Bond called for redemption plus accrued interest to the date fixed for redemption plus a premium (expressed as a percentage of the principal amount of the Street and Highway Revenue Bonds to be redeemed) to be computed as follows:

Period During Which Redeemed (both dates inclusive)	Redemption Premium
July 1, 20__ through June 30, 20__	1%
July 1, 20__ and thereafter without premium.	

NOTICE OF REDEMPTION: Notice of redemption will be given by mail to the registered owners of the Street and Highway Revenue Bonds at the address shown on the bond register maintained by the bond registrar not less than thirty (30) days nor more than sixty (60) days prior to the specified redemption date.

BOOK ENTRY ONLY SYSTEM: The Street and Highway Revenue Bonds will initially be issued to and registered in the name of Cede & Co., as nominee of the Depository Trust Company ("DTC"), an automated clearinghouse for securities transactions, which will act as securities depository for the Street and Highway Revenue Bonds. One fully registered Street and Highway Revenue Bond, in the aggregate principal amount of each maturity, will initially be registered in the name of and held by Cede & Co., as nominee for DTC.

So long as the book entry only system is in effect, beneficial ownership interests in the Street and Highway Revenue Bonds will be available in book entry form only through direct or indirect participants in DTC, in the principal amount of $5,000.00 or any integral multiple thereof. Beneficial owners of the Street and Highway Revenue Bonds will not receive certificates representing their interests in the Street and Highway Revenue Bonds and will not be deemed to be registered owners under the Resolution.

So long as the book entry only system is in operation, principal of and interest on the Street and Highway Revenue Bonds will be payable by U.S. Bank Trust, National Association, as bond registrar and paying agent, to Cede & Co., as nominee of DTC which organization consequently bears sole responsibility for remitting such principal and interest to the DTC participants for subsequent credit or disbursement to the beneficial owners of the Street and Highway Revenue Bonds.

In the event the County determines not to continue the DTC book entry only system or DTC determined to discontinue providing its services with respect to the Street and Highway Revenue Bonds and the County does not select another qualified securities depository, the County is required to deliver to DTC for redistribution to beneficial owners of the Street and Highway Revenue Bonds one or more bond certificates in such principal amount or amounts, in denominations of $5,000.00 and any integral multiple thereof, and registered in such name or names, as DTC shall designate.

CUSIP NUMBERS: It is anticipated that CUSIP numbers will be assigned to the Street and Highway Revenue Bonds, but no failure to assign such numbers to any Street and Highway Revenue Bond, nor any error with respect thereto, shall constitute cause for failure or refusal by

the purchaser thereof to accept and pay for the Street and Highway Revenue Bonds in accordance with the terms of the sale. No CUSIP number shall be deemed to be a part of any Street and Highway Revenue Bond or any of the contract evidenced thereby. The CUSIP Service Bureau charge for the assignment of CUSIP numbers shall be paid by the purchaser of the Street and Highway Revenue Bonds.

INTEREST RATES AND OFFERING PRICES: Proposals for the purchase of the Street and Highway Revenue Bonds must state the rate or rates of interest to be paid. All Street and Highway Revenue Bonds of the same maturity must bear the same rate of interest. The difference between the highest interest rate proposed for any maturity and the lowest interest rate proposed for any other maturity shall not exceed one and one-half percent (1-1/2%) per annum. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. Interest rates must be expressed in multiples of one-eighth (1/8th) or one-twentieth (1/20th) of one percent (1%). The highest rate which may be specified is twelve percent (12%) per annum.

Any interest rate proposal which would result in an interest payment amount having fractional cents will be deemed a waiver of the right to payment of such fractional cents. No fractional cents will be paid or accumulated for payment on any Street and Highway Revenue Bond.

SECURITY: Principal of and interest on the Street and Highway Revenue Bonds are payable solely from the revenues derived from taxes, fees charges and other monies collected by the State of Arizona and returned to the County pursuant to Title 28, Chapter 18, Article 2 of the Arizona Revised Statutes. The Street and Highway Revenue Bonds shall not constitute a debt or obligation of the County within the meaning of any constitutional or statutory debt limitation, nor shall payment of the Street and Highway Revenue Bonds or interest or redemption premiums thereon be enforceable out of any funds other than the revenues pledged to such payment nor shall any Bond Owner have the right to compel any exercise of the taxing power of the County to make such payment.

BOND INSURANCE. Each Bidder may, in making its bid, assume, as a premise, either that the payment of principal of and interest on the Street and Highway Revenue Bonds will be insured at the bidder's expense, or that the Street and Highway Revenue Bonds will not be insured, and shall indicate on the bid form the premise on which its bid is based. If the accepted proposal is based on an assumption that such a policy will be issued, the successful bidder shall cause the policy to be issued at the bidder's expense.

FORM OF PROPOSAL AND BID DEPOSIT: A prescribed form of proposal for the purchase of the Street and Highway Revenue Bonds will be provided and all proposals (other than electronic bids) must be submitted on that form. All proposals must be unconditional and must be accompanied by a certified or cashier's check drawn on a bank doing business in the State of Arizona or a financial surety bond issued by an insurance company licensed to do business in the State of Arizona and payable to the order of Pima County, Arizona in an amount of $1,100,000, which is equal to two percent (2%) of the par value of the Street and Highway Revenue Bonds (the "*Deposit*"). If a financial surety bond is used, it must be submitted to the County or its Financial Advisor prior to the opening of the bids. The financial surety bond must identify each bidder whose Deposit is guaranteed by such financial surety bond. If the Street and

Highway Revenue Bonds are awarded to a bidder using a financial surety bond, then that purchaser is required to submit the Deposit to the County in the form of a certified or cashier's check or wire transfer as instructed by the County or its Financial Advisor not later than twenty-four (24) hours following the award. If such deposit is not received at that time, the financial surety bond may be drawn on by the County to satisfy the Deposit requirement. No interest will be paid on the check of any bidder. The check of the successful bidder will be applied to the purchase price of the Street and Highway Revenue Bonds or retained and forfeited as liquidated damages in the event such bidder does not take up and pay for the Street and Highway Revenue Bonds immediately upon the County's satisfaction of all conditions necessary to their issuance and delivery. All checks of the unsuccessful bidders will be returned upon the award of the Street and Highway Revenue Bonds to the successful bidder.

The Financial Advisor to the County has reserved the right to bid on the Street and Highway Revenue Bonds.

RIGHT OF REJECTION: The County reserves the right, in its discretion, to reject any and all proposals received and to waive any irregularity or informality in the proposals, except that the time for receiving proposals shall be of the essence.

AWARD AND DELIVERY: Unless all proposals are rejected, the Street and Highway Revenue Bonds will be awarded to the bidder whose proposal results in the lowest net interest cost to the County. The net interest cost will be determined by computing the aggregate amount of interest payable on the Street and Highway Revenue Bonds based upon the total principal amount of Street and Highway Revenue Bonds offered as scheduled to mature in this Notice from their date to their respective maturities and by deducting therefrom any premium. Delivery of the Street and Highway Revenue Bonds will be made to the purchaser upon payment in immediately available funds in Tucson, Arizona, or, at the purchaser's request and expense, at any other place mutually agreeable to both the County and the purchaser.

NOTICE REGARDING STATE CONTRACTS: Arizona law requires that every contract to which the State, its political subdivisions or any of the departments or agencies of the State or its political subdivisions, including the County, is a party include notice that such contract is subject to cancellation, within three (3) years after its execution, by the State, or the political subdivision, including the County, department or agency which is a party to such contract if any person significantly involved in initiating, negotiating, securing, drafting, or creating the contract on behalf of the State, or the political subdivision, including the County, department, or agency is, at any time while the contract is in effect, an employee of any other party to the contract or an agent or consultant of any other party to the contract with respect to the subject matter of the contract.

LEGAL OPINION: The Street and Highway Revenue Bonds are sold with the understanding that the County will furnish the purchaser with the approving opinion of Snell & Wilmer L.L.P. A copy of the opinion, but without its date, will be printed on the Street and Highway Revenue Bonds. Said attorneys have been retained by the County as Bond Counsel and in such capacity are to render their opinion only upon the legality of the Street and Highway Revenue Bonds under Arizona law and on the exclusion of the interest on the Street and Highway Revenue Bonds from the gross income of the owners of the Street and Highway

Revenue Bonds for federal and state of Arizona income tax purposes. Fees of Bond Counsel will be paid from the Street and Highway Revenue Bond proceeds.

TAX EXEMPT STATUS: The Internal Revenue Code of 1986, as amended (the "*Code*") contains a number of requirements and restrictions which apply to the Street and Highway Revenue Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Street and Highway Revenue Bond proceeds and the facilities financed therewith and certain other matters. The County has covenanted to comply with all requirements of the Code that must be satisfied in order for the interest on the Street and Highway Revenue Bonds to be excludable from gross income. Failure to comply with certain of such covenants could cause interest on the Street and Highway Revenue Bonds to become includable in gross income retroactive to the date of issuance of the Street and Highway Revenue Bonds.

Subject to the condition that the County comply with the above-referenced covenants, under present law, in the opinion of Bond Counsel, the Street and Highway Revenue Bonds are not "private activity bonds" under the Code, and interest on the Street and Highway Revenue Bonds will not be includable in gross income of the owners thereof for federal or Arizona income tax purposes, and will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Interest on the Street and Highway Revenue Bonds will be taken into account, however, in computing an adjustment used in determining the alternative minimum tax for certain corporations.

Ownership of the Street and Highway Revenue Bonds may result in collateral federal income tax consequences to certain taxpayers. Prospective purchasers of the Street and Highway Revenue Bonds should consult their tax advisors as to applicability of any such collateral consequences.

CERTIFICATE TO BE DELIVERED BY SUCCESSFUL BIDDER: Simultaneously with or before delivery of the Street and Highway Revenue Bonds, the successful bidder shall furnish to the County a certificate acceptable to Bond Counsel to the effect that (i) all of the Street and Highway Revenue Bonds have been the subject of an initial bona fide offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at the prices shown on such certificates plus accrued interest, if any, (ii) at the time they agreed to purchase the Street and Highway Revenue Bonds, based upon their assessment of the then prevailing market conditions, they reasonably expected that all Street and Highway Revenue Bonds would be initially sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of the underwriters or wholesalers) at the prices shown on such certificate, plus accrued interest, if any, and (iii) the prices shown on such certificate for each of the Street and Highway Revenue Bonds were the fair market value of such Street and Highway Revenue Bonds as of the sale date.

CERTIFICATES TO BE DELIVERED BY COUNTY: Representatives of the County will deliver certificates to the effect that (i) no litigation is pending affecting the issuance and sale of the Street and Highway Revenue Bonds and (ii) to their best knowledge, information and belief, the information contained in the Official Statement relating to the Street and Highway

Revenue Bonds is true and correct in all material respects. The County will also deliver a tax compliance certificate covering its reasonable expectations concerning use of the proceeds of the Street and Highway Revenue Bonds and related matters.

PRELIMINARY OFFICIAL STATEMENT DEEMED FINAL; FINAL OFFICIAL STATEMENT: The County deems the Preliminary Official Statement provided in connection with the sale of the Street and Highway Revenue Bonds to be final as of its date except for the omission of offering prices, selling compensation, delivery dates, terms to be specified in the winning bidder's proposal, ratings, other terms depending on such matters and the identity of the winning bidder.

The winning bidder must provide the County, within twenty-four (24) hours after the award of the Street and Highway Revenue Bonds, with all necessary offering price information, selling compensation information, all other terms of the sale which are depending on such matters and any underwriter information, all as may be necessary to complete the final Official Statement.

Within seven (7) business days after the award of the Street and Highway Revenue Bonds, the County will provide the winning bidder with up to two hundred (200) copies of the final Official Statement at no cost. Additional copies of the final Official Statement may be obtained from the County at the winning bidder's expense. The final Official Statement will be in substantially the same form as the Preliminary Official Statement with such additions, deletions or revisions as the County deems necessary.

CONTINUING DISCLOSURE: The County will enter into a continuing disclosure undertaking with respect to the Street and Highway Revenue Bonds, which undertaking will be described in the Official Statement.

ADDITIONAL INFORMATION: Copies of the prescribed bid form and the Official Statement relating to the Street and Highway Revenue Bonds will be furnished to any bidder upon request made to RBC Dain Rauscher Inc., 2398 East Camelback Road, Phoenix, Arizona 85016, Financial Advisor to the County, telephone number (602) 381-5300.

PIMA COUNTY, ARIZONA

Lori Godoshian
Clerk, Board of Supervisors

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other changes without any notice. The securities described herein may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 20, 2001

NEW ISSUE – BOOK-ENTRY-ONLY **RATINGS: (See "Ratings" Herein)**

In the opinion of Snell & Wilmer L.L.P., Tucson, Arizona, Bond Counsel, under existing laws and assuming compliance with certain covenants by the County as described under "TAX EXEMPTION" herein, interest on the Bonds is not included in the gross income of the owners of the Bonds for Federal income tax purposes and is not an item of preference to be included in the alternative minimum tax of individuals or corporations. Interest on the Bonds is not included in the taxable income of the owners of the Bonds for State of Arizona income tax purposes. See "TAX EXEMPTION" herein.

$55,000,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2002

Dated: January 1, 2002 **Due: July 1, as shown on next page**

The Street and Highway Revenue Bonds, Series 2002 (the "Bonds") are being issued by Pima County, Arizona (the "County") in accordance with applicable State law. The Bonds are issued in the form of fully registered bonds in denominations of $5,000 and integral multiples thereof and will bear interest from the date of the Bonds to the date of maturity of each of the Bonds. Interest on the Bonds is payable semiannually on each January 1 and July 1 (each an "Interest Payment Date"), commencing July 1, 2002. Interest will be paid on each Interest Payment Date by check mailed by the paying agent to each registered owner of the Bonds at the address shown on the registration books (the "Bond Register") at the close of business on the fifteenth day of the month preceding each Interest Payment Date or if such day is a Saturday, Sunday or holiday on the next preceding business day, or by wire transfer upon two days prior written request delivered to the paying agent specifying a wire transfer address in the continental United States by any registered owner owning an aggregate principal amount of at least $1,000,000. Principal of and any premium on the Bonds will be payable at the designated corporate trust office of U.S. Bank Trust N.A., or successor, as registrar and paying agent.

The Bonds are subject to redemption prior to their stated maturities as described herein.

The Bonds are being issued (i) to make various street and highway improvements within the County and (ii) to pay costs relating to the issuance of the Bonds. Principal of and interest on the Bonds is payable from the portion of highway user license and tax revenues and transportation excise taxes (the "Street and Highway Revenues") collected by the State of Arizona and returned to the County for street and highway purposes. See "SECURITY AND SOURCES OF PAYMENT" herein.

The Bonds do not constitute a debt, general obligation or pledge of the full faith and credit of the County nor is the County obligated to levy or collected any form of ad valorem taxes with respect to the Bonds.

The County initially intends to utilize the Book-Entry-Only System of The Depository Trust Company ("DTC"), although the County and DTC each reserve the right to discontinue that system at any time. Utilization of the book-entry-only procedure will affect the method and timing of payment and the method of transfer of beneficial interest in the Bonds. So long as the book-entry system is in effect, the County will issue a single fully-registered bond for each maturity registered in the name of Cede & Co., as nominee of DTC, and will make all payments of principal and interest to Cede & Co., when due. DTC will be responsible for distributing the principal and interest payments to its direct and indirect participants which will, in turn, be responsible for distribution to the purchasers of beneficial interests in the Bonds pursuant to this offering (the "Beneficial Owners"). So long as the book-entry system is in effect and Cede & Co., as nominee of DTC, is the registered owner of the Bonds, all references herein to owners of the Bonds and provisions for consents by owners of the Bonds will refer to and be solicited from Cede & Co. and not the Beneficial Owners.

Maturity Schedule

Due July 1	Principal Amount	Interest Rate	Price or Yield	Due July 1	Principal Amount	Interest Rate	Price or Yield
2003	$4,535,000			2008	$5,555,000		
2004	4,715,000			2009	5,800,000		
2005	4,905,000			2010	6,060,000		
2006	5,110,000			2011	6,345,000		
2007	5,325,000			2012	6,650,000		

(Accrued Interest to be Added)

This cover page contains only a brief description of the Bonds and the security therefor. It is not intended to be a summary of material information with respect to the Bonds. Investors are advised to read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds are offered when, as and if issued by the County, and subject to the approving opinion of Snell & Wilmer L.L.P., Tucson, Arizona, Bond Counsel. It is expected that the Bonds will be available for delivery in definitive form in New York, New York, on or about January 30, 2002.

SALE DATE AND TIME: TUESDAY, JANUARY 8, 2002, 10:30 A.M., M.S.T.

PIMA COUNTY, ARIZONA
BOARD OF SUPERVISORS

Raul M. Grijalva, *Chairman*

Sharon Bronson, *Vice Chair*

Ray Carroll

Ann Day

Dan Ekstrom

COUNTY ADMINISTRATIVE OFFICIALS

ELECTED OFFICIALS

Rick Lyons
County Assessor

Beth Ford
County Treasurer

Barbara La Wall
County Attorney

APPOINTED OFFICIALS

C. H. Huckelberry
County Administrator

Carol Bonchalk
Director of Financial and Information Services

FINANCIAL ADVISOR

RBC Dain Rauscher Inc.
Phoenix, Arizona

BOND COUNSEL

Snell & Wilmer L.L.P.
Tucson, Arizona

BOND REGISTRAR AND PAYING AGENT

U.S. Bank Trust N.A.
Phoenix, Arizona

This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offering of any security other than the original offering of the Bonds identified on the cover hereof. No person has been authorized by the County to give any information or to make any representations other than as contained in this Official Statement and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the County.

The issuance and sale of the Bonds have not been registered under the Federal Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Section 3(a)2 and 3(a)12, respectively, for the issuance and sale of municipal securities; nor has the issue been qualified under the Securities Act of Arizona, in reliance upon various exemptions in such Act. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the County since the date hereof.

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Appendix A - Pima County, Arizona
General Economic and Demographic Information

Appendix B - Pima County, Arizona
Financial Information

Appendix C - Form of Opinion of Bond Counsel

Appendix D - Unaudited Financial Statements of Pima County, Arizona
for Fiscal Year Ended June 30, 2001

Appendix E - Form of Continuing Disclosure Undertaking

$55,000,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2002

INTRODUCTORY STATEMENT

This Official Statement, including the cover page and the Appendices hereto, has been prepared by Pima County, Arizona (the "County") in connection with the original issuance and sale by the County of its Street and Highway Revenue Bonds, Series 2002 identified on the cover page hereof.

All financial and other information presented in this Official Statement has been provided by the County from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show certain historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the County. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

References to provisions of Arizona law, whether codified in the Arizona Revised Statutes or uncodified, or of the Arizona Constitution, are references to those current provisions. Those provisions may be amended, repealed or supplemented.

THE BONDS

Authorization and Use of Funds

The Bonds are being issued pursuant to the authority contained in Title 11, Chapter 2 Article 12, Arizona Revised Statutes, and more specifically under the provisions of a resolution ordering the sale of Bonds adopted by the Bond of Supervisors of Pima County, Arizona (the "Board") on November 13, 2001, and an authorizing Resolution to be adopted by the Board on January 8, 2002 (the "Bond Resolution"). The Bonds are to be issued for the purpose of (i) making certain street and highway improvements within the County; and (ii) paying costs relating to the issuance of the Bonds.

The Bonds offered herein represent a portion of the $350,000,000 authorization approved at a special bond election held in the County on November 4, 1997.

General Description

The Bonds will be dated January 1, 2002 and will be issued in the form of fully registered bonds in denominations of $5,000 or any integral multiple thereof. The Bonds will bear interest from January 1, 2002, payable semiannually on January 1 and July 1 (each an "Interest Payment Date"), commencing July 1, 2002.

Interest will be paid on each Interest Payment Date by check mailed to each registered owner of the Bonds at the address shown on the registration books (the "Bond Register") maintained by the bond registrar at the close of business on the fifteenth day of the month preceding each Interest Payment Date or if such day is a Saturday, Sunday or holiday on the next preceding business day (the "Record Date"), or by wire transfer upon two days prior written request delivered to the paying agent specifying a wire transfer address in the continental United States by any registered owner owning an aggregate principal amount of Bonds of at least $1,000,000, and the principal of the Bonds will be payable at maturity upon surrender of the Bonds to the designated corporate trust office of U.S. Bank Trust N.A., as the bond registrar and paying agent (the "Bond Registrar" or the "Paying Agent", as applicable).

Redemption

The Bonds maturing on or before July 1, 2008 are not subject to call for redemption prior to their respective maturity dates. The Bonds maturing on or after July 1, 2009 are subject to call for redemption on and after July 1, 2008 at the election of the County, in whole or in part on any date, by the payment of a redemption price equal to the principal amount of each Bond called for redemption plus accrued interest to the date fixed for redemption plus a premium payable from any source lawfully available (expressed as a percentage of the principal amount of Bonds to be redeemed) to be computed as follows:

Period During Which Redeemed (both dates inclusive)	Redemption Premium
July 1, 2008 to June 30, 2009	1%
July 1, 2009 and thereafter without premium	

Notice of Redemption

Notice of redemption of any Bond will be mailed to the registered owner of the Bond or Bonds being redeemed at the address shown on the Bond Register maintained by the Bond Registrar not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Failure to give proper notice of redemption shall not affect the redemption of any Bond for which proper notice was given.

Book-Entry-Only System

THE INFORMATION PROVIDED UNDER THIS SUBCAPTION "BOOK-ENTRY-ONLY SYSTEM" HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE COUNTY, BOND COUNSEL OR THE FINANCIAL CONSULTANT AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of the Bonds, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect

Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the County on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Registrar or Paying Agent or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

THE COUNTY WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS OR TO INDIRECT PARTICIPANTS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (2) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE BONDS UNDER THE BOND ORDINANCE; (3) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; (4) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE BONDS; (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF BONDS; OR (6) ANY OTHER MATTERS.

So long as Cede & Co. is the registered Owner of the Bonds, as nominee for DTC, references herein to "Owner" or registered owners of the Bonds (other than under the caption "TAX MATTERS") shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of such Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the County or the Paying Agent to DTC only.

Registration and Transfer

The Bonds will be transferable only upon the Bond Register maintained by the Bond Registrar and only upon surrender of the Bond or Bonds to be transferred to the Bond Registrar with an appropriate instrument of transfer executed by the transferor.

SECURITY AND SOURCE OF PAYMENT

General

Both principal of and interest on the Bonds (and any bonds hereafter issued on a parity therewith) are payable from an irrevocable lien on and first pledge of all revenues received by the County from taxes, fees, charges and other moneys collected by the State of Arizona and returned to the County for street and highway purposes pursuant to Title 28, Chapter 18, Article 2, Arizona Revised Statutes, as amended (the "Street and Highway Revenues"). See "Street and Highway Revenues" herein.

The Bonds are limited obligations of the County secured only by Street and Highway Revenues and do not constitute a debt of the County within the meaning of any constitutional, charter or statutory provisions. The owners of the Bonds shall have no right to compel the exercise of the taxing power of the County to pay principal of or interest on the Bonds.

Statutory Requirements for the Issuance of Bonds

Arizona Revised Statutes Section 11-378 presently requires that in order for the County to issue bonds payable from Street and Highway Revenues, the County must have received Street and Highway Revenues in the year preceding the issuance of the bonds in an amount equal to at least two times the highest annual principal and interest requirements thereafter to come due on all such bonds to be outstanding following the issuance of the Bonds.

Additional Bonds

The Resolution provides that additional bonds payable from Street and Highway Revenues may be issued if (i) the Street and Highway Revenues received by the County in the twelve-month period immediately preceding the issuance of such additional bonds equals not less than two times the maximum annual debt service on all such bonds outstanding and on such additional bonds to be issued, (ii) the payments required to be made into the bond fund for such bonds are current and (iii) no obligation payable from the bond fund for such bonds is in default as to either principal or interest. The County will have $255,000,000 in authorized but unissued street and highway revenue bond authorization available after the issuance of the Bonds.

Amendment of Resolution

The County may modify the Resolution without the consent of or notice to owners of the Bonds for one or more of the following purposes: (i) to cure any ambiguity, formal defect or omission or inconsistency; (ii) to grant to the owners of Bonds additional rights, remedies, powers or authority; (iii) to secure additional revenues or provide additional security or reserves; (iv) to comply with state or federal securities laws; (v) to preserve the exclusion of the interest on Bonds from gross income; (vi) to make other changes which do not materially adversely affect the

interests of owners of Bonds; (vii) to provide for the refunding or advance refunding of any Bonds; and (viii) to provide for the issuance of Parity Bonds as permitted by the provisions of the Resolution.

Other amendments to the Resolution may be made with the consent of the owners of not less than a majority in principal amount of the bonds, including additional bonds, then outstanding, but no such amendment may (i) extend the stated maturity of or time for paying interest on any Bond or reduce the principal amount of or the redemption premium or rate of interest payable on any Bond without the consent of the owner of such Bond; (ii) prefer or give a priority to any Bond over any other Bond without the consent of the owner of each Bond then outstanding not receiving such preference or priority; (iii) reduce the principal amount of Bonds (including additional bonds) then outstanding the consent of the owners of which is required to authorize such amendment without the consent of the owners of all Bonds then outstanding; or (iv) reduce the redemption price of any Bond upon optional redemption or reduce any period of time prior to commencement of any optional redemption period without the consent of the owner of such Bond.

Providing for Payment of Bonds

Payment of all or any part of the Bonds may be provided for by the irrevocable deposit with a trustee of moneys or U.S. Government Obligations or both, which, with the maturing principal of and interest on such U.S. Government Obligations, if any, will be sufficient, as evidenced by a certificate of an accountant, to pay when due the principal or redemption price of and interest on such Bonds. Any Bonds so provided for will no longer be considered to be outstanding, and the owners of such Bonds shall thereafter be entitled to payment only from the amounts and obligations deposited with the trustee.

STREET AND HIGHWAY REVENUES

The Bonds are issued pursuant to the Constitution and laws of the State, including, specifically, Title 11, Chapter 2, Article 12, of the Arizona Revised Statutes, and all amendments thereto (the "Act"), and the Resolution.

Under the provisions of the Act, a county may borrow money and issue bonds for the purpose of improving, constructing, reconstructing, acquiring rights-of-way for or maintaining streets and highways of the county. Principal of and interest on bonds issued for such purposes are secured by a pledge of and lien on such county's Street and Highway Revenues.

The following is a summary of the County's Street and Highway Revenue sources. Such summary does not purport to be a complete description of the revenue sources and, accordingly, is qualified by reference to the Arizona Revised Statutes regarding these sources of revenue.

Highway User Tax Revenues

Highway User Tax Revenues (as described below) are derived from and distributed pursuant to a highway and transportation financing program established by the State Legislature for the benefit of the State, counties within the State, including the County, and incorporated cities and towns within the State. The Highway User Tax Revenues are held until distributed in the State Highway User Revenue Fund (the "Highway Revenue Fund"). Highway User Tax Revenues include a number of sources of revenue. The principal sources and the manner in which they are distributed are described below.

Certain fees and other moneys paid to the motor vehicle division of the Arizona Department of Transportation ("ADOT") constitute Highway User Tax Revenues. The taxes, fees and charges deposited to the Arizona Highway User Revenue Fund consist of (i) motor vehicle fuel taxes and use fuel taxes, (ii) motor vehicle registration fees, (iii) motor carrier fees, (iv) a portion of motor vehicle license (in lieu) taxes, and (v) motor vehicle operators' license fees and miscellaneous fees and revenues. These revenue sources are further described below.

Motor Vehicle Fuel Tax Revenues. Motor vehicle fuel tax revenues consist of motor vehicle fuel (gasoline) taxes and motor vehicle use fuel (primarily diesel) taxes. These are excise taxes imposed upon fuel used in the propulsion of a motor vehicle on the public highways of the State. The motor vehicle fuel (gasoline) tax is currently assessed at the rate of $.18 per gallon, and the use fuel (primarily diesel) tax is assessed at $.18 for vehicles under 26,001 pounds and other qualifying vehicles and $.26 per gallon for all other vehicles. The motor vehicle fuel tax is collected by ADOT from licensed suppliers for each gallon of gasoline possessed, used or consumed in the State and the use fuel tax is collected by ADOT from the supplier or paid by the user for the use of the highways in this State and remitted to ADOT.

Motor Vehicle Registration Fee Revenues. Motor vehicles are required to be registered in the State on a staggered monthly registration basis. The fee for passenger vehicles and non-commercial pickup trucks is $8 and for motorcycles the fee is $9, of which $1 is paid to the motorcycle education fund. The fee for commercial motor vehicles, including trucks, buses and taxis, is $12, plus a graduated registration fee based upon the declared gross weight of the motor vehicle. Commercial motor vehicles that operate in several states may instead pay fees which are prorated based on the ratio of operating mileage in the State to the total fleet operating mileage in all states. Each motor vehicle registration fee is deposited in the Arizona Highway User Revenue Fund or the State Highway Fund.

Motor Vehicle License (In Lieu) Tax Revenues. The motor vehicle license (in lieu) taxes are based upon the value of the vehicle (according to a statutory formula) and are collected with the vehicle registration fees. These license taxes are distributed as follows: (i) 44.99% to the Arizona Highway User Revenue Fund, (ii) 24.59% to the general fund of the county where the motor vehicle is registered, (iii) 24.59% to the cities and towns of the county where the motor vehicle is registered, and (iv) 5.83% to the Local Transportation Assistance Fund for transit and transportation purposes. The above distribution percentages are blended since the tax rates vary between new and renewal vehicles. The small amount of Vehicle License Tax (VLT) that is collected from alternative fuel powered vehicles is distributed to the recipients listed above as well as the State General Fund to aid in school financial assistance.

Motor Carrier Fee Revenues. The motor carrier fee is imposed on commercial motor vehicles, whether common, contract or private carriers, with a gross weight in excess of 12,000 pounds. The motor carrier fee increases as the declared gross vehicle weight of the vehicle increases. All motor carrier fee revenues are deposited to the Arizona Highway User Revenue Fund.

Motor Vehicle Operators' License Fees and Miscellaneous Fees and Revenues. The balance of the Arizona Highway User Revenue Fund revenues include motor vehicle operators' license fees and miscellaneous fees and revenues. The miscellaneous fees and revenues include certificates of title fees, oversize permit fees, inquiry fees, investment income on moneys held in the Arizona Highway User Revenue Fund, certain fines, penalties and other miscellaneous fees.

After certain limited statutory allocations are made, all remaining Highway User Tax Revenues are allocated under the following statutory formula: the State Department of Transportation ("ADOT") receives 50.5%, counties 19%, cities of over 300,000 population 3% and all incorporated cities and towns 27.5%. The monies distributed to counties are allocated among the counties in the State and distributed on a monthly basis, as follows: (i) 72% of the funds are distributed among the counties in proportion to the sale and consumption of fuel within each county during the month preceding the distribution at issue; and (ii) the remainder is distributed based on the proportionate population within the unincorporated areas of each county.

Receipt of monies under this distribution formula is subject to certain adjustments, reporting requirements and limitations including a requirement that the County comply with the procedural guidelines established by ADOT and the standards established by the Technical Advisory Committee of ADOT when submitting ADOT required data and information concerning the status of transportation systems. The County has covenanted in the Resolution to comply with these provisions of the law and meet certain local revenue spending requirements.

Since 1981 the Arizona Legislature has on several occasions enacted legislation to fund the State's transportation needs. (In both 1981 and 1985, comprehensive transportation finance programs were enacted that significantly increased transportation funding in the State and put into place many of the current funding mechanisms.) The Arizona Legislature has previously altered and may in the future alter (1) the type and/or rate of the taxes, fees and charges which are deposited into the State Highway User Revenue Fund or (2) the allocation formulas for such moneys. The authority of the State Legislature to make such changes in the allocation of moneys deposited into the State Highway User Revenue Fund is subject to the requirement of the Arizona Constitution that the majority of the items comprising the Highway User Revenue Funds may only be used for highway-related purposes including, but not limited to, paying debt service on bonds issued for such purposes but the State and political subdivisions such as the County. In addition, the Arizona Supreme Court has indicated that the State Legislature may not reduce revenues to any recipient who has issued street and highway user revenue bonds in such a manner which impairs the recipient's ability to meet debt service requirements on such bonds.

The following tables indicate for the periods shown the amount of Highway User Tax Revenues collected by the State and the number of motor vehicle registrations and gallons of motor vehicle fuel taxed within the State and the County.

STATE OF ARIZONA
HIGHWAY USER TAX REVENUES
(000'S)

Fiscal Year	Gasoline and Use Fuel Revenues	Registration and In Lieu Taxes	Motor Carrier Tax	License Fees and Other	Total Highway User Tax Revenues
2000-01	574,259	383,882	32,678	40,147	1,030,966
1999-00	565,736	376,892	36,563	40,409	1,019,599
1998-99	557,775	352,078	34,150	38,775	982,779
1997-98	508,543	286,395	56,123	36,426	887,487
1996-97	488,701	276,781	90,186	41,294	896,962

Source: Arizona Department of Transportation, Administrative Services Division

MOTOR VEHICLE REGISTRATIONS

	State of Arizona		Pima County	
Calendar Year	Total Number of Vehicle Registrations	Percentage Change	Total Number of Vehicle Registrations	Percentage Change
2001(a)	4,702,756	N/A	690,311	N/A
2000	4,487,808	5.4%	570,540	4.1%
1999	4,256,228	6.0	644,040	5.3
1998	4,013,987	12.7	611,398	11.1
1997	3,562,272	2.7	550,086	1.8

(a) Calendar year 2001 data through October 31, 2001.

Source: Arizona Department of Transportation, Motor Vehicle Division

GALLONS OF MOTOR VEHICLE FUEL TAXED (a)

	State of Arizona		Pima County	
Calendar Year	Total Gallons Taxed	Percentage Change	Total Gallons Taxed	Percentage Change
2001(b)	2,375,654,460	N/A	376,123,945	N/A
2000	3,094,580,750	0.79%	500,955,066	1.66%
1999	3,070,215,520	6.96	492,793,482	10.48
1998	2,870,526,024	5.97	446,054,318	1.79
1997	2,708,858,002	1.82	438,197,723	1.49

(a) Includes both gasoline and use fuel gallonage.

(b) Calendar year 2001 data through September 30, 2001.

Source: Arizona Department of Transportation, Motor Vehicle Division.

Street and Highway Revenues Received by the County

The following table sets forth the annual Street and Highway Revenues received by the County during the most recent seven-year period.

PIMA COUNTY
STREET AND HIGHWAY REVENUE RECEIPTS

Fiscal Year	Street and Highway Revenue Receipts
2000-01	$48,317,053
1999-00	47,699,000
1998-99	39,535,000
1997-98	33,370,000
1996-97	30,411,615
1995-96	25,764,022
1994-95	24,208,243

Source: Pima County, Financial and Information Services Department.

STREET AND HIGHWAY REVENUE BOND DEBT SERVICE
REQUIREMENTS AND DEBT SERVICE COVERAGE

Fiscal Year	Street & Highway Revenues Pledged (1)	Outstanding Debt Service	Series 2002 Bonds Principal	Series 2002 Bonds Interest (2)	Total Debt Service Requirements	Debt Service Coverage(1)(3)
2001-02	$48,582,856	$5,244,000		$1,206,709	$ 6,450,709	7.53
2002-03		5,080,000	$4,535,000	2,413,418	12,028,418	4.04
2003-04		4,900,000	4,715,000	2,232,018	11,847,018	4.10
2004-05		4,720,000	4,905,000	2,041,060	11,666,060	4.16
2005-06		4,540,000	5,110,000	1,837,503	11,487,503	4.23
2006-07		4,360,000	5,325,000	1,622,883	11,307,883	4.30
2007-08		4,180,000	5,555,000	1,393,908	11,128,908	4.37
2008-09			5,800,000	1,149,488	6,949,488	6.99
2009-10			6,060,000	888,488	6,948,488	6.99
2010-11			6,345,000	600,638	6,945,638	6.99
2011-12			6,650,000	299,250	6,949,250	6.99

(1) As reported by the Arizona Department of Transportation and the County, the County received $48,582,856 in Street and Highway Revenues during the 12 month period from December 2000 through November 2001, which amount is greater than two times the highest annual debt service requirement on the Bonds.

(2) Interest is shown net of accrued interest.

(3) Section 11-378 of the A.R.S. requires that in order for the County to issue the Bonds, the Street and Highway Revenues received for the year immediately preceding their issuance must be in an amount equal to at least two times the highest annual debt service requirement on the Bonds. The debt service coverage shown reflects the calculations of this requirement.

In order for the County to issue additional parity bonds, the County must meet the requirements of A.R.S. Section 11-378 as well as the parity provisions of the Resolution, at the time of proposed issuance, taking into account all the outstanding street and highway revenue bonds including the proposed parity bond issuance.

Pima County has received approval for two loans totaling $5.1 million from the Highway Expansion and Extension Loan Program (HELP) of the Arizona Department of Transportation. The loans from the HELP program will allow Pima County to accelerate by several years the completion of two projects that are scheduled to be funded from Federal aid highway revenues in future years. State Highway User Revenue Fund moneys will be used to repay the principal and interest on the loans, with the intent to reimburse these HURF moneys upon receipt of the Federal funding.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds by the County are subject to the approving opinion of Snell & Wilmer L.L.P., Tucson, Arizona, Bond Counsel to the County. Copies of such opinion will be available at the time of delivery of the Bonds. The form of opinion is included as Appendix C to this Official Statement. Fees of Bond Counsel will be paid from Bond proceeds.

TAX EXEMPTION

The Internal Revenue Code of 1986, as amended (the "Code") contains a number of requirements and restrictions that apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Bond proceeds and the facilities financed therewith and certain other matters. The County has covenanted to comply with all requirements of the Code that must be satisfied in order for the interest on the Bonds to be excludable from gross income for Federal income tax purposes. Failure by the County to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income retroactive to the date of issuance of the Bonds.

Subject to the condition that the County comply with the above-referenced covenants, under present law, in the opinion of Bond Counsel, the Bonds are not "private activity bonds" under the Code and interest on the Bonds is not includable in gross income of the owners thereof for Federal income tax purposes, and will not be treated as an item of tax preference in computing the Federal alternative minimum tax for individuals and corporations. Interest on the Bonds will be taken into account, however, in computing an adjustment used in determining the Federal alternative minimum tax for certain corporations. Interest on the Bonds is not includable in the taxable income of the owners thereof for State of Arizona income tax purposes. Bond Counsel will not express any opinion regarding any other Federal or Arizona income tax consequences arising with respect to ownership of the Bonds.

Owners of the Bonds should also be aware that ownership of the Bonds may result in collateral income tax consequences to financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

From time to time, legislation is proposed in the Congress of the United States which, if enacted, could alter the Federal income tax consequences of ownership of the Bonds as described above, or otherwise, or adversely affect the market value of the Bonds. It is not possible to predict accurately whether or in what form any such legislation may be proposed or enacted or, if enacted, the extent to which any such legislation would apply to, or alter the Federal income tax consequences of ownership or adversely affect the market value of, obligations such as the Bonds.

LITIGATION

To the knowledge of the County, no litigation or administrative action or proceeding is pending, or threatened to restrain or enjoin, or seeking to restrain or enjoin, the issuance or delivery of the Bonds, the collection or receipt of revenues to pay the principal of, and interest on, the Bonds, contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed or delivered, or the validity of the Bonds. The County will deliver a certificate to that effect at the time of the original delivery of the Bonds.

RATINGS

The Bonds have been rated "A1" by Moody's Investors Service and "A+" by Standard & Poor's Rating Group. Such ratings reflect only the view of the rating organizations, and any explanation of the meaning or significance of the ratings may only be obtained from the rating agencies. The County furnished to the rating agencies certain information and materials, some of which may not have been included in this Official Statement relating to the Bonds or the County.

Generally, rating agencies base their ratings on such information and materials and on their own investigations, studies and assumptions. There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating agency if in their judgment circumstances so warrant. Any lowering or withdrawal of a rating may have an adverse effect on the marketability or market price of the Bonds.

CONTINUING SECONDARY MARKET DISCLOSURE

The County has covenanted for the benefit of holders of the Bonds to provide certain financial information and operating data relating to the County by not later than February 1 in each year commencing February 1, 2003 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material (the "Notice of Material Events"). The Annual Report will be filed by the County with each Nationally Recognized Municipal Securities Information Repository and with any state information depository established by the State. (At present no such state information depository has been designated.) The Notices of Material Events will be filed by the County with each Nationally Recognized Municipal Securities Information Repository and with any state information depository established by the State. The specific nature of the information to be contained in the Annual Report and the Notices of Material Events is set forth in "Appendix E - Form of Continuing Disclosure Certificate."

These covenants have been made in order to assist the underwriter of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule"). Pursuant to Arizona law, the ability of the County to provide information pursuant to such covenants is subject to annual appropriation to, among other things, cover the costs of preparing and mailing the Annual Report and the Notices of Material Events to each Nationally Recognized Municipal Securities Information Repository and to any state information depository established by the State. A failure by the County to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Continuing disclosure undertakings previously entered into by the County called for the County to file by February 1, 2000 an Annual Report containing certain financial information and operating data relating to the County and financial statements for the County with respect to the fiscal year ended June 30, 1999. The County filed the required Annual Report with unaudited financial statements on March 7, 2000. The County subsequently filed the audited financial statements for the County for the fiscal year ended June 30, 1999 in June 2000. The County has otherwise complied with all existing continuing disclosure undertakings relating to the County in all material respects.

FINANCIAL STATEMENTS

Included as Appendix D of this Official Statement are excerpts from the County's draft Comprehensive Annual Financial Report (the "Report") for the fiscal year ended June 30, 2001. The auditors for the County, the State of Arizona Auditor General, are in the process of reviewing the draft Report, but have not yet released their audit opinion with respect to the Report. It is expected by the County that the final Report, including such audit opinion, will be released in sufficient time for inclusion in the final Official Statement. The County believes that there will be no material changes to the draft Report. Further, the County has not requested the State of Arizona Auditor General to perform any review of the County's financial conditions subsequent to June 30, 2001.

ADDITIONAL INFORMATION

Additional information and copies of the Official Statement may be obtained from RBC Dain Rauscher Inc., 2398 East Camelback Road, Suite 700, Phoenix, Arizona 85016 (telephone 602-381-5300), Financial Advisor to the County.

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of these opinions or estimates have been or will be realized. Information in this Official Statement has been derived by the County from official and other sources and is believed by the County to be accurate and reliable. Information other than that obtained from official records of the County has not been independently confirmed or verified by the County and its accuracy is not guaranteed.

Neither this Official Statement nor any statement that may have been or that may be made orally or in writing is to be construed as a part of a contract with the original purchasers or subsequent owners of the Bonds.

By: _____
Chairman, Board of Supervisors

By: _____
County Administrator

APPENDIX A

PIMA COUNTY, ARIZONA
General Economic And Demographic Information

General

The County is located in the southern portion of the State of Arizona ("Arizona" or the "State"), with a section of its southern boundary bordering Mexico. The boundaries of the County encompass an area of approximately 9,184 square miles. Organized in 1864 by the Arizona Territorial Legislature as one of the State's four original counties, the County is today the second most populous county in Arizona with 2000 Census population of 843,746. Over 57% of the County's population resides in the City of Tucson, Arizona ("Tucson"), the County seat of government and southern Arizona's largest city.

Population Statistics For Pima County, The City of Tucson and The State of Arizona

	Pima County	City of Tucson	State of Arizona
2000 Census	843,746	486,699	5,130,632
1990 Census	666,880	405,390	3,665,228
1980 Census	531,443	330,537	2,716,546
1970 Census	351,667	262,933	1,775,399

Source: U.S. Department of Commerce, Bureau of the Census; Arizona Department of Economic Security, Population Statistics.

Organization

The County is governed by a five-member Board, each of whom is elected for a four year term to represent one of the designated districts within the County. The chair is selected by the Board from among its members. The Board is responsible for establishing the policies of the various County departments and approving the annual budgets of these departments. The Board appoints a County Administrator who is responsible for the general administration and overall operations of the various departments of the County.

Mr. Charles H. Huckelberry was appointed County Administrator in December, 1993. From 1987 to 1993, Mr. Huckelberry served as an Assistant County Manager with responsibility for the administration of public works. He served as the Director of Pima County's Department of Transportation and Flood Control District from 1979 to 1987; as Deputy Director of the Department from 1976 to 1979; and as the Department's Manager of Field Engineering from 1974 to 1976. He was self employed as a civil engineering and land surveying consultant for one year. From 1972 to 1973, Mr. Huckelberry was employed as a Research and Development Engineer for the Shell Oil Company and during 1969 to 1972, he was a Civil Engineer and Land Surveyor for Jones and Associates. He holds both a Bachelor of Science Degree in Mining Engineering and a Master of Science Degree in Civil Engineering from the University of Arizona and is a registered professional engineer and land surveyor as well as a member of numerous professional organizations.

Ms. Carol Bonchalk was appointed Director of Financial and Information Services in 1993 after having served as Manager of Financial Services for Pima County since 1990 and Budget Supervisor and Budget Analyst from 1989 to 1990. Prior to her employment with Pima County, Ms. Bonchalk was Vice President of Management and Marketing for a private firm specializing in the development and operation of retirement communities and nursing homes; Director of Human Services and Executive Director of an Area Agency on Aging in Pennsylvania, and served as a probation officer for the City of Philadelphia. Ms. Bonchalk received her Bachelor of Science Degree from Pennsylvania State University, and has also completed various graduate level courses and participated in numerous management and financial programs throughout her career.

Mr. John M. Bernal was appointed Deputy County Administrator for Public Works in March 2001. From June 1994 through March 2001, Mr. Bernal served as United States Commissioner to the International Boundary and Water Commission (USIBWC), an international agency responsible for the application of boundary and water treaties between the United States and Mexico and for the amicable resolution of any differences arising in relation to those agreements. From 1980 to 1994 Mr. Bernal worked for the Pima County Department of Transportation and Flood Control District in a variety of positions with his last position being that of Director. He holds both a Bachelor of Science Degree in Civil Engineering and a Master in Business Administration from the University of Arizona, Tucson and is a registered engineer and registered Land Surveyor for Arizona as well as a member of numerous professional organizations.

Mr. Kurt Weinrich was recently appointed (October 29, 2001) as Director of the Pima County Department of Transportation and Flood Control. Prior to assuming his current position Mr. Weinrich was employed as Senior Consultant in the Las Vegas, Nevada office of the international consulting firm, CH2M HILL, Inc., Prior to that, he served as the Director of the Regional Transportation Commission of Clark County, Nevada, for eleven years. His career includes various positions as traffic engineer, city engineer, or director of public works for municipalities in three states. He holds a Bachelor of Science Degree in Civil Engineering from Cleveland State University, Cleveland, Ohio and is a registered engineer as well as a member of numerous professional organizations.

Transportation

Tucson is the economic and transportation center of the County, as well as southern Arizona. Tucson is traversed by Interstates 10 and 19, as well as U.S. Highways 80, 89 and 93. Interstate 10 passes through Tucson and connects Tucson with the City of Phoenix, Arizona to the north and Los Angeles, California, to the west and New Mexico and Texas to the east. Interstate 19 provides access to the City of Nogales, Arizona and Mexico to the south, while U.S. Highway 86 connects with a direct route to the Gulf of California vacation areas. The main line of the Union Pacific Railroad extends across Tucson to the eastern portion of the County while the western portion of the County is served by a branch line of the Union Pacific that runs through Ajo which is an unincorporated community in the County. Tucson International Airport, located approximately 20 minutes from Tucson's downtown business area, provides local, regional, national and international air service through several airlines. The airport has a 11,000-ft. lighted, paved major runway, a 9,100-ft. paved secondary runway, and a 7,000-ft. pave runway, all of which can accommodate all major types of carriers. The County is also served by Greyhound bus lines and Amtrak.

Economy

The economy of the County is based largely on a variety of service industries, wholesale and retail trade and government employment; these three industries represented over 76% of the total wage and salary employment as of August 2001. Figures from the Arizona Department of Economic Security indicate that 351,900 persons were employed, on average, in the County as of August 2001. The following table presents the County's average annual total employment by industry for the years indicated:

Pima County
Wage and Salary
Average Annual Employment
Number of Persons Employed (a)

Industry	1996	1997	1998	1999	2000	2001(b)
Manufacturing	27,700	29,500	29,200	30,400	33,400	33,600
Construction	20,100	18,800	20,900	21,900	22,200	21,500
Transportation, Communication & Public Utilities	13,400	13,300	13,400	13,700	12,300	11,800
Wholesale & Retail Trade	69,900	68,800	70,300	71,700	74,600	73,300
Finance, Insurance & Real Estate	12,100	12,600	12,600	13,500	13,800	14,000
Services & Miscellaneous	93,700	99,800	101,100	111,000	119,100	119,400
Government	68,800	69,900	72,500	74,600	76,900	76,500
Mining & Quarrying	2,300	2,300	2,300	2,000	1,800	1,800
Total Wage & Salary Employment	308,000	315,000	322,300	338,800	354,100	351,900

(a) Totals may not add due to rounding.

(b) As of October 2001.

Source: Arizona Department of Economic Security

The average unemployment rate for the County as of October 2001 was 3.2%. The average annual unemployment rate for 2000 and 1999 was 2.8% and 3.1%, respectively. The table below shows comparative unemployment rates for the County, the State of Arizona and the United States.

Pima County
Comparative Employment Statistics

	Pima County		Unemployment Rate		
Calendar Year	Average Employment	Average Unemployment	Pima County	Arizona	U.S.
2001 (a)	383,863	12,567	3.2%	4.4%	4.6%
2000	385,273	11,042	2.8	3.9	4.0
1999	372,500	12,100	3.1	4.4	4.2
1998	358,800	10,100	2.7	4.1	4.5
1997	350,800	11,900	3.3	4.6	5.0
1996	358,600	14,000	3.5	5.5	5.4

(a) As of October 2001.

Source: Arizona Department of Economic Security

Pima County
Major Employers

Company	Type of Business	Approximate Number of Full-Time Equivalents
University of Arizona	Education	11,032
Raytheon Missile Systems	Missile Manufacturing	10,149
State of Arizona	Government	9,978
Tucson Unified School District	Education	9,102
Davis-Monthan Air Force Base	Military	8,796
Pima County	Government	7,119
City of Tucson	Government	6,058
Phelps Dodge Mining Company	Mining	4,200
Carondelet Health Network	Health Care	3,329
University Medical Center	Health Care	2,540
TMC HealthCare	Health Care	2,361

Source: *The Star 200 Directory*, published by *The Arizona Daily Star* (March 2001).

Services

From 1996 to 2001, the service industry in the County expanded by 25,700 jobs or 27.4%, making it the fastest growing employment sector in the County during this period. The average annual employment in the service industry in 2001 was 119,400. It is anticipated that as the County continues to grow in population and economic activity, the service industry (the largest employment component in the County comprising 34% of the total wage and salary employment base in 2001) will continue to be a significant contributor. According to the *Star 200 Directory*, which was published by the *Arizona Daily Star* in March 2001, health care has been a dominating force in the service industry. The three largest employers in the service industry are health care providers and have a combined employment of over 8,200 workers.

Government

Government employment plays an important role in the County with Federal, State and local government employees numbering approximately 76,500 in 2001. This sector expanded by 7,700 jobs or 11.2% from 1996 to 2001. The University of Arizona, the State of Arizona and the Davis-Monthan Air Force Base are significant contributors to government employment in the County (see "Pima County - Major Employers" listed in the above table). The Davis-Monthan Air Force Base is a major training ground for active duty members on the A-10 "Warthog" aircraft. The facility is also responsible for the education of tactical missile crews. Its storage capacity of 2,500 aircraft is the largest in the world. In the past, Davis-Monthan Air Force Base has been included reportedly on lists of installations considered for closure or realignment by the Defense Base Closure and Realignment Commission. There can be no assurances that Davis-Monthan Air Force Base will not be included on similar lists in the future. Any such closure or realignment would most likely be subject to review and approval by, among others, the Department of Defense and the President of the United States and would have a negative but unquantifiable effect on the County.

Manufacturing

The manufacturing sector continues to be dominated by the high technology industries of aerospace, electronics, computers, communications and instruments. Learjet Corporation maintains an aircraft maintenance modification and customer service facility. Bombardier of Canada, which owns the Learjet Corporation, transferred its service center for its "Challenger" aircraft to Tucson from Long Beach, California.

Average annual employment in the manufacturing sector within the County in 2001 was 33,600, representing 9.5% of the County's total wage and salary employment base. Manufacturing employment during 2000 and 1999 averaged 33,400 and 30,400, respectively.

The following table presents the major manufacturers in the County and Tucson metropolitan area:

Metropolitan Pima County
Major Manufacturers

Company	Type of Business	Approximate 2000 Employment
Raytheon Missile Systems	Missile Manufacturing	10,149
Bombardier Aerospace	Aircraft Maintenance	2,061
IBM Storage System Division	Computer Systems	1,600
Texas Instruments Tucson	Semiconductor Products	1,329
Honeywell	Aircraft Electronic Systems	978
Sunquest Information Systems	Computer Systems	621
Tucson Newspapers	Newspaper	597
Air System Components	Air Registers	430
Lisa Frank Inc.	School Supplies Manufacturing	375
Weiser Lock Equipment	Home Products	342
Kalil Bottling Co.	Soft Drinks	312

Source: *The Star 200 Directory*, published by *The Arizona Daily Star* (March 2001).

The County's proximity to Mexico makes twin plant "maquiladora" operations practical. Components are manufactured in Tucson and transported duty-free to Nogales, Sonora, Mexico, 65 miles south of Tucson, for assembly. Among the companies operating "twin plants" in Tucson and Nogales are General Electric, Samsonite, Motorola, Acco, Moen Faucets and Masterlock. These manufacturers contribute to the County's economy in many ways including the support of numerous suppliers and peripheral industries. The proximity of the Mexican border is more significant to manufacturing concerns given the existence of the North American Free Trade Agreement between Canada, the United States and Mexico. However, the uncertainty of the Mexican economy may negatively impact the growth of the previously described manufacturing concerns.

Tucson has encouraged the location of industry within the community by the development of 33 industrial parks and funding, in conjunction with the County, the Greater Tucson Economic Council, a private, non-profit organization.

Tourism

Tourism is an important economic mainstay in the County and the Tucson area. The County's climate, historical sites, location and proximity to vacation areas in California and other destinations attract vacationers, conventioneers and other visitors. The Metropolitan Tucson Convention and Visitors Bureau estimates that 240,475 convention delegates visited the Tucson area in fiscal year 2000-01. In the Tucson area, there are 232 hotels and resorts with over 15,165 rooms. According to the Arizona Hospitality Research & Resource Center, over $1 billion was spent in the County in 2000 and over $900 million as of September 2001. These figures include the estimated tourist portion of amusement, bar and restaurant, hotel and motel, and retail gross sales. Points of interest, recreational sites and sight-seeing attractions include the Arizona-Sonora Desert Museum, Kitt Peak National Observatory, Pima Air Museum, Saguaro National Monument, Mission San Xavier del Bac, Mount Lemmon, Sabino Canyon, Old Tucson Studio, Biosphere 2, and numerous resorts and golf courses. In addition, the Tucson metropolitan area is the home of spring training for Major League Baseball's Arizona Diamondbacks, Chicago White Sox and Colorado Rockies.

Education

The University of Arizona provides 11,032 jobs to the area and is an important link to the economic growth of the County. Its presence as a research university has assisted in attracting new business enterprises. The academic organization of the University is comprised of ten undergraduate colleges, five graduate colleges and a number of interdisciplinary programs. Enrollment figures for the fall semester of 2001 were estimated at 35,747 undergraduate and graduate full-time students. This enrollment includes students in continuing education programs, interns and residents, post-doctoral programs and on-campus non-credit students.

The University of Arizona also operates the Science & Technology Research Park which was recently voted the nation's Outstanding Research/Science Park for 2001 by the Association of University Related Research Parks (AURRP).

Pima County Community College, a branch of the Arizona State Community College System, offers two-year programs in vocational and technical education. Total student enrollment for Pima County Community College for 2000-01 was estimated at 64,446 students.

Wholesale and Retail Trade

Wholesale and retail trade includes restaurants, hotels, taverns, service stations, automobile repair shops, shopping malls and wholesale dealers and is the third largest employment sector in the County. In 2001, this sector employed an average of 73,300 persons. Restaurants combined employ approximately 24,900, far more than any other type of retail trade business. However, the largest individual employers in the retail sector (companies with more than 1,000 employees) are Wal-Mart, Safeway Inc., the Kroger Co. and Kmart.

The retail sales figures set forth on the following page are based on the sales tax collections within the County excluding penalties, late charges and nontaxable items. The sales tax rate levied by the State on retail sales within the County is 5.6%. In addition, cities and towns within Pima County generally levy a 2-2.5% sales tax.

The following table sets forth retail sales figures in the County for the past five years.

Pima County
Retail Sales (a)

Year	Amount	% Change
2001(b)	$4,953,142,940	N/A
2000	5,816,299,178	8.63%
1999	5,354,226,543	8.37
1998	4,940,656,563	5.98
1997	4,661,658,656	5.11
1996	4,435,169,533	3.83

(a) Excludes Food Sales and Gas Tax.

(b) Collections for 2001 are through October 2001.

Source: Arizona Department of Revenue.

Financial Institutions

The following table illustrates the total dollars on deposit with participating banks of the Arizona Bankers Association for the County on December 31 of each year.

Pima County
Bank Deposits

As of December 31	Amount
2001(a)	$5,812,485,000
2000	5,540,428,000 (b)
1999	4,811,823,000 (c)
1998	5,682,452,000 (d)
1997	5,014,041,000 (e)
1996	4,348,027,000 (f)

(a) As of June 2001. Nordstrom FSB and Washington Mutual were not participating banks.
(b) First Interstate Bank & Trust was not a participating bank.
(c) Banks not participating are Stearns Bank, Bank of the Southwest, Pacific Century Bank and Norwest.
(d) Banks not participating are Stearns Bank and Commercial Federal Bank.
(e) Wells Fargo Bank of Arizona was not a participating bank. Republic National Bank did not report in the fourth quarter.
(f) Banks not participating were Wells Fargo Bank and First Capital Bank.

Source: Arizona Banker's Association.

Mining

According to the Arizona Mining Association, Arizona continues to produce a major portion of the nation's copper supply. However, the cyclical nature of this industry has caused some consolidation of its resources to improve production. In the early 1980's, the Arizona copper industry's direct economic impact on the Arizona economy regularly exceeded $1.0 billion, peaking in 1981 at approximately $1.612 billion when the industry employed roughly 25,000 persons. This level of impact dropped to $.875 billion in 1986, but has increased to $1.49 billion in 1999. The direct economic impact of the industry statewide was approximately $1.493 billion, $1.819 billion, and $.886 billion in 1999, 1998 and 1997, respectively. The direct impact of the copper industry within the County was nearly $364 million in 1999, $405 million in 1998 and $403 million in 1997. Employment in the mining industry within the County was approximately 1,800 in 2001, 1,800 in 2000, 2,000 in 1999 and 2,200 in 1998.

Agriculture

Agriculture plays a less significant role in the economy of the County as a whole, but a small portion of the County relies on agriculture as its leading economic source. Principal crops harvested are cotton, wheat and hay, as well as vegetables. The following table sets forth the total cash receipts for all crops and livestock products in the County for the most recent five years for which reports are available.

Cash Receipts From Agricultural Marketing
(Total Crops and Livestock)
Pima County

Year	Receipts
2000	$47,989,000
1999	53,573,000
1998	54,582,000
1997	53,446,000
1996	57,979,000

Source: *2000 Arizona Agricultural Statistics*, July 2001.

Building Permits

The following tables were compiled from *Arizona Construction Report*, a publication of Arizona Real Estate Center, L. William Seidman Research Institute, College of Business, Arizona State University. The Center obtains its data from county and municipal divisions which issue such permits. Construction is valued on the basis of estimated cost of a project, not on market price or the value of construction at the time the permit is issued. The date at which the permit is issued should not be construed as the date of construction.

Pima County
Value of Building Permits

Year	Residential	Commercial	Industrial	Other	Total
2001(a)	$766,189,000	$154,408,000	$20,714,000	$ 77,126,000	$1,018,437,000
2000	859,751,000	182,831,000	16,748,000	216,626,000	1,275,956,000
1999	841,455,000	172,765,000	14,035,000	196,959,000	1,225,204,000
1998	735,779,000	184,936,000	10,165,000	138,685,000	1,069,565,000
1997	588,365,000	241,322,000	8,968,000	86,843,000	925,498,000
1996	562,036,000	190,221,000	11,460,000	85,643,000	849,360,000

(a) As of September, 2001.

Source: Arizona Real Estate Center, L. William Seidman Research Institute, College of Business, Arizona State University.

Pima County
New Housing Starts

Year	Total Housing Units Permitted
2001(a)	6,369
2000	8,337
1999	8,547
1998	8,414
1997	7,538
1996	6,987

(a) As of September, 2001.

Source: Arizona Real Estate Center, L. William Seidman Research Institute, College of Business, Arizona State University.

During 1998, the Arizona Legislature promulgated the Growing Smarter Act of 1998 ("Growing Smarter") which created new planning requirements throughout the State and provided stronger tools for local governments in their efforts to manage rapid development. Growing Smarter also created the "Growing Smarter Commission" which conducted hearings throughout the State on ways to enhance the law and to address certain other issues. During 2000, the Arizona Legislature adopted additional legislation known as "Growing Smarter Plus" which significantly expanded the requirements of Growing Smarter, and particularly the planning requirements passed in 1998. Fast growing communities are now required to plan for growth areas and identify the means to provide necessary public services in the future. In addition to environmental and infrastructure elements, an analysis of available water is also required. To pay for growth, communities are permitted to establish service area limits, beyond which new growth pays the full cost for services. Growing Smarter allowed citizens to refer general plans passed by local government to the ballot for voter approval. Growing Smarter Plus goes a step farther by requiring fast growing and large cities and Pima and Maricopa Counties to submit their general plans to the voters for ratification. The general plan of such jurisdiction will be subject to future ratification by its voters every 10 years. It is not possible to determine the effect the foregoing will have on continuing development in the County.

APPENDIX B

PIMA COUNTY, ARIZONA
Financial Information

Introduction

The fiscal year for the County is from July 1 through June 30. The County's budget process is an ongoing function. Each fiscal year's process starts with the issuance in January of guidelines to all departments within which budgets must be developed. Department budget requests are submitted in March. A review process then takes place culminating with the County Administrator's submission of a proposed budget to the Board in time for budget hearings in mid-June. State statutes require that a tentative budget be adopted by the Board no later than the third Monday in July. At the time the final budget is adopted, which can be no later than the second Monday in August of each year, the Board of Supervisors holds a public hearing and meeting to determine the tax levy needed to support the budget. Taxes are then assessed and levied no later than the third Monday in August.

Expenditure Limitation

Beginning in fiscal year 1981-82, the County became subject to an annual expenditure limitation which is set by the Arizona Economic Estimates Commission. This limitation is based on the County's annual expenditures for fiscal year 1978-80, with this base adjusted to reflect interim population, cost of living and boundary changes. Certain expenditures are specifically exempt from the limit, including expenditures made from federal funds and bond sale proceeds, as well as debt service payments. The limitations can be exceeded for certain emergency expenditures or if approved by the voters. The Constitution provisions which relate to the expenditure limitation provide three processes to exceed the spending limit: a permanent base adjustment, a one-time override, and a capital project accumulation.

In the 2000-01 fiscal year, the expenditure limitation for the County was $314,388,403. Actual County expenditures subject to the limitation were under the limit. The County's expenditure limitation for the 2001-02 fiscal year is $358,429,223. Based on the County's budgeted expenditures for the 2001-02 fiscal year, the County's expenditure level will be under the limitation for the 2001-02 fiscal year.

Ad Valorem Taxes

General

Arizona (the "State" or "Arizona") property taxes are divided into two systems, primary and secondary. Secondary property taxes are those taxes imposed for payment of bonded indebtedness, for exceeding a budget, expenditure or tax limitation pursuant to voter approval and for operating and maintaining certain special districts. Primary property taxes are all ad valorem taxes other than secondary property taxes.

Under the primary system, the full cash value of locally-assessed real property (consisting primarily of residential, commercial, industrial, agricultural and unimproved property) cannot increase by more than 10% per year, except under certain circumstances. This limitation does not apply to mines, utilities and railroads which are assessed by the State. Annual tax levies under the primary system are based on the nature of the property taxed and the taxing authority. Primary taxes levied on residential property only are limited to 1% of the limited full cash value of such property. In addition, primary taxes levied on all types of property by counties, cities, towns and community college districts are limited to a maximum increase of 2% over the prior year's levy plus any amount directly attributable to new construction and annexation. The 2% limitation does not apply to primary taxes levied for local school districts. The County does not currently levy its primary tax levy to the maximum allowed under the law.

Secondary assessed valuation represents the value used in determining property tax levies for the payment of principal and interest on bonds, school district voter-approved budget overrides and special district taxes and the calculation of maximum bonded indebtedness allowed under the State's Constitutional debt limit. See "Debt Limitation" herein. Under the secondary system, there is no limitation on annual increases in full cash

value of any property. In addition, annual tax levies for voter-approved bonded indebtedness, overrides and special district taxes are, except as they are described herein under the subheading "The Bonds – Security and Sources of Payment", unlimited.

On November 7, 2000, Arizona voters approved Proposition 104 which provides for a property valuation "freeze" for certain residential property owners sixty-five years of age and older. Owners of residential property may obtain such freeze against valuation increases (the "Property Valuation Projection Option") if the owners total income from all sources does not exceed 400% (500% for two or more owners of the same property) of the "Social Security Income Benefit Rate" (currently the benefit rate is $6,144.00). Hence, the current qualifying level is $24,576.00 for single owners and $30,720.00 for residential property owned by two or more persons. The Property Valuation Protection Option must be renewed every three years. If the property is sold to a person who does not qualify, the valuation reverts to its current full cash value. Any freeze on increases in full cash value will translate to the secondary assessed value of the affected property as hereinafter described.

Additionally, all property, both real and personal, is assigned a classification to determine its assessed valuation for tax purposes. Each legal classification is defined by property use and has an assessment ratio (a percentage factor) which is multiplied by the limited or full cash values of the property to obtain the assessed valuations.

Tax Procedures

The tax year in Arizona is defined as the calendar year, although tax procedures begin prior to January 1 of each tax year and continue through May of the succeeding calendar year. The first step in the tax process, for taxing entities other than certain special districts, is the determination of the full cash value of each individually-owned parcel of land within the State. Property valuations are established on most property by the individual county assessors, with the State Department of Revenue determining the valuation of centrally assessed properties such as gas, water and electrical utilities, railroads, mines and pipelines. The appropriate property classification assessment ratio is then applied to the full cash value to determine the assessed valuation for such parcel. The assessment ratios utilized over the five-year period 1996-97 through 2000-01 for each class of property are set forth below.

Property Tax Assessment Ratios
1997-98 through 2001-02

Classification (a)	1997-98	1998-99	1999-00	2000-01	2001-02
Mining	27%	26%	25%	- % (b)	- % (b)
Utility	27%	26%	25%	- % (b)	- % (b)
Commercial and Industrial (c)	25%	25%	25%	25%	25%
Agriculture and Vacant Land (c)	16%	16%	16%	16%	16%
Owner Occupied Residential	10%	10%	10%	10%	10%
Leased or Rented Residential	10%	10%	10%	10%	10%
Railroad, Private Car Company and Airline Flight Property (d)	23%	22%	21%	21%	21%

(a) Additional classes of property exist, but seldom amount to a significant portion of a municipal body's total valuation. These classes consist of non-commercial historic property; aerospace manufacturing property in a military reuse zone; certain manufacturing property in an enterprise zone; property in a foreign trade zone; environmental technology property for the first 20 years from the date placed in service; commercial historic property; historic residential property; producing oil, gas and geothermal resource interests; and leasehold or other possessory interests in certain public property.

(b) For tax year 2000 and thereafter, mining and utility properties have been included in the same legal property class as commercial and industrial properties.

(c) For tax year 2001, the first $53,226 of full cash value of commercial, industrial and agricultural personal property is exempt from tax. This exemption is indexed annually for inflation. Any portion of the full cash value in excess of those amounts will be assessed at 25% or 16% as applicable.

(d) This percentage is determined annually to be equal to the ratio of (i) the total assessed valuation of all mining, utility, commercial, industrial, and military reuse zone properties and agricultural personal property to (ii) the total full cash (market) value of such properties.

Delinquent Tax Procedures

The property taxes due to the County are billed, along with State and other taxes, ordinarily in September of the calendar tax year and are due and payable in two installments on October 1 and March 1 and become delinquent on November 1 and May 1. Delinquent taxes are subject to an interest penalty of 16% per annum prorated monthly as of the first day of the month unless the full year's taxes are paid by December 31. After the close of the tax collection period, the County Treasurer prepares a delinquent property tax list and the property so listed is subject to a tax lien sale in February of the succeeding year. In the event that there is no purchaser for the tax lien at the sale, the tax lien is assigned to the State, and the tax lien is reoffered for sale from time to time until such time as it is sold, subject to redemption, for an amount sufficient to cover all delinquent and current taxes.

It should be noted that in the event of bankruptcy of a taxpayer pursuant to the United States Bankruptcy Code (the "Bankruptcy Code"), the law is currently unsettled as to whether a lien can be attached against the taxpayer's property for property taxes levied during the pendency of bankruptcy. Such taxes might constitute an unsecured and possibly noninterest bearing administrative expense payable only to the extent that the secured creditors of a taxpayer are oversecured, and then possibly only on the prorated basis with other allowed administrative claims. It cannot be determined, therefore, what adverse impact bankruptcy might have on the ability to collect ad valorem taxes on a property of a taxpayer within the County. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax lien on the property.

When a debtor files or is forced into bankruptcy, any act to obtain possession of the debtor's estate, any act to create or perfect any lien against the property of the debtor or any act to collect, assess or recover a claim against the debtor that arose before the commencement of the bankruptcy would be stayed pursuant to the Bankruptcy Code. While the stay of a bankruptcy court may not prevent the sale of tax liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor would be subject to the stay of a bankruptcy court. It is reasonable to conclude that "tax sale investors" may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of post bankruptcy petition tax collections becomes uncertain.

It cannot be determined what impact any deterioration of the financial condition of any taxpayer, whether or not protection under the Bankruptcy Code is sought, may have on payment of or the secondary market for the Bonds. Neither the County nor their respective agents or consultants have undertaken any independent investigation of the operations and financial condition of any taxpayer, nor have they assumed responsibility for the same.

Property Valuations

The following table lists the various property valuations for the County for the current year.

Valuations for Fiscal Year 2001-02

Estimated Actual Valuation*	$34,150,201,378
Net Secondary Assessed Valuation	$ 4,491,395,307
Net Primary Assessed Valuation	$ 4,361,492,992

*Actual full cash value net of estimated value of property exempt from taxation.

Source: *Property Tax Rates and Assessed Valuations*, Arizona Tax Research Foundation, and Pima County, Financial and Information Services Department and *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue.

Net Secondary Assessed Valuation Comparisons and Trends

The information set forth below is shown to indicate the ratio between assessed values and estimated actual values for the County, as well as changes in the secondary assessed valuations of the County and overlapping municipal units on a comparative basis. The basis of property assessment for these years is shown under "Ad Valorem Taxes - Tax Procedures".

Net Secondary Assessed Value and Estimated Actual Cash Value Comparison

Fiscal Year	Net Secondary Assessed Valuation	Estimated Actual Valuation*	Net Secondary Assessed Valuation as a Percentage of the Estimated Actual Valuation
2001-02	$4,491,395,307	$34,150,201,378	13.15%
2000-01	4,236,070,095	32,488,178,944	13.03
1999-00	4,000,624,012	30,972,409,693	12.92
1998-99	3,852,574,000	28,600,787,202	13.47
1997-98	3,700,218,262	27,475,001,497	13.47

Source: Arizona Tax Research Foundation, *Property Tax Rates and Assessed Values* and Pima County, Financial and Information Services Department.

*Actual full cash value net of estimated value of property exempt from taxation.

Net Secondary Assessed Valuation Comparisons

Fiscal Year	City of Tucson	Percent Change	Pima County	Percent Change	State of Arizona	Percent Change
2001-02	$2,138,461,318	4.40%	$4,491,395,307	6.03%	$34,468,574,240	8.26%
2000-01	2,048,620,866	5.31	4,236,070,095	5.88	31,837,391,782	9.41
1999-00	1,945,160,492	3.69	4,000,624,012	3.84	29,098,557,633	8.61
1998-99	1,875,875,421	3.13	3,852,574,000	4.12	26,793,103,121	5.58
1997-98	1,818,909,201	13.77	3,700,218,262	13.94	25,377,388,011	8.76

Source: Arizona Tax Research Foundation, *Property Tax Rates and Assessed Values* and Pima County, Financial and Information Services Department.

2001-02 Net Secondary Assessed Valuations of Major Taxpayers

Shown below are the major property taxpayers located within the County, an estimate of their current assessed value and their relative proportion of the County's net secondary assessed value.

Taxpayer*	Estimated 2001-02 Net Secondary Assessed Valuation	As Percent of District's 2001-02 Net Secondary Assessed Valuation
Tucson Electric Power	$136,336,923	3.04%
US West Communications	84,382,270	1.88
Southwest Gas Corporation	51,213,948	1.14
Tucson Mall	19,361,941	0.43
ASARCO	18,910,812	0.42
Arizona Portland Cement	16,614,397	0.37
Westin Tucson Hotel	16,182,623	0.36
AT&T	14,291,891	0.32
Raytheon Co. (Hughes Aircraft)	13,641,954	0.30
El Conquistidor Hotel Associates	13,631,893	0.30
Total	$384,568,652	8.56%

* Some of such taxpayers are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information (collectively, the "Filings") may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's regional offices at Northwestern Atrium Center, 500 W West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of the Filings can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the Internet on the Commission's EDGAR data base at http://www.sec.gov. None of the County, Bond Counsel, or Financial Advisor has examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

Source: Pima County Assessor's office.

Record of Real and Secured Personal Property Taxes Levied and Collected

Property taxes are levied and collected on all taxable property within the County and are certified to by the County Treasurer. The following table sets forth the real and secured personal property tax collection of the County for the current and past four fiscal years.

Fiscal Year	Real and Secured Personal Property Tax Levy	Fiscal Year Collections (a)		Total Collections (b)	
		Amount	Percent of Tax Levy	Amount	Percent of Tax Levy
2000-01	$214,642,136	$204,963,396	95.49%	$206,514,724	96.21%
1999-00	201,924,933	192,408,605	95.29	200,887,013	99.49
1998-99	180,549,713	172,329,841	95.45	179,953,106	99.67
1997-98	168,688,002	160,593,205	95.20	167,464,564	99.27
1996-97	152,008,806	145,203,113	95.52	150,693,580	99.13

(a) Reflects collections made through June 30th, the end of the fiscal year, on such year's levy. Property taxes are payable in two installments. The first installment is due the first day of October and becomes delinquent on November 1, but is waived if the full tax year's taxes are paid in full by December 31. The second installment becomes due the first day of March and is delinquent on May 1. Interest at the rate of 16% per annum

attaches on first and second installments following their delinquent dates. Penalties for delinquent payments are not included in the above collection figures.

(b) Reflects collections made through October 31, 2001 against prior levies.

Source: Pima County Treasurer's Office

Tax Rate Data

The tax rates provided below reflect the total property tax rate levied by the County. As such, the rates are the sum of the primary tax rate, which is levied against the primary assessed value within the County, and the secondary tax rate for debt service payments, the County Library District, the County Fire District Assistance Tax and the County Flood Control District, all of which are levied against the County's secondary assessed value (except in the case of the Flood Control District, which rate is levied against the District's secondary assessed value which excludes the value of personal property).

Fiscal Year	Primary Tax Rate	Secondary Tax Rate	Total Tax Rate
2001-02	$4.0720	$1.5108	$5.5828
2000-01	4.0720	1.4915	5.5635
1999-00	4.0720	1.4931	5.5651
1998-99	3.6852	1.5635	5.2487
1997-98	3.5839	1.6037	5.1876

Source: *Property Tax Rates and Assessed Values,* The Arizona Tax Research Foundation and Pima County Financial and Information Services Department.

Debt Limitation

Pursuant to the Arizona Constitution, outstanding general obligation debt for County purposes may not exceed 15% of a County's net secondary assessed valuation. The following indicates the County's current bonding capacity after the issuance of the County's General Obligation Bonds, Series 2002.

Net Secondary Assessed Valuation (FY 2000-01)	**$4,491,395,307**
15% Constitutional Limitation	673,709,296
Net Direct General Obligation Bonds to be Outstanding	(213,170,000)
Unused 15% Limitation	$460,539,296

General Obligation Bonded Debt to be Outstanding

The following chart indicates the general obligation bonded debt of the County that will be outstanding after the issuance of the County's General Obligation Bonds, Series 2002.

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Average Int. Rates	Balance Outstanding
03-01-92	$20,000,000	Various Improvements	7-1-93/07	6.114%	$ 3,810,000
11-01-92	94,065,000	Refunding (a)	7-1-93/09	5.511%	8,555,000
01-01-93	15,000,000	Various Improvements	7-1-97/08	5.650%	4,000,000
04-15-93	64,535,000	Refunding (a)	7-1-94/04	5.019%	33,720,000
04-01-94	10,495,000	Various Improvements	7-1-95/08	5.496%	1,175,000
05-01-98	42,420,000	Various Improvements	7-1-99/13	4.616%	32,565,000
10-01-99	50,000,000	Various Improvements	7-1-00/14	5.038%	45,450,000
08-01-00	50,000,000	Various Improvements	7-1-01/14	4.763%	46,060,000
07-01-01	17,835,000	Refunding (a)	7-1-03/09	4.41%	17,835,000
Total General Obligation Bonded Debt Outstanding					$193,170,000
Plus: The County's General Obligation Bonds, Series 2002.					20,000,000
Net Direct General Obligation Bonds Outstanding					$213,170,000

(a) These refunding bonds were issued to refund in advance of maturity certain outstanding general obligation bonds of the County. Debt service requirements on the refunded bonds are secured for payment by government securities which are held in irrevocable trusts and are not reflected in the balance outstanding.

Annual Debt Service Requirements of
General Obligation Bonded Debt to be Outstanding

The following chart indicates the general obligation debt service requirements of the County that will be outstanding after the issuance of the County's General Obligation Bonds, Series 2002.

Fiscal Year	Existing General Obligation Bonded Debt Outstanding		Series 2002 Bonds Dated: January 1, 2002		Net Direct General Obligation Total Debt Service
June 30	Principal	Interest	Principal	Interest (a)	Requirement
2002	$ 27,600,000	$ 9,548,610	$ 2,500,000	$ 451,900	$ 40,100,510
2003	26,010,000	8,034,388	3,000,000	791,300	37,835,688
2004	24,885,000	6,741,218	1,500,000	656,300	33,782,518
2005	20,110,000	5,526,018	1,500,000	588,800	27,724,818
2006	19,125,000	4,547,118	1,500,000	521,300	25,693,418
2007	17,890,000	3,619,918	1,500,000	453,800	23,463,718
2008	14,480,000	2,748,888	1,500,000	386,300	19,115,188
2009	9,745,000	2,045,768	1,000,000	318,800	13,109,568
2010	8,805,000	1,558,430	1,000,000	273,800	11,637,230
2011	7,760,000	1,127,400	1,000,000	228,800	10,116,200
2012	6,450,000	752,000	1,000,000	183,800	8,385,800
2013	6,310,000	443,950	1,000,000	138,800	7,892,750
2014	4,000,000	170,000	1,000,000	93,300	5,263,300
2015			700,000	47,300	747,300
2016			300,000	14,400	314,400

(a) The first interest payment date on the Series 2002 Bonds is July 1, 2002 and is shown net of accrued interest. The average interest rate on the Series 2002 Bonds is estimated at 4.55%.

Net Direct and Overlapping General Obligation Bonded Debt

Overlapping bonded debt figures were compiled from information obtained from the County Treasurer's Office and individual jurisdictions. A breakdown of each overlapping jurisdiction's applicable general obligation bonded debt, net secondary assessed valuation and combined tax rate per $100 assessed valuation follows.

Jurisdiction	2001-02 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(f)	Portion Applicable to the District		Combined Tax Rate Per $100 Assessed Valuation (e)
			Percent	Net Debt Amount	
State of Arizona	$34,468,574,240	None		None	$0.0000
Pima County	**4,491,395,307**	**$213,170,000**	**100%**	**$ 213,170,000**	**5.2282 (b)**
Pima County Flood Control District (c)	3,884,690,947	6,080,000	100	6,080,000	0.3546
Elementary School Districts	186,104,137	4,300,000	100	4,300,000	2.6793 (d)
Unified School Districts	4,295,339,375	730,120,000	100	730,120,000	8.8081 (d)
Cities and Towns	2,567,157,055	250,249,070	100	250,249,070	0.9614 (d)
Pima County Community College District	4,491,395,307	119,225,000	100	119,225,000	1.5470
Total				$1,323,144,070	

Jurisdiction	2001-02 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(f)	Combined Tax Rate Per $100 Assessed Valuation (e)
State of Arizona	$34,468,574,240	None	$0.0000
Pima County	4,491,395,307	$213,170,000	5.2282 (b)
Pima County Flood Control District (c)	3,834,690,947	6,080,000	0.3546
Elementary School Districts:			
San Fernando ESD #35	678,335	None	0.0000
Empire ESD #37	3,382,044	None	7.6596
Continental ESD #39	159,213,925	4,250,000	2.0647
Redington ESD #44	853,945	None	6.3661
Altar Valley ESD #51	21,975,888	50,000	6.3052
Unified School Districts:			
Tucson USD #1	2,069,364,275	325,035,000	9.8088
Marana USD #6	321,138,181	88,965,000	7.7028
Flowing Wells USD #8	133,803,937	15,625,000	8.0490
Amphitheater USD #10	808,292,410	127,555,000	7.4427
Sunnyside USD #12	263,033,402	64,820,000	10.3706
Tanque Verde USD #13	101,894,361	8,545,000	6.8484
Ajo USD #15	13,066,663	None	7.0508
Catalina Foothills USD #16	353,009,431	55,290,000	7.5344
Vail USD #20	144,438,789	20,515,000	7.2314
Sahuarita USD #30	85,046,138	23,770,000	8.7860
Indian Oasis USD #40	2,251,788	None	0.0000
Cities and Towns:			
City of Tucson	2,138,461,318	250,249,070	1.1202
City of South Tucson	16,294,223	None	0.2828
Town of Marana	129,974,576	None	0.0000
Town of Oro Valley	257,234,738	None	0.0000
Town of Sahuarita	25,192,200	None	0.0000

(a) Includes general obligation bonds outstanding and scheduled for sale at par without regard to net premium. Does not include outstanding principal amount of various cities and towns improvement districts' bonded debt as of June 30, 2001, and outstanding principal amount of various County improvement districts' bonded debt, as the indebtedness of these districts is presently being paid from special assessments levied against property owners residing within the various improvement districts. Also does not include various fire districts.

Also does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States of America, Department of the Interior for repayment of certain capital costs of construction of the Central Arizona Water Project ("CAP"), a major reclamation project that has been substantially completed by the Bureau of Reclamation to deliver Colorado River water to central Arizona and Tucson. The United States and CAWCD recently announced an agreement to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits for amounts paid by CAWCD to the United States against such obligations and costs. Under the agreement, CAWCD's obligation for substantially all of the CAP features that have been constructed so far will be set at $1.65 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 665,224 acre feet of CAP water for federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of the CAP at no additional cost to CAWCD. Of the $1.65 billion

repayment obligation, 73% will be interest bearing and the remaining 27% will be non-interest bearing. These percentages will be fixed for the entire 50 year repayment period, which commenced October 1, 1993. Effectiveness of the agreement is subject to a number of conditions including settlement of certain Indian community water claims and will require certain State of Arizona and federal legislation. If the conditions are not met within three years, the parties could extend such deadline or the agreement will terminate and either party may petition U.S. District Court to resume litigation. It is not possible to predict whether the agreement will be effective or if the litigation will be resumed or the outcome of any such litigation. CAWCD is a water conservation district having boundaries coterminous with the exterior boundaries of Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of CAP and to assist in the repayment to the United States of the capital costs of CAP. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property in the CAWCD. At the date of this Official Statement, the tax levy is limited to $0.1400 per $100 of secondary assessed valuation, of which $0.13 is being levied. There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

(b) The County's total tax rate shown includes the County's primary and secondary debt service tax rates, the $0.2124 tax rate of the Free Library District, and the $0.0488 tax rate of the Fire District Assistance Tax.

(c) The boundaries of the Pima County Flood Control District are coterminous with those of Pima County; however, the Flood Control District only levies taxes on real property.

(d) The tax rate shown is a weighted average based on each jurisdiction's proportionate amount of secondary assessed valuation.

(e) The combined tax rate includes the tax rate for debt service payments, which is based on the secondary assessed valuation of the entity, and the tax rate for all other purposes such as maintenance and operation and capital outlay, which is based on the primary assessed valuation of the municipality or school district.

(f) The following table lists general obligation bonds authorized but unissued for the County and jurisdictions within the County after the issuance of the County's General Obligation Bonds, Series 2002..

Authorized But Unissued Jurisdiction*	**General Obligation Bonds**
Pima County	$117,460,000
City of Tucson	83,980,000
Marana Unified School District No. 6	38,825,000
Indian Oasis Unified School District No. 40	500,000

* Additional general obligation bonds may be authorized by these and other jurisdictions within the County at future elections.

Net Direct and Overlapping General Obligation Bonded Debt Ratios

The County's direct and overlapping general obligation bonded debt is shown below on a per capita basis and as a percent of the County's net secondary assessed valuation and estimated actual valuation.

	Per Capita Net Debt (Pop. @ 843,746)(a)	As Percent of County's 2001-02 Secondary Assessed Valuation ($4,491,395,307)	Est. Actual Valuation ($34,150,201,378)
Net Direct General Obligation Bonded Debt ($213,170,000)(b)	$252.65	4.74%	0.62%
Net Direct and Overlapping General Obligation Bonded Debt ($1,323,144,070)	$1,568.18	29.46%	3.87%

(a) Source: U.S. Department of Commerce, Bureau of the Census; Arizona Department of Economic Security, Population Statistics, July , 2000.

(b) Reflects the Net Direct General Obligation Bonds Outstanding after the issuance of the County's General Obligation Bonds, Series 2002.

Street and Highway Revenue Bonded Debt Outstanding

The following chart lists the street and highway revenue bonds of the County that are outstanding.

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Balance Outstanding
5-01-98	$40,000,000	Street & Highway Improvements	7-1-99/08	$28,000,000
Plus the Bonds offered herein:				
1-01-02	$55,000,000	Street & Highway Improvements	7-1-03/12	$55,000,000
Total Street and Highway Revenue Bonds Outstanding				$83,000,000

Sewer Revenue Bonded Debt Outstanding

The following chart lists the sewer revenue debt of the County that is currently outstanding.

Date of Issue	Amount	Original Purpose	Remaining Maturity Dates	Balance Outstanding
3-01-92	$12,000,000	Sewer Improvements	7-1-01/03	$ 1,290,000
1-01-93	6,000,000	Sewer Improvements	7-1-01/05	1,160,000
1-01-94	28,670,000	Refunding (a)	7-1-01/15	27,880,000
4-01-94	8,000,000	Sewer Improvements	7-1-01/04	1,660,000
2-01-96	11,313,350	Refunding (b)(c)	7-1-04/12	11,313,350
6-01-97	7,500,000	Sewer Improvements (c)	7-1-01/11	5,784,376
5-01-98	29,185,000	Sewer Improvements (d)	7-1-01/15	26,130,000
10-27-00	40,000,000	Sewer Improvements (c)	7-1-02/16	40,000,000 (e)
4-01-01	19,440,000	Refunding	7-1-02/15	19,440,000
				$134,657,726

(a) Proceeds of the bonds were used to refund in advance of maturity $22,130,000 of the Sewer Revenue Refunding Bonds, Series 1991 and $2,745,000 of the Sewer Revenue Bonds, Series of 1992. The debt service requirements on the refunded bonds are secured for payment by U.S. Government Securities which are held in an irrevocable trust.

(b) Proceeds of the loan were used to refund in advance of maturity $5,025,000 of the Sewer Revenue Bonds, Series 1992, $2,845,000 of the Sewer Revenue Bonds, Series 1993 and $2,650,000 of the Sewer Revenue Bonds, Series 1994B. The debt service requirements on the refunded bonds are secured for payment by U.S. Government Securities which are held in an irrevocable trust.

(c) Represents funds borrowed under separate Loan Agreements with the Water Infrastructure Finance Authority of Arizona.

(d) Proceeds of the bonds were used to fund new improvements and refund in advance of maturity $7,980,000 of Sewer Revenue Refunding Bonds, Series 1991. The debt service requirements on the refunded bonds are secured for payment by U.S. Government Securities which are held in an irrevocable trust.

(e) Under the terms of the loan, as amended, the County may borrow up to $61,200,000. To date, the County has drawn down approximately $27 million of the available loan amount and anticipates drawing down the full $61,200,000 by approximately February, 2003.

Lease, Lease-Purchase and Purchase Agreements

The County has various lease purchase agreements outstanding. A list of the County departments benefitted by these agreements and the scheduled payments on these agreements over the current and past two fiscal years appears below.

	Fiscal Year		
County Department	**1999-00**	**2000-01**	**2001-02**
Elections	$ 459,635	$ 459,635	$ 459,635
Clerk of Superior Court	13,369	13,369	-
Information Services	98,644	-	-
Jail	2,553,972	2,555,475	2,555,185
Juvenile Court	0	100,000	115,935
Legal Services Building	1,032,610	926,550	52,550
Public Works Building	1,641,530	1,638,810	1,641,810
Sheriff	235,547	235,547	117,774
Superior Court	56,166	760,248	172,540
Total Fiscal Year Liability	$6,091,474	$6,189,634	$5,115,428

Source: Pima County Financial and Information Services Department.

Municipal Property Corporation Debt

The Pima County Municipal Property Corporation (the "Corporation") has the following lease revenue bonds outstanding. The County has agreed to make semiannual payments to the Corporation in amounts sufficient to pay the principal of and interest on the Series 1992 Bonds (described below) issued by the Corporation to finance certain facilities and to pay other related costs.

	Balance Outstanding
$3,650,000 1992 Municipal Property Corporation Lease Revenue Bonds, Series 1992: due in annual installments of $125,000 to $185,000 through July 1, 2007; interest at 5.65% to 6.50%	$965,000

Certificates of Participation

The following chart lists the certificates of participation obligations outstanding for the County.

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Balance Outstanding
2-01-97	$35,660,000	Improvements	1-1-99/12	$26,585,000
9-01-99	4,875,000	Refunding	1-1-13/14	4,875,000
Total Certificates of Participation Obligations Outstanding				$32,340,000

Management's Review of the County's Financial Position

In fiscal year 1999-00, the County developed and adopted a three-year strategy for eliminating the long-term cash deficits in various County funds and increasing the County's General Fund balance. The County has not only largely achieved these goals, but has done so in two years instead of the three-year period that was planned. As of June 30, 2001, the County has eliminated its most significant long-term cash deficit in the County's Health Care System and is estimated to have had a fiscal year ending of $21.9 million General Fund balance. The County's success is due to maintaining a commitment to raising property taxes, a strong economy that continues to generate increases in property and sales tax revenues, and ongoing expenditure controls by the Board. The recently adopted fiscal year 2001-02 budget maintains the previously enacted property tax rate increase to address built-up critical needs of the County, and plans for an $11.5 million General Fund balance as of June 30, 2002.

Background

Historically, the County had reported significant year-end deficits in certain of its funds that were offset for financial reporting purposes at year-end with cash from other sources, such as the County General Fund. These deficits did not result in any default or failure by the County to make any payments for any of its debt or to creditors or payees of the County. During the mid to late 1990's, the County's General Fund balances decreased, limiting the County's ability to internally loan General Fund cash to other County departments, while cash deficits within the County's Health Care System and other smaller funds increased. In addition, several accounting changes were imposed upon or enacted by the County that further limited the County's ability to address year-end cash deficits. As a result of these issues, the County instituted a series of short term measures during fiscal year 1998-99 to address the cash deficits, including drawing upon the County's line of credit with its servicing bank and instituting formal internal borrowings from other County funds while developing a long term plan.

With the adoption of the fiscal year 1999-00 budget, the Board began implementation of a three-year plan to eliminate the $49.2 million long-term cash deficit of the County Health Care System that had accumulated over many years and adopted plans to cover the smaller cash deficits in other County funds. To resolve the accumulated cash deficit of the Health Care System and the County's Rillito Park, the Board increased property taxes by $0.3868 per $100 of assessed valuation, took a series of steps to identify the root causes of the deficits and initiated corrective actions. The Health Care System reforms included returning responsibility for day-to-day management to the County Administrator, hiring a new management team for various components of the Health Care System, implementation of a new billing and collection system and redefining the System's mission to meet the needs of the community while clearly identifying and planning for the fiscal impact of the services and programs to be provided. The County repaid one-third of the Health Care System cash deficit and the entire $479,000 Rillito Park deficit as planned in fiscal year 1999-00.

The Board also established a number of reserve funds in the fiscal year 1999-00 budget. As a result of the Board closely controlling expenditures from those reserve funds, combined with increased revenues from a strong local economy, the County's General Fund balance on June 30, 2000 was $26,567,000, or $24.6 million above the budgeted fund balance of $2.0 million. In adopting the fiscal year 2000-01 budget, the Board committed to eliminating the long-term cash deficit in the Health Care System in fiscal year 2000-01, which was one year earlier than originally planned. To accomplish this, the Board maintained the $0.3868 property tax rate increase and allocated $19.5 million of the ending General Fund balance to repayment of the Health Care System cash deficit.

The Board also budgeted to repay its outstanding inter-fund loans and to maintain a General Fund balance to cover any cash deficits in other County funds.

By June 15, 2001 the County had retired the $49.2 million of accumulated, long-term cash deficits of the Health Care System within two years as planned and also funded an additional $7.2 million to cover short-term cash deficits that occurred within these funds while long term reforms were being implemented. The County's General Fund balance is estimated to be $21.9 million on June 30, 2001.

Fiscal Year 2001-02 Budget

Having retired the long-term cash deficit in the Health Care System, the Board on June 18, 2001 moved forward with the adoption of a fiscal year 2001-02 budget that addresses several other critical needs that were delayed while repaying the cash deficit. The adopted fiscal year 2001-02 budget includes plans to fund the following:

- $1.4 million to eliminate the long-term cash deficit in the Solid Waste Fund;
- $9.0 million for addressing short-term cash deficits of the Health Care System (including $6.0 million for Kino Hospital);
- $7.0 million for increased employee compensation, particularly in the law enforcement and corrections areas where recruitment and retention continue to be major problems;
- several pay-as-you-go capital projects, including a new Records Center and mobile computers for the Sheriff's deputies;
- $2.25 million for open space preservation to supplement existing general obligation bond resources available for this program and to support the Sonoran Desert Conservation Plan;
- $2.75 million to address deferred maintenance and repair to County buildings;
- $1.25 million for Neighborhood Reinvestment to expand the number of community projects that can be funded;
- $4.3 million for increased costs in the Justice and Law Enforcement areas;
- $2.1 million for operating and maintenance costs directly attributable to general obligation bond related projects; and
- a budgeted $11.5 million ending General Fund balance.

All of the above needs, as well as the rest of the County's budget, are funded by continuing the current primary property tax rate at $4.0720 per $100 of assessed value, continued growth in tax revenues due to the strong local economy and an equity transfer from the County's managed care (AHCCCS) fund.

Given national trends in the health care industry, the Board recognizes it is unlikely that the County hospital (which serves a large population of illegal border crossers and indigent residents) can survive without on-going support. In prior years, a portion of the hospital's costs were offset by $6.1 million of Federal disproportionate share funding distributed to the County by the State. In November 2000, the voters of Arizona authorized Proposition 204, which will provide health care services to individuals with income at Federal poverty level using tobacco settlement funds. In order to implement the health care program as approved by the voters, the State of Arizona must revamp its AHCCCS/ALTCS health care program which includes discontinuation of the $6.1 million disproportionate share payment to Kino Community Hospital and transfer of the eligibility administration function from the County to the State. In lieu of receiving disproportionate share funds, the Pima County General Fund was appropriated $4 million by the State legislature. This $4 million, combined with approximately $3.8 million of savings from eliminating the County's eligibility function, are being transferred from the County General Fund to the County Hospital to offset the loss of the disproportionate share funds. Also as part of the Proposition 204 enabling legislation, the County is required to maintain the County Hospital emergent care function as long as the State legislature continues to appropriate monies for such purpose. County staff will continue to negotiate with State officials to minimize any adverse affect on the County from this issue. In addition to the transfers noted above, approximately $6.0 million is being transferred from the General Fund to the County Hospital to address expected short-term cash deficits. This expected deficit is due to Medicare adjustments for prior year billings, delays in implementing a new billing and collections system and delays in new programs and services.

As of the end of fiscal year 2001-02, it is projected that only one County fund, the Stadium District Fund, will continue to have a cash deficit. The Fund's projected cash loss for fiscal year 2000-01 is $29,000. The Fund's accumulated cash deficit as of June 30, 2001 is projected to be $5.6 million, which is expected to be covered by interfund loans. The County believes that in the long-term, the Stadium District will be able to resolve its negative cash position. This is anticipated, however, to occur over a long period as the benefits of a debt refinancing in 1999 and the natural growth in tax revenues dedicated to the Stadium District incrementally accrue and the facility's role for non-baseball related activities expands. The County is currently reassessing the long term strategy for deficit reduction.

PIMA COUNTY, ARIZONA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF ALL GOVERNMENTAL FUND TYPES
(In $000)

	Audited					Estimated	Budget
	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01(c)	2001-02(c)
Revenues by Source:							
Taxes	$164,015	$167,357	$181,398	$194,948	$214,332	$227,542	$241,594
Special Assessments	587	1,024	925	874	703	845	383
Licenses and Permits	3,210	3,275	3,389	4,306	4,541	4,882	4,959
Intergovernmental	163,920	177,630	180,970	211,006	241,225	252,417	277,155
Charges for Services	22,058	22,283	18,714	24,404	27,308	26,612	26,073
Fines and Forfeits	2,940	3,802	3,411	3,930	4,245	4,365	4,006
Interest Income	5,681	4,714	4,119	9,009	11,384	15,468	7,073
Miscellaneous	8,805	14,494	16,485	10,208	9,452	7,803	17,286
Total Revenues	$371,216	$394,579	$409,411	458,685	513,190	539,934	578,529
Expenditures by Fund:							
General	250,166	302,820	272,604	244,912(a)	253,563	270,028	290,448
Special Revenues	74,472	78,564	80,660	128,240(a)	141,860	145,483	202,591
Debt Service	39,106	46,336	36,678	51,988	46,992	50,219	50,348
Capital Projects	33,490	39,596	50,139	66,671	89,215	88,556	146,589
Total Expenditures	$397,234	$467,316	$440,081	$491,811	$531,630	$554,286	$689,976
Excess of Revenues Over (Under) Expenditures	(26,018)	(72,737)	(30,670)	(33,126)	(18,440)	(14,352)	(111,447)
Proceeds of Long-Term Debt	30	37,499	77,169	307	54,129	50,358	80,000
Proceeds of Refunding Bonds	0	0	7,466	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	(7,466)	0	0	0	0
Operating Transfers In (Out)	(176)	(48)	(48)	(48)	(13,134)(b)	(32,626)	(10,955)
Sale of General Fixed Assets	0	34,500	0	332	0	0	0
Beginning Fund Balance	84,051	60,770	63,177	111,530	80,675	105,554	102,884
Restatement Adjustment	0	0	572	0	1,816	2,063	0
Changes in Reserve for Inventory	40	54	204	92	166	(117)	0
Residual Equity Transfer In (Out)	2,843	3,139	1,126	1,588	348	712	0
Ending Fund Balance	$ 60,770	$ 63,177	$111,530	$ 80,675	$105,554	$111,592	$ 60,482

(a) The primary reason for the FY 1998-99 reduction in General Fund expenditures and increase in Special Revenues expenditures was the transfer of approximately $41.8 million of grant funds from the General Fund to the Special Revenue Funds. New grants totaling $8.7 million were also budgeted in Special Revenue funds in FY 1998-99.

(b) Reflects transfers out of the General Fund to Pima Health Care System Enterprise Fund to offset cash deficits in certain sub-funds within the Fund, including Kino Hospital and other healthcare sub-funds. See "Management's Review of the County's Financial Position" herein.

(c) These amounts are "forward looking" statements and should be considered carefully. These amounts are based on preliminary unaudited data and are subject to change based on actual results and could be materially different.

Source: Pima County Financial and Information Services Department. This table has not been the subject to any separate audit procedures.

PIMA COUNTY, ARIZONA
STATEMENT OF FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
(In $000)

	Audited					Estimated	Budget
	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01(a)	2001-02(a)
General							
Reserved	$ 1,648	$ 2,866	$ 1,602	$ 2,749	$ 1,846	$ 2,233(b)	$ 2,232
Unreserved	13,632	4,526	2,332	6,030	24,721	19,653	10,208
	15,280	7,392	3,934	8,509	26,567	21,886	12,440
Special Revenue							
Reserved	2,588	2,631	2,491	2,317	2,785	2,500	2,336
Unreserved	17,365	19,216	16,009	27,114	40,785	50,184	34,746
	19,953	21,847	18,500	29,431	43,570	52,684	37,082
Debt Service							
Reserved	15,062	8,032	11,844	8,155	7,627	5,537	3,060
	15,062	8,032	11,844	8,155	7,627	5,537	3,060
Capital Projects							
Unreserved	10,475	25,906	77,252	34,580	27,790	31,485	50,302
	10,475	25,906	77,252	34,580	27,790	31,485	50,302
Total Fund Balance	$60,770	$63,177	$111,530	$80,675	$105,554	$111,592	$102,884

(a) **These amounts are "forward looking" statements and should be considered carefully. These amounts are based on preliminary unaudited data and are subject to change based on actual results and could be materially different.**

(b) Reflects the use of $19.5 million of the beginning fund balance for fiscal year 2000-01 to offset cash deficits in the Pima Health Care System Enterprise Fund. See "Management's Review of the County's Financial Position" herein.

Source: Pima County Financial and Information Services Department. This table has not been the subject of any separate audit procedures.

PIMA COUNTY, ARIZONA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN GENERAL FUND BALANCE
(In $000)

	Audited					Estimated	Budget
	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01(b)	2001-02(b)
Revenues by Source:							
Taxes	$115,414	$118,924	$127,441	$138,986	$158,750	$169,129	$179,673
Licenses and Permits	826	965	1,079	1,698	1,449	1,186	1,113
Intergovernmental	111,828	117,370	124,735	94,468(a)	103,828	110,408	112,164
Charges for Services	15,829	16,202	13,183	13,375	15,927	15,663	17,955
Fines and Forfeits	2,794	3,189	3,013	3,307	3,466	3,483	3,257
Interest	1,899	1,130	1	269	4,197	4,361	170
Miscellaneous	5,783	8,321	6,777	3,205	3,227	2,007	3,361
Total Revenues	254,373	266,101	276,229	255,308	290,844	306,237	317,693
Expenditures:							
Current							
General Government	77,697	121,120	88,502	86,337	92,397	98,689	112,546
Public Safety	82,458	84,634	84,741	69,170(a)	72,339	78,785	84,992
Sanitation	3,144	3,594	0	0	0	0	0
Health	78	60	80	282	554	532	2,525
Welfare	60,671	63,808	68,101	69,687	69,368	71,243	68,621
Culture & Recreation	8,551	9,961	8,621	9,382	10,159	11,128	13,062
Education & Econ. Opport.	16,352	18,476	18,864	4,649(a)	4,217	4,987	5,130
Debt Service:							
Principal	889	932	1,135	3,418	2,618	2,834	1,860
Interest	325	228	2,558	1,981	1,844	1,826	1,705
Miscellaneous	1	7	2	6	7	4	7
Total Expenditures	250,166	302,820	272,604	244,912	253,563	270,028	290,448
Excess of Revenues Over (Under) Expenditures	4,207	(36,719)	3,625	10,396	37,281	36,209	27,245
Other Financing Sources (uses):							
Proceeds of Long-Term Debt	0	37,059	1,980	280	369	345	0
Sale of General Fixed Assets	0	34,500	0	0	0	0	0
Proceeds of Refunding Bonds	0	0	0	0	0	0	0
Payment to Refunded Bond Escrow	0	0	0	0	0	0	0
Operating Transfers In (Out)	(11,613)	(43,464)	(8,891)	(5,626)	(19,112)	(40,235)	(28,185)
Total Other Financing Sources (Uses):	(11,613)	28,095	(6,911)	(5,346)	(18,743)	(39,890)	(28,185)
Excess of Revenues and Other Sources Over (Under) Expenditure and Other Uses	(7,406)	(8,624)	(3,286)	5,050	18,538	(3,681)	(940)
Beginning Fund Balance	22,611	15,280	7,392	3,934	8,509	26,567	12,440
Restatement Adjustment	0	0	514	0	0	0	0
Changes in Reserve for Inventory	0	0	0	0	0	0	0
Residual Equity Transfer: In (Out)	75	736	(686)	(475)	(480)	(1,000)	0
Ending Fund Balance	$ 15,280	$ 7,392	$ 3,934	$ 8,509	$ 26,567	$ 21,886	$ 11,500

(a) The primary reason for the FY 1998-99 reduction in Intergovernmental Revenues was the transfer of approximately $41.8 million of grant funds from the General Fund to Special Revenue Funds. This change resulted in a corresponding decrease in FY 1998-99 Public Safety and Education and Economic Opportunity expenditures. The $41.8 million transfer was offset in part by increases in non grant revenues and expenditures.

(b) These amounts are "forward looking" statements and should be considered carefully. These amounts are based on preliminary unaudited data and are subject to change based on actual results and could be materially different.

Source: Pima County Financial and Information Services Department. This table has not been the subject of any separate audit procedures.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

_____, 2002

Board of Supervisors
Pima County, Arizona

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale, and the initial delivery on the date hereof by Pima County, Arizona (the "*County*"), of $55,000,000 in aggregate principal amount of its Street and Highway Revenue Bonds, Series 2002, dated January 1, 2002 (the "*Bonds*"), issued pursuant to Title 11, Chapter 2, Article 12, Arizona Revised Statutes, and all amendments thereto.

In connection with our engagement as bond counsel, we have examined the law and such documents and matters as we have deemed necessary to render the opinions expressed herein, including, without limitation, the resolutions authorizing the issuance of the Bonds passed and adopted by the Board of Supervisors of the County on November 13, 2001 and January 8, 2002 the "*Resolutions*"). As to questions of fact material to our opinions, we have relied upon the certified proceedings and other certifications furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, it is our opinion, and we herewith advise you, as follows:

1. The Bonds have been duly authorized and delivered by the County and are valid and binding special obligations of the County payable, together with any other bonds heretofore or hereafter issued on a parity therewith, solely from and secured by a pledge of, a lien on and a security interest in, the revenues specified in the Resolutions, consisting generally of revenues derived by the County from taxes, fees, charges and other moneys collected by the State of Arizona and returned to the County for street and highway purposes pursuant to law. The County has pledged in the Resolutions to comply with any requirements imposed by law for eligibility to receive its share of such funds.

2. Interest on the Bonds (a) is not included in the gross income of the owners of the Bonds for Federal income tax purposes, and is not an item of tax preference for purposes of the Federal alternative minimum tax; and (b) is not included in the taxable income of the owners of the Bonds for State of Arizona income tax purposes. No opinion is expressed regarding any other Federal or State of Arizona income tax consequences arising with respect to ownership of the Bonds. The opinion set forth in clause (a) above is subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order for the interest thereon not to be included in gross income of the owners for Federal income tax purposes. Failure by the County to comply with certain of these requirements could result in the interest on the Bonds being included in gross income for Federal income tax purposes retroactive to the date of issuance. The County has covenanted and agreed to comply with all such requirements and our opinion assumes such compliance.

The rights of the owners of the Bonds and the enforceability thereof may be subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws and equitable principles generally affecting the enforcement of creditors' rights.

The opinions expressed in this letter are based upon the law in effect on the date hereof and may be affected by actions taken or omitted or events occurring after the date hereof, and we assume no obligation to revise or supplement this opinion should such law be changed by legislative action, judicial decision, or otherwise, or to determine or to inform any person whether any such actions are taken or omitted or any such events occur.

Respectfully submitted,

SNELL & WILMER L.L.P.

APPENDIX D

EXERPTS FROM
PIMA COUNTY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2001

The following are excerpts from the County's draft Comprehensive Annual Financial Report (the "Report") for the fiscal year ended June 30, 2001. The Auditors for the County, the State of Arizona Auditor General, are in the process of reviewing the draft Report, but have not yet released their audit opinion with respect to the Report. It is expected by the County that the final Report, including such audit opinion, will be released in sufficient time for inclusion in the final Official Statement. The County believes that there will be no material changes to the draft Report. Further, the County has not requested the State of Arizona Auditor General to perform any review of the County's financial condition subsequent to June 30, 2001.

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PIMA COUNTY

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Exhibit A-1

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2001
(in thousands)

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		Totals (Memorandum Only)	Total	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust & Agency	General Fixed Assets	General Long-term Debt	Primary Gov't	Component Units	Reporting Unit
Assets and other debits												
Cash and cash equivalents	$ 11,903	$ 65,791	$ 5,296	$ 38,896	$ 40,055	$ 41,852	$ 191,346			$ 395,139	$ 7,311	$ 402,450
Deposits with fiscal agents		97								97		97
Investments				13		250				263		263
Property taxes receivable (net of allowances for uncollectables)	6,817	849	1,632							9,298		9,298
Interest receivable	182	248	174	394	915	310	626			2,849		2,849
Interfund receivable					859					859		859
Due from other funds	20,284	2,711		1,930	2,920	1,224				29,069		29,069
Due from other governments	10,316	18,176		2,382	1,769	46	8,294			40,983		40,983
Accounts receivable	104	554		7	20,142	221				21,028	1,446	22,474
Inventory		1,605			3,342	325				5,272	233	5,505
Deferred financing costs					1,039					1,039	780	1,819
Prepaid expenditure/expense	1,933	1,103			141	331				3,508	229	3,737
Other assets	300									300	827	1,127
Regulatory asset											9,646	9,646
Restricted assets				917	40,345					41,262	3,343	44,605
Land and other improvements					11,864	632		$ 107,192		119,688	951	120,639
Buildings and improvements					257,897	350		246,602		504,849	1,727	506,576
Sewage conveyance/water system					372,317					372,317	28,820	401,137
Equipment					33,329	27,010		65,593		125,932	6,489	132,421
Accumulated depreciation					(239,069)	(12,829)				(251,898)	(8,093)	(259,991)
Construction in progress					38,335			22,456		60,791	5,663	66,454
Amount available in debt service fund									$ 5,537	5,537		5,537
Amount to be provided for retirement of general long-term debt									276,701	276,701		276,701
Total assets and other debits	$ 51,839	$ 91,134	$ 7,102	$ 44,539	$ 586,200	$ 59,722	$ 200,266	$ 441,843	$ 282,238	$ 1,764,883	$ 59,372	$ 1,824,255

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PIMA COUNTY

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Exhibit A-1

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2001
(in thousands)

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		Totals (Memorandum Only)	Total Component	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust & Agency	General Fixed Assets	General Long-term Debt	Primary Gov't	Units	Reporting Unit
Liabilities, fund equity and other credits												
Liabilities:												
Accounts payable	$ 8,543	$ 12,582	$ 93	$ 10,680	$ 21,816	$ 957				$ 54,671	$ 1,076	$ 55,747
Interest payable		13	3	82	564					662	228	890
Contract retentions		12		552						564		564
Employee compensation	7,405	2,905		30	7,063	449	$ 2,290		$ 15,130	35,272		35,272
Interfund payable	782	50				27				859		859
Due to other funds	3,247	9,533			16,258	25	6			29,069		29,069
Due to other governments		8,513			1,334		11,580			21,427		21,427
Arbitrage rebate payable				1,292						1,292		1,292
Deposits and rebates	62	16		917			17,726			18,721	167	18,888
Line of credit	2,000									2,000		2,000
Reported but unpaid losses						15,536				15,536		15,536
Incurred but not reported losses						10,714				10,714		10,714
Contracts and notes					3,453				112	3,565	13,128	16,693
Payable from restricted assets					2,424					2,424	583	3,007
Certificates of participation									4,505	4,505		4,505
Capital leases									34,008	34,008		34,008
General obligation bonds			15						192,625	192,640		192,640
Flood control bonds									5,840	5,840		5,840
Revenue bonds					71,444				965	72,409	31,099	103,508
Transportation bonds									28,000	28,000		28,000
Loans payable					32,314					32,314		32,314
Special assessment bonds									1,053	1,053		1,053
Landfill closure payable					13,537					13,537		13,537
Deferred revenues	7,914	5,255	1,454		1,867					16,490		16,490
Total liabilities	29,953	38,879	1,565	13,553	172,074	27,708	31,602		282,238	597,572	46,281	643,853
Fund equity and other credits:												
Contributed capital					316,512	3,141				319,653	2,479	322,132
Investment in general fixed assets								$ 441,843		441,843		441,843
Retained earnings					97,614	28,873				126,487	10,612	137,099
Fund balances												
Reserved for investment trust participants							168,664			168,664		168,664
Reserved for loan receivable	300									300		300
Reserved for inventory		1,605								1,605		1,605
Reserved for prepaid expenditures	1,933	1,103								3,036		3,036
Reserved for specified programs		242								242		242
Reserved for capital repairs and refurbishments		592								592		592
Reserved for debt service		97	5,537							5,634		5,634
Unreserved												
Undesignated	19,653	48,616		30,986						99,255		99,255
Total fund equity and other credits	21,886	52,255	5,537	30,986	414,126	32,014	168,664	441,843		1,167,311	13,091	1,180,402
Total liabilities, fund equity and other credits	$ 51,839	$ 91,134	$ 7,102	$ 44,539	$ 586,200	$ 59,722	$ 200,266	$ 441,843	$ 282,238	$ 1,764,883	$ 59,372	$ 1,824,255

See Notes to Financial Statements

PIMA COUNTY

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Exhibit A-2

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

For the Year Ended June 30, 2001
(in thousands)

	GOVERNMENTAL FUND TYPES				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Taxes	$ 169,129	$ 19,266	$ 39,147		$ 227,542
Special assessments		342	503		845
Licenses and permits	1,186	3,696			4,882
Intergovernmental	110,408	121,407	11	$ 16,687	248,513
Charges for services	15,663	7,700		3,250	26,613
Fines and forfeits	3,483	882			4,365
Interest	4,361	4,047	1,600	5,460	15,468
Miscellaneous	2,007	4,872	53	1,199	8,131
Total revenues	306,237	162,212	41,314	26,596	536,359
Expenditures:					
Current:					
General government	98,689	19,296			117,985
Public safety	78,785	36,961			115,746
Highways and streets		24,977			24,977
Health	532	22,052			22,584
Welfare	71,243	17			71,260
Culture and recreation	11,128	11,114			22,242
Education and economic opportunity	4,987	27,471			32,458
Capital projects				87,673	87,673
Debt service - principal	2,834	116	36,873		39,823
- interest	1,826	4	13,173		15,003
- miscellaneous	4	9	173		186
Total expenditures	270,028	142,017	50,219	87,673	549,937
Excess of revenues over (under) expenditures	36,209	20,195	(8,905)	(61,077)	(13,578)
Other financing sources (uses):					
Proceeds of long-term debt	345			50,013	50,358
Operating transfers in	2,864	10,271	6,815	14,385	34,335
Operating transfers (out)	(48,414)	(23,737)		(125)	(72,276)
Total other financing sources (uses)	(45,205)	(13,466)	6,815	64,273	12,417
Excess of revenues and other sources over (under) expenditures and other uses	(8,996)	6,729	(2,090)	3,196	(1,161)
Fund balances at beginning of year, as restated	26,567	45,633	7,627	27,790	107,617
Change in reserve for inventory		(117)			(117)
Change in reserve for prepaid		10			10
Residual equity transfers in	5,315				5,315
Residual equity transfers (out)	(1,000)				(1,000)
Fund balances at end of year	$ 21,886	$ 52,255	$ 5,537	$ 30,986	$ 110,664

See Notes to Financial Statements

DRAFT

PIMA COUNTY

Exhibit A-3

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES

For the Year Ended June 30, 2001
(in thousands)

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	$ 167,627	$ 169,129	$ 1,502
Licenses and permits	1,110	1,186	76
Intergovernmental	108,017	110,408	2,391
Charges for services	14,533	15,663	1,130
Fines and forfeits	3,646	3,483	(163)
Interest	100	4,361	4,261
Miscellaneous	2,135	2,007	(128)
Total revenues	297,168	306,237	9,069
Expenditures:			
Current:			
General government	103,904	98,689	5,215
Public safety	76,341	78,785	(2,444)
Health	548	532	16
Welfare	70,165	71,243	(1,078)
Culture and recreation	11,063	11,128	(65)
Education and economic opportunity	4,846	4,987	(141)
Debt Service - principal	2,942	2,834	108
- interest	1,848	1,826	22
- miscellaneous	4	4	
Total expenditures	271,661	270,028	1,633
Excess of revenues over expenditures	25,507	36,209	10,702
Other financing sources (uses):			
Proceeds of long-term debt		345	345
Operating transfers in	7,744	2,864	(4,880)
Operating transfers (out)	(45,973)	(48,414)	(2,441)
Total other financing (uses)	(38,229)	(45,205)	(6,976)
Excess of revenues and other sources over (under) expenditures and other uses	(12,722)	(8,996)	3,726
Fund balance at beginning of year	19,482	26,567	7,085
Residual equity transfers in		5,315	5,315
Residual equity transfers (out)		(1,000)	(1,000)
Fund balance at end of year	$ 6,760	$ 21,886	$ 15,126

See Notes to Financial Statements

(Continued)

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PIMA COUNTY

Exhibit A-3.1

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES

For the Year Ended June 30, 2001
(in thousands)

	Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	$ 18,952	$ 19,266	$ 314
Special Assessments		342	342
Licenses and permits	3,136	3,696	560
Intergovernmental	144,370	121,407	(22,963)
Charges for services	7,969	7,700	(269)
Fines and forfeits	642	882	240
Interest	1,261	4,047	2,786
Miscellaneous	10,084	4,872	(5,212)
Total revenues	186,414	162,212	(24,202)
Expenditures:			
Current:			
General government	26,706	19,296	7,410
Public safety	44,466	36,961	7,505
Highways and streets	33,101	24,977	8,124
Health	23,664	22,052	1,612
Welfare	248	17	231
Culture and recreation	11,299	11,114	185
Education and economic opportunity	47,653	27,471	20,182
Debt service - principal	(326)	116	(442)
- interest	(61)	4	(65)
- miscellaneous	2	9	(7)
Total expenditures	186,752	142,017	44,735
Excess of revenues over (under) expenditures	(338)	20,195	20,533
Other financing sources (uses):			
Operating transfers in	8,769	10,271	1,502
Operating transfers (out)	(27,404)	(23,737)	3,667
Total other financing (uses)	(18,635)	(13,466)	5,169
Excess of revenues and other sources over (under) expenditures and other uses	(18,973)	6,729	25,702
Fund balances at beginning of year, as restate	30,050	45,633	15,583
Change in reserve for inventory		(117)	(117)
Change in reserve for prepaid		10	10
Fund balances at end of year	$ 11,077	$ 52,255	$ 41,178

See Notes to Financial Statements

(Continued)

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PIMA COUNTY

Exhibit A-3.2

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES

For the Year Ended June 30, 2001
(in thousands)

	Debt Service Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	$ 37,277	$ 39,147	$ 1,870
Special assessments	483	503	20
Intergovernmental		11	11
Interest	312	1,600	1,288
Miscellaneous		53	53
Total revenues	38,072	41,314	3,242
Expenditures:			
Debt service - principal	35,663	36,873	(1,210)
- interest	13,837	13,173	664
- miscellaneous	24	173	(149)
Total expenditures	49,524	50,219	(695)
Excess of revenues (under) expenditures	(11,452)	(8,905)	2,547
Other financing sources (uses):			
Operating transfers in	6,796	6,815	19
Total other financing sources	6,796	6,815	19
Excess of revenues and other sources (under) expenditures and other uses	(4,656)	(2,090)	2,566
Fund balance at beginning of year	6,585	7,627	1,042
Fund balance at end of year	$ 1,929	$ 5,537	$ 3,608

See Notes to Financial Statements

(Continued)

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PIMA COUNTY

Exhibit A-3.3

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES

For the Year Ended June 30, 2001
(in thousands)

	Capital Projects Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	$ 14,001	$ 16,687	$ 2,686
Charges for services	2,500	3,250	750
Interest	4,500	5,460	960
Miscellaneous	1,125	1,199	74
Total revenues	22,126	26,596	4,470
Expenditures:			
Capital projects	105,539	87,673	17,866
Total expenditures	105,539	87,673	17,866
Excess of revenues (under) expenditures	(83,413)	(61,077)	22,336
Other financing sources (uses):			
Proceeds of long-term debt	50,000	50,013	13
Operating transfers in	18,020	14,385	(3,635)
Operating transfers (out)	(25)	(125)	(100)
Total other financing sources	67,995	64,273	(3,722)
Excess of revenues and other sources (under) expenditures and other uses	(15,418)	3,196	18,614
Fund balance at beginning of year	29,229	27,790	(1,439)
Fund balance at end of year	$ 13,811	$ 30,986	$ 17,175

See Notes to Financial Statements

PIMA COUNTY

Exhibit A-4

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COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY - ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS

For the Year Ended June 30, 2001
(in thousands)

	Enterprise Funds	Internal Service Funds	Totals (Memorandum Only) Primary Govt.	Total Component Units	Totals (Memorandum Only) Reporting Unit
Operating revenues:					
Net patient services	$ 151,927		$ 151,927		$ 151,927
Charges for services	55,625	$ 23,532	79,157	$ 12,897	92,054
Other (including $13,253 in disproportionate share settlement)	16,852	862	17,714	221	17,935
Reimbursement of disproportionate share settlement	(7,151)		(7,151)		(7,151)
Total net operating revenues	217,253	24,394	241,647	13,118	254,765
Operating expenses:					
Employee compensation	70,844	4,045	74,889	2,986	77,875
Medical claims	82,589		82,589		82,589
Operating supplies and services	16,226	4,229	20,455	730	21,185
Utilities	3,498		3,498	1,956	5,454
Sludge and refuse disposal	1,761		1,761		1,761
Repair and maintenance	3,585		3,585	79	3,664
Landfill closure and postclosure costs	170		170		170
Incurred losses		9,521	9,521		9,521
Insurance premiums		2,514	2,514	168	2,682
General and administrative	17,131	3,874	21,005	1,682	22,687
Consultants and professional services	20,231	311	20,542	656	21,198
Depreciation and amortization	14,675	1,902	16,577	1,251	17,828
Miscellaneous				598	598
Total operating expenses	230,710	26,396	257,106	10,106	267,212
Operating income (loss)	(13,457)	(2,002)	(15,459)	3,012	(12,447)
Nonoperating revenues:					
Grants	5,887		5,887		5,887
Interest income	6,557	2,626	9,183	720	9,903
Gain on disposal of fixed assets		170	170	1	171
Sewer connection fees	16,769		16,769		16,769
State of Arizona aid				92	92
Total nonoperating revenues	29,213	2,796	32,009	813	32,822
Nonoperating expenses:					
Interest expense	(7,071)	(53)	(7,124)	(2,107)	(9,231)
Loss on disposal of fixed assets	(43)		(43)	(177)	(220)
Amortization of deferred charges	(78)		(78)	(613)	(691)
Net nonoperating revenues (expenses)	22,021	2,743	24,764	(2,084)	22,680
Income before operating transfers	8,564	741	9,305	928	10,233
Operating transfers in	36,941	1,000	37,941		37,941
Net income	45,505	1,741	47,246	928	48,174
Fund equity at beginning of year, as restated	350,965	30,263	381,228	12,041	393,269
Reduction of retained earnings	(5,315)		(5,315)		(5,315)
Current year additions to contributed capital	23,003	10	23,013	122	23,135
Return of contributed capital	(32)		(32)		(32)
Fund equity at end of year	$ 414,126	$ 32,014	$ 446,140	$ 13,091	$ 459,231

See Notes to Financial Statements

PIMA COUNTY

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Exhibit A-5

COMBINED STATEMENT OF CASH FLOWS -
ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS

For the Year Ended June 30, 2001
(in thousands)

	Enterprise Funds	Internal Service Funds	Totals (Memorandum Only) Primary Govt.	Total Component Units	Totals (Memorandum Only) Reporting Unit
Cash flows from operating activities:					
Cash received from other funds for goods and services provided	$ 8,864	$ 23,539	$ 32,403		$ 32,403
Cash received from customers for goods and services provided	192,596		192,596	$ 12,818	205,414
Cash received from miscellaneous operations	2,687	1,226	3,913	229	4,142
Cash payments to suppliers for goods and services	(122,295)	(9,629)	(131,924)	(7,073)	(138,997)
Cash payments to other funds for goods and services	(10,268)	(1,684)	(11,952)		(11,952)
Cash payments for incurred losses		(10,700)	(10,700)		(10,700)
Cash payments to employees for services	(70,274)	(4,037)	(74,311)	(2,583)	(76,894)
Net cash provided (used) by operating activities	1,310	(1,285)	25	3,391	3,416
Cash flows from noncapital financing activities:					
Interest paid on short-term credit	(1,453)		(1,453)		(1,453)
Interest received on interfund loans	138		138		138
Operating transfers in	36,941	1,000	37,941		37,941
Transfers of retained earnings to other funds	(5,315)		(5,315)		(5,315)
Proceeds of loans from other funds	15,398	25	15,423		15,423
Loans to other funds	(670)	(53)	(723)		(723)
Loan payments to other funds	(40,919)	(22)	(40,941)		(40,941)
Loan payments from other funds	30,000	26	30,026		30,026
Grant proceeds	5,381		5,381	92	5,473
Net cash provided by noncapital financing activities	39,501	976	40,477	92	40,569
Cash flows from capital and related financing activities:					
Principal paid on bonds, notes, contracts, and loans	(5,006)		(5,006)	(1,711)	(6,717)
Interest paid on bonds, notes, contracts, and loans	(5,592)		(5,592)	(2,522)	(8,114)
Sewer connection fees	16,623		16,623		16,623
Additions to contributed capital	1,000		1,000	122	1,122
Return of contributed capital			-		-
Proceeds from sale of equipment		362	362	5	367
Reduction of regulatory asset				546	546
Purchase of property, plant, and equipment	(48,228)	(4,099)	(52,327)	(4,832)	(57,159)
Proceeds from bonds, loans, and notes payable	19,688		19,688	59	19,747
Net cash used by capital and related financing activities	(21,515)	(3,737)	(25,252)	(8,333)	(33,585)
Cash flows from investing activities:					
Purchase of investments		(250)	(250)		(250)
Proceeds from matured investments		5,258	5,258		5,258
Interest on cash and investments	5,546	2,904	8,450	720	9,170
Net cash provided by investing activities	5,546	7,912	13,458	720	14,178
Net increase (decrease) in cash and cash equivalents	24,842	3,866	28,708	(4,130)	24,578
Cash and cash equivalents at beginning of year	55,329	37,986	93,315	14,784	108,099
Cash and cash equivalents at end of year	$ 80,171	$ 41,852	$ 122,023	$ 10,654	$ 132,677

See Notes to Financial Statements

(Continued)

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PIMA COUNTY

Exhibit A-5.1

COMBINED STATEMENT OF CASH FLOWS -
ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS

(Continued)

For the Year Ended June 30, 2001
(in thousands)

Cash and Cash Equivalents at June 30, 2001 consist of the following:

	Cash and Cash Equivalents	Cash Portion of Restricted Assets	Total Cash and Cash Equivalents
Enterprise Funds	$ 40,055	$ 40,116	$ 80,171
Internal Service Funds	41,852		41,852
Totals (Memorandum Only) - Primary Government	81,907	40,116	122,023
Total Component Units	7,311	3,343	10,654
Totals (Memorandum Only) Reporting Unit	$ 89,218	$ 43,459	$ 132,677

See Notes to Financial Statements

(Continued)

PIMA COUNTY

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COMBINED STATEMENT OF CASH FLOWS -
ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS

(Continued)

For the Year Ended June 30, 2001
(in thousands)

Reconciliation of operating income (loss) to net cash provided (used) by operating activities	Enterprise Funds	Internal Service Funds	Totals (Memorandum Only) Primary Govt.	Total Component Units	Totals (Memorandum Only) Reporting Unit
Operating income (loss)	$ (13,457)	$ (2,002)	$ (15,459)	$ 3,012	$ (12,447)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	14,675	1,902	16,577	1,251	17,828
Provision for doubtful accounts	7,853		7,853		7,853
Landfill closure and postclosure costs	170		170		170
(Increase) in accounts receivable	(12,374)	364	(12,010)	(89)	(12,099)
(Increase) in interfund receivables	(96)		(96)		(96)
(Increase) decrease in inventory and other assets	(14)	(16)	(30)	(499)	(529)
Increase in accounts payable	4,717	(289)	4,428	(627)	3,801
Increase in interfund payables	(124)		(124)		(124)
Increase in other current liabilities	(40)	(65)	(105)	343	238
Increase in reported but unpaid losses		(710)	(710)		(710)
(Decrease) in incurred but not reported losses		(469)	(469)		(469)
Net cash provided (used) by operating activities	$ 1,310	$ (1,285)	$ 25	$ 3,391	$ 3,416

Noncash investing, capital, and financing activities:

During the year ended June 30, 2001, Development Services disposed of assets with an original cost of $5 and a net book value of zero.

During the year ended June 30, 2001, Development Services Fund transferred equipment with a net book value of $31 to Pima County's General Fixed Assets Account Group. This transaction has been included in return of contributed capital.

During the year ended June 30, 2001, Pima Health Care System disposed of equipment with a net book value of $0, resulting in no gain or loss on disposal of equipment.

During the year ended June 30, 2001, Pima Health Care System received capital assets from the General Fixed Assets Group in the amount of $1,657. This transaction has been included in additions to contributed capital.

During the year ended June 30, 2001, Wastewater Management transferred property, plant, and equipment with a net book value of $1 to Pima County's General Fixed Asset Account Group. This transaction has been included in return of contributed capital.

During the year ended June 30, 2001, Wastewater Management disposed of equipment with a net book value of $43, resulting in a loss on disposal of equipment.

During the year ended June 30, 2001, developer-built conveyance systems with estimated fair values totaling $20,346 were transferred to Wastewater Management. These transfers were recorded as an increase to property, plant and equipment and contributed capital.

(Continued)

COMBINED STATEMENT OF CASH FLOWS -
ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS

(Continued)

For the Year Ended June 30, 2001
(in thousands)

During the year ended June 30, 2001, Self Insurance Trust Fund transferred equipment with an original cost of $15 and a net book value of $0 to General Fixed Assets Account Group.

During the year ended June 30, 2001, Other Internal Services Funds disposed of equipment with a net book value of $192, resulting in a gain of $170 on disposal of equipment.

During the year ended June 30, 2001, Other Internal Service Funds received equipment with a net book value of $10 from General Fixed Assets Account Group. This transaction has been included as an addition to contributed capital.

During the year ended June 30, 2001, Other Internal Service Funds disposed of equipment with an original cost of $6 and a net book value of zero.

See Notes to Financial Statements

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COMBINING BALANCE SHEET - ALL DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2001
(in thousands)

	Metropolitan Domestic Water Improvement District	Southwestern Fair Commission	Totals
Assets			
Cash and cash equivalents	$ 6,927	$ 384	$ 7,311
Accounts receivable	1,442	4	1,446
Deferred financing costs	780		780
Inventory	195	38	233
Prepaid expense	207	22	229
Other assets	814	13	827
Regulatory asset	9,646		9,646
Restricted assets	3,343		3,343
Land	951		951
Buildings and improvements	1,727		1,727
Water system	28,820		28,820
Equipment	1,802	4,687	6,489
Accumulated depreciation	(5,518)	(2,575)	(8,093)
Construction in progress	5,663		5,663
Total assets	$ 56,799	$ 2,573	$ 59,372
Liabilities and fund equity			
Liabilities:			
Accounts payable	$ 871	$ 205	$ 1,076
Deposits and rebates	155	12	167
Interest payable	228		228
Contracts and notes	12,289	839	13,128
Payable from restricted assets	583		583
Revenue bonds	31,099		31,099
Total liabilities	45,225	1,056	46,281
Fund equity:			
Contributed capital	2,479		2,479
Retained earnings	9,095	1,517	10,612
Total fund equity	11,574	1,517	13,091
Total liabilities and fund equity	$ 56,799	$ 2,573	$ 59,372

See Notes to Financial Statements

PIMA COUNTY

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Exhibit A-7

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY - ALL DISCRETELY PRESENTED COMPONENT UNITS

For the Year Ended June 30, 2001
(in thousands)

	Metropolitan Domestic Water Improvement District	Southwestern Fair Commission	Totals
Operating revenues:			
Charges for services	$ 9,478	$ 3,419	$ 12,897
Other		221	221
Total operating revenues	9,478	3,640	13,118
Operating expenses:			
Employee compensation	1,896	1,090	2,986
Operating supplies and services	444	286	730
Utilities	1,776	180	1,956
Repair and maintenance		79	79
Insurance premiums	65	103	168
Consultants and professional services	541	115	656
General and administrative		1,682	1,682
Depreciation and amortization	939	312	1,251
Miscellaneous	584	14	598
Total operating expenses	6,245	3,861	10,106
Operating income (loss)	3,233	(221)	3,012
Nonoperating revenues:			
Interest income	720		720
Gain on disposal of fixed assets		1	1
State of Arizona aid		92	92
Total nonoperating revenues	720	93	813
Nonoperating expenses:			
Interest expense	(2,050)	(57)	(2,107)
Amortization of deferred charges	(613)		(613)
Loss on disposal of fixed assets	(177)		(177)
Total nonoperating expenses	(2,840)	(57)	(2,897)
Net income (loss)	1,113	(185)	928
Fund equity at beginning of year	10,339	1,702	12,041
Current year additions to contributed capital	122		122
Fund equity at end of year	$ 11,574	$ 1,517	$ 13,091

See Notes to Financial Statements

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COMBINING STATEMENT OF CASH FLOWS - ALL DISCRETELY PRESENTED COMPONENT UNITS

For the Year Ended June 30, 2001
(in thousands)

	Metropolitan Domestic Water Improvement District	Southwestern Fair Commission	Totals
Cash flows from operating activities:			
Cash received from customers for goods and services provided	$ 9,399	$ 3,419	$ 12,818
Cash received from miscellaneous operations	9	220	229
Cash payments to suppliers for goods and services	(4,589)	(2,484)	(7,073)
Cash payments to employees for services	(1,493)	(1,090)	(2,583)
Net cash provided by operating activities	3,326	65	3,391
Cash flows from noncapital financing activities:			
Grant proceeds		92	92
Net cash provided by noncapital financing activities		92	92
Cash flows from capital and related financing activities:			
Principal paid on bonds, notes, and equipment contracts	(1,632)	(79)	(1,711)
Interest paid on bonds, notes, and equipment contracts	(2,460)	(62)	(2,522)
Proceeds from bonds and notes payable	59		59
Proceeds from sale of equipment		5	5
Addition to contributed capital	122		122
Reduction of regulatory asset	546		546
Purchase of property, plant, and equipment	(4,800)	(32)	(4,832)
Net cash (used) by capital and related financing activities	(8,165)	(168)	(8,333)
Cash flows from investing activities:			
Interest on cash and investments	720		720
Net cash provided by investing activities	720		720
Net (decrease) in cash and cash equivalents	(4,119)	(11)	(4,130)
Cash and cash equivalents at beginning of year	14,389	395	14,784
Cash and cash equivalents at end of year	$ 10,270	$ 384	$ 10,654

(Continued)

See Notes to Financial Statements

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COMBINING STATEMENT OF CASH FLOWS - ALL DISCRETELY PRESENTED COMPONENT UNITS

(Continued)

For the Year Ended June 30, 2001
(in thousands)

Cash and Cash Equivalents at June 30, 2001 consist of the following:

	Cash and Cash Equivalents	Cash Portion of Restricted Assets	Total Cash and Cash Equivalents
Metropolitan Domestic Water Improvement District	$ 6,927	$ 3,343	$ 10,270
Southwestern Fair Commission	384		384
	$ 7,311	$ 3,343	$ 10,654

(Continued)

See Notes to Financial Statements

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COMBINING STATEMENT OF CASH FLOWS - ALL DISCRETELY PRESENTED COMPONENT UNITS

(Continued)

For the Year Ended June 30, 2001
(in thousands)

Reconciliation of operating income to net cash provided by operating activities	Metropolitan Domestic Water Improvement District	Southwestern Fair Commission	Totals
Operating income (loss)	$ 3,233	$ (221)	$ 3,012
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	939	312	1,251
(Increase) in accounts receivable	(88)	(1)	(89)
(Increase) in inventory and other assets	(483)	(16)	(499)
Increase (decrease) in accounts payable	(687)	60	(627)
Increase (decrease) in other liabilities	412	(69)	343
Net cash provided by operating activities	$ 3,326	$ 65	$ 3,391

See Notes to Financial Statements

PIMA COUNTY

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Exhibit A-9

COMBINING STATEMENT OF CHANGES IN NET ASSETS
INVESTMENT TRUST FUNDS

For the Year Ended June 30, 2001
(in thousands)

	Treasurer's Investment Pool	Individual Investment Accounts	Total
Additions:			
Contributions from participants	$ 1,714,430	$ 117,117	$ 1,831,547
Interest income	5,433	4,419	9,852
Total additions	1,719,863	121,536	1,841,399
Deductions:			
Distributions to participants	1,720,984	149,203	1,870,187
Total deductions	1,720,984	149,203	1,870,187
Net decrease in net assets	(1,121)	(27,667)	(28,788)
Net assets held in trust July 1, 2000	136,445	61,007	197,452
Net assets held in trust June 30, 2001	$ 135,324	$ 33,340	$ 168,664

See Notes to Financial Statements

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

Pima County defined: The governmental and administrative affairs of the County are carried out by a five-member Board of Supervisors with each member elected from a designated district to serve a four-year term. The chair is selected by the Board from among its members. The Board is responsible for establishing the policies of the various County departments. The Board appoints a County Administrator who is responsible for the general administrative and overall operations of the various departments of the County.

Pima County includes in its financial statements all funds, account groups, 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 1) it is able to impose its will on that organization or 2) there is a potential for that organization to provide specific benefits to or impose specific financial burdens on the primary government. Additionally, the primary government may be financially accountable if an organization is fiscally dependent on the primary government.

The Municipal Property Corporation (MPC) is a nonprofit corporation created by the Pima County Board of Supervisors to assist in the development of the County, among other things, by acquiring, constructing and improving any facilities, including real property and improvements and personal property, for use by the County. The Corporation undertook its first bond issue in October, 1992. The Corporation is governed by a five-member board elected by the Pima County Board of Supervisors to one-year terms. The Corporation is reported as a special revenue fund (blended component unit) in these financial statements. Complete financial statements for the MPC can be obtained from the Pima County Financial and Information Services Department located at 130 West Congress Street, Tucson, Arizona 85701.

The Pima County Stadium District was formed to promote and establish major league baseball spring training in Pima County. The Board of Directors of the District comprises the same individuals who constitute the Pima County Board of Supervisors. 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 recreational 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 Financial and Information Services Department located at 130 West Congress Street, Tucson, Arizona 85701.

The Metropolitan Domestic Water Improvement District (MDWID) of Pima County was formed by the Pima County Board of Supervisors on July 7, 1992. The initial Board of Directors of the District comprised five members appointed by the Pima County Board of Supervisors to varying terms. In November, 1994, three members were elected to four-year terms. The Board of Directors of the District has all the powers and duties of the Board of Supervisors of Pima County sitting as the board of directors of a county improvement district that are not in conflict with the provisions of the law. The Pima County Board of Supervisors may review and shall have veto authorization over all financial transactions of the Board of Directors of the District. Additionally, the Pima County Board of Supervisors may at any time revoke the authority of the Board of Directors of the District in order to protect the residents of the District. If this should occur, the Pima County Board of Supervisors would govern the District. Based on these factors, the District is reported as a separate component unit (discrete presentation) in these financial statements. Complete financial statements of the District can be obtained from their administrative offices located at 6265 N. La Cañada Drive, Tucson, Arizona 85704.

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The Southwestern Fair Commission, Inc. (SFC) is a nonprofit corporation which manages and maintains the fairgrounds owned by the County and conducts an annual fair and other events at the fairgrounds. The Commission's members are appointed, and can be removed at any time, by the Pima County Board of Supervisors. Based on these factors, 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 Financial and Information Services Department located at 130 West Congress Street, Tucson, Arizona 85701.

Pima County includes the financial activity of various improvement districts in its financial statements. Improvement districts are established to finance specific construction projects that benefit a limited geographic area. The improvement districts are Los Reales, North 1st Avenue Sewer, North La Cholla Sewer, Country Club Estates and Shadow Roc. The Pima County Board of Supervisors is also designated the Board of Directors of those improvement districts. The Pima County Board of Supervisors is able to impose its will on the districts by levying special assessments against the benefitting property owners to finance the construction.

There are various school districts, irrigation districts, and fire districts within the County governed by independently elected boards. In addition, there are other entities for which the County is not financially accountable, such as the Industrial Development Authority, various lighting districts, the Pima Association of Governments, Pima Council on Aging, and the Private Industry Council. The financial statements of such districts and entities are not included in this report except to reflect amounts held in a trust or agency capacity by the County Treasurer.

Services provided: Pima County offers a wide variety of governmental services. Medical Services are provided by Pima Health Care System, Medical Assistance and the Health Department (including Health and Animal Control, and Medical Examiner). Public Works are performed by Development Services (including Planning and Zoning), Transportation, Flood Control, Wastewater Management (including Solid Waste Management), Environmental Quality, Capital Projects, Automotive Services, Facilities Management, Communications and Parking Garages. Justice and Law Enforcement are provided by the Sheriff's Department, Superior, Juvenile and Justice Courts, Public Defender, Clerk of the Superior Court, County Attorney, Public Fiduciary, Constables, Legal Defender and Indigent Defense. Community Resources are provided by Parks & Recreation, Community Services, County Free Library, Superintendent of Schools, Southwestern Fair Commission, Rillito Park and Stadium District. Pima County also provides a full range of general government and administrative services.

Accounting policies: The accounting policies of Pima County are established by the State of Arizona Auditor General through the Uniform Accounting Manual for Arizona Counties. The policies conform to generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board and provide a consistent basis for presenting financial information of the County.

The purpose of the Summary of Significant Accounting Policies is to identify and describe accounting principles followed by the County and the methods of applying those principles that materially affect the determination of financial position, cash flows, or results of operations. It is not the intent of the Summary to duplicate details presented elsewhere as part of the financial statements, but rather to enlighten and complement the information on the statements themselves.

B. BASIS OF PRESENTATION

Fund accounting: The financial transactions of the County are recorded in individual funds and account groups, each of which is considered a separate fiscal entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Total columns on the Combined Statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

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The various funds and account groups are classified by category and type as follows:

GOVERNMENTAL FUNDS

General Fund

To account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

To account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Fund

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Projects Fund

To account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

PROPRIETARY FUNDS

Enterprise Funds

To account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, management control, public policy, accountability or other purposes.

Internal Service Funds

To account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governmental units, on a cost-reimbursement basis.

FIDUCIARY FUNDS

Trust Funds

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

Agency Funds

To account for assets held by the County as an agent for individuals, private organizations, other governmental units or other funds. The Agency Fund is custodial in nature and does not present results of operations or have a measurement focus.

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ACCOUNT GROUPS

General Fixed Assets

To account for the general fixed assets of the County, excluding fixed assets of the Proprietary Funds.

General Long-term Debt

To account for the general long-term debt of the County, excluding long-term debt of the Proprietary Funds.

C. MEASUREMENT FOCUS

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using the flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet.

All Proprietary Funds and Trust Funds are accounted for using the flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet.

D. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The financial statements of the Governmental and Agency Funds are presented on the modified accrual basis of accounting. Revenues are recognized when they become measurable and available to finance expenditures of the current period. Expenditures are recognized when the related fund liability is incurred except for principal and interest on general long-term debt which is recognized when due. However, since debt service resources are provided during the current year for payment of general long-term debt principal and interest due early in the following year, the expenditures and related liabilities have been recognized in the Debt Service Fund.

Those revenues susceptible to accrual prior to receipt are property taxes, franchise taxes, special assessments, licenses and permits, intergovernmental aid, grants and reimbursements, interest revenue, charges for services, and sales taxes collected and held by the State at year-end on behalf of the County. Fines and forfeits, rents, contributions and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The financial statements of the Proprietary Funds and the Trust Funds are presented on the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Only those applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and ARBs issued on or before November 30, 1989, are applied unless those pronouncements conflict with or contradict GASB pronouncements.

E. BUDGETARY ACCOUNTING

On or before the third Monday in July of each year, the Board of Supervisors adopts a tentative budget for the fiscal year. A public hearing and special board meeting is scheduled at which time the final budget is adopted.

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The County adopts, on a modified accrual basis, budgets for all governmental fund types (General, Special Revenue, Debt Service, and Capital Projects Fund). Operating plans for all Enterprise funds are also adopted as part of the budget document. Per state statute, expenditures may not exceed appropriations at the department or elected official level. Each Special Revenue Fund maintains budgetary control at the fund or sub-fund level where applicable. Budgetary control for the Capital Projects Fund and the Debt Service Fund are at the fund level.

Adopted budgets provide that the beginning unreserved fund balance plus revenues and other financing sources equal expenditures and other uses. State statute requires that amendments to the budget, including transfers of appropriations between departments or funds, are not permissible unless the Board of Supervisors determines that it is in the public interest and it is based on a demonstrated need. During fiscal year ended June 30, 2000, there were amendments to the budget and transfers of appropriations between various departments and funds. These were approved by the Board of Supervisors. As state statute prohibits the County from exceeding the final adopted budget, there were no supplemental appropriations during the year ended June 30, 2000.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders for specific items are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Appropriation balances, including all outstanding encumbrances, lapse at the end of the fiscal year. Any item ordered in a fiscal year but not received is charged against an appropriation in the year that the item is received.

F. ASSETS, LIABILITIES AND FUND EQUITY

Significant unusual accounting treatments: Noncurrent portions of certain long-term receivables, primarily property taxes and interest due to governmental funds, are reported on their balance sheets despite their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables is deferred until they become current receivables.

Cash and cash equivalents: Cash and cash equivalents include deposits with the County Treasurer, deposits with the State Treasurer, amounts in demand deposits, and short-term investments with a maturity date within three months of the date acquired by the County.

Short-term Interfund Receivables/Payables: During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "interfund receivables/payables" on the balance sheet. Short-term interfund loans and unpaid operating transfers are classified as "due from/due to other funds."

Investments: Nonparticipating interest-earning investment contracts are stated at cost. All other investments are stated at fair value.

Inventories: Inventories of the governmental funds are valued at cost on the first-in, first-out method or average cost method and consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Inventory of Pima Health Care System, an enterprise fund, is valued at the lower of cost or market, cost being determined on the first-in, first-out method.

The inventories of Wastewater Management, an enterprise fund, are valued at the lower of cost or market, cost being determined using the moving average method.

The inventories of Automotive Services, an internal service fund, are valued at the lower of cost or market, cost being determined using the moving average method.

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Deferred charges: Deferred charges represent financing costs for Wastewater Management and the Metropolitan Domestic Water Improvement District which are being amortized over the related life of the bond issue or 20 years, respectively, using the straight-line method.

Deferred Interest Expense: For advance refundings resulting in defeasance of debt reported by proprietary activities, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. On the balance sheet, the deferred amount is reported as a deduction from or an addition to the new debt liability.

Fixed assets and long-term liabilities: Purchased fixed assets capitalized in the General Fixed Assets Account Group are recorded at the time of purchase as expenditures in the funds from which the expenditures were made. Such assets are capitalized at cost. Donated fixed assets are capitalized at their estimated fair market value at the time received.

Depreciation on general fixed assets is not recorded, and interest incurred during construction is not capitalized. Also, public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage and lighting systems, are not capitalized.

Purchased fixed assets of the Proprietary Funds are capitalized in those funds at cost. Major outlays for assets or improvements to them are capitalized as projects are constructed. Interest incurred during the construction phase of the project is capitalized net of interest earned on the invested proceeds over the same period. Donated fixed assets are capitalized at their estimated fair market value at the time received. Depreciation of fixed assets in the Proprietary Funds is charged as an expense against operations. These assets are depreciated over their estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings and improvements	7 to 40 Years
Furniture and equipment	3 to 25 Years
Wastewater treatment facilities, transfer stations and other property and equipment	5 to 50 Years
Sewage conveyance system	50 Years
MDWID - Water reservoirs, transmission and distribution mains, hydrants and valves	50 to 55 Years
MDWID - Water wells, pumping equipment, water treatment equipment and meters	25 to 30 Years
MDWID - Other water plant equipment	15 to 25 Years

Vehicles owned by Automotive Services, an Other Internal Service Fund, are depreciated on the units-of-production method based on the number of miles or hours used.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-term Debt Account Group, rather than in the separate funds.

Restricted assets: The restricted assets shown for the Capital Projects Fund and the Enterprise Funds consist of cash and cash equivalents at fair value, and are restricted in accordance with the terms of contracts, agreements, and restrictive covenants pertaining to revenue bonds.

G. REVENUES, EXPENDITURES AND EXPENSES

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Property Tax and Special Assessment Revenues: Property tax and special assessment revenues are recognized as revenues in the fiscal year they are levied and collected or if they are collected within 30 days subsequent to fiscal year end. Property taxes and special assessments not collected within 30 days subsequent to fiscal year end or collected in advance of the fiscal year for which they are levied are reported as deferred revenues.

Grants, Entitlements and Shared Revenues: In governmental funds, grants which are awarded for a specific purpose are considered to be earned when the related expenditure occurs. If the grant is awarded on a cost reimbursable basis, the amount spent is shown as due from other governments until the cash is received. If cash is received in advance, the revenue recognition is deferred until the related expenditure occurs.

Grants received in enterprise funds for capital acquisition are recorded as contributed capital.

Entitlements and shared revenues which are not restricted to specific uses are recognized as revenue when measurable and available.

Sewer Connection Fees: Sewer connection fees are assessed to land developers based upon the type and number of fixtures attached to the conveyance system. Fees are established at a level to provide for the recovery of Wastewater Management's operating expenses that are not recovered by the sewer utility service fees. Accordingly, fees collected are classified as nonoperating revenues rather than operating revenues or contributed capital.

Miscellaneous Revenues: Miscellaneous revenues in the General Fund include $704 in rents and royalties, $657 in refunds and reimbursements and $642 in various miscellaneous fees. Miscellaneous revenues in the Other Special Revenue Fund include $1,625 of anti-racketeering monies and $1,333 in rents and royalties. Miscellaneous revenues in the Other Special Revenue Grants Fund include $1,073 in various program fees and reimbursements. Miscellaneous revenues in the Capital Projects Fund include various miscellaneous fees and reimbursements totaling $1,199.

Compensated absences: The liability for compensated absences is accrued for proprietary funds. In governmental funds only the current liability is accrued, with the noncurrent portion being recorded in the General Long-term Debt Account Group.

NOTE 2: CASH DEFICITS

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

NOTE 3: CASH AND INVESTMENTS

PRIMARY GOVERNMENT

The County's cash and investment policies are governed by State statutes and by bond covenants. The County Treasurer is authorized to invest public monies in the State Treasurer's Investment Pool; interest bearing savings accounts, certificates of deposit and repurchase agreements in eligible depositories; bonds or other obligations of the United States government that are guaranteed as to principal and interest by the United States government; and bonds of the State of Arizona counties, cities, towns, school districts or special districts as specified by statute. As required by statute, collateral is required for demand deposits, certificates of deposit and repurchase agreements at 101 percent of all deposits not covered by Federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, and obligations of the various states and their municipalities, school districts and special districts. At least monthly, the Treasurer's Office determines that the collateral is adequate to cover the deposits by calculating the lower amount of par or fair value of individual securities pledged as collateral.

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The State Board of Deposit provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares.

Most cash, including amounts held in trust and agency capacity for other entities, is deposited with the County Treasurer who invests the pooled balances on a short-term basis. Interest received is allocated monthly, on the basis of average daily cash balances, to separate districts and to various County funds. The County Treasurer also maintains discrete deposit and investment accounts for various funds and other entities. Deposits and investments are displayed on the Balance Sheet as Cash and cash equivalents, Deposits with fiscal agents, Investments, and Restricted assets.

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 his stewardship. The County Treasurer invests, on a pool basis, all idle monies not specifically invested for a fund or program. In addition, the County Treasurer determines the fair value of those pooled investments annually at June 30. The County Treasurer's Investment Pool is not registered with the Securities and Exchange Commission as an investment company and there is no regulatory oversight of its operations. The structure of the pool does not provide for shares and the County has not provided or obtained any legally binding guarantees to support the value of the participants' investments.

At June 30, 2001, the investment pool had cash on hand of $4. The carrying amount of the pool's total cash in bank was $10,699 and the bank balance was $5,410. Of the bank balance, $100 was covered by federal depository insurance and $5,310 was covered by collateral held by the pledging financial institution's agent in the County's name.

The investment pool's investments at June 30, 2001, consisted of investments in the State Treasurer's Investment Pool, which represent shares of the pool's portfolio. Those shares are not identified with specific investments and are not subject to custodial credit risk.

	Reported Amount	Fair Value
Investment in State Treasurer's Investment Pool	$ 242,685	$ 242,685
Total	$ 242,685	$ 242,685

Details of the major investment classification follow:

Investment Type	Principal	Interest Rate	Maturity	Fair Value	Reported Amount
State Treasurer's Investment Pool	$ 242,685	None stated	None stated	$ 242,685	$ 242,685

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

Statement of Net Assets		
Assets	$	253,722
Liabilities		
Net Assets		253,722
Net assets held in trust for:		
Internal participants		118,398
External participants		135,324
Total net assets held in trust	$	253,722

Statement of Changes in Net Assets		
Total additions	$	4,428,626
Total deductions		(4,445,307)
Net increase (decrease)		(16,681)
Net assets held in trust:		
July 1, 2000		270,403
June 30, 2001	$	253,722

Other Cash and Investments - At June 30, 2001, the total nonpooled cash on hand was $99. The carrying amount of the total nonpooled cash in bank was $14,520, and the bank balance was $17,581. Of the bank balance, $8,729 was covered by federal depository insurance; $818 was covered by collateral held by the pledging financial institution's agent in the County's name; and $8,034 was uninsured and uncollateralized.

Deposits held in escrow total $3,043. They are not reflected in a risk category.

The County's nonpooled investments are categorized below to give an indication of the level of risk assumed by the County at year-end. Category 1 includes investments that are insured or registered in the County's name or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the County's name. The County's investment in the State Treasurer's Investment Pool represents shares of the pool's portfolio. Those shares are not identified with specific investments and are not subject to custodial credit risk.

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Investment Type	Category 1	Category 2	Category 3	Reported Amount	Fair Value
U.S. Government Issues	$ 0	$ 250	$ 13	$ 263	$ 263
Investment in State Treasurer's Investment Pool				165,215	165,215
Total				$ 165,478	$ 165,478

A reconciliation of balance sheet amounts to amounts disclosed within this footnote is as follows:

Exhibit A-1	
Cash and cash equivalents	$ 395,137
Deposits with fiscal agents	97
Investments	263
Restricted assets (less interest receivable of $229)	41,032
Total	$ 436,529

Note 3	
Cash in bank and on hand	$ 25,323
Deposits held in escrow	3,043
County Treasurer's Investment Pool	242,685
Other Investments	165,478
Total	$ 436,529

METROPOLITAN DOMESTIC WATER IMPROVEMENT DISTRICT

Deposits and investments information is as follows:

Deposits

The Arizona Revised Statutes (ARS) require that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the ARS. ARS allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits. Deposits are considered to be collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

The categorization of deposits is determined by GASB 3. Deposits are categorized by type of credit risk:

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1. Insured or collateralized with securities held by the entity or by its agent in the entity's name.

2. Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

3. Uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name.

At June 30, 2001, MDWID's cash deposits had a carrying balance of $651 and a corresponding bank balance as follows:

Insured deposits	$	323
Deposits in excess of FDIC insurance		586
Total deposits	$	909

Investments

Arizona statutes specify in which instruments the units of local government may invest which include:

- Obligations of the United States and certain U.S. government agency's securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

MDWID's investments are categorized below to give an indication of the level of risk assumed by MDWID at year-end.

Category 1 - investments that are insured or registered or for which the securities are held by the entity or its agents in MDWID's name.

Category 2 - uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in MDWID's name.

Category 3 - uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in MDWID's name.

The cash and cash equivalents, with the exception of operating cash accounts, at June 30, 2001 are fully insured or collateralized with securities held by MDWID or its agent in MDWID's name (Category 1). The MDWID cash and cash equivalents include operating funds held by the Pima County Treasurer with a fair value of $951 and represent a portion of the Pima County Treasurer investment pool portfolio for the year ended June 30, 2001. This portion is not identified with specific investments and is not subject to custodial credit risk that is part of the Pima County Treasurer investment portfolio.

MDWID has implemented GASB Statement No. 31 *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* which requires investments to be recorded at fair value.

As of June 30, 2001, all of MDWID's investments which are subject to categorization are Category 1 investments.

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	Carrying Value	Fair Value
Federally insured agencies	$ 1,822	$ 1,781
Not subject to categorization:		
Pima County Treasurer	951	951
State of Arizona Treasurer	5,533	5,533
Money market funds	1,313	1,323
Total	$ 9,619	$ 9,588

The above carrying amounts of deposits and investments are summarized on the balance sheet as follows:

Per above schedules:

Total deposits	$ 651
Total category 1 investments	1,822
Total noncategorized investments	7,797
Total deposits and investments	$ 10,270

Per balance sheet:

Cash and cash equivalents	$ 10,270

Summary of cash and cash equivalents and noncash equivalents is as follows:

Cash and cash equivalents:	
Cash in banks and investments (includes $827 in restricted cash)	$ 8,448
Noncash equivalents:	
Investments - treatment and operations bonds - restricted	1,822
Total deposits and investments	$ 10,270

MDWID revenues are deposited with the Pima County Treasurer and transfers are made to an operating bank account for necessary cash disbursements.

Restricted cash for the bond funds is deposited with the bond trustee. In accordance with the bond ordinance and trustee agreement, the restricted cash is invested in bonds or other indebtedness, guaranteed by the U.S. Government. The monies are invested in permitted investments maturing on or prior to the dates when the funds invested will be needed to pay principal and interest on the bonds.

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SOUTHWESTERN FAIR COMMISSION

The Commission maintains cash balances at financial institutions in excess of insured limits. The excess amount at June 30, 2001 approximated $247. These amounts are not collateralized.

NOTE 4: PROPERTY TAXES

At the time the final budget is adopted, which can be no later than the second Monday in August of each year, the Board of Supervisors holds a public hearing and special meeting to determine the tax levy needed to support the budget. Taxes are assessed and levied seven days afterwards. Under Arizona Revised Statutes (ARS), if the proposed primary property tax levy exceeds the amount of the previous year's levy, the County must publish two notices of public hearing in a newspaper of general circulation. The notices must be published fourteen to twenty days and seven to ten days before the hearing. ARS prescribes the wording and format of the notices.

Real property taxes are payable in two 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 and becomes delinquent after the first business day of May. A lien assessed against property attaches on the first day of January following assessment and levy. Delinquent taxes are subject to a penalty of 16% per annum.

Unsecured personal property taxes are normally assessed and levied (billed) in up to ten cycles. Each cycle represents a portion of the unsecured personal property tax roll and is billed approximately every 30 days starting in April and ending in February of the subsequent fiscal year. Personal property taxes become delinquent 30 days after they are billed.

Amendments to the Arizona Constitution in 1980 created two separate tax systems:

1. A primary system for taxes levied to pay for current operation and maintenance expenditures, and

2. A secondary system for taxes levied to pay principal and interest on bonded indebtedness and special district assessments.

The maximum tax levy for primary purposes is limited to a maximum increase of 2% over the prior year's levy plus the amount directly attributable to new construction. In recent years, the County has not levied the maximum amount allowed for primary purposes.

Under the secondary system, annual tax levies for bonded indebtedness and special district assessments (excluding Flood Control District, Library District, and Fire District Assistance) are unlimited provided that they have been authorized by a vote of the people affected.

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Property taxes receivable by fund type at June 30, 2001 were as follows:

Tax Year	General	Special Revenue	Debt Service
Real property taxes:			
2000-01	$ 7,072	$ 912	$ 1,695
1999-00	705	97	179
1998-99	15	.9	4
Total	$ 7,792	$ 1,018	$ 1,878
Personal property taxes:			
2001	$ 193	$ 10	$ 44
2000	388	19	89
Total	581	29	133
Estimated uncollectible tax	(1,556)	(196)	(380)
Net property taxes receivable	$ 6,817	$ 851	$ 1,631

All property tax receivables associated with prior years (not presented in the above schedule) are deemed 100% uncollectible for financial statement presentation purposes.

NOTE 5: DUE FROM OTHER GOVERNMENTS

Amounts due from other governments in the General Fund include $549 in various entitlements/reimbursements from the Federal Government, $6,547 in sales and use taxes from the State of Arizona, $1,755 in vehicle license tax from the State of Arizona, $223 in hotel/motel surcharge tax from the State of Arizona, $38 in reimbursement for trial, detention and prisoner housing from the State of Arizona, $106 in reimbursements for elections services from various school and fire districts, $299 in reimbursements for pre-trial, jury and court services from the City of Tucson, and $798 in prisoner housing from the City of Tucson and other cities and towns within Pima County.

Amounts due from other governments in the Special Revenue Funds include $13,075 in various grants from the State, Federal and Local Governments, $3,226 in highway user revenue, $863 in vehicle license tax and $145 in car rental and recreational vehicle space surcharges from the State of Arizona, $251 in rural public transportation services from the State of Arizona, $5 in flood control services from the State of Arizona, $253 for animal control services, $35 in Pima Association of Governments participation, $116 in Household Waste Program services from the City of Tucson, $24 in road maintenance services, $37 in medical examiner services and $10 in grant revenue from other small governments.

Amounts due from other governments in the Capital Projects Fund include $1,621 from the Federal Government and State of Arizona and $761 from the City of Tucson for roadway construction costs.

The amount due from other governments in the Enterprise Funds is $17 for address information services provided to other small governments.

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Amounts due from other governments in the Internal Service Funds include $3 from the State of Arizona and $45 from other small governments for automotive services.

NOTE 6: REGULATORY ASSET

Pursuant to a settlement with the City of Tucson, the MDWID Board has ordered the capitalization of a regulatory asset. This asset was created as a result of the $12,900 settlement along with the related note payable due to the City of Tucson (see Note 9, Debt). In accordance with generally accepted accounting principles under FASB 71, the regulatory asset was created due to the decision that current and future water rates will be set to be utilized to pay off the settlement note payable. The regulatory asset will be amortized on a straight-line basis over 20 years.

NOTE 7: CHANGES IN GENERAL FIXED ASSETS

The following is a summary of changes in General Fixed Assets:

	Balance 6/30/00	Additions	Deletions	Balance 6/30/01
Land	$ 97,535	$ 9,657		$ 107,192
Buildings and Improvements	198,251	50,008	1,657	246,602
Equipment	63,514	7,544	5,465	65,593
Construction in Progress	50,455	31,664	59,663	22,456
Investment in General Fixed Assets	$ 409,755	$ 98,873	$ 66,785	$ 441,843

NOTE 8: CLAIMS, JUDGMENTS and RISK MANAGEMENT

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.

Metropolitan Domestic Water Improvement District

On December 17, 1997, Metropolitan Domestic Water Improvement District (MDWID) and the City of Tucson entered into a settlement agreement to resolve the issues raised in the litigation, which originated on August 16, 1995. On January 26, 1998, the parties entered into an amended and restated settlement agreement, which superseded the original December agreement. On February 9, 1998, the parties adopted a first amendment to the amended and restated settlement agreement, which replaced or modified some provisions of the restated agreement, while leaving the rest intact.

Under the terms of the parties' agreements, as presently constituted, MDWID and Oro Valley together were obligated to make an initial payment to a trustee in the aggregate amount of $800 within 30 days of the entry of a court order tentatively approving the settlement. That payment was timely made on March 25, 1998. Thereafter, MDWID and Oro Valley are obligated to make 42 semi-annual installment payments to the trustee, U.S. Bank Trust. All payments have been made timely to date. Each of the first 30 installments is in the total amount of $375; MDWID's share is $350. Each of the final 12 installments is in the total amount of $820; MDWID's share is $765. MDWID may prepay the installment payments at their option.

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The settlement also provides for the assignment by the City of Tucson to MDWID a total of 8,858 acre feet of entitlement to Central Arizona Project (CAP) water. The entitlements will be held in trust until the installment payments are paid in full. However, in the interim, MDWID will have complete access to the CAP water covered by those entitlements, so long as they are not in default under the agreements. In addition to the installment payments described above, the agreements obligate MDWID to assume certain payment obligations in connection with the purchase of CAP water pursuant to the entitlements to CAP water being transferred to them.

The assignment of the CAP water entitlements required approval by the Central Arizona Water Conservation District (CAWCD), the Arizona Department of Water Resources (ADWR) and the United States Bureau of Reclamation (USBR). All of these approvals have been obtained. The agreement received judicial validation in December 1998.

MDWID's CAP water payment obligation includes prorated capital charges plus operations, maintenance, and replacement (OM&R) charges on water actually ordered. The assignments, MDWID will assume all payment obligations to CAWCD for the 8,858 acre feet being assigned, including capital charges and OM&R. The amounts of these payments will vary over the lifetime of the agreements. By way of illustration, current capital charges for CAP water equal $48 per acre foot. Current OM&R charges for CAP water equal $63 per acre foot, if and when a subcontractor schedules the delivery of CAP water.

In the event of a default by MDWID, the defaulting district's right to a CAP entitlement will be terminated and the remaining sums owed to the City under the agreements will be accelerated by operation of a judgment.

The agreement further obligates MDWID to set their rates, fees and charges for water sales and water services at sufficient levels to create net revenues available for payment of all their bonds and all of their obligations under the settlement agreements.

Finally, the agreement gives MDWID the option to purchase treated CAP water or the treatment of CAP water in quantities and at prices to be agreed upon when the occasion arises.

This summary describes the financial aspects of the settlement agreements only. While every effort has been made to describe the financial aspects accurately, any discrepancy between this summary and the actual agreements is, of course, governed by the agreements.

Other

Unvested accumulated sick leave of County employees at June 30, 2001 totaled $24,415. This unvested accumulated sick leave is not payable to County employees upon termination of employment. Vested sick leave is accrued and payable to County employees upon termination of employment.

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; medical malpractice; environmental claims; and natural disasters. Claims against the County are accounted for in the Self Insurance Trust Fund, an internal service fund. Annually, an actuarial evaluation is performed to determine the County's anticipated losses except for environmental losses. Environmental losses are based on reported claims and the County risk manager's knowledge and experience. Losses accounted for include reported and paid, reported but unpaid, and incurred but not reported. All liabilities of the Self Insurance Trust Fund except for environmental losses are reported at their present value using an expected future investment yield assumption of four percent. The County purchases commercial insurance for claims in excess of coverage provided by the Fund and for some other risks of loss. Settled claims have not exceeded insurance coverage in any of the last three fiscal years.

All funds of the County participate in the Fund. With the exception of environmental losses, payments to the Fund are based on actuarial estimates of the amounts needed to pay prior and current-year claims and to establish some reserve for catastrophic losses. That reserve was estimated to be $500 at June 30, 2001, and is a designation of the Self Insurance Trust Fund retained earnings. Payments to the Fund for environmental losses are based on historical experience, since an actuarial basis is not available.

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The claims liability of $26,250 reported in the Fund at June 30, 2001 is based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The ultimate cost of claims includes incremental claim adjustment expenses that have been allocated to specific claims, as well as salvage and subrogation. No other claim adjustment expenses have been included.

Changes in the Fund's claims liability amount for the fiscal years ended June 30, 2001 and 2000 are as follows:

	2001	2000
Claims liability balance - beginning	$ 27,429	$ 27,700
Current year claims and changes in estimates	9,521	6,483
Claim payments	(10,700)	(6,754)
Claims liability balance - ending	$ 26,250	$ 27,429

NOTE 9: DEBT

SHORT-TERM DEBT

LINE OF CREDIT

The County maintains a revolving line of credit with Bank of America National Trust and Savings Association, with a maximum amount of $30,000. At June 30, 2001, the County had an outstanding balance of $2,000. Advances on the line of credit are payable on demand. The credit line is secured by the County's general taxing authority.

LONG-TERM DEBT

DEBT ISSUES OUTSTANDING:

The County's bonded debt consists of various issues of general obligation bonds, revenue bonds and special assessment bonds with governmental commitment.

GENERAL OBLIGATION BONDS OUTSTANDING
(Payments made from property
tax revenues of the Debt Service Fund)

General obligation bonds payable at June 30, 2001, consisted of the outstanding general obligation bonds presented below. Of the total amounts originally authorized, $5,000 from the November 2, 1982, bond election, $5,905 from the May 6, 1986, bond election and $126,105 from the May 20, 1997, bond election remain unissued. The table below presents amounts outstanding by issue.

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ISSUE	ISSUE AMOUNT	INTEREST RATES	MATURITIES	OUTSTANDING June 30, 2001
SERIES OF 1992	$ 20,000	6.00 - 6.20%	2002-04	$ 7,530
1992 REFUNDING	94,065	6.20 - 6.55%	2002-09	9,300
SERIES OF 1993	15,000	5.40 - 6.85%	2002-08	12,400
1993 REFUNDING	64,535	4.90 - 5.00%	2002-04	33,720
SERIES OF 1994	10,495	5.15 - 5.50%	2002-08	5,600
SERIES OF 1998	42,420	4.40 - 5.00%	2002-13	32,565
SERIES OF 1999	50,000	5.00 - 5.25%	2002-14	45,450
SERIES OF 2000	50,000	4.00 - 5.00%	2002-14	46,060
G.O. BONDS OUTSTANDING				$ 192,625
MATURED AND UNREDEEMED BONDS				
1977 SERIES D			10	
1979 SERIES A			5	
TOTAL MATURED AND UNREDEEMED				15
TOTAL G.O. BONDS OUTSTANDING				$ 192,640

REFUNDED G.O. BONDS OUTSTANDING

In prior years, the County defeased certain general obligation bonds 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 the liability for the defeased bonds are not included in the County's financial statements. The cash and investments held in the irrevocable trusts at June 30, 2001, amounted to $2,515.

ISSUE	INTEREST RATES	MATURITIES	OUTSTANDING June 30, 2001
1992 SERIES	6.25 - 6.30%	2005-07	$ 2,440
TOTAL REFUNDED G.O. BONDS OUTSTANDING			$ 2,440

FLOOD CONTROL REFUNDING BONDS OUTSTANDING

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

The Pima County Flood Control District was created on April 3, 1978, by State law.

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ISSUE	ISSUE AMOUNT	INTEREST RATES	MATURITIES	OUTSTANDING June 30, 2001
1992 FLOOD CONTROL	$ 12,420	5.55 - 6.25%	2002-09	$ 5,840
TOTAL FLOOD CONTROL REFUNDING BONDS OUTSTANDING				$ 5,840

SEWER REVENUE BONDS and LOANS PAYABLE OUTSTANDING

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

Pima County sewer revenue bonds as presented below were issued to provide monies to construct improvements to the County's wastewater management system. Of the total amount originally authorized, $44,295 from the May 20, 1997, bond election remains unissued.

ISSUE	ISSUE AMOUNT	INTEREST RATES	MATURITIES	OUTSTANDING June 30, 2001
SERIES OF 1992	12,000	6.00 - 7.50%	2002-03	$ 1,290
SERIES OF 1993	6,000	5.60 - 6.50%	2002-05	1,160
1994A REFUNDING	28,670	4.25 - 5.00%	2002-15	27,880
SERIES OF 1994B	8,000	5.15 - 5.45%	2002-04	1,660
SERIES OF 1998	29,185	4.00 - 5.50%	2002-15	26,130
2001 REFUNDING	19,440	4.00 - 5.37%	2002-15	19,440
SEWER REVENUE BONDS OUTSTANDING				$ 77,560
Unamortized bond premium:				224
Unamortized deferred interest expense:				(6,340)
TOTAL SEWER REVENUE BONDS OUTSTANDING				$ 71,444

LOANS PAYABLE

Wastewater Management (WWM) entered into loan agreements (1996, 1997 and 2000 loans payable) to provide funds for the defeasance of prior sewer revenue bonds and the construction and improvement of wastewater treatment facilities. Interest is payable semiannually and is calculated based on the principal amount of the loan outstanding during such period. For the 1997 loan payable, principal payments to maturity are subject to change based upon the total amounts drawn down. As of June 30, 2001, WWM has drawn down the entire $7,500 1997 loan amount. However, only $5,784 remains outstanding at June 30, 2001, since WWM made principal payments during the past four years.

For the 2000 loan payable, principal payments to maturity are subject to change based upon the total amounts drawn down. As of June 30, 2001, WWM has drawn down $15,618 of the available $40,000 2000 loan amount.

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ISSUE	ISSUE AMOUNT	INTEREST RATES	MATURITIES	OUTSTANDING June 30, 2001
1996 LOAN PAYABLE	$ 11,313	3.186%	2004-12	$ 11,313
1997 LOAN PAYABLE	7,500	2.950%	2002-11	5,784
2000 LOAN PAYABLE	40,000	2.202%	2002-16	15,618
LOANS PAYABLE				$ 32,715
Unamortized deferred interest expense:				(401)
TOTAL LOANS PAYABLE				$ 32,314

ADVANCE REFUNDING SEWER REVENUE BONDS

In April 2001, the County issued $19,440 in Sewer Refunding Revenue Bonds Series 2001. The net proceeds of the refunding bond issuance were placed in an irrevocable trust account with a bank to advance refund $18,045 of 1991 Series Refunding Bonds issued August 1, 1991. Consequently, the refunded portion of the bonds is considered defeased and the liability for those bonds has been removed from the financial statements.

As a result of the Sewer Refunding Revenue Bonds Series 2001 Issue, the County reduced its total debt service payments over the next 14 years by $1,367 ($28,338 in new debt service cash flows less $29,705 in old debt service cash flows). This resulted in an economic gain (difference between the present values of the new and old debt service payments) of $1,330.

In addition, the forward-starting swap agreement the County entered into on March 24, 1999 related to this bond issue was terminated on the date the bonds were issued. Under the terms of the swap agreement, a swap termination payment of $1,000 was made to the swap provider on that date.

REFUNDED SEWER REVENUE BONDS OUTSTANDING

In prior years, the County defeased certain sewer revenue bonds 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 the liability for the defeased bonds are not included in the County's financial statements. The cash and investments held in the irrevocable trusts at June 30, 2001, amounted to $61,708.

ISSUE	INTEREST RATES	MATURITIES	OUTSTANDING June 30, 2001
1991 REFUNDING	6.375 - 6.750%	2002-15	$ 48,155
SERIES OF 1992	6.000 - 6.500%	2004-12	7,770
SERIES OF 1993	5.000 - 5.900%	2006-12	2,845
SERIES OF 1994B	5.600 - 5.800%	2005-08	2,650
TOTAL REFUNDED SEWER REVENUE BONDS OUTSTANDING			$ 61,420

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TRANSPORTATION BONDS
(Payments made from street and highway revenues)

Pima County transportation revenue bonds of 1998 were issued to provide monies to construct improvements to the County's streets and highways. Of the total amount originally authorized, $310,000 from the November 4, 1997, bond election remains unissued.

ISSUE	ISSUE AMOUNT	INTEREST RATES	MATURITIES	OUTSTANDING June 30, 2001
SERIES 1998	$ 40,000	4.10 - 4.50%	2002-08	$ 28,000
TOTAL TRANSPORTATION BONDS OUTSTANDING				$ 28,000

LEASE REVENUE BONDS
(Payments made from revenues received in the Governmental Funds)

The Pima County, Arizona, Municipal Property Corporation, a Special Revenue Fund, issued lease revenue bonds in 1992 to provide monies for financing the cost of acquiring, constructing, reconstructing or improving, building, and equipping other real and personal properties suitable for use by Pima County.

ISSUE	INTEREST RATES	MATURITIES	OUTSTANDING June 30, 2001
1992 LEASE REVENUE BONDS-GOVERNMENTAL FUNDS	5.80 - 6.50%	2002-07	$ 965
TOTAL LEASE REVENUE BONDS OUTSTANDING			$ 965

SPECIAL ASSESSMENT BONDS OUTSTANDING
(Payments made from assessments received in the Debt Service Fund)

Special assessment bonds are secured by pledges of revenues from special assessments levied against the benefiting property owners. The proceeds of the bond issues were used to finance construction in these districts. While there is no legal obligation for the County to further secure the special assessment bonds of the districts listed below, the County has made a moral commitment to take steps necessary to prevent default.

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IMPROVEMENT DISTRICT	ISSUE AMOUNT	INTEREST RATES	MATURITIES	OUTSTANDING June 30, 2001
N. LA CHOLLA SEWER	$ 930	8.200%	2002	$ 90
COUNTRY CLUB ESTATES	2,745	7.200%	2002-05	950
C.C. ESTATES 2ND ISSUE	30	7.200%	2002-05	13
TOTAL SPECIAL ASSESSMENT BONDS OUTSTANDING				$ 1,053

REFUNDING CERTIFICATES OF PARTICIPATION OUTSTANDING

(Payments made from General Fund revenues
and from Special Revenue Fund revenues)

The Refunding Certificates of Participation (COPs) Series 7 were issued on April 1, 1995. Their purpose was to finance the purchase of the Legal Services and Public Works Buildings.

ISSUE	ISSUE AMOUNT	INTEREST RATES	MATURITIES	OUTSTANDING June 30, 2001
COPS SERIES 7	$ 18,515	4.90 - 5.30%	2002-04	$ 4,505
TOTAL REFUNDING COPS OUTSTANDING				$ 4,505

BASEBALL STADIUM FINANCING

The Baseball Stadium was financed with proceeds of the sale of certain Pima County jail facilities to First Trust of Arizona, National Association for $34,500 on February 1, 1997. Also on February 1, 1997, the County entered into a Capital Lease of these jail facilities with First Trust for $35,660 for a 15 year term.

On September 1, 1999, Pima County amended the lease-purchase agreement for the jail facilities dated February 1, 1997, between U.S. Bank Trust National Association and Pima County. This lease was entered into as part of the financing arrangements for the County's Baseball Stadium. The amendments extended the lease term to 2014, increased the range of interest rates to 4.40%-5.60%, and increased the County's obligation under the lease agreement by $290. Concurrent with this amendment, Refunding Certificates of Participation, Series 1999, in the amount of $4,875 were issued by a third-party to refund portions of the principal of and interest on Certificates of Participation, Series 1997. The 1997 certificates evidence participation interests in the lease-purchase agreement for the jail facilities.

ISSUE	ISSUE AMOUNT	INTEREST RATES	MATURITIES	OUTSTANDING June 30, 2001
JAIL CAPITAL LEASE	$ 35,660	4.55 - 5.60%	2002-14	$ 32,340
TOTAL CAPITAL LEASE OBLIGATION				$ 32,340

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NOTES PAYABLE

During the year ended June 30, 1997, the County purchased land for $550 with a down payment of $110 and the balance of $440 due in five annual installments of $88 plus interest at 9% per annum. The balance of the note payable at June 30, 2001, is $88.

During the year ended June 30, 2000, the County purchased land related to parks for $400 with a down payment of $175 and the balance of $225 due in three annual installments of $75 plus interest at 8% per annum. During the fiscal year ended June 30, 2001, payments totaling $201 were made to reduce outstanding principal. The balance of the note payable at June 30, 2001, is $24.

CHANGES IN LONG-TERM DEBT:

Following is a schedule of bond and loan activity and a summary of changes in General Long-term Debt for the year. The schedule of bond and loan activity reflects both current and noncurrent activity while the summary of changes in General Long-term Debt reflects only noncurrent amounts.

SCHEDULE OF BOND AND LOAN ACTIVITY

	BALANCE 06/30/2000	INCREASES	DECREASES	BALANCE 06/30/2001
GENERAL OBLIGATION	$ 173,985	$ 50,000	$ 31,345	$ 192,640
FLOOD CONTROL	6,595		755	5,840
LEASE REVENUE	1,095		130	965
SEWER REVENUE	80,680	19,440	22,560	77,560
TRANSPORTATION	32,000		4,000	28,000
SPECIAL ASSESSMENT	1,697		644	1,053
LOANS PAYABLE	14,914	18,292	491	32,715
OUTSTANDING BONDS AND LOANS PAYABLE AT June 30, 2001				$ 338,773
Sewer Revenue Unamortized Bond Premium:				224
Sewer Revenue Unamortized Deferred Interest Expense:				(6,340)
Loans Payable Unamortized Deferred Interest Expense:				(401)
TOTAL BONDS AND LOANS PAYABLE AT June 30, 2001				$ 332,256

PIMA COUNTY

Notes to Financial Statements
June 30, 2001
(Expressed in thousands)

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SUMMARY OF CHANGES IN GENERAL LONG-TERM DEBT

	BALANCE 06/30/2000	INCREASES	DECREASES	BALANCE 06/30/2001
EMPLOYEE COMPENSATION	$ 14,487	$ 13,079	$ 12,436	$ 15,130
CAPITAL LEASES	35,338	511	1,841	34,008
REFUNDING COPS	6,725		2,220	4,505
G.O. BONDS	173,970	50,000	31,345	192,625
NOTE PAYABLE	2,479		2,367	112
FLOOD CONTROL BONDS	6,595		755	5,840
TRANSPORTATION BONDS	32,000		4,000	28,000
LEASE REVENUE BONDS	1,095		130	965
SPECIAL ASSESSMENT	1,697		644	1,053
TOTAL	$ 274,386	$ 63,590	$ 55,738	$ 282,238

(A) The capital lease balance at June 30, 2001, of $34,008 is composed of the Baseball Stadium of $32,340, election equipment of $864, and various other equipment totaling $804.

SUMMARY OF DEBT SERVICE REQUIREMENTS TO MATURITY

Fiscal Year	G.O. Bonds	Flood Control	Lease Revenue	Sewer Revenue	Special Assm't	Street & Highway Revenue	Capital Leases	COPS	Note Payable	Loans Payable	Total
2001-02	$ 37,364	$ 1,100	$ 201	$ 8,121	$ 383	$ 5,244	$ 3,509	$ 1,694	$ 122	$ 3,273	$ 61,011
2002-03	34,234	1,052	197	8,779	273	5,080	3,255	1,645		3,190	57,705
2003-04	31,626	1,000	198	8,281	257	4,900	3,940	1,643		3,800	55,645
2004-05	25,639	952	199	7,662	288	4,720	3,820			4,500	47,780
2005-06	23,672	903	198	7,312		4,540	3,824			4,926	45,375
2006-11	69,786	2,422	197	38,619		8,540	19,111			16,127	154,802
2011-15	18,126			29,199			8,898			1,145	57,368
Total:	$ 240,447	$ 7,429	$ 1,190	$ 107,973	$ 1,201	$ 33,024	$ 46,357	$ 4,982	$ 122	$ 36,961	$ 479,686
Less Interest and Admin Fee:	47,822	1,589	225	30,413	148	5,024	12,349	477	10	4,246	102,303
Principal:	$ 192,625	$ 5,840	$ 965	$ 77,560	$ 1,053	$ 28,000	$ 34,008	$ 4,505	$ 112	$ 32,715	$ 377,383
Unredeemed:	15										15
Unamortized (deferred interest):				(6,340)						(401)	(6,741)
premium:				224							224
Total	$ 192,640	$ 5,840	$ 965	$ 71,444	$ 1,053	$ 28,000	$ 34,008	$ 4,505	$ 112	$ 32,314	$ 370,881

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LEGAL DEBT MARGIN

COUNTY GENERAL OBLIGATION BONDS

General obligation debt may not exceed six 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. Legal debt margin at June 30, 2001, is as follows:

Net assessed valuation:		$ 4,236,070
Debt Limit (15% of net assessed valuation):		$ 635,410
Amount of debt applicable to debt limit:		
General obligation bonds outstanding	$ 192,640	
Less assets in debt service funds available for payment of principal	(4,309)	(188,331)
Legal debt margin available		$ 447,079

FLOOD CONTROL GENERAL OBLIGATION BONDS

Flood Control general obligation debt may not exceed five percent of the value of the Flood Control District's taxable property as of the latest assessment. Legal debt margin at June 30, 2001, is as follows:

Net assessed valuation:		$ 3,597,845
Debt Limit (5% of net assessed valuation):		$ 179,892
Amount of debt applicable to debt limit:		
Flood Control general obligation bonds outstanding	$ 5,840	
Less assets in debt service funds available for payment of principal	(15)	(5,825)
Legal debt margin available		$ 174,067

SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE 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 postclosure 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 postclosure care costs as a long-term liability in each period based on landfill capacity used as of each balance sheet date. The $13,536 reported as landfill closure and postclosure care liability in the Wastewater Management Enterprise Fund 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 postclosure care of

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$4,871 as the remaining estimated capacities are used. These amounts are based on what it would cost to perform all closure and postclosure care in the fiscal year ended June 30, 2001; actual costs may change due to inflation, changes in technology, or changes in regulations.

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

According to state and federal laws and regulations, the County must comply with the local government financial test requirements that assure the County can meet the costs of landfill closure, postclosure, and corrective action when needed. The County is in compliance with these requirements.

Landfill Site	Capacity Used June 30, 2001	Estimated Year of Closure
Ajo	86%	2015
Sahuarita	85%	2003
Tangerine	72%	2007

METROPOLITAN DOMESTIC WATER IMPROVEMENT DISTRICT

BONDS PAYABLE

On November 1, 1992, Metropolitan Domestic Water Improvement District (MDWID or "the District") and Oro Valley Domestic Water Improvement District (OVDWID) issued $17,400 and $1,175 of Special Assessment and Water Revenue Bonds, respectively. The bonds were issued to pay the cost of the acquisition from the City of Tucson, Arizona, of the water system assets of Metropolitan Water Company. Both bonds issued were payable first, from the net revenues of MDWID and second, from special assessments on the real property with the two Districts if, and only if, the net revenues of MDWID were insufficient for that purpose.

On February 1, 1999, MDWID issued $27,985 of Water Revenue and Refunding Bonds. The bonds were issued to provide funds for improvements to the water system currently operated by the District and for the advance refunding of all of the District's Special Assessment and Water Revenue Bonds, Series 1992.

Special assessment, water revenue and refunding bonds payable at June 30, 2001, are comprised of the following individual issues:

$27,985 - Metropolitan Domestic Water Improvement District of Pima County, Arizona Water Revenue and Refunding Bonds, Series 1999, due in annual installments varying from $210 to $2,025 through January 1, 2019; interest rate is variable from 3.400% to 4.875%.	$ 26,575
$5,655 - Metropolitan Domestic Water Improvement District Municipal Property Corporation (MPC), Junior Lien System Revenue Bonds Series 1998, due in annual installments varying from $130 to $430 through January 1, 2003; interest rate is variable from 4.75% to 6.00%.	$ 5,525
	32,100
Less unamortized discount	272

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Less valuation account	729
Net special assessment and water revenue bonds	$ 31,099

The annual requirements to amortize all debt outstanding as of June 30, 2001, excluding interest payments of $12,656 and $4,509 for the MDWID and MPC bonds, respectively, are as follows:

FISCAL YEARS ENDING JUNE 30	MDWID	MPC	TOTAL
2002	1,375	135	1,510
2003	1,075	140	1,215
2004	1,100	150	1,250
2005	1,150	155	1,305
2006	1,200	165	1,365
Thereafter	20,675	4,780	25,455
	$ 26,575	$ 5,525	$ 32,100

On March 11, 1997, MDWID residents voted to approve authorization of a $23,000 bond program. The bonds will fund the District's five-year Capital Improvement Program (CIP). The five-year CIP includes construction of 75,000 feet of transmission mains, design of a storage facility, drilling of at least three new wells and acceleration of the main line replacement program to upgrade neighborhood water lines, including the installation of fire hydrants. In 1999, the District issued $13,000 in Water Revenue Bonds, with $10,000 still authorized at June 30, 2001.

LIABILITIES TO BE PAID FROM ASSETS HELD IN ESCROW

On February 1, 1999, the District issued $27,985 in Water Revenue and Refunding Bonds with an average interest rate of 4.35 percent to advance refund $14,105 of outstanding 1992 Series bonds with an average interest rate of 5.95 percent. The net proceeds of $27,823 (after payment of approximately $162 in underwriting fees, insurance and other issuance costs) plus an additional $1,921 of 1992 Series sinking fund monies were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1992 Series bonds. As a result, the 1992 Series bonds are considered to be defeased and the liability for those bonds has been removed from long-term debt.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $847. This difference, reported in the accompanying financial statements as a deduction from bonds payable (valuation account), is being charged to operations through the year 2012 using the straight-line method. In 1999, the District completed the advance refunding to reduce its aggregate debt service payments by approximately $767 over the next 20 years and obtained an economic gain of approximately $680.

NOTES PAYABLE

Notes payable at June 30, 2001, consist of the following:

Note payable to credit company, due in monthly installments of $2 through July 2002, including interest at 4.97%, secured by equipment.	24

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Note payable to credit company, due in monthly installments of $1 through September 2002, including interest at 5.75%, secured by equipment.	8
Note payable to credit company, due in monthly installments of $1 through March 2003, including interest at 6.00%, secured by equipment.	20
Note payable to credit company, due in monthly installments of $2 through February 2003, including interest at 6.25%, secured by equipment.	47
Note payable to credit company, due in monthly installments of $2 through February 2004, including interest at 6.25%, secured by equipment.	47
Note payable to HUB Water Company, Inc., due in monthly installments of $14 through June 2019, including interest at 6.00%, secured by the purchased assets of HUB Water Company, Inc.	1,883
Settlement loan payable to the City of Tucson, due in semi-annual installments of $375 through February 2013 and continued with semi-annual installments of $820 through February 2019, including interest at 5.34%.	10,260
TOTAL NOTES PAYABLE	$ 12,289

Following are the annual maturities of notes payable:

FISCAL YEARS ENDING JUNE 30	
2002	$ 299
2003	278
2004	252
2005	252
2006	266
Thereafter	10,942
	$ 12,289

SOUTHWESTERN FAIR COMMISSION

Long-term debt consists of the following:

Note payable, Pima County - due in annual installments of $50, non-interest bearing, maturing June 2007, unsecured.	$ 300
Note payable, bank - due in monthly installments of $4, plus interest at the bank's prime rate, maturing February 2008, secured by equipment, inventory and accounts receivable.	380

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Note payable, bank - due in monthly installments of $2, plus interest at The Wall Street Journal's "Money Rates" table, maturing July 2008, secured by equipment, inventory and accounts receivable.	159
TOTAL LONG-TERM DEBT	$ 839

Following are the annual maturities of notes payable:

FISCAL YEARS ENDING JUNE 30	
2002	$ 93
2003	96
2004	99
2005	103
2006	107
Thereafter	341
	$ 839

Total interest expense for all Southwestern Fair Commission debt was $57 for the year ended June 30, 2001.

NOTE 10: RETIREMENT PLANS

Plan Descriptions

The County contributes to the Arizona State Retirement System (**ASRS**), the Corrections Officer Retirement Plan (**CORP**), the Public Safety Personnel Retirement System (**PSPRS**), consisting of Pima County Sheriffs and Pima County - County Attorney Investigators, and the Elected Officials Retirement Plan (**EORP**). The **EORP** and the **PSPRS** - Pima County, County Attorney Investigators, are not described due to their relative insignificance to the County's financial statements. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits.

The **ASRS** administers a cost-sharing multiple-employer defined benefit pension plan that covers general employees of the County. 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** is an agent multiple-employer defined benefit pension 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 five-member board, known as The Fund Manager, and 189 local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The **CORP** is an agent multiple-employer defined benefit pension plan that covers certain employees of the State of Arizona, Departments of Corrections and Juvenile Corrections, and County employees whose primary duties require direct inmate contact. The **CORP** is governed by the Fund Manager of **PSPRS** and 12 local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

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

ASRS

3300 N. Central Ave.
P.O.Box 33910
Phoenix, AZ 85067-3910

PSPRS and CORP

1020 E. Missouri Ave.
Phoenix, AZ 85014

Funding Policy

The Arizona State Legislature establishes and may amend active plan members' and the County's contribution rates.

Cost-sharing plans For the year ended June 30, 2001, active ASRS members and the County were each required by statute to contribute at the actuarially determined rate of 2.66 percent (2.17 percent retirement and 0.49 percent long-term disability) of the members' annual covered payroll. The County's contributions to ASRS for the years ended June 30, 2001, 2000, and 1999 were $6,233, $5,589 and $6,049 respectively, which were equal to the required contributions for the year.

Agent plans For the year ended June 30, 2001, active PSPRS members were required by statute to contribute 7.65 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 1.24 percent. As allowed by statute, the County contributed 3.65 percent of the members' required contribution, with the members contributing 4.00 percent. Active CORP members were required by statute to contribute 8.50 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 1.28 percent.

Annual Pension Cost: The County's pension cost for the two agent plans for the year ended June 30, 2001, and related information follow:

	PSPRS	CORP
Contribution rates:		
County	4.89%	1.28%
Plan members	4.00%	8.50%
Annual pension cost	$ 1,044	$ 169
Contributions made	$ 1,044	$ 169
Actuarial valuation date	June 30, 1999	June 30, 1999
Actuarial cost method	Entry age	Entry age
Actuarial assumptions:		
Investment rate of return	9.00%	9.00%
Projected salary increases	6.5% - 9.5%	5.5% - 9.5%
includes inflation at	5.5%	5.5%
Amortization method	Level percent open	Level percent open
Remaining amortization period from 7/1/01	20 years	20 years
Asset valuation method	smoothed market	smoothed market

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Trend Information: Information for each of the three most recent actuarial valuations for each of the agent plans follows:

Contributions Required and Contributions Made

Plan	Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PSPRS	2001	$ 1,044	100%	$ -
	2000	1,304	100%	-
	1999	1,423	100%	-
CORP	2001	$ 169	100%	$ -
	2000	649	100%	-
	1999	769	100%	-

Funding Progress: An analysis of funding progress for each of the agent plans as of June 30, 2001, follows:

Plan	Year Ended June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Funding Liability (Excess)	Funded Ratio	Annual Covered Payroll	Unfunded Liability as Percentage of Covered Payroll
PSPRS	2001	$ 137,727	$ 106,271	$ (31,456)	129.6%	$ 21,643	-
	2000	128,990	96,276	(32,714)	134.0%	18,278	-
	1999	114,700	89,068	(25,632)	128.8%	16,544	-
CORP	2001	$ 36,604	$ 27,728	$ (8,876)	132.0%	$ 12,640	-
	2000	34,508	24,466	(10,042)	141.0%	12,912	-
	1999	29,788	22,752	(7,036)	130.9%	12,680	-

NOTE 11: DEFICIT FUND BALANCE OR RETAINED EARNINGS OF INDIVIDUAL FUNDS

The Stadium District Special Revenue Fund had a deficit fund balance at June 30, 2001, of $5,587. Management plans to eliminate the deficit by refinancing debt and operating the Baseball Complex profitably in the future.

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NOTE 12: EXCESS OF EXPENDITURES OVER APPROPRIATIONS OF INDIVIDUAL FUNDS

The expenditures of the Municipal Property Corporation Special Revenue Fund exceeded appropriations by $7 as a result of unbudgeted miscellaneous debt service expenditures.

The expenditures of the Debt Service Fund exceeded appropriations by $695. The reasons are principal paid on the 2000 General Obligation bonds issued on August 30, 2000 was greater than estimated; and improvement district bonds were called, which was not anticipated.

NOTE 13: INTERFUND TRANSACTIONS

A. Interfund Assets/Liabilities

Interfund Receivables/Payables are used to record transactions between individual funds for goods provided or services rendered:

Receivable fund	Payable fund	Amount
Pima Health Care System	General	782
	Health and Animal Control	50
	Self-Insurance Trust	27
Total		$ 859

Due From/Due To Other Funds are used to record loans or unpaid operating transfers between funds:

Receivable fund	Payable fund	Amount
General	Health and Animal Control	$ 103
	Flood Control District	600
	Employment and Training	1,827
	Other Special Revenue	192
	Stadium District	1,312
	Other Special Revenue Grants	9
	Pima Health Care System	15,398
	Wastewater Management	843
Transportation	Flood Control District	18
	Wastewater Management	17
	Agency	6
Health and Animal Control	General	26
Employment and Training	General	29
Other Special Revenue	General	114
	Other Special Revenue Grants	59
	Self-Insurance Trust	25
Stadium District	General	974
Other Special Revenue Grants	General	1,425
	Health and Animal Control	3
	Employment and Training	8
	Other Special Revenue	7

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Capital Projects	Stadium District	1,930
Wastewater Management	Stadium District	44
Parking Garages	General	626
	Stadium District	2,250
Self-Insurance Trust	General	53
Total		$ 29,069

The information in the table above presents the formal internal borrowings by the Stadium District Special Revenue Fund from the Environmental Quality, Capital Projects, Parking Garages and Other Internal Service Funds. These borrowings were instituted by the County to meet its short-term cash flow needs. Interest will be paid at the rate paid to investments of the County in the Local Government Investment Pool.

B. Operating transfers during the fiscal year ended June 30, 2001, were as follows:

Operating Transfers In	Operating Transfers Out	Amount
General	Transportation	$ 151
	Flood Control District	35
	Other Special Revenue	137
	Stadium District	2,541
Transportation	General	15
Health and Animal Control	General	7,249
Employment & Training	General	95
Stadium District	General	1,412
Other Special Revenue Grants	General	1,400
	Capital Projects	100
Debt Service	General	142
	Transportation	5,450
	Flood Control District	1,179
	Municipal Property Corporation	19
	Capital Projects	25
Capital Projects	General	160
	Transportation	9,502
	Flood Control District	4,650
	Other Special Revenue	41
	Other Special Revenue Grants	32
Pima Health Care System	General	36,941
Other Internal Service	General	1,000
Total		$ 72,276

C. Residual Equity transfers during the fiscal year ended June 30, 2001, were as follows:

During the year ended June 30, 2001, the Pima Health Care System Fund transferred retained earnings to the General Fund in the amount of $5,315. This transaction was recorded in the General Fund as a Residual Equity Transfer In.

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During the year ended June 30, 2001, the Pima Health Care System Fund received contributed capital from the General Fund of $1,000. This transaction was recorded in the General Fund as a Residual Equity Transfer Out.

NOTE 14: SEGMENT INFORMATION - ENTERPRISE FUNDS

Pima County maintains four primary enterprises and also includes two component units which provide services to the public. Operations accounted for in the Enterprise Funds are financed and operated in a manner similar to private business enterprises. It is generally intended that the costs of providing services to the general public be financed or recovered primarily through user charges.

On the following pages are tables presenting the more significant financial data relating to the Enterprise Funds and discretely presented component units of the County for the year ended June 30, 2000.

The four primary enterprises of Pima County and the services provided are:

Development Services	responsible for the issuance of zoning and building permits and code enforcement.
Pima Health Care System	provides health care services through Kino Hospital and Pima Health System including inpatient hospital care and outpatient clinical care for medical and psychiatric problems, and indigent health care under the Arizona Health Care Cost Containment System (AHCCCS), an alternative to Medicaid and long-term care.
Parking Garages	provide and maintain safe and secure public parking facilities at six downtown Tucson locations.
Wastewater Management	provides wastewater collection, treatment and disposal, and solid waste disposal throughout Pima County.

The two component units of Pima County and the services they provide are:

Southwestern Fair Commission	provides management of the fairgrounds and accounts for the use and maintenance of the facilities.
Metropolitan Domestic Water Improvement District	provides for the operation and financial management of a water utility system.

	Primary Enterprise Funds				
	Development Services	Parking Garages	Pima Health Care System	Wastewater Management	Primary Totals
Operating revenues	$ 7,283	$ 1,390	$ 162,699	$ 45,881	$ 217,253
Grant revenues			4,959	928	5,887
Depreciation and amortization	248	353	1,552	12,522	14,675
Operating income (loss)	(82)	163	(5,861)	(7,677)	(13,457)
Operating transfers in			36,941		36,941

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Net income (loss)	282	306	36,092	8,825	45,505
Capital contributions			2,657	20,346	23,003
Return of contributed capital	(31)			(1)	(32)
Fixed asset additions	238	18	1,619	47,420	49,295
Net working capital	5,422	2,977	12,858	31,241	52,498
Total assets	7,004	11,203	60,701	507,297	586,205
Current portion of other long-term debt				7,731	7,731
Revenue bonds payable				65,831	65,831
Other long-term debt				30,225	30,225
Total fund equity (deficit)	6,200	10,833	24,133	372,961	414,127

	Component Units		
	Metropolitan Domestic Water Improvement District	Southwestern Fair Commission	Totals
Operating revenues	$ 9,478	$ 3,640	$ 13,118
Depreciation and amortization	939	312	1,251
Operating income	3,233	(221)	3,012
Net income	1,113	(185)	928
Fixed asset additions	4,800	32	4,832
Net working capital	6,719	150	6,869
Total assets	56,799	2,573	59,372
Current portion of other long-term debt	1,809	93	1,902
Bonds and notes payable (net of current)	41,579	746	42,325
Total fund equity	11,574	1,517	13,091

NOTE 15: CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

At June 30, 2001, Pima County had the following major contractual commitments related to various projects. Commitments have been grouped into four major categories: Transportation Projects, Flood Control Projects, General Government Projects, and Wastewater Management Projects.

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Transportation Projects

At June 30, 2001, the Pima County Transportation Department had contractual commitments of $50,225. Funding for these expenditures will be primarily provided from Transportation Revenue Bonds and Highway User Tax Revenue, the primary source of revenue for the Transportation Department.

Flood Control Projects

At June 30, 2001, the Pima County Flood Control District had contractual commitments of $2,797. Funding for these expenditures will be primarily provided from General Obligation Bonds and from the Flood Control District's tax levy of property within Pima County, the primary source of revenue for the Flood Control District.

General Government Projects

At June 30, 2001, Pima County had contractual commitments related to various Facilities Management Projects of $8,672 and Parks and Recreation Projects of $635. Funding for these expenditures will be primarily provided from General Obligation Bonds.

Wastewater Management Projects

At June 30, 2001, the Wastewater Management Enterprise Fund had commitments under construction contracts that totaled $42,710.

The County enters into operating leases for various equipment and office space. These leases are entered into with the provision that they may be canceled at the end of each fiscal year if future funding is not provided. Accordingly, these leases are cancelable leases. Operating lease expenditures for these leases totaled $1,770 for the year ended June 30, 2001.

NOTE 16: BEGINNING FUND BALANCE/EQUITY, AS RESTATED

Beginning fund equity of the Enterprise Funds has been restated to correct depreciation expense recorded on land held by the Wastewater Management Fund.

Fund equity, June 30, 2000, as previously reported	$ 349,906
Depreciation expense - Wastewater Management Fund	1,059
Fund equity, July 1, 2000, as adjusted	$ 350,965

Beginning fund balance of the Special Revenue Funds has been restated to correct excess expenditures at June 30, 2000 in the Transportation Fund. Expenditures for landscaping and paving maintenance were accrued and paid prior to June 30, 2000.

Fund balance, June 30, 2000, as previously reported	$ 43,570
Amount of excess accruals - Transportation Fund	2,063
Fund balance, July 1, 2000, as adjusted	$ 45,633

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NOTE 17: SUBSEQUENT EVENTS

On August 2, 2001, the County issued $4,585 in Flood Control District General Obligation Refunding Bonds Series 2001. The net proceeds of the refunding bond issuance were placed in an irrevocable trust account with a bank to advance refund $4,345 of Flood Control District General Obligation Refunding Bonds, Series 1992. The interest rates on the bonds range from 4.00% to 4.20%, and the maturity dates range from July 1, 2004 to 2009. Interest is payable annually beginning January 1, 2002.

On August 15, 2001, the County issued $17,835 in General Obligation Refunding Bonds Series 2001. The net proceeds of the refunding bond issuance were placed in an irrevocable trust account with a bank to advance refund $17,290 of various General Obligation Bonds as follows:

Series 1992	$ 3,720
1992 Refunding - represents a portion of outstanding principal	745
Series 1993	8,400
Series 1994	4,425
Total	$ 17,290

The interest rates on the bonds range from 4.00% to 5.00%, and the maturity dates range from July 1, 2003 to 2009. Interest is payable annually beginning January 1, 2002.

APPENDIX E

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the *"Disclosure Undertaking"*) is executed and delivered by **PIMA COUNTY, ARIZONA** (the *"Obligor"*), in connection with the issuance by the Obligor of its $55,000,000 principal amount Pima County, Arizona, Street and Highway Revenue Bonds, Series 2002 (the *"Bonds"*). The Bonds are being issued pursuant to Resolution No. 2002-___ (the *"Resolution"*), adopted by the Board of Supervisors of the Obligor on January 8, 2002. Certain terms used herein are defined in Section 10 below.
The Obligor undertakes and agrees as follows:

Section 1 Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the Obligor for the benefit of the Bondholders and in order to assist each Participating Underwriter in complying with the Rule.

Section 2 Annual Information and Audited Financial Statements. The Obligor agrees to provide or cause to be provided to each Repository:

(a) Annual Information for the preceding Fiscal Year not later than the Filing Date for each Fiscal Year; and

(b) Audited Financial Statements for the preceding Fiscal Year not later than the later of the Filing Date for each Fiscal Year or promptly (but not more than 30 days) after becoming available to the Obligor.

Any or all of the items listed above may be included by specific reference to other documents; provided that if the document included by reference is not a final official statement, it must have been provided previously to each of the Repositories or the Securities and Exchange Commission, and if the document included by reference is a final official statement, it must be available from the MSRB.

Section 3 Notice of Listed Events and Failure to Provide Annual Information. The Obligor agrees to provide or cause to be provided to each National Repository or to the MSRB, and to any State Repository, in a timely manner:

(a) notice of the occurrence of any Listed Events with respect to the Bonds, if material (within the meaning of the Rule); and

(b) notice of its failure to provide or cause to be provided the Annual Information on or before the applicable Filing Date.

Notwithstanding the foregoing, notice of Listed Events consisting of bond calls or defeasances need not be given under this subsection any earlier than the notice of the underlying event is given to the registered owners of affected Bonds pursuant to the Resolution, and notice of the occurrence of a mandatory, scheduled redemption, not otherwise contingent upon the occurrence of an event, is not required if the terms of the redemption under which the redemption is to occur are set forth in detail in the Official Statement and the only open issue is which Bonds will be redeemed in the case of a partial redemption.

Section 4 Termination of Reporting Obligation. The obligations of the Obligor under this Disclosure Undertaking shall terminate at such time as no Bonds remain "outstanding" (within the meaning of the Resolution) or all of the Bonds have been legally defeased, redeemed or paid in full.

Section 5 Dissemination Agent. The Obligor may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any dissemination agent, with or without appointing a successor dissemination agent.

Section 6 Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the Obligor may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived; provided, however, that no amendment or waiver may take effect unless the following conditions are satisfied:

(a) the amendment or waiver may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an "obligated person" (within the meaning of the Rule) with respect to the Bonds, or the type of business conducted;

(b) this Disclosure Undertaking, as amended or taking into account such waiver, in the opinion of counsel of national reputation experienced in bond or federal securities law selected by the Obligor, would have complied with the requirements of the Rule at the time of the original issuance of the Bonds, taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the amendment or waiver either (i) is approved by the registered owners of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of registered owners of the Bonds, or (ii) does not materially impair the interests of the Bondholders as determined by the opinion of counsel of national reputation experienced in bond or federal securities law unaffiliated with the Obligor but which may be selected by the Obligor, or as determined by another party unaffiliated with the Obligor but which may be selected by the Obligor.

Section 7 Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the Obligor from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Information or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If the Obligor chooses to include any information in any Annual Information or notice of occurrence of any Listed Event or any other event, in addition to that which is specifically required by this Disclosure Undertaking, the Obligor shall have no obligation under this Disclosure Undertaking to update the information or include it in any future Annual Information or notice of occurrence of Listed Event.

Section 8 Failure to Perform. Any Bondholder may enforce the Obligor's obligation to provide or cause to be provided information or notice under this Disclosure Undertaking by commencing an action in a court of competent jurisdiction to seek specific performance by court order to compel the Obligor to provide or cause to be provided such information or notice; provided that any Bondholder must first as a condition precedent to commencing the action provide at least 30 day's prior written notice to the Obligor of its failure to perform, giving reasonable detail of such failure, following which notice the Obligor shall have 30 days to perform. Failure by the Obligor to perform under this Disclosure Undertaking shall not be deemed an event of default with respect to the Bonds or under the Resolution or any other document and the sole remedy under this Disclosure Undertaking in the event of any failure of the Obligor to comply with this Disclosure Undertaking shall be an action to compel performance.

Section 9 Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the Obligor and the Bondholders from time to time, and shall create no rights in any other person or entity.

Section 10 Definitions. In addition to the definitions set forth in the Resolution which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Disclosure Undertaking, the following capitalized terms shall have the following meanings:

"*Annual Information*" means:

(a) quantitative financial information and operating data concerning the operations of the Obligor of the type set forth in the Official Statement under the heading "STREET AND HIGHWAY REVENUES - Street and Highway Revenues Received by the County" in the table entitled "PIMA COUNTY STREET AND HIGHWAY REVENUE RECEIPTS";

(b) unaudited annual Financial Statements of the Obligor unless Audited Financial Statements are provided at the same time.

In addition to the information described in (a) and (b), (i) if any part of the Annual Information described in (a) can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Obligor will include a statement to that effect as part of the Annual Information for the year in which the change or discontinuation occurs, and (ii) the Annual Information for the year in which any amendment or waiver of a provision of this Disclosure Undertaking occurs shall describe and explain the amendment or waiver, the reason for it and its impact on the type of information being provided, and if the amendment relates to the accounting principles to be followed in preparing financial statements, the Annual Information for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

"Audited Financial Statements" means audited annual Financial Statements of the Obligor.

"Bondholder" means a beneficial owner of a Bond, with beneficial ownership determined on a basis consistent with the provisions of Rule 13d-3 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, or, if those provisions do not adequately address the situation in question (in the opinion of counsel of national reputation experienced in bond or federal securities law selected by the Obligor) with beneficial ownership determined on the basis of ownership for federal income tax purposes. Any assertion of beneficial ownership must be established by evidence in writing with full documentary support filed with the Obligor.

"Filing Date" means the first business day in February of each Fiscal Year commencing in February, 2003.

"Financial Statements" means annual financial statements of the Obligor prepared in conformity with generally accepted accounting principles as reflected in the governmental accounting standards promulgated from time to time by the Government Accounting Standards Board.

"Fiscal Year" means each fiscal year of the Obligor commencing with the fiscal year beginning July 1, 2001, and ending June 30, 2002.

"Listed Events" means any of the following events:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions or events affecting the tax-exempt status of the security;

(7) modifications to rights of security holders;

(8) bond calls;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the securities; and

(11) rating changes.

"MSRB" means the Municipal Securities Rulemaking Board.

"National Repository" means each Nationally Recognized Municipal Securities Information Repository which is recognized as such for purposes of the Rule at the time any information or notice is to be provided pursuant to this Disclosure Undertaking. The National Repositories at the time of execution and delivery of this Disclosure Undertaking are listed in Exhibit A.

"Official Statement" means the final Official Statement dated January ___, 2002 with respect to the initial offering of the Bonds.

"Participating Underwriter" means each broker, dealer, or municipal securities dealer acting as an underwriter in the primary offering of the Bonds, including, without limitation, _____.

"Repository" means each National Repository and each State Repository.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as applicable to the Bonds.

"State" means the State of Arizona.

"State Repository" means any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Undertaking, there is no State Repository.

Section 11 Governing Law; Forum. This Disclosure Undertaking shall be governed by the law of the State. Any action to enforce this Disclosure Undertaking against the Obligor may be brought only in a State court.

Section 12 Budget Requirement. Under the law of the State, no expenditures may be made by the Obligor in any Fiscal Year for a purpose not included in the budget, and no expenditure may be made or obligation or liability incurred or created by the Obligor in any Fiscal Year in excess of the amount specified for each purpose in the budget, for that Fiscal Year, except as otherwise provided by law, and the Obligor's undertaking in this Disclosure Undertaking is subject to this limitation of State law on expenditures by the Obligor for costs of performing its obligations under this Disclosure Undertaking.

Date: _____, 2002

PIMA COUNTY, ARIZONA

By:_____
Director of Financial & Information Services

OFFICIAL BID FORM

$55,000,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2002

Director of Financial and Information Services
Pima County
130 West Congress, 10th Floor
Tucson, Arizona 85701

January 8, 2002

Ladies and Gentlemen:

On behalf of the group listed below and pursuant to the Notice Inviting Proposals for the Purchase of Bonds, we offer to purchase the $55,000,000 principal amount of Pima County, Arizona, Street and Highway Revenue Bonds, Series 2002 dated January 1, 2002. This offer is being made for all of said bonds and for not less than all, maturing on July 1 in the years and amounts and bearing interest at the rates set forth in the following schedule.

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
2003	$4,535,000	_____%	2008	$5,555,000	_____%
2004	4,715,000	_____%	2009	5,800,000	_____%
2005	4,905,000	_____%	2010	6,060,000	_____%
2006	5,110,000	_____%	2011	6,345,000	_____%
2007	5,325,000	_____%	2012	6,650,000	_____%

Our offer ☐ is/☐ is not based on the payment of principal and interest on the bonds being insured. (Insurance will be provided by _____.)

We will pay therefor $55,000,000 plus a premium of $_____ and accrued interest from the date of the bonds to the date of delivery in immediately available funds.

We understand that the bonds may not be reoffered to the public at a Net Premium (as that term is defined in the Notice Inviting Proposals for the Purchase of Bonds) in excess of $1,100,000 and that reoffering the bonds at a higher Net Premium will cause the bonds to be invalid.

This bid is made for prompt acceptance and is made with the understanding that the opinion of Snell & Wilmer L.L.P., Tucson, Arizona, approving the legality of the bonds in all respects will be delivered with the bonds when paid in full.

In accordance with the Notice Inviting Proposals and as evidence of our good faith, we hand you herewith a certified check, drawn on a bank doing business in the State of Arizona or a financial surety bond issued by an insurance company licensed in the State of Arizona, in the amount of $1,100,000. The proceeds of such deposit are to be (1) applied in partial payment of the bonds if our proposal is accepted and the bonds are awarded to us, (2) returned promptly to us in the event we are not awarded the bonds, or (3) forfeited as full liquidated damages if we fail to fulfill the terms of this bid and (a) do not take up and pay for the bonds immediately upon their issuance or (b) the bonds are reoffered to the public at a Net Premium in excess of $1,100,000.

Respectfully submitted,

_____

_____

_____

For Information Only and
Not a Part of this Bid:

Gross Interest Cost	$_____
Less Premium	_____
Net Interest Cost	$_____
Average Net Interest Cost	_____%

(For your information you will find attached a list of the group of underwriters associated with us in this proposal.)

NOTICE INVITING PROPOSALS FOR THE PURCHASE OF STREET AND HIGHWAY REVENUE BONDS $55,000,000

PIMA COUNTY, ARIZONA STREET AND HIGHWAY REVENUE BONDS SERIES 2002

NOTICE IS HEREBY GIVEN that Pima County, Arizona (the "*County*"), will receive unconditional proposals to and including the hour of 10:30 A.M., Mountain Standard Time (M.S.T.) on the sale date, which shall be January 8, 2002, unless the County acting through the County Administrator or his designee postpones receipt of proposals to a later date. A determination to postpone the sale date will be made and announced by 10:30 A.M., M.S.T. on the business day preceding the scheduled sale date. Proposals must be submitted at the office of the Director of Financial and Information Services, 130 West Congress Street, 10th Floor, Tucson, Arizona, 85701, and must be for the purchase of all of $55,000,000 principal amount of the County's Street and Highway Revenue Bonds, Series 2002 (the "*Street and Highway Revenue Bonds*"). Sealed proposals may be submitted as a sealed bid or as an electronic bid using the facilities of PARITY. Submission of bids is further discussed below. The Board of Supervisors of the County will meet on that date to consider the proposals received and award the Street and Highway Revenues Bonds to the bidder offering the best bid or reject all proposals.

For the purposes of the written sealed bid and bids received through the electronic bidding process, the time as maintained by PARITY shall constitute the official time.

BIDS DELIVERED TO THE COUNTY: Sealed bids, plainly marked in a separate sealed envelope containing no other proposals and indicating clearly on its face that it contains a proposal for the purchase of the Street and Highway Revenue Bonds, should be addressed to "Pima County" and delivered to the office of the Director of Financial and Information Services, 130 West Congress Street, 10th Floor, Tucson, Arizona, 85701, prior to 10:30 a.m., M.S.T. on January 8, 2002, the date of the bid opening. Such bids must be submitted on the Official Bid Form, without alteration or interlineation.

ELECTRONIC BIDDING PROCEDURES: Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. All electronic bids must be submitted prior to 10:30 a.m., M.S.T. on January 8, 2002, to the office of the Director of Financial and Information Services, 130 West Congress Street, 10th Floor, Tucson, Arizona, 85701. Subscription to the Thomson Financial Municipal Group's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. The County will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Street and Highway Revenue Bonds on the terms provided in this Notice Inviting Proposals for the Purchase of Street and Highway Revenue Bonds, shall be binding upon the bidder as if made by a signed, sealed bid delivered to the County. Neither the County nor RBC Dain Rauscher Inc. shall be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice Inviting Proposals for the Purchase of Street and Highway Revenue Bonds shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Notice Inviting Proposals for the Purchase of Street and Highway Revenue Bonds shall control. Further information about PARITY, including any fee charged, may be obtained from BIDCOMP/PARITY, 395 Hudson Street, 3rd Floor, New York, New York, 10014, attention: Customer Support (212) 806-8304.

For information purposes only, bidders are requested to state in their electronic bids the net interest cost to the Board, as described under "AWARD AND DELIVERY" herein. All electronic bids shall be deemed to incorporate the provisions of this Notice Inviting Proposals for the Purchase of Street and Highway Revenue Bonds and the Official Bid Form.

THE STREET AND HIGHWAY REVENUE BONDS: The Street and Highway Revenue Bonds will be dated January 1, 2002, and upon initial issuance, will bear interest from such date to the maturity or earlier redemption of each of the Street and Highway Revenue Bonds at a rate or rates none of which may exceed twelve percent (12%) per annum, payable on July 1, 2002, and semiannually thereafter on January 1 and July 1 of each year during the term of each of the Street and Highway Revenue Bonds. The Street and Highway Revenue Bonds are to mature (or be subject to mandatory redemption) on July 1 in the years and in the amounts as follows:

Due July 1	Principal Amount	Due July 1	Principal Amount
2003	$4,535,000	2008	$5,555,000
2004	4,715,000	2009	5,800,000
2005	4,905,000	2010	6,060,000
2006	5,110,000	2011	6,345,000
2007	5,325,000	2012	6,650,000

PURPOSE: The Street and Highway Revenue Bonds are being issued pursuant to the Constitution and laws of the State of Arizona, including Chapter 2, Article 12 of Title 11 of the Arizona Revised Statutes, and all amendments thereto, and under the provisions of a resolution adopted by the Board of Supervisors of Pima County on November 13, 2001 and a resolution to be adopted by the Board of Supervisors of Pima County on the sale date, and are being issued for the purpose of (1) providing funds for improvements to County streets and highways and (2) paying costs relating to the issuance of the Street and Highway Revenue Bonds.

OPTIONAL REDEMPTION: The Street and Highway Revenue Bonds maturing on or before July 1, 2008 are not subject to call for redemption prior to their respective maturity dates. The Street and Highway Revenue Bonds maturing on or after July 1, 2009 are subject to call for redemption on or after July 1, 2008 at the election of the County, in whole or in part on any date, by the payment of a redemption price equal to the principal amount of each Street and Highway Revenue Bond called for redemption plus accrued interest to the date fixed for redemption plus a premium payable from any source lawfully available therefor, (expressed as a percentage of the principal amount of the Street and Highway Revenue Bonds to be redeemed) to be computed as follows:

Period During Which Redeemed (both dates inclusive)	Redemption Premium
July 1, 2008 through June 30, 2009	1%
July 1, 2009 and thereafter without premium.	

NOTICE OF REDEMPTION: Notice of redemption will be given by mail to the registered owners of the Street and Highway Revenue Bonds at the address shown on the bond register maintained by the bond registrar not less than thirty (30) days nor more than sixty (60) days prior to the specified redemption date.

BOOK ENTRY ONLY SYSTEM: The Street and Highway Revenue Bonds will initially be issued to an registered in the name of Cede & Co., as nominee of the Depository Trust Company ("DTC"), an automated clearinghouse for securities transactions, which will act as securities depository for the Street and Highway Revenue Bonds. One fully registered Street and Highway Revenue Bond, in the aggregate principal amount of each maturity, will initially be registered in the name of and held by Cede & Co., as nominee for DTC.

So long as the book entry only system is in effect, beneficial ownership interests in the Street and Highway Revenue Bonds will be available in book entry form only through direct or indirect participants in DTC, in the principal amount of $5,000 or any integral multiple thereof. Beneficial owners of the Street and Highway Revenue Bonds will not receive certificates representing their interests in the Street and Highway Revenue Bonds and will not be deemed to be registered owners under the Resolution.

So long as the book entry only system is in operation, principal of and interest on the Street and Highway Revenue Bonds will be payable by U.S. Bank Trust N.A., as bond registrar and paying agent, to Cede & Co., as nominee of DTC which organization consequently bears sole responsibility for remitting such principal and interest to the DTC participants for subsequent credit or disbursement to the beneficial owners of the Street and Highway Revenue Bonds.

In the event the County determines not to continue the DTC book entry only system or DTC determined to discontinue providing its services with respect to the Street and Highway Revenue Bonds and the County does not select another qualified securities depository, the County is required to deliver to DTC for redistribution to beneficial owners of the Street and Highway Revenue Bonds one or more bond certificates in such principal amount or amounts, in denominations of $5,000 and any integral multiple thereof, and registered in such name or names, as DTC shall designate.

CUSIP NUMBERS: It is anticipated that CUSIP numbers will be assigned to the Street and Highway Revenue Bonds, but no failure to assign such numbers to any Street and Highway Revenue Bond, nor any error with respect thereto, shall constitute cause for failure or refusal by the purchaser thereof to accept and pay for the Street and Highway Revenue Bonds in accordance with the terms of the sale. No CUSIP number shall be deemed to be a part of any Street and Highway Revenue Bond or any of the contract evidenced thereby. The CUSIP Service Bureau charge for the assignment of CUSIP numbers shall be paid by the purchaser of the Street and Highway Revenue Bonds.

INTEREST RATES AND OFFERING PRICES: Proposals for the purchase of the Street and Highway Revenue Bonds must state the rate or rates of interest to be paid. All Street and Highway Revenue Bonds of the same maturity must bear the same rate of interest. The difference between the highest interest rate proposed for any maturity and the lowest interest rate proposed for any other maturity shall not exceed one percent (1%) per annum. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. Interest rates must be expressed in multiples of one-eighth (1/8th) or one-twentieth (1/20th) of one percent (1%). The highest rate which may be specified is twelve percent (12%) per annum.

Any interest rate proposal which would result in an interest payment amount having fractional cents will be deemed a waiver of the right to payment of such fractional cents. No fractional cents will be paid or accumulated for payment on any Street and Highway Revenue Bond.

SECURITY: Principal of and interest on the Street and Highway Revenue Bonds are payable solely from the revenues derived from taxes, fees charges and other monies collected by the State of Arizona and returned to the County pursuant to Title 28, Chapter 18, Article 2 of the Arizona Revised Statutes. The Street and Highway Revenue Bonds shall not constitute a debt or obligation of the County within the meaning of any constitutional or statutory debt limitation, nor shall payment of the Street and Highway Revenue Bonds or interest or redemption premiums thereon be enforceable out of any funds other than the revenues pledged to such payment nor shall any Bondowner have the right to compel any exercise of the taxing power of the County to make such payment.

BOND INSURANCE. Each Bidder may, in making its bid, assume, as a premise, either that the payment of principal of and interest on the Street and Highway Revenue Bonds will be insured at the bidder's expense, or that the Street and Highway Revenue Bonds will not be insured, and shall indicate on the bid form the premise on which its bid is based. If the accepted proposal is based on an assumption that such a policy will be issued, the successful bidder shall cause the policy to be issued at the bidder's expense.

FORM OF PROPOSAL AND BID DEPOSIT: A prescribed form of proposal for the purchase of the Street and Highway Revenue Bonds will be provided and all proposals must be submitted on that form. **IN A SEPARATE SEALED ENVELOPE CONTAINING NO OTHER PROPOSALS AND INDICATING CLEARLY ON ITS FACE THAT IT CONTAINS A PROPOSAL FOR THE PURCHASE OF THE STREET AND HIGHWAY REVENUE BONDS.** All proposals must be unconditional and must be accompanied by a certified or cashier's check drawn on a bank doing business in the State of Arizona or a financial surety bond issued by an insurance company licensed to do business in the State of Arizona and payable to the order of Pima County, Arizona in an amount of $1,100,000, which is equal to two percent (2%) of the par value of the Street and Highway Revenue Bonds (the "*Deposit*"). If a financial surety bond is used, it must be submitted to the County or its Financial Advisor prior to the opening of the bids. The financial surety bond must identify each bidder whose Deposit is guaranteed by such financial surety bond. If the Street and Highway Revenue Bonds are awarded to a bidder using a financial surety bond, then that purchaser is required to submit the Deposit to the County in the form of a certified or cashier's check or wire transfer as instructed by the County or its Financial Advisor not later than twenty-four (24) hours following the award. If such deposit is not received at that time, the financial surety bond

may be drawn on by the County to satisfy the Deposit requirement. No interest will be paid on the check of any bidder. The check of the successful bidder will be applied to the purchase price of the Street and Highway Revenue Bonds or retained and forfeited as liquidated damages in the event such bidder does not take up and pay for the Street and Highway Revenue Bonds immediately upon the County's satisfaction of all conditions necessary to their issuance and delivery. All checks of the unsuccessful bidders will be returned upon the award of the Street and Highway Revenue Bonds to the successful bidder.

The Financial Advisor to the County has reserved the right to bid on the Street and Highway Revenue Bonds.

RIGHT OF REJECTION: The County reserves the right, in its discretion, to reject any and all proposals received and to waive any irregularity or informality in the proposals, except that the time for receiving proposals shall be of the essence.

AWARD AND DELIVERY: Unless all proposals are rejected, the Street and Highway Revenue Bonds will be awarded to the bidder whose proposal results in the lowest net interest cost to the County. The net interest cost will be determined by computing the aggregate amount of interest payable on the Street and Highway Revenue Bonds based upon the total principal amount of Street and Highway Revenue Bonds offered as scheduled to mature in this Notice from their date to their respective maturities and by deducting therefrom any premium. Delivery of the Street and Highway Revenue Bonds will be made to the purchaser upon payment in immediately available funds in Tucson, Arizona, or, at the purchaser's request and expense, at any other place mutually agreeable to both the County and the purchaser.

NOTICE REGARDING STATE CONTRACTS: Arizona law requires that every contract to which the State, its political subdivisions or any of the departments or agencies of the State or its political subdivisions, including the County, is a party include notice that such contract is subject to cancellation, within three (3) years after its execution, by the State, or the political subdivision, including the County, department or agency which is a party to such contract if any person significantly involved in initiating, negotiating, securing, drafting, or creating the contract on behalf of the State, or the political subdivision, including the County, department, or agency is, at any time while the contract is in effect, an employee of any other party to the contract or an agent or consultant of any other party to the contract with respect to the subject matter of the contract.

LEGAL OPINION: The Street and Highway Revenue Bonds are sold with the understanding that the County will furnish the purchaser with the approving opinion of Snell & Wilmer L.L.P. A copy of the opinion, but without its date, will be printed on the Street and Highway Revenue Bonds. Said attorneys have been retained by the County as Bond Counsel and in such capacity are to render their opinion only upon the legality of the Street and Highway Revenue Bonds under Arizona law and on the exclusion of the interest on the Street and Highway Revenue Bonds from the gross income of the owners of the Street and Highway Revenue Bonds for federal and state of Arizona income tax purposes. Fees of Bond Counsel will be paid from the Street and Highway Revenue Bond proceeds.

TAX EXEMPT STATUS: The Internal Revenue Code of 1986, as amended (the "*Code*") contains a number of requirements and restrictions which apply to the Street and Highway Revenue Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Street and Highway Revenue Bond proceeds and the facilities financed therewith and certain other matters. The County has covenanted to comply with all requirements of the Code that must be satisfied in order for the interest on the Street and Highway Revenue Bonds to be excludable from gross income. Failure to comply with certain of such covenants could cause interest on the Street and Highway Revenue Bonds to become includable in gross income retroactive to the date of issuance of the Street and Highway Revenue Bonds.

Subject to the condition that the County comply with the above-referenced covenants, under present law, in the opinion of Bond Counsel, the Street and Highway Revenue Bonds are not "private activity bonds" under the Code, and interest on the Street and Highway Revenue Bonds will not be includable in gross income of the owners thereof for federal or Arizona income tax purposes, and will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Interest on the Street and Highway Revenue Bonds

will be taken into account, however, in computing an adjustment used in determining the alternative minimum tax for certain corporations.

Ownership of the Street and Highway Revenue Bonds may result in collateral federal income tax consequences to certain taxpayers. Prospective purchasers of the Street and Highway Revenue Bonds should consult their tax advisors as to applicability of any such collateral consequences.

CERTIFICATE TO BE DELIVERED BY SUCCESSFUL BIDDER: Simultaneously with or before delivery of the Street and Highway Revenue Bonds, the successful bidder shall furnish to the County a certificate acceptable to Bond Counsel to the effect that (i) all of the Street and Highway Revenue Bonds have been the subject of an initial bona fide offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at the prices shown on such certificates plus accrued interest, if any, (ii) at the time they agreed to purchase the Street and Highway Revenue Bonds, based upon their assessment of the then prevailing market conditions, they reasonably expected that all Street and Highway Revenue Bonds would be initially sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of the underwriters or wholesalers) at the prices shown on such certificate, plus accrued interest, if any, and (iii) the prices shown on such certificate for each of the Street and Highway Revenue Bonds were the fair market value of such Street and Highway Revenue Bonds as of the sale date.

CERTIFICATE TO BE DELIVERED BY COUNTY: Representatives of the County will deliver certificates to the effect that (i) no litigation is pending affecting the issuance and sale of the Street and Highway Revenue Bonds and (ii) to their best knowledge, information and belief, the information contained in the Official Statement relating to the Street and Highway Revenue Bonds is true and correct in all material respects. The County will also deliver a tax compliance certificate covering its reasonable expectations concerning use of the proceeds of the Street and Highway Revenue Bonds and related matters.

PRELIMINARY OFFICIAL STATEMENT DEEMED FINAL; FINAL OFFICIAL STATEMENT: The County deems the Preliminary Official Statement provided in connection with the sale of the Street and Highway Revenue Bonds to be final as of its date except for the omission of offering prices, selling compensation, delivery dates, terms to be specified in the winning bidder's proposal, ratings, other terms depending on such matters and the identity of the winning bidder.

The winning bidder must provide the County, within twenty-four (24) hours after the award of the Street and Highway Revenue Bonds, with all necessary offering price information, selling compensation information, all other terms of the sale which are depending on such matters and any underwriter information, all as may be necessary to complete the final Official Statement.

Within seven (7) business days after the award of the Street and Highway Revenue Bonds, the County will provide the winning bidder with up to two hundred (200) copies of the final Official Statement at no cost. Additional copies of the final Official Statement may be obtained from the County at the winning bidder's expense. The final Official Statement will be in substantially the same form as the Preliminary Official Statement with such additions, deletions or revisions as the County deems necessary.

CONTINUING DISCLOSURE: The County will enter into a continuing disclosure undertaking with respect to the Street and Highway Revenue Bonds for purposes of S.E.C. Rule 15c2-12. Such undertaking is described in the Official Statement.

ADDITIONAL INFORMATION: Copies of the prescribed bid form and the Official Statement relating to the Street and Highway Revenue Bonds will be furnished to any bidder upon request made to RBC Dain Rauscher Inc., 2398 East Camelback Road, Phoenix, Arizona 85016, Financial Advisor to the County, telephone number (602) 381-5300.

PIMA COUNTY

/s/ Lori Godoshian
Clerk of the Board of Supervisors

MATURITY DATES, PRINCIPAL AMOUNTS AND BOND YEAR LIFE

$55,000,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2002

Maturity Dates (July 1)	Principal Amounts	Bond Years	Cumulative Bond Years
2003	$4,535,000	6,802.50	6,802.50
2004	4,715,000	11,787.50	18,590.00
2005	4,905,000	17,167.50	35,757.50
2006	5,110,000	22,995.00	58,752.50
2007	5,325,000	29,287.50	88,040.00
2008	5,555,000	36,107.50	124,147.50
2009	5,800,000	43,500.00	167,647.50
2010	6,060,000	51,510.00	219,157.50
2011	6,345,000	60,277.50	279,435.00
2012	6,650,000	69,825.00	349,260.00

Average Bond Life: 6.350 Years

Exhibit A
List of Nationally Recognized Municipal Securities Information Repositories
at the time of execution and delivery of the Disclosure Undertaking

The list may change from time to time. The Disclosure Undertaking requires that information and notices be provided to each Repository. The list should be checked for changes each time information or notice is to be provided. A current list may be obtained from the Securities and Exchange Commission over the Internet at http://www.sec.gov/consumer/nrmsir.

Bloomberg Municipal Repositories
100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
E-mail: Munis@Bloomberg.com

FT Interactive Data
Attn: NRMSIR
100 William Street
New York, NY 10038
Phone: (212) 771-6999
Fax: (212) 771-7390 (Secondary Market Information)
(212) 771-7391 (Primary Market Information)
E-mail: NRMSIR@FTID.com

Standard & Poor's J.J. Kenny Repository
55 Water Street
45th Floor
New York, NY 10041
Attn: Kenny Repository Service
Phone: (212) 438-4595
Fax: (212) 438-3975
E-mail: NRMSIR_REPOSITORY@sandp.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
E-mail: nrmsir@dpcdata.com

RBC
Dain Rauscher

Member NYSE/SIPC

AFFIDAVIT OF PUBLICATION

STATE OF ARIZONA)
:ss.
COUNTY OF PIMA)

KAREN BRIGHAM being first duly sworn, deposes and says that (he) (she) is the **Legal Advertising Manager** of **THE DAILY TERRITORIAL**, a daily newspaper printed and published in the County of Pima, State of Arizona, and of general circulation in the City of Tucson,

County of Pima, State of Arizona and elsewhere, and the hereto attached

BONDS
PUBLIC NOTICE

was printed and published correctly in the regular and entire issue of said **THE DALLY TERRITORIAL** for 2 issues; that was first made on the 29th day of NOVEMBER 20 01

and the last publication thereof was made on the 6th day of DECEMBER 20 01; that said publication was made on each of the following dates, to-wit:

11/29/01
12/06/01

Request of

SNELL & WILMER

The Daily Territorial

By Karen Brigham

Subscribed and sworn to before me this 6th day of DECEMBER 20 01

OFFICIAL SEAL
NATALY KIANMANESH
Notary Public - State of Arizona
PIMA COUNTY
My Comm. Expires April 15, 2005

Notary Public in and for the County of Pima, State of Arizona

My Commission Expires: 4/15/2005

ORDER AND NOTICE OF BOND SALE
NOT TO EXCEED $55,000,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE
BONDS SERIES 2002

NOTICE IS HEREBY GIVEN that sealed unconditional proposals will be received at the office of the Director of Financial and Information Services of Pima County, Arizona (the "County"), 130 West Congress Street, Tucson, Arizona 85701, for the purchase of all, but not less than all, of not to exceed $55,000,000 principal amount of Pima County, Arizona Street and Highway Revenue Bonds, Series 2002 (the "Bonds") until 10:30 A.M., M.S.T., on the sale date, which shall be January 8, 2002 unless the County, acting through the County Administrator or his designee, postpones receipt of proposals for the Bonds to a later date. If the sale date is postponed, notice will be given of the postponement and of the rescheduled sale date. Bidders may submit proposals to purchase the Bonds utilizing the appropriate bid form.

The Bonds will bear interest at rates, none of which may exceed twelve percent (12%) per annum, to be determined at the time of the award of the contract for the purchase of the Bonds.

Unless all bids are rejected, the Board of Supervisors will award the Bonds to the bidder whose proposal results in the lowest net interest cost to the County, taking into account any premium offered to be paid for the Bonds. Proposals must be for all of the Bonds and must offer to pay no less than the face amount of the Bonds plus accrued interest to the date of delivery of the Bonds.

Further information, including copies of the Notice Inviting Proposals for Purchase of Bonds and the Official Statement relating to the Bonds, may be obtained from RBC Dain Rauscher Inc., 2398 East Camelback Road, Phoenix, Arizona 85016, telephone number (602) 381-5300, financial advisor to the County.

Dated: November 13, 2001

PIMA COUNTY, ARIZONA By: Lori Godoshian Clerk, Board of Supervisors

Pub: The Daily Territorial
November 29, 2001
December 6, 2001
Req: Snell & Wilmer, L.L.P.
prstreetbonds2 kb

Certificate of Clerk

Board of Supervisors of Pima County, Arizona

State of Arizona
County of Pima ss

I, Lori Godoshian, do hereby certify that I am the duly appointed, and qualified, Clerk of the Board of Supervisors of Pima County, Arizona.

I further certify that the attached resolution entitled

RESOLUTION NO. 2002-006

(See attached pages 1 - 19)

is a true and correct copy of a resolution passed and adopted by the Board of Supervisors of Pima County, Arizona, at a meeting held on the 8th *day of* January, 2002, *at which a quorum was present, and that the original resolution is officially of record in my possession.*

In Witness Whereof, *I have hereunto set my hand and affixed the seal of the Board of Supervisors of Pima County, Arizona, this* 24th *day of* January, 2002.

Lori Godoshian
Clerk

RESOLUTION NO. 2002-6

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF $55,000,000 PRINCIPAL AMOUNT OF PIMA COUNTY, ARIZONA, STREET AND HIGHWAY REVENUE BONDS, SERIES 2002; PROVIDING FOR THE PAYMENT OF THE BONDS; PROVIDING TERMS, COVENANTS AND CONDITIONS CONCERNING THE BONDS; ACCEPTING A PROPOSAL FOR THE PURCHASE OF THE BONDS; APPOINTING AN INITIAL REGISTRAR AND PAYING AGENT FOR THE BONDS; AND DECLARING AN EMERGENCY.

BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA, AS FOLLOWS:

Section 1. Recitals, Findings and Conclusions. At a special bond election held in and for Pima County, Arizona (the "*County*"), on November 4, 1997 (the "*Bond Election*"), a majority of the qualified electors of the County voting at the election authorized the issuance and sale by the County of $350,000,000 aggregate principal amount of bonds for improving, constructing, reconstructing, acquiring rights of way for, and maintenance of County streets and highways. Under authority of the Bond Election and pursuant to Resolution No. 1998-101, adopted by the Board of Supervisors of the County on May 19, 1998 (the "*1998 Bond Resolution*"), the County has heretofore issued $40,000,000 principal amount of its Street and Highway Revenue Bonds, Series 1998 (the "*1998 Bonds*"). This Resolution authorizes the issuance and sale of an additional $55,000,000 principal amount of bonds (the "*2002 Bonds*") under authority of the Bond Election, and after issuance of these bonds $255,000,000 of the amount authorized in the Bond Election will remain to be issued. The 1998 Bond Resolution, as supplemented by this Resolution and as hereafter supplemented and amended, is herein referred to as the "Bond Resolution". Bids for the purchase of the 2002 Bonds were previously solicited pursuant to a public notice published once a week for two successive weeks. The Board has determined that the proposal attached hereto as Exhibit A (the "*Accepted Proposal*") is the most advantageous for the County.

Section 2. Authorization. For the purpose of providing funds to make certain of the street and highway improvements the bond financing of which was authorized by the qualified electors of the County at the Bond Election, there is hereby authorized to be issued and sold $55,000,000 principal amount of Pima County, Arizona, Street and Highway Revenue Bonds, Series 2002, pursuant to Title 11, Chapter 2, Article 12, Arizona Revised Statutes.

Section 3. Terms. The 2002 Bonds will bear interest, calculated on the basis of a 360-day year of twelve 30-day months, from January 1, 2002, to the maturity of each of the 2002 Bonds at the rates per annum established by the Accepted Proposal, the first interest payment date to be July 1, 2002, interest payable semiannually thereafter on January 1 and July 1 during the term of the 2002 Bonds, the 2002 Bonds to be in the denomination of $5,000 each or integral multiples thereof, in fully registered form. Interest will be paid on each interest payment date by check mailed by the Paying Agent to each registered owner of the 2002 Bonds at the address shown on the registration book of the Registrar on the Record Date (as described in Section 10

hereof), or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of 2002 Bonds. Principal of the 2002 Bonds, at maturity or upon redemption prior to maturity, will be payable upon presentation and surrender at the designated office of the Paying Agent. The 2002 Bonds will mature on July 1 in the years and in the amounts as follows:

Year (July 1)	Principal Amount	Year (July 1)	Principal Amount
2003	4,535,000	2008	$5,555,000
2004	4,715,000	2009	5,800,000
2005	4,905,000	2010	6,060,000
2006	5,110,000	2011	6,345,000
2007	5,325,000	2012	6,650,000

Section 4. Prior Redemption.

A. Optional Redemption. The 2002 Bonds maturing on or before July 1, 2008 are not subject to call for redemption prior to their respective maturity dates. The 2002 Bonds maturing on or after July 1, 2009 are subject to call for redemption on and after July 1, 2008 at the election of the County, in whole or in part on any date, in any order of maturity designated by the County and within any maturity by lot by the payment of a redemption price equal to the principal amount of each 2002 Bond called for redemption plus accrued interest to the date fixed for redemption, plus a premium payable from any source lawfully available therefor (expressed as a percentage of the principal amount of the 2002 Bonds to be redeemed) to be computed as follows:

Period During Which Redeemed (both dates inclusive)	**Redemption Premium**
July 1, 2008 through June 30, 2009	1%
July 1, 2009 and thereafter without premium.	

B. Notice of Redemption. Notice of redemption will be given by mail to the registered owners of the 2002 Bonds at the address shown on the bond register maintained by the Registrar not less than 30 days nor more than 60 days prior to the specified redemption date. Neither failure to give such notice, nor any defect therein, with respect to any 2002 Bond shall affect the regularity of the proceedings for redemption of any other 2002 Bond.

C. Effect of Call for Redemption. On the date designated for redemption by notice given as herein provided, the 2002 Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such 2002 Bonds on such date, and, if moneys for payment of the redemption price and accrued interest are held in separate accounts by the Paying Agent, interest on such 2002 Bonds or portions of 2002 Bonds so called for redemption shall cease to accrue, such 2002 Bonds shall cease to be entitled to any

benefit or security hereunder and the owners of such 2002 Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and accrued interest and such 2002 Bonds shall be deemed paid and no longer outstanding.

D. Redemption of Less Than All of a 2002 Bond. The County may redeem a portion of any 2002 Bond in $5,000 increments. In that event, the registered owner shall submit the 2002 Bond for partial redemption and the Paying Agent shall make such partial payment and the Registrar shall cause to be issued a new 2002 Bond in a principal amount which reflects the redemption so made to be authenticated and delivered to the registered owner thereof.

Section 5. Form of 2002 Bonds. The 2002 Bonds shall be in substantially the form of Exhibit B, attached hereto and incorporated by reference herein, with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby or by the Notice Inviting Proposals for the Purchase of 2002 Bonds and are approved by those officers executing the 2002 Bonds and execution thereof by such officers shall constitute conclusive evidence of such approval.

The 2002 Bonds may have notations, legends or endorsements required by law, securities exchange rule or usage. Each 2002 Bond shall show the date of its authentication and registration.

Section 6. Book Entry Only System. The 2002 Bonds will initially be issued to and registered in the name of Cede & Co., as nominee of the Depository Trust Company ("DTC"), an automated clearinghouse for securities transactions, which will act as securities depository for the 2002 Bonds. One fully registered 2002 Bond, in the aggregate principal amount of each maturity, will initially be registered in the name of and held by Cede & Co., as nominee for DTC.

So long as the book entry only system is in effect, beneficial ownership interests in the 2002 Bonds will be available in book entry form only through direct or indirect participants in DTC, in the principal amount of $5,000 or any integral multiple thereof. Beneficial owners of the 2002 Bonds will not receive certificates representing their interests in the 2002 Bonds and will not be deemed to be registered owners of the 2002 Bonds.

So long as the book entry only system is in operation, principal of and interest on the 2002 Bonds will be payable by the Paying Agent to Cede & Co., as nominee of DTC, which organization consequently bears sole responsibility for remitting such principal and interest to the DTC participants for subsequent credit or disbursement to the beneficial owners of the 2002 Bonds.

In the event the County determines not to continue the DTC book entry only system or DTC determines to discontinue providing its services with respect to the 2002 Bonds and the County does not select another qualified securities depository, the County shall cause the Registrar to deliver to DTC for redistribution to beneficial owners of the 2002 Bonds one or more 2002 Bonds in such principal amount or amounts, in denominations of $5,000 and any integral multiple thereof, and registered in such name or names, as DTC shall designate.

Section 7. Execution of 2002 Bonds. The 2002 Bonds shall be executed for and on behalf of the County by the Chairman of the Board of Supervisors and attested by the Clerk of the Board by their facsimile signatures and the County seal or a facsimile thereof may be impressed or mechanically reproduced on the 2002 Bonds.

If an officer whose signature is on a 2002 Bond no longer holds that office at the time the 2002 Bond is authenticated and registered, the 2002 Bond shall nevertheless be valid.

A 2002 Bond shall not be valid or binding until authenticated by the manual signature of an authorized officer of the Registrar. The signature shall be conclusive evidence that the 2002 Bond has been authenticated and issued under this Resolution.

Section 8. Mutilated, Lost or Destroyed 2002 Bonds. In case any 2002 Bond becomes mutilated or destroyed or lost, the County shall cause to be executed and delivered a new 2002 Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated 2002 Bond or in lieu of and in substitution for such 2002 Bond destroyed or lost, upon the registered owner's paying the reasonable expenses and charges of the County in connection therewith and, in the case of a 2002 Bond destroyed or lost, upon the registered owner filing with the Clerk of the Board of Supervisors and the Registrar evidence satisfactory to the County and the Registrar that such 2002 Bond was destroyed or lost, and furnishing the County with a sufficient indemnity bond pursuant to § 47-8405, Arizona Revised Statutes.

Section 9. Acceptance of Proposal. The proposal of the winning bidder attached hereto as Exhibit A for the purchase of the 2002 Bonds is hereby accepted and the 2002 Bonds are hereby ordered sold to such purchaser in accordance with the terms of such proposal and the terms and conditions of the Notice Inviting Proposals for the Purchase of Street and Highway Revenue Bonds. The 2002 Bonds will bear interest at the rates set forth in the Accepted Proposal.

The County Administrator or his designee is hereby authorized and directed to cause the 2002 Bonds to be delivered to the purchaser upon receipt of payment therefor and satisfaction of the other conditions for delivery thereof in accordance with the terms of the sale.

Section 10. Registrar and Paying Agent. U.S. Bank Trust N.A. will maintain an office or agency where 2002 Bonds may be presented for registration of transfer (the "*Registrar*") and an office or agency where 2002 Bonds may be presented for payment (the "*Paying Agent*"). U.S. Bank Trust N.A. may appoint one or more co-Registrars or one or more additional Paying Agents. The Registrar and Paying Agent may make reasonable rules and set reasonable requirements for their respective functions with respect to the owners of the 2002 Bonds.

Initially, U.S. Bank Trust N.A., will act as Registrar and Paying Agent with respect to the 2002 Bonds. The County may change the Registrar or Paying Agent without notice to or consent of owners of the 2002 Bonds and the County may act in any such capacity.

Each Paying Agent will be required to agree in writing that the Paying Agent will hold in trust for the benefit of the owners of the 2002 Bonds all money held by the Paying Agent for the payment of principal of and interest and any premium on the 2002 Bonds.

The Registrar may appoint an authenticating agent acceptable to the County to authenticate 2002 Bonds. An authenticating agent may authenticate 2002 Bonds whenever the Registrar may do so. Each reference in this Resolution to authentication by the Registrar includes authentication by an authenticating agent acting on behalf and in the name of the Registrar and subject to the Registrar's direction.

The Registrar shall keep a register of the 2002 Bonds, the registered owners of the 2002 Bonds and of transfer of the 2002 Bonds. When 2002 Bonds are presented to the Registrar or a co-Registrar with a request to register a transfer, the Registrar will register the transfer on the registration books if its requirements for transfer are met and will authenticate and deliver one or more 2002 Bonds registered in the name of the transferee of the same principal amount, maturity and rate of interest as the surrendered 2002 Bonds. Any 2002 Bond or 2002 Bonds may be exchanged at the designated office of the Registrar for a 2002 Bond or 2002 Bonds of the same maturity date and aggregate principal amount as the surrendered 2002 Bond or 2002 Bonds. The "Record Date" for the 2002 Bonds will be the close of business of the Registrar on the 15th day of the month preceding an interest payment date. 2002 Bonds presented to the Registrar for transfer after the close of business on the Record Date and before the close of business on the next subsequent interest payment date will be registered in the name of the transferee but the interest payment will be made to the registered owners shown on the books of the Registrar as of the close of business on the Record Date.

The Registrar shall authenticate 2002 Bonds for original issue in up to $55,000,000 aggregate principal amount upon the written request of the County Administrator or his designee. The aggregate principal amount of 2002 Bonds outstanding at any time may not exceed that amount except for replacement 2002 Bonds as to which the requirements of the Registrar and the County are met.

Section 11. Resolution a Contract. This Resolution shall constitute a contract between the County and the registered owners of the 2002 Bonds and shall not be repealed or amended in any manner which would impair, impede or lessen the rights of the registered owners of the 2002 Bonds then outstanding.

Section 12. Payment of the 2002 Bonds: The 2002 Bonds and interest thereon shall be payable solely from the revenues received by the County from highway user taxes, including motor vehicle fuel taxes, and all other taxes, fees, charges or other monies returned to the County pursuant to Title 28, Chapter 18, Article 2 and Section 42-1484 (the *"Pledged Revenues"*) on a parity with the 1998 Bonds and such additional bonds or other obligations (*"Additional Parity Bonds"* and, collectively with the 1998 Bonds and the 2002 Bonds, the *"Parity Bonds"*) hereafter issued on a parity therewith. The 2002 Bonds shall not constitute a debt or general obligation of the County within the meaning of any constitutional or statutory debt limitation, nor shall payment of the 2002 Bonds or interest or redemption premiums thereon be enforceable out of any funds other than the revenues pledged to such payment nor shall any owner of any 2002 Bond have the right to compel any exercise of the taxing power of the County to make such payment. The County shall comply with any requirements imposed by law to maintain its eligibility for and right to receive such funds. During each year in which any of the 2002 Bonds or any Parity Bonds remain outstanding and not fully paid or provided for, there shall be set aside in a separate fund designated the "Pima County Street and Highway Revenue Bond Fund"

(the *"Bond Fund"*) established in the 1998 Bond Resolution and continued herein, from the Pledged Revenues received during such year, an amount sufficient to pay the interest and principal upon the Parity Bonds next due. The Bond Fund shall be held as a special trust fund, the beneficial interest in which shall be in the holders from time to time of the Parity Bonds then outstanding.

On or before the third Monday of each month, commencing with the month following the month in which the 2002 Bonds are issued and delivered, there shall be transferred from the Pledged Revenues received to the Bond Fund moneys in an amount necessary to accumulate in equal monthly amounts the interest due (net of accrued interest on the 2002 Bonds) on the next January 1 or July 1, as applicable, and thereafter in each month an amount equal to one-sixth (1/6) of the next ensuing semi-annual interest payment on the Parity Bonds until the amount in the Bond Fund and available to pay interest is sufficient to pay the next ensuing interest payment on the Parity Bonds.

On or before the third Monday of each month there shall be transferred from the Pledged Revenues received to the Bond Fund moneys in an amount necessary to accumulate in equal monthly amounts equal to one-twelfth (1/12) of the principal amount becoming due on the next principal payment date on the Parity Bonds until the amount in the Bond Fund and available to pay principal is sufficient to pay the next ensuing principal payment on the Parity Bonds.

Amounts in the Bond Fund shall be used solely for the payment of principal of and interest on the Parity Bonds when due. It shall be the duty of the County to cause to be transferred to the Paying Agent prior to the date or dates on which such principal or interest fall due, such amount as, to the extent of the money in the Bond Fund, will be sufficient to pay all principal and interest falling due on such date or dates, and it shall be the duty of the Paying Agent to assure, to the extent of the money so transferred to the Paying Agent, prompt payment of the principal of and interest on the Parity Bonds.

After all payments and transfers shall have been made to the Bond Fund as provided in this Section and any deficiencies in any such transfer or transfers which may exist from any previous year have been remedied, all remaining Pledged Revenues shall constitute available revenues and may be used by the County for any lawful purpose. If at any time the moneys in the Bond Fund are not sufficient to make the transfers required, any such deficiency shall be made up from the first Pledged Revenues thereafter received and available for such transfers under the terms of the Bond Resolution, and the transfer of any such sum or sums to said fund or accounts as may be necessary to make up any such deficiency shall be in addition to the then-current transfers required to be made pursuant to the Bond Resolution.

Section 13. Additional Bonds. The County covenants and agrees with the holders of the 2002 Bonds and any Parity Bonds that, so long as any Parity Bonds remain outstanding and the principal and interest thereon shall be unpaid or unprovided for, it will not further encumber the Pledged Revenues on a basis equal to the pledge for payment of Parity Bonds payable from the Pledged Revenues unless (i) the amount of Pledged Revenues received by the County in the twelve (12) month period immediately preceding the issuance of the proposed Additional Parity Bonds, as shown by a certificate of the chief administrative officer of the County (currently the County Administrator) or his or her designee, equals not less than two times the maximum

annual debt service on all such Parity Bonds then outstanding and the Additional Parity Bonds proposed to be issued; (ii) all payments and deposits with respect to the Parity Bonds then outstanding are current; and (iii) no obligation payable from the Pledged Revenues is in default as to either principal or interest.

Subject to the foregoing, and to the other terms and conditions set forth herein, the County shall have the right to issue Additional Parity Bonds. This Resolution does not place any restriction on the County incurring additional payment obligations payable from the Pledged Revenues so long as those payment obligations are subject and subordinated to the County's payment obligations with respect to the 2002 Bonds and other Parity Bonds.

Section 14. Amendments.

A. The County may, without the consent of or notice to any of the owners of Parity Bonds, amend, supplement or modify the provisions of this Resolution or the Bond Resolution for one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission herein or to correct or supplement any provision herein which may be inconsistent with any other provision herein; (ii) to grant or confer upon the owners of Parity Bonds any additional rights, remedies, powers or authority that may lawfully be granted or conferred upon them; (iii) to secure additional revenues or provide additional security or reserves for payment of the Parity Bonds; (iv) to comply with the requirements of any state or federal securities laws or the Trust Indenture Act of 1939, as from time to time amended, if required by law or regulation lawfully issued thereunder; (v) to permit, if lawful, the issuance of Parity Bonds in book entry form not evidenced by physical certificates, or Parity Bonds in bearer form if, in the opinion of nationally recognized bond counsel received by the County, such action will not cause the interest on any Parity Bonds to become includable in gross income for purposes of federal income taxes; (vi) to preserve the exclusion of the interest on Parity Bonds from gross income for purposes of federal or State income taxes and to preserve the power of the County to continue to issue bonds or other obligations (specifically not limited to the 2002 Bonds authorized hereby) the interest on which is likewise exempt from federal and State income taxes; (vii) to make any other change or amendment hereto which does not materially adversely affect the interests of any owner of any Parity Bond; (viii) to provide for the refunding or advance refunding of any Parity Bonds, including the right to establish and administer an escrow fund and to take related action in connection therewith; (ix) to provide for the issuance of Parity Bonds as permitted by the provisions of this Resolution or the Bond Resolution; and (x) to make provisions and amendments applicable only to Parity Bonds sold or remarketed on the basis of the effectiveness of those provisions or amendments with respect to those Parity Bonds, or applicable only to Parity Bonds the owners of which are given reasonable notice of the proposed provisions or amendments and have the opportunity to tender their Parity Bonds for purchase prior to the effective date of the provisions or amendments.

B. Other than amendments, supplements or modifications referred to in A above and subject to the terms and provisions and limitations contained in this subsection B and not otherwise, the owners of not less than a majority in principal amount of the Parity Bonds then outstanding, shall have the right, from time to time, anything contained herein to the contrary notwithstanding, to consent to and approve the effectiveness of such amendments, supplements and modifications to this Resolution or the Bond Resolution as shall be deemed necessary and

desirable by the County for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein; provided, however, that nothing in this subsection B shall permit or be construed as permitting an amendment, supplement or modification which would: (i) extend the stated maturity of or time for paying interest on any Parity Bond or reduce the principal amount of or the redemption premium or rate of interest payable on any Parity Bond without the consent of the owner of such Parity Bond; (ii) prefer or give a priority to any Parity Bond over any other Parity Bond without the consent of the owner of each Parity Bond then outstanding not receiving such preference or priority; (iii) reduce the principal amount of Parity Bonds then outstanding the consent of the owners of which is required to authorize such amendment, supplement or modification without the consent of the owners of all Parity Bonds then outstanding; (iv) reduce the redemption price of any Parity Bond upon optional redemption or reduce any period of time prior to commencement of any optional redemption period without the consent of the owner of such Parity Bond; or (iv) reduce the tender price payable or extend the time of payment of the purchase price of any Parity Bond upon optional or mandatory tender for purchase.

C. When the County determines that the requisite consents have been obtained for an amendment, supplement or modification requiring consent of the owners of Parity Bonds, the County shall date and file a certificate to that effect in its records and shall notify the registrars and paying agents for all Parity Bonds. Such determination shall be conclusive and no action or proceeding to invalidate the amendment, supplement or modification shall be instituted or maintained unless commenced with 60 days after the filing of such certificate. Upon the filing of such certificate, the amendment, supplement or modification shall become effective without liability or responsibility to any owner of any Parity Bond, whether or not such owner shall have consented thereto. Consent of owners of Parity Bonds may be evidenced by such Parity Bonds being sold or remarketed on the basis of the effectiveness of the proposed amendment, amendment, supplement or modification or modification or in any other manner in accordance with subsection B hereof. If the amendment, supplement or modification will not take effect so long as any particular Parity Bonds remain outstanding, the consent of the owners of such Parity Bonds shall not be required and such Parity Bonds shall not be deemed to be outstanding for the purpose of determining the required consents. It shall not be necessary for the consent of the owners of Parity Bonds to approve the particular form of any proposed amendment, supplement or modification, but it shall be sufficient if consent is given to the substance thereof. Any such consent shall be binding upon the owner of the Parity Bond giving such consent and upon any subsequent owner of such Parity Bond and of any Parity Bond issued in exchange therefor (whether or not such subsequent owner thereof has notice thereof), unless such consent is revoked in writing by the owner of such Parity Bond giving such consent or by a subsequent owner thereof by filing such revocation in writing with the County, prior to the effectiveness of such amendment, supplement or modification. If the owners of the required amount or number of the Parity Bonds outstanding shall have consented to and approved the execution of such amendment, supplement or modification as herein provided, no owner of any Parity Bond shall have any right to object to the execution thereof, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the effectiveness thereof, or to enjoin or restrain the County from taking any action pursuant to the provisions thereof. In making any amendment, supplement or modification permitted by this Section, the County shall be entitled to rely upon an opinion of nationally recognized bond counsel stating that the effectiveness of such amendment, supplement or

modification is authorized or permitted hereby. Upon the execution and delivery of any amendment, supplement or modification in accordance with this Section, the provisions hereof shall be modified in accordance therewith and such Amendment, supplement or modification shall form a part hereof for all purposes and every owner of a Parity Bond theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 15. Providing for Payment of Bonds. If payment of all principal of, premium, if any, and interest on all of the Parity Bonds in accordance with their terms and as provided herein is made, or is provided for in accordance with this Section, then the pledge of the Pledged Revenues granted for the Parity Bonds shall cease. The County may at any time surrender to the registrar for cancellation any Parity Bonds previously authenticated and delivered which the County may have acquired in any manner whatsoever and such Parity Bonds upon such surrender and cancellation shall be deemed to be paid and retired. Any Parity Bond or portion thereof in authorized denominations may be deemed paid and defeased in accordance with this Section. Any Parity Bond or portion thereof shall be deemed paid and defeased: (i) if there is deposited with a bank or comparable financial institution, in trust, moneys or obligations of the United States Government (*"Defeasance Obligations"*) or both which, with the maturing principal of and interest on such Defeasance Obligations, if any, will be sufficient, as evidenced by a certificate or report of an accountant, to pay the principal of and interest and any premium on such Parity Bond or portion thereof as the same matures, comes due or becomes payable upon prior redemption, and (ii) if such defeased Parity Bond or portion thereof is to be redeemed, notice of such redemption has been given in accordance with provisions thereof or the County has submitted to the registrar instructions expressed to be irrevocable as to the date upon which such Parity Bond or portion thereof is to be redeemed and as to the giving of notice of such redemption. Parity Bonds the payment of which has been provided for in accordance with this Section shall no longer be deemed outstanding hereunder or secured hereby. The obligation of the County in respect of such Parity Bonds shall nevertheless continue but the owners thereof shall thereafter be entitled to payment only from the moneys or Defeasance Obligations deposited to provide for the payment of such Parity Bonds.

Section 16. Use of Proceeds. Upon delivery of the 2002 Bonds and payment therefor, the amount paid as accrued interest shall be deposited to the Bond Fund, and the balance shall be set aside in a separate special fund and used solely for the purpose approved by the electors of the County at the Bond Election.

Section 17. Compliance with Federal Law. The County recognizes that the purchasers and owners of the 2002 Bonds will have accepted them on, and paid therefor a price which reflects the understanding that interest thereon is excludable from gross income of the owners thereof for federal income tax purposes under laws in force at the time the 2002 Bonds shall have been delivered. In this connection the County agrees that it shall take no action which may render the interest on any of the 2002 Bonds to be includable in gross income for federal income tax purposes. The County agrees that, to the extent possible under state law, it will comply with whatever federal law is now in effect or which shall be adopted in the future which applies to the 2002 Bonds and affects the exempt status of the interest income on the 2002 Bonds.

The County, therefore, authorizes the creation by such officer as is named by the County Administrator or his designee, of a fund which is hereinafter referred to as the *"Rebate Fund"*.

The County will comply with the rebate requirements set forth in the Tax Exemption Agreement and Certificate, delivered in connection with the delivery of the 2002 Bonds (the "*Tax Agreement*").

The County Administrator or his designee is hereby authorized to execute on behalf of the County the Tax Agreement and to make therein such elections as required by law to assure the purchasers and owners of the 2002 Bonds that the proceeds of the 2002 Bonds will not be used in a manner which would or might result in the 2002 Bonds being "arbitrage bonds" under Section 148 of the Internal Revenue Code of 1986, as amended, (the "*Code*") or the regulations of the United States Treasury Department currently in effect or proposed. The Tax Agreement shall constitute a certification, representation and agreement of the County and no investment shall be made of the proceeds of the 2002 Bonds herein authorized nor of the money in the account established hereunder in violation of the expectations and covenants prescribed by the Tax Agreement. The Tax Agreement shall constitute an agreement of the County to follow certain covenants which may require the County to take certain actions (including the payment of certain amounts to the United States Treasury) or which may prohibit certain actions (including the establishment of certain funds) under certain conditions as specified in the Tax Agreement.

The County further recognizes that Section 149(a) of the Code requires the 2002 Bonds to be issued and to remain in fully registered form in order for interest thereon to be excludable from gross income for purpose of federal income taxation under laws in force at the time the Bonds are delivered. In this connection, the County agrees that it will not take any action to permit the 2002 Bonds to be issued in, or converted into, bearer or coupon form if such action would cause interest on the 2002 Bonds to be included in gross income for federal income tax purposes.

The County also recognizes that the initial purchaser of the 2002 Bonds may be required to comply with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "*Rule*") in connection with purchasing or selling the 2002 Bonds as an underwriter. In order to assist the initial purchaser in complying with the Rule the County will enter into a Continuing Disclosure Undertaking with respect to the 2002 Bonds, and a Continuing Disclosure Undertaking in substantially the form presented to the Board of Supervisors is hereby approved. The County Administrator or his designee is hereby authorized and directed to execute and deliver the Continuing Disclosure Undertaking and to do all such acts and things necessary to carry out the terms and intent of the Continuing Disclosure Undertaking.

Section 18. Severability. If any section, paragraph, subdivision, sentence, clause or phrase of this Resolution is for any reason held to be illegal or unenforceable, such decision will not affect the validity of the remaining portions of this Resolution. The Board of Supervisors hereby declares that the County would have adopted this Resolution and each and every other section, paragraph, subdivision, sentence, clause or phrase hereof and authorized the issuance of the 2002 Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Resolution may be held illegal, invalid or unenforceable.

Section 19. Ratification of Actions. All actions of the officers, employees, and agents of the County which conform to the purposes and intent of this Resolution and which further the issuance and sale of the 2002 Bonds as contemplated by this Resolution whether heretofore or hereafter taken shall be and are hereby ratified, confirmed and approved. Any change made in the Order and Notice of Bond Sale or Notice Inviting Proposals for the Purchase of Street and Highway Revenue Bonds which do not conform to the prior order of this Board of Supervisors are hereby ratified. The proper officers and agents of the County are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the County as may be necessary to carry out the terms and intent of this Resolution.

Section 20. Emergency. It is necessary to utilize an emergency clause with this Resolution to make the award of the contract for the purchase of the 2002 Bonds effective immediately, thereby committing the purchaser to the interest rates the 2002 Bonds will bear, transferring the market risk of changes in interest rate levels from the County to the purchaser and permitting delivery of and payment for the 2002 Bonds to occur as soon as is possible.

WHEREAS, the immediate operation of the provisions of this Resolution is necessary for the preservation of the public peace, health and safety of the County, an emergency is hereby declared to exist, and this Resolution is enacted as an emergency measure and will be in full force and effect from and after its passage, adoption and approval by the Board of Supervisors of the County, and it is hereby exempt from the referendum provisions of the Constitution and laws of the State of Arizona.

PASSED, ADOPTED AND APPROVED by the Board of Supervisors of Pima County, Arizona, on January 8, 2002.

PIMA COUNTY

By _____
Chairman of the Board of Supervisors JAN 0 8 2002

ATTEST:

By _____
Clerk of the Board of Supervisors

APPROVED AS TO FORM:

SNELL & WILMER L.L.P.

By _____
Timothy E. Pickrell

EXHIBIT A
To Resolution No. 2002-6

ACCEPTED PROPOSAL FOR THE PURCHASE OF BONDS

Bid Results

Pima County
$55,000,000 Street and Highway Revenue Bonds, Series 2002

The following bids were submitted using *PARITY*® and displayed ranked by lowest NIC.
Click on the name of each bidder to see the respective bids.

Bid Award*	Bidder Name	NIC
X	SWS Securities	4.150481
	RBC Dain Rauscher Inc.	4.156480
	US Bancorp Piper Jaffray	4.193454
	ABN AMRO Financial Services, Inc.	4.207754
	Salomon Smith Barney, Inc.	4.235021
	Merrill Lynch & Co.	4.238250
	Morgan Stanley, Dean Witter	4.246460
	J.P. Morgan Securities, Inc.	4.262636
	Goldman, Sachs & Co.	4.275021

*Awarding the Bonds to a specific bidder will provide you with the Reoffering Prices and Yields.

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TM3 Client Services 1-800-367-8215, 8:00 a.m. to 6:00 p.m. EST.
Please send comments to webmaster@tm3.com.

THOMSON FINANCIAL
MUNICIPALS GROUP

Tue Jan 8 12:32:50 2002

SWS Securities's Bid

PARITY

Pima County
$55,000,000 Street and Highway Revenue Bonds, Series 2002

or the aggregate principal amount of $55,000,000.00, we will pay you $55,216,556.50, plus accrued interest from the date of sue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount $	Coupon %	Yield %	Dollar Price	Bond Insurance
07/01/2003	4,535M	4.0000	1.7000	103.211	FGIC
07/01/2004	4,715M	4.0000	2.4800	103.546	FGIC
07/01/2005	4,905M	4.0000	3.0700	102.995	FGIC
07/01/2006	5,110M	4.0000	3.4200	102.358	FGIC
07/01/2007	5,325M	4.5000	3.7800	103.495	FGIC
07/01/2008	5,555M	4.0000	3.9700	100.165	FGIC
07/01/2009	5,800M	4.1250	4.1600	99.775	FGIC
07/01/2010	6,060M	4.2500	4.2700	99.856	FGIC
07/01/2011	6,345M	4.2500	4.3700	99.078	FGIC
07/01/2012	6,650M	4.3750	4.4700	99.212	FGIC

Total Interest Cost:	$14,712,525.00
Premium:	$216,556.50
Net Interest Cost:	$14,495,968.50
NIC:	4.150481
Total Insurance Premium:	$197,300.01
Time Last Bid Received On:	01/08/2002 10:29:41 MST

his proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the reliminary Official Statement, all of which are made a part hereof.

idder: SWS Securities, Dallas , TX
ontact: Steve Cornella
itle: Underwriter
elephone: 214-859-9460
ax: 214-859-6059

Issuer Name: Pima County

Company Name: _____

Accepted By: _____

Accepted By: _____

Date: _____

Date: _____

PARITY

Pima County
$55,000,000 Street and Highway Revenue Bonds, Series 2002

SWS Securities

Maturity	Amount	Coupon
07/01/2003	4,535M	4.0000
07/01/2004	4,715M	4.0000
07/01/2005	4,905M	4.0000
07/01/2006	5,110M	4.0000
07/01/2007	5,325M	4.5000
07/01/2008	5,555M	4.0000
07/01/2009	5,800M	4.1250
07/01/2010	6,060M	4.2500
07/01/2011	6,345M	4.2500
07/01/2012	6,650M	4.3750

NIC 4.150481
Purchase Price$55,216,556.50

RBC Dain Rauscher Inc.

Maturity	Amount	Coupon
07/01/2003	4,535M	3.5000
07/01/2004	4,715M	4.5000
07/01/2005	4,905M	4.5000
07/01/2006	5,110M	4.0000
07/01/2007	5,325M	4.2500
07/01/2008	5,555M	4.0000
07/01/2009	5,800M	4.2500
07/01/2010	6,060M	4.2500
07/01/2011	6,345M	4.2500
07/01/2012	6,650M	4.2500

NIC 4.156480
Purchase Price$55,200,241.75

US Bancorp Piper Jaffray

Maturity	Amount	Coupon
07/01/2003	4,535M	4.0000
07/01/2004	4,715M	4.0000
07/01/2005	4,905M	4.5000
07/01/2006	5,110M	4.5000
07/01/2007	5,325M	4.5000
07/01/2008	5,555M	5.0000
07/01/2009	5,800M	4.2500
07/01/2010	6,060M	4.3750
07/01/2011	6,345M	4.5000
07/01/2012	6,650M	4.5000

NIC 4.193454
Purchase Price$55,985,091.68

ABN AMRO Financial Services, Inc.

Maturity	Amount	Coupon
07/01/2003	4,535M	4.0000
07/01/2004	4,715M	4.5000
07/01/2005	4,905M	4.5000
07/01/2006	5,110M	4.0000
07/01/2007	5,325M	4.1250
07/01/2008	5,555M	5.0000
07/01/2009	5,800M	4.1250
07/01/2010	6,060M	4.2500
07/01/2011	6,345M	4.0000
07/01/2012	6,650M	4.0000

NIC 4.207754
Purchase Price$55,000,007.21

Salomon Smith Barney, Inc.

Maturity	Amount	Coupon
07/01/2003	4,535M	4.0000
07/01/2004	4,715M	5.0000
07/01/2005	4,905M	4.0000
07/01/2006	5,110M	4.5000
07/01/2007	5,325M	4.2500
07/01/2008	5,555M	4.0000
07/01/2009	5,800M	4.2500
07/01/2010	6,060M	4.2500
07/01/2011	6,345M	4.3750
07/01/2012	6,650M	4.5000

NIC 4.235021
Purchase Price$55,297,926.50

Merrill Lynch & Co.

Maturity	Amount	Coupon
07/01/2003	4,535M	4.0000
07/01/2004	4,715M	4.5000
07/01/2005	4,905M	4.5000
07/01/2006	5,110M	4.0000
07/01/2007	5,325M	5.0000
07/01/2008	5,555M	5.0000
07/01/2009	5,800M	5.0000
07/01/2010	6,060M	5.0000
07/01/2011	6,345M	4.0000
07/01/2012	6,650M	4.0000

NIC 4.238250
Purchase Price$55,916,714.43

Morgan Stanley, Dean Witter

Maturity	Amount	Coupon
07/01/2003	4,535M	4.0000
07/01/2004	4,715M	4.0000
07/01/2005	4,905M	4.5000
07/01/2006	5,110M	5.0000
07/01/2007	5,325M	5.0000
07/01/2008	5,555M	5.0000

J.P. Morgan Securities, Inc.

Maturity	Amount	Coupon
07/01/2003	4,535M	4.0000
07/01/2004	4,715M	5.0000
07/01/2005	4,905M	5.0000
07/01/2006	5,110M	5.0000
07/01/2007	5,325M	5.0000
07/01/2008	5,555M	5.0000

Goldman, Sachs & Co.

Maturity	Amount	Coupon
07/01/2003	4,535M	4.0000
07/01/2004	4,715M	4.5000
07/01/2005	4,905M	4.5000
07/01/2006	5,110M	4.0000
07/01/2007	5,325M	4.5000
07/01/2008	5,555M	5.0000

ARITY Compare

07/01/2009	5,800M	4.0000
07/01/2010	6,060M	5.0000
07/01/2011	6,345M	4.5000
07/01/2012	6,650M	4.2500

NIC 4.246460
Purchase Price$56,100,000.00

07/01/2009	5,800M	4.2500
07/01/2010	6,060M	4.2500
07/01/2011	6,345M	4.3750
07/01/2012	6,650M	4.5000

NIC 4.262636
Purchase Price$56,068,857.27

07/01/2009	5,800M	4.2500
07/01/2010	6,060M	5.0000
07/01/2011	6,345M	5.0000
07/01/2012	6,650M	4.2500

NIC 4.275021
Purchase Price$56,092,934.97

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THOMSON FINANCIAL
MUNICIPALS GROUP

Tue Jan 8 12:33:20 2002

EXHIBIT B
To Resolution No. 2002-__

[Form of Bond]

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (ADTC@), TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BOND
SERIES 2002

Number: _____

Denomination: $_____

Interest Rate	Maturity Date	Original Issue Date	CUSIP
		January 1, 2002	

Registered Owner:

Principal Amount:

PIMA COUNTY, ARIZONA (the "*County*"), for value received, hereby promises to pay, solely from the sources hereinafter described, to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay, from such sources, interest on the unpaid principal amount at the interest rate shown above.

Certain bonds of the issue of which this bond is one are subject to call for redemption prior to maturity in accordance with the terms set forth on the reverse of this bond.

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2002, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed by the Paying Agent

to the registered owner at the address shown on the registration books maintained by the registrar at the close of business on the record date as explained on the reverse hereof or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of bonds. The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the paying agent, which on the original issue date is the designated office of U.S. Bank Trust N.A.

See the reverse side of this bond for additional provisions.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and laws of the State of Arizona to exist, to occur and to be performed precedent to and in the issuance of this bond exist, have occurred and have been performed and that the issue of bonds of which this is one, together with all other indebtedness of the County, is within every debt and other limit prescribed by the Constitution and laws of the State of Arizona.

The County has caused this bond to be executed by the Chairman its Board of Supervisors and attested by the Clerk of its Board of Supervisors, which signatures may be facsimile signatures.

This bond is not valid or binding upon the County without the manually affixed signature of an authorized signatory of the registrar.

PIMA COUNTY, ARIZONA

(facsimile)
Chairman, Board of Supervisors

ATTEST:

(facsimile)
Clerk, Board of Supervisors

AUTHENTICATION CERTIFICATE

This bond is one of the Pima County, Arizona, Street and Highway Revenue Bonds, Series 2002, described in the Bond Resolution mentioned on the reverse hereof.

U.S. BANK TRUST N.A.,
as Registrar

By_____
Authorized Representative

(Form of Reverse Side of Bond)

This bond is one of an issue of bonds in the total principal amount of $55,000,000 of like tenor except as to maturity date, rate of interest and number, issued by the County to provide funds to make those certain street and highway improvements approved by a majority vote of qualified electors voting at elections duly called and held in and for the County on November 4, 1997 pursuant to resolutions of the Board of Supervisors of the County duly adopted prior to the issuance hereof and pursuant to the Constitution and laws of the State of Arizona.

This bond is issued under the laws of Arizona, including specifically Title 11, Chapter 2, Article 12 of the Arizona Revised Statutes (the "*Act*"), and Resolution No. 1998-101, adopted by the Board of Supervisors of the County on May 19, 1998, as supplemented by Resolution No. 2002-__ adopted by the Board of Supervisors of the County on January 8, 2002 (collectively, the "*Bond Resolution*"). Reference is hereby made to the Act and the Bond Resolution referred to above for the provisions thereof, including the provisions with respect to the rights, obligations, duties and immunities of the County and the owners of bonds issued thereunder, to all of which the registered owner of this bond, by acceptance of this bond, assents.

The bonds and interest thereon shall be payable solely from the revenues received by the County from highway user taxes, including motor vehicle fuel taxes, and all other taxes, fees, charges or other monies returned to the County pursuant to Title 28, Chapter 18, Article 2 and Section 42-1484 (the "*Pledged Revenues*") on a parity of lien with certain outstanding bonds of the County and such additional bonds or obligations as may hereafter be issued on a parity therewith. The bonds shall not constitute a debt or general obligation of the County within the meaning of any constitutional or statutory debt limitation, nor shall payment of the bonds or interest or redemption premiums thereon be enforceable out of any funds other than the Pledged Revenues nor shall any owner of any bond have the right to compel any exercise of the taxing power of the County to make such payment. The County may issue additional bonds or obligations payable from the Pledged Revenues, on a parity with the bonds, upon satisfaction of the conditions set forth in the Act and the Bond Resolution.

Bonds maturing on or before July 1, 2008 are not subject to call for redemption prior to their respective maturity dates. The Bonds maturing on or after July 1, 2009 are subject to call for redemption on and after July 1, 2008 at the election of the County, in whole or in part on any date, by the payment of a redemption price equal to the principal amount of each bond called for redemption plus accrued interest to the date fixed for redemption plus a premium payable from any source lawfully available therefor (expressed as a percentage of the principal amount of the bonds to be redeemed) to be computed as follows:

. Period During Which Redeemed (both dates inclusive)	Redemption Premium
July 1, 2008 through June 30, 2009	1%
July 1, 2009 and thereafter without premium.	

Notice of redemption will be given by mail to the registered owners of the bonds at the address shown on the bond register maintained by the registrar not less than 30 days nor more than 60 days prior to the specified redemption date.

The initial registrar and paying agent is U.S. Bank Trust N.A. The registrar or paying agent may be changed by the County without notice and the County may serve in such capacities.

This bond is transferable by the registered owner in person or by attorney duly authorized in writing at the designated office of the registrar upon surrender and cancellation of this bond, but only in the manner and subject to the limitation and upon payment of the charges provided in the Bond Resolution. Upon such transfer a new bond or bonds of the same aggregate principal amount, maturity and interest rate will be issued to the transferee in exchange. The registrar may require an owner, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the authorizing resolution. The County has chosen the 15th day of the month preceding an interest payment date as the record date for this issue of bonds. Should this bond be submitted to the registrar for transfer during the period commencing after the close of business on the record date and continuing to and including the next subsequent interest payment date, ownership will be transferred in the normal manner but the interest payment will be made payable to and mailed to the registered owner as shown on the registrar's books at the close of business on the record date.

The registrar may but need not register the transfer of a bond which has been selected for redemption and need not register the transfer of any bond for a period of 15 days before a selection of bonds to be redeemed. If the transfer of any bond which has been called or selected for call for redemption in whole or in part is registered, any notice of redemption which has been given to the transferor or will be binding upon the transferee and a copy of the notice of redemption will be delivered to the transferee along with the bond or bonds.

Bonds of this issue are issuable only in fully registered form in the denomination of $5,000 each or integral multiples of $5,000. This Bond may be exchanged at the designated office of the registrar for a like aggregate principal amount of Bonds of the same maturity in authorized denominations upon the terms set forth in the resolution authorizing issuance of the Bonds.

The County, the registrar and the paying agent may treat the registered owner of this bond as the absolute owner for the purpose of receiving principal, interest and any premium and for all other purposes and none of them shall be affected by any notice to the contrary.

The following abbreviations, when used in the inscription on the face of this bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM — as tenants in common
TEN ENT — as tenants by the entireties
JT TEN — as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT/TRANS MIN ACT--
_____ Custodian _____
(Cust) (Minor)
Under Uniform Gifts/Transfers to Minors Act

_____
(State)

Additional abbreviations may also be used though not in list above.

(Form of Assignment)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

_____

(Name and Address of Transferee)

_____

(Social Security or other Federal Tax Identification Number of Transferee)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

_____

Note: The signature(s) on this assignment must correspond with the name(s) as written on the face of the within registered Bond in every particular without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

_____

Note: Signature(s) must be guaranteed by an eligible guarantor institution pursuant to Securities and Exchange Commission Rule 17Ad-15 that is a participant in a signature guarantor program recognized by the Trustee.

OFFICIAL STATEMENT

NEW ISSUE – BOOK-ENTRY-ONLY **RATINGS: (See "Ratings" Herein)**

In the opinion of Snell & Wilmer L.L.P., Tucson, Arizona, Bond Counsel, under existing laws and assuming compliance with certain covenants by the County as described under "TAX EXEMPTION" herein, interest on the Bonds is not included in the gross income of the owners of the Bonds for Federal income tax purposes and is not an item of preference to be included in the alternative minimum tax of individuals or corporations. Interest on the Bonds is not included in the taxable income of the owners of the Bonds for State of Arizona income tax purposes. See "TAX EXEMPTION" herein.

$55,000,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2002

Dated: January 1, 2002 **Due: July 1, as shown below**

The Street and Highway Revenue Bonds, Series 2002 (the "Bonds") are being issued by Pima County, Arizona (the "County") in accordance with applicable State law. The Bonds are issued in the form of fully registered bonds in denominations of $5,000 and integral multiples thereof and will bear interest from the date of the Bonds to the date of maturity of each of the Bonds. Interest on the Bonds is payable semiannually on each January 1 and July 1 (each an "Interest Payment Date"), commencing July 1, 2002. Interest will be paid on each Interest Payment Date by check mailed by the paying agent to each registered owner of the Bonds at the address shown on the registration books (the "Bond Register") at the close of business on the fifteenth day of the month preceding each Interest Payment Date or if such day is a Saturday, Sunday or holiday on the next preceding business day, or by wire transfer upon two days prior written request delivered to the paying agent specifying a wire transfer address in the continental United States by any registered owner owning an aggregate principal amount of at least $1,000,000. Principal of and any premium on the Bonds will be payable at the designated corporate trust office of U.S. Bank, N.A., or successor, as registrar and paying agent.

The Bonds are subject to redemption prior to their stated maturities as described herein.

The Bonds are being issued (i) to make various street and highway improvements within the County and (ii) to pay costs relating to the issuance of the Bonds. Principal of and interest on the Bonds is payable from the portion of highway user license and tax revenues and transportation excise taxes (the "Street and Highway Revenues") collected by the State of Arizona and returned to the County for street and highway purposes. See "SECURITY AND SOURCES OF PAYMENT" herein.

The Bonds do not constitute a debt, general obligation or pledge of the full faith and credit of the County nor is the County obligated to levy or collected any form of ad valorem taxes with respect to the Bonds.

The County initially intends to utilize the Book-Entry-Only System of The Depository Trust Company ("DTC"), although the County and DTC each reserve the right to discontinue that system at any time. Utilization of the book-entry-only procedure will affect the method and timing of payment and the method of transfer of beneficial interest in the Bonds. So long as the book-entry system is in effect, the County will issue a single fully-registered bond for each maturity registered in the name of Cede & Co., as nominee of DTC, and will make all payments of principal and interest to Cede & Co., when due. DTC will be responsible for distributing the principal and interest payments to its direct and indirect participants which will, in turn, be responsible for distribution to the purchasers of beneficial interests in the Bonds pursuant to this offering (the "Beneficial Owners"). So long as the book-entry system is in effect and Cede & Co., as nominee of DTC, is the registered owner of the Bonds, all references herein to owners of the Bonds and provisions for consents by owners of the Bonds will refer to and be solicited from Cede & Co. and not the Beneficial Owners.

Payment of principal of and interest on the Bonds when due will be insured by a municipal bond new issue insurance policy to be issued simultaneously with the issuance of the Bonds by Financial Guaranty Insurance Company.

FGIC. Financial Guaranty Insurance Company

FGIC is a registered service mark used by Financial Guaranty Insurance Company, a private company not affiliated with any U.S. Government agency.

Maturity Schedule

Due July 1	Principal Amount	Interest Rate	Yield	Due July 1	Principal Amount	Interest Rate	Yield
2003	$4,535,000	4.000%	1.700%	2008	$5,555,000	4.000%	3.970%
2004	4,715,000	4.000	2.480	2009	5,800,000	4.125	4.160
2005	4,905,000	4.000	3.070	2010	6,060,000	4.250	4.270
2006	5,110,000	4.000	3.420	2011	6,345,000	4.250	4.370
2007	5,325,000	4.500	3.780	2012	6,650,000	4.375	4.470

(Accrued Interest to be Added)

This cover page contains only a brief description of the Bonds and the security therefor. It is not intended to be a summary of material information with respect to the Bonds. Investors are advised to read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds are offered when, as and if issued by the County, and subject to the approving opinion of Snell & Wilmer L.L.P., Tucson, Arizona, Bond Counsel. It is expected that the Bonds will be available for delivery in definitive form in New York, New York, on or about January 30, 2002.

January 8, 2002

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PIMA COUNTY, ARIZONA
BOARD OF SUPERVISORS

Raul M. Grijalva, *Chairman*

Sharon Bronson, *Vice Chair*

Ray Carroll

Ann Day

Dan Ekstrom

COUNTY ADMINISTRATIVE OFFICIALS

ELECTED OFFICIALS

Rick Lyons
County Assessor

Beth Ford
County Treasurer

Barbara La Wall
County Attorney

APPOINTED OFFICIALS

C. H. Huckelberry
County Administrator

Carol Bonchalk
Director of Financial and Information Services

FINANCIAL ADVISOR

RBC Dain Rauscher Inc.
Phoenix, Arizona

BOND COUNSEL

Snell & Wilmer L.L.P.
Tucson, Arizona

BOND REGISTRAR AND PAYING AGENT

U.S. Bank, N.A.
Phoenix, Arizona

This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offering of any security other than the original offering of the Bonds identified on the cover hereof. No person has been authorized by the County to give any information or to make any representations other than as contained in this Official Statement and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the County.

The issuance and sale of the Bonds have not been registered under the Federal Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Section 3(a)2 and 3(a)12, respectively, for the issuance and sale of municipal securities; nor has the issue been qualified under the Securities Act of Arizona, in reliance upon various exemptions in such Act. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the County since the date hereof.

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$55,000,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2002

INTRODUCTORY STATEMENT

This Official Statement, including the cover page and the Appendices hereto, has been prepared by Pima County, Arizona (the "County") in connection with the original issuance and sale by the County of its Street and Highway Revenue Bonds, Series 2002 identified on the cover page hereof.

All financial and other information presented in this Official Statement has been provided by the County from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show certain historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the County. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

References to provisions of Arizona law, whether codified in the Arizona Revised Statutes or uncodified, or of the Arizona Constitution, are references to those current provisions. Those provisions may be amended, repealed or supplemented.

THE BONDS

Authorization and Use of Funds

The Bonds are being issued pursuant to the authority contained in Title 11, Chapter 2 Article 12, Arizona Revised Statutes, and more specifically under the provisions of a resolution ordering the sale of Bonds adopted by the Bond of Supervisors of Pima County, Arizona (the "Board") on November 13, 2001, and an authorizing Resolution adopted by the Board on January 8, 2002 (the "Resolution"). The Bonds are to be issued for the purpose of (i) making certain street and highway improvements within the County; and (ii) paying costs relating to the issuance of the Bonds.

The Bonds offered herein represent a portion of the $350,000,000 authorization approved at a special bond election held in the County on November 4, 1997.

General Description

The Bonds will be dated January 1, 2002 and will be issued in the form of fully registered bonds in denominations of $5,000 or any integral multiple thereof. The Bonds will bear interest from January 1, 2002, payable semiannually on January 1 and July 1 (each an "Interest Payment Date"), commencing July 1, 2002.

Interest will be paid on each Interest Payment Date by check mailed to each registered owner of the Bonds at the address shown on the registration books (the "Bond Register") maintained by the bond registrar at the close of business on the fifteenth day of the month preceding each Interest Payment Date or if such day is a Saturday, Sunday or holiday on the next preceding business day (the "Record Date"), or by wire transfer upon two days prior written request delivered to the paying agent specifying a wire transfer address in the continental United States by any registered owner owning an aggregate principal amount of Bonds of at least $1,000,000, and the principal of the Bonds will be payable at maturity upon surrender of the Bonds to the designated corporate trust office of U.S. Bank, N.A., as the bond registrar and paying agent (the "Bond Registrar" or the "Paying Agent", as applicable).

Redemption

The Bonds maturing on or before July 1, 2008 are not subject to call for redemption prior to their respective maturity dates. The Bonds maturing on or after July 1, 2009 are subject to call for redemption on and after July 1, 2008 at the election of the County, in whole or in part on any date, by the payment of a redemption price equal to the principal amount of each Bond called for redemption plus accrued interest to the date fixed for redemption plus a premium payable from any source lawfully available (expressed as a percentage of the principal amount of Bonds to be redeemed) to be computed as follows:

Period During Which Redeemed (both dates inclusive)	Redemption Premium
July 1, 2008 to June 30, 2009	1%
July 1, 2009 and thereafter without premium	

Notice of Redemption

Notice of redemption of any Bond will be mailed to the registered owner of the Bond or Bonds being redeemed at the address shown on the Bond Register maintained by the Bond Registrar not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Failure to give proper notice of redemption shall not affect the redemption of any Bond for which proper notice was given.

Book-Entry-Only System

THE INFORMATION PROVIDED UNDER THIS SUBCAPTION "BOOK-ENTRY-ONLY SYSTEM" HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE COUNTY, BOND COUNSEL OR THE FINANCIAL CONSULTANT AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of the Bonds, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect

Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the County on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Registrar or Paying Agent or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

THE COUNTY WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS OR TO INDIRECT PARTICIPANTS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (2) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE BONDS UNDER THE BOND RESOLUTION; (3) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; (4) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE BONDS; (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF BONDS; OR (6) ANY OTHER MATTERS.

So long as Cede & Co. is the registered Owner of the Bonds, as nominee for DTC, references herein to "Owner" or registered owners of the Bonds (other than under the caption "TAX MATTERS") shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of such Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the County or the Paying Agent to DTC only.

Registration and Transfer

The Bonds will be transferable only upon the Bond Register maintained by the Bond Registrar and only upon surrender of the Bond or Bonds to be transferred to the Bond Registrar with an appropriate instrument of transfer executed by the transferor.

MUNICIPAL BOND INSURANCE

Concurrently with the issuance of the Bonds, Financial Guaranty Insurance Company ("Financial Guaranty") will issue its Municipal Bond New Issue Insurance Policy for the Bonds (the "Policy"). The Policy unconditionally guarantees the payment of that portion of the principal or accreted value (if applicable) of and interest on the Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the issuer of the Bonds (the "Issuer"). Financial Guaranty will make such payments to State Street Bank and Trust Company, N.A., or its successor as its agent (the "Fiscal Agent"), on the later of the date on which such principal or accreted value (if applicable) and interest is due or on the business day next following the day on which Financial Guaranty shall have received telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from an owner of Bonds or the Paying Agent of the nonpayment of such amount by the Issuer. The Fiscal Agent will disburse such amount due on any Bond to its owner upon receipt by the Fiscal Agent of evidence satisfactory to the Fiscal Agent of the owner's right to receive payment of the principal, accreted value or interest (as applicable) due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal, accreted value or interest (as applicable) shall be vested in Financial Guaranty. The term "nonpayment" in respect of a Bond includes any payment of principal, accreted value or interest (as applicable) made to an owner of a Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

The Policy is non-cancellable and the premium will be fully paid at the time of delivery of the Bonds. The Policy covers failure to pay principal or accreted value (if applicable) of the Bonds on their respective stated maturity dates or dates on which the same shall have been duly called for mandatory sinking fund redemption, and not on any other date on which the Bonds may have been otherwise called for redemption, accelerated or advanced in maturity, and covers the failure to pay an installment of interest on the stated date for its payment.

Generally, in connection with its insurance of an issue of municipal securities, Financial Guaranty requires, among other things, (i) that it be granted the power to exercise any rights granted to the holders of such securities upon the occurrence of an event of default, without the consent of such holders, and that such holders may not exercise such rights without Financial Guaranty's consent, in each case so long as Financial Guaranty has not failed to comply with its payment obligations under its insurance policy; and (ii) that any amendment or supplement to or other modification of the principal legal documents be subject to Financial Guaranty's consent. The specific rights, if any, granted to Financial Guaranty in connection with its insurance of the Bonds are set forth in the description of the principal legal documents appearing elsewhere in this Official Statement. Reference should be made as well to such description for a discussion of the circumstances, if any, under which the Issuer is required to provide additional or substitute credit enhancement, and related matters.

This Official Statement contains a section regarding the ratings assigned to the Bonds and reference should be made to such section for a discussion of such ratings and the basis for their assignment to the Bonds. Reference should be made to the description of the County for a discussion of the ratings, if any, assigned to such entity's outstanding parity debt that is not secured by credit enhancement.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

Financial Guaranty is a wholly-owned subsidiary of FGIC Corporation (the "Corporation"), a Delaware holding company. The Corporation is a subsidiary of General Electric Capital Corporation ("GE Capital"). Neither the Corporation nor GE Capital is obligated to pay the debts of or the claims against Financial Guaranty. Financial Guaranty is a monoline financial guaranty insurer domiciled in the State of New York and subject to regulation by the State of New York Insurance Department. As of September 30, 2001, the total capital and surplus of Financial Guaranty was approximately $1.033 billion. Financial Guaranty prepares financial statements on the basis of both statutory accounting principles and generally accepted accounting principles. Copies of such financial statements may be obtained by writing to Financial Guaranty at 125 Park Avenue, New York, New York 10017, Attention: Communications Department (telephone number: 212-312-3000) or to the New York State Insurance Department at 25 Beaver Street, New York, New York 10004-2319, Attention: Financial Condition Property/Casualty Bureau (telephone number: 212-480-5187).

SECURITY AND SOURCE OF PAYMENT

General

Both principal of and interest on the Bonds (and any bonds hereafter issued on a parity therewith) are payable from an irrevocable lien on and first pledge of all revenues received by the County from taxes, fees, charges and other moneys collected by the State of Arizona and returned to the County for street and highway purposes pursuant to Title 28, Chapter 18, Article 2, Arizona Revised Statutes, as amended (the "Street and Highway Revenues"). See "Street and Highway Revenues" herein.

The Bonds are limited obligations of the County secured only by Street and Highway Revenues and do not constitute a debt of the County within the meaning of any constitutional, charter or statutory provisions. The owners of the Bonds shall have no right to compel the exercise of the taxing power of the County to pay principal of or interest on the Bonds.

Statutory Requirements for the Issuance of Bonds

Arizona Revised Statutes Section 11-378 presently requires that in order for the County to issue bonds payable from Street and Highway Revenues, the County must have received Street and Highway Revenues in the year preceding the issuance of the bonds in an amount equal to at least two times the highest annual principal and interest requirements thereafter to come due on all such bonds to be outstanding following the issuance of the Bonds.

Additional Bonds

The Resolution provides that additional bonds payable from Street and Highway Revenues may be issued if (i) the Street and Highway Revenues received by the County in the twelve-month period immediately preceding the issuance of such additional bonds equals not less than two times the maximum annual debt service on all such bonds outstanding and on such additional bonds to be issued, (ii) the payments required to be made into the bond fund for such bonds are current and (iii) no obligation payable from the bond fund for such bonds is in default as to either principal or interest. The County will have $255,000,000 in authorized but unissued street and highway revenue bond authorization available after the issuance of the Bonds.

Amendment of Resolution

The County may modify the Resolution without the consent of or notice to owners of the Bonds for one or more of the following purposes: (i) to cure any ambiguity, formal defect or omission or inconsistency; (ii) to grant to the owners of Bonds additional rights, remedies, powers or authority; (iii) to secure additional revenues or provide additional security or reserves; (iv) to comply with state or federal securities laws; (v) to preserve the exclusion of the interest on Bonds from gross income; (vi) to make other changes which do not materially adversely affect the

interests of owners of Bonds; (vii) to provide for the refunding or advance refunding of any Bonds; and (viii) to provide for the issuance of Parity Bonds as permitted by the provisions of the Resolution.

Other amendments to the Resolution may be made with the consent of the owners of not less than a majority in principal amount of the bonds, including additional bonds, then outstanding, but no such amendment may (i) extend the stated maturity of or time for paying interest on any Bond or reduce the principal amount of or the redemption premium or rate of interest payable on any Bond without the consent of the owner of such Bond; (ii) prefer or give a priority to any Bond over any other Bond without the consent of the owner of each Bond then outstanding not receiving such preference or priority; (iii) reduce the principal amount of Bonds (including additional bonds) then outstanding the consent of the owners of which is required to authorize such amendment without the consent of the owners of all Bonds then outstanding; or (iv) reduce the redemption price of any Bond upon optional redemption or reduce any period of time prior to commencement of any optional redemption period without the consent of the owner of such Bond.

Providing for Payment of Bonds

Payment of all or any part of the Bonds may be provided for by the irrevocable deposit with a trustee of moneys or U.S. Government Obligations or both, which, with the maturing principal of and interest on such U.S. Government Obligations, if any, will be sufficient, as evidenced by a certificate of an accountant, to pay when due the principal or redemption price of and interest on such Bonds. Any Bonds so provided for will no longer be considered to be outstanding, and the owners of such Bonds shall thereafter be entitled to payment only from the amounts and obligations deposited with the trustee.

STREET AND HIGHWAY REVENUES

The Bonds are issued pursuant to the Constitution and laws of the State, including, specifically, Title 11, Chapter 2, Article 12, of the Arizona Revised Statutes, and all amendments thereto (the "Act"), and the Resolution.

Under the provisions of the Act, a county may borrow money and issue bonds for the purpose of improving, constructing, reconstructing, acquiring rights-of-way for or maintaining streets and highways of the county. Principal of and interest on bonds issued for such purposes are secured by a pledge of and lien on such county's Street and Highway Revenues.

The following is a summary of the County's Street and Highway Revenue sources. Such summary does not purport to be a complete description of the revenue sources and, accordingly, is qualified by reference to the Arizona Revised Statutes regarding these sources of revenue.

Highway User Tax Revenues

Highway User Tax Revenues (as described below) are derived from and distributed pursuant to a highway and transportation financing program established by the State Legislature for the benefit of the State, counties within the State, including the County, and incorporated cities and towns within the State. The Highway User Tax Revenues are held until distributed in the State Highway User Revenue Fund (the "Highway Revenue Fund"). Highway User Tax Revenues include a number of sources of revenue. The principal sources and the manner in which they are distributed are described below.

Certain fees and other moneys paid to the motor vehicle division of the Arizona Department of Transportation ("ADOT") constitute Highway User Tax Revenues. The taxes, fees and charges deposited to the Arizona Highway User Revenue Fund consist of (i) motor vehicle fuel taxes and use fuel taxes, (ii) motor vehicle registration fees, (iii) motor carrier fees, (iv) a portion of motor vehicle license (in lieu) taxes, and (v) motor vehicle operators' license fees and miscellaneous fees and revenues. These revenue sources are further described below.

Motor Vehicle Fuel Tax Revenues. Motor vehicle fuel tax revenues consist of motor vehicle fuel (gasoline) taxes and motor vehicle use fuel (primarily diesel) taxes. These are excise taxes imposed upon fuel used in the propulsion of a motor vehicle on the public highways of the State. The motor vehicle fuel (gasoline) tax is currently assessed at the rate of $.18 per gallon, and the use fuel (primarily diesel) tax is assessed at $.18 for vehicles under 26,001 pounds and other qualifying vehicles and $.26 per gallon for all other vehicles. The motor vehicle fuel tax is collected by ADOT from licensed suppliers for each gallon of gasoline possessed, used or consumed in the State and the use fuel tax is collected by ADOT from the supplier or paid by the user for the use of the highways in this State and remitted to ADOT.

Motor Vehicle Registration Fee Revenues. Motor vehicles are required to be registered in the State on a staggered monthly registration basis. The fee for passenger vehicles and non-commercial pickup trucks is $8 and for motorcycles the fee is $9, of which $1 is paid to the motorcycle education fund. The fee for commercial motor vehicles, including trucks, buses and taxis, is $12, plus a graduated registration fee based upon the declared gross weight of the motor vehicle. Commercial motor vehicles that operate in several states may instead pay fees which are prorated based on the ratio of operating mileage in the State to the total fleet operating mileage in all states. Each motor vehicle registration fee is deposited in the Arizona Highway User Revenue Fund or the State Highway Fund.

Motor Vehicle License (In Lieu) Tax Revenues. The motor vehicle license (in lieu) taxes are based upon the value of the vehicle (according to a statutory formula) and are collected with the vehicle registration fees. These license taxes are distributed as follows: (i) 44.99% to the Arizona Highway User Revenue Fund, (ii) 24.59% to the general fund of the county where the motor vehicle is registered, (iii) 24.59% to the cities and towns of the county where the motor vehicle is registered, and (iv) 5.83% to the Local Transportation Assistance Fund for transit and transportation purposes. The above distribution percentages are blended since the tax rates vary between new and renewal vehicles. The small amount of Vehicle License Tax (VLT) that is collected from alternative fuel powered vehicles is distributed to the recipients listed above as well as the State General Fund to aid in school financial assistance.

Motor Carrier Fee Revenues. The motor carrier fee is imposed on commercial motor vehicles, whether common, contract or private carriers, with a gross weight in excess of 12,000 pounds. The motor carrier fee increases as the declared gross vehicle weight of the vehicle increases. All motor carrier fee revenues are deposited to the Arizona Highway User Revenue Fund.

Motor Vehicle Operators' License Fees and Miscellaneous Fees and Revenues. The balance of the Arizona Highway User Revenue Fund revenues include motor vehicle operators' license fees and miscellaneous fees and revenues. The miscellaneous fees and revenues include certificates of title fees, oversize permit fees, inquiry fees, investment income on moneys held in the Arizona Highway User Revenue Fund, certain fines, penalties and other miscellaneous fees.

After certain limited statutory allocations are made, all remaining Highway User Tax Revenues are allocated under the following statutory formula: the State Department of Transportation ("ADOT") receives 50.5%, counties 19%, cities of over 300,000 population 3% and all incorporated cities and towns 27.5%. The monies distributed to counties are allocated among the counties in the State and distributed on a monthly basis, as follows: (i) 72% of the funds are distributed among the counties in proportion to the sale and consumption of fuel within each county during the month preceding the distribution at issue; and (ii) the remainder is distributed based on the proportionate population within the unincorporated areas of each county.

Receipt of monies under this distribution formula is subject to certain adjustments, reporting requirements and limitations including a requirement that the County comply with the procedural guidelines established by ADOT and the standards established by the Technical Advisory Committee of ADOT when submitting ADOT required data and information concerning the status of transportation systems. The County has covenanted in the Resolution to comply with these provisions of the law and meet certain local revenue spending requirements.

Since 1981 the Arizona Legislature has on several occasions enacted legislation to fund the State's transportation needs. (In both 1981 and 1985, comprehensive transportation finance programs were enacted that significantly increased transportation funding in the State and put into place many of the current funding mechanisms.) The Arizona Legislature has previously altered and may in the future alter (1) the type and/or rate of the taxes, fees and charges which are deposited into the State Highway User Revenue Fund or (2) the allocation formulas for such moneys. The authority of the State Legislature to make such changes in the allocation of moneys deposited into the State Highway User Revenue Fund is subject to the requirement of the Arizona Constitution that the majority of the items comprising the Highway User Revenue Funds may only be used for highway-related purposes including, but not limited to, paying debt service on bonds issued for such purposes but the State and political subdivisions such as the County. In addition, the Arizona Supreme Court has indicated that the State Legislature may not reduce revenues to any recipient who has issued street and highway user revenue bonds in such a manner which impairs the recipient's ability to meet debt service requirements on such bonds.

The following tables indicate for the periods shown the amount of Highway User Tax Revenues collected by the State and the number of motor vehicle registrations and gallons of motor vehicle fuel taxed within the State and the County.

STATE OF ARIZONA
HIGHWAY USER TAX REVENUES
(000'S)

Fiscal Year	Gasoline and Use Fuel Revenues	Registration and In Lieu Taxes	Motor Carrier Tax	License Fees and Other	Total Highway User Tax Revenues
2000-01	574,259	383,882	32,678	40,147	1,030,966
1999-00	565,736	376,892	36,563	40,409	1,019,599
1998-99	557,775	352,078	34,150	38,775	982,779
1997-98	508,543	286,395	56,123	36,426	887,487
1996-97	488,701	276,781	90,186	41,294	896,962

Source: Arizona Department of Transportation, Administrative Services Division

MOTOR VEHICLE REGISTRATIONS

	State of Arizona		Pima County	
Calendar Year	Total Number of Vehicle Registrations	Percentage Change	Total Number of Vehicle Registrations	Percentage Change
2001(a)	4,702,756	N/A	690,311	N/A
2000	4,487,808	5.4%	570,540	4.1%
1999	4,256,228	6.0	644,040	5.3
1998	4,013,987	12.7	611,398	11.1
1997	3,562,272	2.7	550,086	1.8

(a) Calendar year 2001 data through October 31, 2001.

Source: Arizona Department of Transportation, Motor Vehicle Division

GALLONS OF MOTOR VEHICLE FUEL TAXED (a)

	State of Arizona		Pima County	
Calendar Year	Total Gallons Taxed	Percentage Change	Total Gallons Taxed	Percentage Change
2001(b)	2,375,654,460	N/A	376,123,945	N/A
2000	3,094,580,750	0.79%	500,955,066	1.66%
1999	3,070,215,520	6.96	492,793,482	10.48
1998	2,870,526,024	5.97	446,054,318	1.79
1997	2,708,858,002	1.82	438,197,723	1.49

(a) Includes both gasoline and use fuel gallonage.

(b) Calendar year 2001 data through September 30, 2001.

Source: Arizona Department of Transportation, Motor Vehicle Division.

Street and Highway Revenues Received by the County

The following table sets forth the annual Street and Highway Revenues received by the County during the most recent seven-year period.

PIMA COUNTY
STREET AND HIGHWAY REVENUE RECEIPTS

Fiscal Year	Street and Highway Revenue Receipts
2000-01	$48,317,053
1999-00	47,699,000
1998-99	39,535,000
1997-98	33,370,000
1996-97	30,411,615
1995-96	25,764,022
1994-95	24,208,243

Source: Pima County, Financial and Information Services Department.

STREET AND HIGHWAY REVENUE BOND DEBT SERVICE REQUIREMENTS AND DEBT SERVICE COVERAGE

Fiscal Year	Street & Highway Revenues Pledged (1)	Outstanding Debt Service	Series 2002 Bonds Principal	Series 2002 Bonds Interest (2)	Total Debt Service Requirements	Debt Service Coverage(1)(3)
2001-02	$48,582,856	$5,244,000		$ 960,454	$ 6,204,454	7.83
2002-03		5,080,000	$4,535,000	2,289,825	11,904,825	4.08
2003-04		4,900,000	4,715,000	2,108,425	11,723,425	4.14
2004-05		4,720,000	4,905,000	1,919,825	11,544,825	4.21
2005-06		4,540,000	5,110,000	1,723,625	11,373,625	4.27
2006-07		4,360,000	5,325,000	1,519,225	11,204,225	4.34
2007-08		4,180,000	5,555,000	1,279,600	11,014,600	4.41
2008-09			5,800,000	1,057,400	6,857,400	7.08
2009-10			6,060,000	818,150	6,878,150	7.06
2010-11			6,345,000	560,600	6,905,600	7.04
2011-12			6,650,000	290,938	6,940,938	7.00

(1) As reported by the Arizona Department of Transportation and the County, the County received $48,582,856 in Street and Highway Revenues during the 12 month period from December 2000 through November 2001, which amount is greater than two times the highest annual debt service requirement on the Bonds.

(2) Interest is shown net of accrued interest.

(3) Section 11-378 of the A.R.S. requires that in order for the County to issue the Bonds, the Street and Highway Revenues received for the year immediately preceding their issuance must be in an amount equal to at least two times the highest annual debt service requirement on the Bonds. The debt service coverage shown reflects the calculations of this requirement.

In order for the County to issue additional parity bonds, the County must meet the requirements of A.R.S. Section 11-378 as well as the parity provisions of the Resolution, at the time of proposed issuance, taking into account all the outstanding street and highway revenue bonds including the proposed parity bond issuance.

Pima County has received approval for two loans totaling $5.1 million from the Highway Expansion and Extension Loan Program (HELP) of the Arizona Department of Transportation. The loans from the HELP program will allow Pima County to accelerate by several years the completion of two projects that are scheduled to be funded from Federal aid highway revenues in future years. State Highway User Revenue Fund moneys will be used to repay the principal and interest on the loans, with the intent to reimburse these HURF moneys upon receipt of the Federal funding.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds by the County are subject to the approving opinion of Snell & Wilmer L.L.P., Tucson, Arizona, Bond Counsel to the County. Copies of such opinion will be available at the time of delivery of the Bonds. The form of opinion is included as Appendix C to this Official Statement. Fees of Bond Counsel will be paid from Bond proceeds.

TAX EXEMPTION

The Internal Revenue Code of 1986, as amended (the "Code") contains a number of requirements and restrictions that apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Bond proceeds and the facilities financed therewith and certain other matters. The County has covenanted to comply with all requirements of the Code that must be satisfied in order for the interest on the Bonds to be excludable from gross income for Federal income tax purposes. Failure by the County to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income retroactive to the date of issuance of the Bonds.

Subject to the condition that the County comply with the above-referenced covenants, under present law, in the opinion of Bond Counsel, the Bonds are not "private activity bonds" under the Code and interest on the Bonds is not includable in gross income of the owners thereof for Federal income tax purposes, and will not be treated as an item of tax preference in computing the Federal alternative minimum tax for individuals and corporations. Interest on the Bonds will be taken into account, however, in computing an adjustment used in determining the Federal alternative minimum tax for certain corporations. Interest on the Bonds is not includable in the taxable income of the owners thereof for State of Arizona income tax purposes. Bond Counsel will not express any opinion regarding any other Federal or Arizona income tax consequences arising with respect to ownership of the Bonds.

Owners of the Bonds should also be aware that ownership of the Bonds may result in collateral income tax consequences to financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

From time to time, legislation is proposed in the Congress of the United States which, if enacted, could alter the Federal income tax consequences of ownership of the Bonds as described above, or otherwise, or adversely affect the market value of the Bonds. It is not possible to predict accurately whether or in what form any such legislation may be proposed or enacted or, if enacted, the extent to which any such legislation would apply to, or alter the Federal income tax consequences of ownership or adversely affect the market value of, obligations such as the Bonds.

LITIGATION

To the knowledge of the County, no litigation or administrative action or proceeding is pending, or threatened to restrain or enjoin, or seeking to restrain or enjoin, the issuance or delivery of the Bonds, the collection or receipt of revenues to pay the principal of, and interest on, the Bonds, contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed or delivered, or the validity of the Bonds. The County will deliver a certificate to that effect at the time of the original delivery of the Bonds.

RATINGS

Moody's Investors Service ("Moody's") and Standard & Poor's Rating Group ("S&P") have assigned the Bonds the ratings of "Aaa" and "AAA" respectively, with the understanding that upon delivery of the Bonds a municipal bond insurance policy will be issued by Financial Guaranty Insurance Company. The Bonds have also been assigned an uninsured rating of "A1" by Moody's and "A+" by S&P. Such ratings reflect only the view of the rating organizations, and any explanation of the meaning or significance of the ratings may only be obtained from the rating agencies. The County furnished to the rating agencies certain information and materials, some of which may not have been included in this Official Statement relating to the Bonds or the County.

Generally, rating agencies base their ratings on such information and materials and on their own investigations, studies and assumptions. There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating agency if in their judgment circumstances so warrant. Any lowering or withdrawal of a rating may have an adverse effect on the marketability or market price of the Bonds.

CONTINUING SECONDARY MARKET DISCLOSURE

The County has covenanted for the benefit of holders of the Bonds to provide certain financial information and operating data relating to the County by not later than February 1 in each year commencing February 1, 2003 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material (the "Notice of Material Events"). The Annual Report will be filed by the County with each Nationally Recognized Municipal Securities Information Repository and with any state information depository established by the State. (At present no such state information depository has been designated.) The Notices of Material Events will be filed by the County with each Nationally Recognized Municipal Securities Information Repository and with any state information depository established by the State. The specific nature of the information to be contained in the Annual Report and the Notices of Material Events is set forth in "Appendix E - Form of Continuing Disclosure Certificate."

These covenants have been made in order to assist the underwriter of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule"). Pursuant to Arizona law, the ability of the County to provide information pursuant to such covenants is subject to annual appropriation to, among other things, cover the costs of preparing and mailing the Annual Report and the Notices of Material Events to each Nationally Recognized Municipal Securities Information Repository and to any state information depository established by the State. A failure by the County to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Continuing disclosure undertakings previously entered into by the County called for the County to file by February 1, 2000 an Annual Report containing certain financial information and operating data relating to the County and financial statements for the County with respect to the fiscal year ended June 30, 1999. The County filed the required Annual Report with unaudited financial statements on March 7, 2000. The County subsequently filed the audited financial statements for the County for the fiscal year ended June 30, 1999 in June 2000. The County has otherwise complied with all existing continuing disclosure undertakings relating to the County in all material respects.

FINANCIAL STATEMENTS

The financial statements of the County as of June 30, 2001 and for the fiscal year then ended, which are included as Appendix D of this Official Statement, have been audited by the Office of the Auditor General, State of Arizona, as stated in their opinion which appears in Appendix D. The County neither requested nor obtained the consent of the Office of the Auditor General to include their report and the Office of the Auditor General has performed no procedures subsequent to rendering their opinion on the financial statements.

ADDITIONAL INFORMATION

Additional information and copies of the Official Statement may be obtained from RBC Dain Rauscher Inc., 2398 East Camelback Road, Suite 700, Phoenix, Arizona 85016 (telephone 602-381-5300), Financial Advisor to the County.

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of these opinions or estimates have been or will be realized. Information in this Official Statement has been derived by the County from official and other sources and is believed by the County to be accurate and reliable. Information other than that obtained from official records of the County has not been independently confirmed or verified by the County and its accuracy is not guaranteed.

Neither this Official Statement nor any statement that may have been or that may be made orally or in writing is to be construed as a part of a contract with the original purchasers or subsequent owners of the Bonds.

By: /s/ Raul M. Grijalva
Chairman, Board of Supervisors

By: /s/ C.H. Huckelberry
County Administrator

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APPENDIX A

PIMA COUNTY, ARIZONA
General Economic And Demographic Information

General

The County is located in the southern portion of the State of Arizona ("Arizona" or the "State"), with a section of its southern boundary bordering Mexico. The boundaries of the County encompass an area of approximately 9,184 square miles. Organized in 1864 by the Arizona Territorial Legislature as one of the State's four original counties, the County is today the second most populous county in Arizona with 2000 Census population of 843,746. Over 57% of the County's population resides in the City of Tucson, Arizona ("Tucson"), the County seat of government and southern Arizona's largest city.

Population Statistics For Pima County, The City of Tucson and The State of Arizona

	Pima County	City of Tucson	State of Arizona
2000 Census	843,746	486,699	5,130,632
1990 Census	666,880	405,390	3,665,228
1980 Census	531,443	330,537	2,716,546
1970 Census	351,667	262,933	1,775,399

Source: U.S. Department of Commerce, Bureau of the Census; Arizona Department of Economic Security, Population Statistics.

Organization

The County is governed by a five-member Board, each of whom is elected for a four year term to represent one of the designated districts within the County. The chair is selected by the Board from among its members. The Board is responsible for establishing the policies of the various County departments and approving the annual budgets of these departments. The Board appoints a County Administrator who is responsible for the general administration and overall operations of the various departments of the County.

Mr. Charles H. Huckelberry was appointed County Administrator in December, 1993. From 1987 to 1993, Mr. Huckelberry served as an Assistant County Manager with responsibility for the administration of public works. He served as the Director of Pima County's Department of Transportation and Flood Control District from 1979 to 1987; as Deputy Director of the Department from 1976 to 1979; and as the Department's Manager of Field Engineering from 1974 to 1976. He was self employed as a civil engineering and land surveying consultant for one year. From 1972 to 1973, Mr. Huckelberry was employed as a Research and Development Engineer for the Shell Oil Company and during 1969 to 1972, he was a Civil Engineer and Land Surveyor for Jones and Associates. He holds both a Bachelor of Science Degree in Mining Engineering and a Master of Science Degree in Civil Engineering from the University of Arizona and is a registered professional engineer and land surveyor as well as a member of numerous professional organizations.

Ms. Carol Bonchalk was appointed Director of Financial and Information Services in 1993 after having served as Manager of Financial Services for Pima County since 1990 and Budget Supervisor and Budget Analyst from 1989 to 1990. Prior to her employment with Pima County, Ms. Bonchalk was Vice President of Management and Marketing for a private firm specializing in the development and operation of retirement communities and nursing homes; Director of Human Services and Executive Director of an Area Agency on Aging in Pennsylvania, and served as a probation officer for the City of Philadelphia. Ms. Bonchalk received her Bachelor of Science Degree from Pennsylvania State University, and has also completed various graduate level courses and participated in numerous management and financial programs throughout her career.

Mr. John M. Bernal was appointed Deputy County Administrator for Public Works in March 2001. From June 1994 through March 2001, Mr. Bernal served as United States Commissioner to the International Boundary and Water Commission (USIBWC), an international agency responsible for the application of boundary and water treaties between the United States and Mexico and for the amicable resolution of any differences arising in relation to those agreements. From 1980 to 1994 Mr. Bernal worked for the Pima County Department of Transportation and Flood Control District in a variety of positions with his last position being that of Director. He holds both a Bachelor of Science Degree in Civil Engineering and a Master in Business Administration from the University of Arizona, Tucson and is a registered engineer and registered Land Surveyor for Arizona as well as a member of numerous professional organizations.

Mr. Kurt Weinrich was recently appointed (October 29, 2001) as Director of the Pima County Department of Transportation and Flood Control. Prior to assuming his current position Mr. Weinrich was employed as Senior Consultant in the Las Vegas, Nevada office of the international consulting firm, CH2M HILL, Inc., Prior to that, he served as the Director of the Regional Transportation Commission of Clark County, Nevada, for eleven years. His career includes various positions as traffic engineer, city engineer, or director of public works for municipalities in three states. He holds a Bachelor of Science Degree in Civil Engineering from Cleveland State University, Cleveland, Ohio and is a registered engineer as well as a member of numerous professional organizations.

Transportation

Tucson is the economic and transportation center of the County, as well as southern Arizona. Tucson is traversed by Interstates 10 and 19, as well as U.S. Highways 80, 89 and 93. Interstate 10 passes through Tucson and connects Tucson with the City of Phoenix, Arizona to the north and Los Angeles, California, to the west and New Mexico and Texas to the east. Interstate 19 provides access to the City of Nogales, Arizona and Mexico to the south, while U.S. Highway 86 connects with a direct route to the Gulf of California vacation areas. The main line of the Union Pacific Railroad extends across Tucson to the eastern portion of the County while the western portion of the County is served by a branch line of the Union Pacific that runs through Ajo which is an unincorporated community in the County. Tucson International Airport, located approximately 20 minutes from Tucson's downtown business area, provides local, regional, national and international air service through several airlines. The airport has a 11,000-ft. lighted, paved major runway, a 9,100-ft. paved secondary runway, and a 7,000-ft. pave runway, all of which can accommodate all major types of carriers. The County is also served by Greyhound bus lines and Amtrak.

Economy

The economy of the County is based largely on a variety of service industries, wholesale and retail trade and government employment; these three industries represented over 76% of the total wage and salary employment as of August 2001. Figures from the Arizona Department of Economic Security indicate that 351,900 persons were employed, on average, in the County as of August 2001. The following table presents the County's average annual total employment by industry for the years indicated:

Pima County
Wage and Salary
Average Annual Employment
Number of Persons Employed (a)

Industry	1996	1997	1998	1999	2000	2001(b)
Manufacturing	27,700	29,500	29,200	30,400	33,400	33,600
Construction	20,100	18,800	20,900	21,900	22,200	21,500
Transportation, Communication & Public Utilities	13,400	13,300	13,400	13,700	12,300	11,800
Wholesale & Retail Trade	69,900	68,800	70,300	71,700	74,600	73,300
Finance, Insurance & Real Estate	12,100	12,600	12,600	13,500	13,800	14,000
Services & Miscellaneous	93,700	99,800	101,100	111,000	119,100	119,400
Government	68,800	69,900	72,500	74,600	76,900	76,500
Mining & Quarrying	2,300	2,300	2,300	2,000	1,800	1,800
Total Wage & Salary Employment	308,000	315,000	322,300	338,800	354,100	351,900

(a) Totals may not add due to rounding.

(b) As of October 2001.

Source: Arizona Department of Economic Security

The average unemployment rate for the County as of October 2001 was 3.2%. The average annual unemployment rate for 2000 and 1999 was 2.8% and 3.1%, respectively. The table below shows comparative unemployment rates for the County, the State of Arizona and the United States.

Pima County
Comparative Employment Statistics

	Pima County		Unemployment Rate		
Calendar Year	Average Employment	Average Unemployment	Pima County	Arizona	U.S.
2001 (a)	383,863	12,567	3.2%	4.4%	4.6%
2000	385,273	11,042	2.8	3.9	4.0
1999	372,500	12,100	3.1	4.4	4.2
1998	358,800	10,100	2.7	4.1	4.5
1997	350,800	11,900	3.3	4.6	5.0
1996	358,600	14,000	3.5	5.5	5.4

(a) As of October 2001.

Source: Arizona Department of Economic Security

Pima County
Major Employers

Company	Type of Business	Approximate Number of Full-Time Equivalents
University of Arizona	Education	11,032
Raytheon Missile Systems	Missile Manufacturing	10,149
State of Arizona	Government	9,978
Tucson Unified School District	Education	9,102
Davis-Monthan Air Force Base	Military	8,796
Pima County	Government	7,119
City of Tucson	Government	6,058
Phelps Dodge Mining Company	Mining	4,200
Carondelet Health Network	Health Care	3,329
University Medical Center	Health Care	2,540
TMC HealthCare	Health Care	2,361

Source: *The Star 200 Directory*, published by *The Arizona Daily Star* (March 2001).

Services

From 1996 to 2001, the service industry in the County expanded by 25,700 jobs or 27.4%, making it the fastest growing employment sector in the County during this period. The average annual employment in the service industry in 2001 was 119,400. It is anticipated that as the County continues to grow in population and economic activity, the service industry (the largest employment component in the County comprising 34% of the total wage and salary employment base in 2001) will continue to be a significant contributor. According to the *Star 200 Directory*, which was published by the *Arizona Daily Star* in March 2001, health care has been a dominating force in the service industry. The three largest employers in the service industry are health care providers and have a combined employment of over 8,200 workers.

Government

Government employment plays an important role in the County with Federal, State and local government employees numbering approximately 76,500 in 2001. This sector expanded by 7,700 jobs or 11.2% from 1996 to 2001. The University of Arizona, the State of Arizona and the Davis-Monthan Air Force Base are significant contributors to government employment in the County (see "Pima County - Major Employers" listed in the above table). The Davis-Monthan Air Force Base is a major training ground for active duty members on the A-10 "Warthog" aircraft. The facility is also responsible for the education of tactical missile crews. Its storage capacity of 2,500 aircraft is the largest in the world. In the past, Davis-Monthan Air Force Base has been included reportedly on lists of installations considered for closure or realignment by the Defense Base Closure and Realignment Commission. There can be no assurances that Davis-Monthan Air Force Base will not be included on similar lists in the future. Any such closure or realignment would most likely be subject to review and approval by, among others, the Department of Defense and the President of the United States and would have a negative but unquantifiable effect on the County.

Manufacturing

The manufacturing sector continues to be dominated by the high technology industries of aerospace, electronics, computers, communications and instruments. Learjet Corporation maintains an aircraft maintenance modification and customer service facility. Bombardier of Canada, which owns the Learjet Corporation, transferred its service center for its "Challenger" aircraft to Tucson from Long Beach, California.

Average annual employment in the manufacturing sector within the County in 2001 was 33,600, representing 9.5% of the County's total wage and salary employment base. Manufacturing employment during 2000 and 1999 averaged 33,400 and 30,400, respectively.

The following table presents the major manufacturers in the County and Tucson metropolitan area:

Metropolitan Pima County
Major Manufacturers

Company	Type of Business	Approximate 2000 Employment
Raytheon Missile Systems	Missile Manufacturing	10,149
Bombardier Aerospace	Aircraft Maintenance	2,061
IBM Storage System Division	Computer Systems	1,600
Texas Instruments Tucson	Semiconductor Products	1,329
Honeywell	Aircraft Electronic Systems	978
Sunquest Information Systems	Computer Systems	621
Tucson Newspapers	Newspaper	597
Air System Components	Air Registers	430
Lisa Frank Inc.	School Supplies Manufacturing	375
Weiser Lock Equipment	Home Products	342
Kalil Bottling Co.	Soft Drinks	312

Source: *The Star 200 Directory*, published by *The Arizona Daily Star* (March 2001).

The County's proximity to Mexico makes twin plant "maquiladora" operations practical. Components are manufactured in Tucson and transported duty-free to Nogales, Sonora, Mexico, 65 miles south of Tucson, for assembly. Among the companies operating "twin plants" in Tucson and Nogales are General Electric, Samsonite, Motorola, Acco, Moen Faucets and Masterlock. These manufacturers contribute to the County's economy in many ways including the support of numerous suppliers and peripheral industries. The proximity of the Mexican border is more significant to manufacturing concerns given the existence of the North American Free Trade Agreement between Canada, the United States and Mexico. However, the uncertainty of the Mexican economy may negatively impact the growth of the previously described manufacturing concerns.

Tucson has encouraged the location of industry within the community by the development of 33 industrial parks and funding, in conjunction with the County, the Greater Tucson Economic Council, a private, non-profit organization.

Tourism

Tourism is an important economic mainstay in the County and the Tucson area. The County's climate, historical sites, location and proximity to vacation areas in California and other destinations attract vacationers, conventioneers and other visitors. The Metropolitan Tucson Convention and Visitors Bureau estimates that 240,475 convention delegates visited the Tucson area in fiscal year 2000-01. In the Tucson area, there are 232 hotels and resorts with over 15,165 rooms. According to the Arizona Hospitality Research & Resource Center, over $1 billion was spent in the County in 2000 and over $900 million as of September 2001. These figures include the estimated tourist portion of amusement, bar and restaurant, hotel and motel, and retail gross sales. Points of interest, recreational sites and sight-seeing attractions include the Arizona-Sonora Desert Museum, Kitt Peak National Observatory, Pima Air Museum, Saguaro National Monument, Mission San Xavier del Bac, Mount Lemmon, Sabino Canyon, Old Tucson Studio, Biosphere 2, and numerous resorts and golf courses. In addition, the Tucson metropolitan area is the home of spring training for Major League Baseball's Arizona Diamondbacks, Chicago White Sox and Colorado Rockies.

Education

The University of Arizona provides 11,032 jobs to the area and is an important link to the economic growth of the County. Its presence as a research university has assisted in attracting new business enterprises. The academic organization of the University is comprised of ten undergraduate colleges, five graduate colleges and a number of interdisciplinary programs. Enrollment figures for the fall semester of 2001 were estimated at 35,747 undergraduate and graduate full-time students. This enrollment includes students in continuing education programs, interns and residents, post-doctoral programs and on-campus non-credit students.

The University of Arizona also operates the Science & Technology Research Park which was recently voted the nation's Outstanding Research/Science Park for 2001 by the Association of University Related Research Parks (AURRP).

Pima County Community College, a branch of the Arizona State Community College System, offers two-year programs in vocational and technical education. Total student enrollment for Pima County Community College for 2000-01 was estimated at 64,446 students.

Wholesale and Retail Trade

Wholesale and retail trade includes restaurants, hotels, taverns, service stations, automobile repair shops, shopping malls and wholesale dealers and is the third largest employment sector in the County. In 2001, this sector employed an average of 73,300 persons. Restaurants combined employ approximately 24,900, far more than any other type of retail trade business. However, the largest individual employers in the retail sector (companies with more than 1,000 employees) are Wal-Mart, Safeway Inc., the Kroger Co. and Kmart.

The retail sales figures set forth on the following page are based on the sales tax collections within the County excluding penalties, late charges and nontaxable items. The sales tax rate levied by the State on retail sales within the County is 5.6%. In addition, cities and towns within Pima County generally levy a 2-2.5% sales tax.

The following table sets forth retail sales figures in the County for the past five years.

Pima County
Retail Sales (a)

Year	Amount	% Change
2001(b)	$4,953,142,940	N/A
2000	5,816,299,178	8.63%
1999	5,354,226,543	8.37
1998	4,940,656,563	5.98
1997	4,661,658,656	5.11
1996	4,435,169,533	3.83

(a) Excludes Food Sales and Gas Tax.

(b) Collections for 2001 are through October 2001.

Source: Arizona Department of Revenue.

Financial Institutions

The following table illustrates the total dollars on deposit with participating banks of the Arizona Bankers Association for the County on December 31 of each year.

Pima County
Bank Deposits

As of December 31	Amount
2001(a)	$5,807,931,000 (b)
2000	5,540,428,000 (c)
1999	4,811,823,000 (d)
1998	5,682,452,000 (e)
1997	5,014,041,000 (f)
1996	4,348,027,000 (g)

(a) As of September 2001.
(b) Arizona Business Bank, BNC National Bank and First Interstate Bank & Trust were not participating banks.
(c) First Interstate Bank & Trust was not a participating bank.
(d) Banks not participating are Stearns Bank, Bank of the Southwest, Pacific Century Bank and Norwest.
(e) Banks not participating are Stearns Bank and Commercial Federal Bank.
(f) Wells Fargo Bank of Arizona was not a participating bank. Republic National Bank did not report in the fourth quarter.
(g) Banks not participating were Wells Fargo Bank and First Capital Bank.

Source: Arizona Banker's Association.

Mining

According to the Arizona Mining Association, Arizona continues to produce a major portion of the nation's copper supply. However, the cyclical nature of this industry has caused some consolidation of its resources to improve production. In the early 1980's, the Arizona copper industry's direct economic impact on the Arizona economy regularly exceeded $1.0 billion, peaking in 1981 at approximately $1.612 billion when the industry employed roughly 25,000 persons. This level of impact dropped to $.875 billion in 1986, but has increased to $1.49 billion in 1999. The direct economic impact of the industry statewide was approximately $1.493 billion, $1.819 billion, and $.886 billion in 1999, 1998 and 1997, respectively. The direct impact of the copper industry within the County was nearly $364 million in 1999, $405 million in 1998 and $403 million in 1997. Employment in the mining industry within the County was approximately 1,800 in 2001, 1,800 in 2000, 2,000 in 1999 and 2,200 in 1998.

Agriculture

Agriculture plays a less significant role in the economy of the County as a whole, but a small portion of the County relies on agriculture as its leading economic source. Principal crops harvested are cotton, wheat and hay, as well as vegetables. The following table sets forth the total cash receipts for all crops and livestock products in the County for the most recent five years for which reports are available.

Cash Receipts From Agricultural Marketing
(Total Crops and Livestock)
Pima County

Year	Receipts
2000	$47,989,000
1999	53,573,000
1998	54,582,000
1997	53,446,000
1996	57,979,000

Source: *2000 Arizona Agricultural Statistics*, July 2001.

Building Permits

The following tables were compiled from *Arizona Construction Report*, a publication of Arizona Real Estate Center, L. William Seidman Research Institute, College of Business, Arizona State University. The Center obtains its data from county and municipal divisions which issue such permits. Construction is valued on the basis of estimated cost of a project, not on market price or the value of construction at the time the permit is issued. The date at which the permit is issued should not be construed as the date of construction.

Pima County
Value of Building Permits

Year	Residential	Commercial	Industrial	Other	Total
2001(a)	$766,189,000	$154,408,000	$20,714,000	$ 77,126,000	$1,018,437,000
2000	859,751,000	182,831,000	16,748,000	216,626,000	1,275,956,000
1999	841,455,000	172,765,000	14,035,000	196,959,000	1,225,204,000
1998	735,779,000	184,936,000	10,165,000	138,685,000	1,069,565,000
1997	588,365,000	241,322,000	8,968,000	86,843,000	925,498,000
1996	562,036,000	190,221,000	11,460,000	85,643,000	849,360,000

(a) As of September, 2001.

Source: Arizona Real Estate Center, L. William Seidman Research Institute, College of Business, Arizona State University.

Pima County
New Housing Starts

Year	Total Housing Units Permitted
2001(a)	6,369
2000	8,337
1999	8,547
1998	8,414
1997	7,538
1996	6,987

(a) As of September, 2001.

Source: Arizona Real Estate Center, L. William Seidman Research Institute, College of Business, Arizona State University.

During 1998, the Arizona Legislature promulgated the Growing Smarter Act of 1998 ("Growing Smarter") which created new planning requirements throughout the State and provided stronger tools for local governments in their efforts to manage rapid development. Growing Smarter also created the "Growing Smarter Commission" which conducted hearings throughout the State on ways to enhance the law and to address certain other issues. During 2000, the Arizona Legislature adopted additional legislation known as "Growing Smarter Plus" which significantly expanded the requirements of Growing Smarter, and particularly the planning requirements passed in 1998. Fast growing communities are now required to plan for growth areas and identify the means to provide necessary public services in the future. In addition to environmental and infrastructure elements, an analysis of available water is also required. To pay for growth, communities are permitted to establish service area limits, beyond which new growth pays the full cost for services. Growing Smarter allowed citizens to refer general plans passed by local government to the ballot for voter approval. Growing Smarter Plus goes a step farther by requiring fast growing and large cities and Pima and Maricopa Counties to submit their general plans to the voters for ratification. The general plan of such jurisdiction will be subject to future ratification by its voters every 10 years. It is not possible to determine the effect the foregoing will have on continuing development in the County.

PIMA COUNTY, ARIZONA
Financial Information

Introduction

The fiscal year for the County is from July 1 through June 30. The County's budget process is an ongoing function. Each fiscal year's process starts with the issuance in January of guidelines to all departments within which budgets must be developed. Department budget requests are submitted in March. A review process then takes place culminating with the County Administrator's submission of a proposed budget to the Board in time for budget hearings in mid-June. State statutes require that a tentative budget be adopted by the Board no later than the third Monday in July. At the time the final budget is adopted, which can be no later than the second Monday in August of each year, the Board of Supervisors holds a public hearing and meeting to determine the tax levy needed to support the budget. Taxes are then assessed and levied no later than the third Monday in August.

Expenditure Limitation

Beginning in fiscal year 1981-82, the County became subject to an annual expenditure limitation which is set by the Arizona Economic Estimates Commission. This limitation is based on the County's annual expenditures for fiscal year 1978-80, with this base adjusted to reflect interim population, cost of living and boundary changes. Certain expenditures are specifically exempt from the limit, including expenditures made from federal funds and bond sale proceeds, as well as debt service payments. The limitations can be exceeded for certain emergency expenditures or if approved by the voters. The Constitution provisions which relate to the expenditure limitation provide three processes to exceed the spending limit: a permanent base adjustment, a one-time override, and a capital project accumulation.

In the 2000-01 fiscal year, the expenditure limitation for the County was $314,388,403. Actual County expenditures subject to the limitation were under the limit. The County's expenditure limitation for the 2001-02 fiscal year is $358,429,223. Based on the County's budgeted expenditures for the 2001-02 fiscal year, the County's expenditure level will be under the limitation for the 2001-02 fiscal year.

Ad Valorem Taxes

General

Arizona (the "State" or "Arizona") property taxes are divided into two systems, primary and secondary. Secondary property taxes are those taxes imposed for payment of bonded indebtedness, for exceeding a budget, expenditure or tax limitation pursuant to voter approval and for operating and maintaining certain special districts. Primary property taxes are all ad valorem taxes other than secondary property taxes.

Under the primary system, the full cash value of locally-assessed real property (consisting primarily of residential, commercial, industrial, agricultural and unimproved property) cannot increase by more than 10% per year, except under certain circumstances. This limitation does not apply to mines, utilities and railroads which are assessed by the State. Annual tax levies under the primary system are based on the nature of the property taxed and the taxing authority. Primary taxes levied on residential property only are limited to 1% of the limited full cash value of such property. In addition, primary taxes levied on all types of property by counties, cities, towns and community college districts are limited to a maximum increase of 2% over the prior year's levy plus any amount directly attributable to new construction and annexation. The 2% limitation does not apply to primary taxes levied for local school districts. The County does not currently levy its primary tax levy to the maximum allowed under the law.

Secondary assessed valuation represents the value used in determining property tax levies for the payment of principal and interest on bonds, school district voter-approved budget overrides and special district taxes and the calculation of maximum bonded indebtedness allowed under the State's Constitutional debt limit. See "Debt Limitation" herein. Under the secondary system, there is no limitation on annual increases in full cash

value of any property. In addition, annual tax levies for voter-approved bonded indebtedness, overrides and special district taxes are, except as they are described herein under the subheading "The Bonds – Security and Sources of Payment", unlimited.

On November 7, 2000, Arizona voters approved Proposition 104 which provides for a property valuation "freeze" for certain residential property owners sixty-five years of age and older. Owners of residential property may obtain such freeze against valuation increases (the "Property Valuation Projection Option") if the owners total income from all sources does not exceed 400% (500% for two or more owners of the same property) of the "Social Security Income Benefit Rate" (currently the benefit rate is $6,144.00). Hence, the current qualifying level is $24,576.00 for single owners and $30,720.00 for residential property owned by two or more persons. The Property Valuation Protection Option must be renewed every three years. If the property is sold to a person who does not qualify, the valuation reverts to its current full cash value. Any freeze on increases in full cash value will translate to the secondary assessed value of the affected property as hereinafter described.

Additionally, all property, both real and personal, is assigned a classification to determine its assessed valuation for tax purposes. Each legal classification is defined by property use and has an assessment ratio (a percentage factor) which is multiplied by the limited or full cash values of the property to obtain the assessed valuations.

Tax Procedures

The tax year in Arizona is defined as the calendar year, although tax procedures begin prior to January 1 of each tax year and continue through May of the succeeding calendar year. The first step in the tax process, for taxing entities other than certain special districts, is the determination of the full cash value of each individually-owned parcel of land within the State. Property valuations are established on most property by the individual county assessors, with the State Department of Revenue determining the valuation of centrally assessed properties such as gas, water and electrical utilities, railroads, mines and pipelines. The appropriate property classification assessment ratio is then applied to the full cash value to determine the assessed valuation for such parcel. The assessment ratios utilized over the five-year period 1996-97 through 2000-01 for each class of property are set forth below.

Property Tax Assessment Ratios
1997-98 through 2001-02

Classification (a)	1997-98	1998-99	1999-00	2000-01	2001-02
Mining	27%	26%	25%	- % (b)	- % (b)
Utility	27%	26%	25%	- % (b)	- % (b)
Commercial and Industrial (c)	25%	25%	25%	25%	25%
Agriculture and Vacant Land (c)	16%	16%	16%	16%	16%
Owner Occupied Residential	10%	10%	10%	10%	10%
Leased or Rented Residential	10%	10%	10%	10%	10%
Railroad, Private Car Company and Airline Flight Property (d)	23%	22%	21%	21%	21%

(a) Additional classes of property exist, but seldom amount to a significant portion of a municipal body's total valuation. These classes consist of non-commercial historic property; aerospace manufacturing property in a military reuse zone; certain manufacturing property in an enterprise zone; property in a foreign trade zone; environmental technology property for the first 20 years from the date placed in service; commercial historic property; historic residential property; producing oil, gas and geothermal resource interests; and leasehold or other possessory interests in certain public property.

(b) For tax year 2000 and thereafter, mining and utility properties have been included in the same legal property class as commercial and industrial properties.

(c) For tax year 2001, the first $53,226 of full cash value of commercial, industrial and agricultural personal property is exempt from tax. This exemption is indexed annually for inflation. Any portion of the full cash value in excess of those amounts will be assessed at 25% or 16% as applicable.

(d) This percentage is determined annually to be equal to the ratio of (i) the total assessed valuation of all mining, utility, commercial, industrial, and military reuse zone properties and agricultural personal property to (ii) the total full cash (market) value of such properties.

Delinquent Tax Procedures

The property taxes due to the County are billed, along with State and other taxes, ordinarily in September of the calendar tax year and are due and payable in two installments on October 1 and March 1 and become delinquent on November 1 and May 1. Delinquent taxes are subject to an interest penalty of 16% per annum prorated monthly as of the first day of the month unless the full year's taxes are paid by December 31. After the close of the tax collection period, the County Treasurer prepares a delinquent property tax list and the property so listed is subject to a tax lien sale in February of the succeeding year. In the event that there is no purchaser for the tax lien at the sale, the tax lien is assigned to the State, and the tax lien is reoffered for sale from time to time until such time as it is sold, subject to redemption, for an amount sufficient to cover all delinquent and current taxes.

It should be noted that in the event of bankruptcy of a taxpayer pursuant to the United States Bankruptcy Code (the "Bankruptcy Code"), the law is currently unsettled as to whether a lien can be attached against the taxpayer's property for property taxes levied during the pendency of bankruptcy. Such taxes might constitute an unsecured and possibly noninterest bearing administrative expense payable only to the extent that the secured creditors of a taxpayer are oversecured, and then possibly only on the prorated basis with other allowed administrative claims. It cannot be determined, therefore, what adverse impact bankruptcy might have on the ability to collect ad valorem taxes on a property of a taxpayer within the County. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax lien on the property.

When a debtor files or is forced into bankruptcy, any act to obtain possession of the debtor's estate, any act to create or perfect any lien against the property of the debtor or any act to collect, assess or recover a claim against the debtor that arose before the commencement of the bankruptcy would be stayed pursuant to the Bankruptcy Code. While the stay of a bankruptcy court may not prevent the sale of tax liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor would be subject to the stay of a bankruptcy court. It is reasonable to conclude that "tax sale investors" may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of post bankruptcy petition tax collections becomes uncertain.

It cannot be determined what impact any deterioration of the financial condition of any taxpayer, whether or not protection under the Bankruptcy Code is sought, may have on payment of or the secondary market for the Bonds. Neither the County nor their respective agents or consultants have undertaken any independent investigation of the operations and financial condition of any taxpayer, nor have they assumed responsibility for the same.

Property Valuations

The following table lists the various property valuations for the County for the current year.

Valuations for Fiscal Year 2001-02

Estimated Actual Valuation*	$34,150,201,378
Net Secondary Assessed Valuation	$ 4,491,395,307
Net Primary Assessed Valuation	$ 4,361,492,992

*Actual full cash value net of estimated value of property exempt from taxation.

Source: *Property Tax Rates and Assessed Valuations*, Arizona Tax Research Foundation, and Pima County, Financial and Information Services Department and *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue.

Net Secondary Assessed Valuation Comparisons and Trends

The information set forth below is shown to indicate the ratio between assessed values and estimated actual values for the County, as well as changes in the secondary assessed valuations of the County and overlapping municipal units on a comparative basis. The basis of property assessment for these years is shown under "Ad Valorem Taxes - Tax Procedures".

Net Secondary Assessed Value and Estimated Actual Cash Value Comparison

Fiscal Year	Net Secondary Assessed Valuation	Estimated Actual Valuation*	Net Secondary Assessed Valuation as a Percentage of the Estimated Actual Valuation
2001-02	$4,491,395,307	$34,150,201,378	13.15%
2000-01	4,236,070,095	32,488,178,944	13.03
1999-00	4,000,624,012	30,972,409,693	12.92
1998-99	3,852,574,000	28,600,787,202	13.47
1997-98	3,700,218,262	27,475,001,497	13.47

Source: Arizona Tax Research Foundation, *Property Tax Rates and Assessed Values* and Pima County, Financial and Information Services Department.

*Actual full cash value net of estimated value of property exempt from taxation.

Net Secondary Assessed Valuation Comparisons

Fiscal Year	City of Tucson	Percent Change	Pima County	Percent Change	State of Arizona	Percent Change
2001-02	$2,138,461,318	4.40%	$4,491,395,307	6.03%	$34,468,574,240	8.26%
2000-01	2,048,620,866	5.31	4,236,070,095	5.88	31,837,391,782	9.41
1999-00	1,945,160,492	3.69	4,000,624,012	3.84	29,098,557,633	8.61
1998-99	1,875,875,421	3.13	3,852,574,000	4.12	26,793,103,121	5.58
1997-98	1,818,909,201	13.77	3,700,218,262	13.94	25,377,388,011	8.76

Source: Arizona Tax Research Foundation, *Property Tax Rates and Assessed Values* and Pima County, Financial and Information Services Department.

2001-02 Net Secondary Assessed Valuations of Major Taxpayers

Shown below are the major property taxpayers located within the County, an estimate of their current assessed value and their relative proportion of the County's net secondary assessed value.

Taxpayer*	Estimated 2001-02 Net Secondary Assessed Valuation	As Percent of District's 2001-02 Net Secondary Assessed Valuation
Tucson Electric Power	$136,336,923	3.04%
US West Communications	84,382,270	1.88
Southwest Gas Corporation	51,213,948	1.14
Tucson Mall	19,361,941	0.43
ASARCO	18,910,812	0.42
Arizona Portland Cement	16,614,397	0.37
Westin Tucson Hotel	16,182,623	0.36
AT&T	14,291,891	0.32
Raytheon Co. (Hughes Aircraft)	13,641,954	0.30
El Conquistidor Hotel Associates	13,631,893	0.30
Total	$384,568,652	8.56%

* Some of such taxpayers are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information (collectively, the "Filings") may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's regional offices at Northwestern Atrium Center, 500 W West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of the Filings can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the Internet on the Commission's EDGAR data base at http://www.sec.gov. None of the County, Bond Counsel, or Financial Advisor has examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

Source: Pima County Assessor's office.

Record of Real and Secured Personal Property Taxes Levied and Collected

Property taxes are levied and collected on all taxable property within the County and are certified to by the County Treasurer. The following table sets forth the real and secured personal property tax collection of the County for the current and past four fiscal years.

Fiscal Year	Real and Secured Personal Property Tax Levy	Fiscal Year Collections (a)		Total Collections (b)	
		Amount	Percent of Tax Levy	Amount	Percent of Tax Levy
2000-01	$214,642,136	$204,963,396	95.49%	$206,514,724	96.21%
1999-00	201,924,933	192,408,605	95.29	200,887,013	99.49
1998-99	180,549,713	172,329,841	95.45	179,953,106	99.67
1997-98	168,688,002	160,593,205	95.20	167,464,564	99.27
1996-97	152,008,806	145,203,113	95.52	150,693,580	99.13

(a) Reflects collections made through June 30th, the end of the fiscal year, on such year's levy. Property taxes are payable in two installments. The first installment is due the first day of October and becomes delinquent on November 1, but is waived if the full tax year's taxes are paid in full by December 31. The second installment becomes due the first day of March and is delinquent on May 1. Interest at the rate of 16% per annum

attaches on first and second installments following their delinquent dates. Penalties for delinquent payments are not included in the above collection figures.

(b) Reflects collections made through October 31, 2001 against prior levies.

Source: Pima County Treasurer's Office

Tax Rate Data

The tax rates provided below reflect the total property tax rate levied by the County. As such, the rates are the sum of the primary tax rate, which is levied against the primary assessed value within the County, and the secondary tax rate for debt service payments, the County Library District, the County Fire District Assistance Tax and the County Flood Control District, all of which are levied against the County's secondary assessed value (except in the case of the Flood Control District, which rate is levied against the District's secondary assessed value which excludes the value of personal property).

Fiscal Year	Primary Tax Rate	Secondary Tax Rate	Total Tax Rate
2001-02	$4.0720	$1.5108	$5.5828
2000-01	4.0720	1.4915	5.5635
1999-00	4.0720	1.4931	5.5651
1998-99	3.6852	1.5635	5.2487
1997-98	3.5839	1.6037	5.1876

Source: *Property Tax Rates and Assessed Values,* The Arizona Tax Research Foundation and Pima County Financial and Information Services Department.

Debt Limitation

Pursuant to the Arizona Constitution, outstanding general obligation debt for County purposes may not exceed 15% of a County's net secondary assessed valuation. The following indicates the County's current bonding capacity after the issuance of the County's General Obligation Bonds, Series 2002.

Net Secondary Assessed Valuation (FY 2000-01)	**$4,491,395,307**
15% Constitutional Limitation	673,709,296
Net Direct General Obligation Bonds to be Outstanding	(213,170,000)
Unused 15% Limitation	$460,539,296

General Obligation Bonded Debt to be Outstanding

The following chart indicates the general obligation bonded debt of the County that will be outstanding after the issuance of the County's General Obligation Bonds, Series 2002 being issued concurrently with the Bonds under a separate official statement.

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Average Int. Rates	Balance Outstanding
03-01-92	$20,000,000	Various Improvements	7-1-93/07	6.114%	$ 3,810,000
11-01-92	94,065,000	Refunding (a)	7-1-93/09	5.511%	8,555,000
01-01-93	15,000,000	Various Improvements	7-1-97/08	5.650%	4,000,000
04-15-93	64,535,000	Refunding (a)	7-1-94/04	5.019%	33,720,000
04-01-94	10,495,000	Various Improvements	7-1-95/08	5.496%	1,175,000
05-01-98	42,420,000	Various Improvements	7-1-99/13	4.616%	32,565,000
10-01-99	50,000,000	Various Improvements	7-1-00/14	5.038%	45,450,000
08-01-00	50,000,000	Various Improvements	7-1-01/14	4.763%	46,060,000
07-01-01	17,835,000	Refunding (a)	7-1-03/09	4.41%	17,835,000
Total General Obligation Bonded Debt Outstanding					$193,170,000
Plus: The County's General Obligation Bonds, Series 2002.					20,000,000
Net Direct General Obligation Bonds Outstanding					$213,170,000

(a) These refunding bonds were issued to refund in advance of maturity certain outstanding general obligation bonds of the County. Debt service requirements on the refunded bonds are secured for payment by government securities which are held in irrevocable trusts and are not reflected in the balance outstanding.

Annual Debt Service Requirements of
General Obligation Bonded Debt to be Outstanding

The following chart indicates the general obligation debt service requirements of the County that will be outstanding after the issuance of the County's General Obligation Bonds, Series 2002.

Fiscal Year June 30	Existing General Obligation Bonded Debt Outstanding		Series 2002 Bonds Dated: January 1, 2002		Net Direct General Obligation Total Debt Service Requirement
	Principal	Interest	Principal	Interest (a)	
2002	$ 27,600,000	$ 9,548,610	$ 2,500,000	$327,953	$39,976,563
2003	26,010,000	8,034,388	3,000,000	694,375	37,738,763
2004	24,885,000	6,741,218	1,500,000	589,375	33,715,593
2005	20,110,000	5,526,018	1,500,000	536,875	27,672,893
2006	19,125,000	4,547,118	1,500,000	484,375	25,656,493
2007	17,890,000	3,619,918	1,500,000	428,125	23,438,043
2008	14,480,000	2,748,888	1,500,000	368,125	19,097,013
2009	9,745,000	2,045,768	1,000,000	306,250	13,097,018
2010	8,805,000	1,558,430	1,000,000	263,750	11,627,180
2011	7,760,000	1,127,400	1,000,000	221,250	10,108,650
2012	6,450,000	752,000	1,000,000	178,750	8,380,750
2013	6,310,000	443,950	1,000,000	135,000	7,888,950
2014	4,000,000	170,000	1,000,000	90,000	5,260,000
2015			700,000	45,000	745,000
2016			300,000	13,500	313,500

(a) The first interest payment date on the Series 2002 Bonds is July 1, 2002 and is shown net of accrued interest.

Net Direct and Overlapping General Obligation Bonded Debt

Overlapping bonded debt figures were compiled from information obtained from the County Treasurer's Office and individual jurisdictions. A breakdown of each overlapping jurisdiction's applicable general obligation bonded debt, net secondary assessed valuation and combined tax rate per $100 assessed valuation follows.

Jurisdiction	2001-02 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(f)	Portion Applicable to the District		Combined Tax Rate Per $100 Assessed Valuation (e)
			Percent	Net Debt Amount	
State of Arizona	$34,468,574,240	None		None	$0.0000
Pima County	**4,491,395,307**	**$213,170,000**	**100%**	**$ 213,170,000**	**5.2282 (b)**
Pima County Flood Control District (c)	3,884,690,947	6,080,000	100	6,080,000	0.3546
Elementary School Districts	186,104,137	4,300,000	100	4,300,000	2.6793 (d)
Unified School Districts	4,295,339,375	730,120,000	100	730,120,000	8.8081 (d)
Cities and Towns	2,567,157,055	250,249,070	100	250,249,070	0.9614 (d)
Pima County Community College District	4,491,395,307	119,225,000	100	119,225,000	1.5470
Total				$1,323,144,070	

Jurisdiction	2001-02 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(f)	Combined Tax Rate Per $100 Assessed Valuation (e)
State of Arizona	$34,468,574,240	None	$0.0000
Pima County	4,491,395,307	$213,170,000	5.2282 (b)
Pima County Flood Control District (c)	3,834,690,947	6,080,000	0.3546
Elementary School Districts:			
San Fernando ESD #35	678,335	None	0.0000
Empire ESD #37	3,382,044	None	7.6596
Continental ESD #39	159,213,925	4,250,000	2.0647
Redington ESD #44	853,945	None	6.3661
Altar Valley ESD #51	21,975,888	50,000	6.3052
Unified School Districts:			
Tucson USD #1	2,069,364,275	325,035,000	9.8088
Marana USD #6	321,138,181	88,965,000	7.7028
Flowing Wells USD #8	133,803,937	15,625,000	8.0490
Amphitheater USD #10	808,292,410	127,555,000	7.4427
Sunnyside USD #12	263,033,402	64,820,000	10.3706
Tanque Verde USD #13	101,894,361	8,545,000	6.8484
Ajo USD #15	13,066,663	None	7.0508
Catalina Foothills USD #16	353,009,431	55,290,000	7.5344
Vail USD #20	144,438,789	20,515,000	7.2314
Sahuarita USD #30	85,046,138	23,770,000	8.7860
Indian Oasis USD #40	2,251,788	None	0.0000
Cities and Towns:			
City of Tucson	2,138,461,318	250,249,070	1.1202
City of South Tucson	16,294,223	None	0.2828
Town of Marana	129,974,576	None	0.0000
Town of Oro Valley	257,234,738	None	0.0000
Town of Sahuarita	25,192,200	None	0.0000

(a) Includes general obligation bonds outstanding and scheduled for sale at par without regard to net premium. Does not include outstanding principal amount of various cities and towns improvement districts' bonded debt as of June 30, 2001, and outstanding principal amount of various County improvement districts' bonded debt, as the indebtedness of these districts is presently being paid from special assessments levied against property owners residing within the various improvement districts. Also does not include various fire districts.

Also does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States of America, Department of the Interior for repayment of certain capital costs of construction of the Central Arizona Water Project ("CAP"), a major reclamation project that has been substantially completed by the Bureau of Reclamation to deliver Colorado River water to central Arizona and Tucson. The United States and CAWCD recently announced an agreement to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits for amounts paid by CAWCD to the United States against such obligations and costs. Under the agreement, CAWCD's obligation for substantially all of the CAP features that have been constructed so far will be set at $1.65 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 665,224 acre feet of CAP water for federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of the CAP at no additional cost to CAWCD. Of the $1.65 billion

repayment obligation, 73% will be interest bearing and the remaining 27% will be non-interest bearing. These percentages will be fixed for the entire 50 year repayment period, which commenced October 1, 1993. Effectiveness of the agreement is subject to a number of conditions including settlement of certain Indian community water claims and will require certain State of Arizona and federal legislation. If the conditions are not met within three years, the parties could extend such deadline or the agreement will terminate and either party may petition U.S. District Court to resume litigation. It is not possible to predict whether the agreement will be effective or if the litigation will be resumed or the outcome of any such litigation. CAWCD is a water conservation district having boundaries coterminous with the exterior boundaries of Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of CAP and to assist in the repayment to the United States of the capital costs of CAP. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property in the CAWCD. At the date of this Official Statement, the tax levy is limited to $0.1400 per $100 of secondary assessed valuation, of which $0.13 is being levied. There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

(b) The County's total tax rate shown includes the County's primary and secondary debt service tax rates, the $0.2124 tax rate of the Free Library District, and the $0.0488 tax rate of the Fire District Assistance Tax.

(c) The boundaries of the Pima County Flood Control District are coterminous with those of Pima County; however, the Flood Control District only levies taxes on real property.

(d) The tax rate shown is a weighted average based on each jurisdiction's proportionate amount of secondary assessed valuation.

(e) The combined tax rate includes the tax rate for debt service payments, which is based on the secondary assessed valuation of the entity, and the tax rate for all other purposes such as maintenance and operation and capital outlay, which is based on the primary assessed valuation of the municipality or school district.

(f) The following table lists general obligation bonds authorized but unissued for the County and jurisdictions within the County after the issuance of the County's General Obligation Bonds, Series 2002..

Authorized But Unissued Jurisdiction*	**General Obligation Bonds**
Pima County	$117,460,000
City of Tucson	83,980,000
Marana Unified School District No. 6	38,825,000
Indian Oasis Unified School District No. 40	500,000

* Additional general obligation bonds may be authorized by these and other jurisdictions within the County at future elections.

Net Direct and Overlapping General Obligation Bonded Debt Ratios

The County's direct and overlapping general obligation bonded debt is shown below on a per capita basis and as a percent of the County's net secondary assessed valuation and estimated actual valuation.

	Per Capita Net Debt (Pop. @ 843,746)(a)	As Percent of County's 2001-02 Secondary Assessed Valuation ($4,491,395,307)	Est. Actual Valuation ($34,150,201,378)
Net Direct General Obligation Bonded Debt ($213,170,000)(b)	$252.65	4.74%	0.62%
Net Direct and Overlapping General Obligation Bonded Debt ($1,323,144,070)	$1,568.18	29.46%	3.87%

(a) Source: U.S. Department of Commerce, Bureau of the Census; Arizona Department of Economic Security, Population Statistics, July , 2000.

(b) Reflects the Net Direct General Obligation Bonds Outstanding after the issuance of the County's General Obligation Bonds, Series 2002.

Street and Highway Revenue Bonded Debt Outstanding

The following chart lists the street and highway revenue bonds of the County that are outstanding.

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Balance Outstanding
5-01-98	$40,000,000	Street & Highway Improvements	7-1-99/08	$28,000,000
Plus the Bonds offered herein:				
1-01-02	$55,000,000	Street & Highway Improvements	7-1-03/12	$55,000,000
Total Street and Highway Revenue Bonds Outstanding				$83,000,000

Sewer Revenue Bonded Debt Outstanding

The following chart lists the sewer revenue debt of the County that is currently outstanding.

Date of Issue	Amount	Original Purpose	Remaining Maturity Dates	Balance Outstanding
3-01-92	$12,000,000	Sewer Improvements	7-1-01/03	$ 1,290,000
1-01-93	6,000,000	Sewer Improvements	7-1-01/05	1,160,000
1-01-94	28,670,000	Refunding (a)	7-1-01/15	27,880,000
4-01-94	8,000,000	Sewer Improvements	7-1-01/04	1,660,000
2-01-96	11,313,350	Refunding (b)(c)	7-1-04/12	11,313,350
6-01-97	7,500,000	Sewer Improvements (c)	7-1-01/11	5,784,376
5-01-98	29,185,000	Sewer Improvements (d)	7-1-01/15	26,130,000
10-27-00	40,000,000	Sewer Improvements (c)	7-1-02/16	61,280,286 (e)
4-01-01	19,440,000	Refunding	7-1-02/15	19,440,000
				$134,657,726

(a) Proceeds of the bonds were used to refund in advance of maturity $22,130,000 of the Sewer Revenue Refunding Bonds, Series 1991 and $2,745,000 of the Sewer Revenue Bonds, Series of 1992. The debt service requirements on the refunded bonds are secured for payment by U.S. Government Securities which are held in an irrevocable trust.

(b) Proceeds of the loan were used to refund in advance of maturity $5,025,000 of the Sewer Revenue Bonds, Series 1992, $2,845,000 of the Sewer Revenue Bonds, Series 1993 and $2,650,000 of the Sewer Revenue Bonds, Series 1994B. The debt service requirements on the refunded bonds are secured for payment by U.S. Government Securities which are held in an irrevocable trust.

(c) Represents funds borrowed under separate Loan Agreements with the Water Infrastructure Finance Authority of Arizona.

(d) Proceeds of the bonds were used to fund new improvements and refund in advance of maturity $7,980,000 of Sewer Revenue Refunding Bonds, Series 1991. The debt service requirements on the refunded bonds are secured for payment by U.S. Government Securities which are held in an irrevocable trust.

(e) Under the terms of the loan, as amended, the County may borrow up to $61,280,286. To date, the County has drawn down $31,170,224 of the available loan amount and anticipates drawing down the full $61,280,286 by approximately February, 2003.

Lease, Lease-Purchase and Purchase Agreements

The County has various lease purchase agreements outstanding. A list of the County departments benefitted by these agreements and the scheduled payments on these agreements over the current and past two fiscal years appears below.

	Fiscal Year		
County Department	**1999-00**	**2000-01**	**2001-02**
Elections	$ 459,635	$ 459,635	$ 459,635
Clerk of Superior Court	13,369	13,369	-
Information Services	98,644	-	-
Jail	2,553,972	2,555,475	2,555,185
Juvenile Court	0	100,000	115,935
Legal Services Building	1,032,610	926,550	52,550
Public Works Building	1,641,530	1,638,810	1,641,810
Sheriff	235,547	235,547	117,774
Superior Court	56,166	760,248	172,540
Total Fiscal Year Liability	$6,091,474	$6,189,634	$5,115,428

Source: Pima County Financial and Information Services Department.

Municipal Property Corporation Debt

The Pima County Municipal Property Corporation (the "Corporation") has the following lease revenue bonds outstanding. The County has agreed to make semiannual payments to the Corporation in amounts sufficient to pay the principal of and interest on the Series 1992 Bonds (described below) issued by the Corporation to finance certain facilities and to pay other related costs.

	Balance Outstanding
$3,650,000 1992 Municipal Property Corporation Lease Revenue Bonds, Series 1992: due in annual installments of $125,000 to $185,000 through July 1, 2007; interest at 5.65% to 6.50%	$965,000

Certificates of Participation

The following chart lists the certificates of participation obligations outstanding for the County.

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Balance Outstanding
2-01-97	$35,660,000	Improvements	1-1-99/12	$26,585,000
9-01-99	4,875,000	Refunding	1-1-13/14	4,875,000
Total Certificates of Participation Obligations Outstanding				$32,340,000

Management's Review of the County's Financial Position

In fiscal year 1999-00, the County developed and adopted a three-year strategy for eliminating the long-term cash deficits in various County funds and increasing the County's General Fund balance. The County has not only largely achieved these goals, but has done so in two years instead of the three-year period that was planned. As of June 30, 2001, the County has eliminated its most significant long-term cash deficit in the County's Health Care System and is estimated to have had a fiscal year ending of $21.9 million General Fund balance. The County's success is due to maintaining a commitment to raising property taxes, a strong economy that continues to generate increases in property and sales tax revenues, and ongoing expenditure controls by the Board. The recently adopted fiscal year 2001-02 budget maintains the previously enacted property tax rate increase to address built-up critical needs of the County, and plans for an $11.5 million General Fund balance as of June 30, 2002.

Background

Historically, the County had reported significant year-end deficits in certain of its funds that were offset for financial reporting purposes at year-end with cash from other sources, such as the County General Fund. These deficits did not result in any default or failure by the County to make any payments for any of its debt or to creditors or payees of the County. During the mid to late 1990's, the County's General Fund balances decreased, limiting the County's ability to internally loan General Fund cash to other County departments, while cash deficits within the County's Health Care System and other smaller funds increased. In addition, several accounting changes were imposed upon or enacted by the County that further limited the County's ability to address year-end cash deficits. As a result of these issues, the County instituted a series of short term measures during fiscal year 1998-99 to address the cash deficits, including drawing upon the County's line of credit with its servicing bank and instituting formal internal borrowings from other County funds while developing a long term plan.

With the adoption of the fiscal year 1999-00 budget, the Board began implementation of a three-year plan to eliminate the $49.2 million long-term cash deficit of the County Health Care System that had accumulated over many years and adopted plans to cover the smaller cash deficits in other County funds. To resolve the accumulated cash deficit of the Health Care System and the County's Rillito Park, the Board increased property taxes by $0.3868 per $100 of assessed valuation, took a series of steps to identify the root causes of the deficits and initiated corrective actions. The Health Care System reforms included returning responsibility for day-to-day management to the County Administrator, hiring a new management team for various components of the Health Care System, implementation of a new billing and collection system and redefining the System's mission to meet the needs of the community while clearly identifying and planning for the fiscal impact of the services and programs to be provided. The County repaid one-third of the Health Care System cash deficit and the entire $479,000 Rillito Park deficit as planned in fiscal year 1999-00.

The Board also established a number of reserve funds in the fiscal year 1999-00 budget. As a result of the Board closely controlling expenditures from those reserve funds, combined with increased revenues from a strong local economy, the County's General Fund balance on June 30, 2000 was $26,567,000, or $24.6 million above the budgeted fund balance of $2.0 million. In adopting the fiscal year 2000-01 budget, the Board committed to eliminating the long-term cash deficit in the Health Care System in fiscal year 2000-01, which was one year earlier than originally planned. To accomplish this, the Board maintained the $0.3868 property tax rate increase and allocated $19.5 million of the ending General Fund balance to repayment of the Health Care System cash deficit.

The Board also budgeted to repay its outstanding inter-fund loans and to maintain a General Fund balance to cover any cash deficits in other County funds.

By June 15, 2001 the County had retired the $49.2 million of accumulated, long-term cash deficits of the Health Care System within two years as planned and also funded an additional $7.2 million to cover short-term cash deficits that occurred within these funds while long term reforms were being implemented. The County's General Fund balance is estimated to be $21.9 million on June 30, 2001.

Fiscal Year 2001-02 Budget

Having retired the long-term cash deficit in the Health Care System, the Board on June 18, 2001 moved forward with the adoption of a fiscal year 2001-02 budget that addresses several other critical needs that were delayed while repaying the cash deficit. The adopted fiscal year 2001-02 budget includes plans to fund the following:

- $1.4 million to eliminate the long-term cash deficit in the Solid Waste Fund;
- $9.0 million for addressing short-term cash deficits of the Health Care System (including $6.0 million for Kino Hospital);
- $7.0 million for increased employee compensation, particularly in the law enforcement and corrections areas where recruitment and retention continue to be major problems;
- several pay-as-you-go capital projects, including a new Records Center and mobile computers for the Sheriff's deputies;
- $2.25 million for open space preservation to supplement existing general obligation bond resources available for this program and to support the Sonoran Desert Conservation Plan;
- $2.75 million to address deferred maintenance and repair to County buildings;
- $1.25 million for Neighborhood Reinvestment to expand the number of community projects that can be funded;
- $4.3 million for increased costs in the Justice and Law Enforcement areas;
- $2.1 million for operating and maintenance costs directly attributable to general obligation bond related projects; and
- a budgeted $11.5 million ending General Fund balance.

All of the above needs, as well as the rest of the County's budget, are funded by continuing the current primary property tax rate at $4.0720 per $100 of assessed value, continued growth in tax revenues due to the strong local economy and an equity transfer from the County's managed care (AHCCCS) fund.

Given national trends in the health care industry, the Board recognizes it is unlikely that the County hospital (which serves a large population of illegal border crossers and indigent residents) can survive without on-going support. In prior years, a portion of the hospital's costs were offset by $6.1 million of Federal disproportionate share funding distributed to the County by the State. In November 2000, the voters of Arizona authorized Proposition 204, which will provide health care services to individuals with income at Federal poverty level using tobacco settlement funds. In order to implement the health care program as approved by the voters, the State of Arizona must revamp its AHCCCS/ALTCS health care program which includes discontinuation of the $6.1 million disproportionate share payment to Kino Community Hospital and transfer of the eligibility administration function from the County to the State. In lieu of receiving disproportionate share funds, the Pima County General Fund was appropriated $4 million by the State legislature. This $4 million, combined with approximately $3.8 million of savings from eliminating the County's eligibility function, are being transferred from the County General Fund to the County Hospital to offset the loss of the disproportionate share funds. Also as part of the Proposition 204 enabling legislation, the County is required to maintain the County Hospital emergent care function as long as the State legislature continues to appropriate monies for such purpose. County staff will continue to negotiate with State officials to minimize any adverse affect on the County from this issue. In addition to the transfers noted above, approximately $6.0 million is being transferred from the General Fund to the County Hospital to address expected short-term cash deficits. This expected deficit is due to Medicare adjustments for prior year billings, delays in implementing a new billing and collections system and delays in new programs and services.

As of the end of fiscal year 2001-02, it is projected that only one County fund, the Stadium District Fund, will continue to have a cash deficit. The Fund's projected cash loss for fiscal year 2000-01 is $29,000. The Fund's accumulated cash deficit as of June 30, 2001 is projected to be $5.6 million, which is expected to be covered by interfund loans. The County believes that in the long-term, the Stadium District will be able to resolve its negative cash position. This is anticipated, however, to occur over a long period as the benefits of a debt refinancing in 1999 and the natural growth in tax revenues dedicated to the Stadium District incrementally accrue and the facility's role for non-baseball related activities expands. The County is currently reassessing the long term strategy for deficit reduction.

PIMA COUNTY, ARIZONA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF ALL GOVERNMENTAL FUND TYPES
(In $000)

	Audited						Budget
	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
Revenues by Source:							
Taxes	$164,015	$167,357	$181,398	$194,948	$214,332	$227,542	$241,594
Special Assessments	587	1,024	925	874	703	845	383
Licenses and Permits	3,210	3,275	3,389	4,306	4,541	4,882	4,959
Intergovernmental	163,920	177,630	180,970	211,006	241,225	253,863	277,155
Charges for Services	22,058	22,283	18,714	24,404	27,308	26,613	26,073
Fines and Forfeits	2,940	3,802	3,411	3,930	4,245	4,365	4,006
Interest Income	5,681	4,714	4,119	9,009	11,384	15,468	7,073
Miscellaneous	8,805	14,494	16,485	10,208	9,452	8,131	17,286
Total Revenues	$371,216	$394,579	$409,411	458,685	513,190	541,709	578,529
Expenditures by Fund:							
General	250,166	302,820	272,604	244,912(a)	253,563	270,028	290,448
Special Revenues	74,472	78,564	80,660	128,240(a)	141,860	147,367	202,591
Debt Service	39,106	46,336	36,678	51,988	46,992	50,219	50,348
Capital Projects	33,490	39,596	50,139	66,671	89,215	87,673	146,589
Total Expenditures	$397,234	$467,316	$440,081	$491,811	$531,630	$555,287	$689,976
Excess of Revenues Over (Under) Expenditures	(26,018)	(72,737)	(30,670)	(33,126)	(18,440)	(13,578)	(111,447)
Proceeds of Long-Term Debt	30	37,499	77,169	307	54,129	50,358	80,000
Proceeds of Refunding Bonds	0	0	7,466	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	(7,466)	0	0	0	0
Operating Transfers In (Out)	(176)	(48)	(48)	(48)	(13,134)(b)	(37,941)	(10,955)
Sale of General Fixed Assets	0	34,500	0	332	0	0	0
Beginning Fund Balance	84,051	60,770	63,177	111,530	80,675	105,554	102,884
Restatement Adjustment	0	0	572	0	1,816	2,063	0
Changes in Reserve for Inventory	40	54	204	92	166	(117)	0
Changes in Reserve for Prepaid	0	0	0	0	0	10	0
Residual Equity Transfer In (Out)	2,843	3,139	1,126	1,588	348	4,315	0
Ending Fund Balance	$ 60,770	$ 63,177	$111,530	$ 80,675	$105,554	$110,664	$ 60,482

(a) The primary reason for the FY 1998-99 reduction in General Fund expenditures and increase in Special Revenues expenditures was the transfer of approximately $41.8 million of grant funds from the General Fund to the Special Revenue Funds. New grants totaling $8.7 million were also budgeted in Special Revenue funds in FY 1998-99.

Source: Pima County Financial and Information Services Department. This table has not been the subject to any separate audit procedures.

PIMA COUNTY, ARIZONA
STATEMENT OF FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
(In $000)

	Audited						Budget
	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
General							
Reserved	$ 1,648	$ 2,866	$ 1,602	$ 2,749	$ 1,846	$ 2,233(b)	$ 2,232
Unreserved	13,632	4,526	2,332	6,030	24,721	19,653	10,208
	15,280	7,392	3,934	8,509	26,567	21,886	12,440
Special Revenue							
Reserved	2,588	2,631	2,491	2,317	2,785	3,639	2,336
Unreserved	17,365	19,216	16,009	27,114	40,785	48,616	34,746
	19,953	21,847	18,500	29,431	43,570	52,255	37,082
Debt Service							
Reserved	15,062	8,032	11,844	8,155	7,627	5,537	3,060
	15,062	8,032	11,844	8,155	7,627	5,537	3,060
Capital Projects							
Unreserved	10,475	25,906	77,252	34,580	27,790	30,986	50,302
	10,475	25,906	77,252	34,580	27,790	30,986	50,302
Total Fund Balance	$60,770	$63,177	$111,530	$80,675	$105,554	$110,664	$102,884

Source: Pima County Financial and Information Services Department. This table has not been the subject of any separate audit procedures.

PIMA COUNTY, ARIZONA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN GENERAL FUND BALANCE
(In $000)

	Audited						Budget
	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
Revenues by Source:							
Taxes	$115,414	$118,924	$127,441	$138,986	$158,750	$169,129	$179,673
Licenses and Permits	826	965	1,079	1,698	1,449	1,186	1,113
Intergovernmental	111,828	117,370	124,735	94,468(a)	103,828	110,408	112,164
Charges for Services	15,829	16,202	13,183	13,375	15,927	15,663	17,955
Fines and Forfeits	2,794	3,189	3,013	3,307	3,466	3,483	3,257
Interest	1,899	1,130	1	269	4,197	4,361	170
Miscellaneous	5,783	8,321	6,777	3,205	3,227	2,007	3,361
Total Revenues	254,373	266,101	276,229	255,308	290,844	306,237	317,693
Expenditures:							
Current							
General Government	77,697	121,120	88,502	86,337	92,397	98,689	112,546
Public Safety	82,458	84,634	84,741	69,170(a)	72,339	78,785	84,992
Sanitation	3,144	3,594	0	0	0	0	0
Health	78	60	80	282	554	532	2,525
Welfare	60,671	63,808	68,101	69,687	69,368	71,243	68,621
Culture & Recreation	8,551	9,961	8,621	9,382	10,159	11,128	13,062
Education & Econ. Opport.	16,352	18,476	18,864	4,649(a)	4,217	4,987	5,130
Debt Service:							
Principal	889	932	1,135	3,418	2,618	2,834	1,860
Interest	325	228	2,558	1,981	1,844	1,826	1,705
Miscellaneous	1	7	2	6	7	4	7
Total Expenditures	250,166	302,820	272,604	244,912	253,563	270,028	290,448
Excess of Revenues Over (Under) Expenditures	4,207	(36,719)	3,625	10,396	37,281	36,209	27,245
Other Financing Sources (uses):							
Proceeds of Long-Term Debt	0	37,059	1,980	280	369	345	0
Sale of General Fixed Assets	0	34,500	0	0	0	0	0
Proceeds of Refunding Bonds	0	0	0	0	0	0	0
Payment to Refunded Bond Escrow	0	0	0	0	0	0	0
Operating Transfers In (Out)	(11,613)	(43,464)	(8,891)	(5,626)	(19,112)	(45,550)	(28,185)
Total Other Financing Sources (Uses):	(11,613)	28,095	(6,911)	(5,346)	(18,743)	(45,205)	(28,185)
Excess of Revenues and Other Sources Over (Under) Expenditure and Other Uses	(7,406)	(8,624)	(3,286)	5,050	18,538	(8,996)	(940)
Beginning Fund Balance	22,611	15,280	7,392	3,934	8,509	26,567	12,440
Restatement Adjustment	0	0	514	0	0	0	0
Changes in Reserve for Inventory	0	0	0	0	0	0	0
Residual Equity Transfer: In (Out)	75	736	(686)	(475)	(480)	4,315	0
Ending Fund Balance	$ 15,280	$ 7,392	$ 3,934	$ 8,509	$ 26,567	$ 21,886	$ 11,500

(a) The primary reason for the FY 1998-99 reduction in Intergovernmental Revenues was the transfer of approximately $41.8 million of grant funds from the General Fund to Special Revenue Funds. This change resulted in a corresponding decrease in FY 1998-99 Public Safety and Education and Economic Opportunity expenditures. The $41.8 million transfer was offset in part by increases in non grant revenues and expenditures.

Source: Pima County Financial and Information Services Department. This table has not been the subject of any separate audit procedures.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

January 30, 2002

Board of Supervisors
Pima County, Arizona

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale, and the initial delivery on the date hereof by Pima County, Arizona (the "*County*"), of $55,000,000 in aggregate principal amount of its Street and Highway Revenue Bonds, Series 2002, dated January 1, 2002 (the "*Bonds*"), issued pursuant to Title 11, Chapter 2, Article 12, Arizona Revised Statutes, and all amendments thereto.

In connection with our engagement as bond counsel, we have examined the law and such documents and matters as we have deemed necessary to render the opinions expressed herein, including, without limitation, the resolutions authorizing the issuance of the Bonds passed and adopted by the Board of Supervisors of the County on November 13, 2001 and January 8, 2002 the "*Resolutions*"). As to questions of fact material to our opinions, we have relied upon the certified proceedings and other certifications furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, it is our opinion, and we herewith advise you, as follows:

1. The Bonds have been duly authorized and delivered by the County and are valid and binding special obligations of the County payable, together with any other bonds heretofore or hereafter issued on a parity therewith, solely from and secured by a pledge of, a lien on and a security interest in, the revenues specified in the Resolutions, consisting generally of revenues derived by the County from taxes, fees, charges and other moneys collected by the State of Arizona and returned to the County for street and highway purposes pursuant to law. The County has pledged in the Resolutions to comply with any requirements imposed by law for eligibility to receive its share of such funds.

2. Interest on the Bonds (a) is not included in the gross income of the owners of the Bonds for Federal income tax purposes, and is not an item of tax preference for purposes of the Federal alternative minimum tax; and (b) is not included in the taxable income of the owners of the Bonds for State of Arizona income tax purposes. No opinion is expressed regarding any other Federal or State of Arizona income tax consequences arising with respect to ownership of the Bonds. The opinion set forth in clause (a) above is subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order for the interest thereon not to be included in gross income of the owners for Federal income tax purposes. Failure by the County to comply with certain of these requirements could result in the interest on the Bonds being included in gross income for Federal income tax purposes retroactive to the date of issuance. The County has covenanted and agreed to comply with all such requirements and our opinion assumes such compliance.

The rights of the owners of the Bonds and the enforceability thereof may be subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws and equitable principles generally affecting the enforcement of creditors' rights.

The opinions expressed in this letter are based upon the law in effect on the date hereof and may be affected by actions taken or omitted or events occurring after the date hereof, and we assume no obligation to revise or supplement this opinion should such law be changed by legislative action, judicial decision, or otherwise, or to determine or to inform any person whether any such actions are taken or omitted or any such events occur.

Respectfully submitted,

SNELL & WILMER L.L.P.

APPENDIX D

AUDITED FINANCIAL STATEMENTS OF PIMA COUNTY, ARIZONA

FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of
Pima County, Arizona

We have audited the accompanying general purpose financial statements of Pima County as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Metropolitan Domestic Water Improvement District and the Southwestern Fair Commission, the discretely presented component units of the County. We also did not audit the financial statements of the Pima County Stadium District, a blended component unit of the County. The Stadium District's financial statements disclose total assets of $43,781,621, of which $1,395,350 is included in the County's Special Revenue Funds and $42,386,271 is included in the County's General Fixed Assets Account Group as of June 30, 2001; and total revenues and other financing sources of $4,158,931, which is included in the County's Special Revenue Funds for the year then ended. The financial statements of all three entities were audited by other auditors whose reports have been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for those entities, is 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Pima County as of June 30, 2001, and the results of its operations, the cash flows of its proprietary fund types and discretely presented component units, and the changes in net assets of its investment trust funds for the year then ended in conformity with U.S. generally accepted accounting principles.

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Our audit was made for the purpose of forming an opinion on the general purpose financial statements of Pima County taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The information included in the introductory and statistical sections listed in the table of contents has not been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, accordingly, we express no opinion on such information.

In accordance with *Government Auditing Standards*, we will also issue our report on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants at a future date. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Debbie Davenport
Auditor General

November 30, 2001

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COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2001
(in thousands)

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		Totals (Memorandum Only)	Total Component Units	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust & Agency	General Fixed Assets	General Long-term Debt	Primary Gov't		Reporting Unit
Assets and other debits												
Cash and cash equivalents	$ 11,903	$ 65,791	$ 5,296	$ 38,896	$ 40,055	$ 41,852	$ 191,346			$ 395,139	$ 7,311	$ 402,450
Deposits with fiscal agents		97								97		97
Investments				13		250				263		263
Property taxes receivable (net of allowances for uncollectables)	6,817	849	1,632							9,298		9,298
Interest receivable	182	248	174	394	915	310	626			2,849		2,849
Interfund receivable					859					859		859
Due from other funds	20,284	2,711		1,930	2,920	1,224				29,069		29,069
Due from other governments	10,316	18,176		2,382	1,769	46	8,294			40,983		40,983
Accounts receivable	104	554		7	20,142	221				21,028	1,446	22,474
Inventory		1,605			3,342	325				5,272	233	5,505
Deferred financing costs					1,039					1,039	780	1,819
Prepaid expenditure/expense	1,933	1,103			141	331				3,508	229	3,737
Other assets	300									300	827	1,127
Regulatory asset											9,646	9,646
Restricted assets				917	40,345					41,262	3,343	44,605
Land and other improvements					11,864	632		$ 107,192		119,688	951	120,639
Buildings and improvements					257,897	350		246,602		504,849	1,727	506,576
Sewage conveyance/water system					372,317					372,317	28,820	401,137
Equipment					33,329	27,010		65,593		125,932	6,489	132,421
Accumulated depreciation					(239,069)	(12,829)				(251,898)	(8,093)	(259,991)
Construction in progress					38,335			22,456		60,791	5,663	66,454
Amount available in debt service fund									$ 5,537	5,537		5,537
Amount to be provided for retirement of general long-term debt									276,701	276,701		276,701
Total assets and other debits	$ 51,839	$ 91,134	$ 7,102	$ 44,539	$ 586,200	$ 59,722	$ 200,266	$ 441,843	$ 282,238	$ 1,764,883	$ 59,372	$ 1,824,255

(Continued)

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2001
(in thousands)

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		Totals (Memorandum Only) Primary Gov't	Total Component Units	Totals (Memorandum Only) Reporting Unit
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust & Agency	General Fixed Assets	General Long-term Debt			
Liabilities, fund equity and other credits												
Liabilities:												
Accounts payable	$ 8,543	$ 12,582	$ 93	$ 10,680	$ 21,816	$ 957				$ 54,671	$ 1,076	$ 55,747
Interest payable		13	3	82	564					662	228	890
Contract retentions		12		552						564		564
Employee compensation	7,405	2,905		30	7,063	449	$ 2,290		$ 15,130	35,272		35,272
Interfund payable	782	50				27				859		859
Due to other funds	3,247	9,533			16,258	25	6			29,069		29,069
Due to other governments		8,513			1,334		11,580			21,427		21,427
Arbitrage rebate payable				1,292						1,292		1,292
Deposits and rebates	62	16		917			17,726			18,721	167	18,888
Line of credit	2,000									2,000		2,000
Reported but unpaid losses						15,536				15,536		15,536
Incurred but not reported losses						10,714				10,714		10,714
Contracts and notes					3,453				112	3,565	13,128	16,693
Payable from restricted assets					2,424					2,424	583	3,007
Certificates of participation									4,505	4,505		4,505
Capital leases									34,008	34,008		34,008
General obligation bonds			15						192,625	192,640		192,640
Flood control bonds									5,840	5,840		5,840
Revenue bonds					71,444				965	72,409	31,099	103,508
Transportation bonds									28,000	28,000		28,000
Loans payable					32,314					32,314		32,314
Special assessment bonds									1,053	1,053		1,053
Landfill closure payable					13,537					13,537		13,537
Deferred revenues	7,914	5,255	1,454		1,867					16,490		16,490
Total liabilities	29,953	38,879	1,565	13,553	172,074	27,708	31,602		282,238	597,572	46,281	643,853
Fund equity and other credits:												
Contributed capital					296,166	3,141				299,307	2,479	301,786
Investment in general fixed assets								$ 441,843		441,843		441,843
Retained earnings					117,960	28,873				146,833	10,612	157,445
Fund balances												
Reserved for investment trust participants							168,664			168,664		168,664
Reserved for loan receivable	300									300		300
Reserved for inventory		1,605								1,605		1,605
Reserved for prepaid expenditures	1,933	1,103								3,036		3,036
Reserved for specified programs		242								242		242
Reserved for capital repairs and refurbishments		592								592		592
Reserved for debt service		97	5,537							5,634		5,634
Unreserved	19,653	48,616		30,986						99,255		99,255
Total fund equity and other credits	21,886	52,255	5,537	30,986	414,126	32,014	168,664	441,843		1,167,311	13,091	1,180,402
Total liabilities, fund equity and other credits	$ 51,839	$ 91,134	$ 7,102	$ 44,539	$ 586,200	$ 59,722	$ 200,266	$ 441,843	$ 282,238	$ 1,764,883	$ 59,372	$ 1,824,255

See Notes to Financial Statements

PIMA COUNTY

Exhibit A-2

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

For the Year Ended June 30, 2001
(in thousands)

	GOVERNMENTAL FUND TYPES				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Taxes	$ 169,129	$ 19,266	$ 39,147		$ 227,542
Special assessments		342	503		845
Licenses and permits	1,186	3,696			4,882
Intergovernmental	110,408	126,757	11	$ 16,687	253,863
Charges for services	15,663	7,700		3,250	26,613
Fines and forfeits	3,483	882			4,365
Interest	4,361	4,047	1,600	5,460	15,468
Miscellaneous	2,007	4,872	53	1,199	8,131
Total revenues	306,237	167,562	41,314	26,596	541,709
Expenditures:					
Current:					
General government	98,689	23,334			122,023
Public safety	78,785	38,273			117,058
Highways and streets		24,977			24,977
Health	532	22,052			22,584
Welfare	71,243	17			71,260
Culture and recreation	11,128	11,114			22,242
Education and economic opportunity	4,987	27,471			32,458
Capital projects				87,673	87,673
Debt service - principal	2,834	116	36,873		39,823
- interest	1,826	4	13,173		15,003
- miscellaneous	4	9	173		186
Total expenditures	270,028	147,367	50,219	87,673	555,287
Excess of revenues over (under) expenditures	36,209	20,195	(8,905)	(61,077)	(13,578)
Other financing sources (uses):					
Proceeds of long-term debt	345			50,013	50,358
Operating transfers in	2,864	10,271	6,815	14,385	34,335
Operating transfers (out)	(48,414)	(23,737)		(125)	(72,276)
Total other financing sources (uses)	(45,205)	(13,466)	6,815	64,273	12,417
Excess of revenues and other sources over (under) expenditures and other uses	(8,996)	6,729	(2,090)	3,196	(1,161)
Fund balances at beginning of year, as restated	26,567	45,633	7,627	27,790	107,617
Change in reserve for inventory		(117)			(117)
Change in reserve for prepaid		10			10
Residual equity transfers in	5,315				5,315
Residual equity transfers (out)	(1,000)				(1,000)
Fund balances at end of year	$ 21,886	$ 52,255	$ 5,537	$ 30,986	$ 110,664

See Notes to Financial Statements

PIMA COUNTY

Exhibit A-3

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES

For the Year Ended June 30, 2001
(in thousands)

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	$ 167,627	$ 169,129	$ 1,502
Licenses and permits	1,110	1,186	76
Intergovernmental	108,017	110,408	2,391
Charges for services	14,533	15,663	1,130
Fines and forfeits	3,646	3,483	(163)
Interest	100	4,361	4,261
Miscellaneous	2,135	2,007	(128)
Total revenues	297,168	306,237	9,069
Expenditures:			
Current:			
General government	103,904	98,689	5,215
Public safety	76,341	78,785	(2,444)
Health	548	532	16
Welfare	70,165	71,243	(1,078)
Culture and recreation	11,063	11,128	(65)
Education and economic opportunity	4,846	4,987	(141)
Debt Service - principal	2,942	2,834	108
- interest	1,848	1,826	22
- miscellaneous	4	4	
Total expenditures	271,661	270,028	1,633
Excess of revenues over expenditures	25,507	36,209	10,702
Other financing sources (uses):			
Proceeds of long-term debt		345	345
Operating transfers in	7,744	2,864	(4,880)
Operating transfers (out)	(45,973)	(48,414)	(2,441)
Total other financing (uses)	(38,229)	(45,205)	(6,976)
Excess of revenues and other sources (under) expenditures and other uses	(12,722)	(8,996)	3,726
Fund balance at beginning of year	19,482	26,567	7,085
Residual equity transfers in		5,315	5,315
Residual equity transfers (out)		(1,000)	(1,000)
Fund balance at end of year	$ 6,760	$ 21,886	$ 15,126

See Notes to Financial Statements

(Continued)

PIMA COUNTY

Exhibit A-3.1

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES

For the Year Ended June 30, 2001
(in thousands)

	Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	$ 18,952	$ 19,266	$ 314
Special assessments		342	342
Licenses and permits	3,136	3,696	560
Intergovernmental	144,370	126,757	(17,613)
Charges for services	7,969	7,700	(269)
Fines and forfeits	642	882	240
Interest	1,261	4,047	2,786
Miscellaneous	10,084	4,872	(5,212)
Total revenues	186,414	167,562	(18,852)
Expenditures:			
Current:			
General government	26,706	23,334	3,372
Public safety	44,466	38,273	6,193
Highways and streets	33,101	24,977	8,124
Health	23,664	22,052	1,612
Welfare	248	17	231
Culture and recreation	11,299	11,114	185
Education and economic opportunity	47,653	27,471	20,182
Debt service - principal	(326)	116	(442)
- interest	(61)	4	(65)
- miscellaneous	2	9	(7)
Total expenditures	186,752	147,367	39,385
Excess of revenues over (under) expenditures	(338)	20,195	20,533
Other financing sources (uses):			
Operating transfers in	8,769	10,271	1,502
Operating transfers (out)	(27,404)	(23,737)	3,667
Total other financing (uses)	(18,635)	(13,466)	5,169
Excess of revenues and other sources over (under) expenditures and other uses	(18,973)	6,729	25,702
Fund balances at beginning of year, as restated	30,050	45,633	15,583
Change in reserve for inventory		(117)	(117)
Change in reserve for prepaid		10	10
Fund balances at end of year	$ 11,077	$ 52,255	$ 41,178

See Notes to Financial Statements

(Continued)

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES

For the Year Ended June 30, 2001
(in thousands)

	Debt Service Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	$ 37,277	$ 39,147	$ 1,870
Special assessments	483	503	20
Intergovernmental		11	11
Interest	312	1,600	1,288
Miscellaneous		53	53
Total revenues	38,072	41,314	3,242
Expenditures:			
Debt service - principal	35,663	36,873	(1,210)
- interest	13,837	13,173	664
- miscellaneous	24	173	(149)
Total expenditures	49,524	50,219	(695)
Excess of revenues (under) expenditures	(11,452)	(8,905)	2,547
Other financing sources:			
Operating transfers in	6,796	6,815	19
Total other financing sources	6,796	6,815	19
Excess of revenues and other sources (under) expenditures and other uses	(4,656)	(2,090)	2,566
Fund balance at beginning of year	6,585	7,627	1,042
Fund balance at end of year	$ 1,929	$ 5,537	$ 3,608

See Notes to Financial Statements

(Continued)

PIMA COUNTY

Exhibit A-3.3

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES

For the Year Ended June 30, 2001
(in thousands)

	Capital Projects Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	$ 14,001	$ 16,687	$ 2,686
Charges for services	2,500	3,250	750
Interest	4,500	5,460	960
Miscellaneous	1,125	1,199	74
Total revenues	22,126	26,596	4,470
Expenditures:			
Capital projects	105,539	87,673	17,866
Total expenditures	105,539	87,673	17,866
Excess of revenues (under) expenditures	(83,413)	(61,077)	22,336
Other financing sources (uses):			
Proceeds of long-term debt	50,000	50,013	13
Operating transfers in	18,020	14,385	(3,635)
Operating transfers (out)	(25)	(125)	(100)
Total other financing sources	67,995	64,273	(3,722)
Excess of revenues and other sources over (under) expenditures and other uses	(15,418)	3,196	18,614
Fund balance at beginning of year	29,229	27,790	(1,439)
Fund balance at end of year	$ 13,811	$ 30,986	$ 17,175

See Notes to Financial Statements

PIMA COUNTY

Exhibit A-4

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY - ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS

For the Year Ended June 30, 2001
(in thousands)

	Enterprise Funds	Internal Service Funds	Totals (Memorandum Only) Primary Govt.	Total Component Units	Totals (Memorandum Only) Reporting Unit
Operating revenues:					
Net patient services	$ 151,927		$ 151,927		$ 151,927
Charges for services	55,625	$ 23,532	79,157	$ 12,897	92,054
Other (including $13,253 in disproportionate share settlement)	16,852	862	17,714	221	17,935
Reimbursement of disproportionate share settlement	(7,151)		(7,151)		(7,151)
Total net operating revenues	217,253	24,394	241,647	13,118	254,765
Operating expenses:					
Employee compensation	70,844	4,045	74,889	2,986	77,875
Medical claims	82,589		82,589		82,589
Operating supplies and services	16,226	4,229	20,455	730	21,185
Utilities	3,498		3,498	1,956	5,454
Sludge and refuse disposal	1,761		1,761		1,761
Repair and maintenance	3,585		3,585	79	3,664
Landfill closure and postclosure costs	170		170		170
Incurred losses		9,521	9,521		9,521
Insurance premiums		2,514	2,514	168	2,682
General and administrative	17,131	3,874	21,005	1,682	22,687
Consultants and professional services	20,231	311	20,542	656	21,198
Depreciation and amortization	14,675	1,902	16,577	1,251	17,828
Miscellaneous				598	598
Total operating expenses	230,710	26,396	257,106	10,106	267,212
Operating income (loss)	(13,457)	(2,002)	(15,459)	3,012	(12,447)
Nonoperating revenues:					
Grants	5,887		5,887		5,887
Interest income	6,557	2,573	9,130	720	9,850
Gain on disposal of fixed assets		170	170	1	171
Sewer connection fees	16,769		16,769		16,769
State of Arizona aid				92	92
Capital contributions	20,346		20,346		20,346
Total nonoperating revenues	49,559	2,743	52,302	813	53,115
Nonoperating expenses:					
Interest expense	(7,071)		(7,071)	(2,107)	(9,178)
Loss on disposal of fixed assets	(43)		(43)	(177)	(220)
Amortization of deferred charges	(78)		(78)	(613)	(691)
Net nonoperating revenues (expenses)	42,367	2,743	45,110	(2,084)	43,026
Income before operating transfers	28,910	741	29,651	928	30,579
Operating transfers in	36,941	1,000	37,941		37,941
Net income	65,851	1,741	67,592	928	68,520
Fund equity at beginning of year, as restate	350,965	30,263	381,228	12,041	393,269
Residual equity transfer out	(5,315)		(5,315)		(5,315)
Current year additions to contributed capital	2,657	10	2,667	122	2,789
Return of contributed capital	(32)		(32)		(32)
Fund equity at end of year	$ 414,126	$ 32,014	$ 446,140	$ 13,091	$ 459,231

See Notes to Financial Statements

PIMA COUNTY

Exhibit A-5

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS

For the Year Ended June 30, 2001
(in thousands)

	Enterprise Funds	Internal Service Funds	Totals (Memorandum Only) Primary Govt.	Total Component Units	Totals (Memorandum Only) Reporting Unit
Cash flows from operating activities:					
Cash received from other funds for goods and services provided	$ 11,539	$ 23,539	$ 35,078		$ 35,078
Cash received from customers for goods and services provided	192,727		192,727	$ 12,818	205,545
Cash received from miscellaneous operations	2,555	1,226	3,781	229	4,010
Cash payments to suppliers for goods and services	(124,651)	(9,429)	(134,080)	(7,073)	(141,153)
Cash payments to other funds for goods and services	(10,597)	(1,883)	(12,480)		(12,480)
Cash payments for incurred losses		(10,700)	(10,700)		(10,700)
Cash payments to employees for services	(70,273)	(4,038)	(74,311)	(2,583)	(76,894)
Net cash provided (used) by operating activities	1,300	(1,285)	15	3,391	3,406
Cash flows from noncapital financing activities:					
Interest paid on short-term credit	(1,453)		(1,453)		(1,453)
Interest received on interfund loans	138		138		138
Operating transfers in	36,941	1,000	37,941		37,941
Residual equity transfers out	(5,315)		(5,315)		(5,315)
Proceeds of loans from other funds	15,398	25	15,423		15,423
Loans to other funds	(670)	(53)	(723)		(723)
Loan payments to other funds	(40,919)	(22)	(40,941)		(40,941)
Loan payments from other funds	30,000	26	30,026		30,026
Grant proceeds	5,380		5,380	92	5,472
Net cash provided by noncapital financing activities	39,500	976	40,476	92	40,568
Cash flows from capital and related financing activities:					
Principal paid on bonds, notes, contracts, and loans	(5,006)		(5,006)	(1,711)	(6,717)
Interest paid on bonds, notes, contracts, and loans	(5,592)		(5,592)	(2,522)	(8,114)
Sewer connection fees	16,623		16,623		16,623
Additions to contributed capital	1,000		1,000	122	1,122
Proceeds from sale of equipment		362	362	5	367
Reduction of regulatory asset				546	546
Purchase of property, plant, and equipment	(48,218)	(4,099)	(52,317)	(4,832)	(57,149)
Proceeds from bonds, loans, and notes payable	19,688		19,688	59	19,747
Net cash used by capital and related financing activities	(21,505)	(3,737)	(25,242)	(8,333)	(33,575)
Cash flows from investing activities:					
Purchase of investments		(250)	(250)		(250)
Proceeds from matured investments		5,258	5,258		5,258
Interest on cash and investments	5,547	2,904	8,451	720	9,171
Net cash provided by investing activities	5,547	7,912	13,459	720	14,179
Net increase (decrease) in cash and cash equivalents	24,842	3,866	28,708	(4,130)	24,578
Cash and cash equivalents at beginning of year	55,329	37,986	93,315	14,784	108,099
Cash and cash equivalents at end of year	$ 80,171	$ 41,852	$ 122,023	$ 10,654	$ 132,677

See Notes to Financial Statements

(Continued)

COMBINED STATEMENT OF CASH FLOWS -
ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS

(Continued)

For the Year Ended June 30, 2001
(in thousands)

Cash and Cash Equivalents at June 30, 2001 consist of the following:

	Cash and Cash Equivalents	Cash Portion of Restricted Assets	Total Cash and Cash Equivalents
Enterprise Funds	$ 40,055	$ 40,116	$ 80,171
Internal Service Funds	41,852		41,852
Totals (Memorandum Only) - Primary Government	81,907	40,116	122,023
Total Component Units	7,311	3,343	10,654
Totals (Memorandum Only) Reporting Unit	$ 89,218	$ 43,459	$ 132,677

See Notes to Financial Statements

(Continued)

PIMA COUNTY

COMBINED STATEMENT OF CASH FLOWS -
ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS

(Continued)

For the Year Ended June 30, 2001
(in thousands)

Reconciliation of operating income (loss) to net cash provided (used) by operating activities	Enterprise Funds	Internal Service Funds	Totals (Memorandum Only) Primary Govt.	Total Component Units	Totals (Memorandum Only) Reporting Unit
Operating income (loss)	$ (13,457)	$ (2,002)	$ (15,459)	$ 3,012	$ (12,447)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	14,675	1,902	16,577	1,251	17,828
Provision for doubtful accounts	7,853		7,853		7,853
Landfill closure and postclosure costs	170		170		170
Decrease (increase) in accounts receivable	(12,374)	364	(12,010)	(89)	(12,099)
(Increase) in interfund receivables	(96)		(96)		(96)
(Increase) in inventory and other assets	(14)	(16)	(30)	(499)	(529)
Increase (decrease) in accounts payable	4,707	(289)	4,418	(627)	3,791
(Decrease) in interfund payables	(124)		(124)		(124)
Increase (decrease) in other current liabilities	(40)	(65)	(105)	343	238
(Decrease) in reported but unpaid losses		(710)	(710)		(710)
(Decrease) in incurred but not reported losses		(469)	(469)		(469)
Net cash provided (used) by operating activities	$ 1,300	$ (1,285)	$ 15	$ 3,391	$ 3,406

Noncash investing, capital, and financing activities:

During the year ended June 30, 2001, Development Services disposed of assets with an original cost of $5 and a net book value of zero.

During the year ended June 30, 2001, Development Services transferred equipment with a net book value of $31 to the General Fixed Assets Account Group. This transaction has been included in return of contributed capital.

During the year ended June 30, 2001, Pima Health Care System disposed of equipment with an original cost of $43 and a net book value of zero.

During the year ended June 30, 2001, Pima Health Care System received capital assets from the General Fixed Assets Group in the amount of $1,657. This transaction has been included in additions to contributed capital.

During the year ended June 30, 2001, Wastewater Management transferred property, plant, and equipment with a net book value of $1 to the General Fixed Asset Account Group. This transaction has been included in return of contributed capital.

During the year ended June 30, 2001, Wastewater Management disposed of equipment with a net book value of $43, resulting in a loss on disposal of equipment.

During the year ended June 30, 2001, developer-built conveyance systems with estimated fair values totaling $20,346 were transferred to Wastewater Management. These transfers were recorded as an increase to property, plant and equipment and non-operating revenue-capital contributions.

(Continued)

COMBINED STATEMENT OF CASH FLOWS -
ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS

(Continued)

For the Year Ended June 30, 2001
(in thousands)

During the year ended June 30, 2001, Self Insurance Trust Fund transferred equipment with an original cost of $15 and a net book value of zero to the General Fixed Assets Account Group.

During the year ended June 30, 2001, Other Internal Service Funds disposed of equipment with a net book value of $192, resulting in a gain of $170 on disposal of equipment.

During the year ended June 30, 2001, Other Internal Service Funds received equipment with a net book value of $10 from the General Fixed Assets Account Group. This transaction has been included as an addition to contributed capital.

During the year ended June 30, 2001, Other Internal Service Funds disposed of equipment with an original cost of $6 and a net book value of zero.

See Notes to Financial Statements

PIMA COUNTY

Exhibit A-6

COMBINING BALANCE SHEET - ALL DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2001
(in thousands)

	Metropolitan Domestic Water Improvement District	Southwestern Fair Commission	Totals
Assets			
Cash and cash equivalents	$ 6,927	$ 384	$ 7,311
Accounts receivable	1,442	4	1,446
Deferred financing costs	780		780
Inventory	195	38	233
Prepaid expense	207	22	229
Other assets	814	13	827
Regulatory asset	9,646		9,646
Restricted assets	3,343		3,343
Land	951		951
Buildings and improvements	1,727		1,727
Water system	28,820		28,820
Equipment	1,802	4,687	6,489
Accumulated depreciation	(5,518)	(2,575)	(8,093)
Construction in progress	5,663		5,663
Total assets	$ 56,799	$ 2,573	$ 59,372
Liabilities and fund equity			
Liabilities:			
Accounts payable	$ 871	$ 205	$ 1,076
Deposits and rebates	155	12	167
Interest payable	228		228
Contracts and notes	12,289	839	13,128
Payable from restricted assets	583		583
Revenue bonds	31,099		31,099
Total liabilities	45,225	1,056	46,281
Fund equity:			
Contributed capital	2,479		2,479
Retained earnings	9,095	1,517	10,612
Total fund equity	11,574	1,517	13,091
Total liabilities and fund equity	$ 56,799	$ 2,573	$ 59,372

See Notes to Financial Statements

PIMA COUNTY

Exhibit A-7

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY - ALL DISCRETELY PRESENTED COMPONENT UNITS

For the Year Ended June 30, 2001
(in thousands)

	Metropolitan Domestic Water Improvement District	Southwestern Fair Commission	Totals
Operating revenues:			
Charges for services	$ 9,478	$ 3,419	$ 12,897
Other		221	221
Total operating revenues	9,478	3,640	13,118
Operating expenses:			
Employee compensation	1,896	1,090	2,986
Operating supplies and services	444	286	730
Utilities	1,776	180	1,956
Repair and maintenance		79	79
Insurance premiums	65	103	168
Consultants and professional services	541	115	656
General and administrative		1,682	1,682
Depreciation and amortization	939	312	1,251
Miscellaneous	584	14	598
Total operating expenses	6,245	3,861	10,106
Operating income (loss)	3,233	(221)	3,012
Nonoperating revenues:			
Interest income	720		720
Gain on disposal of fixed assets		1	1
State of Arizona aid		92	92
Total nonoperating revenues	720	93	813
Nonoperating expenses:			
Interest expense	(2,050)	(57)	(2,107)
Amortization of deferred charges	(613)		(613)
Loss on disposal of fixed assets	(177)		(177)
Total nonoperating expenses	(2,840)	(57)	(2,897)
Net income (loss)	1,113	(185)	928
Fund equity at beginning of year	10,339	1,702	12,041
Current year additions to contributed capital	122		122
Fund equity at end of year	$ 11,574	$ 1,517	$ 13,091

See Notes to Financial Statements

COMBINING STATEMENT OF CASH FLOWS - ALL DISCRETELY PRESENTED COMPONENT UNITS

For the Year Ended June 30, 2001
(in thousands)

	Metropolitan Domestic Water Improvement District	Southwestern Fair Commission	Totals
Cash flows from operating activities:			
Cash received from customers for goods and services provided	$ 9,399	$ 3,419	$ 12,818
Cash received from miscellaneous operations	9	220	229
Cash payments to suppliers for goods and services	(4,589)	(2,484)	(7,073)
Cash payments to employees for services	(1,493)	(1,090)	(2,583)
Net cash provided by operating activities	3,326	65	3,391
Cash flows from noncapital financing activities:			
Grant proceeds		92	92
Net cash provided by noncapital financing activities		92	92
Cash flows from capital and related financing activities:			
Principal paid on bonds, notes, and equipment contracts	(1,632)	(79)	(1,711)
Interest paid on bonds, notes, and equipment contracts	(2,460)	(62)	(2,522)
Proceeds from bonds and notes payable	59		59
Proceeds from sale of equipment		5	5
Addition to contributed capital	122		122
Reduction of regulatory asset	546		546
Purchase of property, plant, and equipment	(4,800)	(32)	(4,832)
Net cash (used) by capital and related financing activities	(8,165)	(168)	(8,333)
Cash flows from investing activities:			
Interest on cash and investments	720		720
Net cash provided by investing activities	720		720
Net (decrease) in cash and cash equivalents	(4,119)	(11)	(4,130)
Cash and cash equivalents at beginning of year	14,389	395	14,784
Cash and cash equivalents at end of year	$ 10,270	$ 384	$ 10,654

(Continued)

See Notes to Financial Statements

COMBINING STATEMENT OF CASH FLOWS - ALL DISCRETELY PRESENTED COMPONENT UNITS

(Continued)

For the Year Ended June 30, 2001
(in thousands)

Cash and Cash Equivalents at June 30, 2001 consist of the following:

	Cash and Cash Equivalents	Cash Portion of Restricted Assets	Total Cash and Cash Equivalents
Metropolitan Domestic Water Improvement District	$ 6,927	$ 3,343	$ 10,270
Southwestern Fair Commission	384		384
	$ 7,311	$ 3,343	$ 10,654

(Continued)

See Notes to Financial Statements

COMBINING STATEMENT OF CASH FLOWS - ALL DISCRETELY PRESENTED COMPONENT UNITS

(Continued)

For the Year Ended June 30, 2001
(in thousands)

Reconciliation of operating income (loss) to net cash provided by operating activities	Metropolitan Domestic Water Improvement District	Southwestern Fair Commission	Totals
Operating income (loss)	$ 3,233	$ (221)	$ 3,012
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	939	312	1,251
(Increase) in accounts receivable	(88)	(1)	(89)
(Increase) in inventory and other assets	(483)	(16)	(499)
Increase (decrease) in accounts payable	(687)	60	(627)
Increase (decrease) in other liabilities	412	(69)	343
Net cash provided by operating activities	$ 3,326	$ 65	$ 3,391

See Notes to Financial Statements

PIMA COUNTY

Exhibit A-9

COMBINING STATEMENT OF CHANGES IN NET ASSETS - INVESTMENT TRUST FUNDS

For the Year Ended June 30, 2001
(in thousands)

	Treasurer's Investment Pool	Individual Investment Accounts	Total
Additions:			
Contributions from participants	$ 1,714,430	$ 117,117	$ 1,831,547
Interest income	5,433	4,419	9,852
Total additions	1,719,863	121,536	1,841,399
Deductions:			
Distributions to participants	1,720,984	149,203	1,870,187
Total deductions	1,720,984	149,203	1,870,187
Net decrease in net assets	(1,121)	(27,667)	(28,788)
Net assets held in trust July 1, 2000	136,445	61,007	197,452
Net assets held in trust June 30, 2001	$ 135,324	$ 33,340	$ 168,664

See Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

Pima County defined: The governmental and administrative affairs of the County are carried out by a five-member Board of Supervisors with each member elected from a designated district to serve a four-year term. The chair is selected by the Board from among its members. The Board is responsible for establishing the policies of the various County departments. The Board appoints a County Administrator who is responsible for the general administrative and overall operations of the various departments of the County.

Pima County includes in its financial statements all funds, account groups, 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 1) it is able to impose its will on that organization or 2) there is a potential for that organization to provide specific benefits to or impose specific financial burdens on the primary government. Additionally, the primary government may be financially accountable if an organization is fiscally dependent on the primary government.

The Municipal Property Corporation (MPC) is a nonprofit corporation created by the Pima County Board of Supervisors to assist in the development of the County, among other things, by acquiring, constructing and improving any facilities, including real property and improvements and personal property, entirely for use by the County. The Corporation undertook its first bond issue in October, 1992. The Corporation is governed by a five-member board elected by the Pima County Board of Supervisors to one-year terms. The Corporation is reported as a special revenue fund (blended component unit) in these financial statements. Complete financial statements for the MPC can be obtained from the Pima County Financial and Information Services Department located at 130 West Congress Street, Tucson, Arizona 85701.

The Pima County Stadium District, a legally separate entity, was formed to promote and establish major league baseball spring training in Pima County. The Board of Directors of the District comprises the same individuals who constitute the Pima County Board of Supervisors. 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 recreational 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 Financial and Information Services Department located at 130 West Congress Street, Tucson, Arizona 85701.

The Metropolitan Domestic Water Improvement District (MDWID) of Pima County, a legally separate entity, was formed by the Pima County Board of Supervisors on July 7, 1992. The initial Board of Directors of the District comprised five members appointed by the Pima County Board of Supervisors to varying terms. In November, 1994, three members were elected to four-year terms. The Board of Directors of the District has all the powers and duties of the Board of Supervisors of Pima County sitting as the board of directors of a county improvement district that are not in conflict with the provisions of the law. The Pima County Board of Supervisors may review all financial transactions of the Board of Directors of the District. Additionally, the Pima County Board of Supervisors may at any time revoke the authority of the Board of Directors of the District in order to protect the residents of the District. If this should occur, the Pima County Board of Supervisors would govern the District. Based on these factors, the District is reported as a separate component unit (discrete presentation) in these financial statements. Complete financial statements of the District can be obtained from their administrative offices located at 6265 N. La Cañada Drive, Tucson, Arizona 85704.

Marana Domestic Water Improvement District and Ajo Domestic Water Improvement District are both component units of Pima County. The initial Board of Directors of each District was appointed by the Pima County Board of Supervisors. The Pima County Board of Supervisors can only monitor the actions of each Board, but has the authority to remove the District's Board to protect the constituents if there is evidence of mismanagement by the Board. Financial statements for these two Districts are not reported because their financial statements are unaudited and their activities are insignificant to Pima County's financial statements taken as a whole.

The Southwestern Fair Commission, Inc. (SFC) is a nonprofit corporation which manages and maintains the fairgrounds owned by the County and conducts an annual fair and other events at the fairgrounds. The Commission's members are appointed, and can be removed at any time, by the Pima County Board of Supervisors. Based on these factors, 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 Financial and Information Services Department located at 130 West Congress Street, Tucson, Arizona 85701.

Pima County includes the financial activity of various improvement districts in its financial statements. Improvement districts are established to finance specific construction projects that benefit a limited geographic area. The improvement districts are Los Reales, North 1st Avenue Sewer, North La Cholla Sewer, Country Club Estates and Shadow Roc. The Pima County Board of Supervisors is also designated the Board of Directors of those improvement districts. The Pima County Board of Supervisors is able to impose its will on the districts by levying special assessments against the benefitting property owners to finance the construction.

There are various school districts, irrigation districts, and fire districts within the County governed by independently elected boards. In addition, there are other entities for which the County is not financially accountable, such as the Industrial Development Authority, various lighting districts, the Pima Association of Governments, Pima Council on Aging, and the Private Industry Council. The financial statements of such districts and entities are not included in this report except to reflect amounts held in a trust or agency capacity by the County Treasurer.

Services provided: Pima County offers a wide variety of governmental services. Medical Services are provided by Pima Health Care System, Medical Assistance and the Health Department (including Health and Animal Control, and Medical Examiner). Public Works are performed by Development Services (including Planning and Zoning), Transportation, Flood Control, Wastewater Management (including Solid Waste Management), Environmental Quality, Capital Projects, Automotive Services, Facilities Management, Communications and Parking Garages. Justice and Law Enforcement are provided by the Sheriff's Department, Superior, Juvenile and Justice Courts, Public Defender, Clerk of the Superior Court, County Attorney, Public Fiduciary, Constables, Legal Defender and Indigent Defense. Community Resources are provided by Parks & Recreation, Community Services, County Free Library, Superintendent of Schools, Southwestern Fair Commission, Rillito Park and Stadium District. Pima County also provides a full range of general government and administrative services.

Accounting policies: The accounting policies of Pima County are established by the State of Arizona Auditor General through the Uniform Accounting Manual for Arizona Counties. The policies conform to generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board and provide a consistent basis for presenting financial information of the County.

The purpose of the Summary of Significant Accounting Policies is to identify and describe accounting principles followed by the County and the methods of applying those principles that materially affect the determination of financial position, cash flows, or results of operations. It is not the intent of the Summary to duplicate details presented elsewhere as part of the financial statements, but rather to enlighten and complement the information on the statements themselves.

B. BASIS OF PRESENTATION

Fund accounting: The financial transactions of the County are recorded in individual funds and account groups, each of which is considered a separate fiscal entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Total columns on the

Combined Statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

The various funds and account groups are classified by category and type as follows:

GOVERNMENTAL FUNDS

General Fund — To account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds — To account for the proceeds of specific revenue sources, other than major capital projects, that are legally restricted to expenditures for specified purposes.

Debt Service Fund — To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Projects Fund — To account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by Proprietary Funds.

PROPRIETARY FUNDS

Enterprise Funds — To account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, management control, public policy, accountability or other purposes.

Internal Service Funds — To account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governmental units, on a cost-reimbursement basis.

FIDUCIARY FUNDS

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

Agency Funds — To account for assets held by the County as an agent for individuals, private organizations, other governmental units or other funds. The Agency Fund is

custodial in nature and does not present results of operations or have a measurement focus.

ACCOUNT GROUPS

General Fixed Assets	To account for the general fixed assets of the County, excluding fixed assets of the Proprietary Funds.
General Long-term Debt	To account for the general long-term debt of the County, excluding long-term debt of the Proprietary Funds.

C. MEASUREMENT FOCUS

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using the flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet.

All Proprietary Funds and Trust Funds are accounted for using the flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet.

D. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The financial statements of the Governmental and Agency Funds are presented on the modified accrual basis of accounting. Revenues are recognized when they become measurable and available to finance expenditures of the current period. Expenditures are recognized when the related fund liability is incurred except for principal and interest on general long-term debt which is recognized when due. However, since debt service resources are provided during the current year for payment of general long-term debt principal and interest due early in the following year, the expenditures and related liabilities have been recognized in the Debt Service Fund.

Those revenues susceptible to accrual prior to receipt are property taxes, franchise taxes, special assessments, licenses and permits, intergovernmental aid, grants and reimbursements, interest revenue, charges for services, and sales taxes collected and held by the State at year-end on behalf of the County. Fines and forfeits, rents, contributions and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The financial statements of the Proprietary Funds and the Trust Funds are presented on the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Only those applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and ARBs issued on or before November 30, 1989, are applied unless those pronouncements conflict with or contradict GASB pronouncements.

E. BUDGETARY ACCOUNTING

On or before the third Monday in July of each year, the Board of Supervisors adopts a tentative budget for the fiscal year. A public hearing and special board meeting is scheduled at which time the final budget is adopted.

The County adopts, on a modified accrual basis, budgets for all governmental fund types (General, Special Revenue, Debt Service, and Capital Projects Fund). Operating plans for all Enterprise Funds are also adopted as part of the budget document. Per state statute, expenditures may not exceed appropriations at the department or elected official level. Each Special Revenue Fund maintains budgetary control at the fund or sub-fund level where applicable. Budgetary control for the Capital Projects Fund and the Debt Service Fund are at the fund level.

Adopted budgets provide that the beginning unreserved fund balance plus revenues and other financing sources equal expenditures and other uses. State statute requires that amendments to the budget, including transfers of appropriations between departments or funds, are not permissible unless the Board of Supervisors determines that it is in the public interest and it is based on a demonstrated need. During fiscal year ended June 30, 2001, there were amendments to the budget and transfers of appropriations between various departments and funds. These were approved by the Board of Supervisors. As state statute prohibits the County from exceeding the final adopted budget, there were no supplemental appropriations during the year ended June 30, 2001.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders for specific items are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Appropriation balances, including all outstanding encumbrances, lapse at the end of the fiscal year. Any item ordered in a fiscal year but not received is charged against an appropriation in the year that the item is received.

F. ASSETS, LIABILITIES AND FUND EQUITY

Significant unusual accounting treatments: Noncurrent portions of certain long-term receivables, primarily property taxes and interest due to governmental funds, are reported on their balance sheets despite their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables is deferred until they become current receivables.

Cash and cash equivalents: Cash and cash equivalents include deposits with the County Treasurer, deposits with the State Treasurer, amounts in demand deposits, and short-term investments with a maturity date within three months of the date acquired by the County.

Short-term interfund receivables/payables: During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "interfund receivables/payables" on the balance sheet. Short-term interfund loans and unpaid operating transfers are classified as "due from/due to other funds."

Investments: Nonparticipating interest-earning investment contracts are stated at cost. All other investments are stated at fair value.

Inventories: Inventories of the governmental funds are valued at cost on the first-in, first-out method or average cost method and consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Inventory of Pima Health Care System, an enterprise fund, is valued at the lower of cost or market, cost being determined on the first-in, first-out method.

The inventories of Wastewater Management, an enterprise fund, are valued at the lower of cost or market, cost being determined using the moving average method.

The inventories of Automotive Services, an internal service fund, are valued at the lower of cost or market, cost being determined using the moving average method.

Deferred charges: Deferred charges represent financing costs for Wastewater Management and the Metropolitan Domestic Water Improvement District which are being amortized over the related life of the bond issue or 20 years, respectively, using the straight-line method.

Deferred interest expense: For advance refundings resulting in defeasance of debt reported by proprietary activities, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. On the balance sheet, the deferred amount is reported as a deduction from or an addition to the new debt liability.

Fixed assets and long-term liabilities: Purchased fixed assets capitalized in the General Fixed Assets Account Group are recorded at the time of purchase as expenditures in the funds from which the expenditures were made. Such assets are capitalized at cost. Donated fixed assets are capitalized at their estimated fair market value at the time received.

Depreciation on general fixed assets is not recorded, and interest incurred during construction is not capitalized. Also, public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage and lighting systems, are not capitalized.

Purchased fixed assets of the Proprietary Funds are capitalized in those funds at cost. Major outlays for assets or improvements to them are capitalized as projects are constructed. Interest incurred during the construction phase of the project is capitalized net of interest earned on the invested proceeds over the same period. Donated fixed assets are capitalized at their estimated fair market value at the time received. Depreciation of fixed assets in the Proprietary Funds is charged as an expense against operations. These assets are depreciated over their estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings and improvements	7 to 40 Years
Furniture and equipment	3 to 25 Years
Wastewater treatment facilities, transfer stations and other property and equipment	5 to 50 Years
Sewage conveyance system	50 Years
MDWID - Water reservoirs, transmission and distribution mains, hydrants and valves	50 to 55 Years
MDWID - Water wells, pumping equipment, water treatment equipment and meters	25 to 30 Years
MDWID - Other water plant equipment	15 to 25 Years

Vehicles owned by Automotive Services, an Other Internal Service Fund, are depreciated on the units-of-production method based on the number of miles or hours used.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-term Debt Account Group, rather than in the separate funds.

Restricted assets: The restricted assets shown for the Capital Projects Fund and the Enterprise Funds consist of cash and cash equivalents at fair value, and are restricted in accordance with the terms of contracts, agreements, and restrictive covenants pertaining to revenue bonds.

G. REVENUES, EXPENDITURES AND EXPENSES

Property tax and special assessment revenues: Property tax and special assessment revenues are recognized as revenues in the fiscal year they are levied to the extent they are collected during the year or within 30 days after year end. Property taxes and special assessments not collected within 30 days after year end or collected in advance of the fiscal year for which they are levied are reported as deferred revenues.

Grants, entitlements and shared revenues: In Governmental Funds, grants awarded with specific eligibility requirements are considered to be earned when the related expenditure occurs and to the extent the monies are collected within 30 days after year end. A due from other governments is reported until the cash is received. If cash is received in advance of qualifying expenditures, revenue recognition is deferred until the related expenditure occurs.

Grants received in Enterprise Funds for capital acquisition are recorded as nonoperating revenues.

Entitlements and shared revenues which do not have specific eligibility requirements are recognized as revenue when measurable and available.

Sewer connection fees: Sewer connection fees are assessed to land developers based upon the type and number of fixtures attached to the conveyance system. Fees are established at a level to provide for the recovery of Wastewater Management's operating expenses that are not recovered by the sewer utility service fees. Accordingly, fees collected are classified as nonoperating revenues.

Miscellaneous revenues: Miscellaneous revenues in the General Fund include $704 in rents and royalties, $657 in refunds and reimbursements and $642 in various miscellaneous fees. Miscellaneous revenues in the Other Special Revenue Fund include $1,625 of anti-racketeering monies and $1,333 in rents and royalties. Miscellaneous revenues in the Other Special Revenue Grants Fund include $1,073 in various program fees and reimbursements. Miscellaneous revenues in the Capital Projects Fund include various miscellaneous fees and reimbursements totaling $1,199.

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

Employees may accumulate up to 240 hours of vacation depending on years of service, but any vacation hours in excess of the maximum amount that are unused at the end of the payroll period in which the employee's anniversary date falls are forfeited. Upon termination, all unused and unforfeited vacation benefits are paid to employees. Accordingly, vacation benefits are accrued as a liability in the financial statements.

Employees may accumulate an unlimited number of sick leave hours. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but are forfeited upon termination of employment. Because sick leave benefits do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements. However, for employees who have twenty or more years of continuous service with the County or who have a combined total of age and years of service equal to eighty points, and who retire from County service into the Arizona State Retirement System, Public Safety Personnel Retirement System, or Corrections Officer Retirement Plan, sick leave benefits do vest and, therefore, are accrued.

The amount of compensated absences expected to be paid by available financial resources is recorded as a current liability at June 30 in the Governmental Funds. The remaining noncurrent amount of compensated absences of the Governmental Funds is recorded in the General Long-Term Debt Account Group. Vested compensated absences of the Proprietary Funds are recorded as expenses and liabilities of those funds as the benefits accrue to employees.

NOTE 2: CASH DEFICITS

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

NOTE 3: CASH AND INVESTMENTS

PRIMARY GOVERNMENT

The County's cash and investment policies are governed by State statutes and by bond covenants. The County Treasurer is authorized to invest public monies in the State Treasurer's Investment Pool; interest bearing savings accounts, certificates of deposit and repurchase agreements in eligible depositories; bonds or other obligations of the United States government that are guaranteed as to principal and interest by the United States government; and bonds of the State of Arizona counties, cities, towns, school districts or special districts as specified by statute. As required by statute, collateral is required for demand deposits, certificates of deposit and repurchase agreements at 101 percent of all deposits not covered by Federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, and obligations of the various states and their municipalities, school districts and special districts. At least monthly, the Treasurer's Office determines that the collateral is adequate to cover the deposits by calculating the lower amount of par or fair value of individual securities pledged as collateral.

The State Board of Deposit provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares.

Most cash, including amounts held in trust and agency capacity for other entities, is deposited with the County Treasurer who invests the pooled balances on a short-term basis. Interest received is allocated monthly, on the basis of average daily cash balances, to separate districts and to various County funds. The County Treasurer also maintains discrete deposit and investment accounts for various funds and other entities. Deposits and investments are displayed on the Balance Sheet as Cash and cash equivalents, Deposits with fiscal agents, Investments, and Restricted assets.

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

At June 30, 2001, the investment pool had cash on hand of $4. The carrying amount of the pool's total cash in bank was $10,699 and the bank balance was $5,410. Of the bank balance, $100 was covered by federal depository insurance and $5,310 was covered by collateral held by the pledging financial institution's agent in the County's name.

The investment pool's investments at June 30, 2001, consisted of investments in the State Treasurer's Investment Pool, which represent shares of the pool's portfolio. Those shares are not identified with specific investments and are not subject to custodial credit risk.

	Reported Amount	Fair Value
Investment in State Treasurer's Investment Pool	$ 242,685	$ 242,685
Total	$ 242,685	$ 242,685

Details of the major investment classification follow:

Investment Type	Principal	Interest Rate	Maturity	Fair Value	Reported Amount
State Treasurer's Investment Pool	$ 242,685	None stated	None stated	$ 242,685	$ 242,685

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

Statement of Net Assets	
Assets	$ 253,722
Liabilities	
Net Assets	253,722
Net assets held in trust for:	
Internal participants	118,398
External participants	135,324
Total net assets held in trust	$ 253,722

Statement of Changes in Net Assets	
Total additions	$ 4,428,626
Total deductions	(4,445,307)
Net increase (decrease)	(16,681)
Net assets held in trust:	
July 1, 2000	270,403
June 30, 2001	$ 253,722

Other Cash and Investments - At June 30, 2001, the total nonpooled cash on hand was $99. The carrying amount of the total nonpooled cash in bank was $14,521, and the bank balance was $17,581. Of the bank balance, $8,729 was covered by federal depository insurance; $818 was covered by collateral held by the pledging financial institution's agent in the County's name; and $8,034 was uninsured and uncollateralized.

Deposits held in escrow total $3,043. They are not reflected in a risk category.

The County's nonpooled investments are categorized below to give an indication of the level of risk assumed by the County at year-end. Category 1 includes investments that are insured or registered in the County's name or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the County's name. The County's investment in the State Treasurer's Investment Pool represents shares of the pool's portfolio. Those shares are not identified with specific investments and are not subject to custodial credit risk.

Investment Type	Category 1	Category 2	Category 3	Reported Amount	Fair Value
U.S. Government Issues	$ 0	$ 250	$ 13	$ 263	$ 263
Investment in State Treasurer's Investment Pool				165,218	165,218
Total				$ 165,481	$ 165,481

A reconciliation of balance sheet amounts to amounts disclosed within this footnote is as follows:

Exhibit A-1	
Cash and cash equivalents	$ 395,139
Deposits with fiscal agents	97
Investments	263
Restricted assets (less interest receivable of $229)	41,033
Total	$ 436,532

Note 3	
Cash in bank and on hand	$ 25,323
Deposits held in escrow	3,043
County Treasurer's Investment Pool	242,685
Other Investments	165,481
Total	$ 436,532

METROPOLITAN DOMESTIC WATER IMPROVEMENT DISTRICT

Deposits and investments information is as follows:

Deposits

The Arizona Revised Statutes (ARS) require that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the ARS. ARS allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits. Deposits are considered to be collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

At June 30, 2001, MDWID's cash deposits had a carrying balance of $651 and a corresponding bank balance as follows:

Insured deposits	$	323
Deposits in excess of FDIC insurance		586
Total deposits	$	909

Investments

Arizona statutes specify in which instruments the units of local government may invest which include:

- Obligations of the United States and certain U.S. government agency's securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

MDWID's investments are categorized below to give an indication of the level of risk assumed by MDWID at year-end.

The cash and cash equivalents, with the exception of operating cash accounts, at June 30, 2001 are fully insured or collateralized with securities held by MDWID or its agent in MDWID's name (Category 1). The MDWID cash and cash equivalents include operating funds held by the Pima County Treasurer with a fair value of $951 and represent a portion of the Pima County Treasurer investment pool portfolio for the year ended June 30, 2001. This portion is not identified with specific investments and is not subject to custodial credit risk that is part of the Pima County Treasurer investment portfolio.

As of June 30, 2001, all of MDWID's investments which are subject to categorization are Category 1 investments.

	Carrying Value	Fair Value
Federally insured agencies	$ 1,822	$ 1,781
Not subject to categorization:		
Pima County Treasurer	951	951
State of Arizona Treasurer	5,533	5,533
Money market funds	1,313	1,323
Total	$ 9,619	$ 9,588

The above carrying amounts of deposits and investments are summarized on the balance sheet as follows:

Per above schedules:

Total deposits	$	651
Total category 1 investments		1,822
Total noncategorized investments		7,797
Total deposits and investments	$	10,270

Per balance sheet:

Cash and cash equivalents	$	10,270

Summary of cash and cash equivalents and noncash equivalents is as follows:

Cash and cash equivalents:		
Cash in banks and investments (includes $827 in restricted cash)	$	8,448
Noncash equivalents:		
Investments - treatment and operations bonds - restricted		1,822
Total deposits and investments	$	10,270

MDWID revenues are deposited with the Pima County Treasurer and transfers are made to an operating bank account for necessary cash disbursements.

Restricted cash for the bond funds is deposited with the bond trustee. In accordance with the bond ordinance and trustee agreement, the restricted cash is invested in bonds or other indebtedness, guaranteed by the U.S. Government. The monies are invested in permitted investments maturing on or prior to the dates when the funds invested will be needed to pay principal and interest on the bonds.

SOUTHWESTERN FAIR COMMISSION

The Commission maintains cash balances at financial institutions in excess of insured limits. The excess amount at June 30, 2001 approximated $247. These amounts are not collateralized.

NOTE 4: PROPERTY TAXES

At the time the final budget is adopted, which can be no later than the second Monday in August of each year, the Board of Supervisors holds a public hearing and special meeting to determine the tax levy needed to support the budget. Taxes are assessed and levied seven days afterwards. Under Arizona Revised Statutes (ARS), if the proposed primary property tax levy exceeds the amount of the previous year's levy, the County must publish two notices of public hearing in a newspaper of general circulation. The notices must be published fourteen to twenty days and seven to ten days before the hearing. ARS prescribes the wording and format of the notices.

Real property taxes are payable in two 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 and becomes delinquent after the first business day of May. A lien assessed against property attaches on the first day of January following assessment and levy. Delinquent taxes are subject to a penalty of 16% per annum.

Unsecured personal property taxes are normally assessed and levied (billed) in up to ten cycles. Each cycle represents a portion of the unsecured personal property tax roll and is billed approximately every 30 days starting in April and ending in February of the subsequent fiscal year. Personal property taxes become delinquent 30 days after they are billed.

Amendments to the Arizona Constitution in 1980 created two separate tax systems:

1. A primary system for taxes levied to pay for current operation and maintenance expenditures, and

2. A secondary system for taxes levied to pay principal and interest on bonded indebtedness and special district assessments.

The maximum tax levy for primary purposes is limited to a maximum increase of 2% over the prior year's levy plus the amount directly attributable to new construction. In recent years, the County has not levied the maximum amount allowed for primary purposes.

Under the secondary system, annual tax levies for bonded indebtedness and special district assessments (excluding Flood Control District, Library District, and Fire District Assistance) are unlimited provided that they have been authorized by a vote of the people affected.

Property taxes receivable by fund type at June 30, 2001 were as follows:

Tax Year	General	Special Revenue	Debt Service
Real property taxes:			
2000-01	$ 7,072	$ 910	$ 1,695
1999-00	705	97	179
1998-99	15	9	4
Total	$ 7,792	$ 1,016	$ 1,878
Personal property taxes:			
2001	$ 193	$ 10	$ 44
2000	388	19	89
Total	581	29	133
Estimated uncollectible tax	(1,556)	(196)	(379)
Net property taxes receivable	$ 6,817	$ 849	$ 1,632

All property tax receivables associated with prior years (not presented in the above schedule) are deemed 100% uncollectible for financial statement presentation purposes.

NOTE 5: DUE FROM OTHER GOVERNMENTS

Amounts due from other governments in the General Fund include $549 in various entitlements/reimbursements from the Federal Government, $6,548 in sales and use taxes from the State of Arizona, $1,755 in vehicle license tax from the State of Arizona, $223 in hotel/motel surcharge tax from the State of Arizona, $38 in reimbursement for trial, detention and prisoner housing from the State of Arizona, $106 in reimbursements for elections services from various school and fire districts, $299 in reimbursements for pre-trial, jury and court services from the City of Tucson, and $798 in prisoner housing from the City of Tucson and other cities and towns within Pima County.

Amounts due from other governments in the Special Revenue Funds include $13,211 in various grants from the State, Federal and Local Governments, $3,226 in highway user revenue, $863 in vehicle license tax and $145 in car rental and recreational vehicle space surcharges from the State of Arizona, $251 in rural public transportation services from the State of Arizona, $5 in flood control services from the State of Arizona and $475 from other small governments for various services provided.

Amounts due from other governments in the Capital Projects Fund include $1,621 from the Federal Government and State of Arizona and $761 from the City of Tucson for roadway construction costs.

The amount due from other governments in the Enterprise Funds includes $1,071 in Pima Health Care System for various grants from the Federal Government, $681 in Pima Health Care System from the State of Arizona for Arizona Long-Term Care System (ALTCS) contracts, and $17 in Development Services for address information services provided to other small governments.

Amounts due from other governments in the Internal Service Funds include $3 from the State of Arizona and $43 from other small governments for automotive services.

The amount due from other governments of $8,294 in the Agency Funds is from various other governments as a result of tax roll corrections.

NOTE 6: REGULATORY ASSET

Pursuant to a settlement with the City of Tucson, the MDWID Board has ordered the capitalization of a regulatory asset. This asset was created as a result of the $12,900 settlement along with the related note payable due to the City of Tucson (see Note 9, Debt). In accordance with generally accepted accounting principles under FASB 71, the regulatory asset was created due to the decision that current and future water rates will be set to be utilized to pay off the settlement note payable. The regulatory asset will be amortized on a straight-line basis over 20 years.

NOTE 7: CHANGES IN GENERAL FIXED ASSETS

The following is a summary of changes in General Fixed Assets:

	Balance 6/30/00	Additions	Deletions	Balance 6/30/01
Land	$ 97,535	$ 9,657		$ 107,192
Buildings and Improvements	198,251	50,008	$ 1,657	246,602
Equipment	63,514	7,544	5,465	65,593
Construction in Progress	50,455	31,664	59,663	22,456
Investment in General Fixed Assets	$ 409,755	$ 98,873	$ 66,785	$ 441,843

NOTE 8: CLAIMS, JUDGMENTS and RISK MANAGEMENT

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.

Metropolitan Domestic Water Improvement District

On December 17, 1997, Metropolitan Domestic Water Improvement District (MDWID) and the City of Tucson entered into a settlement agreement to resolve the issues raised in the litigation, which originated on August 16, 1995. On January 26, 1998, the parties entered into an amended and restated settlement agreement, which superseded the original December agreement. On February 9, 1998, the parties adopted a first amendment to the amended and restated settlement agreement, which replaced or modified some provisions of the restated agreement, while leaving the rest intact.

Under the terms of the parties' agreements, as presently constituted, MDWID and Oro Valley together were obligated to make an initial payment to a trustee in the aggregate amount of $800 within 30 days of the entry of a court order tentatively approving the settlement. That payment was timely made on March 25, 1998. Thereafter, MDWID and Oro Valley are obligated to make 42 semi-annual installment payments to the trustee, U.S. Bank Trust. All payments have been made timely to date. Each of the first 30 installments is in the total amount of $375; MDWID's share is $350. Each of the final 12 installments is in the total amount of $820; MDWID's share is $765. MDWID may prepay the installment payments at their option.

The settlement also provides for the assignment by the City of Tucson to MDWID a total of 8,858 acre feet of entitlement to Central Arizona Project (CAP) water. The entitlements will be held in trust until the installment payments are paid in full. However, in the interim, MDWID will have complete access to the CAP water covered by those entitlements, so long as they are not in default under the agreements. In addition to the installment payments described above, the agreements obligate MDWID to assume certain payment obligations in connection with the purchase of CAP water pursuant to the entitlements to CAP water being transferred to them.

The assignment of the CAP water entitlements required approval by the Central Arizona Water Conservation District (CAWCD), the Arizona Department of Water Resources (ADWR) and the United States Bureau of Reclamation (USBR). All of these approvals have been obtained. The agreement received judicial validation in December 1998.

MDWID's CAP water payment obligation includes prorated capital charges plus operations, maintenance, and replacement (OM&R) charges on water actually ordered. The assignments, MDWID will assume all payment obligations to CAWCD for the 8,858 acre feet being assigned, including capital charges and OM&R. The amounts of these payments will vary over the lifetime of the agreements. By way of illustration, current capital charges for CAP water equal $48 per acre foot. Current OM&R charges for CAP water equal $63 per acre foot, if and when a subcontractor schedules the delivery of CAP water.

In the event of a default by MDWID, the defaulting district's right to a CAP entitlement will be terminated and the remaining sums owed to the City under the agreements will be accelerated by operation of a judgment.

The agreement further obligates MDWID to set their rates, fees and charges for water sales and water services at sufficient levels to create net revenues available for payment of all their bonds and all of their obligations under the settlement agreements.

Finally, the agreement gives MDWID the option to purchase treated CAP water or the treatment of CAP water in quantities and at prices to be agreed upon when the occasion arises.

This summary describes the financial aspects of the settlement agreements only. While every effort has been made to describe the financial aspects accurately, any discrepancy between this summary and the actual agreements is, of course, governed by the agreements.

Wastewater Management

The County has entered into settlement negotiations with Arizona Department of Environmental Quality to resolve litigation associated with the cleanup of the Camino del Cerro landfill. Cleanup expenses have been incurred and include a soil vapor extraction system, a series of drainage improvements, re-grade landfill cap and groundwater remediation. The liability is not presented within the financial statements, however, the estimated settlement amount is $3,600 and is expected to be paid with the sale of bonds during the fiscal year ended June 30, 2003.

Other

Unvested accumulated sick leave of County employees at June 30, 2001 totaled $24,415. This unvested accumulated sick leave is not payable to County employees upon termination of employment. Vested sick leave is accrued and payable to County employees upon termination of employment.

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; medical malpractice; environmental claims; and natural disasters. Claims against the County are accounted for in the Self Insurance Trust Fund, an internal service fund. Annually, an actuarial evaluation is performed to determine the County's anticipated losses except for environmental losses. Environmental losses are based on reported claims and the County risk manager's knowledge and experience. Losses accounted for include reported and paid, reported but unpaid, and incurred but not reported. All liabilities of the Self Insurance Trust Fund except for environmental losses are reported at their present value using an expected future investment yield assumption of four percent. The County purchases commercial insurance for claims in excess of coverage provided by the Fund and for some other risks of loss. Settled claims have not exceeded insurance coverage in any of the last three fiscal years.

All funds of the County participate in the Fund. With the exception of environmental losses, payments to the Fund are based on actuarial estimates of the amounts needed to pay prior and current-year claims and to establish some reserve for catastrophic losses. That reserve was estimated to be $500 at June 30, 2001, and is included in the Self Insurance Trust Fund retained earnings. Payments to the Fund for environmental losses are based on historical experience, since an actuarial basis is not available.

The claims liability of $26,250 reported in the Fund at June 30, 2001 is based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The ultimate cost of claims includes incremental claim adjustment expenses that have been allocated to specific claims, as well as salvage and subrogation. No other claim adjustment expenses have been included.

Changes in the Fund's claims liability amount for the fiscal years ended June 30, 2001 and 2000 are as follows:

	2001	2000
Claims liability balance - beginning	$ 27,429	$ 27,700
Current year claims and changes in estimates	9,521	6,483
Claim payments	(10,700)	(6,754)
Claims liability balance - ending	$ 26,250	$ 27,429

NOTE 9: DEBT

SHORT-TERM DEBT

LINE OF CREDIT

The County maintains a revolving line of credit with Bank of America National Trust and Savings Association, with a maximum amount of $30,000. At June 30, 2001, the County had an outstanding balance of $2,000. Advances on the line of credit are payable on demand. The credit line is secured by the County's general taxing authority.

LONG-TERM DEBT

DEBT ISSUES OUTSTANDING:

The County's bonded debt consists of various issues of general obligation bonds, revenue bonds and special assessment bonds with governmental commitment.

GENERAL OBLIGATION BONDS OUTSTANDING
(Payments made from property
tax revenues of the Debt Service Fund)

General obligation bonds payable at June 30, 2001, consisted of the outstanding general obligation bonds presented below. Of the total amounts originally authorized, $5,000 from the November 2, 1982, bond election, $5,905 from the May 6, 1986, bond election and $126,105 from the May 20, 1997, bond election remain unissued. The table below presents amounts outstanding by issue.

ISSUE	ISSUE AMOUNT	INTEREST RATES	MATURITIES	OUTSTANDING June 30, 2001
SERIES OF 1992	$ 20,000	6.00 - 6.20%	2002-04	$ 7,530
1992 REFUNDING	94,065	6.20 - 6.30%	2002-09	9,300
SERIES OF 1993	15,000	5.40 - 5.60%	2002-08	12,400
1993 REFUNDING	64,535	5.00%	2002-04	33,720
SERIES OF 1994	10,495	5.25 - 5.50%	2002-08	5,600
SERIES OF 1998	42,420	4.40 - 5.00%	2002-13	32,565
SERIES OF 1999	50,000	5.00 - 5.25%	2002-14	45,450
SERIES OF 2000	50,000	4.00 - 5.00%	2002-14	46,060
G.O. BONDS OUTSTANDING				$ 192,625
MATURED AND UNREDEEMED BONDS				
1977 SERIES D			10	
1979 SERIES A			5	
TOTAL MATURED AND UNREDEEMED				15
TOTAL G.O. BONDS OUTSTANDING				$ 192,640

REFUNDED G.O. BONDS OUTSTANDING

In prior years, the County defeased certain general obligation bonds 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 the liability for the defeased bonds are not included in the County's financial statements. The cash and investments held in the irrevocable trusts at June 30, 2001, amounted to $2,515.

ISSUE	INTEREST RATES	MATURITIES	OUTSTANDING June 30, 2001
1992 SERIES	6.25 - 6.30%	2005-07	$ 2,440
TOTAL REFUNDED G.O. BONDS OUTSTANDING			$ 2,440

FLOOD CONTROL REFUNDING BONDS OUTSTANDING

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

The Pima County Flood Control District was created on April 3, 1978, by State law.

ISSUE	ISSUE AMOUNT	INTEREST RATES	MATURITIES	OUTSTANDING June 30, 2001
1992 FLOOD CONTROL	$ 12,420	5.65 - 6.25%	2002-09	$ 5,840
TOTAL FLOOD CONTROL REFUNDING BONDS OUTSTANDING				$ 5,840

SEWER REVENUE BONDS and LOANS PAYABLE OUTSTANDING

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

Pima County sewer revenue bonds as presented below were issued to provide monies to construct improvements to the County's wastewater management system. Of the total amount originally authorized, $44,295 from the May 20, 1997, bond election remains unissued.

ISSUE	ISSUE AMOUNT	INTEREST RATES	MATURITIES	OUTSTANDING June 30, 2001
SERIES OF 1992	$ 12,000	6.00 - 7.50%	2002-03	$ 1,290
SERIES OF 1993	6,000	5.60 - 6.50%	2002-05	1,160
1994A REFUNDING	28,670	4.10 - 5.00%	2002-15	27,880
SERIES OF 1994B	8,000	5.00 - 6.50%	2002-04	1,660
SERIES OF 1998	29,185	4.00 - 5.50%	2002-15	26,130
2001 REFUNDING	19,440	4.00 - 5.40%	2002-15	19,440
SEWER REVENUE BONDS OUTSTANDING				$ 77,560
Unamortized bond premium:				224
Unamortized deferred interest expense:				(6,340)
TOTAL SEWER REVENUE BONDS OUTSTANDING				$ 71,444

LOANS PAYABLE

Wastewater Management (WWM) entered into loan agreements (1996, 1997 and 2000 loans payable) to provide funds for the defeasance of prior sewer revenue bonds and the construction and improvement of wastewater treatment facilities. Interest is payable semiannually and is calculated based on the principal amount of the loan outstanding during such period. For the 1997 loan payable, principal payments to maturity are subject to change based upon the total amounts drawn down. As of June 30, 2001, WWM has drawn down the available $7,500 1997 loan amount. However, only $5,784 remains outstanding at June 30, 2001, since WWM made principal payments during the past four years.

For the 2000 loan payable, principal payments to maturity are subject to change based upon the total amounts drawn down. As of June 30, 2001, WWM has drawn down $15,618 of the available $40,000 2000 loan amount.

ISSUE	ISSUE AMOUNT	INTEREST RATES	MATURITIES	OUTSTANDING June 30, 2001
1996 LOAN PAYABLE	$ 11,313	3.186%	2004-12	$ 11,313
1997 LOAN PAYABLE	7,500	2.950%	2002-11	5,784
2000 LOAN PAYABLE	40,000	2.202%	2002-16	15,618
LOANS PAYABLE				$ 32,715
Unamortized deferred interest expense:				(401)
TOTAL LOANS PAYABLE				$ 32,314

ADVANCE REFUNDING SEWER REVENUE BONDS

In April 2001, the County issued $19,440 in Sewer Refunding Revenue Bonds Series 2001. The net proceeds of the refunding bond issuance were placed in an irrevocable trust account with a bank to advance refund $18,045 of 1991 Series Refunding Bonds

issued August 1, 1991. Consequently, the refunded portion of the bonds is considered defeased and the liability for those bonds has been removed from the financial statements.

As a result of the Sewer Refunding Revenue Bonds Series 2001 Issue, the County reduced its total debt service payments over the next 14 years by $1,367 ($28,338 in new debt service cash flows less $29,705 in old debt service cash flows). This resulted in an economic gain (difference between the present values of the new and old debt service payments) of $1,330.

In addition, the forward-starting swap agreement the County entered into on March 24, 1999 related to this bond issue was terminated on the date the bonds were issued. Under the terms of the swap agreement, a swap termination payment of $1,000 was made to the swap provider on that date.

REFUNDED SEWER REVENUE BONDS OUTSTANDING

In prior years, the County defeased certain sewer revenue bonds 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 the liability for the defeased bonds are not included in the County's financial statements. The cash and investments held in the irrevocable trusts at June 30, 2001, amounted to $61,708.

ISSUE	INTEREST RATES	MATURITIES	OUTSTANDING June 30, 2001
1991 REFUNDING	6.375 - 6.750%	2002-15	$ 48,155
SERIES OF 1992	6.000 - 6.500%	2004-12	7,770
SERIES OF 1993	5.000 - 5.900%	2006-12	2,845
SERIES OF 1994B	5.600 - 5.800%	2005-08	2,650
TOTAL REFUNDED SEWER REVENUE BONDS OUTSTANDING			$ 61,420

TRANSPORTATION BONDS

(Payments made from street and highway revenues)

Pima County transportation revenue bonds of 1998 were issued to provide monies to construct improvements to the County's streets and highways. Of the total amount originally authorized, $310,000 from the November 4, 1997, bond election remains unissued.

ISSUE	ISSUE AMOUNT	INTEREST RATES	MATURITIES	OUTSTANDING June 30, 2001
SERIES 1998	$ 40,000	4.10 - 4.50%	2002-08	$ 28,000
TOTAL TRANSPORTATION BONDS OUTSTANDING				$ 28,000

LEASE REVENUE BONDS
(Payments made from revenues received in the Governmental Funds)

The Pima County, Arizona, Municipal Property Corporation, a Special Revenue Fund, issued lease revenue bonds in 1992 to provide monies for financing the cost of acquiring, constructing, reconstructing or improving, building, and equipping other real and personal properties suitable for use by Pima County.

ISSUE	INTEREST RATES	MATURITIES	OUTSTANDING June 30, 2001
1992 LEASE REVENUE BONDS-GOVERNMENTAL FUNDS	6.00 - 6.50%	2002-07	$ 965
TOTAL LEASE REVENUE BONDS OUTSTANDING			$ 965

SPECIAL ASSESSMENT BONDS OUTSTANDING
(Payments made from assessments received in the Debt Service Fund)

Special assessment bonds are secured by pledges of revenues from special assessments levied against the benefiting property owners. The proceeds of the bond issues were used to finance construction in these districts. While there is no legal obligation for the County to further secure the special assessment bonds of the districts listed below, the County has made a moral commitment to take steps necessary to prevent default.

IMPROVEMENT DISTRICT	ISSUE AMOUNT	INTEREST RATES	MATURITIES	OUTSTANDING June 30, 2001
N. LA CHOLLA SEWER	$ 930	8.200%	2002	$ 90
COUNTRY CLUB ESTATES	2,745	7.200%	2002-05	950
C.C. ESTATES 2ND ISSUE	30	7.200%	2002-05	13
TOTAL SPECIAL ASSESSMENT BONDS OUTSTANDING				$ 1,053

REFUNDING CERTIFICATES OF PARTICIPATION OUTSTANDING
(Payments made from General Fund revenues and from Special Revenue Fund revenues)

The Refunding Certificates of Participation (COPs) Series 7 were issued on April 1, 1995. The purpose of the original debt was to finance the purchase of the Legal Services and Public Works Buildings.

ISSUE	ISSUE AMOUNT	INTEREST RATES	MATURITIES	OUTSTANDING June 30, 2001
COPS SERIES 7	$ 18,515	5.00 - 5.30%	2002-04	$ 4,505
TOTAL REFUNDING COPS OUTSTANDING				$ 4,505

BASEBALL STADIUM FINANCING

The Baseball Stadium was financed with proceeds of the sale of certain Pima County jail facilities to First Trust of Arizona, National Association for $34,500 on February 1, 1997. Also on February 1, 1997, the County entered into a Capital Lease of these jail facilities with First Trust for $35,660 for a 15 year term.

On September 1, 1999, Pima County amended the lease-purchase agreement for the jail facilities dated February 1, 1997, between U.S. Bank Trust National Association and Pima County. The amendments extended the lease term to 2014, increased the range of interest rates and increased the County's obligation under the lease agreement.

ISSUE	ISSUE AMOUNT	INTEREST RATES	MATURITIES	OUTSTANDING June 30, 2001
JAIL CAPITAL LEASE	$ 35,660	4.55 - 5.60%	2002-14	$ 32,340
TOTAL CAPITAL LEASE OBLIGATION				$ 32,340

NOTES PAYABLE

During the year ended June 30, 1997, the County purchased land for $550 with a down payment of $110 and the balance of $440 due in five annual installments of $88 plus interest at 9% per annum. The balance of the note payable at June 30, 2001, is $88.

During the year ended June 30, 2000, the County purchased land related to parks for $400 with a down payment of $175 and the balance of $225 due in three annual installments of $75 plus interest at 8% per annum. During the fiscal year ended June 30, 2001, payments totaling $201 were made to reduce outstanding principal. The balance of the note payable at June 30, 2001, is $24.

CHANGES IN LONG-TERM DEBT:

Following is a schedule of bond and loan activity and a summary of changes in General Long-term Debt for the year. The schedule of bond and loan activity reflects both current and noncurrent activity while the summary of changes in General Long-term Debt reflects only noncurrent amounts.

SCHEDULE OF BOND AND LOAN ACTIVITY

	BALANCE 06/30/2000	INCREASES	DECREASES	BALANCE 06/30/2001
GENERAL OBLIGATION	$ 173,985	$ 50,000	$ 31,345	$ 192,640
FLOOD CONTROL	6,595		755	5,840
LEASE REVENUE	1,095		130	965
SEWER REVENUE	80,680	19,440	22,560	77,560
TRANSPORTATION	32,000		4,000	28,000
SPECIAL ASSESSMENT	1,697		644	1,053
LOANS PAYABLE	14,914	18,292	491	32,715
OUTSTANDING BONDS AND LOANS PAYABLE AT JUNE 30, 2001				$ 338,773
Sewer Revenue Unamortized Bond Premium:				224
Sewer Revenue Unamortized Deferred Interest Expense:				(6,340)
Loans Payable Unamortized Deferred Interest Expense:				(401)
TOTAL BONDS AND LOANS PAYABLE AT JUNE 30, 2001				$ 332,256

SUMMARY OF CHANGES IN GENERAL LONG-TERM DEBT

	BALANCE 06/30/2000	INCREASES	DECREASES	BALANCE 06/30/2001
EMPLOYEE COMPENSATION	$ 14,487	$ 13,079	$ 12,436	$ 15,130
CAPITAL LEASES	35,338	511	1,841	34,008
REFUNDING COPS	6,725		2,220	4,505
G.O. BONDS	173,970	50,000	31,345	192,625
NOTE PAYABLE	2,479		2,367	112
FLOOD CONTROL BONDS	6,595		755	5,840
TRANSPORTATION BONDS	32,000		4,000	28,000
LEASE REVENUE BONDS	1,095		130	965
SPECIAL ASSESSMENT	1,697		644	1,053
TOTAL	$ 274,386	$ 63,590	$ 55,738	$ 282,238

(A) The capital lease balance at June 30, 2001, of $34,008 is composed of the Baseball Stadium of $32,340, election equipment of $864, and various other equipment totaling $804.

SUMMARY OF DEBT SERVICE REQUIREMENTS TO MATURITY

Fiscal Year	G.O. Bonds	Flood Control	Lease Revenue	Sewer Revenue	Special Assm't	Street & Highway Revenue	Capital Leases	COPS	Note Payable	Loans Payable	Total
2001-02	$ 37,364	$ 1,100	$ 201	$ 8,121	$ 383	$ 5,244	$ 3,509	$ 1,694	$ 122	$ 3,273	$ 61,011
2002-03	34,234	1,052	197	8,779	273	5,080	3,255	1,645		3,190	57,705
2003-04	31,626	1,000	198	8,281	257	4,900	3,940	1,643		3,800	55,645
2004-05	25,639	952	199	7,662	288	4,720	3,820			4,500	47,780
2005-06	23,672	903	198	7,312		4,540	3,824			4,926	45,375
2006-11	69,786	2,422	197	38,619		8,540	19,111			16,127	154,802
2011-15	18,126			29,199			8,898			1,145	57,368
Total:	$ 240,447	$ 7,429	$ 1,190	$ 107,973	$ 1,201	$ 33,024	$ 46,357	$ 4,982	$ 122	$ 36,961	$ 479,686
Less Interest and Admin Fee:	47,822	1,589	225	30,413	148	5,024	12,349	477	10	4,246	102,303
Principal:	$ 192,625	$ 5,840	$ 965	$ 77,560	$ 1,053	$ 28,000	$ 34,008	$ 4,505	$ 112	$ 32,715	$ 377,383
Unredeemed:	15										15
Unamortized (deferred interest):				(6,340)						(401)	(6,741)
premium:				224							224
Total	$ 192,640	$ 5,840	$ 965	$ 71,444	$ 1,053	$ 28,000	$ 34,008	$ 4,505	$ 112	$ 32,314	$ 370,881

LEGAL DEBT MARGIN

COUNTY GENERAL OBLIGATION BONDS

General obligation debt may not exceed six 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. Legal debt margin at June 30, 2001, is as follows:

Net assessed valuation:		$ 4,236,070
Debt Limit (15% of net assessed valuation):		$ 635,410
Amount of debt applicable to debt limit:		
General obligation bonds outstanding	$ 192,640	
Less assets in debt service fund available for payment of general obligation bond principal	(4,309)	(188,331)
Legal debt margin available		$ 447,079

FLOOD CONTROL GENERAL OBLIGATION BONDS

Flood Control general obligation debt may not exceed five percent of the value of the Flood Control District's taxable property as of the latest assessment. Legal debt margin at June 30, 2001, is as follows:

Net assessed valuation:		$ 3,597,845
Debt Limit (5% of net assessed valuation):		$ 179,892
Amount of debt applicable to debt limit:		
Flood Control general obligation bonds outstanding	$ 5,840	
Less assets in debt service fund available for payment of flood control bond principal	(15)	(5,825)
Legal debt margin available		$ 174,067

SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE 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 postclosure 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 postclosure care costs as a long-term liability in each period based on landfill capacity used as of each balance sheet date. The $13,537 reported as landfill closure and postclosure care liability in the Wastewater Management Enterprise Fund 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 postclosure care of $4,871 as the remaining estimated capacities are used. These amounts are based on what it would cost to perform all closure and postclosure care in the fiscal year ended June 30, 2001; actual costs may change due to inflation, changes in technology, or changes in regulations.

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

According to state and federal laws and regulations, the County must comply with the local government financial test requirements that assure the County can meet the costs of landfill closure, postclosure, and corrective action when needed. The County is in compliance with these requirements.

Landfill Site	Capacity Used June 30, 2001	Estimated Year of Closure
Ajo	86%	2015
Sahuarita	85%	2003
Tangerine	72%	2007

METROPOLITAN DOMESTIC WATER IMPROVEMENT DISTRICT

BONDS PAYABLE

On November 1, 1992, Metropolitan Domestic Water Improvement District (MDWID or "the District") and Oro Valley Domestic Water Improvement District (OVDWID) issued $17,400 and $1,175 of Special Assessment and Water Revenue Bonds, respectively. The bonds were issued to pay the cost of the acquisition from the City of Tucson, Arizona, of the water system assets of Metropolitan Water Company. Both bonds issued were payable first, from the net revenues of MDWID and second, from special assessments on the real property with the two Districts if, and only if, the net revenues of MDWID were insufficient for that purpose.

On February 1, 1999, MDWID issued $27,985 of Water Revenue and Refunding Bonds. The bonds were issued to provide funds for improvements to the water system, currently operated by the District and for the advance refunding of all of the District's Special Assessment and Water Revenue Bonds, Series 1992.

Special assessment, water revenue and refunding bonds payable at June 30, 2001, are comprised of the following individual issues:

$27,985 - Metropolitan Domestic Water Improvement District of Pima County, Arizona, Water Revenue and Refunding Bonds, Series 1999, due in annual installments varying from $210 to $2,025 through January 1, 2019; interest rate is variable from 3.400% to 4.875%.	$ 26,575
$5,655 - Metropolitan Domestic Water Improvement District Municipal Property Corporation (MPC), Junior Lien System Revenue Bonds Series 1998, due in annual installments varying from $130 to $430 through January 1, 2003; interest rate is variable from 4.75% to 6.00%.	$ 5,525
	32,100
Less unamortized discount	272
Less valuation account	729
Net special assessment and water revenue bonds	$ 31,099

The annual requirements to amortize all debt outstanding as of June 30, 2001, excluding interest payments of $12,656 and $4,509 for the MDWID and MPC bonds, respectively, are as follows:

FISCAL YEARS ENDING JUNE 30	MDWID	MPC	TOTAL
2002	$ 1,375	$ 135	$ 1,510
2003	1,075	140	1,215
2004	1,100	150	1,250
2005	1,150	155	1,305
2006	1,200	165	1,365
Thereafter	20,675	4,780	25,455
	$ 26,575	$ 5,525	$ 32,100

On March 11, 1997, MDWID residents voted to approve authorization of a $23,000 bond program. The bonds will fund the District's five-year Capital Improvement Program (CIP). The five-year CIP includes construction of 75,000 feet of transmission mains, design of a storage facility, drilling of at least three new wells and acceleration of the main line replacement program to upgrade neighborhood water lines, including the installation of fire hydrants. In 1999, the District issued $13,000 in Water Revenue Bonds, with $10,000 still authorized at June 30, 2001.

LIABILITIES TO BE PAID FROM ASSETS HELD IN ESCROW

On February 1, 1999, the District issued $27,985 in Water Revenue and Refunding Bonds with an average interest rate of 4.35 percent to advance refund $14,105 of outstanding 1992 Series bonds with an average interest rate of 5.95 percent. The net proceeds of $27,823 (after payment of approximately $162 in underwriting fees, insurance and other issuance costs) plus an additional $1,921 of 1992 Series sinking fund monies were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1992 Series bonds. As a result, the 1992 Series bonds are considered to be defeased and the liability for those bonds has been removed from long-term debt.

NOTES PAYABLE

Notes payable at June 30, 2001, consist of the following:

Note payable to credit company, due in monthly installments of $2 through July 2002, including interest at 4.97%, secured by equipment.	$ 24
Note payable to credit company, due in monthly installments of $1 through September 2002, including interest at 5.75%, secured by equipment.	8
Note payable to credit company, due in monthly installments of $1 through March 2003, including interest at 6.00%, secured by equipment.	20
Note payable to credit company, due in monthly installments of $2 through February 2003, including interest at 6.25%, secured by equipment.	47
Note payable to credit company, due in monthly installments of $2 through February 2004, including interest at 6.25%, secured by equipment.	47
Note payable to HUB Water Company, Inc., due in monthly installments of $14 through June 2019, including interest at 6.00%, secured by the purchased assets of HUB Water Company, Inc.	1,883
Settlement loan payable to the City of Tucson, due in semi-annual installments of $350 through February 2013 and continued with semi-annual installments of $765 through February 2019, including interest at 5.34%.	10,260
TOTAL NOTES PAYABLE	$ 12,289

Following are the annual maturities of notes payable:

FISCAL YEARS ENDING JUNE 30	
2002	$ 299
2003	278
2004	252
2005	252
2006	266
Thereafter	10,942
	$ 12,289

SOUTHWESTERN FAIR COMMISSION

Long-term debt consists of the following:

Note payable, Pima County - due in annual installments of $50, non-interest bearing, maturing June 2007, unsecured.	$ 300
Note payable, bank - due in monthly installments of $4, including interest at the bank's prime rate, maturing February 2008, secured by equipment, inventory and accounts receivable.	380
Note payable, bank - due in monthly installments of $2, plus interest at The Wall Street Journal's "Money Rates" table, maturing July 2008, secured by equipment, inventory and accounts receivable.	159
TOTAL LONG-TERM DEBT	$ 839

Following are the annual maturities of notes payable:

FISCAL YEARS ENDING JUNE 30	
2002	$ 93
2003	96
2004	99
2005	103
2006	107
Thereafter	341
	$ 839

Total interest expense for all Southwestern Fair Commission debt was $57 for the year ended June 30, 2001.

NOTE 10: RETIREMENT PLANS

Plan Descriptions

The County contributes to the Arizona State Retirement System (**ASRS**), the Corrections Officer Retirement Plan (**CORP**), the Public Safety Personnel Retirement System (**PSPRS**), consisting of Pima County Sheriffs and Pima County - County Attorney Investigators, and the Elected Officials Retirement Plan (**EORP**). The **EORP** and the **PSPRS** - Pima County, County Attorney Investigators, are not described due to their relative insignificance to the County's financial statements. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits.

The **ASRS** administers a cost-sharing multiple-employer defined benefit pension plan that covers general employees of the County. 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** is an agent multiple-employer defined benefit pension 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 five-member board, known as The Fund Manager, and 189 local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The **CORP** is an agent multiple-employer defined benefit pension plan that covers certain employees of the State of Arizona, Departments of Corrections and Juvenile Corrections, and County employees whose primary duties require direct inmate contact. The **CORP** is governed by the Fund Manager of **PSPRS** and 12 local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

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

ASRS	PSPRS and CORP
3300 N. Central Ave. P.O.Box 33910 Phoenix, AZ 85067-3910 (602) 240-2000 or (800) 621-3778	1020 E. Missouri Ave. Phoenix, AZ 85014 (602) 255-5574

Funding Policy

The Arizona State Legislature establishes and may amend active plan members' and the County's contribution rates.

Cost-sharing plans For the year ended June 30, 2001, active **ASRS** members and the County were each required by statute to contribute at the actuarially determined rate of 2.66 percent (2.17 percent retirement and 0.49 percent long-term disability) of the members' annual covered payroll. The County's contributions to **ASRS** for the years ended June 30, 2001, 2000, and 1999 were $6,233, $5,589 and $6,049 respectively, which were equal to the required contributions for the year.

Agent plans For the year ended June 30, 2001, active **PSPRS** members were required by statute to contribute 7.65 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 1.24 percent. As allowed by statute, the County contributed 3.65 percent of the members' required contribution, with the members contributing

4.00 percent. Active **CORP** members were required by statute to contribute 8.50 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 1.28 percent.

Annual Pension Cost: The County's pension cost for the two agent plans for the year ended June 30, 2001, and related information follow:

	PSPRS	CORP
Contribution rates:		
County	4.89%	1.28%
Plan members	4.00%	8.50%
Annual pension cost	$ 1,044	$ 169
Contributions made	$ 1,044	$ 169
Actuarial valuation date	June 30, 1999	June 30, 1999
Actuarial cost method	Entry age	Entry age
Actuarial assumptions:		
Investment rate of return	9.00%	9.00%
Projected salary increases	6.5% - 9.5%	6.5% - 9.5%
includes inflation at	5.5%	5.5%
Amortization method	Level percent open	Level percent open
Remaining amortization period from 7/1/99	20 years	20 years
Asset valuation method	smoothed market	smoothed market

Trend Information: Information for each of the three most recent actuarial valuations for each of the agent plans follows:

Contributions Required and Contributions Made

Plan	Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PSPRS	2001	$ 1,044	100%	$ -
	2000	1,304	100%	-
	1999	1,423	100%	-
CORP	2001	$ 169	100%	$ -
	2000	649	100%	-
	1999	769	100%	-

Funding Progress: An analysis of funding progress for each of the agent plans as of June 30, 2001, follows:

Plan	Year Ended June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Funding Liability (Excess)	Funded Ratio	Annual Covered Payroll	Unfunded Liability as Percentage of Covered Payroll
PSPRS	2001	$ 137,727	$ 106,271	$ (31,456)	129.6%	$ 21,643	-
	2000	128,990	96,276	(32,714)	134.0%	18,278	-
	1999	114,700	89,068	(25,632)	128.8%	16,544	-
CORP	2001	$ 36,604	$ 27,728	$ (8,876)	132.0%	$ 12,640	-
	2000	34,508	24,466	(10,042)	141.0%	12,912	-
	1999	29,788	22,752	(7,036)	130.9%	12,680	-

NOTE 11: DEFICIT FUND BALANCE

The Stadium District Special Revenue Fund had a deficit fund balance at June 30, 2001, of $5,587. Management plans to eliminate the deficit by refinancing debt and operating the Baseball Complex profitably in the future.

NOTE 12: EXCESS OF EXPENDITURES OVER APPROPRIATIONS OF INDIVIDUAL FUNDS

The expenditures of the Municipal Property Corporation Special Revenue Fund exceeded appropriations by $7 as a result of unbudgeted miscellaneous debt service expenditures.

The expenditures of the Debt Service Fund exceeded appropriations by $695. This occurred primarily because principal paid on the 2000 General Obligation bonds issued on August 30, 2000 was greater by $300 than estimated; and because special assessment bonds of $270 were called, which was not anticipated.

NOTE 13: INTERFUND TRANSACTIONS

A. Interfund Assets/Liabilities

Interfund Receivables/Payables are used to record transactions between individual funds for goods provided or services rendered:

Receivable fund	Payable fund	Amount
Pima Health Care System	General	$ 782
	Health and Animal Control	50
	Self-Insurance Trust	27
Total		$ 859

Due From/Due To Other Funds are used to record loans or unpaid operating transfers between funds:

Receivable fund	Payable fund	Amount
General	Health and Animal Control	$ 103
	Flood Control District	600
	Employment and Training	1,827
	Other Special Revenue	192
	Stadium District	1,312
	Other Special Revenue Grants	9
	Pima Health Care System	15,398
	Wastewater Management	843
Transportation	Flood Control District	18
	Wastewater Management	17
	Agency	6
Health and Animal Control	General	26
Employment and Training	General	29
Other Special Revenue	General	114
	Other Special Revenue Grants	59
	Self-Insurance Trust	25
Stadium District	General	974
Other Special Revenue Grants	General	1,425
	Health and Animal Control	3
	Employment and Training	8
	Other Special Revenue	7
Capital Projects	Stadium District	1,930
Wastewater Management	Stadium District	44
Parking Garages	General	626
	Stadium District	2,250
Other Internal Service	Stadium District	1,170
	Transportation	1
Self-Insurance Trust	General	53
Total		$ 29,069

The information in the table above includes the formal internal borrowings by the Stadium District Special Revenue Fund from the Capital Projects, Parking Garages and Other Internal Service Funds. These borrowings were instituted by the County to meet its short-term cash flow needs. Interest will be paid at the rate paid to investments of the County in the State Treasurer's Local Government Investment Pool.

B. Operating transfers during the fiscal year ended June 30, 2001, were as follows:

Operating Transfers In	Operating Transfers Out	Amount
General	Transportation	$ 151
	Flood Control District	35
	Other Special Revenue	137
	Stadium District	2,541
Transportation	General	15
Health and Animal Control	General	7,249
Employment & Training	General	95
Stadium District	General	1,412
Other Special Revenue Grants	General	1,400
	Capital Projects	100
Debt Service	General	142
	Transportation	5,450
	Flood Control District	1,179
	Municipal Property Corporation	19
	Capital Projects	25
Capital Projects	General	160
	Transportation	9,502
	Flood Control District	4,650
	Other Special Revenue	41
	Other Special Revenue Grants	32
Pima Health Care System	General	36,941
Other Internal Service	General	1,000
Total		$ 72,276

C. Residual Equity transfers during the fiscal year ended June 30, 2001, were as follows:

Residual Equity Transfers In	Residual Equity Transfers Out	Amount
General	Pima Health Care System	$ 5,315
Total		$ 5,315

During the year ended June 30, 2001, the Pima Health Care System Fund received contributed capital from the General Fund of $1,000. This transaction was recorded in the General Fund as a Residual Equity Transfer Out.

NOTE 14: SEGMENT INFORMATION - ENTERPRISE FUNDS

Pima County maintains four primary enterprises and also includes two component units which provide services to the public. Operations accounted for in the Enterprise Funds are financed and operated in a manner similar to private business enterprises. It is generally intended that the costs of providing services to the general public be financed or recovered primarily through user charges.

On the following pages are tables presenting the more significant financial data relating to the Enterprise Funds and discretely presented component units of the County for the year ended June 30, 2001.

The four primary enterprises of Pima County and the services provided are:

Development Services	responsible for the issuance of zoning and building permits and code enforcement.
Pima Health Care System	provides health care services through Kino Hospital and Pima Health System, including inpatient hospital care and outpatient clinical care for medical and psychiatric problems, and indigent health care under the Arizona Health Care Cost Containment System (AHCCCS), an alternative to Medicaid and long-term care.
Parking Garages	provide and maintain safe and secure public parking facilities at six downtown Tucson locations.
Wastewater Management	provides wastewater collection, treatment and disposal, and solid waste disposal throughout Pima County.

The two component units of Pima County and the services they provide are:

Southwestern Fair Commission	provides management of the fairgrounds and accounts for the use and maintenance of the facilities.
Metropolitan Domestic Water Improvement District	provides for the operation and financial management of a water utility system.

	Primary Enterprise Funds				
	Development Services	Parking Garages	Pima Health Care System	Wastewater Management	Primary Totals
Operating revenues	$ 7,283	$ 1,390	$ 162,699	$ 45,881	$ 217,253
Grant revenues			4,959	928	5,887
Depreciation and amortization	248	353	1,552	12,522	14,675
Operating income (loss)	(82)	163	(5,861)	(7,677)	(13,457)
Operating transfers in			36,941		36,941
Net income	282	306	36,092	29,171	65,681
Capital contributions			2,657	20,346	23,003
Return of contributed capital	(31)			(1)	(32)
Fixed asset additions	238	18	3,276	66,689	70,221
Net working capital	5,422	2,977	12,858	31,035	52,292
Total assets	7,004	11,203	60,701	507,292	586,200
Current portion of long-term debt				6,611	6,611
Long-term debt:					
Revenue bonds payable				67,324	67,324
Other long-term debt				46,813	46,813
Total fund equity	6,200	10,833	24,133	372,960	414,126

	Component Units		
	Metropolitan Domestic Water Improvement District	Southwestern Fair Commission	Totals
Operating revenues	$ 9,478	$ 3,640	$ 13,118
Depreciation and amortization	939	312	1,251
Operating income (loss)	3,233	(221)	3,012
Net income (loss)	1,113	(185)	928
Fixed asset additions	4,800	32	4,832
Net working capital	6,719	150	6,869
Total assets	56,799	2,573	59,372
Current portion of other long-term debt	1,809	93	1,902
Bonds and notes payable (net of current)	41,579	746	42,325
Total fund equity	11,574	1,517	13,091

NOTE 15: CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

At June 30, 2001, Pima County had the following major contractual commitments related to various projects. Commitments have been grouped into four major categories: Transportation Projects, Flood Control Projects, General Government Projects, and Wastewater Management Projects.

Transportation Projects

At June 30, 2001, the Pima County Transportation Department had contractual commitments of $50,225. Funding for these expenditures will be primarily provided from Transportation Revenue Bonds and Highway User Tax Revenue, the primary sources of revenue for the Transportation Department.

Flood Control Projects

At June 30, 2001, the Pima County Flood Control District had contractual commitments of $2,797. Funding for these expenditures will be primarily provided from General Obligation Bonds and from the Flood Control District's tax levy of property within Pima County, the primary sources of revenue for the Flood Control District.

General Government Projects

At June 30, 2001, Pima County had contractual commitments related to various Facilities Management Projects of $8,672 and Parks and Recreation Projects of $635. Funding for these expenditures will be primarily provided from General Obligation Bonds.

Wastewater Management Projects

At June 30, 2001, the Wastewater Management Enterprise Fund had commitments under construction contracts that totaled $42,710.

The County enters into operating leases for various equipment and office space. These leases are entered into with the provision that they may be canceled at the end of each fiscal year if future funding is not provided. Accordingly, these leases are cancelable leases. Operating lease expenditures for these leases totaled $1,770 for the year ended June 30, 2001.

NOTE 16: BEGINNING FUND BALANCE/EQUITY, AS RESTATED

Beginning fund equity of the Enterprise Funds has been restated to correct an overstatement of depreciation expense recorded in the Wastewater Management Fund.

Fund equity, June 30, 2000, as previously reported	$	349,906
Depreciation expense - Wastewater Management Fund		1,059
Fund equity, July 1, 2000, as adjusted	$	350,965

Beginning fund balance of the Special Revenue Funds has been restated to correct an overstatement of expenditures during the year ended June 30, 2000 in the Transportation Fund.

Fund balance, June 30, 2000, as previously reported	$	43,570
Amount of overstatement - Transportation Fund		2,063
Fund balance, July 1, 2000, as adjusted	$	45,633

NOTE 17: SUBSEQUENT EVENTS

On August 2, 2001, the County issued $4,585 in Flood Control District General Obligation Refunding Bonds Series 2001. The net proceeds of the refunding bond issuance were placed in an irrevocable trust account with a bank to advance refund $4,345 of Flood Control District General Obligation Refunding Bonds, Series 1992. The interest rates on the bonds range from 4.00% to 4.20%, and the maturity dates range from July 1, 2004 to 2009. Interest is payable semiannually beginning January 1, 2002.

On August 15, 2001, the County issued $17,835 in General Obligation Refunding Bonds Series 2001. The net proceeds of the refunding bond issuance were placed in an irrevocable trust account with a bank to advance refund $17,290 of various General Obligation Bonds as follows:

Series of 1992	$ 3,720
1992 Refunding	745
Series of 1993	8,400
Series of 1994	4,425
Total	$ 17,290

The interest rates on the bonds range from 4.00% to 5.00%, and the maturity dates range from July 1, 2003 to 2009. Interest is payable semiannually beginning January 1, 2002.

NOTE 18: IMPLEMENTATION OF GASB STATEMENT NO. 34

Beginning with fiscal year 2002, the County will prepare its external financial reports following the requirements of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.* Implementing this standard will significantly change the accounting principles and reporting format used by the County in future financial reports.

APPENDIX E

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the *"Disclosure Undertaking"*) is executed and delivered by **PIMA COUNTY, ARIZONA** (the *"Obligor"*), in connection with the issuance by the Obligor of its $55,000,000 principal amount Pima County, Arizona, Street and Highway Revenue Bonds, Series 2002 (the *"Bonds"*). The Bonds are being issued pursuant to Resolution No. 2002-6 (the *"Resolution"*), adopted by the Board of Supervisors of the Obligor on January 8, 2002. Certain terms used herein are defined in Section 10 below.
The Obligor undertakes and agrees as follows:

Section 1 Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the Obligor for the benefit of the Bondholders and in order to assist each Participating Underwriter in complying with the Rule.

Section 2 Annual Information and Audited Financial Statements. The Obligor agrees to provide or cause to be provided to each Repository:

(a) Annual Information for the preceding Fiscal Year not later than the Filing Date for each Fiscal Year; and

(b) Audited Financial Statements for the preceding Fiscal Year not later than the later of the Filing Date for each Fiscal Year or promptly (but not more than 30 days) after becoming available to the Obligor.

Any or all of the items listed above may be included by specific reference to other documents; provided that if the document included by reference is not a final official statement, it must have been provided previously to each of the Repositories or the Securities and Exchange Commission, and if the document included by reference is a final official statement, it must be available from the MSRB.

Section 3 Notice of Listed Events and Failure to Provide Annual Information. The Obligor agrees to provide or cause to be provided to each National Repository or to the MSRB, and to any State Repository, in a timely manner:

(a) notice of the occurrence of any Listed Events with respect to the Bonds, if material (within the meaning of the Rule); and

(b) notice of its failure to provide or cause to be provided the Annual Information on or before the applicable Filing Date.

Notwithstanding the foregoing, notice of Listed Events consisting of bond calls or defeasances need not be given under this subsection any earlier than the notice of the underlying event is given to the registered owners of affected Bonds pursuant to the Resolution, and notice of the occurrence of a mandatory, scheduled redemption, not otherwise contingent upon the occurrence of an event, is not required if the terms of the redemption under which the redemption is to occur are set forth in detail in the Official Statement and the only open issue is which Bonds will be redeemed in the case of a partial redemption.

Section 4 Termination of Reporting Obligation. The obligations of the Obligor under this Disclosure Undertaking shall terminate at such time as no Bonds remain "outstanding" (within the meaning of the Resolution) or all of the Bonds have been legally defeased, redeemed or paid in full.

Section 5 Dissemination Agent. The Obligor may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any dissemination agent, with or without appointing a successor dissemination agent.

Section 6 Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the Obligor may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived; provided, however, that no amendment or waiver may take effect unless the following conditions are satisfied:

(a) the amendment or waiver may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an "obligated person" (within the meaning of the Rule) with respect to the Bonds, or the type of business conducted;

(b) this Disclosure Undertaking, as amended or taking into account such waiver, in the opinion of counsel of national reputation experienced in bond or federal securities law selected by the Obligor, would have complied with the requirements of the Rule at the time of the original issuance of the Bonds, taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the amendment or waiver either (i) is approved by the registered owners of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of registered owners of the Bonds, or (ii) does not materially impair the interests of the Bondholders as determined by the opinion of counsel of national reputation experienced in bond or federal securities law unaffiliated with the Obligor but which may be selected by the Obligor, or as determined by another party unaffiliated with the Obligor but which may be selected by the Obligor.

Section 7 Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the Obligor from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Information or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If the Obligor chooses to include any information in any Annual Information or notice of occurrence of any Listed Event or any other event, in addition to that which is specifically required by this Disclosure Undertaking, the Obligor shall have no obligation under this Disclosure Undertaking to update the information or include it in any future Annual Information or notice of occurrence of Listed Event.

Section 8 Failure to Perform. Any Bondholder may enforce the Obligor's obligation to provide or cause to be provided information or notice under this Disclosure Undertaking by commencing an action in a court of competent jurisdiction to seek specific performance by court order to compel the Obligor to provide or cause to be provided such information or notice; provided that any Bondholder must first as a condition precedent to commencing the action provide at least 30 day's prior written notice to the Obligor of its failure to perform, giving reasonable detail of such failure, following which notice the Obligor shall have 30 days to perform. Failure by the Obligor to perform under this Disclosure Undertaking shall not be deemed an event of default with respect to the Bonds or under the Resolution or any other document and the sole remedy under this Disclosure Undertaking in the event of any failure of the Obligor to comply with this Disclosure Undertaking shall be an action to compel performance.

Section 9 Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the Obligor and the Bondholders from time to time, and shall create no rights in any other person or entity.

Section 10 Definitions. In addition to the definitions set forth in the Resolution which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Disclosure Undertaking, the following capitalized terms shall have the following meanings:

"*Annual Information*" means:

(a) quantitative financial information and operating data concerning the operations of the Obligor of the type set forth in the Official Statement under the heading "STREET AND HIGHWAY REVENUES - Street and Highway Revenues Received by the County" in the table entitled "PIMA COUNTY STREET AND HIGHWAY REVENUE RECEIPTS";

(b) unaudited annual Financial Statements of the Obligor unless Audited Financial Statements are provided at the same time.

In addition to the information described in (a) and (b), (i) if any part of the Annual Information described in (a) can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Obligor will include a statement to that effect as part of the Annual Information for the year in which the change or discontinuation occurs, and (ii) the Annual Information for the year in which any amendment or waiver of a provision of this Disclosure Undertaking occurs shall describe and explain the amendment or waiver, the reason for it and its impact on the type of information being provided, and if the amendment relates to the accounting principles to be followed in preparing financial statements, the Annual Information for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

"Audited Financial Statements" means audited annual Financial Statements of the Obligor.

"Bondholder" means a beneficial owner of a Bond, with beneficial ownership determined on a basis consistent with the provisions of Rule 13d-3 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, or, if those provisions do not adequately address the situation in question (in the opinion of counsel of national reputation experienced in bond or federal securities law selected by the Obligor) with beneficial ownership determined on the basis of ownership for federal income tax purposes. Any assertion of beneficial ownership must be established by evidence in writing with full documentary support filed with the Obligor.

"Filing Date" means the first business day in February of each Fiscal Year commencing in February, 2003.

"Financial Statements" means annual financial statements of the Obligor prepared in conformity with generally accepted accounting principles as reflected in the governmental accounting standards promulgated from time to time by the Government Accounting Standards Board.

"Fiscal Year" means each fiscal year of the Obligor commencing with the fiscal year beginning July 1, 2001, and ending June 30, 2002.

"Listed Events" means any of the following events:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions or events affecting the tax-exempt status of the security;

(7) modifications to rights of security holders;

(8) bond calls;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the securities; and

(11) rating changes.

"MSRB" means the Municipal Securities Rulemaking Board.

"National Repository" means each Nationally Recognized Municipal Securities Information Repository which is recognized as such for purposes of the Rule at the time any information or notice is to be provided pursuant to this Disclosure Undertaking. The National Repositories at the time of execution and delivery of this Disclosure Undertaking are listed in Exhibit A.

"Official Statement" means the final Official Statement dated January 8, 2002 with respect to the initial offering of the Bonds.

"Participating Underwriter" means each broker, dealer, or municipal securities dealer acting as an underwriter in the primary offering of the Bonds, including, without limitation, SWS Securities Inc.

"Repository" means each National Repository and each State Repository.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as applicable to the Bonds.

"State" means the State of Arizona.

"State Repository" means any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Undertaking, there is no State Repository.

Section 11 Governing Law; Forum. This Disclosure Undertaking shall be governed by the law of the State. Any action to enforce this Disclosure Undertaking against the Obligor may be brought only in a State court.

Section 12 Budget Requirement. Under the law of the State, no expenditures may be made by the Obligor in any Fiscal Year for a purpose not included in the budget, and no expenditure may be made or obligation or liability incurred or created by the Obligor in any Fiscal Year in excess of the amount specified for each purpose in the budget, for that Fiscal Year, except as otherwise provided by law, and the Obligor's undertaking in this Disclosure Undertaking is subject to this limitation of State law on expenditures by the Obligor for costs of performing its obligations under this Disclosure Undertaking.

Date: January 30, 2002

PIMA COUNTY, ARIZONA

By: _____
Director of Financial & Information Services

Exhibit A
List of Nationally Recognized Municipal Securities Information Repositories
at the time of execution and delivery of the Disclosure Undertaking

The list may change from time to time. The Disclosure Undertaking requires that information and notices be provided to each Repository. The list should be checked for changes each time information or notice is to be provided. A current list may be obtained from the Securities and Exchange Commission over the Internet at http://www.sec.gov/consumer/nrmsir.

Bloomberg Municipal Repositories
100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
E-mail: Munis@Bloomberg.com

FT Interactive Data
Attn: NRMSIR
100 William Street
New York, NY 10038
Phone: (212) 771-6999
Fax: (212) 771-7390 (Secondary Market Information)
(212) 771-7391 (Primary Market Information)
E-mail: NRMSIR@FTID.com

Standard & Poor's J.J. Kenny Repository
55 Water Street
45th Floor
New York, NY 10041
Attn: Kenny Repository Service
Phone: (212) 438-4595
Fax: (212) 438-3975
E-mail: NRMSIR_REPOSITORY@sandp.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
E-mail: nrmsir@dpcdata.com

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APPENDIX F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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Financial Guaranty Insurance
Company
115 Broadway
New York, NY 10006
(212) 312-3000
(800) 352-0001

A GE Capital Company

FGIC

Municipal Bond
New Issue Insurance Policy

Issuer:	**Policy Number:**
	Control Number: 0010001
Bonds:	**Premium:**

SPECIMEN

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay to State Street Bank and Trust Company, N.A., or its successor, as its agent (the "Fiscal Agent"), for the benefit of Bondholders, that portion of the principal and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. The Fiscal Agent will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid by reason of Nonpayment by the Issuer but only upon receipt by the Fiscal Agent, in form reasonably satisfactory to it, of (i) evidence of the Bondholder's right to receive payment of the principal or interest Due for Payment and (ii) evidence, including any appropriate instruments of assignment, that all of the Bondholder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and shall be fully subrogated to all of the Bondholder's rights thereunder, including the Bondholder's right to payment thereof.

This Policy is non-cancellable for any reason. The premium on this Policy is not refundable for any reason, including the payment of the Bonds prior to their maturity. This Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond.

As used herein, the term "Bondholder" means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means, when referring to the principal of a Bond, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on a Bond, the stated date

FGIC is a registered service mark used by Financial Guaranty Insurance Company under license from its parent company, FGIC Corporation.

Financial Guaranty Insurance
Company
115 Broadway
New York, NY 10006
(212) 312-3000
(800) 352-0001

A GE Capital Company

FGIC

Municipal Bond
New Issue Insurance Policy

for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal and interest Due for Payment on such Bond. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or a paying agent for the Bonds to Financial Guaranty. "Business Day" means any day other than a Saturday, Sunday or a day on which the Fiscal Agent is authorized by law to remain closed.

SPECIMEN

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Effective Date:

Authorized Representative

State Street Bank and Trust Company, N.A., acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.

Authorized Officer

FGIC is a registered service mark used by Financial Guaranty Insurance Company under license from its parent company, FGIC Corporation.

Financial Guaranty Insurance
Company, doing business in California
as FGIC Insurance Company
115 Broadway
New York, NY 10006
(212) 312-3000
(800) 352-0001

A GE Capital Company

FGIC.

Endorsement
To Financial Guaranty Insurance Company Insurance Policy

Policy Number: **Control Number:** 0010001

SPECIMEN

It is further understood that the term "Nonpayment" in respect of a Bond includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Effective Date: **Authorized Representative**

Acknowledged as of the Effective Date written above:

Authorized Officer
State Street Bank and Trust Company, N.A., as Fiscal Agent

FGIC is a registered service mark used by Financial Guaranty Insurance Company under license from its parent company, FGIC Corporation.

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BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT AGREEMENT

This Bond Registrar, Transfer Agent and Paying Agent Agreement, dated as of January 1, 2002 (the *"Agreement"*), between Pima County, Arizona (the *"County"*), and U.S. Bank, N.A. (the *"Registrar"*),

WITNESSETH

WHEREAS, the County proposes to issue its Street and Highway Revenue Bonds, Series 2002, in the aggregate principal amount of $55,000,000 (the *"Bonds"*); and

WHEREAS, the Bonds will be issued in fully registered form; and

WHEREAS, the County desires to employ a bond registrar, a transfer agent and a paying agent to administer the registration, transfer and payment of the Bonds; and

WHEREAS, the Treasurer of the County (the *"Treasurer"*) is charged with the responsibility of maintaining the principal and interest redemption funds for the County; and

WHEREAS, the County desires to enter into an agreement with the Registrar for services as bond registrar, transfer agent and paying agent with respect to the Bonds; and

WHEREAS, the Registrar is willing to act as bond registrar, transfer agent and paying agent with respect to the Bonds,

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

Section 1: The Registrar is hereby requested to provide the following services:

(a) Bond registrar services, which shall include, but not be limited to:

(1) initial authentication of the Bonds;

(2) maintenance of registration books sufficient to comply with Section 149(a) of the Internal Revenue Code of 1986, as amended (the *"Code"*);

(3) prompt recording of transfers of ownership and exchanges of the Bonds as such transfers and exchanges occur;

(4) protection against double or overissuance of the Bonds;

(5) authentication of the Bonds prepared for delivery to transferees of original purchasers or subsequent owners, or to owners of the Bonds upon any exchange, of the Bonds;

(6) informing the County of the need for additional printings of the Bonds as needed; and

(7) providing the Treasurer and the County access to specimens of the signatures of the persons authorized from time to time to authenticate the Bonds.

(b) Transfer agent services, which shall include, but not be limited to:

(1) receipt and verification of all Bonds tendered for transfer or exchange;

(2) preparation of new Bonds for delivery to transferees or owners wishing to exchange Bonds and delivery of the same;

(3) destruction of Bonds submitted for transfer or exchange; and

(4) provision of necessary information for recordation in the registration books relating to the Bonds.

(c) Paying agent services, which shall include, but not be limited to:

(1) provision of a billing to the County's chief financial officer at least thirty (30) days prior to each principal and interest payment date with respect to the Bonds setting forth the amount of principal and interest due on the Bonds on such payment date;

(2) preparation, execution and mailing, by first class mail, of checks representing (or, to the extent requested in writing by an owner of $1,000,000 or more in aggregate principal amount of the Bonds not less than ten (10) days prior to an interest payment date, transmission by wire transfer to a bank or trust company in the continental United States of America) interest payments due on the Bonds to each registered owner of the Bonds on or prior to each scheduled interest payment date;

(3) verification of all matured Bonds upon their surrender for final payment;

(4) payment of all principal due on the Bonds upon proper surrender thereof to the Registrar or, if so requested in writing by any owner of $1,000,000 or more in aggregate principal amount of the Bonds, and if provision for surrender of the Bonds satisfactory to the Registrar has been made, by wire transfer to a bank or trust company in the continental United States, in the manner provided for therein;

(5) preparation of semiannual reconciliations following each interest payment date showing all principal and interest paid with respect to the Bonds during the preceding six-month period and providing copies thereof to the Treasurer and the Arizona Department of Revenue (the "Department"); and

(6) taking inventory of all canceled checks, or microfilm proof of such checks, showing interest payments on the Bonds.

Section 2. Upon written request of the County, the Registrar will cause its authorized officer(s) to authenticate the Bonds in an aggregate original principal amount not to exceed $55,000,000 at any time except for replacement Bonds.

Section 3. The Registrar shall exchange Bonds of the same aggregate original principal amount, maturity date and interest rate, if any, and of any authorized denomination upon presentation and surrender of such Bonds at the principal corporate trust office of the Registrar together with a request for exchange signed by the registered owner thereof or by a person legally empowered to do so in a form satisfactory to the Registrar.

Section 4. The Registrar shall charge the registered owners of the Bonds that are transferred or exchanged for all of the fees, taxes and costs of such transfer or exchange.

Section 5. With respect to Bonds which are mutilated, lost or destroyed, the Registrar shall cause to be executed and delivered a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond lost or destroyed, upon the registered holder's paying the reasonable expenses and charges in connection therewith and, in the case of any Bond destroyed or lost, filing by the registered owner with the Registrar and the Treasurer of evidence satisfactory to the Registrar and the Treasurer that such Bond was lost or destroyed, and furnishing the Registrar and the County with a sufficient indemnity bond as provided in Arizona Revised Statutes, Section 47-8405.

Section 6. The record date (the *"Record Date"*) for the Bonds shall be the close of business of the Registrar on the 15th day, or if such day is a Saturday, Sunday or holiday, on the next preceding business day, of the month preceding each interest payment date. Bonds presented to the Registrar for transfer after the close of business on the Record Date and before the close of business on the next subsequent interest payment date will be registered in the name of the transferee but the interest payment will be payable to and mailed to the registered owner shown on the registration books for the Bonds maintained by the Registrar as of the close of business on the Record Date.

Section 7. The Treasurer will transfer, or cause to be transferred, immediately available funds to the Registrar no later than one (1) business day prior to the date on which the principal, interest, and premium payments, if any, are due on the Bonds. All moneys held by the Registrar as paying agent shall be held in trust for the benefit of the holders of the Bonds.

Section 8. The Bonds shall bear interest at the rates described in Exhibit A attached hereto payable on July 1, 2002, and semiannually thereafter on January 1 and July 1 each year during the term of the Bonds by check drawn on the Registrar and mailed, by first class mail, on or prior to each interest payment date, to the registered owner of the Bonds at the address shown on the registration books of the Registrar on the Record Date, or, as and subject to the conditions provided in Section 1(c) hereof, by wire transfer.

Section 9. The Bonds mature on July 1 in the years and in the amounts as described in Exhibit A attached hereto. Principal of the Bonds, at maturity or on any redemption prior to maturity, will be payable upon presentation and surrender of the Bonds at the principal corporate trust office of the Registrar or, as and subject to the conditions provided in Section 1(c) hereof, by wire transfer.

Section 10. In the event any check for payment of interest on a Bond is returned to the Registrar unendorsed or is not presented for payment within two (2) years from its payment date or any Bond is not presented for payment of principal at the maturity or redemption date, if funds sufficient to pay such interest or principal due upon such Bond shall have been made available to the Registrar for the benefit of the owner thereof, it shall be the duty of the Registrar to hold such funds without liability for interest thereon, for the benefit of the owner of such Bond who shall thereafter be restricted exclusively to such funds for any claim of whatever nature relating to such Bond or amounts due thereunder. The Registrar's obligation to hold such funds shall continue for two (2) years and six (6) months following the date on which such interest or principal payment became due, whether at maturity, or at the date fixed for redemption, or otherwise, at which time the Registrar shall surrender such unclaimed funds so held to the Treasurer, whereupon any claim of whatever nature by the owner of such Bond arising under such Bond shall be made upon the Treasurer.

Section 11. The Registrar shall secure or collateralize the funds on deposit at the Registrar pursuant to this Agreement in the manner provided in Arizona Revised Statutes, Section 35-323.

Section 12. The Registrar will comply with the seventy-two (72) hour turnaround time required by Securities and Exchange Commission Rule 17(A) (d) - (2) under the Securities and Exchange Act of 1934, as amended, with respect to routine transfer items.

Section 13. Fees for the Registrar's services with respect to the registration, authentication, delivery and payment of the Bonds shall be paid as set forth on Exhibit B attached hereto. Extraordinary out-of-pocket expenses shall be paid by the County as incurred by the Registrar.

Section 14. The Registrar shall make such reports relating to the issuance of the Bonds as the Department requires pursuant to Sections 35-501 and 35-502 of the Arizona Revised Statutes, or any successor statutes thereto, and shall notify the Department in the manner provided in Section 1(c)(5) hereof of the retirement of any Bonds and of all payments of interest thereon.

Section 15. The Registrar's records relating to the Bonds shall be kept in compliance with the requirements of Section 103 of the Code, and any regulations promulgated thereunder, such standards as have been or may be issued from time to time by the Securities and Exchange Commission or the Municipal Securities Rulemaking Board of the United States, and any other securities industry standard as the County may reasonably direct from time to time.

Section 16. The County or its duly authorized agents may examine the records relating to the Bonds at the office of the Registrar where such records are kept at reasonable times as agreed upon with the Registrar and such records shall be subject to audit from time to time at the request of the County and or the Treasurer. On request, the Registrar will furnish the County with a list of the names, addresses and other information concerning the registered owners of the Bonds.

Section 17. The Registrar shall indemnify and hold harmless the County, the Treasurer, and all boards, commissions, officials, officers and employees of the County, individually and collectively, from the Registrar's negligence or misconduct in the performance of any of its duties hereunder. Similarly, the County shall, to the extent permitted by law, indemnify and hold harmless the Registrar, its officers, directors, employees, and agents, individually and collectively, from the County's negligence or misconduct in the performance of any of its duties hereunder.

Section 18. When the Registrar deems it necessary or reasonable, it may apply to a law firm or attorney approved by the County for instructions or advice with respect to the Bonds. All fees incurred in obtaining such counsel shall be added to the fees, costs and expenses to be paid to the Registrar pursuant hereto.

Section 19. By signature of its authorized officer below, the Registrar hereby acknowledges receipt of copies of (a) the resolutions of the County authorizing the issuance of the Bonds, (b) the receipt of the Treasurer acknowledging payment of the entire principal amount of the Bonds and any interest due thereon, (c) the opinion of Snell & Wilmer L.L.P. as Bond Counsel to the County, and (d) the debt service payment schedule relating to the Bonds.

Section 20. The County or the Registrar reserve the right to terminate any individual service set forth in this Agreement, or all of the services set forth in this Agreement, upon sixty (60) days prior written notice to the Registrar.

Section 21. In the event the Registrar resigns or is replaced, the County reserves the right to appoint a successor bond registrar, transfer agent and/or paying agent hereunder. In such event, the provisions of this Agreement with respect to payment for expenses hereunder by the County shall remain in full force and effect, but the Treasurer shall then be authorized to use the funds designated for such payment to pay any fees and expenses of any bond registrar, transfer agent and/or paying agent chosen to replace the Registrar or to reimburse the County if the Treasurer acts as bond registrar, transfer agent and/or paying agent. In the event that any corporation or association (i) into which the Registrar may be converted or merged (ii), with which the Registrar may or any successor to it may be consolidated, or (iii) to which the Registrar may sell or transfer all or substantially all of its corporate trust business, or any corporation or association resulting from such conversion, merger, consolidations, sale or

transfer, ipso facto, shall be and become successor Registrar without the execution or filing of any paper or any further act on the part of any of the parties hereto, and that corporation or association shall be vested further as was its predecessor.

Section 22. This Agreement shall commence on the date first written above and shall continue until the date that the last payment due under the Bonds has been made.

Section 23. This Agreement contains the entire understanding of the parties with respect to the subject matter hereof, and no waiver, alteration or modification of any of the provisions hereof, or assignment of any rights hereunder, shall be binding unless in writing and signed by a duly authorized representative of all parties hereto.

Section 24. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision.

Section 25. Any request, demand, authorization, direction, notice, consent, waiver, statement or other document provided or permitted to be given or furnished to the County or the Registrar shall be mailed or delivered to the County or the Registrar, respectively, at the addresses shown herein, or such other address as may have been given by one party to the other by fifteen (15) days written notice.

If to the County:	Pima County, Arizona 130 West Congress Street Tucson, Arizona 85701 Attention: County Administrator
If to the Registrar:	U.S. Bank, N.A. 7310 North 16th Street, Suite 275 Phoenix, Arizona 85020

Section 26. Arizona law requires that every contract to which the State of Arizona, its political subdivisions or any of the departments or agencies of the State or its political subdivisions is a party include notice that such contract is subject to cancellation, within three (3) years after its execution, by the State, political subdivision, department or agency which is a party to such contract if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, political subdivision, department or agency is, at any time while the contract is in effect, an employee of any other party to the contract or an agent or consultant of any other party to the contract with respect to the subject matter of the contract.

Section 27. This Agreement may be executed in multiple counterparts, all of which shall constitute one and the same Agreement and each of which shall be deemed an original.

Section 28. This Agreement shall be governed by the laws of the State of Arizona.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

U.S. BANK, N.A., as Registrar

By:_____
Deborah M. Scherer
Trust Officer

PIMA COUNTY, ARIZONA

By:_____
Raul Grijalva
Chairman, Board of Supervisors

ATTEST:

By:_____
Lori Godoshian
Clerk of the Board of Supervisors

APPROVED AS TO FORM:

SNELL & WILMER L.L.P.,
Bond Counsel

By:_____
Timothy E. Pickrell

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

U.S. BANK, N.A., as Registrar

By:_____

_____
Title:

PIMA COUNTY, ARIZONA

By:_____
Raul Grijalva
Chairman, Board of Supervisors

ATTEST:

By:_____
Lori Godoshian
Clerk of the Board of Supervisors

APPROVED AS TO FORM:

SNELL & WILMER L.L.P.,
Bond Counsel

By:_____
Timothy E. Pickrell

EXHIBIT A

$55,000,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2002

Maturity Date (July 1)	Principal Amount	Interest Rate
2003	$4,535,000	4.000%
2004	$4,715,000	4.000%
2005	$4,905,000	4.000%
2006	$5,110,000	4.000%
2007	$5,325,000	4.500%
2008	$5,555,000	4.000%
2009	$5,800,000	4.125%
2010	$6,060,000	4.250%
2011	$6,345,000	4.250%
2012	$6,650,000	4.375%

usbank
Corporate Trust
Services

EXHIBIT B

Schedule of Fees for Services as Registrar and Paying Agent

For Pima County Street and Highway Revenue Bonds Series 2002

Initial Fees

01010	**Acceptance Fee** The acceptance fee includes the administrative review of documents, initial set-up of the account, and other reasonably required services up to and including the closing. This is a one-time fee, payable at closing.	$400.00

Administration Fees Billed Annually

04120	**Paying Agent** Annual administration fee for performance of the routine duties of the paying agent associated with the management of the account. Administration fees are payable in advance.	$400.00

Incidental Expenses

SUCE0000	Charge for miscellaneous expenses such as; fax, messenger service, overnight mail, telephone, stationery and postage. This charge is a percent of total Administration Fees, charged in advance.	8.0%

Direct Out of Pocket Expenses

Reimbursement of expenses associated with the performance of our duties, including but not limited to publications, legal counsel after the initial close, travel expenses and filing fees.	At Cost

Extraordinary Services

Extraordinary services are duties or responsibilities of an unusual nature, including termination, but not provided for in the governing documents or otherwise set forth in this schedule. A reasonable charge will be assessed based on the nature of the service and the responsibility involved. At our option, these charges will be billed at a flat fee or at our hourly rate then in effect.

Account approval is subject to review and qualification. Fees are subject to change at our discretion and upon written notice. Fees paid in advance will not be prorated. The fees set forth above and any subsequent modifications thereof are part of your agreement. Finalization of the transaction constitutes agreement to the above fee schedule, including agreement to any subsequent changes upon proper written notice. In the event your transaction is not finalized, any related out-of-pocket expenses will be billed to you directly. Absent your written instructions to sweep or otherwise invest, all sums in your account will remain uninvested and no accrued interest or other compensation will be credited to the account. Payment of fees constitutes acceptance of the terms and conditions set forth.

Dated: January 26, 2002

Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001

A GE Capital Company

FGIC

Municipal Bond
New Issue Insurance Policy

Issuer: Pima County, Arizona

Policy Number: 02010075

Control Number: 0010001

Bonds: $55,000,000 in aggregate principal amount of Street and Highway Revenue Bonds, Series 2002

Premium: $197,300.00

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay to State Street Bank and Trust Company, N.A., or its successor, as its agent (the "Fiscal Agent"), for the benefit of Bondholders, that portion of the principal and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. The Fiscal Agent will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid by reason of Nonpayment by the Issuer but only upon receipt by the Fiscal Agent, in form reasonably satisfactory to it, of (i) evidence of the Bondholder's right to receive payment of the principal or interest Due for Payment and (ii) evidence, including any appropriate instruments of assignment, that all of the Bondholder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and shall be fully subrogated to all of the Bondholder's rights thereunder, including the Bondholder's right to payment thereof.

This Policy is non-cancellable for any reason. The premium on this Policy is not refundable for any reason, including the payment of the Bonds prior to their maturity. This Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond.

As used herein, the term "Bondholder" means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means, when referring to the principal of a Bond, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on a Bond, the stated date for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal and interest Due for Payment on such Bond. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or a paying agent for the Bonds to Financial Guaranty. "Business Day" means any day other than a

FGIC is a registered service mark used by Financial Guaranty Insurance Company under license from its parent company, FGIC Corporation.

Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001

A GE Capital Company

FGIC

Municipal Bond
New Issue Insurance Policy

Saturday, Sunday or a day on which the Fiscal Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Effective Date: January 30, 2002

Authorized Representative

State Street Bank and Trust Company, N.A., acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.

Authorized Officer

FGIC is a registered service mark used by Financial Guaranty Insurance Company under license from its parent company, FGIC Corporation.

Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001

A GE Capital Company

FGIC

Endorsement
To Financial Guaranty Insurance Company Insurance Policy

Policy Number: 02010075 **Control Number:** 0010001

It is further understood that the term "Nonpayment" in respect of a Bond includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Effective Date: January 30, 2002

Authorized Representative

Acknowledged as of the Effective Date written above:

Authorized Officer
State Street Bank and Trust Company, N.A., as Fiscal Agent

FGIC is a registered service mark used by Financial Guaranty Insurance Company under license from its parent company, FGIC Corporation.

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the *"Disclosure Undertaking"*) is executed and delivered by **PIMA COUNTY, ARIZONA** (the "*Obligor*"), in connection with the issuance by the Obligor of its $55,000,000 principal amount Pima County, Arizona, Street and Highway Revenue Bonds, Series 2002 (the "*Bonds*"). The Bonds are being issued pursuant to Resolution No. 2002-6 (the "*Resolution*"), adopted by the Board of Supervisors of the Obligor on January 8, 2002. Certain terms used herein are defined in Section 10 below.

The Obligor undertakes and agrees as follows:

Section 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the Obligor for the benefit of the Bondholders and in order to assist each Participating Underwriter in complying with the Rule.

Section 2. Annual Information and Audited Financial Statements. The Obligor agrees to provide or cause to be provided to each Repository:

(a) Annual Information for the preceding Fiscal Year not later than the Filing Date for each Fiscal Year; and

(b) Audited Financial Statements for the preceding Fiscal Year not later than the later of the Filing Date for each Fiscal Year or promptly (but not more than 30 days) after becoming available to the Obligor.

Any or all of the items listed above may be included by specific reference to other documents; provided that if the document included by reference is not a final official statement, it must have been provided previously to each of the Repositories or the Securities and Exchange Commission, and if the document included by reference is a final official statement, it must be available from the MSRB.

Section 3. Notice of Listed Events and Failure to Provide Annual Information. The Obligor agrees to provide or cause to be provided to each National Repository or to the MSRB, and to any State Repository, in a timely manner:

(a) notice of the occurrence of any Listed Events with respect to the Bonds, if material (within the meaning of the Rule); and

(b) notice of its failure to provide or cause to be provided the Annual Information on or before the applicable Filing Date.

Notwithstanding the foregoing, notice of Listed Events consisting of bond calls or defeasances need not be given under this subsection any earlier than the notice of the underlying event is given to the registered owners of affected Bonds pursuant to the Resolution, and notice of the occurrence of a mandatory, scheduled redemption, not otherwise contingent upon the occurrence of an event, is not required if the terms of the redemption under which the redemption is to occur

are set forth in detail in the Official Statement and the only open issue is which Bonds will be redeemed in the case of a partial redemption.

Section 4. Termination of Reporting Obligation. The obligations of the Obligor under this Disclosure Undertaking shall terminate at such time as no Bonds remain "outstanding" (within the meaning of the Resolution) or all of the Bonds have been legally defeased, redeemed or paid in full.

Section 5. Dissemination Agent. The Obligor may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any dissemination agent, with or without appointing a successor dissemination agent.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the Obligor may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived; provided, however, that no amendment or waiver may take effect unless the following conditions are satisfied:

(a) the amendment or waiver may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an "obligated person" (within the meaning of the Rule) with respect to the Bonds, or the type of business conducted;

(b) this Disclosure Undertaking, as amended or taking into account such waiver, in the opinion of counsel of national reputation experienced in bond or federal securities law selected by the Obligor, would have complied with the requirements of the Rule at the time of the original issuance of the Bonds, taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the amendment or waiver either (i) is approved by the registered owners of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of registered owners of the Bonds, or (ii) does not materially impair the interests of the Bondholders as determined by the opinion of counsel of national reputation experienced in bond or federal securities law unaffiliated with the Obligor but which may be selected by the Obligor, or as determined by another party unaffiliated with the Obligor but which may be selected by the Obligor.

Section 7. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the Obligor from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Information or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If the Obligor chooses to include any information in any Annual Information or notice of occurrence of any Listed Event or any other event, in addition to that which is specifically required by this Disclosure Undertaking, the Obligor shall have no obligation under this Disclosure Undertaking

to update the information or include it in any future Annual Information or notice of occurrence of Listed Event.

Section 8. Failure to Perform. Any Bondholder may enforce the Obligor's obligation to provide or cause to be provided information or notice under this Disclosure Undertaking by commencing an action in a court of competent jurisdiction to seek specific performance by court order to compel the Obligor to provide or cause to be provided such information or notice; provided that any Bondholder must first as a condition precedent to commencing the action provide at least 30 day's prior written notice to the Obligor of its failure to perform, giving reasonable detail of such failure, following which notice the Obligor shall have 30 days to perform. Failure by the Obligor to perform under this Disclosure Undertaking shall not be deemed an event of default with respect to the Bonds or under the Resolution or any other document and the sole remedy under this Disclosure Undertaking in the event of any failure of the Obligor to comply with this Disclosure Undertaking shall be an action to compel performance.

Section 9. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the Obligor and the Bondholders from time to time, and shall create no rights in any other person or entity.

Section 10. Definitions. In addition to the definitions set forth in the Resolution which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Disclosure Undertaking, the following capitalized terms shall have the following meanings:

"*Annual Information*" means:

(a) quantitative financial information and operating data concerning the operations of the Obligor of the type set forth in the Official Statement under the heading "STREET AND HIGHWAY REVENUES—Street and Highway Revenues Received by the County" in the table entitled "PIMA COUNTY STREET AND HIGHWAY REVENUE RECEIPTS;"

(b) unaudited annual Financial Statements of the Obligor unless Audited Financial Statements are provided at the same time.

In addition to the information described in (a) and (b), (i) if any part of the Annual Information described in (a) can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Obligor will include a statement to that effect as part of the Annual Information for the year in which the change or discontinuation occurs, and (ii) the Annual Information for the year in which any amendment or waiver of a provision of this Disclosure Undertaking occurs shall describe and explain the amendment or waiver, the reason for it and its impact on the type of information being provided, and if the amendment relates to the accounting principles to be followed in preparing financial statements, the Annual Information for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements prepared on the

basis of the new accounting principles and those prepared on the basis of the former accounting principles.

"Audited Financial Statements" means audited annual Financial Statements of the Obligor.

"Bondholder" means a beneficial owner of a Bond, with beneficial ownership determined on a basis consistent with the provisions of Rule 13d-3 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, or, if those provisions do not adequately address the situation in question (in the opinion of counsel of national reputation experienced in bond or federal securities law selected by the Obligor) with beneficial ownership determined on the basis of ownership for federal income tax purposes. Any assertion of beneficial ownership must be established by evidence in writing with full documentary support filed with the Obligor.

"Filing Date" means the first business day in February of each Fiscal Year commencing in February, 2003.

"Financial Statements" means annual financial statements of the Obligor prepared in conformity with generally accepted accounting principles as reflected in the governmental accounting standards promulgated from time to time by the Government Accounting Standards Board.

"Fiscal Year" means each fiscal year of the Obligor commencing with the fiscal year beginning July 1, 2001, and ending June 30, 2002.

"Listed Events" means any of the following events:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions or events affecting the tax-exempt status of the security;

(7) modifications to rights of security holders;

(8) bond calls;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the securities; and

(11) rating changes.

"MSRB" means the Municipal Securities Rulemaking Board.

"National Repository" means each Nationally Recognized Municipal Securities Information Repository which is recognized as such for purposes of the Rule at the time any information or notice is to be provided pursuant to this Disclosure Undertaking. The National Repositories at the time of execution and delivery of this Disclosure Undertaking are listed in Exhibit A.

"Official Statement" means the final Official Statement dated January 8, 2002 with respect to the initial offering of the Bonds.

"Participating Underwriter" means each broker, dealer, or municipal securities dealer acting as an underwriter in the primary offering of the Bonds, including, without limitation, SWS Securities.

"Repository" means each National Repository and each State Repository.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as applicable to the Bonds.

"State" means the State of Arizona.

"State Repository" means any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Undertaking, there is no State Repository.

Section 11. Governing Law; Forum. This Disclosure Undertaking shall be governed by the law of the State. Any action to enforce this Disclosure Undertaking against the Obligor may be brought only in a State court.

Section 12. Budget Requirement. Under the law of the State, no expenditures may be made by the Obligor in any Fiscal Year for a purpose not included in the budget, and no expenditure may be made or obligation or liability incurred or created by the Obligor in any Fiscal Year in excess of the amount specified for each purpose in the budget, for that Fiscal Year, except as otherwise provided by law, and the Obligor's undertaking in this Disclosure Undertaking is subject to this limitation of State law on expenditures by the Obligor for costs of performing its obligations under this Disclosure Undertaking.

Dated: January 30, 2002

PIMA COUNTY, ARIZONA

By: _____
Director of Financial and Information Services

221735

Exhibit A

List of Nationally Recognized Municipal Securities Information Repositories at the time of execution and delivery of the Disclosure Undertaking

The list may change from time to time. The Disclosure Undertaking requires that information and notices be provided to each Repository. The list should be checked for changes each time information or notice is to be provided. A current list may be obtained from the Securities and Exchange Commission over the Internet at http://www.sec.gov/info/municipal/nrmsir.

Bloomberg Municipal Repositories
100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
E-mail:Munis@Bloomberg.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
E-mail:nrmsir@dpcdata.com

FT Interactive Data
Attn: NRMSIR
100 William Street
New York, NY 10038
Phone: (212) 771-6999
Fax: (212) 771-7390 (Secondary Market Information)
(212) 771-7391 (Primary Market Information)
E-mail: NRMSIR@FTID.com

Standard & Poor's J.J. Kenny Repository
55 Water Street
45th Floor
New York, NY 10041
Attn: Kenny Repository Service
Phone: (212) 438-4595
Fax: (212) 438-3975
E-mail: NRMSIR_REPOSITORY@sandp.com

Blanket Issuer Letter of Representations

[To be Completed by Issuer]

PIMA COUNTY, ARIZONA
[Name of Issuer]

JUNE 11, 1998
[Date]

Attention: Underwriting Department — Eligibility
The Depository Trust Company
55 Water Street; 50th Floor
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

PIMA COUNTY, ARIZONA
(Issuer)

By: C. Huckelberry
(Authorized Officer's Signature)

C. H. HUCKELBERRY, COUNTY ADMINISTRATOR
(Typewrite Name & Title)

130 W. Congress, 10th floor
(Street Address)

Tucson, AZ 85701
(City) (State) (Zip)

(520) 740-8661
(Phone Number)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: Robyn Bondar

SCHEDULE A

SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $200 million, one certificate will be issued with respect to each $200 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

[6. Redemption notices shall be sent to Cede & Co. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal and interest payments on the Securities will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Issuer or the Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

11. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

$55,000,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2002

GENERAL CERTIFICATE OF THE COUNTY

The undersigned, Chairman (the *"Chairman"*) and Clerk (the *"Clerk"*) of the Board of Supervisors of Pima County, Arizona (the *"County"*), acting for and on behalf of the County, do hereby certify as follows with respect to the $55,000,000 aggregate principal amount of Pima County, Arizona, Street and Highway Revenue Bonds, Series 2002 (the *"Bonds"*), issued by the County pursuant to Resolution No. 2002-6, passed, adopted and approved by the Board of Supervisors of the County on January 8, 2002 (the *"Resolution"*), authorizing and providing for the issuance and sale of the Bonds:

1. They are the duly elected or appointed, qualified and acting Chairman and Clerk, respectively, of the Board of Supervisors of the County and, as such, are familiar with the matters set forth below and the books, records and proceedings of the County.

2. Regular meetings of the Board of Supervisors of the County were duly called, noticed and held on November 13, 2001 and January 8, 2002, in accordance with the laws of the State of Arizona. Copies of the notices and agendas for such meetings are attached hereto as Exhibit A. The Resolution, as executed by the Chairman and attested by the Clerk, is in the same form and text as the copy of such Resolution that was before and adopted by the Board of Supervisors of the County at the meeting of January 8, 2002.

3. The persons named below were on November 13, 2001 and January 8, 2002, and, are on the date hereof, the duly elected, qualified and acting members and incumbents of the office of the County set opposite their respective names:

Name	Office
Raul M. Grijalva	Chairman and Supervisor
Sharon Bronson	Vice Chair and Supervisor
Ann Day	Supervisor
Ray Carroll	Supervisor
Dan Ekstrom	Supervisor

To the best of our knowledge, there is no litigation pending or threatened affecting or questioning in any manner whatsoever the rights of the Chairman or the Supervisors of the County to their respective offices or affecting the organization, existence or powers of the County.

4. The County is a political subdivision duly organized and validly existing under the Constitution and laws of the State of Arizona and had, and has, full legal right, power and authority to adopt, execute and deliver, as appropriate, the Resolution, the Bonds, the Bond

Registrar, Transfer Agent and Paying Agent Agreement, dated as of January 1, 2002 (the *"Bond Registrar and Paying Agent Agreement"*), between the County and U.S. Bank, N.A. (the *"Registrar"*), the Continuing Disclosure Undertaking, dated January 30, 2002 (the *"Continuing Disclosure Undertaking"*), entered into by the County, and all the other documents, instruments and certificates contemplated therein (all of the foregoing are hereinafter collectively referred to as the *"County Documents"*) and to authorize and issue the Bonds and to carry out the transactions contemplated by the County Documents; and the County Documents have been duly authorized, executed and delivered by the County and are the legal, valid and binding special obligations of the County enforceable against the County in accordance with their respective terms and, in the case of the Resolution, have not been amended, modified or repealed in any respect subsequent to their execution and are in full force and effect on the date hereof.

5. The execution and delivery of the County Documents and compliance with the provisions thereof will not conflict with or constitute a breach of or default under any law, governmental rule or regulation, judgment, order, writ, injunction, consent decree, agreement, ordinance, resolution, or other instrument to which the County is a party or to which it or any of its property is subject, and does not require any consent or approval by any governmental authority, agency or body not already obtained.

6. The Chairman and the Clerk hereby authorize, ratify and adopt the facsimile signatures of the Chairman and the Clerk executing and attesting, respectively, the Bonds in the aggregate principal amount of $55,000,000 issued under the Resolution in the form of fully-registered bonds without coupons, in the denomination of $5,000, or integral multiples thereof and bearing interest from the date of the Bonds to the maturity or earlier redemption of each of the Bonds, as follows:

Maturity Date (July 1)	Principal Amount	Interest Rate
2003	$4,535,000	4.000%
2004	$4,715,000	4.000%
2005	$4,905,000	4.000%
2006	$5,110,000	4.000%
2007	$5,325,000	4.500%
2008	$5,555,000	4.000%
2009	$5,800,000	4.125%
2010	$6,060,000	4.250%
2011	$6,345,000	4.250%
2012	$6,650,000	4.375%

7. All representations and warranties of the County contained in the County Documents are true, correct and complete in all material respects as of the date hereof and the County has satisfied and performed all of the conditions and agreements required in the County Documents to be satisfied or performed by the County at or prior to this date in connection with the issuance, sale and delivery of the Bonds in the manner and with the effect contemplated in the County Documents and, as of the date hereof, to the best knowledge of the County, no

default or event of default has occurred, nor has any event occurred which, with the giving of notice or the passage of time, or both, will constitute a default or an event of default with respect to the County Documents.

8. There is no action, suit, proceeding, inquiry, or investigation at law or in equity, or before or by any public board or body, pending or threatened against the County, which questions its right to levy and collect taxes to pay the principal of and interest on the Bonds, or questions the proceedings and authority pursuant to which the levy is made, or questions its right to issue securities, including the Bonds, or to restrain or enjoin the issuance, offer and sale of the Bonds, or in any way affecting or questioning any authority for or the validity of the County Documents, the Bonds or the proceedings for the issuance thereof or the County's right to use the proceeds of the Bonds in the manner contemplated in the Resolution, which, if determined adversely to the County or its interests, individually or in the aggregate, would have (a) a material adverse effect upon the financial condition, assets, properties or operations of the County, or (b) a material adverse effect on the transactions contemplated by the Official Statement, dated January 8, 2002 (the *"Official Statement"*), prepared and distributed in connection with the offer and sale of the Bonds, or (c) an adverse effect on the validity or enforceability of the County Documents, or (d) impair the County's ability to comply with the requirements set forth in the Resolution.

9. The County is not in default with respect to any order or decree of any court or any order, regulation or demand of any Federal, state, municipal or governmental agency, which default would materially and adversely affect the existence or operation of the County or its properties or the execution, delivery, receipt and the performance of the County Documents or the other agreements contemplated thereby.

10. U.S. Bank, N.A., as Registrar, pursuant to the Resolution and the Bond Registrar, Transfer Agent and Paying Agent Agreement, is hereby authorized and directed to authenticate the fully-registered Bonds and to receipt for and deliver said Bonds to SWS Securities (the *"Underwriter"*), pursuant to The Depository Trust Company's F.A.S.T. closing procedures, after authentication and upon receipt by the Treasurer of the County of $55,401,014.63, representing $55,000,000.00 principal amount thereof plus a net premium of $216,556.50 and accrued interest of $184,458.13. The Treasurer will deposit and apply the proceeds of the sale of the Bonds as provided in Section 16 of the Resolution.

11. To the best knowledge, information and belief of the undersigned, (a) the description and statements contained in the Official Statement and the other documents, information and materials, together with any supplements thereto (collectively, the *"Offering Materials"*), distributed, and all representations made, by the County and its supervisors, officers and employees in any manner whatsoever in connection with the offer and sale of the Bonds, were, on January 8, 2002, the date the proposal for the purchase of the Bonds (the *"Proposal"*) by the Underwriter, which is on file in the office of the Clerk of the Board of Supervisors of the County, was accepted by the Board of Supervisors of the County, and are on the date hereof, true, correct and complete in all material respects and do not contain any untrue statement of a material fact or omit to state any material fact which should be included therein for the purposes for which the Offering Materials are to be used or which is necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, (b) since the date of the Official Statement, there has been no material adverse change in the powers, properties, results of operations or financial position of the County, other than as set

forth in or contemplated by the Official Statement, and (c) since the date of the Official Statement, the County has not entered into any transaction or incurred any liability which will materially adversely affect the ability of the County to carry out and perform its obligations pursuant to the Resolution.

12. Except as disclosed in the Official Statement, the County is currently in compliance with its reporting requirements pursuant to all prior Continuing Disclosure Undertakings.

13. To the best of our knowledge, no public officer, supervisor or employee of the County has been compensated or will be compensated for acting as such in connection with the issuance, sale and delivery of the Bonds, except that they may be reimbursed for their actual expenses incurred in the performance of their duties as such officers, supervisors or employees of the County and no officer, supervisor or employee of the County, or relative of such officer, supervisors or employee, has any "substantial interest" (as defined in Section 38-502 of the Arizona Revised Statutes) in any of the transactions contemplated by the County Documents.

14. The County will use the proceeds of the Bonds (other than the proceeds deposited into the Bond Fund pursuant to Section 16 of the Resolution) in a manner and for purposes consistent with the voter approval obtained at the special bond election held in and for the County on November 4, 1997.

15. The Bonds are payable solely from a pledge of, and are secured by a first lien on, the Pledged Revenues, on a parity with the 1998 Bonds and any Additional Parity Bonds that may be issued from time to time pursuant to the Resolution, and other than as described herein, the Pledged Revenues have not been pledged or hypothecated in any manner or for any purpose, and there are no bonds, judgments, notes, certificate or indebtedness of any kind or character whatsoever outstanding payable from the Pledged Revenues other than the Bonds and $28,000,000 outstanding principal amount of the 1998 Bonds.

16. Any defined term identified herein by an initial capital letter but not otherwise defined herein shall have the meaning ascribed to it in the Resolution.

Dated: January 30, 2002.

PIMA COUNTY, ARIZONA

By: _____
Raul Grijalva
Chairman of the Board of Supervisors

By: _____
Lori Godoshian
Clerk of the Board of Supervisors

NOTES/ACTION

ADDENDUM, BOARD OF SUPERVISORS' MEETING

110 W. CONGRESS, 1ST FLOOR

BOARD OF SUPERVISORS HEARING ROOM

NOVEMBER 13, 2001 8:30 A.M.

... **EXECUTIVE SESSION**

Pursuant to A.R.S. §38-431.03(A)(3)and (4), for legal advice and direction regarding the settlement offer proposed by the defendants in the case entitled Pima County v. Nanini, Cause No. CV01-0279-PR, Lower Court Cause No. C331842. Approximate time: 5 minutes.

Accept County Attorney's recomendation to reject settlement offer and continue negotiations. 5/0

BOARD OF SUPERVISORS SITTING IN REGULAR SESSION

1. COUNTY ADMINISTRATOR

A. RESOLUTION NO. 2001-266, of the Board of Supervisors ordering the sale of not to exceed $20,000,000.00 principal amount of Pima County, Arizona, General Obligation Bonds, Series 2002.

Approved 4/0

B. RESOLUTION NO. 2001-267, of the Board of Supervisors ordering the sale of not to exceed $55,000,000.00 principal amount of Pima County, Arizona, Street and Highway Revenue Bonds, Series 2002.

Approved 4/0

CLERK'S NOTE:

A. Public discussion and action may occur on any executive or regular agenda item, and;

B. Any backup material will be available for review twenty-four (24) hours before the meeting at the Clerk of the Board's Office.

POSTED: Levels A & B, 1st and 5th Floors, Pima County Administration Building.

DATE POSTED: 11/8/01

TIME POSTED: 11:00 A.M.

NOTES/ACTION

AGENDA, BOARD OF SUPERVISORS' MEETING

BOARD OF SUPERVISORS HEARING ROOM

110 W. CONGRESS, 1ST FLOOR

JANUARY 8, 2002 8:30 A.M.

1. ROLL CALL

... EXECUTIVE SESSION 8:30 A.M. - Regular Meeting to commence at 9:00 A.M.

Pursuant to A.R.S. §38-431.03(A) 3 and 4, for legal advice regarding applications for the redemption of the Waiver of Tax Exemption. Approximate time: 5 minutes.

Accept filings for review. 5/0

2. INVOCATION

3. PLEDGE OF ALLEGIANCE

4. PRESENTATION/PROCLAMATION

Presentation of the proclamation to Charlotte Queen in recognition of Laurinda Queen Burleson's commitment to preserve and protect the Sonoran Desert, her contribution of land for Tortolita Mountain Park and proclaiming January 14, 2002 as:

"Queen Appreciation Day"

BOARD OF SUPERVISORS SITTING AS OTHER BOARDS

... BOARD OF EQUALIZATION

Tax Roll Correction Order

Personal Property 2001 - 5169 PPB

Approved 5/0

NOTES/ACTION

*(**CLERK'S NOTE:** Bid openings to be conducted at 10:00 a.m. by Financial Operations.)

*C. General Obligation Bonds

1. RESOLUTION NO. 2002-5, providing for the issuance and sale of $20,000,000.00 principal amount of Pima County, Arizona, General Obligation Bonds, Series 2002; providing for the annual levy of a tax for the payment of the Bonds; providing terms, covenants and conditions concerning the bonds; accepting a proposal for the purchase of the bonds; appointing an initial registrar and paying agent for the bonds; and declaring an emergency.

Approved 4/0

2. RESOLUTION NO. 2002-6, providing for the issuance and sale of $55,000,000.00 principal amount of the Pima County, Arizona, Street and Highway Revenue Bonds, Series 2002; providing for the payment of the bonds; providing terms, covenants and conditions concerning the bonds; accepting a proposal for the purchase of the bonds; appointing an initial registrar and paying agent for the bonds; and declaring an emergency.

Approved 5/0

7. COUNTY ADMINISTRATOR

Memorandum of Understanding with the Arizona Game and Fish Department

Staff recommends approval of the Memorandum of Understanding with the Arizona Game and Fish Department and Cooperative Agreement to further advance the process of developing the Sonoran Desert Conservation Plan.

Approved 5/0

8. ASSESSOR

Pursuant to A.R.S. §42-11153(B), the Assessor has received 699 applications for redemption of

Refer Executive Session.

$55,000,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2002

TAX CERTIFICATE AND AGREEMENT

THIS TAX CERTIFICATE AND AGREEMENT (the *"Tax Certificate and Agreement"*) is executed as of January 30, 2002, by Pima County, Arizona (the *"County"*), in connection with the $55,000,000 aggregate principal amount of Pima County, Arizona, Street and Highway Revenue Bonds, Series 2002 (the *"Bonds"*) issued on the date hereof.

This Tax Certificate and Agreement sets forth various facts regarding the Bonds and establishes the expectations of the County as to future events regarding the Bonds and the use of the proceeds of the Bonds. The certifications and representations made herein are intended, and may be relied upon, as a certification described in Section 1.148-2(b)(2) of the Treasury Regulations.

This Tax Certificate and Agreement also sets forth certain terms and conditions relating to the restrictions on the use and investment of the proceeds of the Bonds in order that the interest on the Bonds will be excluded from gross income for federal income tax purposes.

NOW, THEREFORE, the County hereby certifies, covenants, represents and agrees as follows:

ARTICLE I

GENERAL

Section 1.1 Authorization. The Bonds are authorized, issued, sold and delivered pursuant to Resolution No. 2002-6, passed, adopted and approved by the Board of Supervisors of the County on January 8, 2002 (the *"Bond Resolution"*).

Section 1.2 Definitions. Capitalized terms used herein which are not otherwise defined herein shall have the respective meanings set forth in the Bond Resolution or, if not defined in the Bond Resolution, in Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the *"Code"*) and related Treasury Regulations.

Section 1.3 Purpose of the Bonds. The Bonds are being issued for the following purposes:

(a) to finance various street and highway improvement projects (collectively, the *"Improvements"*) pursuant to the authorization granted by the qualified electors of the County voting at the bond election held in the County on November 6, 1997; and

(b) to pay the costs of issuing the Bonds.

Section 1.4 Reliance on Other Parties. The expectations of the County concerning certain uses of the proceeds of the Bonds and other matters are based in whole or in part on representations and certifications of other parties set forth in closing certificates dated the date hereof (including specifically the certificate of the underwriter as to the uses of the net reoffering premium set forth in Paragraph 2.2(b)(iv) below). The County is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation or certification made in this Tax Certificate and Agreement and accompanying certificates.

Section 1.5 Private Activity Bond Representations. For purposes of determining whether the Bonds are private activity bonds, the County makes the following representations.

(a) Not more than 5% of the proceeds of the Bonds will be used, directly or indirectly, to replace funds which were used in any business carried on by any person other than a state or local governmental unit.

(b) Not more than 5% of the payment of the principal of or the interest on the Bonds will be, directly or indirectly, (i) secured by any interest in (A) property used or to be used for a private business use by any person other than a state or local governmental unit, or (B) payments in respect of such property, or (ii) derived from payments (whether or not to the County), in respect of property, or borrowed money, used or to be used for a private business use by any person other than a state or local governmental unit.

(c) Not more than 5% of the proceeds of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than a state or local governmental unit.

(d) No user of the Improvements other than a state or local governmental unit will use more than 5% of such facilities on any basis other than the same basis as the general public; and no person other than a state or local governmental unit will be a user of more than 5% of such facilities as a result of (i) ownership, or (ii) actual or beneficial use pursuant to a lease or a management or incentive payment contract, or (iii) any other similar arrangement.

Section 1.6 Single Issue for Certain Tax Purposes. No other obligations are (a) being sold at substantially the same time (within 15 days) as the Bonds, (b) being sold pursuant to the same plan of financing, and (c) reasonably expected to be paid from substantially the same source of funds as the Bonds, determined without regard to guarantees from unrelated parties.

Section 1.7 Bonds not Hedge Bonds. The County reasonably expects to spend at least 85% of the spendable proceeds of the sale of the Bonds to carry out the governmental purpose for which they were issued within three years of the date of issuance. Not more than 50% of the

proceeds of the Bonds is expected to be invested in investments having a substantially guaranteed yield for four years or more.

ARTICLE II

ARBITRAGE

Section 2.1 Reasonable Expectations. This Article II states the reasonable expectations, statements of facts and estimates of the County with respect to the amount and use of the proceeds of the Bonds and certain other funds. On the basis of the following, it is not expected that the Bonds will be *"arbitrage bonds"* within the meaning of Section 148 of the Code.

Section 2.2 Sale Proceeds.

(a) Sources of Proceeds. Sale proceeds of the Bonds, net of accrued interest, are as follows:

Par Amount	$55,000,000.00
Plus net reoffering premium (of which $426,250.00 is not actually received by County but retained by the Underwriter as its compensation and to pay bond insurance premium)	$642,806.50
Sale Proceeds	$55,642,806.50

(b) Uses of Proceeds. The sale proceeds of the Bonds, together with $184,458.13, representing accrued interest on the Bonds from January 1, 2002 to the date hereof, are expected to be needed and expended as follows:

(i) An amount of $184,458.13, representing accrued interest on the Bonds from January 1, 2002 to the date hereof, shall be deposited in the Bond Fund and applied toward the July 1, 2002 interest payment due on the Bonds; and

(ii) An amount of $55,216,556.50, representing the principal amount of the Bonds and $216,556.50 of premium received by the County, will be used to (a) pay the costs of issuance of the Bonds, other than the Underwriter's compensation and bond insurance premium, (b) reimburse the County for certain capital expenditures for Improvements previously made by the County not more than eighteen (18) months prior to the date hereof that the County, for each of such capital expenditures, not fewer than sixty (60) days after such expenditure, evidenced its intent to reimburse from future bond proceeds, and (c) finance various street and highway expenditures of the County authorized by the Bond Election;

(iv) An amount of $426,250.00, representing a portion of net reoffering premium, of which $228,950.00 will be retained as underwriters' compensation, and of which $197,300.00 will be applied to pay the premium for the municipal bond insurance policy (the *"Policy"*) to be issued by Financial Guaranty Insurance Company. (the *"Insurer"*) with respect to the Bonds.

Section 2.3 No Overissuance. The total proceeds to be received from the sale of the Bonds and anticipated investment earnings thereon do not exceed the total of the amount necessary to finance the governmental purposes for which the Bonds are issued as described above.

Section 2.4 Investment of Proceeds. No portion of the Bonds is being issued solely for the purpose of investing the proceeds at a yield higher than the yield on the Bonds or to replace funds which were used, directly or indirectly, to acquire investments with a yield higher than the yield on the Bonds.

Section 2.5 Funds and Accounts.

(a) General. The following funds and accounts are created and established pursuant to the Bond Resolution:

(i) The Bond Fund;

(ii) The Rebate Account; and

(iii) The fund(s) from which expenditures will be made for the costs of the Improvements (the *"Project Fund"*).

The County certifies that the following subsections accurately reflect various matters relating to these funds and accounts.

(b) Bond Fund. The Bond Fund will be used primarily to achieve a proper matching of revenues and debt service within each bond year, and are expected to be depleted at least once each year except for a reasonable carryover amount not to exceed the greater of (i) the earnings on investment of the moneys in these funds for the immediately preceding bond year, or (ii) one-twelfth (1/12th) of the debt service on the Bonds for the immediately preceding bond year. Amounts deposited in the Bond Fund will be expended to pay debt service on the Bonds within thirteen (13) months from the date of deposit by the County pursuant to the Bond Resolution.

Amounts deposited into the Bond Fund for the purpose of paying current debt service on the Bonds may be invested at an unrestricted yield for a period not exceeding thirteen (13) months from the date of the first deposit of such amounts to such funds and, thereafter, at a yield not materially higher than the yield on the Bonds. For investments of amounts in the Bond Fund, materially higher means one-thousandth of one percentage point (.001%). Earnings on amounts deposited in the Bond Fund as described in Subsection 2.2(b)(i) may be invested at an unrestricted yield for a one (1) year period from the date of receipt thereof and, thereafter, at a yield not materially higher than the yield on the Bonds. For investments of amounts described in

the preceding sentence, materially higher means one-eighth of one percentage point (.125%). Except as provided in Section 4.8 hereof, amounts in the Bond Fund will be subject to the arbitrage rebate requirements of Section 148(f) of the Code.

(c) Rebate Account. The County has covenanted not to use moneys of any account in connection with the Bonds in a manner which will cause the Bonds to be arbitrage bonds within the meaning of Section 148 of the Code. To that end, the Rebate Account is created pursuant to the Bond Resolution and will be funded to the extent required either from transfers from the other funds or from the County's general funds. The County shall deposit into the Rebate Account any payments received in accordance with this Tax Certificate and Agreement for purposes of paying rebate to the United States Treasury Department and so identified. The amount required to be held in the Rebate Account at any point in time is determined pursuant to the requirements of the Code, including particularly Section 148(f) of the Code and the Treasury Regulations promulgated thereunder. Moneys in the Rebate Account are neither pledged to nor expected to be used to pay debt service on the Bonds.

(d) Project Fund. The County has entered, or will within six month from the date hereof enter, into binding contracts or commitments obligating it to spend at least five percent (5%) of the amount deposited in the Project Fund for acquiring, constructing and equipping the Improvements. It is expected that the work of acquiring, constructing and equipping the Improvements will continue to proceed with due diligence through not later than three years from the date hereof, at which time all proceeds of the Bonds will have been spent. Amounts in the Project Fund may be invested at an unrestricted yield for a three (3) year period and, thereafter, at a yield not materially higher than the yield on the Bonds. For investments of amounts in the Project Fund, materially higher means one-eighth (1/8) of one percentage point (1%). For investments of amounts described in the preceding sentence, materially higher means one-eighth (1/8) of one percentage point (1%). Amounts in the Project Fund will be subject to the arbitrage rebate requirements of Section 148(f) of the Code, except to the extent such amounts qualify for the spending exceptions set forth in Section 1.148-7 of the Treasury Regulations.

Section 2.6 No Replacement. Other than proceeds of the Bonds, neither the County nor any person related to it within the meaning of Section 147(a) of the Code (a *"Related Person"*) has on hand any funds which could legally and practically be used for the purposes for which the Bonds are being issued which are not pledged, budgeted, earmarked or otherwise necessary to be used for other purposes. Accordingly, no portion of the proceeds of the Bonds will be used (a) directly or indirectly to replace funds of the County or any Related Person that could be used for the purpose for which the Bonds are being issued, or (b) to replace any proceeds of any prior issuance of obligations by the County or any Related Person.

Section 2.7 No Other Sinking or Pledged Funds. Except for the Bond Fund, no other accounts have been or are expected to be established, and no moneys or property have been or are expected to be available or pledged (no matter where held or the source thereof) which are expected to be used or available to pay, directly or indirectly, principal or interest on the Bonds, or restricted so as to give reasonable assurance of their availability for such purposes.

Section 2.8 No Abusive Arbitrage Device. The County certifies, warrants and covenants that the Bonds are not and will not be part of a transaction or series of transactions that (a) attempts to circumvent the provisions of Section 148 of the Code and related regulations, thereby enabling the County to exploit the difference between tax-exempt and taxable interest rates to obtain a material financial advantage, and (b) overburdens the tax-exempt bond market in any manner, including, without limitation, issuing more bonds, issuing bonds earlier, or allowing them to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes of the Bonds.

Section 2.9 No Sale of Facilities. The County does not expect to sell or otherwise dispose of its interest in the Improvements financed by the Bonds before the maturity or retirement of the Bonds, except for such minor parts or portions thereof as may be disposed of due to normal wear, obsolescence or depreciation.

ARTICLE III

CALCULATION OF YIELD

Section 3.1 Yield. For purposes of this Tax Certificate and Agreement, yield is calculated as set forth in Section 148(h) of the Code and Sections 1.148-4 and 1.148-5 of the Treasury Regulations. Thus, yield generally means that discount rate which, when used in computing the present value of all unconditionally payable payments of principal and interest with respect to an obligation and the cost of qualified guarantees, if any, paid and to be paid with respect to such obligation, produces an amount equal to the issue price of the obligation. The issue price of the Bonds is $55,642, 806.50, which represents the price at which the Bonds were sold to the public (excluding bond houses, brokers and other intermediaries) as represented by SWS Securities, the Underwriter. For purposes hereof, yield is calculated on a 360-day year basis with interest compounded semi-annually. The yield on the Bonds as computed by RBC Dain Rauscher Inc., the County's financial advisor, taking into account the cost of the Policy as a qualified guaranty, is at least 4.0569481%.

Section 3.2 Qualified Guarantee. Based upon the representations of the Underwriter, the Policy provided by the Insurer is a qualified guarantee within the meaning of Section 1.148-4(f) of the Treasury Regulations with respect to the Bonds. Accordingly, the amount paid to the Insurer will be treated as interest on the Bonds in computing the yield thereon.

Based upon the representations of the Underwriter, the present value of the amount paid for the Policy is less than the present value of the interest reasonably expected to be saved as a result of the Policy (using as a discount rate the yield to maturity on the Bonds computed treating the amount paid for the Policy as interest thereon). Additionally, neither the County nor any person related to the County is related to the Insurer.

ARTICLE IV

REBATE

Section 4.1 Undertakings. The County has covenanted to comply with certain requirements of the Code. The County acknowledges that the United States Department of the

Treasury has issued Treasury Regulations with respect to these undertakings, including the proper method for computing whether any rebate amount is due the federal government under Section 148(f) of the Code. (Sections 1.148-0 through 1.148-11, 1.149(d)-1, 1.149(g)-1, 1.150-1 and 1.150-2 of the Treasury Regulations.) The County covenants that it will undertake to determine (or have determined on its behalf) what is required with respect to the rebate provisions contained in Section 148(f) of the Code from time to time and will undertake to comply with any requirements that may be applicable to the Bonds. The County will undertake the methodology described in this Article IV of this Tax Certificate and Agreement, except to the extent inconsistent with any requirements of present or future law, regulations or future guidance issued by the United States Department of the Treasury or if the County receives an opinion of nationally-recognized bond counsel.

Section 4.2 Rebate Fund. A special fund designated the *"Rebate Fund"* has been established pursuant to the Bond Resolution. The County shall keep the Rebate Fund separate and apart from all other funds and moneys held by it.

Section 4.3 Recordkeeping. Detailed records with respect to each and every Nonpurpose Investment attributable to Gross Proceeds (within the meaning of Section 1.148-1(b) of the Treasury Regulations) of the Bonds must be maintained by the County including: (a) purchase date, (b) purchase price, (c) any accrued interest paid, (d) face amount, (e) coupon rate, (f) periodicity of interest payments, (g) disposition price, (h) any accrued interest received, (i) disposition date, and (j) broker's fees. Such detailed record keeping is required for the calculation of the rebate amount (within the meaning of Section 1.148-3 of the Treasury Regulations) which, in part, will require a determination of the difference between the actual aggregate earnings of all Nonpurpose Investments and the amount of such earnings assuming a rate of return equal to the yield on the Bonds.

Section 4.4 Rebate Amount Calculation and Payment.

(a) The County represents, warrants and covenants that it will prepare or cause to be prepared a calculation of the rebate amount with respect to the Bonds consistent with the rules described in this Section. The County will select a first rebate computation date which is not later than five (5) years after the date of issuance of the Bonds and will select subsequent rebate computation dates which are not later than five (5) years after the immediately preceding rebate computation date. The County will prepare or cause to be prepared the calculation of the rebate amount (i) within fifty-five (55) days after the first rebate computation date and each subsequent rebate computation date thereafter so long as any Bonds remain outstanding, and (ii) within fifty-five (55) days after the first date on which there are no outstanding Bonds.

(b) For purposes of calculating the rebate amount (i) the aggregate amount earned with respect to a Nonpurpose Investment shall be determined by assuming that the Nonpurpose Investment was acquired for an amount equal to its value at the time it becomes a Nonpurpose Investment, and (ii) the aggregate amount earned with respect to any Nonpurpose Investment shall include any unrealized gain or loss with respect to the Nonpurpose Investment on the first date when there are no outstanding Bonds or when the investment ceases to be a Nonpurpose Investment.

(c) The County shall pay to the United States Department of the Treasury, out of designated funds (i) not later than sixty (60) days after each rebate computation date, a payment equal to at least ninety percent (90%) of the rebate amount with respect to the Bonds, calculated as of the date of such payment, and (ii) not later than sixty (60) days after the first date when there are no outstanding Bonds, an amount equal to one hundred percent (100%) of the rebate amount (determined as of the first date when there are no outstanding Bonds) plus any actual or imputed earnings on such rebate amount, all as set forth in Sections 1.148-1 through 1.148-11 of the Treasury Regulations and as determined by or on behalf of the County.

(d) Each payment required to be made pursuant hereto and relating to the Bonds shall be filed with the Internal Revenue Service Center designated in the then-applicable Internal Revenue Service forms and instructions on or before the date such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T. The County must retain records of the calculations required by this Section until six (6) years after the retirement of the last obligation of the Bonds.

Section 4.5 Valuation of Investments.

(a) General Rule. Except as otherwise provided in this Section, for all purposes of Section 148 of the Code, the value of an investment allocated to the Bonds (including a payment or receipt on the investment) on a date must be determined using one of the following valuation methods:

(i) Outstanding Principal Amount Method. A plain par investment (as defined in Section 1.148-1(b) of the Treasury Regulations) may be valued at its outstanding stated principal amount, plus any accrued unpaid interest on that date.

(ii) Present Value Method. An investment whose yield is fixed and determinable on the issue date (a "fixed rate investment") may be valued at its present value on that date. Present value of an investment is computed under the economic accrual method, using the same compounding interval and financial conventions used to compute the yield on the Bonds (i.e., 360 day year basis with interest compounded semi-annually). The present value of an investment on a date is equal to the present value of all unconditionally payable receipts to be received from and payments to be paid for the investment after that date, using the yield on the investment as the discount rate.

(iii) Fair Market Value Method. An investment may be valued at its fair market value on that date. The fair market value of an investment is the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's-length transaction. Fair market value generally is determined on the date on which a contract to purchase or sell the nonpurpose investment becomes binding (i.e., the trade date rather than the settlement date). Except as otherwise provided in Subsections 4.4(e), (f) and (g) hereof, an investment that is not of a type traded on an established securities market, within the meaning of Section 1273 of the Code, is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value.

(b) Mandatory Valuation of Certain Investments at Fair Market Value. Except as provided in Subsections 4.4(c) and (d), an investment must be valued at fair market value on the date that it is first allocated to the Bonds or first ceases to be allocated to the Bonds as a consequence of a deemed acquisition or deemed disposition.

(c) Mandatory Valuation of Yield Restricted Investments at Present Value. Any yield restricted investment must be valued at present value.

(d) Transferred Proceeds Allocations, Universal Cap Allocations and Commingled Funds. Notwithstanding Subsection 4.4(b) hereof, an investment need not be valued at fair market value if it is allocated to the Bonds or ceases to be allocated to the Bonds as a result of the transferred proceeds allocation rule under Section 1.148-9(b) of the Treasury Regulations or the universal cap rule under Section 1.148-6(b)(2) of the Treasury Regulations. In addition, investments in a commingled fund (other than a bona fide debt service fund) need not be valued at fair market value unless it is a commingled fund described in Section 1.148-6(e)(5)(iii) of the Treasury Regulations.

(e) Certificates of Deposit. The purchase price of a certificate of deposit that has a fixed interest rate, a fixed payment schedule and a substantial penalty for early withdrawal will be treated as its fair market value on the purchase date if:

(i) the yield on the certificate of deposit is not less than the yield on reasonably comparable direct obligations of the United States; and

(ii) the yield on the certificate of deposit is not less than the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

(f) Guaranteed Investment Contracts. The purchase price of a guaranteed investment contract will be treated as its fair market value on the purchase date if:

(i) the County made (or had made on its behalf) a bona fide solicitation for the purchase of the guaranteed investment contract that satisfied all of the following requirements:

(A) the bid specifications were in writing and were timely forwarded to potential providers;

(B) the bid specifications included all material terms of the bid (i.e., terms that may have directly or indirectly affected the yield or the cost of the guaranteed investment contract);

(C) the bid specifications included a statement notifying potential providers that submission of a bid is a representation (I) that the potential provider did not consult with any other potential provider about its bid, (II) that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the County or any other person (whether or not in connection with the Bonds), and (III) that the bid is not being submitted solely as

a courtesy to the County or any other person for purposes of satisfying the requirements of Section 1.148-5(d)(6)(iii)(B)(1) or (2) of the Treasury Regulations (relating to receipt of at least three bids and at least one bid from a reasonably competitive provider of guaranteed investment contracts);

(D) the terms of the bid specifications were commercially reasonable (i.e., there were a legitimate business purposes for the terms other than to increase the purchase price or reduce the yield of the guaranteed investment contract);

(E) the terms of the solicitation took into account the County's reasonably expected deposit and drawdown schedule for the amounts to be invested;

(F) all potential providers had an equal opportunity to bid (e.g., no potential provider was given the opportunity to review other bids before providing a bid); and

(G) at least three reasonably competitive providers (i.e., providers with an established industry reputation as a competitive provider of guaranteed investment contracts) were solicited for bids;

(ii) the bids received by the County met all of the following requirements:

(A) the County received at least three bids from providers that the County solicited under a bona fide solicitation meeting the requirements of paragraph (f)(i) above and that did not have a material financing interest in the Bonds (e.g., the lead underwriter in a negotiated underwriting until 15 days after the delivery date of the Bonds, any financial advisor to the County with respect to the purchase of the guaranteed investment contract at the time the bid specifications are forwarded to potential providers, and any provider that is related to such party);

(B) at least one of the three bids described in paragraph (f)(ii)(A) above was from a reasonably competitive provider of guaranteed investment contracts, within the meaning of Section 1.148-5(d)(6)(iii)(A)(7) of the Treasury Regulations; and

(C) any agent used to conduct the bidding process did not bid to provide the guaranteed investment contract; and

(iii) the winning bid was the highest yielding bona fide bid (determined net of any broker's fees).

(g) United States Treasury Obligations. The fair market value of a United States Treasury obligation that is purchased directly from the United States Treasury is its purchase price.

Section 4.6 Segregation of Proceeds. In order to perform the calculations required by the Code, it is necessary to track separately all of the Gross Proceeds. To that end, the County hereby agrees to establish separate funds, accounts or subaccounts or take other accounting measures in order to account fully for all Gross Proceeds.

Section 4.7 Filing Requirements. The County shall file or cause to be filed such reports or other documents with the Internal Revenue Service as may be required by the Code from time to time (e.g., Form 8038-G and Form 8038-T).

Section 4.8 Exception from Rebate Requirement. Earnings on the bona fide debt service fund (i.e., the Bond Fund) shall be excluded from the calculation of the rebate amount.

ARTICLE V

OTHER MATTERS

Section 5.1 Authority. The undersigned is an authorized representative of the County and is acting for and on behalf of the County in executing this Tax Certificate and Agreement. To the best of the knowledge and belief of the undersigned representative of the County, there are no other facts, estimates or circumstances that would materially change the expectations as set forth herein, and said expectations are reasonable.

Section 5.2 Amendment and Supplementation.

(a) Notwithstanding any other provision herein, the County hereby agrees to amend, supplement or modify this Tax Certificate and Agreement to the extent necessary to maintain the exclusion of interest on the Bonds from gross income for federal tax purposes as required pursuant to an opinion of nationally-recognized bond counsel.

(b) Notwithstanding any other provision herein, if an amendment, supplementation or modification hereto becomes necessary, this Tax Certificate and Agreement shall be so amended, supplemented or modified only with an opinion of nationally-recognized bond counsel.

Section 5.3 Survival of Defeasance. Notwithstanding anything in this Tax Certificate and Agreement or any other provisions of the Bond Resolution to the contrary, the obligation to remit the rebate amount to the United States Department of the Treasury and to comply with all other requirements contained in this Tax Certificate and Agreement shall survive the defeasance or payment in full of the Bonds.

Section 5.4 Permitted Changes; Opinion of Bond Counsel. The yield restrictions contained in Section 2.5 or any other restriction or covenant contained herein need not be observed or may be changed if the County receives an opinion of nationally-recognized bond counsel to the effect that such noncompliance or change will not adversely affect the exclusion of interest on the Bonds for federal income tax purposes.

Section 5.8 Headings. The headings of this Tax Certificate and Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Tax Certificate and Agreement.

DATED as of January 30, 2002.

PIMA COUNTY, ARIZONA

By _____
Carol Bonchalk
Director of Financial and Information Services

221841

$55,000,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2002

CERTIFICATE OF UNDERWRITER

The undersigned, on behalf of SWS Securities (the *"Underwriter"*), hereby certifies in connection with the $55,000,000 Pima County, Arizona, Street and Highway Revenue Bonds, Series 2002 (the *"Bonds"*), issued by Pima County, Arizona (the "*County"*), as follows:

1. The Underwriter submitted a proposal to the County and the County accepted that proposal on January 8, 2002 (the "*Sale Date"*). As of the Sale Date, the Underwriter reasonably expected to sell all of the Bonds to third parties on or before the date hereof.

2. As to the Bonds of each maturity for which a bona fide public offering has been made, as of the Sale Date, the Underwriter reasonably expected that at all of the Bonds of such maturity would be sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at a yield no lower and a price no higher than as shown for that maturity on Schedule A attached, plus accrued interest. As to the Bonds of each maturity for which a bona fide public offering has not been made, either (a) at least 10% of such maturity has actually been sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers), or (b) all Bonds of such maturity have actually been sold, at a yield no lower and a price no higher than as shown for that maturity on Schedule A, plus accrued interest. None of the prices for Bonds shown on Schedule A exceed the fair market value of such Bonds as of the Sale Date.

3. Based upon the foregoing, the issue price of the Bonds in the aggregate is $55,642,806.50 (consisting of the par amount plus a net reoffering premium of $642,806.50, of which $216,556.50 will be paid to the County, $228,950.00 will be retained as underwriter's compensation, and $197,300.00 will be applied to pay the premium for bond insurance, as set forth below), exclusive of pre-issuance accrued interest.

4. The undersigned has paid a premium of $197,300.00 to Financial Guaranty Insurance Company (the "*Insurer"*) for the issuance of the new issue municipal bond insurance policy (the *"Policy"*) to insure the Bonds. The Policy was essential in marketing the Bonds, and the absence of the Policy would have materially affected in an adverse manner the interest rates at which the Bonds were sold.

It is our opinion that the total amount paid to the Insurer for the Policy insuring the Bonds is a reasonable charge for the transfer of credit risk.

The present value of the amount paid to the Insurer is less than the present value of interest reasonably expected to be saved as a result of using the Policy to secure the Bonds over

their term. In determining the present value for purposes of making such certification, the estimated yield-to-maturity on the Bonds (determined by treating the amount paid to the Insurer for the Policy as interest on the Bonds) was used as the discount rate.

Dated: January 30, 2002.

SWS SECURITIES

By: Steve Cornelle

Its: Sr. Vice Pres.

SCHEDULE A

Maturity (July 1)	Par Amount	Coupon	Yield	Amount Received
2003	$4,535,000.00	4.000%	1.700%	$4,680,618.85
2004	4,715,000.00	4.000%	2.480%	4,882,193.90
2005	4,905,000.00	4.000%	3.070%	5,051,904.75
2006	5,110,000.00	4.000%	3.420%	5,230,493.80
2007	5,325,000.00	4.500%	3.780%	5,511,108.75
2008	5,555,000.00	4.000%	3.970%	5,564,165.75
2009	5,800,000.00	4.125%	4.160%	5,786,950.00
2010	6,060,000.00	4.250%	4.270%	6,051,273.60
2011	6,345,000.00	4.250%	4.370%	6,286,499.10
2012	6,650,000.00	4.375%	4.470%	6,597,598.00
			TOTAL:	$55,642,806.50

The aggregate reoffering price of the Bonds, including $184,458.13 of accrued interest, is $55,827,264.63.

$55,000,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2002

CERTIFICATE OF REGISTRAR AND PAYING AGENT

U.S. Bank, N.A. (the *"Bank"*), as bond registrar and paying agent pursuant to a Bond Registrar, Transfer Agent and Paying Agent Agreement, dated as of January 1, 2002 (the *"Bond Registrar and Paying Agent Agreement"*), between Pima County, Arizona (the *"County"*) and the Bank, entered into in connection with the $55,000,000 Pima County, Arizona, Street and Highway Revenue Bonds, Series 2002 (the *"Bonds"*) does hereby accept the duties and obligations imposed upon it as Bond Registrar and Paying Agent pursuant to the Bond Registrar and Paying Agent Agreement, and does hereby certify as follows:

1. The Bank is duly organized, validly existing and in good standing under the laws of the United States, having full power and authority to exercise corporate trust powers in the State of Arizona and to execute, deliver and perform its obligations under the Bond Registrar and Paying Agent Agreement.

2. The execution and delivery of the Bond Registrar and Paying Agent Agreement and the due performance by the Bank of its obligations thereunder and the taking of any and all other actions required on the part of the Bank to carry out, give effect to, and consummate the transactions contemplated thereby, have been duly authorized by all necessary corporate action on the part of the Bank, and to the best knowledge of the undersigned, under present law do not contravene any provision of any order, decree, writ or injunction known to the Bank or the Bank's Articles of Association or Bylaws, or result in a breach of or default under, or require consent under any material agreement, indenture or other instrument to which the Bank is a party or by which it is bound.

3. The Bank has taken all action necessary for the acceptance of, and has duly accepted the offices of Bond Registrar and Paying Agent pursuant to the Bond Registrar and Paying Agent Agreement, and will comply with the requirements of such agreements, and in accordance therewith will not take or omit to take any action which will in any way result in the proceeds from the sale of the Bonds being applied in a manner inconsistent with such documents.

4. The representations of the Bank contained in the Bond Registrar and Paying Agent Agreement are true and correct in all material respects as of the date hereof and the Bank has complied with all agreements and satisfied all conditions on its part to be performed or satisfied thereunder at or prior to the date hereof.

5. To the knowledge of the undersigned, no litigation is pending or threatened against the Bank before any judicial, quasi-judicial or administrative forum (a) restraining or enjoining the execution or delivery of the Bonds or the application of the proceeds thereof, (b) contesting or affecting any authority for, or the validity of the Bonds, or (c) contesting or affecting the existence or corporate trust powers of the Bank or the Bank's ability to perform and fulfill its duties and obligations under the Bond Registrar and Paying Agent Agreement.

6. The Bond Registrar and Paying Agent Agreement was signed on behalf of the Bank by the person named below, and such person was, at the time of the execution of such agreements, and is now, the duly elected, qualified and acting officer or other authorized representative of the Bank, duly authorized to execute the above-named documents, and that the signature appearing below is a true and correct specimen of such person's genuine signature:

Name	Office	Signature
Deborah M. Scherer	Trust Officer	

7. Pursuant to the Bond Registrar and Paying Agent Agreement and the General Certificate of the County, dated the date hereof, the Bonds were authenticated by an authorized signatory of the Bank.

8. All blanks in each of the Bonds requiring completion by the Registrar have been accurately completed and the Certificate of Authentication appearing on each of the Bonds has been duly executed and dated the date of its authentication, which is the date hereof, by an authorized officer or representative of the Registrar.

9. Attached hereto as Exhibit A is a true, complete and correct copy of a resolution or bylaw excerpt of the Bank which clearly demonstrates the authority of the person named in paragraph 6 above to act on behalf of the Bank and said resolution or bylaw excerpt was in effect on the date or dates said person or persons acted and remains in full force and effect on the date hereof.

Dated: January 30, 2002.

U.S. BANK, N.A.

By: _____
Deborah M. Scherer
Trust Officer

Exhibit A

RESOLUTIONS
OF THE
BOARD OF DIRECTORS
OF
U.S. BANK, N.A.

(January 10, 2002)

Appointment of Corporate Trust Officers

RESOLVED, That the Board hereby appoints and ratifies the prior appointment of:

Matt Anderson, Asst. Vice President
Debbie M. Scherer, Trust Officer
Robert L. Von Hess, Vice President

FURTHER RESOLVED, The titles of such officers at the Association shall be as listed above, and each such officer shall also hold the position of Assistant Secretary of the Association and Elizabeth Becker shall hold the title of Secretary of the Association.

Revised: Apr 2001

Appointment of Affiliated Corporate Trust Officers

RESOLVED, That the Board hereby appoints the below-listed individuals, each an officer of an affiliated U.S. Bancorp trust entity, as officers of the Association for the following limited purposes in connection with proposed or existing corporate trusteeship accounts or other corporate trust accounts, including, but not limited to, trusteeships for municipal, public and corporate financing, escrow accounts and mortgage custody accounts: execution of indentures, agreements and all documents required for account closings or otherwise executed in the administration of such accounts; authentication of certificates; execution of real property deeds, conveyances, transfers and security interest filings; execution of extensions with regard to letters of credit, execution of draws on letters of credit and taking all other action and performing all other duties in connection with letters of credit; execution of investment purchase and sale transactions; and execution of all other instruments or documents in the administration of such accounts. The titles of such officers at the Association shall be as listed below, and each such officer shall also hold the position of Assistant Secretary of the Association.

CALIFORNIA
Ashraf Z. Almurdaah, Vice President
John Axt, Vice President
Sheri B. Ball, Vice President
June D. Borjon, Asst. Vice President
Jennifer Brining, Trust Officer
Teresa Caspary, Senior Vice President
Esther Cervantes, Vice President
Pamelon Collins-Lloyd, Trust Officer
Kay Cooper, Trust Officer
Alicia Estrada, Asst. Vice President
Andrew Fung, Asst. Vice President
Andrea Freeman, Trust Officer
Ann P. Gadsby, Vice President
Gloria Garriott, Vice President
Fonda Hall, Asst. Vice President
Loyce G. Harrison, Vice President
Julie Hommel, Asst. Vice President
Robert C. Hyman, Asst. Vice President
William Jennings, Vice President
Bertha Mares, Vice President
Adriana Marshall, Asst. Vice President
Keith R. Marshall, Vice President
Tamara M. Mawn, Vice President
John P. McIntire, Trust Officer
Terry L. McRoberts, Executive Vice President
Martin Meza, Trust Officer
Myrna Presto-Choroski, Asst. Vice President
Leticia Sabiniano, Asst. Vice President
Rafaat A. Sarkis, Vice President
Bradley Scarbrough, Vice President

Sandra Spivey, Asst. Vice President
Michael P. Susnow, Vice President
Gonzalo Urey, Asst. Vice President
Linda D. Verstuyft, Vice President
Grace H. Yang, Asst. Vice President

COLORADO
Adam Dalmy, Vice President
Seth T. Dodson, Trust Officer
William W. MacMillan, Vice President
Patricia M. Peters, Asst. Vice President

DELAWARE
John D. Bowman, Vice President
Patrick J. Crowley, Vice President
Marlene J. Fahey, Vice President
Thomas J. Kelly, Senior Vice President
K. Wendy Kumar, Vice President
William T. Lynch, Vice President
David J. O'Brien, Vice President

FLORIDA
Peter H. Fowler, Vice President
Scott A. Schuhle, Vice President

GEORGIA
Teresa L. Davis, Vice President
Esther P. Fannin, Vice President
Betty H. Gilcrease, Trust Officer
April Lipscomb, Trust Officer
Robert J. Middlemas, Vice President
Mary A. Willis, Asst. Vice President
Lee Ann Willis, Trust Officer

ILLINOIS
Nancie Arvin, Vice President
Patricia M. Child, Vice President
Michael Goodwin, Assistant Vice President
Frank Layo, Asst. Vice President
Melissa A. Rosal, Vice President
Peter N. Tinaglia, Trust Officer
Brian D. Weston, Trust Officer

MICHIGAN
Lars P. Anderson, Vice President
Lorraine K. Grill, Vice President
James Kowalski, Asst. Vice President
Susan T. Payne, Vice President

MINNESOTA
Jacqueline Alliegro, Vice President
Denise Anderson, Assistant Vice President
Kari A. Anderson, Trust Officer
Elizabeth Becker, Sr. Corporate Counsel
Michael Bengtson, Trust Officer
Kari A. Berg, Trust Officer
Shana M. Bloom, Trust Officer
David H. Bluhm, Vice President
David S. Blume, Asst. Vice President
Michelle A. Boland, Trust Officer
Barbara L. Bonham, Assistant Vice President
Steve Bott, Trust Officer
Delma Carlson-Emberson, Assistant Vice President
Diane M. Chalupsky, Asst. Vice President
Sheryl A. Christopherson, Vice President
Theresa L. Cramer, Assistant Vice President
Colleen DaSilva, Trust Officer
Nancy Duncanson, Vice President
Julie A. Eddington, Assistant Vice President
James A. Ehrenberg, Senior Vice President
Jeffrey Emerson, Assistant Vice President
Sandra B. Farrow, Vice President
Joanne Fischer, Asst. Vice President
Steve Fouts, Vice President
Renee J. Fritz, Vice President
Deborah J. Franco, Trust Officer
Lisa Franco, Trust Officer
Julaine A. Fuith, Asst. Vice President
Darlene A. Garsteig, Trust Officer
Joel J. Geist, Vice President
Jason M. Giel, Trust Officer
Thomas M. Gronlund, Vice President
Mary M. Grotenhuis, Assistant Vice President
Wendy B. Hayes, Trust Officer
Virginia K. Hinzman, Vice President
Kenneth D. Hoffman, Vice President
Jennifer Y. Holder, Vice President
Laurie A. Howard, Vice President
Helena E. Jackson, Vice President
Reed A. Johnson, Vice President
Sheryl A. Johnson, Vice President
Eve D. Kaplan, Vice President
Patty J. Kapsch, Trust Officer
Jeff Kerr, Senior Vice President
Gloriann S. Kessler, Vice President
Gina M. Klein, Trust Officer
Linda M. Kruse, Trust Officer
Matt Lehmann, Trust Officer
Kelly A. Liddle, Trust Officer
LeAnn K. Lundberg, Senior Vice President
Sheryl L. McMahon, Trust Officer
Erik M. Magnuson, Trust Officer
Laura M. Mathias, Trust Officer
Melissa B. Miller, Trust Officer
Karen D. Mollner, Vice President
Gretchen A. Murphy, Assistant Vice President
Jaymes M. Paulson, Assistant Vice President
Richard H. Prokosch, Vice President
Barbara J. Quall, Vice President
Shannon M. Rantz, Assistant Vice President

Patricia Rathbun, Trust Officer
Diane L. Reynolds, Vice President
Cynthia Rose, Vice President
Lori-Anne Rosenberg, Assistant Vice President
Timothy J. Sandell, Vice President
Tamara Schultz-Fugh, Vice President
Patricia Selbitschka, Vice President
Daniel E. Sheff, Assistant Vice President
Greg E. Skutnik, Assistant Vice President
Annette Soderholm, Vice President
Ingrid Soderholm, Trust Officer
Judy M. Spahn, Asst. Vice President
Jill Stehr, Trust Officer
Kristin A. Strong, Corporate Counsel
Becky L. Story, Trust Officer
Scott Strodthoff, Senior Vice President
Diane L. Thormodsgard, Exec. Vice President
Sandra J. Thorson, Vice President
Jeffrey P. Tupper, Vice President
Jason VanVleet, Trust Officer
Mari K. Weiss-Laukkonen, Assistant Vice President
Pamela J. Wieder, Vice President
Stephanie M. Williams, Trust Officer
Cynthia S. Woodward, Vice President
Judith M. Zuzek, Trust Officer

NEBRASKA
Debra A. DeGarmo, Vice President

NEW YORK
Adam K. Berman, Trust Officer
John D. Bowman, Vice President
Cynthia W. Brown, Trust Officer
Patrick J. Crowley, Vice President
Catherine M. Donohue, Trust Officer
Marlene J. Fahey, Vice President
Rouba Fakih, Trust Officer
Daniel R. Fisher, Vice President
Merilyn Hess, Asst. Vice President
Joseph A. Jahn, Vice President
James Jones, Trust Officer
Edward A. Kachinski, Vice President
Thomas J. Kelly, Senior Vice President
K. Wendy Kumar, Vice President
William T. Lynch, Vice President
Patricia V. Marshall, Trust Officer
William Martinez, Trust Officer
Barbara A. Nastro, Assistant Vice President
David J. O'Brien, Vice President
Janet O'Hara, Trust Officer
Carlos Maria Pineyro, Vice President
Amy S. Roberts, Vice President
Ignazio Tamburello, Trust Officer

OREGON
Corazon C. Gruenberg, Vice President
Cheryl K. Nelson, Vice President
Linda A. McConkey, Vice President

SOUTH DAKOTA
Tim Hamel, Vice President
Thomas Steele, Assistant Vice President

TENNESSEE
Sandra J. Moyers, Trust Officer
Melissa A. Ragsdale, Asst. Vice President

UTAH
Paul R. Buchanan, Vice President
Kim Galbraith, Vice President

WASHINGTON
Lawrence J. Bell, Vice President
Charles Burns III, Asst. Vice President
R. Bruce Colwell, Jr., Vice President
Dennis M. Egan, Senior Vice President
Linda E. Houston, Trust Officer
Dyan Huhta, Vice President
Diana Jacobs, Asst. Vice President
Deborah Kuykendall, Vice President
Sherrie Pantle, Vice President
David A. Pringle, Vice President
Nancy D. Stahl, Vice President
Carolyn Whalen, Vice President
Debby Wight, Trust Officer
Diana Wilson, Vice President
Diana Woodard, Vice President
Shirley Young, Asst. Vice President
Glendy Yuen, Asst. Vice President
Thomas Zrust, Vice President

FURTHER RESOLVED, That such persons shall each hold the respective title listed above and the position of Assistant Secretary of the Association as long as such persons continue to be employees of U.S. Bancorp affiliates, and that any such Assistant Secretary is hereby authorized to certify a copy of these resolutions and to certify to the officership of such affiliate officers.

Revised: Apr 2001

***

$55,000,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2002

CERTIFICATE OF FINANCIAL ADVISOR

The undersigned authorized representative of RBC Dain Rauscher Inc., as Financial Advisor to Pima County, Arizona, hereby certifies, in connection with the $55,000,000 Pima County, Arizona, Street and Highway Revenue Bonds, Series 2002 (the *"Bonds"*), that for purposes of completing Form 8038-G to be filed with the Internal Revenue Service, the yield on the Bonds is 4.0569481%, the net interest cost of the Bonds is 4.0098869%, and the weighted average maturity of the Bonds is 6.223 years.

Dated: January 30, 2002.

RBC DAIN RAUSCHER INC.

By: Kurt M. Freund
Kurt M. Freund
Managing Director/Manager

Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001

A GE Capital Company

FGIC

January 30, 2002

Pima County
Tucson, Arizona

Snell & Wilmer L.L.P.
Tucson, Arizona

Re: $55,000,000 in aggregate principal amount of Pima County, Arizona Street and Highway Revenue Bonds, Series 2002

Ladies and Gentlemen:

In connection with the issuance of the above-referenced obligations (the "Bonds"), Financial Guaranty Insurance Company ("Financial Guaranty") is issuing a municipal bond insurance policy securing the payment of principal and interest on the Bonds (the "Insurance Policy").

This letter is to advise you that, as more fully set forth in the Insurance Policy, (i) the Insurance Policy is an unconditional and recourse obligation of Financial Guaranty (enforceable by or on behalf of the holder of the Bonds) to pay scheduled principal and interest on the Bonds when due in the event of a failure to so pay by the Pima County, Arizona (the "Issuer"); (ii) the insurance premium is a charge for the transfer of substantially all of the credit risk for the payment of principal and interest on the Bonds; (iii) except for payments under the Insurance Policy in the case of a failure to pay by the Issuer, there is no obligation to pay any amount of principal or interest on the Bonds (A) by Financial Guaranty, (B) by any person related to Financial Guaranty (within the meaning of section 1.150-1(b) of the Income Tax Regulations), (C) by any entity of which Financial Guaranty owns more than ten percent (by fair market value) of its beneficial ownership interests, or (D) by any entity which owns more than 10 percent (by fair market value) of the beneficial ownership interests of Financial Guaranty; and (iv) except for the premium paid to Financial Guaranty for the Insurance Policy, Financial Guaranty (and any related party within the meaning of section 1.150-1(b) of the Income Tax Regulations) will not use any portion of the Bond proceeds. Further, Financial Guaranty

does not reasonably expect to make payments under the Insurance Policy other than under a direct-pay letter of credit or similar arrangement for which Financial Guaranty will be reimbursed immediately, and, in the event of any such payment, Financial Guaranty will immediately become subrogated to the rights of the Bondholders to receive the full amount of such payment. Financial Guaranty is reasonably assured (based on a binding obligation of an entity with sufficient funds) that sufficient funds will be available to fully retire the Bonds in the event the Issuer fails to pay scheduled principal and interest on the Bonds when due.

In addition, this letter is to advise you that (i) the premium paid for the Insurance Policy does not include any payment (A) for any direct or indirect services other than the transfer of credit risk, (B) for the provision of additional services by Financial Guaranty, or (C) for a cost, risk or other element that is not customarily borne by insurers of tax-exempt bonds (in transactions in which the guarantor has no involvement other than as guarantor); (ii) the premium paid includes the overhead costs of Financial Guaranty, such fees paid by Financial Guaranty to maintain its ratings, and other costs that are taken into account in the formulation of the rate structure; (iii) no portion of such premium is a payment for costs of issuance on the Bonds (including rating agency fees, the cost of underwriting or remarketing the Bonds, and the cost of insurance for casualty to Bond-financed property), and, if the requirements of section 1.148-2(e)(2) of the Income Tax Regulations (relating to temporary periods for capital projects) are not satisfied, Financial Guaranty is reasonably assured that the Bonds will be repaid if the project to be financed by the Bonds is not completed. Further, the Issuer is not entitled to a refund of any portion of the premium for the Insurance Policy in the event a Bond is retired before its final maturity date.

Very truly yours,

Carolanne Gardner
Associate General Counsel

02010075

$55,000,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2002

CERTIFICATE AS TO SATISFACTION OF DEBT SERVICE COVERAGE REQUIREMENT

The undersigned Director of Financial and Information Services of Pima County, Arizona (the "*County*"), acting for and on behalf of the County, does hereby certify as follows with respect to the issuance of the above-described Bonds (the "*Bonds*"), authorized by Resolution No. 1998-101, adopted by the Board of Supervisors of the County on May 19, 1998 (the "*1998 Bond Resolution*") and Resolution No. 2002-6, adopted by the Board of Supervisors of the County on January 8, 2002:

1. For the purpose of demonstrating compliance with the provisions of Section 11-378, Arizona Revised Statutes, fifty per cent (50%) of the revenues received by the County from highway user taxes, including motor vehicle fuel taxes, and all other taxes, fees, charges or other monies returned to the County pursuant to Title 28, Chapter 18, Article 2, and Section 42-1484, Arizona Revised Statutes, in the year preceding this date, exceeds the maximum principal and interest requirements on the Bonds and the Street and Highway Revenue Bonds, Series 1998 (the "*1998 Bonds*"), authorized by the 1998 Bond Resolution.

2. For the purpose of demonstrating compliance with Section 13 of the 1998 Bond Resolution, (a) the amount of Pledged Revenues (as defined in the 1998 Bond Resolution) received by the County in the twelve (12) month period immediately preceding the date hereof equals not less than two times the maximum annual debt service on the 1998 Bonds and the Bonds, (b) all payments and deposits with respect to the 1998 Bonds outstanding on the date hereof, are current, and (iii) no obligation payable from the Pledged Revenues is in default as to either principal or interest.

3. The undersigned is the duly-named designee of the chief administrative officer of the County for purposes of delivering this certificate pursuant to Section 13 of the 1998 Bond Resolution.

Dated: January 30, 2002.

PIMA COUNTY, ARIZONA

By: _____
Director of Financial and Information Services

221846

$55,000,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2002

COUNTY TREASURER'S RECEIPT FOR BOND PROCEEDS

I, Beth Ford, hereby certify that I am the duly elected and acting Treasurer of Pima County, Arizona (the *"County"*), and that in connection with the sale and delivery of $55,000,000 in aggregate principal amount of Pima County, Arizona Street and Highway Revenue Bonds, Series 2002 (the *"Bonds"*), issued by the County pursuant to Resolution No. 2002-6, passed, adopted and approved by the Board of Supervisors of the County on January 8, 2002 (the *"Resolution"*), authorizing and providing for the issuance and ordering the sale of the Bonds, the County has received from SWS Securities. (the *"Underwriter"*), the sum of $55,401,014.63 (representing $54,301,014.63 received on the date hereof and a $1,100,000.00 good faith deposit previously received), representing the total purchase price of the Bonds, including accrued interest thereon to the date hereof in the amount of $184,458.13.

I do further certify that the proceeds from the sale of the Bonds have been apportioned and applied in the following manner.

(a) $184,458.13, representing accrued interest on the Bonds, has been deposited in the Bond Fund established pursuant to the Resolution.

(b) $55,216,556.50, representing the remaining proceeds from the sale of the Bonds will be set aside in the account established by the Resolution for such proceeds of the Bonds.

Dated: January 30, 2002.

PIMA COUNTY, ARIZONA

By: Beth Ford
Beth Ford
County Treasurer

221847

$55,000,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2002

PAYING AGENT'S RECEIPT FOR INSURANCE POLICY

U.S. Bank, N.A. (the *"Bank"*), in its capacity as paying agent pursuant to that certain Bond Registrar, Transfer Agent and Paying Agent Agreement, dated as of January 1, 2002, between the Bank and Pima County, Arizona (the *"County"*), in connection with the County's issuance and sale of $55,000,000 in aggregate principal amount of its Street and Highway Revenue Bonds, Series 2002, hereby acknowledges receipt of New Issue Municipal Bond Insurance Policy No. 02010075, issued by Financial Guaranty Insurance Company

Dated: January 30, 2002.

U.S. BANK, N.A.

By: _____
Deborah M. Scherer
Trust Officer

C:\DMS\Pima GO & HURF 2002\HURF 2002\Paying Agent Receipt for Insur Policy-012402.doc

$55,000,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2002

UNDERWRITER'S RECEIPT FOR BONDS

Receipt of the Pima County, Arizona Street and Highway Revenue Bonds, Series 2002 (the *"Bonds"*), in the aggregate principal amount of $55,000,000 is hereby acknowledged as of the date hereof on behalf of the undersigned, SWS Securities, as underwriter of the Bonds.

The Bonds are dated January 1, 2002, are in denominations of $5,000 or integral multiples thereof, mature on July 1 in the years 2003 through 2012, and bear interest at the rates per annum from the date of the Bonds to the maturity of each Bond as follows:

Year	Par Amount	Coupon
2003	$4,535,000	4.000%
2004	$4,715,000	4.000%
2005	$4.905,000	4.000%
2006	$5,110,000	4.000%
2007	$5,325,000	4.500%
2008	$5,555,000	4.000%
2009	$5,800,000	4.125%
2010	$6,060,000	4.250%
2011	$6,345,000	4.250%
2012	$6,650,000	4.375%

Dated: January 30, 2002.

SWS SECURITIES

By: Steve Cornella
Name: Steve Cornella
Its: Sr. Vice President

Snell & Wilmer
L.L.P.
LAW OFFICES

1500 Norwest Tower
One South Church Avenue
Tucson, Arizona 85701-1612
(520) 882-1200
Fax: (520) 884-1294

TUCSON, ARIZONA
PHOENIX, ARIZONA
IRVINE, CALIFORNIA
SALT LAKE CITY, UTAH

January 30, 2002

Board of Supervisors
Pima County, Arizona

Ladies and Gentlemen:

We have acted as bond counsel in connection with the authorization, issuance and sale, and the initial delivery on the date hereof, by Pima County, Arizona (the "*County*"), of $55,000,000 in aggregate principal amount of its Street and Highway Revenue Bonds, Series 2002, dated January 1, 2002 (the "*Bonds*"), issued pursuant to Title 11, Chapter 2, Article 12 of the Arizona Revised Statutes and all amendments thereto.

In connection with our engagement as bond counsel, we have examined the law and such documents and matters as we have deemed necessary to render this opinion, including, without limitation, the resolutions authorizing the issuance of the Bonds passed and adopted by the Board of Supervisors of the County on November 13, 2001 and January 8, 2002 (the "*Resolutions*"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, it is our opinion, and we herewith advise you, as follows:

1. The Bonds constitute valid and binding special obligations of the County, payable, together with any bonds issued on a parity therewith, solely from and secured by a pledge of, a lien on, and a security interest in, the revenues specified in the Resolutions, consisting generally of revenues derived by the County from taxes, fees, charges and other moneys collected by the State of Arizona and returned to the County for street and highway purposes pursuant to law. Such pledge is authorized by law. The County has pledged, in the Resolutions, to comply with any requirements imposed by law for eligibility to receive its share of such funds.

2. Interest on the Bonds (a) is not included in the gross income of the owners of the Bonds for Federal income tax purposes and is not an item of tax preference for purposes of the Federal alternative minimum tax, and (b) is not included in the taxable income of the owners of the Bonds for State of Arizona income tax purposes. No opinion is expressed regarding any other Federal or State of Arizona income tax consequences resulting from ownership of the Bonds. The opinion set forth in clause (a) above is subject to the condition that the County

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comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order for the interest thereon not to be included in gross income of the owners for Federal income tax purposes. Failure by the County to comply with certain of these requirements could result in the interest on the Bonds being included in gross income for Federal income tax purposes retroactive to the date of issuance. The County has covenanted and agreed to comply with all such requirements and our opinion assumes such compliance.

The rights of the owners of the Bonds and the enforceability thereof may be subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws and equitable principles generally affecting the enforcement of creditors' rights.

The opinions expressed in this letter are based upon the law in effect on the date hereof and may be affected by actions taken or omitted or events occurring after the date hereof, and we assume no obligation to revise or supplement this opinion should such law be changed by legislative action, judicial decision, or otherwise, or to determine or to inform any person whether any such actions are taken or omitted or any such events occur.

Respectfully submitted,

SNELL & WILMER L.L.P

Snell & Wilmer L.L.P

Snell & Wilmer
L.L.P.
LAW OFFICES

1500 Norwest Tower
One South Church Avenue
Tucson, Arizona 85701-1612
(520) 882-1200
Fax: (520) 884-1294

TUCSON, ARIZONA
PHOENIX, ARIZONA
IRVINE, CALIFORNIA
SALT LAKE CITY, UTAH

January 30, 2002

Financial Guaranty Insurance Company

Ladies and Gentlemen:

We have on this date rendered the attached opinion as Bond Counsel regarding the Pima County, Arizona, Street and Highway Revenue Bonds, Series 2002, in the aggregate principal amount of $55,000,000.

Please consider this letter as our advice to you that you are entitled to rely upon our opinion as if the same were addressed to you.

Very truly yours,

SNELL & WILMER L.L.P.

Snell & Wilmer L.L.P.

Member: LEX MUNDI, a global association of independent law firms with members in the United States and 60 countries throughout the world.

Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001

A GE Capital Company

FGIC

January 30, 2002

Pima County
Tucson, Arizona

SWS Securities, Inc.
Dallas, Texas

Re: $55,000,000 in aggregate principal amount of Pima County, Arizona Street and Highway Revenue Bonds, Series 2002

Ladies and Gentleman:

I am Associate General Counsel of Financial Guaranty Insurance Company ("Financial Guaranty"), and have been requested to render an opinion concerning the issuance by Financial Guaranty of its Municipal Bond New Issue Insurance Policy (the "Policy") in connection with the issuance of the captioned obligations (the "Bonds"). I have examined such documents and records as I have deemed relevant for purposes of this opinion, including (a) the Certificate of Incorporation of Financial Guaranty, including all amendments thereto, (b) the amended By-laws of Financial Guaranty as in effect on the date hereof, (c) the certificate of authority issued to Financial Guaranty by the Superintendent of Insurance of the State of New York, (d) the certificate of authority issued to Financial Guaranty by the Director of Insurance of the State of Arizona, (e) the executed Policy and (f) the statements in the Official Statement dated January 8, 2002 relating to the Bonds (the "Official Statement") under the caption "MUNICIPAL BOND INSURANCE".

On the basis of the foregoing, it is my opinion that:

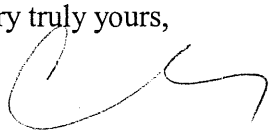
(1) Financial Guaranty is a stock insurance corporation validly existing and in good standing under the laws of the State of New York and qualified to do business therein and is licensed and authorized to issue its financial guaranty insurance policies under the laws of the State of Arizona.

(2) The Policy is valid and binding upon Financial Guaranty and enforceable in accordance with its terms, subject to applicable laws affecting creditors' rights generally.

(3) Financial Guaranty, as an insurance company, is not eligible for relief under the Federal Bankruptcy Laws. Any proceedings for the liquidation, conservation or rehabilitation of Financial Guaranty would be governed by the provisions of the Insurance Law of the State of New York.

(4) The statements described above in the Official Statement relating to Financial Guaranty and the Policy accurately and fairly present the summary information set forth therein and do not omit any material fact with respect to the description of Financial Guaranty relative to the material terms of the Policy or the ability of Financial Guaranty to meet its obligations under the Policy.

Very truly yours,



Carolanne Gardner
Associate General Counsel

/sc

02010075

Form **8038-G** (Rev. November 2000) Department of the Treasury Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)

▶ See separate Instructions.

Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority

If Amended Return, check here ▶ ☐

1	Issuer's name Pima County, Arizona	2	Issuer's employer identification number 86 6000543
3	Number and street (or P.O. box if mail is not delivered to street address) 130 West Congress	Room/suite	4 Report number 3 2002-HURF-1
5	City, town, or post office, state, and ZIP code Tucson, Arizona 85701	6	Date of issue 01-30-2002
7	Name of issue Street and Highway Revenue Bonds 2002	8	CUSIP number 721882AV0
9	Name and title of officer or legal representative whom the IRS may call for more information Carol Bonchalk, Director of Financial and Information Services	10	Telephone number of officer or legal representative (520) 740-8494

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11	☐ Education	11	
12	☐ Health and hospital	12	
13	☑ Transportation	13	55,642,806.50
14	☐ Public safety	14	
15	☐ Environment (including sewage bonds)	15	
16	☐ Housing	16	
17	☐ Utilities	17	
18	☐ Other. Describe ▶	18	
19	If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐		
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐		

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	7-1-2012	$ 55,642,806.50	$ 55,000,000	6.223 years	4.0569481 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	184,458.13
23	Issue price of entire issue (enter amount from line 21, column (b))			23	55,642,806.50
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	228,950.00		
25	Proceeds used for credit enhancement	25	197,300.00		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0		
27	Proceeds used to currently refund prior issues	27	0		
28	Proceeds used to advance refund prior issues	28	0		
29	Total (add lines 24 through 28)			29	426,250.00
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	55,216,556.50

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31 Enter the remaining weighted average maturity of the bonds to be currently refunded ▶ _____ years

32 Enter the remaining weighted average maturity of the bonds to be advance refunded ▶ _____ years

33 Enter the last date on which the refunded bonds will be called ▶ _____

34 Enter the date(s) the refunded bonds were issued ▶

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	0
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	0
b	Enter the final maturity date of the guaranteed investment contract ▶ _____		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	0

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☐

39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

40 If the issuer has identified a hedge, check box ▶ ☐

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

▶ Carol Bonchalk 1/30/02 ▶ Carol Bonchalk, Director of Financial a

Signature of issuer's authorized representative — Date — Type or print name and title

Snell & Wilmer
L.L.P.
LAW OFFICES

1500 Norwest Tower
One South Church Avenue
Tucson, Arizona 85701-1612
(520) 882-1200
Fax: (520) 884-1294

Timothy E. Pickrell
Partner
520-882-1264
tpickrell@swlaw.com

TUCSON, ARIZONA
PHOENIX, ARIZONA
IRVINE, CALIFORNIA
SALT LAKE CITY, UTAH

February 6, 2002

BY CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Internal Revenue Service Center
Ogden, Utah 84201

Re: Pima County, Arizona, Street and Highway Revenue Bonds, Series 2002

Dear Sir or Madam:

On behalf of Pima County, Arizona, enclosed is Form 8038-G, Information Return for Tax-Exempt Governmental Obligations, regarding the sale of the above-referenced bonds.

Very truly yours,

SNELL & WILMER L.L.P.

Timothy E. Pickrell

TEP/jer
Enclosure

223791

Member: LEX MUNDI, a global association of independent law firms with members in the United States and 60 countries throughout the world.

SENDER: *COMPLETE THIS SECTION*

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Internal Revenue Service
Center
Ogden, Utah 84201

COMPLETE THIS SECTION ON DELIVERY

A. Received by *(Please Print Clearly)* | B. Date of Delivery

C. Signature
X
☐ Agent
☐ Addressee

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
XX Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? *(Extra Fee)* ☐ Yes

2. Article Number *(Copy from service label)* 7099 3220 0005 5717 3970

PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-0952

SENDER: *COMPLETE THIS SECTION*

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Internal Revenue Service
Center
Ogden, Utah 84201

COMPLETE THIS SECTION ON DELIVERY

A. Received by *(Please Print Clearly)* | B. Date of Delivery

C. Signature
X
☐ Agent
☐ Addressee

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

IRS - OSC
RECEIVED
Ogden, UT 84201
FEB 14 2002

3. Service Type
XX Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? *(Extra Fee)* ☐ Yes

2. Article Number *(Copy from service label)* 7099 3220 0005 5717 3970

PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-0952

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

Article Sent To: Internal Revenue Service Center

Pima HURF 2002

Postage	$ .57
Certified Fee	1.90
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 3.97

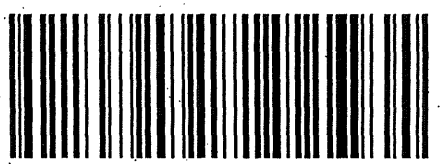
Postmark Here

Name (Please Print Clearly) (To be completed by mailer)
Internal Revenue Service Center
Street, Apt. No.; or PO Box No.
City, State, ZIP+4 Ogden, Utah 84201

PS Form 3800, July 1999 See Reverse for Instructions

7099 3220 0005 5717 3970

7099 3220 0005 5717 3970



CERTIFIED MAIL

PLACE STICKER AT TOP OF ENVELOPE
TO THE RIGHT OF RETURN ADDRESS.
FOLD AT DOTTED LINE

.eport of Bond and Security Issuance
ursuant To A.R.S. § 35-501B

his information is due to the Department of Revenue within 60 days of the issue.

Jurisdiction:	Pima County, Arizona
Issue name / title:	Street and Highway Revenue Bonds, Series 2002

Dated Date:	January 1, 2002	Closing Date:	January 30, 2002	4. Par Amount: $	55,000,000
Overall Interest rate (TIC OR NIC):		NIC: 4.0098869		6. Type of Bond or Security:	HURF Revenue
Repayment Sources:	HURF Revenue				
Total amount outstanding: $		83,000,000		9. Total amount outstanding of senior or subordinate bonds: $	0
). Original Issue Price: See Attached Schedule 1				11. Total limitations (Constitutional or Statutory) on the type of bonds/securities issued:	N/A
Par Amount (Principal Amount) $			55,000,000.00	**For general obligation Bonds:**	
Original Issue Discount	(-)	$		a. Secondary net assessed value: $	
Premium Amount	(+)	$	642,806.50	b. Debt limit percentage:	
Original Issue Price	(=)	$	55,642,806.50	c. Total debt limit: $	
Underwriter Compensation (Discount)	(-)	$	228,950.00	12. Available debt limit: $	
Net Proceeds	(=)	$	55,413,856.50	13. Total amount authorized:	N/A$
4. Remaining authorized amount: $			255,000,000	15. If voter authorized, Election dates:	November 4, 1997

5 - 19 Please attach 1) a schedule providing a detailed listing of Issue Costs; 2) the Debt Service Schedule; 3) Form 8038, and 4) the inal Official Statement. Please refer to instructions on back of form.

ignature Carol Bonchalk		January 30, 2002
		Date 1/30/02

itle, address and phone number	Trustee name, address and phone number	Political Subdivision Contact name, address, phone number
inancial and Information Services		Carol Bonchalk, Financial and
irector		Information Services Director
30 W. Congress Street		130 W. Congress Street
ucson, AZ 85701		Tucson, AZ 85701
520) 740-8494	( )	(520) 740-8494

221852

Submit this form with attachments within 60 days of issuance to:
Arizona Department of Revenue
Attention Econometrics Section
1600 W Monroe
Phoenix AZ 85007

Arizona Department of Revenue
Report of Bond and Security Issuance

Schedule 1

r each maturity date, list either the Original Issue Discount or the Premium Amount. The total of these figures should equal the amounts :ed on 10b and 10c on the form. In all cases, 10a - 10b + 10c - 10e = 10f

me of Issue: Pima County, Arizona, Street and Highway Revenue Bonds, Series 2002

r Amount: $55,000,000 Date Closed: January 30, 2002

Maturity Date (July 1)	Par Amount (Principal Amount) 10a	Coupon Rate	Yield	Original Issue Price	Premium or Discount 10b or 10c
2003	4,535,000	4.000%	1.700%	4,680,618.85	145,618.85
2004	4,715,000	4.000%	2.480%	4,882,193.90	167,193.90
2005	4,905,000	4.000%	3.070%	5,051,904.75	146,904.75
2006	5,110,000	4.000%	3.420%	5,230,493.80	120,493.80
2007	5,325,000	4.500%	3.780%	5,511,108.75	186,108.75
2008	5,555,000	4.000%	3.970%	5,564,165.75	9,165.75
2009	5,800,000	4.125%	4.160%	5,786,950.00	(13,050.00)
2010	6,060,000	4.250%	4.270%	6,051,273.60	(8,726.40)
2011	6,345,000	4.250%	4.370%	6,286,499.10	(58,500.90)
2012	6,650,000	4.375%	4.470%	6,597,598.00	(52,402.00)
Total	$55,000,000			$55,642,806.50	642,806.50
e Underwriter's Discount and/or acement Fee, if any				(228,950.00)	
f Net Proceeds (as shown on uance form)				$55,413,856.50	

221852

PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS, SERIES 2002

16. Costs of Issuance –

Bond Counsel	$22,000.00
Financial Advisor	46,750.00
Paying Agent	800.00
Moody's Rating	22,750.00
S&P Rating	17,300.00
POS/Official Statement	6,000.00
TOTAL EXPENSES	$115,600.00

17. Debt Service Schedule – See attached copy of Debt Service Schedule

18. Form 8038G – See attached copy of Form 8038-G

19. Official Statement – See attached copy of Official Statement

$55,000,000.00

Pima County, Arizona
Street and Highway Revenue Bonds
Series 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
7/01/2002	-	-	1,144,912.50	1,144,912.50
1/01/2003	-	-	1,144,912.50	1,144,912.50
7/01/2003	4,535,000.00	4.000%	1,144,912.50	5,679,912.50
1/01/2004	-	-	1,054,212.50	1,054,212.50
7/01/2004	4,715,000.00	4.000%	1,054,212.50	5,769,212.50
1/01/2005	-	-	959,912.50	959,912.50
7/01/2005	4,905,000.00	4.000%	959,912.50	5,864,912.50
1/01/2006	-	-	861,812.50	861,812.50
7/01/2006	5,110,000.00	4.000%	861,812.50	5,971,812.50
1/01/2007	-	-	759,612.50	759,612.50
7/01/2007	5,325,000.00	4.500%	759,612.50	6,084,612.50
1/01/2008	-	-	639,800.00	639,800.00
7/01/2008	5,555,000.00	4.000%	639,800.00	6,194,800.00
1/01/2009	-	-	528,700.00	528,700.00
7/01/2009	5,800,000.00	4.125%	528,700.00	6,328,700.00
1/01/2010	-	-	409,075.00	409,075.00
7/01/2010	6,060,000.00	4.250%	409,075.00	6,469,075.00
1/01/2011	-	-	280,300.00	280,300.00
7/01/2011	6,345,000.00	4.250%	280,300.00	6,625,300.00
1/01/2012	-	-	145,468.75	145,468.75
7/01/2012	6,650,000.00	4.375%	145,468.75	6,795,468.75
Total	55,000,000.00	-	14,712,525.00	69,712,525.00

YIELD STATISTICS

Accrued Interest from 01/01/2002 to 01/30/2002	184,458.13
Bond Year Dollars	$349,260.00
Average Life	6.350 Years
Average Coupon	4.2124850%
Net Interest Cost (NIC)	4.0939897%
True Interest Cost (TIC)	4.0676172%
Bond Yield for Arbitrage Purposes	4.0569481%
All Inclusive Cost (AIC)	4.1343167%

IRS FORM 8038

Net Interest Cost	4.0098869%
Weighted Average Maturity	6.223 Years

Snell & Wilmer
L.L.P.
LAW OFFICES

1500 Norwest Tower
One South Church Avenue
Tucson, Arizona 85701-1612
(520) 882-1200
Fax: (520) 884-1294

Timothy E. Pickrell
Partner
520-882-1264
tpickrell@swlaw.com

TUCSON, ARIZONA
PHOENIX, ARIZONA
IRVINE, CALIFORNIA
SALT LAKE CITY, UTAH

February 26, 2002

BY CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Arizona Department of Revenue
Attention: Econometrics Section
1600 West Monroe
Phoenix, Arizona 85007

Re: Pima County, Arizona, Street and Highway Revenue Bonds, Series 2002

Dear Sir or Madam:

Enclosed is a completed Report of Bond and Security Issuance for the above described Bonds, together with a schedule of issuance costs, a debt service schedule, a copy of Internal Revenue Service Form 8038-G, and the final Official Statement. Please call me if you have any questions.

Very truly yours,

SNELL & WILMER L.L.P.

Timothy E. Pickrell

TEP/jer
Enclosure

223789

Member: LEX MUNDI, a global association of independent law firms with members in the United States and 60 countries throughout the world.

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF RETURN ADDRESS. FOLD AT DOTTED LINE

CERTIFIED MAIL

7099 3220 0005 5717 3987

7099 3220 0005 5717 3987

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

Article Sent To:

Arizona Department of Revenue

Pima HURF 2002

Postage	$ 2.87
Certified Fee	1.90
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 6.27

Postmark Here

Name (Please Print Clearly) (To be completed by mailer)
Arizona Dept. of Revenue, Attn: ~~Econometrics Section~~

Street, Apt. No.; or PO Box No.
1600 West Monroe

City, State, ZIP+ 4
Phoenix, AZ 85007

PS Form 3800, July 1999 — See Reverse for Instructions

SENDER: *COMPLETE THIS SECTION*

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Arizona Department of Revenue
Attn: Econometrics Section
1600 West Monroe
Phoenix, AZ 85007

COMPLETE THIS SECTION ON DELIVERY

A. Received by *(Please Print Clearly)* — B. Date of Delivery: 02 27 02

ARIZONA DEPT. OF REVENUE PHOENIX, AZ

C. Signature: X ☐ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? *(Extra Fee)* ☐ Yes

2. Article Number *(Copy from service label)* 7099 3220 0005 5717 3987

PS Form 3811, July 1999 — Domestic Return Receipt — 102595-00-M-0952

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BOND
SERIES 2002

Number:			Denomination:
R-1			$4,535,000
Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2003	January 1, 2002	721882 AL2

Registered Owner: CEDE & CO.

Principal Amount: FOUR MILLION FIVE HUNDRED THIRTY-FIVE THOUSAND AND NO/100 DOLLARS

SPECIMEN

PIMA COUNTY, ARIZONA (the "*County*"), for value received, hereby promises to pay, solely from the sources hereinafter described, to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay, from such sources, interest on the unpaid principal amount at the interest rate shown above.

Certain bonds of the issue of which this bond is one are subject to call for redemption prior to maturity in accordance with the terms set forth on the reverse of this bond.

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2002, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed by the Paying Agent to the registered owner at the address shown on the registration books maintained by the registrar at the close of business on the record date as explained on the reverse hereof or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of bonds. The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the Paying Agent, which on the original issue date is the designated office of U.S. Bank, N.A.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BOND
SERIES 2002

Number:			Denomination:
R-2			$4,715,000
Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2004	January 1, 2002	721882 AM0

Registered Owner: CEDE & CO.

Principal Amount: FOUR MILLION SEVEN HUNDRED FIFTEEN THOUSAND AND NO/100 DOLLARS

SPECIMEN

PIMA COUNTY, ARIZONA (the "*County*"), for value received, hereby promises to pay, solely from the sources hereinafter described, to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay, from such sources, interest on the unpaid principal amount at the interest rate shown above.

Certain bonds of the issue of which this bond is one are subject to call for redemption prior to maturity in accordance with the terms set forth on the reverse of this bond.

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2002, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed by the Paying Agent to the registered owner at the address shown on the registration books maintained by the registrar at the close of business on the record date as explained on the reverse hereof or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of bonds. The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the Paying Agent, which on the original issue date is the designated office of U.S. Bank, N.A.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BOND
SERIES 2002

Number:			Denomination:
R-3			$4,905,000
Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2005	January 1, 2002	721882 AN8

Registered Owner: CEDE & CO.

Principal Amount: FOUR MILLION NINE HUNDRED FIVE THOUSAND AND NO/100 DOLLARS

SPECIMEN

PIMA COUNTY, ARIZONA (the "*County*"), for value received, hereby promises to pay, solely from the sources hereinafter described, to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay, from such sources, interest on the unpaid principal amount at the interest rate shown above.

Certain bonds of the issue of which this bond is one are subject to call for redemption prior to maturity in accordance with the terms set forth on the reverse of this bond.

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2002, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed by the Paying Agent to the registered owner at the address shown on the registration books maintained by the registrar at the close of business on the record date as explained on the reverse hereof or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of bonds. The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the Paying Agent, which on the original issue date is the designated office of U.S. Bank, N.A.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BOND
SERIES 2002

Number:			Denomination:
R-4			$5,110,000
Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2006	January 1, 2002	721882 AP3

Registered Owner: CEDE & CO.

Principal Amount: FIVE MILLION ONE HUNDRED TEN THOUSAND AND NO/100 DOLLARS

SPECIMEN

PIMA COUNTY, ARIZONA (the "*County*"), for value received, hereby promises to pay, solely from the sources hereinafter described, to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay, from such sources, interest on the unpaid principal amount at the interest rate shown above.

Certain bonds of the issue of which this bond is one are subject to call for redemption prior to maturity in accordance with the terms set forth on the reverse of this bond.

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2002, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed by the Paying Agent to the registered owner at the address shown on the registration books maintained by the registrar at the close of business on the record date as explained on the reverse hereof or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of bonds. The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the Paying Agent, which on the original issue date is the designated office of U.S. Bank, N.A.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BOND
SERIES 2002

Number:			Denomination:
R-5			$5,325,000
Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.500%	July 1, 2007	January 1, 2002	721882 AQ1

Registered Owner: CEDE & CO.

Principal Amount: FIVE MILLION THREE HUNDRED TWENTY-FIVE THOUSAND AND NO/100 DOLLARS

SPECIMEN

PIMA COUNTY, ARIZONA (the "*County*"), for value received, hereby promises to pay, solely from the sources hereinafter described, to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay, from such sources, interest on the unpaid principal amount at the interest rate shown above.

Certain bonds of the issue of which this bond is one are subject to call for redemption prior to maturity in accordance with the terms set forth on the reverse of this bond.

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2002, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed by the Paying Agent to the registered owner at the address shown on the registration books maintained by the registrar at the close of business on the record date as explained on the reverse hereof or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of bonds. The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the Paying Agent, which on the original issue date is the designated office of U.S. Bank, N.A.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BOND
SERIES 2002

Number:			Denomination:
R-6			$5,555,000
Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2008	January 1, 2002	721882 AR9

Registered Owner: CEDE & CO.

Principal Amount: FIVE MILLION FIVE HUNDRED FIFTY-FIVE THOUSAND AND NO/100 DOLLARS

SPECIMEN

PIMA COUNTY, ARIZONA (the "*County*"), for value received, hereby promises to pay, solely from the sources hereinafter described, to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay, from such sources, interest on the unpaid principal amount at the interest rate shown above.

Certain bonds of the issue of which this bond is one are subject to call for redemption prior to maturity in accordance with the terms set forth on the reverse of this bond.

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2002, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed by the Paying Agent to the registered owner at the address shown on the registration books maintained by the registrar at the close of business on the record date as explained on the reverse hereof or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of bonds. The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the Paying Agent, which on the original issue date is the designated office of U.S. Bank, N.A.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BOND
SERIES 2002

Number:			Denomination:
R-7			$5,800,000
Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.125%	July 1, 2009	January 1, 2002	721882 AS7

Registered Owner: CEDE & CO.

Principal Amount: FIVE MILLION EIGHT HUNDRED THOUSAND AND NO/100 DOLLARS

SPECIMEN

PIMA COUNTY, ARIZONA (the "*County*"), for value received, hereby promises to pay, solely from the sources hereinafter described, to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay, from such sources, interest on the unpaid principal amount at the interest rate shown above.

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Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed by the Paying Agent to the registered owner at the address shown on the registration books maintained by the registrar at the close of business on the record date as explained on the reverse hereof or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of bonds. The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the Paying Agent, which on the original issue date is the designated office of U.S. Bank, N.A.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BOND
SERIES 2002

Number:			Denomination:
R-8			$6,060,000
Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.250%	July 1, 2010	January 1, 2002	721882 AT5

Registered Owner: CEDE & CO.

Principal Amount: SIX MILLION SIXTY THOUSAND AND NO/100 DOLLARS

SPECIMEN

PIMA COUNTY, ARIZONA (the "*County*"), for value received, hereby promises to pay, solely from the sources hereinafter described, to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay, from such sources, interest on the unpaid principal amount at the interest rate shown above.

Certain bonds of the issue of which this bond is one are subject to call for redemption prior to maturity in accordance with the terms set forth on the reverse of this bond.

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2002, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed by the Paying Agent to the registered owner at the address shown on the registration books maintained by the registrar at the close of business on the record date as explained on the reverse hereof or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of bonds. The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the Paying Agent, which on the original issue date is the designated office of U.S. Bank, N.A.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BOND
SERIES 2002

Number:			Denomination:
R-9			$6,345,000
Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.250%	July 1, 2011	January 1, 2002	721882 AU2

Registered Owner: CEDE & CO.

Principal Amount: SIX MILLION THREE HUNDRED FORTY-FIVE THOUSAND AND NO/100 DOLLARS

SPECIMEN

PIMA COUNTY, ARIZONA (the "*County*"), for value received, hereby promises to pay, solely from the sources hereinafter described, to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay, from such sources, interest on the unpaid principal amount at the interest rate shown above.

Certain bonds of the issue of which this bond is one are subject to call for redemption prior to maturity in accordance with the terms set forth on the reverse of this bond.

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2002, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed by the Paying Agent to the registered owner at the address shown on the registration books maintained by the registrar at the close of business on the record date as explained on the reverse hereof or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of bonds. The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the Paying Agent, which on the original issue date is the designated office of U.S. Bank, N.A.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BOND
SERIES 2002

Number:			Denomination:
R-10			$6,650,000
Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.375%	July 1, 2012	January 1, 2002	721882 AV0

Registered Owner: CEDE & CO.

Principal Amount: SIX MILLION SIX HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS

SPECIMEN

PIMA COUNTY, ARIZONA (the "*County*"), for value received, hereby promises to pay, solely from the sources hereinafter described, to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay, from such sources, interest on the unpaid principal amount at the interest rate shown above.

Certain bonds of the issue of which this bond is one are subject to call for redemption prior to maturity in accordance with the terms set forth on the reverse of this bond.

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2002, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed by the Paying Agent to the registered owner at the address shown on the registration books maintained by the registrar at the close of business on the record date as explained on the reverse hereof or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of bonds. The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the Paying Agent, which on the original issue date is the designated office of U.S. Bank, N.A.

See the reverse side of this bond for additional provisions.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and laws of the State of Arizona to exist, to occur and to be performed precedent to and in the issuance of this bond exist, have occurred and have been performed and that the issue of bonds of which this is one, together with all other indebtedness of the County, is within every debt and other limit prescribed by the Constitution and laws of the State of Arizona.

The County has caused this bond to be executed by the Chairman its Board of Supervisors and attested by the Clerk of its Board of Supervisors, which signatures may be facsimile signatures.

This bond is not valid or binding upon the County without the manually affixed signature of an authorized signatory of the registrar.

PIMA COUNTY, ARIZONA

SPECIMEN

Chairman, Board of Supervisors

ATTEST:

SPECIMEN

Clerk, Board of Supervisors

AUTHENTICATION CERTIFICATE

This bond is one of the Pima County, Arizona, Street and Highway Revenue Bonds, Series 2002, described in the Bond Resolution mentioned on the reverse hereof.

U.S. BANK, N.A.,
as Registrar

By_____
Authorized Representative

SPECIMEN

STATEMENT OF INSURANCE

Financial Guaranty Insurance Company ("Financial Guaranty") has issued a policy containing the following provisions with respect to the Bonds, such policy being on file at the principal office of U.S. Bank, N.A., as paying agent (the "Paying Agent"):

Financial Guaranty hereby unconditionally and irrevocably agrees to pay for disbursement to the Bondholders that portion of the principal or accreted value (if applicable) of and interest on the Bonds which is then due for payment and which the issuer of the Bonds (the "Issuer") shall have failed to provide. Due for payment means, with respect to principal or accreted value (if applicable) the stated maturity date thereof, or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which the payment of principal or accreted value (if applicable) of the Bonds is due by reason of call for redemption (other than mandatory sinking fund redemption), acceleration or other advancement of maturity, and with respect to interest, the stated date for payment of such interest.

Upon receipt of telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or the Paying Agent to Financial Guaranty that the required payment of principal, accreted value or interest (as applicable) has not been made by the Issuer to the Paying Agent, Financial Guaranty on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., or its successor as its agent (the "Fiscal Agent"), sufficient to make the portion of such payment not paid by the Issuer. Upon presentation to the Fiscal Agent of evidence satisfactory to it of the Bondholder's right to receive such payment and any appropriate instruments of assignment required to vest all of such Bondholder's right to such payment in Financial Guaranty, the Fiscal Agent will disburse such amount to the Bondholder.

As used herein the term "Bondholder" means the person other than the Issuer or the borrower(s) of bond proceeds who at the time of nonpayment of a Bond is entitled under the terms of such Bond to payment thereof.

The policy is non-cancellable for any reason.

FINANCIAL GUARANTY INSURANCE COMPANY

(Reverse Side of Bond)

This bond is one of an issue of bonds in the total principal amount of $55,000,000 of like tenor except as to maturity date, rate of interest and number, issued by the County to provide funds to make those certain street and highway improvements approved by a majority vote of qualified electors voting at elections duly called and held in and for the County on November 4, 1997 pursuant to resolutions of the Board of Supervisors of the County duly adopted prior to the issuance hereof and pursuant to the Constitution and laws of the State of Arizona.

This bond is issued under the laws of Arizona, including specifically Title 11, Chapter 2, Article 12 of the Arizona Revised Statutes (the "*Act*"), and Resolution No. 1998-101, adopted by the Board of Supervisors of the County on May 19, 1998, as supplemented by Resolution No. 2002-6 adopted by the Board of Supervisors of the County on January 8, 2002 (collectively, the "*Bond Resolution*"). Reference is hereby made to the Act and the Bond Resolution referred to above for the provisions thereof, including the provisions with respect to the rights, obligations, duties and immunities of the County and the owners of bonds issued thereunder, to all of which the registered owner of this bond, by acceptance of this bond, assents.

SPECIMEN

The bonds and interest thereon shall be payable solely from the revenues received by the County from highway user taxes, including motor vehicle fuel taxes, and all other taxes, fees, charges or other monies returned to the County pursuant to Title 28, Chapter 18, Article 2 and Section 42-1484 (the "*Pledged Revenues*") on a parity of lien with certain outstanding bonds of the County and such additional bonds or obligations as may hereafter be issued on a parity therewith. The bonds shall not constitute a debt or general obligation of the County within the meaning of any constitutional or statutory debt limitation, nor shall payment of the bonds or interest or redemption premiums thereon be enforceable out of any funds other than the Pledged Revenues nor shall any owner of any bond have the right to compel any exercise of the taxing power of the County to make such payment. The County may issue additional bonds or obligations payable from the Pledged Revenues, on a parity with the bonds, upon satisfaction of the conditions set forth in the Act and the Bond Resolution.

Bonds maturing on or before July 1, 2008 are not subject to call for redemption prior to their respective maturity dates. The Bonds maturing on or after July 1, 2009 are subject to call for redemption on and after July 1, 2008 at the election of the County, in whole or in part on any date, by the payment of a redemption price equal to the principal amount of each bond called for redemption plus accrued interest to the date fixed for redemption plus a premium payable from any source lawfully available therefor (expressed as a percentage of the principal amount of the bonds to be redeemed) to be computed as follows:

Period During Which Redeemed (both dates inclusive)	Redemption Premium
July 1, 2008 through June 30, 2009	1%
July 1, 2009 and thereafter without premium	

Notice of redemption will be given by mail to the registered owners of the bonds at the address shown on the bond register maintained by the registrar not less than 30 days nor more than 60 days prior to the specified redemption date.

The initial registrar and paying agent is U.S. Bank, N.A. The registrar or paying agent may be changed by the County without notice and the County may serve in such capacities.

This bond is transferable by the registered owner in person or by attorney duly authorized in writing at the designated office of the registrar upon surrender and cancellation of this bond, but only in the manner and subject to the limitation and upon payment of the charges provided in the Bond Resolution. Upon such transfer a new bond or bonds of the same aggregate principal amount, maturity and interest rate will be issued to the transferee in exchange. The registrar may require an owner, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the authorizing resolution. The County has chosen the 15th day of the month preceding an interest payment date as the record date for this issue of bonds. Should this bond be submitted to the registrar for transfer during the period commencing after the close of business on the record date and continuing to and including the next subsequent interest payment date, ownership will be transferred in the normal manner but the interest payment will be made payable to and mailed to the registered owner as shown on the registrar's books at the close of business on the record date.

The registrar may but need not register the transfer of a bond which has been selected for redemption and need not register the transfer of any bond for a period of 15 days before a selection of bonds to be redeemed. If the transfer of any bond which has been called or selected for call for redemption in whole or in part is registered, any notice of redemption which has been given to the transferor or will be binding upon the transferee and a copy of the notice of redemption will be delivered to the transferee along with the bond or bonds.

Bonds of this issue are issuable only in fully registered form in the denomination of $5,000 each or integral multiples of $5,000. This Bond may be exchanged at the designated office of the registrar for a like aggregate principal amount of Bonds of the same maturity in authorized denominations upon the terms set forth in the resolution authorizing issuance of the Bonds.

The County, the registrar and the paying agent may treat the registered owner of this bond as the absolute owner for the purpose of receiving principal, interest and any premium and for all other purposes and none of them shall be affected by any notice to the contrary.

PRELIMINARY

The following abbreviations, when used in the inscription on the face of this bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM — as tenants in common
TEN ENT — as tenants by the entireties
JT TEN — as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT/TRANS MIN ACT--
_____ Custodian _____
(Cust) (Minor)
Under Uniform Gifts/Transfers to Minors Act

_____
(State)

SPECIMEN

Additional abbreviations may also be used though not in list above.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

_____

(Name and Address of Transferee)

_____

(Social Security or other Federal Tax Identification Number of Transferee)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

SPECIMEN

Dated: _____

_____

Note: The signature(s) on this assignment must correspond with the name(s) as written on the face of the within registered Bond in every particular without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

_____

Note: Signature(s) must be guaranteed by an eligible guarantor institution pursuant to Securities and Exchange Commission Rule 17Ad-15 that is a participant in a signature guarantor program recognized by the Trustee.

Ratings Services
55 Water Street, 38th Floor
New York, NY 10041-0003
Tel 212 438-2074
Reference No.: 40123801

Vincent Orgo
Administrative Officer
Public Finance Ratings

Standard & Poor's
A Division of The McGraw-Hill Companies

January 24, 2002

Ms. Cheryl Whaley
Group Leader
Financial Guaranty Insurance Co.
125 Park Avenue, 5th Floor
New York, NY 10017

Re: ***$55,000,000 Pima County, Arizona Street and Highway Revenue Bonds, Series 2002, dated: January 1, 2002, due: July 1, 2003-2012, (POLICY #02010075)***

Dear Ms. Whaley:

This is to advise you that we have changed the rating to 'AAA' from 'A+' on the subject bonds.

The rating change reflects our assessment of the likelihood of repayment of principal and interest based on the bond insurance policy your company is providing.

When using the Standard & Poor's rating, include the definition of the rating together with a statement that this may be changed, suspended or withdrawn as a result of changes in, or unavailability of, information. This rating is not a "market rating", because it is not a recommendation to buy, hold or sell the obligations.

If you have any questions, please contact us.

Very truly yours,

Vincent Orgo /ms

ms

Ratings Services
55 Water Street, 38th Floor
New York, NY 10041-0003
Tel 212 438-2066
Reference No.: 995422

Steven J Murphy
Managing Director
Public Finance Ratings

Standard & Poor's
A Division of The McGraw-Hill Companies

December 20, 2001

Ms. Carol M. Bonchalk
Director of Financial & Information Services
County of Pima
Financial and Information Services
130 West Congress - 10th Floor
Tucson, AZ 85701

Re: ***$55,000,000 Pima County, Arizona, Street & Highway Revenue Bonds, Series 2002, dated: January 1, 2002, due: July 1, 2012***

Dear Ms. Bonchalk:

Pursuant to your request for a Standard & Poor's rating on the above debt obligations, we have reviewed the information furnished to us and, subject to the terms and conditions of the *MEMORANDUM OF AGREEMENT* on the reverse side hereof, have assigned a rating of 'A+' to the obligations. S&P views the outlook for this rating over the intermediate to longer term as stable.

Please note that the ongoing information required includes annual audits and budgets and, for revenue bond ratings in connection with construction financing, progress reports, not less often than quarterly, covering the project being financed and should be forwarded to:

Standard & Poor's Ratings Services
Public Finance
55 Water Street, Muni Drop Box No. 1, 38-3-10
New York, NY 10041-0003

S&P relies on the issuer and its counsel, accountants and other experts for the accuracy and completeness of the information submitted in connection with the rating. In addition, it should be understood that the rating is not a *"market"* rating nor a recommendation to buy, hold or sell these securities. Please note that the rating, as is the case with all of S&P's municipal ratings, does not address the likelihood that interest payable on the Bonds may be deemed or declared includable in the gross income of Bondholders by the relevant authorities at any time.

In the event that you decide to include this rating in an Official Statement, prospectus or other offering literature, we request that you include S&P's definition of the rating together with a statement that the rating may be changed, suspended or withdrawn as a result of changes in, or unavailability of, information.

We are pleased to have been of service to you. Thank you for choosing Standard & Poor's Ratings Services. If you have any questions, please contact us.

Very truly yours,

Steven J. Murphy

amh
cc: Mr. Kurt M. Freund, Managing Director
RBC Dain Rauscher

Moody's Investors Service

99 Church Street
New York, New York 10007

January 30, 2002

Financial Guaranty Insurance Company
125 Park Avenue, 5th Floor
New York, New York 10017

To Whom It May Concern:

Moody's Investors Service has assigned the rating of **Aaa** (Financial Guaranty Insurance Company Insured - Policy No. **02010075**) to the **$55,000,000.00 , Pima County, Arizona---Street and Highway Revenue Bonds, Series 2002** , dated January 1, 2002 which sold on January 8, 2002. The rating is based upon an insurance policy provided by Financial Guaranty Insurance Company.

Should you have any questions regarding the above, please do not hesitate to contact the assigned analyst, Margaret Kessler at (212) 553-7884.

Sincerely yours,

Margaret Kessler

Margaret L. Kessler
Vice President/Senior Analyst

MK:SY

Moody's Investors Service

99 Church Street
New York, New York 10007

December 18, 2001

Ms. Carol Bonchalk
Director, Financial and Information Service
Pima County
130 West Congress St., 10th Fl.
Tucson, AZ 85701-1317

Dear Ms. Bonchalk:

We wish to inform you that on December 12, 2001, Moody's Rating Committee assigned a **A1** rating on Pima County's Street and Highway User Revenue Bonds, Series 2002.

In order for us to maintain the currency of our ratings, we request that you provide ongoing disclosure, including annual financial and statistical information.

Moody's will monitor this rating and reserves the right, at its sole discretion, to revise or withdraw this rating at any time in the future.

The rating as well as any revisions or withdrawals thereof will be publicly disseminated by Moody's through normal print and electronic media and in response to verbal requests to Moody's rating desk.

Should you have any questions regarding the above, please do not hesitate to contact the analyst or me assigned to this transaction, Robyn Kapiloff at (212) 553-4051.

Sincerely,

Ken Kurtz

Kenneth Kurtz
Senior Vice President

cc: Mr. Kurt Freund
Dain Rauscher, Inc.
2398 East Camelback Rd, Suite 700
Phoenix, AZ 85016

EXHIBIT A

$55,000,000
PIMA COUNTY, ARIZONA
Street and Highway Revenue Bonds
Series 2002

Principal and Interest Payments

Dated: 1/1/2002 **Delivery: 1/30/2002**

Date	Principal (A)	Coupon	Interest (B)	Total Debt Service	Fiscal Year Debt Service	CUSIP # (721882)
7/1/2002			$1,144,912.50	$1,144,912.50	$1,144,912.50	
1/1/2003			1,144,912.50	1,144,912.50		
7/1/2003	$4,535,000.00	4.00%	1,144,912.50	5,679,912.50	6,824,825.00	AL2
1/1/2004			1,054,212.50	1,054,212.50		
7/1/2004	4,715,000.00	4.00%	1,054,212.50	5,769,212.50	6,823,425.00	AM0
1/1/2005			959,912.50	959,912.50		
7/1/2005	4,905,000.00	4.00%	959,912.50	5,864,912.50	6,824,825.00	AN8
1/1/2006			861,812.50	861,812.50		
7/1/2006	5,110,000.00	4.00%	861,812.50	5,971,812.50	6,833,625.00	AP3
1/1/2007			759,612.50	759,612.50		
7/1/2007	5,325,000.00	4.50%	759,612.50	6,084,612.50	6,844,225.00	AQ1
1/1/2008			639,800.00	639,800.00		
7/1/2008	5,555,000.00	4.000%	639,800.00	6,194,800.00	6,834,600.00	AR9
1/1/2009			528,700.00	528,700.00		
7/1/2009	5,800,000.00	4.125%	528,700.00	6,328,700.00	6,857,400.00	AS7
1/1/2010			409,075.00	409,075.00		
7/1/2010	6,060,000.00	4.25%	409,075.00	6,469,075.00	6,878,150.00	AT5
1/1/2011			280,300.00	280,300.00		
7/1/2011	6,345,000.00	4.25%	280,300.00	6,625,300.00	6,905,600.00	AU2
1/1/2012			145,468.75	145,468.75		
7/1/2012	6,650,000.00	4.375%	145,468.75	6,795,468.75	6,940,937.50	AV0
Total	$55,000,000.00		$14,712,525.00	$69,712,525.00	$69,712,525.00	

(A) The bonds maturing on or after July 1, 2009 are subject to redemption prior to maturity on or after July 1, 2008 at 101% declining to Par on or after July 1, 2009.

(B) Does not include accrued Interest from 1/1/02 to 1/30/02 in the amount of $184,458.13

-Prepared By-
RBC Dain Rauscher Inc.
1/17/2002