



**PIMA COUNTY BOARD OF SUPERVISORS**

130 WEST CONGRESS, 11th FLOOR  
TUCSON, ARIZONA 85701-1317  
(520) 740-8094  
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**RAY CARROLL**  
COUNTY SUPERVISOR  
DISTRICT 4

Date: November 24, 2009

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

From: Ray Carroll  
District 4

A handwritten signature in black ink that reads "Ray Carroll".

RE: Response to the County Administrators Memo Dated November 13, 2009 Entitled  
"County Bonded Indebtedness and Debt Management"

In response to inquiries by Supervisor Ann Day and myself regarding the level of indebtedness by Pima County, the County Administrator provided the above referenced memorandum, which attempts to alleviate our concerns regarding Pima County's economic sustainability.

As we are all aware, there is currently an effort by the County Administration as well as some Board members to promote a bond election next year. I have concerns about our current debt load and how the sale of more bonds will cause additional burdens to the taxpayer. The information that follows is based on data provided by county staff and the picture that emerges is clear: Pima County cannot continue with its current fiscal direction if we hope to provide economic stability and sustainability for future generations.

Our office has asked county staff, as we have in the past, for answers to a number of troubling questions. Enclosed [Attachment 1] you will find questions posed to our Director of Finance and copied to the County Administrator and Budget Director. These questions arose from the October 20<sup>th</sup> Board of Supervisors meeting, and raises concerns about \$84 million in Certificates of Participation, the amount of 1997 HURF bonds currently unused, a \$40 million dollar discrepancy and other questions. To date, these questions have not been answered in spite of several written and verbal requests.

I would ask that each Supervisor review the enclosed material and determine for yourselves whether or not Pima County is on a sustainable economic road. We are being asked to accept an idea that is dependent on the concept that growth will save us in the end, that future incoming residents will foot the bulk of the bill we are generating, and that we will recover from our debts when the "cycle" turns our way. Yet the economic recession that has hit our country, our state, and our local community is not just another cyclical turn of events that will rebound back if we only have faith in what staff assures us to be true. I ask you to review the analysis provided and determine the truth for yourselves.

## 1. Are Bonds “No Cost” to the Taxpayers?

On page 3 of the County Administrator’s memo [of 11-13-09] he states:

*“There is no cost to the taxpayer for this financing methodology, as the COPs [Certificates of Participation] are completely repaid by non-tax revenues that exist within cash accounts of the County.”*

To suggest that the millions of dollars of debt incurred by the use of non-voter authorized Certificates of Participation bonds is irresponsible. Indeed, information provided in the Administrator’s own memo contradicts this contention.

On page 19 under the title **“Pima County Long-Term Debt Recap: Designated Sources of Repayment (FY 08-09 through FY 25-26)”** [Attachment 2] it clearly shows that the designated source of repayment for over \$94 million of COPs is from the “County General Fund,” that is, from Primary Property taxes. This is also confirmed on page 16-56 under **“Long Term Debt: Certificates of Participation”** which indicates that they *“Payments for principal and interest on certificates of participation are made from the General Fund.”*

You will also note on this same table that the **“General Obligation Debt”** of over **\$444 Million** comes from the County Secondary Property Tax. The taxpayers will also pay this tax.

Taxpayers will also be paying for the bulk of over **\$314 million** for Sewer Revenue Bonds and the WIFA loan with their sewer bills, also shown on this table. It may be some time before “new development” pays for much of the connection fee revenue based on current data. Rather, most of the revenue will come from user fees.

On top of all of this, there is currently no source of revenue – unless new bonds are passed and additional debt incurred -- for the **\$720 million** we are told is needed for Pima County Wastewater’s Regional Optimization Master Plan (ROMP) project.

All of these expenditures and debts will be paid for out of the pockets of the taxpayers, not by “non-tax revenues.”

## 2. What is Pima County’s REAL Debt ?

Supervisor Day had asked at the Board meeting for a complete report that would clearly indicate what is Pima County’s total real debt.

The Administrator lists the total of **\$752,255,597**. The actual total is much more.

Pima County reported to the Arizona Department of Revenue this **\$752 million** debt (G.O. and Revenue Bonds) but did not include in their report the **\$84.4 million** of non-voter approved Certificates of Participation bonds and some of the lease/purchase agreements. We have asked why, and have received no response [Attachment 1].

Pima County also reported to the Department of Revenue **\$187.2 million** spent of Highway User Revenue Fund (HURF) Bonds. But in an October 16, 2009 memo to my office, our Financial Director indicated that of the original \$350 million from the 1997 HURF Bonds, there are \$122.8 million of authorized but unissued bonds, indicating that \$227 million of the HURF bonds have been spent [Attachment 3].

**If \$227 million has already been spent, why did Pima County report that we only spent \$187 million?**

We still would like to know the answer to our original question: where did this \$40 million HURF Bond money go, and why was it not reported?

On page 6 of his report the Administrator states that ***“Pima County’s indebtedness was reported at \$757 million.”*** Yet the “Long Term Debt Recap” [Attachment 2] gives a total of **\$1,076,974,235**. This is a difference of \$300 million – within the same report. So which number is accurate? \$757 million -- or over \$1 billion?

Using the Administrator’s own data provided between pages 16-19 of his memo [Attachment 4] you will see that adding up the Long Term Debt with unused G.O. Bonds and 1997 HURF Bonds, Sewer Revenue Bonds and non-voter authorized COP Bonds you will get a total Pima County debt of **\$1,682,398,235**.

Although bonds authorized by the voters but not yet sold will not technically become “debt” until the bonds are sold, these bonds must be sold in order for the voter-authorized projects to be completed. Therefore, these bonds must be sold and will constitute a major portion of Pima County’s debt in the FY 08-09 to FY 25-26 time frame covered by the Administrator’s report.

If you add on the anticipated \$720 million proposed for the ROMP debt for Wastewater bonds the total debt for Pima County will be **\$2,402,398,235**.

This is the debt that all Pima County taxpayers are being saddled with. On top of this county debt, those who live in the City of Tucson have their additional debt to pay as well. As indicated on page 6 of the Administrator’s memo *“the City of Tucson, with a population of 544,000 has outstanding debt of \$1,009,000,000.”*

That is a combined debt of almost \$3.5 billion for the majority of our citizens who live in this valley.

### 3. Will Growth Pay For Itself?

We are told of the “*strategic advantages to the County’s debt management policies...to have future taxpayer who arrive in Pima County*” pay for infrastructure (page 9), and that “*the County receives considerable revenues in the form of transportation impact fees and sewer connection fees.*” (page 7)

Has growth paid for itself?

On page 3 of the Administrator’s memo, amongst many quotations about Pima County’s financial management, is one from Fitch Ratings, which states:

***“The county recorded a string of positive general fund results from fiscal 2005 to fiscal 2008 and the unreserved fund balance nearly doubled from \$33 million to \$65 million during that period.”***

This “*string of positive general fund results*” is directly due to the enormous increases in property valuations during that period, and the string is about to break abruptly as the real current value of peoples property catches up with their property assessments.

Some revealing data is provided on page 9 of the memo [Attachment 5]:

***“Fifteen years ago, the population was 723,199, and the County’s net assessed value was \$3.219 billion. Today’s population is approximately 1,020,000 and the net assessed value is \$9.841 billion.”***

**This indicates that while the population increased in this time by 41%, our property assessed values increased by 206%.**

Does this indicate that growth has paid for itself? These figures indicate that the tax burden is not on new residents, but existing ones. The Administrator’s stated “philosophy” that growth will pay for itself and future population increases will be paying the debt is not supported by the data he has provided.

It will not be “growth” that pays all this debt. It will be our current residents and their children who will pay the bill (assuming they can afford to continue to live in Pima County).

### 4. One Solution to Long Term Debt: Pay As You Go

Rather than forcing future generations with the burden on long-term debt, we should adopt a Pay As You Go system, at least until some of our debt is paid down. A look at where we are and where we are heading will require it.

On page 16-49 of the Administrator’s memo it states:

***“Under the Arizona Constitution, 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.”***

Yet the Administrator indicates (on page 68) that Pima County has already received voter approval to increase the debt limit to 15 percent of the taxable property.

A breakdown of the Long Term Debt repayment indicates why such debt should be troublesome. If you add the Long Term Debt listed from pages 16-49 of the Administrator’s package, including General Obligation Bonds, Transportation Bonds, Certificates of Participation, Stadium District Bonds, Improvement District Debt, Wastewater Loans, and Sewer Revenue Bonds you will see the Principal Debt to be **989,834,460**. (This Principal does not include the \$530,424,000 of unsold bonds approved by voters. Nor does it include the \$75 million of non-voter approved COPs that are being planned for Wastewater, or the \$720 million needed for ROMP).

On top of the almost **\$990 million** of Principal Debt, we will also be paying in interest alone over **\$284 million**, for a combined debt of **\$1,274,273,819**.

As I have indicated before, Pima County’s debt remains twice the debt of all other Arizona counties combined.

Our current direction is fiscally unsustainable.

We should not depend on growth and the hope of some huge future migration of people to pay the bills we are accumulating today.

We need to have a realistic financial assessment -- based on verifiable numbers -- of where we stand currently, and work together to develop a plan for long-term stability for the region.

We need to have the Board majority appoint people to the Citizens Budget Review Committee as soon as possible and open up the County budget process to the community, as the City of Tucson has done.

We need to educate our citizens to the financial perils we face if we don’t change course, and listen to their concerns and consider their suggestions in dealing with these issues.

Pima County needs to put the breaks on increased debt, increased spending, and increased taxation. This is not a choice, but a necessity.

# **ATTACHMENT 1**



PIMA COUNTY BOARD OF SUPERVISORS

130 WEST CONGRESS, 11th FLOOR  
TUCSON, ARIZONA 85701-1317  
(520) 740-8094  
(520) 740-2721 FAX

RAY CARROLL  
COUNTY SUPERVISOR  
DISTRICT 4

UNANSWERED AS  
OF 11-24-09

**From:** Scott D. Egan  
**Sent:** Friday, November 06, 2009 10:00 AM  
**To:** Tom Burke  
**Subject:** FW: BOS Meeting issues on County Debt

Tom: when I sent this to you last week I got an automatic reply that you were out of the office, so I'm not sure if you have seen this. Please respond when you can.

Thanks,  
Scott

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**From:** Scott D. Egan  
**Sent:** Wednesday, October 28, 2009 2:03 PM  
**To:** Tom Burke  
**Cc:** Chuck Huckelberry; Thomas House  
**Subject:** BOS Meeting issues on County Debt

Tom:

Please provide the following information and clarifications regarding the comments and discussion at the last Board of Supervisors meeting of October 20th:

1. In questioning by Supervisor Carroll and Day about debt obligations, you remarked that some debts were not included in the report to the Board or to the Arizona Department of Revenue but are part of "another report I did not attach." Please provide us with that report.
2. The Outstanding Principal Debt listed in your documents to the Arizona Department of Revenue indicates that Pima County has a debt of \$752,356,000, which includes G.O. and Revenue Bonds and WIFA loans for sewer refunding, sewer improvements and streets and highways. Could you explain why the \$84.4 million of Certificates of Participation and the lease/purchase agreements are not considered debt that need to be reported to the Arizona Department of Revenue? Why are not total debt obligations listed to the State?
3. In your October 16, 2009 response to this office regarding the Board agenda items, you stated that with regards to the 1997 HURF: "of the original \$350 million 1997 authorization, there are still \$122.8 million of authorized but unissued bonds available for future sales." This indicates that approximately \$227.2 million has already been spent on 1997 HURF bonds. Yet in the Report of Indebtedness made to the Arizona Department of Revenue it shows a reported \$187.2 million (items 23-27 on your chart) spent on the HURF bonds. This is a difference of \$40 million. Can you explain?
4. The data you provided indicates that Streets/Highway Revenue Bonds total \$187.2 million. Of the \$50 million of COPs issued for 2008 it is listed that \$17.5 million was for Transportation, which includes 16 projects. I estimate that approximately 12 of the 16

ATTACHMENT  
3

projects were part of the 1997 HURF bond package. If there is \$122.8 million left in unused bonds from 1997, why are we now using COPs to pay for these projects? With the use of 1997 HURF bonds along with the RTA sales tax revenues used for some of the same projects, why do we need to go further into debt by using the COPs as a source of funding?

5. Supervisor Day requested that the current overall debt be provided to the Board of Supervisors. The County Administrator replied that he would "pull out" the pages of the CAFR reports to restate the debt "as often as you like." Please provide us with the full CAFR reports for the past five years for Pima County (without the pull out of any pages), along with a complete, accurate, up-to-date, factual representation of what Pima County's total debt is today.

Thank you,  
Scott  
D4

PIMA COUNTY REMAINING BOND AUTHORIZATION USAGE BY ISSUE  
 Remaining Bond Authorization Detail at June 30, 2008 in 000's

Street and Highway Revenue Bonds

Election of November 4, 1997		350,000
Series of 1998	40,000	
Series of 2002	55,000	
Series of 2003	35,000	
Series of 2005	51,200	
Series of 2007	21,000	
Series of 2008	25,000	
Remaining at June 30, 2008		122,800

<b>Aggregate unused Street &amp; Highway Revenue Authorizations, June 30, 2008</b>		<b>122,800</b>
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Sewer Revenue Bonds

Election of May 20, 1997		105,000
Series of 1998	19,910	
WIFA Loan of 2000 (as amended)	61,180	
WIFA Loan of 2004	19,967	
Series of 2007	246	
Series of 2008	2,991	
Remaining at June 30, 2008		706
Election of May 18, 2004		150,000
Series of 2007	49,754	
Series of 2008	72,009	
Remaining at June 30, 2008		28,237

<b>Aggregate unused Sewer Revenue Authorizations, June 30, 2008</b>		<b>28,943</b>
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# **ATTACHMENT 2**

**PIMA COUNTY LONG-TERM DEBT RECAP**  
 Designated Sources of Repayment (FY 08-09 through FY 25-26)

Debt Type	County General Fund	County Secondary Prop Tax	Enterprise Fund Revenues	Special District Sec Prop Tax	Special Revenue Funds	Totals
General Obligation Debt*		444,201,626				444,201,626
Street and Highway Bonds					190,509,941	190,509,941
Transportation Help Loans					1,061,180	1,061,180
Flood Control Bonds				755,450		755,450
Sewer Revenue Bonds**			230,053,475			230,053,475
Sewer Revenue Loans (WIFA)**			84,867,380			84,867,380
Jail Sale-Leaseback (Stadium District)					30,470,745	30,470,745
Certificates of Participation	94,728,814				325,624	95,054,438
<b>Totals</b>	94,728,814	444,201,626	314,920,855	755,450	222,367,490	1,076,974,235
<b>Percent of Total</b>	8.8%	41.2%	29.2%	0.1%	20.6%	100.0%

314.8 →

\*General obligation debt is secured by the "full faith & credit" of Pima County; proceeds are used for general government facilities, including parks, community reinvestment open spaces, solid waste disposal facilities, governmental buildings, libraries, playgrounds, correctional facilities, court facilities juvenile courts/correctional facilities, etc.

\*\*Sewer Revenue Loans and Sewer Revenue Bonds are wholly payable from sewer user and connection fees; the aggregate of the debt service on the loans and bonds must not exceed a certain percentage of the revenues available from described sources.

# ATTACHMENT 3

**Scott D. Egan**

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**From:** Tom Burke  
**Sent:** Friday, October 16, 2009 5:03 PM  
**To:** Andrea Altamirano; Ann Day; Benny Gomez; Cherry Rosenberg; Colby Bowser; Deb Miller; Evangelina Quihuis; Hope E. Cramer; Jacqui Andrade; Jennifer Cabrera; Jennifer Eckstrom; Jennifer Wong; Keith Bagwell; Kiki Navarro; Michael Lundin; Patrick Cavanaugh; Ramon Valadez; Ray Carroll; Richard Elias; Sharon Bronson; Valerie Samoy-Alvarado  
**Cc:** Chuck Huckelberry; Thomas House; Scott D. Egan  
**Subject:** 10-20-09 BOS Meeting, Item 9.A - Certificates of Participation  
**Attachments:** COPS 2008 2009 Actuals Projections.xls; ADOR- Report of Indetedness as of June 30 2009.pdf

Scott,

Below are responses to your questions.

Tom Burke  
 740-3030  
 Mail Stop: DT-AB6-102

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**From:** Scott D. Egan  
**Sent:** Thursday, October 15, 2009 3:36 PM  
**To:** Tom Burke  
**Cc:** Chuck Huckelberry; Thomas House  
**Subject:**

Tom:

We have questions regarding the Board of Supervisors Regular Agenda item 9-A for October 20, 2009. I would appreciate it if you could answer these questions by tomorrow (Friday) at 5 pm so we have time to review your response.

The item [Resolution 2009-267] is a proposal to approve a "Second Amendment" of an additional \$20 Million for Certificates of Participation (COPs), ostensibly for PimaCore. The document provided indicates that Pima County has previous arrangements with the U.S. Bank National Association for a "lease/purchase" agreement that includes:

- a. The original agreement for \$50 Million approved on June 1, 2008 and
- b. The first amendment and first supplement for \$34.4 Million on June 1, 2009.

Please provide the following information:

1. Where has the original (2008) and supplemental amounts (2009) totaling \$84.4 Million specifically been spent to date? (Which transportation and wastewater projects). Attached is a list of projects funded with the two previous COPs issues. All of the 2008 COPs proceeds have been spent. The 2009 COPs proceeds have been partially spent. The attached list provides the projected expenditure by project.

11/24/2009

2. What guarantee has Pima County provided to the U.S. Bank National Association for repayment?  
The COPs are secured by a long-term lease/lease-back of the Legal Services Building, the Public Works Building and the Public Works Parking Garage.
3. What is the interest rate projected for this agreement? The 2008 COPs were issued at 5% interest. The 2009 COPs issued under the first amendment had varying rates averaging 3.41%. The projected interest for this amendment is 4.38%.
4. What were the dates that the original and supplemental agreements submitted for approval to the Board of Supervisors?

Resolution 2008-154 adopted June 17, 2008; Resolution 2009-57 adopted April 14, 2009.

5. Who negotiated these agreements? Pima County uses the services of RBC Capital Markets, as financial advisor, and Squire Sanders & Dempsey, law firm, to coordinate the transaction.
6. If voters reject the proposed 2010 bond sales, what financial resources will be used to repay these Certificates? What specifically is being referenced by the statement that the Securities and Exchange Commission Rule 15©2-12 "*may require the County to make certain agreements for the benefit of holders and beneficial owners...*"?

The repayment of this borrowing will not be from proceeds of any future bond authorization. The reference to SEC Rule 15(c)2-12 is a reference to the federal requirement for annual disclosure of financial information to investors. The "agreements" refer to our agreement to disclose certain information and schedules each year to the national reporting agencies. The borrowing will be repaid over 10 years from funds from all County departments using the new software.

7. If voter approve of the 2010 bonds, is it true that Pima County will not be able to sell the bonds until 2013 because of Arizona State imposed debt restrictions?

No, the Constitutional debt limit for bonds is 15% of the net secondary assessed value. The limit for Pima County is currently approximately \$1.47 Billion and the County has more than \$1 Billion of debt limit available.

The restrictions on the sale of bonds is self imposed and is discussed at length in the County Administrator's October 8, 2009 memorandum to the Bond Advisor Committee, which was copied to the members of the Board of Supervisors.

8. What obligation does Pima County have, if any, to inform the public of these existing debt obligations before next year's bond election?

Each year the County discloses all debt obligations in the Comprehensive Annual Financial Report (the CAFR). Each year the County discloses all debt service

payments in the annual budget adopted by the Board. Before any particular election, Pima County must prepare a Sample Ballot and Publicity Pamphlet providing a host of statutorily mandated disclosures.

9. Explain the nature of the lease/purchase agreement. Where is the “*certain Leased Property*” as defined in the Original Trust Agreement?

The Leased Property consists of the Legal Services Building, 32 N. Stone, the Public Works Building, 201 N. Stone, and the adjacent Public Works Parking Garage. 

10. Please provide the total existing debt obligation of Pima County up to date, distinguishing between (a) Bonds (Transportation, G.O., Open Space, etc.) and (b) Debt incurred by Certificates of Participation.

Attached to this email is the most recent Report of Indebtedness which Pima County filed with the Arizona Department of Revenue identifying each outstanding debt issue through June 30, 2009. On October 8, 2009, Pima County closed a loan from the Water Infrastructure Funding Authority (WIFA) for \$10,002,383, of which \$2,000,000 is forgivable federal stimulus funding.

11. This proposal states the principal amount not to exceed \$20 Million “*plus any amount necessary to fund a debt service reserve fund.*” Is there any projection on how much is this reserve fund is expected to be?

There is no debt service reserve fund expected for this issue. Paragraph 6 of Resolution authorizes one to be created, which would be done if needed to enhance the security of the debt.

12. This proposal states that the proceeds received from the sale of the Certificates include “*without limitation the costs of any insurance policy, surety bond or reserve fund guaranty.*” Why is there “no limit” to any of these costs?

The first sentence of Paragraph 8 of the Resolution authorizes the use of loan proceeds for payment of costs relating to the borrowing “without limitation,” rather than estimating the actual costs of each item. This type of language is standard and has been used in both of the County bond resolutions referred to above. We currently do not expect there to be any such cost for this particular issue.

13. This proposal also states the County Administrator or the Director of Finance and Risk Management will be authorized to “*transfer monies from the Transportation Fund, the Regional Wastewater Reclamation Enterprise Fund, the Capital Projects Fund or any other funds... to pay principal and interest with respect to the Certificates as such amounts become due.*” Shouldn't the Board of Supervisors be informed of and approved of these transfers before they occur?

The funds to repay this borrowing will be part of the adoption of the annual budgets by the Board of Supervisors for the next ten years. The payments will be shown either as operating transfers in the State Schedules or as debt service in the appropriate funds. The reference to transfer from other funds referred to in Paragraph 8 of the resolution enables the County Administrator or Finance Director to transfer funds if any of the proceeds are used to pay for capital items (either capital equipment or CIP projects) with any funds that might not be used to purchase and implement the PimaCore software. This same authority has been granted in past issues to provide flexibility for unexpected project cost shifts.

14. Since voters approved the 1997 HURF bonds, followed by approval of the 2006 Regional Transportation Authority sales tax, and with a certain portion of the already approved \$84.4 Million in COPs for county transportation projects, how much more supplemental funding do you project is needed to finish the transportation projects already approved by the voters?

In such a short time to respond, I do not have knowledge of all the projects in the 1997 HURF bond authorization. Of the original \$350,000,000 1997 authorization, there are still \$122,800,000 of authorized but unissued bonds available for future sales.



None of the \$84.4 million of the previous COPs proceeds and none of proceeds of this issue have been or will be used to "supplement" transportation projects.

Thank you for your attention to these questions.  
A formal memo from Ray will be forthcoming.

# 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	7	8	9	10	11	12	13	14	15
Name of County or District Bonded	Bond Type	Purpose of Issue	Date of Issue	Denomination of Bonds	Interest Rate	Date of Maturity	Original Principal Amount	Principal Amount Retired	Amount Refunded	Outstanding Principal	Outstanding Premium	7/1/09 Payment	7/1/08 Payment	GO Debt LIMIT
16	Pima County	Sewer Improv	01/01/2007	\$5,000	4.000%	07/01/2026	50,000,000	5,840,000	0	44,160,000	N/A	1,625,000	1,550,000	N/A
17	Pima County	Sewer Improv	05/01/2008	\$5,000	4.125%	07/01/2023	75,000,000	220,000	0	74,780,000	N/A	220,000	0	N/A
18	Pima County	Sewer Improv	05/06/2009	\$5,000	3.867%	07/01/2024	18,940,000	0	0	18,940,000	N/A	0	0	N/A
19	Pima County	Sewer Improv	03/01/1996	N/A	3.686%	07/01/2012	11,313,350	7,028,865	0	4,284,485	N/A	490,940	1,200,211	N/A
20	Pima County	WIFA 96-Loan	08/06/1997	N/A	3.448%	07/01/2011	7,500,000	6,204,931	0	1,295,069	N/A	619,855	602,105	N/A
21	Pima County	WIFA 97-Loan	10/27/2000	N/A	3.702%	07/01/2016	61,180,286	25,856,319	0	35,323,967	N/A	4,320,858	3,296,088	N/A
22	Pima County	WIFA 00-Loan	05/11/2004	N/A	3.310%	07/01/2024	19,967,331	2,590,255	0	17,377,076	N/A	884,997	876,062	N/A
23	Pima County	Streets & Highways	01/01/2002	\$5,000	4.375%	07/01/2012	55,000,000	35,945,000	0	19,055,000	N/A	5,800,000	5,555,000	N/A
24	Pima County	Streets & Highways	01/15/2003	\$5,000	4.375%	07/01/2018	35,000,000	9,675,000	0	25,325,000	N/A	2,275,000	2,190,000	N/A
25	Pima County	Streets & Highways	05/01/2005	\$5,000	3.500%	07/01/2020	51,200,000	3,390,000	0	47,810,000	N/A	3,390,000	0	N/A
26	Pima County	Streets & Highways	01/01/2007	\$5,000	3.250%	07/01/2022	21,000,000	750,000	0	20,250,000	N/A	750,000	0	N/A
27	Pima County	Streets & Highways	02/15/2008	\$5,000	4.125%	07/01/2022	25,000,000	150,000	0	24,850,000	N/A	150,000	0	N/A
28	Pima County	HELP Loan- Alverton	08/15/2005	N/A	3.059%	06/01/2009	4,836,000	4,836,000	0	0	N/A	1,000,000	2,714,000	N/A
29														
30														
31														
32														
33														
34														
35														

333,450,597

752,255,897

# 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	7	8	9	10	11	12	13	14	15
Name of County or District Bonded	Bond Type	Purpose of Issue	Date of Issue	Denomination of Bonds	Interest Rate	Date of Maturity	Original Principal Amount	Principal Amount Retired	Amount Refunded	Outstanding Principal	Outstanding Premium	7/1/09 Payment	7/1/08 Payment	GO Debt LIMIT
1	Pima County	GO Improv & Ref	05/01/1998	\$5,000	4.500%	07/01/2013	42,420,000	32,995,000	0	9,425,000	N/A	2,295,000	2,330,000	15%
2	Pima County	GO Improvements	10/01/1999	\$5,000	5.000%	07/01/2010	50,000,000	41,100,000	5,785,000	3,115,000	N/A	3,500,000	4,500,000	15%
3	Pima County	GO Improvements	08/01/2000	\$5,000	4.000%	07/01/2014	50,000,000	35,000,000	0	15,000,000	N/A	3,000,000	3,000,000	15%
4	Pima County	GO Refunding	07/01/2001	\$5,000	5.000%	07/01/2009	17,835,000	17,835,000	0	0	N/A	375,000	4,090,000	15%
5	Pima County	GO Improvements	01/01/2002	\$5,000	4.500%	07/01/2016	20,000,000	14,000,000	0	6,000,000	N/A	1,000,000	1,500,000	15%
6	Pima County	GO Improvements	01/15/2003	\$5,000	4.250%	07/01/2017	50,000,000	19,650,000	0	30,350,000	N/A	3,500,000	3,250,000	15%
7	Pima County	GO Improvements	06/01/2004	\$5,000	3.000%	07/01/2019	65,000,000	21,260,000	0	43,740,000	N/A	3,405,000	3,285,000	15%
8	Pima County	GO Improvements	05/01/2005	\$5,000	3.500%	07/01/2020	65,000,000	18,920,000	0	46,080,000	N/A	3,185,000	3,050,000	15%
9	Pima County	GO Improvements	01/01/2007	\$5,000	3.000%	07/01/2021	95,000,000	16,035,000	0	78,965,000	N/A	5,400,000	6,250,000	15%
10	Pima County	GO Improvements	02/15/2008	\$5,000	4.000%	07/01/2022	100,000,000	18,000,000	0	82,000,000	N/A	8,000,000	10,000,000	15%
11	Pima County	GO Improvements	04/22/2009	\$5,000	3.913%	07/01/2023	75,000,000	9,000,000	0	66,000,000	N/A	9,000,000	0	15%
12	Flood Control District	GO Refunding	07/01/2001	\$5,000	4.200%	07/01/2009	4,585,000	4,585,000	0	0	N/A	725,000	745,000	5%
13	Pima County	RV Sewer Improv & Refunding	05/01/1998	\$5,000	4.000%	07/01/2015	29,185,000	18,130,000	0	11,055,000	N/A	2,300,000	2,200,000	N/A
14	Pima County	RV Sewer Refunding	04/01/2001	\$5,000	5.375%	07/01/2015	19,440,000	8,025,000	0	11,415,000	N/A	1,240,000	1,190,000	N/A
15	Pima County	RV Sewer Refunding	05/01/2004	\$5,000	4.563%	07/01/2015	25,770,000	10,110,000	0	15,660,000	N/A	2,485,000	2,410,000	N/A

418,805,000

Phone: (520) 740-8302 (Paul Guerrero) Fax number: (520) 740-8240

Address: 130 W. Congress, 6th Fl., Tucson AZ 85701

I, Thomas E. Burke, Chief Financial Officer of Pima County, do hereby certify that the foregoing statement is a full, true and correct abstract of the bonded indebtedness of the Pima County as of June 30, 2009

Signature: Thomas E. Burke  
Date: 9-24-09

# **ATTACHMENT 4**

The Honorable Chairman and Members  
Pima County Board of Supervisors  
Re: County Bonded Indebtedness and Debt Management  
November 13, 2009  
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rate). This is most appropriate given that the County will face continuing capital obligations as a result of population expansion. While the current recession has tempered growth and development, it is likely by 2011 that population expansion and development will return to the average that has been experienced over the last three decades.

#### VI. Pima County Debt as Compared to Other Arizona Counties

Pima County is also unique from all other Arizona counties in that a large percentage of our total county population resides in the unincorporated area – approximately 36 percent (as compared to Maricopa County, which has only six percent of its population in the unincorporated area).

If Pima County were a city, based on unincorporated population, we would be the fourth largest city in Arizona. The significant percentage of our population living in the unincorporated area places additional service and capital demands on the County, particularly in the area of public works development and public health. Based on the annual Arizona debt report prepared by the Arizona Department of Revenue for the year ending June 30, 2008, municipalities in Arizona with an even lesser population have a debt load significantly higher than that of Pima County. For example, the City of Glendale, with a population of 248,000, has a total outstanding indebtedness of \$926 million. During the same year, Pima County's indebtedness was reported at \$757 million. The City of Mesa, with a population of 460,000, has a total outstanding debt of \$1,154,000,000; the City of Tucson, with a population of 544,000, has outstanding debt of \$1,009,000,000. The City of Phoenix, whose population is 1,561,000, has outstanding indebtedness of \$6,310,000,000. The City of Scottsdale, with a population of 242,000 has outstanding debt of \$1,114,000,000. We have not examined the length of the debt periods or repayment timeframes for these municipalities; however, it is likely that their debt repayment schedule is not nearly as rapid as Pima County's. Most County general obligation debt is repaid within ten years and all within 15 years of issuance.

#### VII. Certificate of Participation Debt

Recently, there has been a great deal of discussion about our issuance of Certificates of Participation (COPs). This debt issuance requires discussion within this report as the County's purpose in issuing COPs has not been well understood or been misinterpreted. In the past, the County has used COPs to finance the construction of the baseball stadium, the acquisition of the Public Works Building and the Legal Services Building, the acquisition of the Bank of America Building, and the construction of the Jackson Employment Center.

<b>TOTAL DEBT</b>	
Long Term Debt	1,076,974,235
"Unused Authorized Bonds" - General Obligation	378,681,000
"Unused Authorized Bonds" 1997 HURF	122,800,000
Sewer Revenue Bonds	28,943,000
COPs 2009-2010 (WW)	75,000,000
<b>Total of Real Debt (Principal only, no interest included)</b>	<b>1,682,398,235</b> *
Anticipated ROMP Debt (WW)	720,000,000
<b>Total</b>	<b>2,402,398,235</b> *

REPAYMENT OF LONG TERM DEBT (including Principal and Interest)				
DEBT	PRINCIPAL	INTEREST	TOTAL	PAYMENT SOURCE
General Obligation	470,675,000	133,540,689	604,215,689	Property Tax
Transportation HURF	152,290,000	41,007,480	193,297,480	HURF
COP	65,000,000	12,066,672	77,066,672	General Fund
Stadium District	22,712,000	4,728,310	27,440,310	Tourism Tax
Special Assessment	1,000,793	105,566	1,106,359	Imp. District
Loans Payable (WW)	74,616,667	15,355,192	89,971,859	User Charges
Sewer Revenue	176,010,000	67,345,925	243,355,925	User Charges Fee
COP	27,530,000	10,289,525	37,819,525	General Fund
<b>TOTAL</b>	<b>989,834,460</b>	<b>284,439,359</b>	<b>1,274,273,819</b>	

## LONG TERM DEBT

### General Obligation Bonds

**Payment Source**

Payments for principal and interest on general obligation bonds are made from property tax revenues of the Debt Service Fund.

**Debt Service Requirements**

The debt service requirements on general obligation bonds are summarized as follows:

	PRINCIPAL	INTEREST	TOTAL
2010	\$51,580,000	\$17,762,436	\$69,342,436
2011	41,240,000	17,802,406	59,042,406
2012	35,105,000	16,018,058	51,123,058
2013	35,030,000	14,482,756	49,512,756
2014	33,400,000	12,945,406	46,345,406
2015	32,515,000	11,458,181	43,973,181
2016	33,105,000	10,033,314	43,138,314
2017	33,940,000	8,604,806	42,544,806
2018	31,160,000	7,162,606	38,322,606
2019	34,035,000	5,902,594	39,937,594
2020	31,785,000	4,544,256	36,329,256
2021	27,595,000	3,324,858	30,919,858
2022	28,500,000	2,199,506	30,699,506
2023	15,685,000	999,506	16,684,506
2024	<u>6,000,000</u>	<u>300,000</u>	<u>6,300,000</u>
<b>TOTALS</b>	<b>\$470,675,000</b>	<b>\$133,540,689</b>	<b><u>\$604,215,689</u></b> *

**Legal Debt Margin**

Under the Arizona Constitution, 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 projected at June 30, 2010 is as follows:

	6% Limitation	15% Limitation
Secondary Net Assessed Valuation	\$9,860,980,900	\$9,860,980,900
Debt Limit	591,658,854	1,479,147,135
General Obligation Bonds Outstanding	(470,675,000)	(470,675,000)
Assets Available for Principal	<u>10,261,823</u>	<u>10,261,823</u>
Debt Applicable to Limit	(460,413,177)	(460,413,177)
Legal Debt Margin Available	<u>\$131,245,677</u>	<u>\$1,018,733,958</u>

Legal Debt Margin Percentage:  
 General Obligation Bonds Outstanding      \$ 470,675,000 = 4.78%  
 Secondary Net Assessed Valuation          \$ 9,860,980,900

PIMA COUNTY, ARIZONA  
Notes to Financial Statements  
June 30, 2008  
(in thousands)

Note 7: Long-Term Liabilities (continued)

LEGAL DEBT MARGIN  
County General Obligation Bonds

General obligation debt may not exceed 6 percent of the value of the County's taxable property as of the latest assessment. However, Pima County received voter approval to increase the debt limit to 15 percent of the value of taxable property. The legal debt margin at June 30, 2008, is as follows: > ?

Net assessed valuation		\$ 8,220,396
<u>Debt Limit (15% of net assessed valuation):</u>		1,233,059
<u>Amount of debt applicable to debt limit:</u>		
General obligation bonds outstanding	\$ 348,335	
Less net assets in debt service fund available for payment of general obligation bond principal	(10,241)	(338,094)
Legal debt margin available		\$ 894,965

Flood Control General Obligation Bonds

Flood Control general obligation debt may not exceed 5 percent of the value of the Flood Control District's taxable property as of the latest assessment. Legal debt margin at June 30, 2008, is as follows:

Net assessed valuation		\$ 7,412,190
<u>Debt Limit (5% of net assessed valuation):</u>		370,610
<u>Amount of debt applicable to debt limit:</u>		
Flood Control obligation bonds outstanding	\$ 725	
Less net assets in debt service fund available for payment of flood control bond principal	(40)	(685)
Legal debt margin available		\$ 369,925

**LONG TERM DEBT**

**Transportation Bonds**

**Payment Source**

Payments for principal and interest on transportation bonds are made from Highway User Revenue Funds.

**Debt Service Requirements**

The debt service requirements on transportation bonds are summarized as follows:

	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2010	\$12,870,000	\$6,026,469	\$18,896,469
2011	14,430,000	5,840,900	20,270,900
2012	15,015,000	5,202,813	20,217,813
2013	10,970,000	4,562,288	15,532,288
2014	11,415,000	4,117,425	15,532,425
2015	11,890,000	3,654,950	15,544,950
2016	12,400,000	3,168,388	15,568,388
2017	12,945,000	2,608,987	15,553,987
2018	13,510,000	2,048,549	15,558,549
2019	10,615,000	1,472,087	12,087,087
2020	11,080,000	1,056,587	12,136,587
2021	5,950,000	627,700	6,577,700
2022	6,200,000	395,337	6,595,337
2023	1,500,000	150,000	1,650,000
2024	<u>1,500,000</u>	<u>75,000</u>	<u>1,575,000</u>
<b>TOTALS</b>	<b>\$152,290,000</b>	<b>\$41,007,480</b>	<b>\$193,297,480</b> *

**Legal Debt Margin**

Arizona Revised Statute § 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 additional bonds in an amount equal to at least one and one-half times the highest annual principal and interest requirements thereafter to come due on all such bonds to be outstanding following the issuance of the additional bonds, provided that if the Street and Highway Revenues received in the preceding year do not equal at least two times the highest annual principal and interest requirements, the proposed bonds must bear a rating at the time of issuance of "A" or better by at least one nationally recognized credit rating service, taking into account any credit enhancement facility in effect with respect to such bonds.

	<u>PRIOR FISCAL YEAR HURF REVENUE</u>	<u>HIGHEST FUTURE DEBT SERVICE PAYMENT</u>
Series 1998	\$33,445,603	\$6,151,333
Series 2002	\$49,398,596	\$11,904,825
Series 2003	\$47,074,605	\$14,608,613
Series 2005	\$52,587,700	\$16,767,639
Series 2007	\$56,936,526	\$19,330,859
Series 2008	\$58,637,523	\$18,521,469
Series 2010	\$53,906,177	\$20,270,900

**LONG TERM DEBT**

**Certificates of Participation**

**Payment Source**

Payments for principal and interest on certificates of participation are made from funds transferred from Facilities Renewal Fund, Fleet Services, Communications Fund, Transportation, and Regional Wastewater Reclamation Fund.

*(General Fund)*

**Debt Service Requirements**

The debt service requirements on certificates of participation including estimated amounts for planned issues in fiscal year 2009/2010 are summarized as follows:

	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2010	\$20,000,000	\$1,865,000	\$21,865,000
2011	20,927,000	2,100,000	23,027,000
2012	5,973,350	1,153,650	7,127,000
2013	1,022,018	904,982	1,927,000
2014	1,073,118	853,882	1,927,000
2015	1,126,774	800,226	1,927,000
2016	1,183,113	743,887	1,927,000
2017	1,242,269	684,731	1,927,000
2018	1,304,382	622,618	1,927,000
2019	1,369,601	557,399	1,927,000
2020	1,438,081	488,919	1,927,000
2021	1,509,985	417,015	1,927,000
2022	1,585,485	341,515	1,927,000
2023	1,664,759	262,241	1,927,000
2024	1,747,997	179,003	1,927,000
2025	<u>1,832,068</u>	<u>91,604</u>	<u>1,923,672</u>
<b>TOTALS</b>	<b>\$65,000,000</b>	<b>\$12,066,672</b>	<b>\$77,066,672 *</b>

Summary of Debt Service Fund Expenditures

Long Term Debt:	
General Obligation Bonds (GOB)	\$69,342,436
Transportation Revenue Bonds	18,896,469
Certificates of Participation	<u>21,865,000</u>
Total Long Term Debt	\$110,103,905
Fiscal and Other Charges	<u>35,000</u>
<b>Total Budgeted Debt Service Expenditures</b>	<b>\$110,138,905</b>

**LONG TERM DEBT**

**Stadium District Debt**

**Payment Source**

Payments for principal and interest on Stadium District debt are made from stadium revenues, Transient Lodging Excise Tax proceeds, Recreational Vehicle Space Surcharge proceeds, and Rental Car Tax proceeds.

**Debt Service Requirements**

The debt service requirements on Stadium District debt are summarized as follows:

	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2010	\$2,025,000	\$982,335	\$3,007,335
2011	2,125,000	878,585	3,003,585
2012	2,230,000	774,385	3,004,385
2013	2,780,000	646,860	3,426,860
2014	2,482,000	510,950	2,992,950
2015	2,605,000	399,390	3,004,390
2016	2,710,000	293,090	3,003,090
2017	2,820,000	181,080	3,001,080
2018	<u>2,935,000</u>	<u>61,635</u>	<u>2,996,635</u>
<b>TOTALS</b>	<b>\$22,712,000</b>	<b>\$4,728,310</b>	<b>\$27,440,310</b> X

**Note:**

This table does not include \$5,600 of fiscal charges budgeted each fiscal year.

LONG TERM DEBT

Special Assessment Obligations

Payment Source

Special assessment obligations are secured by pledges of revenues from improvement districts which were established in order to finance specific construction projects which benefit a limited geographical area. While there is no legal requirement for the County to further secure the special assessment obligations of the districts, the County has made a moral commitment to take steps necessary to prevent default. Payments for principal and interest on special assessment obligations are made from assessments received in the Improvement Districts Special Revenue Fund.

Debt Service Requirements

The debt service requirements on special assessment obligations are summarized below.

	PRINCIPAL	INTEREST	TOTAL
2010	\$339,537	\$61,568	\$401,105
2011	339,537	32,112	371,649
2012	<u>321,719</u>	<u>11,886</u>	<u>333,605</u>
<b>TOTALS</b>	<b>\$1,000,793</b>	<b>\$105,566</b>	<b>\$1,106,359</b> *

Legal Debt Margin

There is no legal debt margin for special assessment obligations.

LONG TERM DEBT

Loans Payable

Payment Source

Payments for principal and interest on loans payable are made from user charges received in the Regional Wastewater Reclamation Enterprise Fund.

Debt Service Requirements

The debt service requirements on loans payable are summarized as follows:

	PRINCIPAL	INTEREST	TOTAL
2010	\$6,736,650	\$2,533,791	\$9,270,441
2011	8,129,514	2,331,264	10,460,778
2012	8,436,095	2,028,983	10,465,078
2013	7,501,541	1,737,541	9,239,082
2014	6,622,549	1,478,860	8,101,409
2015	6,887,401	1,231,512	8,118,913
2016	7,125,415	974,823	8,100,238
2017	7,412,808	708,671	8,121,479
2018	1,838,367	540,342	2,378,709
2019	1,901,378	474,102	2,375,480
2020	1,970,647	405,583	2,376,230
2021	2,041,216	334,542	2,375,758
2022	2,113,128	260,937	2,374,065
2023	2,191,427	184,722	2,376,149
2024	2,266,159	105,648	2,371,807
2025	<u>1,442,372</u>	<u>23,871</u>	<u>1,466,243</u>
<b>TOTALS</b>	<b>\$74,616,667</b>	<b>\$15,355,192</b>	<b>\$89,971,859</b>

Legal Debt Margin

There is no legal debt margin for loans payable.

**LONG TERM DEBT**

**Sewer Revenue Bonds**

**Payment Source**

Payments for principal and interest on sewer revenue bonds are made from user charges received in the Regional Wastewater Reclamation Enterprise Fund.

**Debt Service Requirements**

The debt service requirements on sewer revenue bonds are summarized as follows:

	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2010	\$8,900,000	\$7,947,113	\$16,847,113
2011	8,425,000	7,386,008	15,811,008
2012	8,795,000	7,014,645	15,809,645
2013	10,405,000	6,618,188	17,023,188
2014	12,030,000	6,144,738	18,174,738
2015	12,590,000	5,594,631	18,184,631
2016	10,720,000	5,002,869	15,722,869
2017	11,250,000	4,542,094	15,792,094
2018	11,810,000	4,058,557	15,868,557
2019	12,405,000	3,569,750	15,974,750
2020	13,025,000	3,049,488	16,074,488
2021	13,685,000	2,411,800	16,096,800
2022	14,375,000	1,830,256	16,205,256
2023	15,105,000	1,199,288	16,304,288
2024	5,210,000	536,100	5,746,100
2025	3,550,000	291,200	3,841,200
2026	<u>3,730,000</u>	<u>149,200</u>	<u>3,879,200</u>
<b>TOTALS</b>	<b>\$176,010,000</b>	<b>\$67,345,925</b>	<b>\$243,355,925</b> <b>*</b>

**Legal Debt Margin**

There is no legal debt margin for sewer revenue bonds.

**LONG TERM DEBT**

**Certificates of Participation** ✕

**Payment Source**

Payments for principal and interest on certificates of participation are made from the General Fund.

**Debt Service Requirements**

The debt service requirements on certificates of participation are summarized as follows:

	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2010	\$1,610,000	\$1,298,500	\$2,908,500
2011	1,675,000	1,234,100	2,909,100
2012	1,740,000	1,167,100	2,907,100
2013	1,810,000	1,097,500	2,907,500
2014	1,890,000	1,020,575	2,910,575
2015	1,970,000	940,250	2,910,250
2016	2,065,000	841,750	2,906,750
2017	2,170,000	738,500	2,908,500
2018	2,280,000	630,000	2,910,000
2019	2,395,000	516,000	2,911,000
2020	2,515,000	396,250	2,911,250
2021	2,640,000	270,500	2,910,500
2022	<u>2,770,000</u>	<u>138,500</u>	<u>2,908,500</u>
<b>TOTALS</b>	<b>\$27,530,000</b>	<b>\$10,289,525</b>	<b>\$37,819,525</b> ✕

**Regional Wastewater Reclamation Certificates of Participation**

Certificates of Participation in the amount of \$75,000,000 are planned for issuance in fiscal year 2009/2010. Accordingly, interest has been budgeted in the amount of \$1,875,000. As the terms of these certificates including interest rates or principal repayment schedule have not yet been determined, no debt service requirements table is presented here. Payments for principal and interest will be made from the Regional Wastewater Reclamation Enterprise Fund.

**Legal Debt Margin**

There is no legal debt margin for certificates of participation.

# **ATTACHMENT 5**

The Honorable Chairman and Members

Pima County Board of Supervisors

Re: County Bonded Indebtedness and Debt Management

November 13, 2009

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D. Debt Issuance as a Method of Having Growth Pay for Itself. Pima County has taken the position for years that new growth should largely pay for itself, meaning that as population expands and new infrastructure is required, the cost of this infrastructure should be paid largely by the growth increment that resulted in its need. Bonding is one method of transferring capital improvement costs to future residents, taxpayers, and users. For example, the maximum life of County bonds has been controlled at 15 years. Fifteen years ago, the population was 723,199, and the County's net assessed value was \$3.219 billion. Today's population is approximately 1,020,000, and the net assessed value is \$9.841 billion. Bonds issued 15 years ago are now retired. Over their debt retirement period, the number of people contributing toward the retirement of that debt increased by 41 percent, and the value of property contributing increased by almost 206 percent; hence growth does, in part, pay for its future cost. \*

#### IX. Summary

As can be seen, as of June 30, 2008, total outstanding County debt was \$757 million. However, the majority of this debt relates to the County's unique position as a wastewater provider and the only county in Arizona to issue HURF bonds. Our general obligation debt, which directly relates to property taxation, was \$348 million at the same time. As has been discussed, this debt is repaid in a relatively rapid time period as compared to other local governments.

As our debt principal repayment is approximately \$40 million annually, it is a relatively simple calculation to understand how short our debt period is, given issuance of general obligation bonds. Such short debt periods have been confirmed in the recent debt issuance ratings of Standard & Poor's and Fitch Ratings. In addition, our debt relative to other debt-issuing local governments is modest and moderate, particularly when considering its short-term duration.

It should also be recognized that part of our debt is related to the unique population distribution in Pima County: the desire by a large segment of the population to live in the unincorporated area.

There are also strategic advantages to the County's debt management policies. The issuance of bonds has been used to have future taxpayers who arrive in Pima County through population growth pay for a portion of the capital infrastructure they require. Further, bonding allows the County to provide economic stimulus through countercyclical

POPULATION INCREASE (fifteen years):

1,020,000 minus 723,197 = 296,801

296,801 divided by 723,199 = 0.410

or **41% INCREASE**

NET ASSESSED VALUE INCREASE (fifteen years):

9.841 minus 3.219 = 6.622

6.622 divided by 3.219 = 2.057

or **206% INCREASE**