



MEMORANDUM

Date: November 5, 2014

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator *[Signature]*

Re: **Annual Report of Indebtedness**

As you will recall, we report annually to the Arizona Department of Revenue any outstanding obligations or debt of the County. The Annual Indebtedness Report for the period ended June 30, 2014 is attached for your review. This report indicates our debt levels have begun to decline.

Please note the principal repayment of \$159.8 million of debt last year. New debt issuance will drop off dramatically as the Regional Optimization Master Plan (ROMP) program is completed and the new courthouse, or Public Service Center, is finished this year.

The report is summarized by General Obligation, Sewer Revenue, Streets and Highway, Certificates of Participation and Capital Leases. The General Obligation debt has now almost entirely been issued, and there is likely little additional debt to be issued without new authorization. The level of principal repayment should remain at approximately \$40 million per year. The only possible new issuance would be related to the animal care bonds on the November 2014 ballot. Even if approved by the voters, it is likely very few of these bonds would be issued during the current year reporting period. Therefore, our General Obligation debt will decrease by \$40 million next year.

Our discussion in the voter-required publicity pamphlet regarding increased taxes associated with the Pima Animal Care Center is required due to statutory requirements for disclosures that assumes the issuance is a stand-alone issue. This would be a theoretical increase in property taxes of \$3 per year. Since we are annually retiring more General Obligation debt than could be issued, even if the full \$22 million for the animal care facility were issued at one time, there would be no tax increase associated with the Animal Care bond approval.

Regarding Sewer Revenue Debt, it is likely this debt is now at its peak, as the last project installments of the ROMP program were completed this past year. This debt should now begin to drop in the near term. The debt will decrease by more than \$40 million this year.

The Honorable Chair and Members, Pima County Board of Supervisors
Re: Annual Report of Indebtedness
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Over the next five years, the County will repay \$279 million of the outstanding sewer debt.

The Street and Highway Revenue Bonds should remain approximately the same. These are constrained by the amount of new debt that can be issued based on actual revenue flows from the Highway User Revenue Fund (HURF), which has been decreasing. Hence, it is likely that even though we have capacity to issue debt for the remaining authorization, any issuance of this debt will depend entirely on the flow of HURF. Those amounts do not look promising in the near term.

The overall amount of debt has decreased from the previous year, and it should be noted that half of our debt is related to the County's sewer utility. Pima County is the only county in Arizona that operates a regional wastewater utility.

CHH/anc

Attachment

c: Chair and Members, Pima County Bond Advisory Committee
Tom Burke, Director, Finance and Risk Management
Nicole Fyffe, Executive Assistant to the County Administrator
Diana Durazo, Special Staff Assistant to the County Administrator



MEMORANDUM

DEPARTMENT OF FINANCE & RISK MANAGEMENT

Date: October 9, 2014

To: C.H. Huckelberry
County Administrator

From: Tom Burke
Finance Director

Subject: Annual Report of Indebtedness

Each year, the County files the Annual Report of Indebtedness to the Arizona Department of Revenue. Attachment 1 is a copy of the report for the year ending June 30, 2014 that was filed with the State. A summary of the County's debt by type of debt is shown in Table 1 below. A more detailed comparison of the County's debt by each individual issue is included in Attachment 2.

In Fiscal Year 2013-14, Pima County incurred \$135,646,416 of new debt. During the year, the County repaid \$159,646,419 of principal on its existing debt issues, causing total debt for the County to decrease by \$24,227,560. Of the total outstanding debt of \$1,325,564,419, the amount of sewer revenue debt for the County's utility is \$649,925,019, or 49 percent.

**Pima County Debt
Comparison FY 13 to FY 14
Summary By Type of Debt**

Table 1

Type of Debt	Balance on June 30, 2013	Repayment of Principal	Issuance of New Debt	Balance on June 30, 2014
General Obligation Debt	\$ 456,690,000	\$ (59,415,000)	\$ 10,000,000	\$ 407,275,000
Sewer Revenue Debt	638,449,696	(37,024,677)	48,500,000	649,925,019
Streets and Highway Debt	126,015,000	(21,995,000)	24,805,000	128,825,000
Certificates of Participation	127,735,000	(40,995,000)	52,160,000	138,900,000
Capital Equipment Leases	902,283	(444,299)	181,416	639,400
Total	\$ 1,349,791,979	\$ (159,873,976)	\$ 135,646,416	\$ 1,325,564,419

ATTACHMENT 1

Report of Indebtedness as of June 30, 2014

REPORT OF INDEBTEDNESS MADE TO THE ARIZONA DEPARTMENT OF REVENUE
 Office of Economic Research and Analysis / 9th Floor
 (ARS 35-501, 35-502)

1	2	3	4	5	6	Principal Only				10	11	12	13	14
						7	8	9	Outstanding Principal					
Name of County or District Bonded	Bond Type	Purpose of Issue	Date of Issue	Date of Maturity	Original Principal Amount	Principal Amount Retired	Amount Refunded	Outstanding Principal	7/1/14 Payment	7/1/13 Payment	GO Debt LIMIT	Interest Paid in FY 14	Interest Paid to Date	
1	GO	Improvements 2003	1/15/03	7/1/13	50,000,000	34,150,000	15,850,000	0	0	3,750,000	15%	0	13,476,261	
2	GO	Improvements 2004	6/1/04	7/1/19	65,000,000	40,580,000	24,420,000	0	4,215,000	4,025,000	15%	210,750	18,619,888	
3	GO	Improvements 2005	5/1/05	7/1/20	65,000,000	35,750,000	29,250,000	0	2,585,000	3,800,000	15%	424,475	16,461,321	
4	GO	Improvements 2007	1/1/07	7/1/21	95,000,000	45,250,000	1,200,000	48,550,000	6,425,000	6,120,000	15%	2,229,975	23,198,925	
5	GO	Improvements 2008	2/15/08	7/1/22	100,000,000	37,000,000	0	63,000,000	4,250,000	4,000,000	15%	2,690,000	19,513,139	
6	GO	Improvements 2009	4/22/09	7/1/23	75,000,000	38,815,000	0	36,185,000	790,000	1,025,000	15%	1,428,206	9,373,309	
7	GO	Improvements & Refunding 2009A	12/2/09	7/1/24	113,535,000	49,650,000	0	63,885,000	9,065,000	11,305,000	15%	2,615,325	14,650,488	
8	GO	Improvements 2011	5/25/11	7/1/26	75,000,000	30,815,000	0	44,185,000	2,890,000	5,000,000	15%	2,009,213	6,816,822	
9	GO	Improvements 2012A	6/13/12	7/1/27	60,000,000	16,250,000	0	43,750,000	6,250,000	10,000,000	15%	1,588,413	3,361,246	
10	GO	Refunding 2012B	6/13/12	7/1/17	16,225,000	4,070,000	0	12,155,000	3,920,000	150,000	15%	361,850	744,943	
11	GO	Improvements 2013A	6/5/13	7/1/28	50,000,000	3,000,000	0	47,000,000	3,000,000	0	15%	1,493,418	1,493,418	
12	GO	Refunding 2013B	6/5/13	7/1/20	38,575,000	10,000	0	38,565,000	10,000	0	15%	1,309,988	1,309,988	

I, Thomas E. Burke (Name) Chief Financial Officer of Prima County (Political Subdivision) in the County of Prima County (County) do hereby certify that the foregoing statement is a full, true, and correct abstract of the bonded indebtedness as of June 30, 2014.

SIGNATURE Thomas E. Burke DATE 9-19-14

ADDRESS	PHONE NUMBER	FAX NUMBER
130 W. Congress, 6th Floor, Tucson AZ 85701	(520) 724-3030	(520) 724-2329
CONTACT NAME (for questions)	PHONE NUMBER	E-MAIL ADDRESS
Meridith Litton	(520) 724-8517	meridith.litton@prima.gov

REPORT OF INDEBTEDNESS MADE TO THE ARIZONA DEPARTMENT OF REVENUE

Principal Only													
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Name of County or District Bonded	Bond Type	Purpose of Issue	Date of Issue	Date of Maturity	Original Principal Amount	Principal Amount Retired	Amount Refunded	Outstanding Principal	7/1/14 Payment	7/1/13 Payment	GO Debt LIMIT	Interest Paid in FY14	Interest Paid to Date
Pima County	GO	Improvements	1/30/14	7/1/28	10,000,000	0	0	10,000,000	0	0	15%	132,898	132,898
Pima County	RV	Sewer Refunding 2004	5/1/04	7/1/15	25,770,000	21,770,000	0	4,000,000	3,430,000	2,975,000	N/A	354,000	8,117,752
Pima County	RV	Sewer Improvements 2007	1/1/07	7/1/26	50,000,000	15,285,000	0	34,715,000	2,075,000	1,980,000	N/A	1,599,513	13,761,070
Pima County	RV	Sewer Improvements 2008	5/1/08	7/1/23	75,000,000	4,870,000	0	70,130,000	2,000,000	1,450,000	N/A	2,997,744	18,933,587
Pima County	RV	Sewer Improvements 2009	5/6/09	7/1/24	18,940,000	4,400,000	0	14,540,000	1,110,000	1,065,000	N/A	585,050	3,352,247
Pima County	RV	Sewer Refunding 2011A	3/30/11	7/1/16	43,625,000	29,360,000	0	14,265,000	8,150,000	7,425,000	N/A	1,114,250	4,949,318
Pima County	RV	Sewer Improvement Obligations 2010	6/17/10	7/1/25	165,000,000	2,000,000	0	163,000,000	2,000,000	0	N/A	8,026,255	32,417,061
Pima County	RV	Sewer Improvement Obligations 2011B	12/13/11	7/1/26	189,160,000	24,710,000	0	164,450,000	9,935,000	9,550,000	N/A	8,619,900	22,601,583
Pima County	RV	Sewer Improvement Obligations 2012A	12/6/12	7/1/27	128,795,000	10,615,000	0	118,180,000	6,790,000	3,825,000	N/A	5,583,900	8,807,183
Pima County	RV	Sewer Improvement Obligations 2014	2/1/14	7/1/28	48,500,000	0	0	48,500,000	0	0	N/A	896,511	896,511
Pima County	RV	Sewer Improvement WIFA 2004 - Loan	5/11/04	7/1/24	19,967,331	7,474,522	0	12,492,809	1,041,487	1,008,118	N/A	447,985	5,627,364
Pima County	RV	Sewer Improvement WIFA 2009 - Loan*	10/9/09	7/1/24	10,002,383	4,350,173	0	5,652,210	493,191	481,331	N/A	151,423	797,417
Pima County	RV	Streets & Highways 2003	1/15/03	7/1/13	35,000,000	19,730,000	15,270,000	0	0	2,670,000	N/A	0	10,817,050
Pima County	RV	Streets & Highways 2005	5/1/05	7/1/20	51,200,000	22,390,000	9,570,000	19,240,000	4,110,000	3,945,000	N/A	1,117,750	16,797,590
Pima County	RV	Streets & Highways 2007	1/1/07	7/1/22	21,000,000	6,130,000	0	14,870,000	1,485,000	1,415,000	N/A	686,088	6,205,501
Pima County	RV	Streets & Highways 2008	2/15/08	7/1/22	25,000,000	4,575,000	0	20,425,000	2,035,000	1,940,000	N/A	883,275	6,024,201
Pima County	RV	Streets & Highways & Refunding 2009	12/2/09	7/1/24	23,420,000	2,385,000	0	21,035,000	1,185,000	1,200,000	N/A	836,700	3,961,451
Pima County	RV	Streets & Highways & Refunding 2012	5/30/12	7/1/27	32,945,000	4,495,000	0	28,450,000	3,610,000	885,000	N/A	1,254,150	2,945,132

**LEASE PURCHASE / THIRD-PARTY FINANCING CONTRACTS
REPORT MADE TO THE ARIZONA DEPARTMENT OF REVENUE
Office of Economic Research and Analysis / 9th Floor
(ARS 35-501, 35-502)**

1	2	3	4	5	6	7	8	9	10	11
Name	L or 3P	Purpose	Date of Contract	Interest Rate	Date of Maturity	Original Contract Amount	Principal Retired	Outstanding Principal	Interest Paid in FY14	Interest Paid to Date
Pima County	LP	Construction of Baseball Stadium 1999	9/1/99	5.6000	11/1/14	4,875,000	4,875,000	0	0	2,909,625
Pima County	LP	Baseball Stadium Refunding 2003	10/1/03	4.2000	11/1/18	27,525,000	27,525,000	0	0	8,001,870
Pima County	LP	Acquisition of 33 North Stone Avenue 2007A	5/1/07	5.0000	7/1/22	28,765,000	9,960,000	18,805,000	1,020,575	8,738,225
Pima County	LP	Purchase PimaCore 2010	2/4/10	4.1300	6/1/19	20,000,000	7,970,000	12,030,000	606,531	2,969,768
Pima County	LP	Fleet Services Building & Sewer 2013A	5/22/13	5.0000	12/1/22	80,175,000	34,645,000	45,530,000	1,950,191	1,950,191
Pima County	LP	Baseball Stadium Refunding 2013B	5/22/13	5.0000	12/1/17	12,705,000	2,330,000	10,375,000	500,458	500,458
Pima County	LP	Construction of Public Service Building 2014	2/12/14	5.0000	12/1/28	52,160,000	0	52,160,000	0	0
Pima County	3P	Lease Dozers for Environmental Services	12/16/11	0.0000	12/15/14	219,813	219,813	0	0	0
Pima County	3P	Lease Landfill Compactor for Environmental Services	11/1/11	0.0000	10/31/14	380,102	380,102	0	0	0
Pima County	3P	Lease Scraper for Environmental Services	11/1/11	0.0000	10/31/14	293,827	293,827	0	0	0
Pima County	3P	Lease Tazers for Sheriff's Department	10/29/12	2.5500	10/29/16	763,592	305,608	457,984	14,127	15,750
Pima County	3P	Lease Computer Equipment for Clerk of the Superior Court	9/1/13	2.8400	9/1/16	239,366	57,950	181,416	4,689	4,689

I, Thomas E. Burke (Name) Chief Financial Officer of Pima County (Political Subdivision) in the County of Pima County (County) do hereby certify that the foregoing statement is a full, true, and correct abstract of the bonded indebtedness as of June 30, 2014.

SIGNATURE  DATE 9-19-14

ADDRESS 130 W. Congress, 6th Floor, Tucson AZ 85701	PHONE NUMBER (520) 724-3030	PHONE NUMBER (520) 724-3030	FAX NUMBER (520) 724-2329
CONTACT NAME (for questions) Meridith Litton	PHONE NUMBER (520) 724-8517	E-MAIL ADDRESS meridith.litton@pima.gov	

ATTACHMENT 2

Comparison of FY 14 Debt to FY 13 Debt

**Pima County Debt
Comparison FY 13 to FY 14
By Type of Debt**

	6-30-13 Outstanding Debt	6-30-14 Outstanding Debt	(Principal Repayments) / New Debt Issued in FY 14
General Obligation Bonds			
Series 2004	4,215,000	0	(4,215,000)
Series 2005	17,400,000	0	(17,400,000)
Series 2007	56,175,000	48,550,000	(7,625,000)
Series 2008	67,250,000	63,000,000	(4,250,000)
Series 2009	36,975,000	36,185,000	(790,000)
Series 2009A and 2009A Refunding	72,950,000	63,885,000	(9,065,000)
Series 2011	47,075,000	44,185,000	(2,890,000)
Series 2012A	50,000,000	43,750,000	(6,250,000)
Series 2012B Refunding	16,075,000	12,155,000	(3,920,000)
Series 2013A	50,000,000	47,000,000	(3,000,000)
Series 2013B Refunding	38,575,000	38,565,000	(10,000)
Total repayment in FY 14			(59,415,000)
Series 2014		10,000,000	10,000,000
TOTAL GO DEBT	456,690,000	407,275,000	(49,415,000)
Sewer Revenue Debt			
Series 2004 Refunding Bond	7,430,000	4,000,000	(3,430,000)
Series 2007 Bond	36,790,000	34,715,000	(2,075,000)
Series 2008 Bond	72,130,000	70,130,000	(2,000,000)
Series 2009 Bond	15,650,000	14,540,000	(1,110,000)
Series 2011 Refunding Bond	22,415,000	14,265,000	(8,150,000)
Series 2010 Revenue Obligation	165,000,000	163,000,000	(2,000,000)
Series 2011B Revenue Obligation	174,385,000	164,450,000	(9,935,000)
Series 2012A Revenue Obligation	124,970,000	118,180,000	(6,790,000)
2004 WIFA Loan	13,534,295	12,492,809	(1,041,486)
2009 WIFA Loan	6,145,401	5,652,210	(493,191)
Total repayment in FY 14			(37,024,677)
Series 2014		48,500,000	48,500,000
TOTAL SEWER DEBT	638,449,696	649,925,019	11,475,323
Street and Highway (HURF) Debt			
Series 2005	32,920,000	19,240,000	(13,680,000)
Series 2007	16,355,000	14,870,000	(1,485,000)
Series 2008	22,460,000	20,425,000	(2,035,000)
Series 2009 and Refunding	22,220,000	21,035,000	(1,185,000)
Series 2012 and Refunding	32,060,000	28,450,000	(3,610,000)
Total repayment in FY 14			(21,995,000)
Series 2014		24,805,000	24,805,000
TOTAL STREET AND HIGHWAY DEBT	126,015,000	128,825,000	2,810,000

**Pima County Debt
Comparison FY 13 to FY 14
By Type of Debt**

	6-30-13 Outstanding Debt	6-30-14 Outstanding Debt	(Principal Repayments) / New Debt Issued in FY 14
COPs			
Series 2007A	20,695,000	18,805,000	(1,890,000)
Series 2010	14,160,000	12,030,000	(2,130,000)
Series 2013A	80,175,000	45,530,000	(34,645,000)
Series 2013B Refunding	12,705,000	10,375,000	(2,330,000)
Total repayment in FY 14			(40,995,000)
Series 2014 (Public Service Center)		52,160,000	52,160,000
TOTAL COPS DEBT	127,735,000	138,900,000	11,165,000
Capital Equipment Leases			
Tasers	604,369	457,984	(146,385)
DEQ equipment	297,914	0	(297,914)
Total repayment in FY 14			(444,299)
Clerk of Court Computer equipment		181,416	181,416
TOTAL CAPITAL EQUIPMENT LEASES	902,283	639,400	(262,883)
TOTAL ALL TYPES OF DEBT	1,349,791,979	1,325,564,419	(24,227,560)