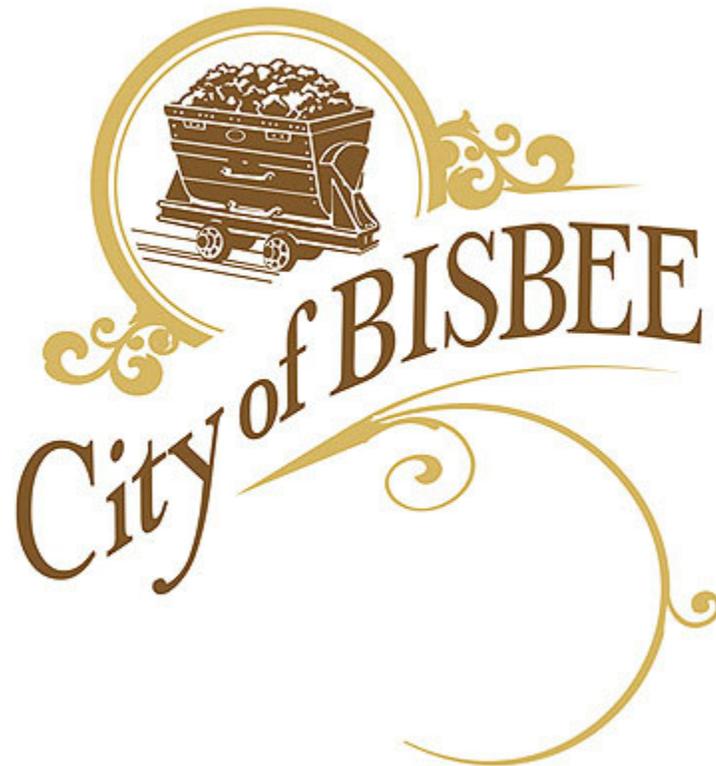


CITY OF BISBEE, ARIZONA



FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2022

WITH REPORT OF

CERTIFIED PUBLIC ACCOUNTANTS

CITY OF BISBEE, ARIZONA

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FINANCIAL SECTION

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Independent Auditors' Report

The Honorable Mayor and
City Council
Bisbee, Arizona

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bisbee, Arizona, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bisbee, Arizona as of June 30, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Bisbee, Arizona and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City of Bisbee, Arizona's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Bisbee, Arizona's ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Bisbee, Arizona's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Bisbee, Arizona's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the pension/OPEB schedules and notes as listed in the table of contents, and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bisbee, Arizona's basic financial statements. The combining nonmajor fund financial statements, and nonmajor fund budget and actual schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, and nonmajor fund budget and actual schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated March 23, 2023 on our consideration of the City of Bisbee, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Bisbee, Arizona's internal control over financial reporting and compliance.

HintonBurdick, PLLC

HintonBurdick, PLLC

Gilbert, Arizona

March 23, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

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CITY OF BISBEE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022

As management of the City of Bisbee, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity (3) identify changes in the City's financial position (4) identify any material deviations from the financial plan (the approved budget) and (5) individual fund issues or concerns. Please read in conjunction with the accompanying financial statements.

FINANCIAL HIGHLIGHTS

- The City's total net position at the close of the fiscal year was \$7.5 million. This amount is comprised of \$20.5 million in net investment in capital assets, \$4.5 million of restricted net position and (\$17.4 million) in unrestricted net position.
- Governmental net position increased by \$5.6 million, and Business-Type net position increased by \$263,613.
- Total City Sales tax revenue increased by 11.99 percent from last year and still is the single largest revenue in the budget.
- Improvements totaling \$815,938 were made to the City's capital assets.
- The City issued a new pledged revenue bond to fund the unfunded PSPRS pension/OPEB liability in the amount of \$21,650,000. This was remitted to PSPRS but will not be reflected in the net pension/OPEB liability until fiscal year 2023. Total debt service payments, excluding interest expense were \$522,819 and net decreases in the net pension liability and compensated absences totaling approximately \$1.04 million leaving approximately \$53.8 million in total outstanding debt at the close of the year.
- The General Fund's unassigned fund balance increased by \$515,297 to \$2,244,328. This increase is mainly attributable to an increase in revenues and a smaller increase in expenses from the prior year. The unassigned fund balance represents 7.89 percent of total General Fund expenditures for the fiscal year.
- Other governmental fund balances increased by \$1,673,925, to \$3,339,032, of which \$1,047,617 is nonspendable, \$2,310,298 is restricted and (\$18,883) is unrestricted.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the City as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. (3) Notes to the financial statements.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities (Government-wide)

A frequently asked question regarding the City's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of

accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. Net position, the difference between assets and liabilities, are one way to measure the City's financial health, or financial position. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the City's property tax base or condition of the City's roads to accurately assess the overall health of the City.

The Statement of Net Position and the Statement of Activities, present information about the following:

- Government activities – All of the City's basic services are considered to be governmental activities, including general government, public safety, public works/streets, economic development, culture and recreation, and interest on long-term debt. Sales tax, federal grants, intergovernmental revenues and charges for services finance most of these activities.
- Proprietary activities/Business type activities – The City charges a fee to customers that is intended to cover all or most of the cost of the services provided.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes other funds which aid in the management of money for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The City's two major kinds of funds, governmental and proprietary, use different accounting approaches as explained below.

- Governmental funds – Most of the City's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included on pages 22 and 24.
- Proprietary funds – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the City's financial position. The City's combined assets exceed liabilities by \$7.55 million as of June 30, 2022 as shown in the following condensed statement of net position.

City of Bisbee Statement of Net Position

	Governmental activities		Business-type activities		Combined Total	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Current and other assets	\$ 8,471,100	\$ 6,419,911	\$ 2,975,215	\$ 1,897,570	\$ 11,446,315	8,317,481
Capital assets	9,745,691	9,600,390	19,326,066	20,684,670	29,071,757	30,285,060
Total assets	18,216,791	16,020,301	22,301,281	22,582,240	40,518,072	38,602,541
Deferred outflows of resources	22,891,718	3,093,558	277,585	303,893	23,169,303	3,397,451
Long-term liabilities outstanding	44,488,042	23,640,289	7,859,197	8,325,043	52,347,239	31,965,332
Other liabilities	641,834	933,379	1,499,115	1,810,893	2,140,949	2,744,272
Total liabilities	45,129,876	24,573,668	9,358,312	10,135,936	54,488,188	34,709,604
Deferred inflows of resources	1,322,481	5,515,137	324,408	117,664	1,646,889	5,632,801
Net position:						
Invested in capital assets, net of related debt	9,534,263	9,313,006	10,978,122	11,889,862	20,512,385	21,202,868
Restricted	4,181,008	1,891,330	298,330	80,866	4,479,338	1,972,196
Unrestricted	(19,059,119)	(22,179,282)	1,619,694	661,805	(17,439,425)	(21,517,477)
Total net position (deficit)	\$ (5,343,848)	\$ (10,974,946)	\$ 12,896,146	\$ 12,632,533	\$ 7,552,298	\$ 1,657,587

The City has \$63.69 million in total assets and deferred outflows, with \$29.10 million in capital assets (net of depreciation). The City's Utility Funds, (Wastewater, Sanitation, and Queen Mine) operations are included in the Business-type activities column.

Governmental Activities

The City's governmental programs include: General Government, Public Safety, Highways and Streets, Culture and Recreation, Economic Development, and Health and Welfare. Each programs' net cost (total cost less revenues generated by the activities) is presented below. The net cost shows the extent to which the City's general taxes support each of the City's programs.

City of Bisbee
Changes in Net Position

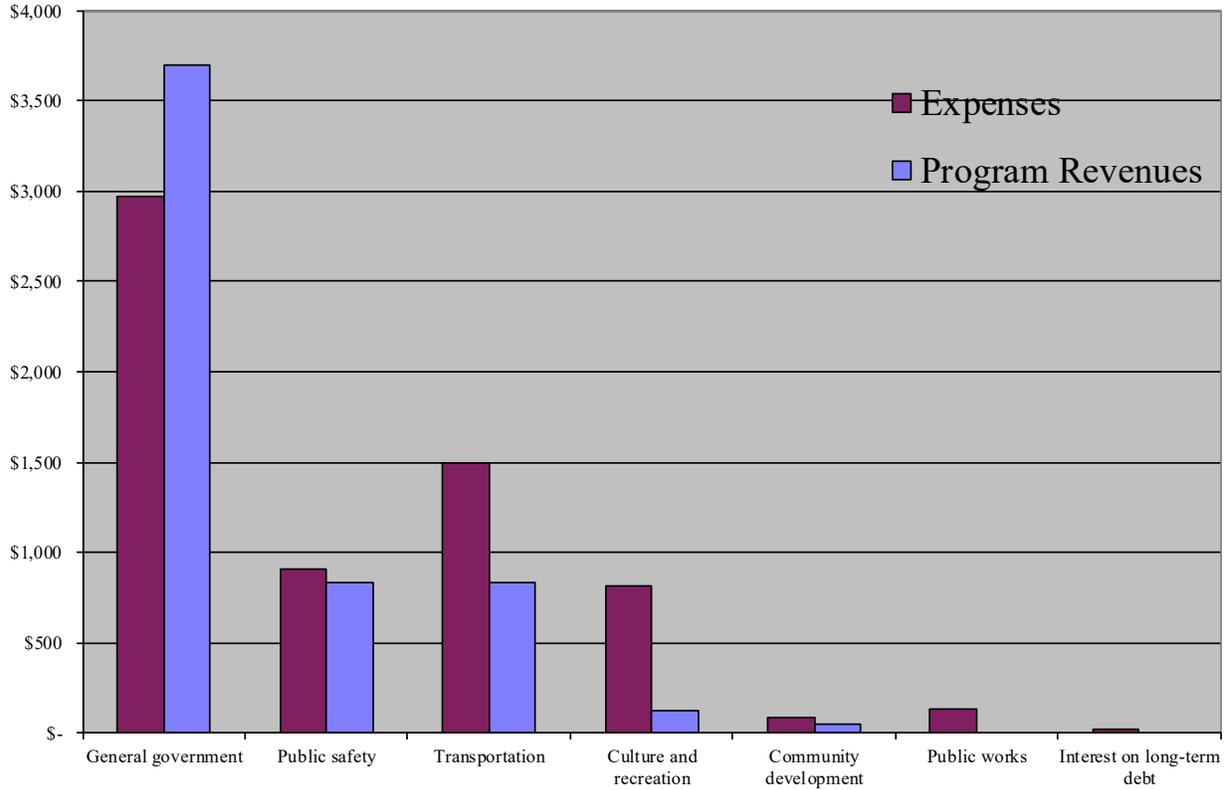
	Governmental activities		Business-type activities		Combined Total	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Revenues:						
Program revenues:						
Charges for services	\$ 2,663,820	\$ 2,328,595	\$ 5,231,830	\$ 4,523,518	\$ 7,895,650	\$ 6,852,113
Operating grants and contributions	1,755,449	902,545	-	-	1,755,449	902,545
Capital grants and contributions	1,118,575	834,348	-	-	1,118,575	834,348
General revenues:						
Sales taxes	3,972,614	3,547,226	-	-	3,972,614	3,547,226
Other taxes	1,509,819	1,444,167	-	-	1,509,819	1,444,167
State revenue sharing	654,675	746,725	-	-	654,675	746,725
Other	379,608	44,983	41	11,046	379,649	56,029
Total revenues	<u>12,054,560</u>	<u>9,848,589</u>	<u>5,231,871</u>	<u>4,534,564</u>	<u>17,286,431</u>	<u>14,383,153</u>
Expenses:						
General government	2,972,998	2,084,230	-	-	2,972,998	2,084,230
Public safety	907,391	5,527,042	-	-	907,391	5,527,042
Transportation	1,494,942	2,168,951	-	-	1,494,942	2,168,951
Culture and recreation	811,486	716,928	-	-	811,486	716,928
Community development	86,104	4,967	-	-	86,104	4,967
Public works	133,759	107,689	-	-	133,759	107,689
Interest on long-term debt	16,782	7,650	-	-	16,782	7,650
Wastewater	-	-	3,112,962	3,265,402	3,112,962	3,265,402
Sanitation	-	-	991,973	942,489	991,973	942,489
Queen Mine	-	-	863,323	663,037	863,323	663,037
Total expenses	<u>6,423,462</u>	<u>10,617,457</u>	<u>4,968,258</u>	<u>4,870,928</u>	<u>11,391,720</u>	<u>15,488,385</u>
(Decrease)/Increase in net position before transfers	5,631,098	(768,868)	263,613	(336,364)	5,894,711	(1,105,232)
Transfers	-	627	-	(627)	-	-
Net position (deficit), beginning	(10,974,946)	(10,192,541)	12,632,533	12,969,524	1,657,587	2,776,983
Prior period adjustment	-	(14,164)	-	-	-	(14,164)
Net position (deficit), ending	<u>\$ (5,343,848)</u>	<u>\$ (10,974,946)</u>	<u>\$ 12,896,146</u>	<u>\$ 12,632,533</u>	<u>\$ 7,552,298</u>	<u>\$ 1,657,587</u>

The cost of all governmental activities this year was \$6.42 million as shown in the schedule of Changes in Net Position above. \$2.66 million of this cost was paid for by those who directly benefited from the programs. \$2.87 million was subsidized by grants received from other governmental organizations for both capital and operating activities. General taxes, Urban Revenue Sharing and investment earnings totaled \$6.52.

Total resources available during the year to finance governmental operations were \$1.08 million consisting of Net position at July 1, 2021 of (\$10.97 million), program revenues of \$2.66 million, grant revenues of \$2.87 million and General Revenues of \$6.52 million. Total Governmental Activities during the year were \$6.42 million. Thus Governmental Net Position increased by \$5.63 million to (\$5.34 million).

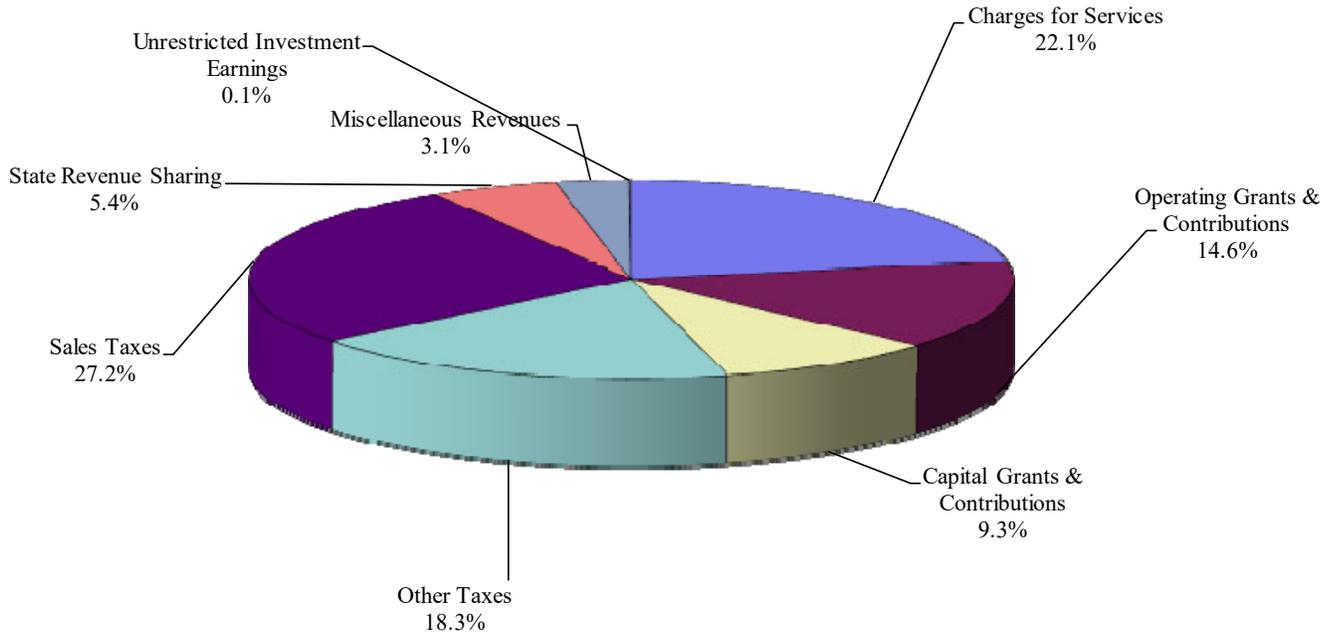
The following graphs compare program expenses to program revenues and provide a breakdown of revenues by source for all government activities.

Expenses and Program Revenues - Governmental Activities (in Thousands)



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Revenue By Source - Governmental Activities

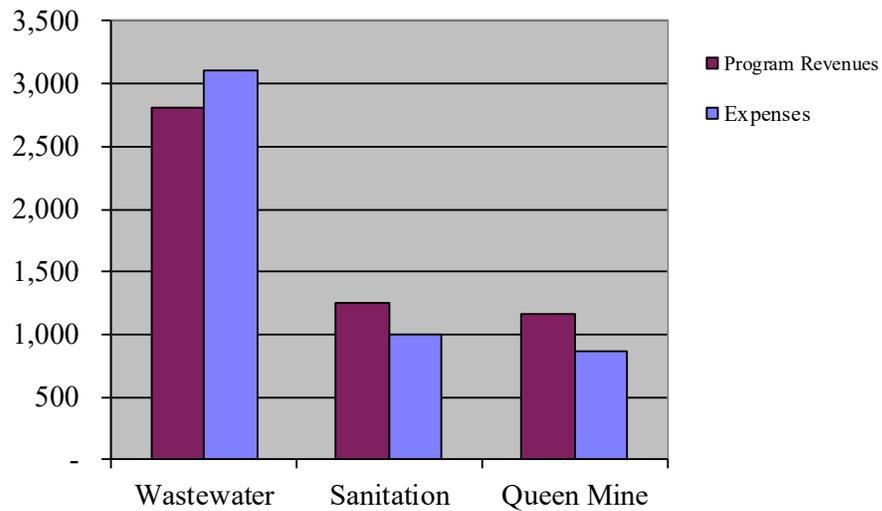


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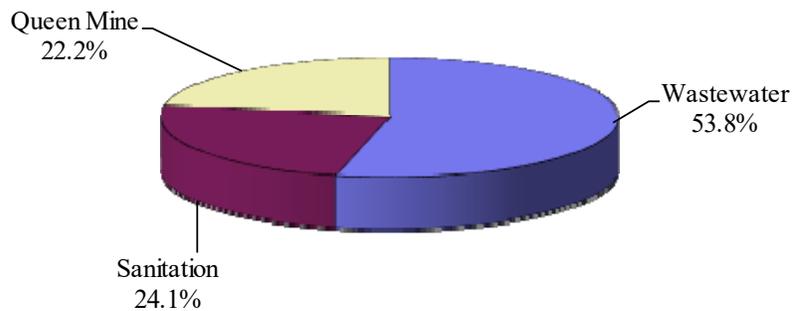
Business Type Activities

Net position of the Business Type activities at June 30, 2022, as reflected in the Statement of Net Position was \$12.89 million. The cost of providing all Proprietary (Business Type) activities this year was \$4.97 million. As shown in the statement of Changes in Net Position, the amounts paid by users of the system were \$5.23 million. Interest earnings and other revenues(losses) were \$41. Net Position increased by \$263,613.

Expenses and Program Revenues - Business-type Activities
(in Thousands)



Revenue By Source - Business-type Activities



Financial Analysis of the Government's Funds

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

Governmental funds – The focus of the City of Bisbee's governmental funds financial statements is to provide information on near-term inflows, outflows, and balances of spend-able resources. Such information is useful in assessing the City of Bisbee's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Bisbee's governmental funds reported combined ending fund balances of \$7.77 million, an increase of \$2.27 million in comparison with the prior year. Approximately, 28.64% of this total amount or \$2.23 million constitutes unassigned fund balance, which is available for new spending at the government's discretion. The remainder of the fund balance is restricted, committed or assigned because it has already been committed 1) to pay debt service, 2) to pay for capital improvements or 3) for a variety of other restricted purposes.

The general fund is the chief operating fund of the City of Bisbee. At the end of the current fiscal year, total fund balance in the general fund was \$4.43 million, of which \$2.24 million is unassigned. As a measure of liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The unassigned fund balance and total fund balance represents 7.89% and 15.59% respectively of total general fund expenditures. During the year, the City of Bisbee's general fund balance increased by \$598,393. This increase is mainly attributable to the increase of grant revenues from the prior year.

Streets fund expenditures of \$1.16 million were funded by Highway User revenues of \$498,903. City Sales Tax of \$940,073, charges for services and other revenues totaling \$113,516 which resulted in ending fund balance of \$827,348

The non-major fund balance of \$2.51 million consists of grant funds and donations restricted for various purposes.

General Fund Budgetary Highlights

The City's annual budget is the legally adopted expenditure control document of the City. Budgetary comparison statements are required for the General Fund and all major special revenue funds. These statements compare the original adopted budget, the budget if amended throughout the fiscal year, and the actual expenditures prepared on a budgetary basis.

General Fund revenues of \$7,646,358 were less than the budget of \$7,793,051 by \$146,693 mainly due to less than anticipated intergovernmental revenue. Actual expenditures of \$28,432,688 were \$20,544,986 more than budgeted expenditures of \$8,034,395. The most significant variance relates to the funding of the unfunded net pension/opeb liability. See note 7 for additional information.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the City are those assets that are used in performance of City functions including infrastructure assets. Capital Assets include equipment, vehicles, buildings, land, park facilities and roads. At the end of fiscal year 2022, net capital assets of the governmental activities totaled \$9.7 million and the net capital assets of the business-type activities totaled \$19.3 million. Combined capital assets additions were \$815,938 for fiscal year 2022 consisting of: assorted capital assets for various City departments. Depreciation on capital assets is recognized in the Government-Wide financial statements. (See note 6 to the financial statements.)

Debt

At year-end, the City had \$44.7 million in governmental type debt, and \$9.2 million in business-type debt. (See note 7 the financial statements.)

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the City budget for fiscal year 2022/2023, the City Council and management were cautious as to the growth of revenues and expenditures. Overall General Fund operating expenditures were budgeted so as to contain costs at the same level as fiscal year 2021/2022.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances for all of those with an interest in the government's finances and to demonstrate accountability for the use of public funds. Questions about any of the information provided in this report, or requests for additional financial information should be addressed to: City of Bisbee, Finance Department, 76 Erie Street, Bisbee, AZ 85603. (520) 432-6008.

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BASIC FINANCIAL STATEMENTS

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CITY OF BISBEE, ARIZONA
Statement of Net Position
June 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 5,375,529	\$ 2,079,096	\$ 7,454,625
Investments	567,756	-	567,756
Accounts receivable (net of allowance)	1,177,182	570,408	1,747,590
Lease receivable	30,941	-	30,941
Inventory	1,062,224	120,016	1,182,240
Prepays	73,224	97,407	170,631
Total current assets	<u>8,286,856</u>	<u>2,866,927</u>	<u>11,153,783</u>
Non-current assets:			
Restricted cash and cash equivalents	-	80,907	80,907
Capital assets:			
Not being depreciated	887,600	47,660	935,260
Net of accumulated depreciation	8,858,091	19,278,406	28,136,497
Net pension/OPEB asset	184,244	27,381	211,625
Total non-current assets	<u>9,929,935</u>	<u>19,434,354</u>	<u>29,364,289</u>
Total Assets	18,216,791	22,301,281	40,518,072
Deferred outflows:			
Deferred outflows related to pensions/OPEB	22,728,381	196,794	22,925,175
Deferred outflows related to debt issuance	163,337	-	163,337
Deferred outflows related to debt refunding	-	80,791	80,791
Total deferred outflows	<u>22,891,718</u>	<u>277,585</u>	<u>23,169,303</u>
Total assets and deferred outflows of resources	<u>41,108,509</u>	<u>22,578,866</u>	<u>63,687,375</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities			
Current liabilities:			
Accounts payable and other current liabilities	380,596	60,283	440,879
Customer deposits	-	428	428
Unearned revenue	52,160	-	52,160
Accrued interest payable	-	141,820	141,820
Compensated absences - current	132,000	35,000	167,000
Long-term liabilities due within one year	77,078	488,747	565,825
Total current liabilities	<u>641,834</u>	<u>726,278</u>	<u>1,368,112</u>
Noncurrent liabilities:			
Compensated absences	14,596	1,721	16,317
Long-term liabilities due after one year	21,784,350	7,859,197	29,643,547
Net pension/OPEB liability	22,689,096	771,116	23,460,212
Total non-current liabilities	<u>44,488,042</u>	<u>8,632,034</u>	<u>53,120,076</u>
Total Liabilities	45,129,876	9,358,312	54,488,188
Deferred inflows:			
Deferred inflows related to pensions/OPEB	1,291,540	324,408	1,615,948
Deferred inflows related to lease receivable	30,941	-	30,941
Total deferred inflows	<u>1,322,481</u>	<u>324,408</u>	<u>1,646,889</u>
Total liabilities and deferred inflows of resources	<u>46,452,357</u>	<u>9,682,720</u>	<u>56,135,077</u>
NET POSITION:			
Net investment in capital assets	9,534,263	10,978,122	20,512,385
Nonspendable:			
Prepays	73,224	97,407	170,631
Inventory	1,062,224	120,016	1,182,240
Restricted for:			
Debt service	-	80,907	80,907
Public Safety	19,929	-	19,929
Transportation	827,348	-	827,348
Culture and recreation	40,747	-	40,747
Capital projects	1,218,482	-	1,218,482
Other purposes	939,054	-	939,054
Unrestricted	<u>(19,059,119)</u>	<u>1,619,694</u>	<u>(17,439,425)</u>
Total net position (deficit)	<u>(5,343,848)</u>	<u>12,896,146</u>	<u>7,552,298</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 41,108,509</u>	<u>\$ 22,578,866</u>	<u>\$ 63,687,375</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BISBEE, ARIZONA
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 2,972,998	\$ 1,957,394	\$ 1,148,046	\$ 591,586	\$ 724,028	\$ -	\$ 724,028
Public safety	907,391	653,139	88,774	92,579	(72,899)	-	(72,899)
Transportation	1,494,942	29,119	498,903	305,827	(661,093)	-	(661,093)
Culture and recreation	811,486	24,168	19,726	82,590	(685,002)	-	(685,002)
Community development	86,104	-	-	45,993	(40,111)	-	(40,111)
Public works	133,759	-	-	-	(133,759)	-	(133,759)
Interest on long-term debt	16,782	-	-	-	(16,782)	-	(16,782)
Total governmental activities	<u>6,423,462</u>	<u>2,663,820</u>	<u>1,755,449</u>	<u>1,118,575</u>	<u>(885,618)</u>	<u>-</u>	<u>(885,618)</u>
Business-type activities:							
Wastewater	3,112,962	2,814,163	-	-	-	(298,799)	(298,799)
Sanitation	991,973	1,258,420	-	-	-	266,447	266,447
Queen Mine	863,323	1,159,247	-	-	-	295,924	295,924
Total business-type activities	<u>4,968,258</u>	<u>5,231,830</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>263,572</u>	<u>263,572</u>
Total primary government	<u>\$ 11,391,720</u>	<u>\$ 7,895,650</u>	<u>\$ 1,755,449</u>	<u>\$ 1,118,575</u>	<u>(885,618)</u>	<u>263,572</u>	<u>(622,046)</u>
General Revenues:							
Property taxes levied for general purposes					1,196,608	-	1,196,608
City sales tax					3,275,010	-	3,275,010
State sales tax					697,604	-	697,604
Urban revenue sharing					654,675	-	654,675
Vehicle license tax					313,211	-	313,211
Miscellaneous revenues					371,616	-	371,616
Unrestricted investment earnings/(loss)					7,992	41	8,033
Total general revenues & transfers					<u>6,516,716</u>	<u>41</u>	<u>6,516,757</u>
Change in net position					5,631,098	263,613	5,894,711
Net position (deficit) - beginning					(10,974,946)	12,632,533	1,657,587
Net position (deficit) - ending					<u>\$ (5,343,848)</u>	<u>\$ 12,896,146</u>	<u>\$ 7,552,298</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BISBEE, ARIZONA
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Streets Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,098,267	\$ 714,600	\$ 1,562,662	\$ 5,375,529
Investments	437,042	612	130,102	567,756
Receivables:				
Accounts	400,039	-	6,691	406,730
Property taxes	100,381	-	-	100,381
Lease receivable	30,941	-	-	30,941
Due from other governments	442,734	47,151	180,186	670,071
Due from other funds	146,293	-	-	146,293
Prepaid items	73,224	-	-	73,224
Inventory	14,607	150,262	897,355	1,062,224
Total assets	<u>\$ 4,743,528</u>	<u>\$ 912,625</u>	<u>\$ 2,776,996</u>	<u>\$ 8,433,149</u>
LIABILITIES				
Accounts payable	\$ 89,129	\$ 80,466	\$ 66,115	\$ 235,710
Due to other funds	-	-	146,293	146,293
Accrued payroll	139,331	4,811	744	144,886
Unearned revenue	-	-	52,160	52,160
Total liabilities	<u>228,460</u>	<u>85,277</u>	<u>265,312</u>	<u>579,049</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	51,968	-	-	51,968
Lease related	30,941	-	-	30,941
Total deferred inflows of resources	<u>82,909</u>	<u>-</u>	<u>-</u>	<u>82,909</u>
FUND BALANCES				
Nonspendable:				
Prepays	73,224	-	-	73,224
Inventory	14,607	150,262	878,472	1,043,341
Restricted for:				
Public safety	-	-	19,929	19,929
Transportation	-	677,086	-	677,086
Culture and recreation	-	-	40,747	40,747
Other purposes	-	-	939,054	939,054
Capital projects	-	-	633,482	633,482
Committed	2,100,000	-	-	2,100,000
Unassigned (deficits)	2,244,328	-	-	2,244,328
Total fund balances	<u>4,432,159</u>	<u>827,348</u>	<u>2,511,684</u>	<u>7,771,191</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,743,528</u>	<u>\$ 912,625</u>	<u>\$ 2,776,996</u>	<u>\$ 8,433,149</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BISBEE, ARIZONA
Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2022

Total governmental fund balances \$ 7,771,191

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Governmental capital assets	\$ 20,472,477	
Accumulated Depreciation	<u>(10,726,786)</u>	9,745,691

Other assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.

51,967

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Bonds payable	\$ (21,650,000)	
Net pension/OPEB liability	(22,689,096)	
Compensated absences	(146,596)	
Notes payable	(193,800)	
Leases payable	<u>(17,628)</u>	<u>(44,697,120)</u>

Other long term assets are not available to pay for current period expenditures and, therefore, not included in the funds.

Net OPEB asset		184,244
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Deferred outflows and inflows of resources related to pensions and debt issuance are applicable to future reporting periods and, therefore, are not reported in the funds.

Deferred outflows	\$ 22,891,719	
Deferred inflows	<u>(1,291,540)</u>	<u>21,600,179</u>

Total net position (deficit) of governmental activities \$ (5,343,848)

The accompanying notes are an integral part of the financial statements.

CITY OF BISBEE, ARIZONA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year ended June 30, 2022

	General Fund	Streets Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 3,232,789	\$ 940,073	\$ 304,611	\$ 4,477,473
Licenses, permits and fees	182,789	-	-	182,789
Intergovernmental revenue	1,736,519	498,903	1,552,612	3,788,034
Charges for services	951,998	29,119	50,178	1,031,295
Administration	1,459,749	-	-	1,459,749
Fines and forfeitures	62	-	-	62
Investment earnings	7,648	2	342	7,992
Rent	59,415	-	10,589	70,004
Contributions	3,389	-	646,375	649,764
Insurance proceeds	3,250	-	-	3,250
Miscellaneous	8,750	84,395	296,859	390,004
Total revenues	<u>7,646,358</u>	<u>1,552,492</u>	<u>2,861,566</u>	<u>12,060,416</u>
EXPENDITURES				
General government	2,552,072	-	417,458	2,969,530
Public safety	25,286,709	-	345	25,287,054
Community development	-	-	86,524	86,524
Culture and recreation	507,703	-	242,106	749,809
Transportation	-	1,159,304	368,494	1,527,798
Capital outlay	-	-	561,309	561,309
Debt service:				
Principal	75,955	-	-	75,955
Interest	10,249	-	-	10,249
Total expenditures	<u>28,432,688</u>	<u>1,159,304</u>	<u>1,676,236</u>	<u>31,268,228</u>
Excess of revenues over (under) expenditures	<u>(20,786,330)</u>	<u>393,188</u>	<u>1,185,330</u>	<u>(19,207,812)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the issuance of debt	21,650,000	-	-	21,650,000
Original bond issue discount	(169,870)	-	-	(169,870)
Transfers out	(108,756)	(13,349)	(32,284)	(154,389)
Transfers in	13,349	-	141,040	154,389
Total other financing sources (uses)	<u>21,384,723</u>	<u>(13,349)</u>	<u>108,756</u>	<u>21,480,130</u>
Net change in fund balances	598,393	379,839	1,294,086	2,272,318
Fund balances, beginning of year	<u>3,833,766</u>	<u>447,509</u>	<u>1,217,598</u>	<u>5,498,873</u>
Fund balances, end of year	<u>\$ 4,432,159</u>	<u>\$ 827,348</u>	<u>\$ 2,511,684</u>	<u>\$ 7,771,191</u>

CITY OF BISBEE, ARIZONA
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Governmental Funds
For the Year ended June 30, 2022

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	2,272,318
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.</p>		
Capital Outlay	\$	791,063
Depreciation Expense		<u>(645,762)</u>
		145,301
Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		(5,856)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds and is recorded as an expenditure, but the repayment reduces long-term liabilities in the statement of net position.		75,955
<p>Issuance of long-term debt provides current financial resources in the governmental funds but increases long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		
Issuance of bond	\$	(21,650,000)
Original issue discount on bond		<u>163,337</u>
		(21,486,663)
<p>Pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the net pension/OPEB liability is measured a year before the City's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the Statement of Activities.</p>		
Pension/OPEB contributions	\$	22,138,869
Pension/OPEB expense		<u>2,469,211</u>
		24,608,080
<p>Compensated absences and other expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Compensated absences expense		<u>21,963</u>
Change in net position of governmental activities	\$	<u><u>5,631,098</u></u>

CITY OF BISBEE, ARIZONA
Statement of Net Position
Proprietary Funds
June 30, 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:	Business-type Activities - Enterprise Funds			
	Wastewater	Sanitation	Queen Mine	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,040,594	\$ -	\$ 1,038,502	\$ 2,079,096
Receivables (net of allowance)	412,934	156,221	1,253	570,408
Inventory	-	-	120,016	120,016
Prepaid items	67,128	-	30,279	97,407
Due from other funds	188,531	-	-	188,531
Total Current Assets	1,709,187	156,221	1,190,050	3,055,458
Noncurrent assets:				
Restricted cash and cash equivalents, noncurrent	80,907	-	-	80,907
Capital assets				
Land	47,660	-	-	47,660
Buildings	552,933	-	230,667	783,600
Improvements other than buildings	29,411	-	-	29,411
Machinery and equipment	2,366,951	1,325,225	134,587	3,826,763
Infrastructure	34,904,166	-	-	34,904,166
Accumulated depreciation	(19,602,318)	(423,105)	(240,111)	(20,265,534)
Net Pension/OPEB Asset	8,113	11,847	7,421	27,381
Total Noncurrent Assets	18,387,823	913,967	132,564	19,434,354
Total Assets	20,097,010	1,070,188	1,322,614	22,489,812
Deferred outflows				
Deferred outflows related to pensions/OPEB	58,310	85,146	53,338	196,794
Deferred outflows related to debt refunding	80,791	-	-	80,791
Total Deferred outflows	139,101	85,146	53,338	277,585
Total assets and deferred outflows of resources	\$ 20,236,111	\$ 1,155,334	\$ 1,375,952	\$ 22,767,397
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:				
Liabilities				
Current liabilities:				
Accounts payable	\$ 12,152	\$ 21,396	\$ 13,119	\$ 46,667
Accrued wages and benefits	3,299	4,848	5,469	13,616
Accrued interest payable	141,820	-	-	141,820
Due to other funds	-	188,531	-	188,531
Customer deposits	-	-	428	428
Compensated absences - current	4,854	14,539	15,607	35,000
Current portion - long-term liabilities	384,375	104,372	-	488,747
Total Current Liabilities	546,500	333,686	34,623	914,809
Non-current liabilities:				
Compensated absences	238	715	768	1,721
Net pension/OPEB liability	228,479	333,637	209,000	771,116
Long-term liabilities, net of current portion	7,406,312	452,885	-	7,859,197
Total non-current liabilities	7,635,029	787,237	209,768	8,632,034
Total Liabilities	8,181,529	1,120,923	244,391	9,546,843
Deferred Inflows				
Deferred inflows related to pensions/OPEB	118,470	126,620	79,318	324,408
Total deferred inflows	118,470	# 126,620	# 79,318	# 324,408
Total liabilities and deferred inflows of resources	8,299,999	1,247,543	323,709	9,871,251
NET POSITION:				
Net investment in capital assets	10,508,116	344,863	125,143	10,978,122
Restricted for debt service	80,907	-	-	80,907
Unrestricted (deficit)	1,347,089	(437,072)	927,100	1,837,117
Total net position (deficit)	11,936,112	(92,209)	1,052,243	12,896,146
Total liabilities, deferred inflows of resources and net position	\$ 20,236,111	\$ 1,155,334	\$ 1,375,952	\$ 22,767,397

The accompanying notes are an integral part of the financial statements.

CITY OF BISBEE, ARIZONA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds			
	Wastewater	Sanitation	Queen Mine	Total
Operating revenues:				
Taxes	\$ 470,037	\$ -	\$ -	\$ 470,037
Charges for services	2,220,447	1,258,420	1,159,247	4,638,114
Customer penalties and interest	50,128	-	-	50,128
Other revenues	73,551	-	-	73,551
Total operating revenues	<u>2,814,163</u>	<u>1,258,420</u>	<u>1,159,247</u>	<u>5,231,830</u>
Operating expenses:				
Salaries, wages and benefits	144,744	388,214	361,212	894,170
Administration	1,117,309	396,062	167,763	1,681,134
Supplies	26,593	26,588	231,063	284,244
Repairs and maintenance	133,635	79,394	70,211	283,240
Utilities	81,746	5,522	20,209	107,477
Depreciation	1,291,351	79,265	12,865	1,383,481
Total operating expenses	<u>2,795,378</u>	<u>975,045</u>	<u>863,323</u>	<u>4,633,746</u>
Net operating income (loss)	<u>18,785</u>	<u>283,375</u>	<u>295,924</u>	<u>598,084</u>
Non-operating revenues (expenses):				
Interest income	41	-	-	41
Interest expense and fiscal charges	(317,584)	(16,928)	-	(334,512)
Total non-operating revenue (expense)	<u>(317,543)</u>	<u>(16,928)</u>	<u>-</u>	<u>(334,471)</u>
Change in net position	(298,758)	266,447	295,924	263,613
Total net position (deficit), beginning of year	<u>12,234,870</u>	<u>(358,656)</u>	<u>756,319</u>	<u>12,632,533</u>
Total net position (deficit), end of year	<u>\$ 11,936,112</u>	<u>\$ (92,209)</u>	<u>\$ 1,052,243</u>	<u>\$ 12,896,146</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BISBEE, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds			
	Wastewater	Sanitation	Queen Mine	Total
Cash flows from operating activities:				
Cash received from customers, service fees	\$ 2,176,847	\$ 1,230,688	\$ 1,160,685	\$ 4,568,220
Cash received from customers, other	593,716	-	-	593,716
Cash paid to suppliers	(1,426,578)	(541,715)	(496,595)	(2,464,888)
Cash paid to employees	(219,606)	(421,643)	(361,904)	(1,003,153)
Net cash flows from operating activities	<u>1,124,379</u>	<u>267,330</u>	<u>302,186</u>	<u>1,693,895</u>
Cash flows from noncapital financing activities:				
Change in due to/due from	107,462	(149,220)	-	(41,758)
Net cash flows from noncapital financing activities	<u>107,462</u>	<u>(149,220)</u>	<u>-</u>	<u>(41,758)</u>
Cash flows from capital and related financing activities:				
Note payable proceeds	-	24,875	-	24,875
Change in deferred outflows - debt refunding	26,931	-	-	26,931
Purchase of capital assets	-	(24,875)	-	(24,875)
Principal paid on long-term debt	(370,557)	(101,182)	-	(471,739)
Interest paid	(323,758)	(16,928)	-	(340,686)
Net cash flows from capital and related financing activities	<u>(667,384)</u>	<u>(118,110)</u>	<u>-</u>	<u>(785,494)</u>
Cash flows from investing activities:				
Investment income/(loss)	41	-	-	41
Net cash flows from investing activities	<u>41</u>	<u>-</u>	<u>-</u>	<u>41</u>
Net change in cash and cash equivalents	564,498	-	302,186	866,684
Cash and cash equivalents, beginning of year	<u>557,003</u>	<u>-</u>	<u>736,316</u>	<u>1,293,319</u>
Cash and cash equivalents, end of year	<u>\$ 1,121,501</u>	<u>\$ -</u>	<u>\$ 1,038,502</u>	<u>\$ 2,160,003</u>
Reconciliation of operating income to net cash flows from operating activities:				
Net operating income	\$ 18,785	\$ 283,375	\$ 295,924	\$ 598,084
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	1,291,351	79,265	12,865	1,383,481
Net pension/OPEB expense	(76,135)	(32,529)	(4,598)	(113,262)
Changes in operating assets and liabilities:				
(Increase)/Decrease in receivables	(43,600)	(27,732)	1,438	(69,894)
(Increase)/Decrease in inventory	-	-	28	28
(Increase)/Decrease in prepaid items	(67,128)	-	(9,051)	(76,179)
Increase/(Decrease) in accounts payable	(167)	(34,149)	1,674	(32,642)
Increase/(Decrease) in accrued payroll and employee benefits	1,473	1,462	1,261	4,196
Increase/(Decrease) in compensated absences	(200)	(2,362)	2,645	83
Net cash flows from operating activities	<u>\$ 1,124,379</u>	<u>\$ 267,330</u>	<u>\$ 302,186</u>	<u>\$ 1,693,895</u>

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 1. Summary of Significant Accounting Policies

The financial statements of the City of Bisbee, Arizona have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, when applicable, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Reporting Entity

The City is a municipal entity governed by an elected mayor and council and provides the following services as authorized by general law: public safety, highways and streets, parks and recreation, planning and zoning, and general administrative services. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the City, the primary government.

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The City is a primary government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, component units combined with the City for financial statement presentation purposes, and the City, are not included in any other governmental reporting entity. Consequently, the City's financial statements include the funds of those organizational entities for which its elected governing body is financially accountable.

The following is a brief review of the component units included in defining the City's reporting entity. There are no discretely presented component units and one blended component units.

Blended component units included within the reporting entity:

The **City of Bisbee Municipal Property Corporation (BMPC)** is governed by a three-member board appointed by the City Council. Although it is legally separate from the City, the BMPC is reported as if it were part of the primary government because its sole purpose is to finance and construct two of the City's public buildings projects. The BMPC's debt is reported as part of the City's long-term debt. Separate financial statements for the BMPC are not prepared.

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 1. Summary of Significant Accounting Policies, Continued

Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and wastewater functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of presentation – fund financial statements

The fund financial statements provide information about the City's funds, including the blended component unit. Separate statements for each fund category—governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

The **Streets Fund** accounts for the operation and maintenance of the City's streets, rights of way and street lighting throughout the City.

The City reports the following major enterprise funds:

The **Wastewater Fund** accounts for the operations, maintenance, and construction of the City-owned wastewater system.

The **Sanitation Fund** accounts for the operations, maintenance, and construction projects of the City-owned sanitation system.

The **Queen Mine Fund** accounts for the operations, maintenance, and construction projects of the City-owned Queen Mine.

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 1. Summary of Significant Accounting Policies, Continued

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 1. Summary of Significant Accounting Policies, Continued

Property taxes, sales taxes, state shared revenues, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary funds are reported using the *economic resources measurement* focus and the *accrual basis of accounting*.

Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

Deposits and Investments

For the purposes of the statement of cash flows, the City considers only those highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Restricted cash and cash equivalents include amounts the City is contractually required to maintain in a separate bank account for purposes of debt service on the WIFA note payable (see footnote 7), and for repairs, maintenance, and capital improvements to the City’s wastewater treatment plant.

All investments are carried at fair value with unrealized gains and losses recorded as adjustments to interest earnings. Fair market values are based on quoted market prices. The reported value of the state treasurer’s pool is the same as the fair value of the pool shares. Investment earnings is composed of interest, dividends, and net changes in the estimated fair value of applicable investments.

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

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “Internal balances” in the Statement of Net Position and as “Due to” or “Due from” other funds in the fund financial statements. All trade accounts receivable in the General Fund and proprietary funds are shown net of an allowance for doubtful accounts.

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 1. Summary of Significant Accounting Policies, Continued

The allowance for doubtful accounts in the proprietary funds is estimated at 88% of the accounts receivable balance. The accounts receivable balance includes the accounts of customers on payment plans and accounts with liens placed on properties.

Inventories and Prepaid Items

The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed when insignificant. Significant inventories are expensed when consumed. Governmental fund type inventory consists of fuel, and properties held for sale. Inventories for the proprietary funds consist principally of materials used in the repair of the distribution, collection and treatment systems and are valued at the lower of cost (first-in, first-out) or market.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$3,000 and an estimated useful life in excess of one year. Capitalized assets are recorded at cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. Depreciation for other property, plant, equipment, and infrastructure is computed using the straight-line method over the following estimated useful lives:

Building	5 to 50 years
Improvements other than buildings	5 to 30 years
Airport	5 to 40 years
Machinery and equipment	3 to 20 years
Infrastructure	5 to 40 years

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 1. Summary of Significant Accounting Policies, Continued

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City has two types of items that qualify for reporting in this category. Pension/OPEB related items reported on the government-wide and proprietary fund financial statements. See footnote 10 for more information. The other items are debt related issuance/refunding costs which are deferred and amortized over the life of the underlying liability in the government-wide statements.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items that qualify for reporting in this category. Pension/OPEB related items reported on the government-wide and proprietary fund financial statements. See footnote 10 for more information. The City also reports a deferral related to the lease receivable on the government-wide and governmental fund statements. See footnote 8 for more information. Another item, which arises only under a modified accrual basis of accounting, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Postemployment benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plan's fiduciary net position of the Arizona State Retirement System (ASRS) and the Arizona Public Safety Personnel Retirement System (PSPRS), and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by ASRS and PSPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net position flow assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 1. Summary of Significant Accounting Policies, Continued

Fund balance flow assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balances classifications. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The council has authorized the City Manager to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance is a residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the General Fund

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

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 1. Summary of Significant Accounting Policies, Continued

Leases

Lessee: The City is a lessee for a noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$3,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The City is a lessor for a noncancellable lease of a building. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 1. Summary of Significant Accounting Policies, Continued

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Revenues and expenditures/expenses

Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes

Property tax revenues are recognized as revenues in the year collected or if collected within 60 days thereafter unless they are prepaid. Property taxes not collected within 60 days subsequent to the fiscal-year end or collected in advance of the fiscal year for which they are levied are reported as deferred revenues. Cochise County levies real property taxes on or before the third Monday in August, which become due and payable in two equal installments on October 1 of the current year and March 1 of the subsequent year. Taxes become delinquent after the first business day of November and May, respectively. Interest attaches on installments after the delinquency date.

The County also levies various personal property taxes during the year. A lien against property assessed attaches on the first day of January preceding the assessment and levy.

Compensated Absences

Compensated absences consist of paid time off, which can be used as vacation or sick leave. Fire Department employees may accumulate up to 312 hours of paid time off depending on years of service. The City's non-exempt and other exempt employees may accumulate up to 208 and 247 hours of vacation, respectively, depending on years of service. Any paid time off in excess of the maximum amount this is unused at year-end is forfeited. An employee may be allowed to carry forward paid time off to the first six months of the following year if staffing shortages prevent the employee from utilizing their paid time off. An employee taking leave for a serious illness of a family member under the Family Medical Leave Act may use the paid time off as part of the unpaid 12 week period allowed by law.

All vacation is accrued when incurred in the government-wide and proprietary fund financial statements. For governmental funds amounts of accumulated vacation and compensatory time that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements.

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 1. Summary of Significant Accounting Policies, Continued

Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the wastewater fund, sanitation fund, and Queen Mine fund are charges to customers for sales and services. The wastewater funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Tax Abatements

The City has not entered into any tax abatement agreements and the City is not aware of any tax abatement agreements that have been entered into by other governments that would reduce the City's tax revenues.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The details of these differences are reported in the reconciliation on page 22.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation on page 24.

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 3. Stewardship, Compliance, and Accountability

Stewardship, compliance, and accountability are key concepts in defining the responsibilities of the City. The use of budgets and monitoring of equity status facilitate the City's compliance with legal requirements.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year end. The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Arizona Revised Statutes, the City Manager submits a proposed budget for the fiscal year commencing the following July 1 to the City Council. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to the first of September, the expenditure limitation for the City is legally enacted through passage of a resolution. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the State each year. This report, issued under a separate cover, reconciles total City expenditures from the audited financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).
4. State law requires that, prior to April 1, the Economic Estimates Commission provide the City with a final expenditure limit for the coming fiscal year.
5. Expenditures may not legally exceed the expenditure limitation of all fund types as a whole. For management purposes, the City adopts a budget by department for the General Fund and in total by fund for other funds. The City Council has adopted a budget transfer policy and all amendments must be done in accordance with this policy.
6. The City has adopted budgets in accordance with A.R.S. requirements and utilizes the budgets as a management control device during the year for the General, Special Revenue, Capital Projects, Debt Service, and Enterprise funds. The budgets are prepared on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

The City is subject to the State of Arizona's Spending Limitation Law for Towns and Cities. This law does not permit the City to spend more than budgeted revenues plus the carry-over unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. The City complied with this law during the year.

Supplementary budgetary appropriations were made during the year ended June 30, 2022.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation for future years, is not employed by the City.

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 3. Stewardship, Compliance, and Accountability, Continued

Expenditures over Appropriations

Expenditures may not legally exceed budgeted appropriations at the department level. The individual Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual reports as listed in the table of contents present all of the departments which incurred an excess of expenditures/expenses over appropriations for the year ended June 30, 2022, if any.

During the fiscal year ended June 30, 2022, the City issued the Pledged Revenue Bond to fund the PSPRS unfunded liability. The proceeds are included in the general fund. The payment to PSPRS is included in the police and fire expenditure line items in the general fund. This caused significant overages in these two departments. On March 21, 2023 the Council adopted Resolution No. R-23-05 declaring an emergency under the City's Alternative Expenditure Limitation Rule for excess expenditures incurred in fiscal year 2022 and reducing the expenditures for fiscal year 2023 by the excess amount of \$14,185,165.

Note 4. Deposits and Investments

A reconciliation of cash and investments as shown on the statement of net position is as follows:

Cash and cash equivalents	\$ 7,454,625
Restricted cash and cash equivalents	80,907
Investments	<u>567,756</u>
Total cash and equivalents	<u><u>\$ 8,103,288</u></u>

For purposes of its statement of cash flows, the City considers only those highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Restricted cash and cash equivalents includes amounts the City is contractually required to maintain in a separate bank account for purposes of debt service on the WIFA note payable (see Note 7).

Deposits

Custodial Credit Risk

For deposits this is the risk that in the event of a bank failure, the City's deposit may not be returned to it. Statutes require collateral for deposits at 102 percent of all deposits federal depository insurance does not cover. At year end, the carrying amount of the City's deposits was \$7,454,625 and the bank balance was \$7,628,452. The bank balance was fully covered by FDIC coverage or collateral held by the pledging financial institution in the City's name.

Investments

The Arizona State Treasurer's Office operates the Local Government Investment Pool (LGIP) with no regulatory oversight. The LGIP is available for investment of funds administered by any Arizona Public Treasurer.

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 4. Deposits and Investments, Continued

The LGIP is not registered with the SEC as an investment company. The State Board of Investments provides oversight for the State Treasurer’s investment pools. Deposits in the LGIP are not insured or otherwise guaranteed by the State of Arizona, and participants share proportionally in any realized gain or losses on investments.

The provisions of State law (A.R.S. 35-323) govern the investment of funds in excess of \$100,000. A.R.S. 35-323 allows for investment in certificates of deposit, interest bearing savings accounts, repurchase agreements with a maximum maturity of 180 days, pooled investment funds established by the State Treasurer, obligations guaranteed by the United States, bonds of the State of Arizona or other local municipalities, commercial paper of prime quality that is rated “P1” by Moody’s investors or “A1” by Standard and Poor’s rating service, and bonds, debentures or notes that are issued by corporations organized and doing business in the United States subject to certain restrictions. For investments of less than \$100,000, procedures as specified by local ordinance or resolution must be followed.

As of June 30, 2022, the carrying amount of the City’s deposits and investments are as follows:

	Fair Value	Credit Rating (1)	Weighted Average Maturity (Days) (2)
Deposits:			
Cash on hand	\$ 1,500	N/A	N/A
Cash in bank	7,534,030	N/A	N/A
Investments:			
Local government investment pool 5	567,756	AAA	36.5
	\$ 8,103,286		

* The fair value of the City’s position in each pool is the same as the value of the pool shares.

(1) Ratings are provided where applicable to indicate associated Credit Risk. N/A indicates not applicable.

(2) Interest Rate Risk is estimated using the weighted average days to maturity.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City’s policy for reducing its exposure to credit risk is to comply with State law (A.R.S. 35-323). A.R.S. 35-323 limits investment in commercial paper and corporate bonds to the top ratings issued by nationally recognized statistical rating organizations such as Standard & Poor’s and Moody’s Investor Services.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City’s policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the provisions of State law (A.R.S. 35- 323). A.R.S. 35-323 requires that the City’s investment portfolio maturities do not exceed five years from the time of purchase.

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 4. Deposits and Investments, Continued

Fair value measurements

As noted above, the City holds investments that are measured at fair value on a recurring basis. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The state treasurer's investment pool, as listed above, are valued using quoted prices that are observable for the assets (Level 2 inputs).

Note 5. Restricted Assets

Restricted assets consisted of the following cash reserves at June 30, 2022:

Business-Type Activities:

Wastewater Fund:

Reserve for debt service WIFA Solar	<u>\$ 80,907</u>
Total Business-Type Activities	<u><u>\$ 80,907</u></u>

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 6. Capital Assets

The following table summarizes the changes to capital assets for governmental activities during the year:

	Balance June 30, 2021	Additions	Disposals	Transfers	Balance June 30, 2022
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 569,830	\$ -	\$ -	\$ -	\$ 569,830
Construction in progress	1,273,221	704,946	-	(1,660,397)	317,770
Total capital assets not being depreciated	<u>1,843,051</u>	<u>704,946</u>	<u>-</u>	<u>(1,660,397)</u>	<u>887,600</u>
Capital assets being depreciated:					
Buildings	3,526,937	-	-	7,800	3,534,737
Improvements other than buildings	806,596	-	-	4,900	811,496
Airport	353,882	-	-	-	353,882
Machinery and equipment	4,757,614	86,117	-	325,349	5,169,080
Infrastructure	8,393,334	-	-	1,322,348	9,715,682
Total capital assets being depreciated	<u>17,838,363</u>	<u>86,117</u>	<u>-</u>	<u>1,660,397</u>	<u>19,584,877</u>
Less: Accumulated depreciation					
Buildings	(2,194,661)	(72,519)	-	-	(2,267,180)
Improvements other than buildings	(665,375)	(23,928)	-	-	(689,303)
Airport	(333,687)	(2,437)	-	-	(336,124)
Machinery and equipment	(3,262,787)	(295,317)	-	-	(3,558,104)
Infrastructure	(3,624,514)	(251,561)	-	-	(3,876,075)
Total accumulated depreciation	<u>(10,081,024)</u>	<u>(645,762)</u>	<u>-</u>	<u>-</u>	<u>(10,726,786)</u>
Total assets being depreciated, net	<u>7,757,339</u>	<u>(559,645)</u>	<u>-</u>	<u>1,660,397</u>	<u>8,858,091</u>
Governmental capital assets, net	<u>\$ 9,600,390</u>	<u>\$ 145,301</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,745,691</u>

Depreciation expense was charged to the functions/programs of the City as follows:

Governmental activities	
General government	\$ 18,048
Public safety	224,198
Public works	133,759
Transportation	204,398
Culture and recreation	65,359
Total governmental activities depreciation	<u>\$ 645,762</u>

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 6. Capital Assets, Continued

The following table summarizes the changes to capital assets for business-type activities during the year:

	Balance June 30, 2021	Additions	Disposals	Transfers	Balance June 30, 2022
Business-Type Activities					
Capital assets not being depreciated:					
Land	\$ 47,660	\$ -	\$ -	\$ -	\$ 47,660
Construction in progress	1,185,614	24,875	-	(1,210,489)	-
Total capital assets not being depreciated	<u>1,233,274</u>	<u>24,875</u>	<u>-</u>	<u>(1,210,489)</u>	<u>47,660</u>
Capital assets being depreciated:					
Buildings	543,652	-	-	239,947	783,599
Improvements other than buildings	29,411	-	-	-	29,411
Machinery and equipment	3,223,035	-	(195,592)	799,321	3,826,764
Infrastructure	34,732,945	-	-	171,221	34,904,166
Total capital assets being depreciated	<u>38,529,043</u>	<u>-</u>	<u>(195,592)</u>	<u>1,210,489</u>	<u>39,543,940</u>
Less: Accumulated depreciation					
Buildings	(248,473)	(19,475)	-	-	(267,948)
Improvements other than buildings	(12,977)	(1,096)	-	-	(14,073)
Machinery and equipment	(1,459,018)	(236,164)	195,592	-	(1,499,590)
Infrastructure	(17,357,178)	(1,126,746)	-	-	(18,483,924)
Total accumulated depreciation	<u>(19,077,646)</u>	<u>(1,383,481)</u>	<u>195,592</u>	<u>-</u>	<u>(20,265,535)</u>
Total assets being depreciated, net	<u>19,451,397</u>	<u>(1,383,481)</u>	<u>-</u>	<u>1,210,489</u>	<u>19,278,405</u>
Business-type capital assets, net	<u>\$ 20,684,671</u>	<u>\$ (1,358,606)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,326,065</u>

Depreciation expense was charged to the functions/programs of the City as follows:

Business-type activities	
Wastewater	\$ 1,291,351
Sanitation	79,265
Queen Mine	12,866
Total business-type activities depreciation	<u>\$ 1,383,481</u>

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 7. Long-Term Liabilities

The following is a summary of changes in long-term obligations for the current fiscal year:

	<u>Balance</u> <u>June 30, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Current</u> <u>Portion</u>
Governmental Activities:					
Notes payable from direct borrowings:					
Notes payable	\$ 262,590	\$ -	\$ (68,790)	\$ 193,800	\$ 70,071
Bonds payable from direct placement:					
Pledged Revenue Obligation, Taxable Series 2022	-	21,650,000	-	21,650,000	-
Leases payable	24,793	-	(7,165)	17,628	7,007
Net Pension/OPEB Liability	23,413,034	-	(723,938)	22,689,096	-
Accrued Compensated Absences	168,559	173,301	(195,264)	146,596	132,000
Total Governmental Activity					
Long-Term Liabilities	<u>\$ 23,868,976</u>	<u>\$ 21,823,301</u>	<u>\$ (995,157)</u>	<u>\$ 44,697,120</u>	<u>\$ 209,078</u>
Business-Type Activities:					
Notes Payable:					
Notes payable from direct borrowings:					
WIFA Loan 910160-14 (Solar)	\$ 830,576	\$ -	\$ (53,207)	\$ 777,369	\$ 54,800
Notes Payable	855,232	-	(111,657)	743,575	140,947
Total Notes Payable	<u>1,685,808</u>	<u>-</u>	<u>(164,864)</u>	<u>1,520,944</u>	<u>195,747</u>
Revenue Bonds:					
Bonds payable from direct placement:					
Pledged Revenue Obligation, Series 2018	7,109,000	-	(282,000)	6,827,000	293,000
Total Revenue Bonds	<u>7,109,000</u>	<u>-</u>	<u>(282,000)</u>	<u>6,827,000</u>	<u>293,000</u>
Other Business-Type Obligations					
Net Pension/OPEB Liability	1,067,337	-	(296,221)	771,116	-
Accrued Compensated Absences	36,638	36,319	(36,236)	36,721	35,000
Total Other Business-Type Obligations	<u>1,103,975</u>	<u>36,319</u>	<u>(332,457)</u>	<u>807,837</u>	<u>35,000</u>
Total Business-Type Activity					
Long-Term Liabilities	<u>\$ 9,898,783</u>	<u>\$ 36,319</u>	<u>\$ (779,321)</u>	<u>\$ 9,155,781</u>	<u>\$ 523,747</u>
Total Long-Term Liabilities	<u>\$ 33,767,759</u>	<u>\$ 21,859,620</u>	<u>\$ (1,774,478)</u>	<u>\$ 53,852,901</u>	<u>\$ 732,825</u>

Generally, resources from the General fund are used to liquidate pension liabilities and compensated absences for governmental activities.

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 7. Long-Term Liabilities, Continued

Revenue Bonds

In May 2022 the City issued the Pledged Revenue Obligation, Taxable Series 2022, totaling \$21,650,000, to fund the PSPRS unfunded net pension liabilities for police and fire. \$20,750,000 of the proceeds were remitted to PSPRS during the year ended June 30, 2022. Due to the one-year reporting delay by PSPRS, this will not be reflected in the City's pension/OPEB liability until fiscal year 2023. The \$20,750,000 is included in deferred outflows on the statement of net position as of June 30, 2022. In the event of default, the Trustee may take whatever action under the law to collect past due amounts, but under no circumstances will payments be accelerated.

In June 2018 the City issued the Pledged Revenue Obligation, Series 2018 totaling \$7,640,000, to refund two USDA loans and a WIFA loan. In the event of default, the Trustee may take whatever action under the law to collect past due amounts, but under no circumstances will payments be accelerated.

Notes Payable

The City received loans from the Water Infrastructure Financing Authority (WIFA) and the United States Department of Agriculture (USDA) for the rehabilitation of wastewater collection lines and facilities. The debt is secured by, and to be repaid from, amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources are received. In addition to the WIFA loans, the City has received equipment loans which are included on the following page.

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CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 7. Long-Term Liabilities, Continued

Long-term liability activity for the primary government at June 30, 2022 is comprised of the following issues:

Notes payable from direct borrowings - Governmental-type activities:

Note payable to the Catepillar Financial Services Corporation, due in annual principal installments ranging from \$1,985 to \$12,903, bearing interest annually at 2.99% maturing November 30, 2026, secured by equipment.	\$ 52,331
Note payable to the Enterprise Fleet Management, due in monthly installments of \$5,420 bearing interest annually ranging from 0.39% to 3.61% maturing between 48 and 60 months after inception, secured by vehicles.	
	141,469
Total notes payable from direct borrowings - governmental-type activities	193,800

Notes payable from direct borrowings - Business-type activities:

Note payable to the Water Infrastructure Finance Authority of Arizona (WIFA), due in annual principal installments ranging from \$45,915 to \$75,791, bearing interest semi-annually at 1.492%, maturing July 1, 2033. Secured by revenues of the City's wastewater fund.	777,369
Note payable to Santander Bank, due in annual principal installments ranging from \$81,257 to \$245,000, bearing interest annually at 3.29%, maturing May 21, 2027, secured by equipment.	469,098
Note payable to Santander Bank, due in annual principal installments ranging from \$15,446 to \$18,807, bearing interest annually at 3.34%, maturing June 19, 2027, secured by equipment.	88,158
Note payable to Zions Bank, due in annual principal installments ranging from \$22,752 to \$30,172, bearing interest semi-annually at 3.23%, maturing August 1, 2027, secured by equipment.	143,739
Note payable to the Catepillar Financial Services Corporation, due in annual principal installments ranging from \$1,248 to \$8,625, bearing interest annually at 2.99% maturing January 20, 2027, secured by equipment.	34,167
Note payable to the Catepillar Financial Services Corporation, due in annual principal installments ranging from \$1,692 to \$2,345, bearing interest annually at 4.75% maturing November 15, 2025, secured by equipment.	8,413
Total notes payable from direct borrowings - business-type activities	1,520,944

Revenue bonds from direct placements - Governmental-type activities:

Pledged Revenue Refunding Obligation, Taxable Series 2022, due in annual principal and interest installments, bearing interest ranging from 3.25% to 5.75%, maturing July 1, 2048. Used to fund the Public Safety Personnel Retirement System unfunded pension liability.	21,650,000
Total revenue bonds - governmental-type activities	21,650,000

Revenue bonds from direct placements - Business-type activities:

Pledged Revenue Refunding Obligation, Series 2018, due in semiannual principal and interest installments, bearing interest at 3.814%, maturing July 1, 2038. Used to refund Water Infrastructure Finance Authority and United States Department of Agriculture loans 92-06 and 92-07.	6,827,000
Total revenue bonds - business-type activities	6,827,000

Leases payable:

Governmental activities:

Leases payable in monthly installments ranging from \$79 to \$650 through March 1, 2026, at interest of 3.0%.	17,628
Total leases payable-governmental type activities	17,628

Accrued compensated absences	183,317
Net pension/opeb liability	23,460,212
Total long-term debt	\$ 53,852,901
Less current portion:	
Governmental activities	(209,078)
Business-type activities	(523,747)
Net long-term debt	\$ 53,120,076

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 7. Long-Term Liabilities, Continued

The revenue bond debt service maturities are as follows:

Year Ending June 30,	Governmental activities		Business-type activities	
	Pledged Revenue Refunding Obligation, Taxable Series 2022		Pledged Revenue Refunding Obligation, Series 2018	
	Principal	Interest	Principal	Interest
2023	\$ -	\$ 660,800	\$ 293,000	\$ 254,794
2024	-	1,138,220	304,000	243,409
2025	125,000	1,136,189	315,000	231,605
2026	265,000	1,129,520	328,000	219,343
2027	410,000	1,117,298	340,000	206,604
2028-2032	2,925,000	5,262,220	1,904,000	824,511
2033-2037	3,845,000	4,456,184	2,297,000	424,975
2038-2042	4,985,000	3,283,229	1,046,000	40,276
2043-2047	6,535,000	1,685,799	-	-
2048-2049	2,560,000	130,233	-	-
Total	<u>\$ 21,650,000</u>	<u>\$ 19,999,690</u>	<u>\$ 6,827,000</u>	<u>\$ 2,445,518</u>

The annual requirements to amortize notes payable are as follows:

Year Ending June 30,	Governmental activities		Business-type activities	
	Notes Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2023	\$ 70,071	\$ 8,323	\$ 195,747	\$ 46,601
2024	70,424	7,970	202,030	40,293
2025	36,576	3,079	208,516	33,783
2026	13,807	459	214,446	27,062
2027	2,922	59	213,730	18,171
2028-2032	-	-	337,095	48,156
2033-2035	-	-	149,380	4,502
Total	<u>\$ 193,800</u>	<u>\$ 19,890</u>	<u>\$ 1,520,944</u>	<u>\$ 218,569</u>

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 8. Lease Receivable

The City began leasing the Bisbee Copper Queen Station building to a third party beginning January 1, 2018. The lease is for five years and the City receives monthly payments of \$4,867. The City recognized \$54,960 in lease revenue and \$3,445 in interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the City's receivable for lease payments was \$30,941. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$30,941.

Note 9. Interfund Receivables, Payables and Transfers

As of June 30, 2022, interfund receivables and payables that resulted from various interfund transactions were as follows:

Due from	Due to		Total
	General Fund	Wastewater Fund	
Sanitation Fund	\$ -	\$ 188,531	\$ 188,531
Nonmajor Funds	146,293	-	146,293
Total	\$ 146,293	\$ 188,531	\$ 334,824

The interfund receivables and payables were recorded to eliminate short-term deficit pooled cash balances in the various funds.

Interfund transfers for the fiscal year ended June 30, 2022 are as follows:

Transfers Out	Transfers In		
	General	Non Major Funds	Total
General Fund	\$ -	\$ 108,756	\$ 108,756
Streets	13,349	-	13,349
Non Major Funds	-	32,285	32,285
Total	\$ 13,349	\$ 141,041	\$ 154,389

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 10. Pensions and Other Postemployment Benefits

The City contributes to the plans described below. The plans are component units of the State of Arizona. At June 30, 2022, the City reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

Statement of Net Position and Statement of Activities	ASRS	PSPRS	Combined Total	Governmental Activities	Business-Type Activities
Net pension/OPEB asset	\$ 73,130	\$ 138,495	\$ 211,625	\$ 184,244	\$ 27,381
Net pension/OPEB liabilities	2,059,494	21,400,717	23,460,211	22,689,096	771,115
Deferred outflows of resources	525,600	22,399,577	22,925,177	22,728,381	196,796
Deferred inflows of resources	781,603	802,585	1,584,188	1,291,540	292,648
Pension/OPEB (income) expense	(241,589)	(24,479,748)	(24,721,337)	(24,608,079)	(113,258)

The City's accrued payroll and employee benefits includes \$58,819 of outstanding pension and OPEB contribution amounts payable to all pension plans for the year ended June 30, 2022. Also, the City reported \$22,212,974 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes. Of this amount, \$20,750,000 of the reported pension expense relates to the funding of the unfunded PSPRS net pension liability. See note 7 for additional information.

Arizona State Retirement System (ASRS)

Plan description – The City participates in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

Benefits provided – The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Initial Membership Date Before July 1, 2011	Initial Membership Date On or After July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50* any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* any years age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

* With actuarially reduced benefits.

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 10. Pensions and Other Postemployment Benefits, Continued

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$150 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

Contributions – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2022, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.41 percent (12.22 percent for retirement and 0.19 percent for long-term disability) of the members' annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of 12.41 percent (12.01 percent for retirement, 0.21 percent for health insurance premium benefit, and 0.19 percent for long-term disability) of the active members' annual covered payroll. In addition, the City was required by statute to contribute at the actuarially determined rate of 10.22 percent (10.13 percent for retirement and 0.09 percent for long-term disability) of annual covered payroll of retired members who worked for the City in positions that would typically be filled by an employee who contributes to the ASRS. The City's contributions to the pension, health insurance premium benefit and long-term disability plans for the year ended June 30, 2022, were as follows:

Year Ended June 30,	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
2022	\$ 213,663	\$ 3,736	\$ 3,380

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 10. Pensions and Other Postemployment Benefits, Continued

Liability – At June 30, 2022, the City reported the following asset and liabilities for its proportionate share of the ASRS’ net pension/OPEB asset or liability.

	Net pension/OPEB (asset) liability
Pension	\$ 2,056,341
Health insurance premium benefit	(73,130)
Long-term disability	3,154

The net asset and net liabilities were measured as of June 30, 2021. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2020, to the measurement date of June 30, 2021. The total liabilities as of June 30, 2021, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2020, including decreasing the discount rate from 7.5 percent to 7.0 percent and changing the projected salary increases from 2.7–7.2 percent to 2.9–8.4 percent. The City's proportion of the net asset or net liability was based on the City's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021. The City's proportion measured as of June 30, 2021, and the change from its proportions measured as of June 30, 2020, were:

	Proportion June 30, 2020	Proportion June 30, 2021	Increase (decrease) from June 30, 2020
Pension	0.015990%	0.015650%	-0.000340%
Health insurance premium benefit	0.015550%	0.015010%	-0.000540%
Long-term disability	0.015700%	0.015280%	-0.000420%

Expense – For the year ended June 30, 2022, the City recognized the following pension and OPEB expense:

	<u>Pension/OPEB Expense</u>
Pension	\$ 1,852
Health insurance premium benefit	(8,365)
Long-term disability	2,111

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 10. Pensions and Other Postemployment Benefits, Continued

Deferred outflows/inflows of resources – At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	<u>Pension</u>		<u>Health Insurance Premium Benefit</u>		<u>Long-Term Disability</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 31,347	\$ -	\$ -	\$ 25,362	\$ 911	\$ 257
Changes of assumptions or other inputs	267,649	-	3,626	2,957	1,009	3,974
Net difference between projected and actual earnings on pension plan investments	-	651,521	-	27,128	-	2,184
Changes in proportion and differences between contributions and proportionate share of contributions	-	66,835	259	1	20	1,384
Contributions subsequent to the measurement date	213,663	-	3,736	-	3,380	-
Total	<u>\$ 512,659</u>	<u>\$ 718,356</u>	<u>\$ 7,621</u>	<u>\$ 55,448</u>	<u>\$ 5,320</u>	<u>\$ 7,799</u>

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 10. Pensions and Other Postemployment Benefits, Continued

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from City contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions and OPEB will be recognized as expenses as follows:

Year Ended June 30,	Pension	Health Insurance Premium Benefit	Long-Term Disability
2023	\$ (42,151)	\$ (12,083)	\$ (845)
2024	(9,063)	(11,584)	(808)
2025	(143,627)	(12,708)	(887)
2026	(224,519)	(14,064)	(1,218)
2027	-	(1,124)	(613)
Thereafter	-	-	(1,488)

Actuarial Assumptions – The significant actuarial assumptions used to measure the total pension/OPEB liability are as follows:

Actuarial valuation date	June 30, 2020
Actuarial roll forward date	June 30, 2021
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9-8.4% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery rates	2012-GLDT for long-term disability
Healthcare cost trend rates	Not applicable

Actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 10. Pensions and Other Postemployment Benefits, Continued

The long-term expected rate of return on ASRS plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Geometric Real Rate of Return
Equity	50%	4.90%
Fixed income-credit	20%	5.20%
Fixed income-interest rate sensitive	10%	0.70%
Real estate	20%	5.70%
Total	100%	

Discount Rate – At June 30, 2021, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of the proportionate share of the net pension/OPEB (asset) liability to changes in the discount rate – The following table presents the City's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.0 percent, as well as what the City's proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Proportionate share of			
Net pension liability	\$ 3,234,341	\$ 2,056,341	\$ 1,074,122
Net insurance premium benefit liability (asset)	(48,420)	(73,130)	(94,142)
Net long-term disability liability	4,107	3,154	2,232

Pension plan fiduciary net position – Detailed information about the plan's fiduciary net position is available in the separately issued ASRS financial report.

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 10. Pensions and Other Postemployment Benefits, Continued

Public Safety Personnel Retirement System (PSPRS)

Plan description – The City employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool).

The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for PSPRS. The reports are available on the PSPRS website at www.psprs.com.

Benefits provided – The PSPRS provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

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CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 10. Pensions and Other Postemployment Benefits, Continued

	Initial Membership Date Before January 1, 2012	Initial Membership Date On or After January 1, 2012 and Before July 1, 2017
Retirement and Disability		
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percent		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor Benefit		
Retired Members	80% to 100% of retired member's pension benefit	
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 10. Pensions and Other Postemployment Benefits, Continued

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$150 per month to \$260 per month depending on the age of the member and dependents

Employees covered by benefit terms – At June 30, 2022, the following employees were covered by the agent plans’ benefit terms:

PSPRS - Police	Pension	Health
Inactive employees or beneficiaries currently receiving benefits	19	19
Inactive employees entitled to but not yet receiving benefits	4	0
Active employees	4	4
Total	27	23

PSPRS - Fire	Pension	Health
Inactive employees or beneficiaries currently receiving benefits	21	21
Inactive employees entitled to but not yet receiving benefits	4	0
Active employees	12	12
Total	37	33

Contributions – State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2022, are indicated below. Rates are a percentage of active members’ annual covered payroll.

PSPRS - Police	Active member - Pension	City - Pension	City-Health insurance premium
PSPRS Police	7.65%	94.71%	1.64%
PSPRS Tier 3 risk pool	9.81%	94.36%	0.13%

PSPRS - Fire	Active member - Pension	City - Pension	City-Health insurance premium
PSPRS Fire	7.65%	75.74%	0.00%
PSPRS Tier 3 risk pool	9.94%	72.21%	0.13%

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 10. Pensions and Other Postemployment Benefits, Continued

In addition, statute required the City to contribute at the actuarially determined rate 84.55 percent for police and 62.40 percent for fire of annual covered payroll of retired members who worked for the City in positions that an employee who contributes to the PSPRS would typically fill and employees participating in the PSPRS Tier 3 Risk Pool and PSPDCRP members in addition to the City's required contributions to the PSPRS Tier 3 Risk Pool and PSPDCRP.

The City's contributions to the plans for the year ended June 30, 2022, were:

PSPRS - Police	Pension	Health insurance premium benefit
PSPRS	\$ 9,887,139	\$ 4,439
PSPRS Tier 3 risk pool	399,460	179

PSPRS - Fire	Pension	Health insurance premium benefit
PSPRS	\$ 11,709,537	\$ -
PSPRS Tier 3 risk pool	-	-

Liability – At June 30, 2022, the City reported the following assets and liabilities:

	Net pension (asset) liability	Net OPEB (asset) liability
PSPRS Police	\$ 9,990,328	\$ 57,626
PSPRS Fire	11,352,763	(138,495)

The net assets and net liabilities were measured as of June 30, 2021, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date.

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 10. Pensions and Other Postemployment Benefits, Continued

Actuarial assumptions – The significant actuarial assumptions used to measure the total pension/OPEB liability are as follows:

PSPRS	
Actuarial valuation date	June 30, 2021
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Wage inflation	3.5% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	1.75% for pensions/not applicable for OPEB
Mortality rates	PubS-2010 tables.
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

The long-term expected rate of return on PSPRS plan investments was determined to be 7.3 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. The target allocation and best estimate of geometric real rates of return for each major asset class are summarized in the following table:

PSPRS Asset class	Target allocation	Long-term expected geometric real rate of return
U.S. Public Equity	24%	4.08%
International Public Equity	16%	5.20%
Global Private Equity	20%	7.67%
Other Assets	7%	5.43%
Core Bonds	2%	0.42%
Private credit	20%	5.74%
Diversifying Strategies	10%	3.99%
Cash – Mellon	<u>1%</u>	(0.31)%
Total	<u>100%</u>	

Discount Rate –At June 30, 2021, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.3 percent. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 10. Pensions and Other Postemployment Benefits, Continued

Changes in the Net Pension/OPEB Liability

PSPRS-Police	Pension Increase (decrease)			Health insurance premium benefit Increase (decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balances at June 30, 2021	\$ 11,566,062	\$ 1,107,269	\$ 10,458,793	\$ 253,421	\$ 146,300	\$ 107,121
Changes for the year:						
Service cost	50,793	-	50,793	2,196	-	2,196
Interest on total pension/OPEB liability	818,621	-	818,621	17,971	-	17,971
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience in the measurement of the pension/OPEB liability	(431,454)	-	(431,454)	(31,462)	-	(31,462)
Changes of assumptions	-	-	-	-	-	-
Contributions - employer	-	605,487	(605,487)	-	2,820	(2,820)
Contributions - employee	-	20,762	(20,762)	-	-	-
Net investment income	-	281,442	(281,442)	-	35,526	(35,526)
Benefit payments, including refunds of employee contributions	(805,737)	(805,737)	-	(18,871)	(18,871)	-
Plan administrative expenses	-	(1,266)	1,266	-	(146)	146
Net changes	<u>(367,777)</u>	<u>100,688</u>	<u>(468,465)</u>	<u>(30,166)</u>	<u>19,329</u>	<u>(49,495)</u>
Balances at June 30, 2022	<u>\$ 11,198,285</u>	<u>\$ 1,207,957</u>	<u>\$ 9,990,328</u>	<u>\$ 223,255</u>	<u>\$ 165,629</u>	<u>\$ 57,626</u>

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 10. Pensions and Other Postemployment Benefits, Continued

PSPRS-Fire	Pension Increase (decrease)			Health insurance premium benefit Increase (decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balances at June 30, 2021	\$ 11,708,652	\$ 576,616	\$ 11,132,036	\$ 162,248	\$ 228,084	\$ (65,836)
Changes for the year:						
Service cost	143,601	-	143,601	4,035	-	4,035
Interest on total pension/OPEB liability	832,520	-	832,520	11,799	-	11,799
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience in the measurement of the pension/OPEB liability	155,682	-	155,682	(27,050)	-	(27,050)
Changes of assumptions	-	-	-	-	-	-
Contributions - employer	-	705,847	(705,847)	-	-	-
Contributions - employee	-	61,043	(61,043)	-	-	-
Net investment income	-	144,739	(144,739)	-	61,697	(61,697)
Benefit payments, including refunds of employee contributions	(895,738)	(895,738)	-	(9,294)	(9,294)	-
Plan administrative expenses	-	(553)	553	-	(254)	254
Other changes*	-	-	-	-	-	-
Net changes	236,065	15,338	220,727	(20,510)	52,149	(72,659)
Balances at June 30, 2022	\$ 11,944,717	\$ 591,954	\$ 11,352,763	\$ 141,738	\$ 280,233	\$ (138,495)

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 10. Pensions and Other Postemployment Benefits, Continued

Sensitivity of the proportionate share of the net pension/OPEB (asset) liability to changes in the discount rate – The following table presents the City's net pension/OPEB (asset) liability calculated using the discount rate of 7.3 percent for police and 7.3 percent for fire, as well as what the City's net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (6.30%)	Discount Rate (7.30%)	1% Increase (8.30%)
PSPRS-Police			
Net pension (asset) / liability	\$ 11,306,529	\$ 9,990,328	\$ 8,905,720
Net OPEB (asset)/ liability	78,923	57,626	39,627
	1% Decrease (6.30%)	Discount Rate (7.30%)	1% Increase (8.30%)
PSPRS-Fire			
Net pension (asset) / liability	\$ 12,469,934	\$ 11,132,036	\$ 10,232,473
Net OPEB (asset)/ liability	(123,562)	(138,495)	(151,114)

Plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued PSPRS financial report.

Expense – For the year ended June 30, 2022, the City recognized the following pension and OPEB expense:

	Pension expense	OPEB expense
PSPRS Police	\$ (3,482,697)	\$ 11,120
PSPRS Fire	923,189	(18,472)

Deferred outflows/inflows of resources –At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension		Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ 15,731
Changes in assumptions	-	-	-	-
Net difference between projected and actual earnings on pension/OPEB plan investments	-	109,361	-	13,499
Contributions subsequent to the measurement date	10,286,599	-	4,618	-
Total	\$ 10,286,599	\$ 109,361	\$ 4,618	\$ 29,230

CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 10. Pensions and Other Postemployment Benefits, Continued

PSPRS - Fire	Pension		Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 204,391	\$ 540,871	\$ 200	\$ 44,055
Changes in assumptions	191,599	-	2,633	-
Net difference between projected and actual earnings on pension/OPEB plan investments	-	53,099	-	25,969
Contributions subsequent to the measurement date	11,709,537	-	-	-
Total	<u>\$ 12,105,527</u>	<u>\$ 593,970</u>	<u>\$ 2,833</u>	<u>\$ 70,024</u>

The amounts reported as deferred outflows of resources related to PSPRS pensions and OPEB resulting from City contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PSPRS pensions and OPEB will be recognized in pension expense as follows:

Year Ended June 30,	PSPRS Police	
	Pension	Health Insurance Premium Benefit
2023	\$ (19,093)	\$ (18,258)
2024	(21,941)	(2,644)
2025	(26,885)	(3,241)
2026	(41,442)	(5,087)
2027	-	-
Thereafter	-	-

Year Ended June 30,	PSPRS - Fire	
	Pension	Health Insurance Premium Benefit
2023	\$ (7,565)	\$ (16,427)
2024	(55,896)	(16,315)
2025	(144,181)	(14,526)
2026	9,662	(15,415)
2027	-	(4,508)
Thereafter	-	-

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CITY OF BISBEE, ARIZONA
Notes to the Financial Statements
June 30, 2022

Note 11. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters.

The City is a member of the Arizona Municipal Risk Retention Pool (AMRRP), a public entity risk pool currently operating as a common risk management and insurance program for Arizona municipalities. The City pays an annual premium to AMRRP for its general insurance coverage. The Agreement for Formation of the AMRRP provides that AMRRP will be self-sustaining through member premiums and will reinsure through commercial companies for excess claims for each insured event.

The City is also a member of the Arizona Municipal Workers Compensation Pool (AMWCP), a public entity risk pool. The pool provides member cities with workers' compensation coverage, as required by law, and risk management services. The City is responsible for paying premiums based on an experience rating formula that allocates pool expenditures and liabilities among the members.

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year nor the three prior years.

Note 12. Contingent Liabilities and Significant Commitments

Federal grants: In the normal course of operations, the City receives grant funds from various federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to insure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of audits of grant funds is not believed by City officials to be material.

Litigation: Each year, the City receives notices of claims for damages occurring generally from negligence, bodily injury, breach of contract, and other legal matters. The filing of such claims commences a statutory period for initiating a lawsuit against the City arising therefrom. The City has comprehensive general liability insurance with Arizona Municipal Risk Retention Pool and separate liability insurance for its Queen Mine Tour. The City is not aware of any litigation that might result in a materially adverse outcome.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF BISBEE, ARIZONA
Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension/OPEB Liability
June 30, 2022

ASRS - Pension	Reporting Fiscal Year (Measurement Date)							
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Proportion of the net pension liability (asset)	0.015650%	0.015990%	0.016670%	0.019550%	0.019700%	0.018040%	0.0201700%	0.0200000%
Proportionate share of the net pension liability (asset)	\$ 2,056,341	\$ 2,770,511	\$ 2,425,679	\$ 2,726,537	\$ 3,068,876	\$ 2,911,837	\$ 3,141,111	\$ 3,011,861
Covered payroll	\$ 1,652,223	\$ 1,694,725	\$ 1,768,383	\$ 1,716,492	\$ 1,721,226	\$ 1,784,509	\$ 1,900,854	\$ 1,900,854
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	124.46%	163.48%	137.17%	158.84%	178.30%	163.17%	165.25%	158.45%
Plan fiduciary net position as a percentage of the total pension liability	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%

Note: The City implemented GASB 68 in fiscal year 2015. Information prior to 2015 is not available.

ASRS - Health insurance premium benefit	Reporting Fiscal Year (Measurement Date)					
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)
Proportion of the net OPEB (asset)	0.015010%	0.015550%	0.016520%	0.019210%	0.018630%	0.018630%
Proportionate share of the net OPEB (asset)	\$ (73,130)	\$ (11,009)	\$ (4,565)	\$ (6,917)	\$ (10,142)	\$ 5,387
Covered payroll	\$ 1,652,223	\$ 1,694,725	\$ 1,768,383	\$ 1,716,492	\$ 1,721,226	\$ 1,784,509
Proportionate share of the net OPEB (asset) as a percentage of its covered payroll	-4.43%	-0.65%	-0.26%	-0.40%	-0.59%	0.30%
Plan fiduciary net position as a percentage of the total OPEB liability	130.24%	104.33%	101.62%	102.20%	103.57%	98.02%

Note: The City implemented GASB 75 in fiscal year 2018. Information prior to 2018 is not available.

ASRS - Long-term disability	Reporting Fiscal Year (Measurement Date)					
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)
Proportion of the net OPEB (asset)	0.015280%	0.015700%	0.016610%	0.019540%	0.019430%	0.019429%
Proportionate share of the net OPEB (asset)	\$ 3,154	\$ 11,910	\$ 10,821	\$ 10,210	\$ 7,043	\$ 6,982
Covered payroll	\$ 1,652,223	\$ 1,694,725	\$ 1,768,383	\$ 1,716,492	\$ 1,721,226	\$ 1,784,509
Proportionate share of the net OPEB (asset) as a percentage of its covered payroll	0.19%	0.70%	0.61%	0.59%	0.41%	0.39%
Plan fiduciary net position as a percentage of the total OPEB liability	90.38%	68.01%	72.85%	77.83%	84.44%	85.17%

Note: The City implemented GASB 75 in fiscal year 2018. Information prior to 2018 is not available.

CITY OF BISBEE, ARIZONA
Required Supplementary Information
Schedule of Changes in the Net Pension/OPEB Liability and Related Ratios
June 30, 2022

PSPRS Police - Pension

	Reporting Fiscal Year (Measurement Date)							
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Total pension liability								
Service cost	\$ 50,793	\$ 66,955	\$ 113,978	\$ 112,682	\$ 132,510	\$ 81,788	\$ 113,055	\$ 121,391
Interest on total pension liability	818,621	569,613	738,137	704,633	655,231	706,659	713,065	588,428
Changes of benefit terms	-	-	-	-	102,494	(127,627)	-	294,989
Difference between expected and actual experience of the total net pension liability	(431,454)	1,388,271	330,619	285,911	132,547	(565,815)	(30,404)	172,427
Changes of assumptions	-	(8,987,040)	8,620,795	-	474,406	300,626	-	1,244,835
Benefit payments, including refunds of employee contributions	(805,737)	(783,732)	(704,752)	(711,468)	(691,780)	(681,429)	(1,041,927)	(618,413)
Net change in total pension liability	(367,777)	(7,745,933)	9,098,777	391,758	805,408	(285,798)	(246,211)	1,803,657
Total pension liability - beginning	11,566,062	19,311,995	10,213,218	9,821,460	9,016,052	9,301,850	9,548,061	7,744,404
Total pension liability - ending (a)	\$ 11,198,285	\$ 11,566,062	\$ 19,311,995	\$ 10,213,218	\$ 9,821,460	\$ 9,016,052	\$ 9,301,850	\$ 9,548,061
Plan fiduciary net position								
Contributions - employer	\$ 605,487	\$ 532,533	\$ 602,870	\$ 706,187	\$ 519,068	\$ 552,417	\$ 401,838	\$ 348,980
Contributions - employee	20,762	23,444	42,532	189,723	63,718	68,545	70,709	104,080
Net investment income	281,442	15,290	70,033	73,315	127,457	6,838	56,297	217,688
Benefit payments, including refunds of employee contributions	(805,737)	(783,732)	(704,752)	(711,468)	(691,780)	(681,429)	(1,041,927)	(618,413)
Hall/Parker settlement	-	-	-	(73,252)	-	-	-	-
Pension Plan Administrative Expense	(1,266)	(1,245)	(2,183)	(1,816)	(1,528)	(1,383)	(1,737)	-
Other (net transfer)	-	-	7,837	11	12	(17,267)	(1,246)	(130,415)
Net change in plan fiduciary net position	100,688	(213,710)	16,337	182,700	16,947	(72,279)	(516,066)	(78,080)
Plan fiduciary net position - beginning	1,107,269	1,320,979	1,311,185	1,128,485	1,111,538	1,183,817	1,699,883	1,777,963
Adjustment to beginning of year	-	-	(6,543)	-	-	-	-	-
Plan fiduciary net position - ending (b)	\$ 1,207,957	\$ 1,107,269	\$ 1,320,979	\$ 1,311,185	\$ 1,128,485	\$ 1,111,538	\$ 1,183,817	\$ 1,699,883
Net pension liability - ending (a) - (b)	\$ 9,990,328	\$ 10,458,793	\$ 17,991,016	\$ 8,902,033	\$ 8,692,975	\$ 7,904,514	\$ 8,118,033	\$ 7,848,178
Plan fiduciary net position as a percentage of the total pension liability	10.79%	9.57%	6.84%	12.84%	11.49%	12.33%	12.73%	17.80%
Covered payroll	\$ 240,628	\$ 262,739	\$ 351,956	\$ 562,567	\$ 585,292	\$ 442,576	\$ 648,977	\$ 605,942
Net pension liability as a percentage of covered payroll	4151.77%	3980.68%	5111.72%	1582.40%	1485.24%	1786.02%	1250.90%	1295.20%

Note: The City implemented GASB 68 in fiscal year 2015. Information prior to 2015 is not available.

CITY OF BISBEE, ARIZONA
Required Supplementary Information
Schedule of Changes in the Net Pension/OPEB Liability and Related Ratios
June 30, 2022

PSPRS Fire - Pension

	Reporting Fiscal Year (Measurement Date)							
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Total pension liability								
Service cost	\$ 143,601	\$ 154,667	\$ 180,034	\$ 167,528	\$ 191,050	\$ 167,677	\$ 148,284	\$ 150,293
Interest on total pension liability	832,520	883,097	853,848	851,653	780,756	809,760	807,124	666,632
Changes of benefit terms	-	-	-	-	201,369	(322,800)	-	385,339
Difference between expected and actual experience of the total net pension liability	155,682	(808,596)	198,421	(261,510)	3,699	(126,570)	7,207	52,323
Changes of assumptions	-	-	249,604	-	707,842	358,543	-	1,490,617
Benefit payments, including refunds of employee contributions	(895,738)	(926,136)	(869,478)	(779,090)	(769,316)	(837,959)	(1,039,495)	(869,480)
Net change in total pension liability	236,065	(696,968)	612,429	(21,419)	1,115,400	48,651	(76,880)	1,875,724
Total pension liability - beginning	11,708,652	12,405,620	11,793,191	11,814,610	10,699,210	10,650,559	10,727,439	8,851,715
Total pension liability - ending (a)	\$ 11,944,717	\$ 11,708,652	\$ 12,405,620	\$ 11,793,191	\$ 11,814,610	\$ 10,699,210	\$ 10,650,559	\$ 10,727,439
Plan fiduciary net position								
Contributions - employer	\$ 705,847	\$ 692,111	\$ 781,541	\$ 699,109	\$ 790,896	\$ 816,618	\$ 566,273	\$ 488,842
Contributions - employee	61,043	64,433	74,846	83,507	107,136	107,983	95,678	83,553
Net investment income	144,739	8,320	37,698	36,836	72,290	3,065	26,028	132,336
Benefit payments, including refunds of employee contributions	(895,738)	(926,136)	(869,478)	(779,090)	(769,316)	(837,959)	(1,039,495)	(869,480)
Hall/Parker settlement	-	-	-	(82,902)	-	-	-	-
Pension Plan Administrative Expense	(553)	(676)	(1,579)	(1,261)	(1,040)	(842)	(941)	-
Other (net transfer)	-	-	-	(1)	21,808	(64,002)	(2,876)	(212,994)
Net change in plan fiduciary net position	15,338	(161,948)	23,028	(43,802)	221,774	24,863	(355,333)	(377,743)
Plan fiduciary net position - beginning	576,616	738,776	715,748	759,550	537,776	512,913	868,246	1,245,989
Adjustment to beginning of year	-	(212)	-	-	-	-	-	-
Plan fiduciary net position - ending (b)	\$ 591,954	\$ 576,616	\$ 738,776	\$ 715,748	\$ 759,550	\$ 537,776	\$ 512,913	\$ 868,246
Net pension liability - ending (a) - (b)	\$ 11,352,763	\$ 11,132,036	\$ 11,666,844	\$ 11,077,443	\$ 11,055,060	\$ 10,161,434	\$ 10,137,646	\$ 9,859,193
Plan fiduciary net position as a percentage of the total pension liability	4.96%	4.92%	5.96%	6.07%	6.43%	5.03%	4.82%	8.09%
Covered payroll	\$ 649,035	\$ 653,711	\$ 716,856	\$ 786,148	\$ 894,008	\$ 944,130	\$ 882,311	\$ 809,095
Net pension liability as a percentage of covered payroll	1749.18%	1702.90%	1627.50%	1409.08%	1236.57%	1076.27%	1148.99%	1218.55%

Note: The City implemented GASB 68 in fiscal year 2015. Information prior to 2015 is not available.

See accompanying notes to pension/OPEB plan schedules

CITY OF BISBEE, ARIZONA
Required Supplementary Information
Schedule of Changes in the Net Pension/OPEB Liability and Related Ratios
June 30, 2022

PSPRS Police-Health Insurance Premium Benefit

	Reporting Fiscal Year (Measurement Date)				
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
Total OPEB liability					
Service cost	\$ 2,196	\$ 2,426	\$ 3,150	\$ 2,813	\$ 2,926
Interest on total OPEB liability	17,971	16,252	20,512	15,103	16,745
Changes of benefit terms*	-	-	-	-	1,353
Difference between expected and actual experience of the total net OPEB liability	(31,462)	26,924	(67,307)	69,240	(28,928)
Changes of assumptions or other inputs	-	-	5,077	-	2,267
Benefit payments	(18,871)	(18,765)	(17,784)	(13,822)	(13,128)
Net change in total OPEB liability	(30,166)	26,837	(56,352)	73,334	(18,765)
Total OPEB liability - beginning	253,421	226,584	282,936	209,602	228,367
Total OPEB liability - ending (a)	\$ 223,255	\$ 253,421	\$ 226,584	\$ 282,936	\$ 209,602
Plan fiduciary net position					
Contributions - employer	\$ 2,820	\$ 5,361	\$ 4,614	\$ 899	\$ 3,598
Net investment income	-	-	-	-	-
Benefit payments	35,526	1,811	8,116	10,706	17,341
Administrative expense	(18,871)	(18,765)	(17,784)	(13,822)	(13,128)
OPEB Plan Administrative Expense	(146)	(147)	(140)	(163)	(154)
Other changes	-	-	-	1	-
Net change in plan fiduciary net position	19,329	(11,740)	(5,194)	(2,379)	7,657
Plan fiduciary net position - beginning	146,300	158,040	156,691	159,070	151,413
Adjustment to beginning of year	-	-	6,543	-	-
Plan fiduciary net position - ending (b)	\$ 165,629	\$ 146,300	\$ 158,040	\$ 156,691	\$ 159,070
Net OPEB liability - ending (a) - (b)	\$ 57,626	\$ 107,121	\$ 68,544	\$ 126,245	\$ 50,532
Plan fiduciary net position as a percentage of the total OPEB liability	74.19%	57.73%	69.75%	55.38%	75.89%
Covered payroll	\$ 240,628	\$ 262,739	\$ 351,956	\$ 562,567	\$ 585,292
Net OPEB liability as a percentage of covered payroll	23.95%	40.77%	19.48%	22.44%	8.63%

Note: The City implemented GASB 75 in fiscal year 2018. Information prior to 2018 is not available.

CITY OF BISBEE, ARIZONA
Required Supplementary Information
Schedule of Changes in the Net Pension/OPEB Liability and Related Ratios
June 30, 2022

PSPRS Fire - Health Insurance Premium Benefit	Reporting Fiscal Year (Measurement Date)				
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
Total OPEB liability					
Service cost	\$ 4,035	\$ 3,900	\$ 2,909	\$ 2,987	\$ 3,218
Interest on total OPEB liability	11,799	12,322	12,768	13,736	13,291
Changes of benefit terms	-	-	-	-	388
Difference between expected and actual experience of the total net OPEB liability	(27,050)	(10,969)	(15,627)	(20,088)	830
Changes of assumptions or other inputs	-	-	4,248	-	2,084
Benefit payments	(9,294)	(11,226)	(11,426)	(10,841)	(11,728)
Net change in total OPEB liability	(20,510)	(5,973)	(7,128)	(14,206)	8,083
Total OPEB liability - beginning	162,248	168,221	175,349	189,555	181,472
Total OPEB liability - ending (a)	\$ 141,738	\$ 162,248	\$ 168,221	\$ 175,349	\$ 189,555
Plan fiduciary net position					
Contributions - employer	\$ -	\$ -	\$ -	\$ (213)	\$ -
Net investment income	61,697	2,927	12,470	15,793	25,050
Benefit payments	(9,294)	(11,226)	(11,426)	(10,841)	(11,728)
Administrative expense	(254)	(238)	(215)	(240)	(221)
Net change in plan fiduciary net position	52,149	(8,537)	829	4,499	13,101
Plan fiduciary net position - beginning	228,084	236,621	235,580	231,081	217,980
Adjustment to beginning of year	-	-	212	-	-
Plan fiduciary net position - ending (b)	\$ 280,233	\$ 228,084	\$ 236,621	\$ 235,580	\$ 231,081
Net OPEB liability - ending (a) - (b)	\$ (138,495)	\$ (65,836)	\$ (68,400)	\$ (60,231)	\$ (41,526)
Plan fiduciary net position as a percentage of the total OPEB liability	197.71%	140.58%	140.66%	134.35%	121.91%
Covered payroll	\$ 649,035	\$ 653,711	\$ 716,856	\$ 786,148	\$ 894,008
Net OPEB liability as a percentage of covered payroll	-21.34%	-10.07%	-9.54%	-7.66%	-4.64%

Note: The City implemented GASB 75 in fiscal year 2018. Information prior to 2018 is not available.

CITY OF BISBEE, ARIZONA
Required Supplementary Information
Schedule of Pension/OPEB Contributions
June 30, 2022

ASRS - Pension

	Reporting Fiscal Year							
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 213,663	\$ 204,925	\$ 200,068	\$ 196,557	\$ 211,806	\$ 207,125	\$ 176,660	\$ 194,333
Contributions in relation to the contractually required contribution	\$ (213,663)	\$ (204,925)	\$ (200,068)	\$ (196,557)	\$ (211,806)	\$ (207,125)	\$ (176,660)	\$ (194,333)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,677,753	\$ 1,652,223	\$ 1,694,725	\$ 1,768,383	\$ 1,716,492	\$ 1,721,226	\$ 1,784,509	\$ 1,900,854
Contributions as a percentage of covered payroll	12.74%	12.40%	11.81%	11.12%	12.34%	12.03%	9.90% #	10.22%

Note: The City implemented GASB 68 in fiscal year 2015. Information prior to 2015 is not available.

ASRS - Health insurance premium benefit

	Reporting Fiscal Year					
	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 3,736	\$ 6,419	\$ 8,131	\$ 7,819	\$ 8,443	\$ 10,028
Contributions in relation to the contractually required contribution	(3,736)	(6,419)	(8,131)	(7,819)	(8,443)	(10,028)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,677,753	\$ 1,652,223	\$ 1,694,725	\$ 1,768,383	\$ 1,716,492	\$ 1,721,226
Contributions as a percentage of covered payroll	0.22%	0.39%	0.48%	0.44%	0.49%	0.58%

ASRS - Long-term disability

	Reporting Fiscal Year					
	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 3,380	\$ 3,053	\$ 2,877	\$ 2,760	\$ 3,070	\$ 2,642
Contributions in relation to the contractually required contribution	(3,380)	(3,053)	(2,877)	(2,760)	(3,070)	(2,642)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,677,753	\$ 1,652,223	\$ 1,694,725	\$ 1,768,383	\$ 1,716,492	\$ 1,721,226
Contributions as a percentage of covered payroll	0.20%	0.18%	0.17%	0.16%	0.18%	0.15%

Note: The City implemented GASB 75 in fiscal year 2018. Information prior to 2018 is not available.

CITY OF BISBEE, ARIZONA
Required Supplementary Information
Schedule of Pension/OPEB Contributions
June 30, 2022

PSPRS Police - Pensions

	Reporting Fiscal Year								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 10,286,599	\$ 605,487	\$ 532,533	\$ 602,870	\$ 706,187	\$ 519,068	\$ 552,417	\$ 401,838	\$ 348,980
Contributions in relation to the actuarially determined contribution	\$ (10,286,599)	\$ (605,487)	\$ (532,533)	\$ (602,870)	\$ (706,187)	\$ (519,068)	\$ (552,417)	\$ (401,838)	\$ (348,980)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 170,190	\$ 240,628	\$ 262,739	\$ 351,956	\$ 562,567	\$ 585,292	\$ 442,576	\$ 648,977	\$ 605,942
Contributions as a percentage of covered payroll	6044.19%	251.63%	202.69%	171.29%	125.53%	88.69%	124.82%	61.92%	57.59%

PSPRS Fire -Pensions

	Reporting Fiscal Year								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 11,709,537	\$ 705,847	\$ 692,111	\$ 781,541	\$ 699,109	\$ 790,896	\$ 816,618	\$ 566,273	\$ 488,842
Contributions in relation to the actuarially determined contribution	\$ (11,709,537)	\$ (705,847)	\$ (692,111)	\$ (781,541)	\$ (699,109)	\$ (790,896)	\$ (816,618)	\$ (566,273)	\$ (488,842)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 533,454	\$ 649,035	\$ 653,711	\$ 716,856	\$ 786,148	\$ 894,008	\$ 944,130	\$ 882,311	\$ 809,095
Contributions as a percentage of covered payroll	2195.04%	108.75%	105.87%	109.02%	88.93%	88.47%	86.49%	64.18%	60.42%

Note: The City implemented GASB 68 in fiscal year 2015. Information prior to 2015 is not available.

See accompanying notes to pension/OPEB plan schedules

CITY OF BISBEE, ARIZONA
Required Supplementary Information
Schedule of Pension/OPEB Contributions
June 30, 2022

PSPRS Police-Health Insurance Premium Benefit	Reporting Fiscal Year					
	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 4,618	\$ 2,820	\$ 5,361	\$ 4,614	\$ 899	\$ 3,598
Contributions in relation to the actuarially determined contribution	\$ (4,618)	\$ (2,820)	\$ (5,361)	\$ (4,614)	\$ (899)	\$ (3,598)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 170,190	\$ 240,628	\$ 262,739	\$ 351,956	\$ 562,567	\$ 585,292
Contributions as a percentage of covered payroll	2.71%	1.17%	2.04%	1.31%	0.16%	0.61%
 PSPRS Fire - Health Insurance Premium Benefit						
PSPRS Fire - Health Insurance Premium Benefit	Reporting Fiscal Year					
	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ (213)	\$ -
Contributions in relation to the actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ 213	\$ -
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 533,454	\$ 649,035	\$ 653,711	\$ 716,856	\$ 786,148	\$ 894,008
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	-0.02%	0.00%

Note: The City implemented GASB 75 in fiscal year 2018. Information prior to 2018 is not available.

CITY OF BISBEE, ARIZONA
Required Supplementary Information
Notes to Pension/OPEB Plan Schedules
June 30, 2022

Note 1. Actuarially Determined Contribution Rates

Actuarially determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percent-of-pay, closed
Remaining amortization period as of the 2019 actuarial valuation	17 years for unfunded
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%–8.0% to 3.5%–7.5% for PSPRS, In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%–8.5% to 4.0%–8.0% for PSPRS. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%–9.0% to 4.5%–8.5% for PSPRS
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5% for PSPRS. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006–June 30, 2011.
Mortality	In the 2019 actuarial valuation, changed to PubS-2010 tables. In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

CITY OF BISBEE, ARIZONA
Required Supplementary Information
Notes to Pension/OPEB Plan Schedules
June 30, 2022

Note 2. Factors that Affect Trends

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS required contributions beginning in fiscal year 2016 for members who retired or will retire after the law's effective date. Also, the City refunded excess employee contributions to PSPRS members. PSPRS allowed the City to reduce its actual employer contributions for the refund amounts. As a result, the City's pension contributions were less than the actuarially or statutorily determined contributions for 2018 and 2019.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

FOR THE FOLLOWING MAJOR FUNDS:

- The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except for those accounted for in another fund.
- The **Streets Fund** accounts for the operation and maintenance of the City's streets, rights of way and street lighting throughout the City.

CITY OF BISBEE, ARIZONA
GENERAL FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
City sales tax	\$ 1,750,000	\$ 1,750,000	\$ 2,030,325	\$ 280,325
Property taxes	1,199,712	1,199,712	1,202,464	2,752
Total taxes	<u>2,949,712</u>	<u>2,949,712</u>	<u>3,232,789</u>	<u>283,077</u>
Fines and forfeitures	-	-	62	62
Licenses and permits	130,900	130,900	182,789	51,889
Intergovernmental:				
State sales tax	613,495	613,495	697,604	84,109
Auto lieu tax	314,778	314,778	313,211	(1,567)
Urban revenue sharing	681,737	681,737	654,675	(27,062)
Other Intergovernmental revenues	625,500	625,500	71,029	(554,471)
Total intergovernmental	<u>2,366,410</u>	<u>2,366,410</u>	<u>1,919,370</u>	<u>(447,040)</u>
Charges for services	923,980	923,980	951,998	28,018
Administration	1,459,749	1,459,749	1,459,749	-
Investment earnings	4,000	4,000	7,648	3,648
Other revenues:				
Rent	58,700	58,700	59,415	715
Contributions	7,000	7,000	3,389	(3,611)
Insurance proceeds	5,000	5,000	3,250	(1,750)
Miscellaneous	18,500	18,500	8,750	(9,750)
Total other revenues	<u>2,476,929</u>	<u>2,476,929</u>	<u>2,494,199</u>	<u>17,270</u>
Total revenues	<u>7,793,051</u>	<u>7,793,051</u>	<u>7,646,358</u>	<u>(146,693)</u>
EXPENDITURES:				
General government				
Mayor and council	41,859	45,859	45,673	186
City manager	137,003	137,003	136,021	982
Finance	461,667	461,667	454,067	7,600
City clerk	171,891	171,891	164,904	6,987
Community development	193,041	193,041	171,030	22,011
Administration	157,850	170,850	167,094	3,756
Personnel	79,170	95,170	94,600	570
Legal services	159,774	159,774	134,892	24,882
Water systems	14,523	14,523	8,048	6,475
Information systems	83,909	83,909	74,635	9,274
Cemetery	12,892	12,892	3,189	9,703
Building maintenance	89,957	89,957	57,682	32,275
Public works administration	162,144	162,144	143,809	18,335
Garage	162,213	162,213	123,674	38,539
Building inspector	92,400	92,400	85,247	7,153
Contingency	100,000	48,500	687,507	(639,007)
Total general government	<u>2,120,293</u>	<u>2,101,793</u>	<u>2,552,072</u>	<u>(450,279)</u>

(Continued)

CITY OF BISBEE, ARIZONA
GENERAL FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Continued)
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>			Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Public safety				
Police department	2,594,452	2,537,452	11,803,302	(9,265,850)
Fire department	2,713,879	2,713,879	13,424,219	(10,710,340)
City magistrate	60,604	60,604	59,188	1,416
Total public safety	<u>5,368,935</u>	<u>5,311,935</u>	<u>25,286,709</u>	<u>(19,974,774)</u>
Culture and recreation				
Parks	220,116	220,116	205,554	14,562
Swimming pool	63,424	65,424	65,087	337
Library	219,478	219,478	214,077	5,401
Senior citizens' center	28,649	28,649	22,985	5,664
Total culture and recreation	<u>531,667</u>	<u>533,667</u>	<u>507,703</u>	<u>25,964</u>
Debt service:				
Principal	-	78,000	75,955	2,045
Interest	-	9,000	10,249	(1,249)
Total debt service	<u>-</u>	<u>87,000</u>	<u>86,204</u>	<u>796</u>
Total expenditures	<u>8,020,895</u>	<u>8,034,395</u>	<u>28,432,688</u>	<u>(20,398,293)</u>
Excess of revenues over (under) expenditures	<u>(227,844)</u>	<u>(241,344)</u>	<u>(20,786,330)</u>	<u>(20,544,986)</u>
Other financing sources (uses):				
Debt proceeds	-	-	21,650,000	21,650,000
Original bond issue discount			(169,870)	(169,870)
Transfer from other funds	-	13,500	13,349	(151)
Transfer to other funds	(155,050)	(168,050)	(108,756)	59,294
Total other financing sources (uses)	<u>(155,050)</u>	<u>(154,550)</u>	<u>21,384,723</u>	<u>21,539,273</u>
Net change in fund balance	<u>(382,894)</u>	<u>(395,894)</u>	<u>598,393</u>	<u>994,287</u>
Fund balance, beginning of year	<u>3,833,766</u>	<u>3,833,766</u>	<u>3,833,766</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,450,872</u>	<u>\$ 3,437,872</u>	<u>\$ 4,432,159</u>	<u>\$ 994,287</u>

CITY OF BISBEE, ARIZONA
STREETS FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 800,000	\$ 800,000	\$ 940,073	\$ 140,073
Intergovernmental	470,644	470,644	498,903	28,259
Charges for services	8,000	8,000	29,119	21,119
Interest	10	10	2	(8)
Miscellaneous	-	-	84,395	84,395
Total revenues	<u>1,278,654</u>	<u>1,278,654</u>	<u>1,552,492</u>	<u>273,838</u>
EXPENDITURES:				
Transportation	1,732,316	1,718,816	1,159,304	559,512
Capital outlay	18,000	18,000	-	18,000
Total expenditures	<u>1,750,316</u>	<u>1,736,816</u>	<u>1,159,304</u>	<u>577,512</u>
Excess of revenues over (under) expenditures	<u>(471,662)</u>	<u>(458,162)</u>	<u>393,188</u>	<u>851,350</u>
Other financing sources / (uses):				
Transfers out	-	(13,500)	(13,349)	151
Total other financing sources / (uses)	<u>-</u>	<u>(13,500)</u>	<u>(13,349)</u>	<u>151</u>
Net change in fund balance	<u>(471,662)</u>	<u>(471,662)</u>	<u>379,839</u>	<u>851,501</u>
Fund balance, beginning of year	<u>447,509</u>	<u>447,509</u>	<u>447,509</u>	<u>-</u>
Fund balance, end of year	<u>\$ (24,153)</u>	<u>\$ (24,153)</u>	<u>\$ 827,348</u>	<u>\$ 851,501</u>

SUPPLEMENTARY INFORMATION
COMBINING STATEMENTS AND
BUDGETARY COMPARISON SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for a particular purpose.

- The **General Grants Fund** is used to account for federal and state grants and contributions that are restricted for specific use.
- The **Public Safety Fire Grants Fund** is used to account for federal and state grants and contributions that are restricted for fire.
- The **Transportation Grants Fund** is used to account for federal and state grants and contributions that are restricted for transportation projects.
- The **Transient Room Tax Fund** is used to account for bed tax receipts and expenditures.
- The **Rico Drug Enforcement Asset Fund** is used to account for RICO funds that are restricted for police.
- The **Bisbee Arts Commission Fund** is used to account for art project funds and related expenditures.
- The **Affordable Housing Fund** is used to account for housing project funds and related expenditures.
- The **Miscellaneous Donations Fund** is used to account for miscellaneous donations and related expenditures.
- The **Airport Fund** is used to account for airport operations and projects.
- The **Police Special Revenue Grants Fund** is used to account for federal and state grants and contributions that are restricted for police.
- The **Public Works Grants Fund** is used to account for federal and state grants and contributions that are restricted for public works.
- The **Miscellaneous Grants Fund** is used to account for federal and state grants and contributions that are restricted for specific use.
- The **American Rescue Plan Act Fund** is used to account for federal funds received from the American Rescue Plan Act..
- The **Youth Program Fund** is used to account for funds restricted for the Youth Council.
- The **Bisbee Bus Fund** is used to account for the operations and projects of Bisbee busses.

Capital Projects Funds

- The **Capital Improvement Fund** is used to account for funds accumulated for capital projects and the related expenditures.

CITY OF BISBEE, ARIZONA
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2022

	Special Revenue Funds						
	General Grants Fund	Public Safety Fire Grants Fund	Transportation Grants Fund	Transient Room Tax Fund	Rico Drug Enforcement Asset fund	Bisbee Arts Commission Fund	Affordable Housing Fund
ASSETS							
Cash and cash equivalents	\$ 15,986	\$ 3,734	\$ -	\$ 303,405	\$ 10,615	\$ 39,683	\$ 20,530
Investments	-	-	-	-	-	-	-
Receivables:							
Accounts	-	-	-	-	-	1,600	-
Due from other governments	107,996	-	-	-	345	-	-
Inventory	-	-	-	-	-	-	293,472
Total assets	<u>\$ 123,982</u>	<u>\$ 3,734</u>	<u>\$ -</u>	<u>\$ 303,405</u>	<u>\$ 10,960</u>	<u>\$ 41,283</u>	<u>\$ 314,002</u>
LIABILITIES							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ 6,765	\$ -	\$ 536	\$ 725
Due to other funds	123,982	-	-	-	-	-	-
Accrued payroll	-	-	-	744	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>123,982</u>	<u>-</u>	<u>-</u>	<u>7,509</u>	<u>-</u>	<u>536</u>	<u>725</u>
FUND BALANCES							
Nonspendable:							
Inventory	-	-	-	-	-	-	293,472
Restricted for:							
Public safety	-	3,734	-	-	10,960	-	-
Culture and recreation	-	-	-	-	-	40,747	-
Other purposes	-	-	-	295,896	-	-	19,805
Capital projects	-	-	-	-	-	-	-
Total fund balances (deficit)	<u>-</u>	<u>3,734</u>	<u>-</u>	<u>295,896</u>	<u>10,960</u>	<u>40,747</u>	<u>313,277</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 123,982</u>	<u>\$ 3,734</u>	<u>\$ -</u>	<u>\$ 303,405</u>	<u>\$ 10,960</u>	<u>\$ 41,283</u>	<u>\$ 314,002</u>

Special Revenue Funds							Capital Projects Fund	Total Non-major Funds
Miscellaneous Donations Fund	Airport Fund	Police Special Revenue Grants Fund	Miscellaneous Grants Fund	American Rescue Plan Act Fund	Youth Program Fund	Bisbee Bus Fund	Capital Improvement Fund	Total Non-major Funds
\$ 26,435	\$ -	\$ 662	\$ 9,438	\$ 491,044	\$ 2,409	\$ -	\$ 638,721	\$ 1,562,662
-	-	-	-	-	130,102	-	-	130,102
-	-	-	-	-	-	5,091	-	6,691
-	-	4,573	50,323	-	-	16,949	-	180,186
-	18,883	-	-	-	-	-	585,000	897,355
<u>\$ 26,435</u>	<u>\$ 18,883</u>	<u>\$ 5,235</u>	<u>\$ 59,761</u>	<u>\$ 491,044</u>	<u>\$ 132,511</u>	<u>\$ 22,040</u>	<u>\$ 1,223,721</u>	<u>\$ 2,776,996</u>
\$ -	\$ 475	\$ -	\$ 449	\$ 34,201	\$ -	\$ 17,725	\$ 5,239	\$ 66,115
-	17,996	-	-	-	-	4,315	-	146,293
-	-	-	-	-	-	-	-	744
-	412	-	51,748	-	-	-	-	52,160
<u>-</u>	<u>18,883</u>	<u>-</u>	<u>52,197</u>	<u>34,201</u>	<u>-</u>	<u>22,040</u>	<u>5,239</u>	<u>265,312</u>
-	-	-	-	-	-	-	585,000	878,472
-	-	5,235	-	-	-	-	-	19,929
-	-	-	-	-	-	-	-	40,747
26,435	-	-	7,564	456,843	132,511	-	-	939,054
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>633,482</u>	<u>633,482</u>
<u>26,435</u>	<u>-</u>	<u>5,235</u>	<u>7,564</u>	<u>456,843</u>	<u>132,511</u>	<u>-</u>	<u>1,218,482</u>	<u>2,511,684</u>
<u>\$ 26,435</u>	<u>\$ 18,883</u>	<u>\$ 5,235</u>	<u>\$ 59,761</u>	<u>\$ 491,044</u>	<u>\$ 132,511</u>	<u>\$ 22,040</u>	<u>\$ 1,223,721</u>	<u>\$ 2,776,996</u>

CITY OF BISBEE, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue Funds						
	General Grants Fund	Public Safety Fire Grants Fund	Transportation Grants Fund	Transient Room Tax Fund	Rico Drug Enforcement Asset fund	Bisbee Arts Commission Fund	Affordable Housing Fund
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ 304,611	\$ -	\$ -	\$ -
Intergovernmental revenue	243,454	-	-	-	345	15,000	-
Charges for services	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	45,993
Miscellaneous	-	-	-	-	-	19,885	239,673
Total revenues	<u>243,454</u>	<u>-</u>	<u>-</u>	<u>304,611</u>	<u>345</u>	<u>34,885</u>	<u>285,666</u>
EXPENDITURES							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	345	-	-
Community development	-	-	-	-	-	-	86,524
Culture and recreation	-	-	-	158,309	-	16,806	-
Transportation	-	-	32,285	-	-	-	-
Capital outlay	385,190	309	-	-	-	-	-
Total expenditures	<u>385,190</u>	<u>309</u>	<u>32,285</u>	<u>158,309</u>	<u>345</u>	<u>16,806</u>	<u>86,524</u>
Excess of revenues over (under) expenditures	<u>(141,736)</u>	<u>(309)</u>	<u>(32,285)</u>	<u>146,302</u>	<u>-</u>	<u>18,079</u>	<u>199,142</u>
OTHER FINANCING SOURCES (USES)							
Transfers out	-	-	-	-	-	-	-
Transfers in	15,986	-	32,285	-	-	-	-
Total other financing sources (uses)	<u>15,986</u>	<u>-</u>	<u>32,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(125,750)</u>	<u>(309)</u>	<u>-</u>	<u>146,302</u>	<u>-</u>	<u>18,079</u>	<u>199,142</u>
Fund balances (deficits), beginning of year	125,750	4,043	-	149,594	10,960	22,668	114,135
Fund balances (deficits), end of year	<u>\$ -</u>	<u>\$ 3,734</u>	<u>\$ -</u>	<u>\$ 295,896</u>	<u>\$ 10,960</u>	<u>\$ 40,747</u>	<u>\$ 313,277</u>

Special Revenue Funds							Capital Projects Fund	Total Non-major Funds
Miscellaneous Donations Fund	Airport Fund	Police Special Revenue Grants Fund	Miscellaneous Grants Fund	American Rescue Plan Act Fund	Youth Program Fund	Bisbee Bus Fund	Capital Improvement Fund	Total Non-major Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 304,611
-	32,385	92,876	64,883	872,523	-	231,146	-	1,552,612
-	36,776	-	-	-	-	13,402	-	50,178
-	-	-	-	-	342	-	-	342
-	10,589	-	-	-	-	-	-	10,589
15,382	-	-	-	-	-	-	585,000	646,375
-	-	-	823	-	-	-	36,478	296,859
<u>15,382</u>	<u>79,750</u>	<u>92,876</u>	<u>65,706</u>	<u>872,523</u>	<u>342</u>	<u>244,548</u>	<u>621,478</u>	<u>2,861,566</u>
1,778	-	-	-	415,680	-	-	-	417,458
-	-	-	-	-	-	-	-	345
-	-	-	-	-	-	-	-	86,524
3,122	-	-	63,869	-	-	-	-	242,106
-	69,256	-	-	-	-	266,953	-	368,494
-	-	92,876	-	-	-	11,535	71,399	561,309
<u>4,900</u>	<u>69,256</u>	<u>92,876</u>	<u>63,869</u>	<u>415,680</u>	<u>-</u>	<u>278,488</u>	<u>71,399</u>	<u>1,676,236</u>
10,482	10,494	-	1,837	456,843	342	(33,940)	550,079	1,185,330
-	(32,284)	-	-	-	-	-	-	(32,284)
-	19,648	-	-	-	-	73,121	-	141,040
-	(12,636)	-	-	-	-	73,121	-	108,756
10,482	(2,142)	-	1,837	456,843	342	39,181	550,079	1,294,086
15,953	2,142	5,235	5,727	-	132,169	(39,181)	668,403	1,217,598
<u>\$ 26,435</u>	<u>\$ -</u>	<u>\$ 5,235</u>	<u>\$ 7,564</u>	<u>\$ 456,843</u>	<u>\$ 132,511</u>	<u>\$ -</u>	<u>\$ 1,218,482</u>	<u>\$ 2,511,684</u>

CITY OF BISBEE, ARIZONA
GENERAL GRANTS
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental revenue	\$ 673,000	\$ 673,000	\$ 243,454	\$ (429,546)
Total revenues	<u>673,000</u>	<u>673,000</u>	<u>243,454</u>	<u>(429,546)</u>
EXPENDITURES				
Capital outlay	673,000	673,000	385,190	287,810
Total expenditures	<u>673,000</u>	<u>673,000</u>	<u>385,190</u>	<u>287,810</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(141,736)</u>	<u>(141,736)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	15,986	15,986
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>15,986</u>	<u>15,986</u>
Net change in fund balances	-	-	(125,750)	(125,750)
Fund balance, beginning of year	125,750	125,750	125,750	-
Fund balance, end of year	<u>\$ 125,750</u>	<u>\$ 125,750</u>	<u>\$ -</u>	<u>\$ (125,750)</u>

CITY OF BISBEE, ARIZONA
PUBLIC SAFETY FIRE GRANTS
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental revenue	\$ 500,000	\$ 500,000	\$ -	\$ (500,000)
Total revenues	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>(500,000)</u>
EXPENDITURES				
Capital outlay	550,000	550,000	309	549,691
Total expenditures	<u>550,000</u>	<u>550,000</u>	<u>309</u>	<u>549,691</u>
Excess of revenues over (under) expenditures	<u>(50,000)</u>	<u>(50,000)</u>	<u>(309)</u>	<u>49,691</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	50,000	-	(50,000)
Total other financing sources (uses)	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
Net change in fund balances	-	-	(309)	(309)
Fund balance, beginning of year	<u>4,043</u>	<u>4,043</u>	<u>4,043</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,043</u>	<u>\$ 4,043</u>	<u>\$ 3,734</u>	<u>\$ (309)</u>

**CITY OF BISBEE, ARIZONA
TRANSPORTATION GRANTS
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental revenue	\$ 582,000	\$ 582,000	\$ -	\$ (582,000)
Total revenues	<u>582,000</u>	<u>582,000</u>	<u>-</u>	<u>(582,000)</u>
EXPENDITURES				
Transportation	627,000	627,000	32,285	594,715
Total expenditures	<u>627,000</u>	<u>627,000</u>	<u>32,285</u>	<u>594,715</u>
Excess of revenues over (under) expenditures	<u>(45,000)</u>	<u>(45,000)</u>	<u>(32,285)</u>	<u>12,715</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	45,000	45,000	32,285	(12,715)
Total other financing sources (uses)	<u>45,000</u>	<u>45,000</u>	<u>32,285</u>	<u>(12,715)</u>
Net change in fund balances	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BISBEE, ARIZONA
TRANSIENT ROOM TAX
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 165,000	\$ 165,000	\$ 304,611	\$ 139,611
Total revenues	<u>165,000</u>	<u>165,000</u>	<u>304,611</u>	<u>139,611</u>
EXPENDITURES				
Culture and recreation	175,829	175,829	158,309	17,520
Total expenditures	<u>175,829</u>	<u>175,829</u>	<u>158,309</u>	<u>17,520</u>
Excess of revenues over (under) expenditures	<u>(10,829)</u>	<u>(10,829)</u>	<u>146,302</u>	<u>157,131</u>
Fund balance, beginning of year	<u>149,594</u>	<u>149,594</u>	<u>149,594</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 138,765</u></u>	<u><u>\$ 138,765</u></u>	<u><u>\$ 295,896</u></u>	<u><u>\$ 157,131</u></u>

CITY OF BISBEE, ARIZONA
RICO DRUG ENFORCEMENT ASSET
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Intergovernmental revenue	\$ 115,000	\$ 115,000	\$ 345	\$ (114,655)
Charges for services	1,000	1,000	-	(1,000)
Total revenues	<u>116,000</u>	<u>116,000</u>	<u>345</u>	<u>(115,655)</u>
EXPENDITURES				
Public safety	16,000	16,000	345	15,655
Capital outlay	100,000	100,000	-	100,000
Total expenditures	<u>116,000</u>	<u>116,000</u>	<u>345</u>	<u>115,655</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	<u>10,960</u>	<u>10,960</u>	<u>10,960</u>	<u>-</u>
Fund balance, end of year	<u>\$ 10,960</u>	<u>\$ 10,960</u>	<u>\$ 10,960</u>	<u>\$ -</u>

**CITY OF BISBEE, ARIZONA
 BISBEE ARTS COMMISSION
 SPECIAL REVENUE FUND
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ 15,000	\$ 15,000
Miscellaneous	23,200	23,200	19,885	(3,315)
Total revenues	<u>23,200</u>	<u>23,200</u>	<u>34,885</u>	<u>11,685</u>
EXPENDITURES				
Culture and recreation	10,780	10,780	16,806	(6,026)
Total expenditures	<u>10,780</u>	<u>10,780</u>	<u>16,806</u>	<u>(6,026)</u>
Excess of revenues over (under) expenditures	<u>12,420</u>	<u>12,420</u>	<u>18,079</u>	<u>5,659</u>
Fund balance, beginning of year	<u>22,668</u>	<u>22,668</u>	<u>22,668</u>	<u>-</u>
Fund balance, end of year	<u>\$ 35,088</u>	<u>\$ 35,088</u>	<u>\$ 40,747</u>	<u>\$ 5,659</u>

CITY OF BISBEE, ARIZONA
AFFORDABLE HOUSING
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
REVENUES				
Contributions	\$ -	\$ -	\$ 45,993	\$ 45,993
Miscellaneous	200,000	248,000	239,673	(8,327)
Total revenues	<u>200,000</u>	<u>248,000</u>	<u>285,666</u>	<u>37,666</u>
EXPENDITURES				
Community development	200,000	248,000	86,524	161,476
Total expenditures	<u>200,000</u>	<u>248,000</u>	<u>86,524</u>	<u>161,476</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>199,142</u>	<u>199,142</u>
Fund balance, beginning of year	<u>114,135</u>	<u>114,135</u>	<u>114,135</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 114,135</u></u>	<u><u>\$ 114,135</u></u>	<u><u>\$ 313,277</u></u>	<u><u>\$ 199,142</u></u>

CITY OF BISBEE, ARIZONA
MISCELLANEOUS DONATIONS
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Contributions	\$ 1,018,000	\$ 1,018,000	\$ 15,382	\$ (1,002,618)
Total revenues	<u>1,018,000</u>	<u>1,018,000</u>	<u>15,382</u>	<u>(1,002,618)</u>
EXPENDITURES				
General government	1,005,000	1,005,000	1,778	1,003,222
Public safety	1,000	1,000	-	1,000
Culture and recreation	9,500	9,500	3,122	6,378
Total expenditures	<u>1,018,000</u>	<u>1,018,000</u>	<u>4,900</u>	<u>1,010,600</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>10,482</u>	<u>7,982</u>
Fund balance, beginning of year	<u>15,953</u>	<u>15,953</u>	<u>15,953</u>	<u>-</u>
Fund balance, end of year	<u>\$ 15,953</u>	<u>\$ 15,953</u>	<u>\$ 26,435</u>	<u>\$ 7,982</u>

CITY OF BISBEE, ARIZONA
AIRPORT
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ 32,385	\$ 32,385
Charges for services	25,830	25,830	36,776	10,946
Rent	10,000	10,000	10,589	589
Total revenues	<u>35,830</u>	<u>35,830</u>	<u>79,750</u>	<u>43,920</u>
EXPENDITURES				
Transportation	41,743	41,743	69,256	(27,513)
Capital outlay	25,000	25,000	-	25,000
Total expenditures	<u>66,743</u>	<u>66,743</u>	<u>69,256</u>	<u>(2,513)</u>
Excess of revenues over (under) expenditures	<u>(30,913)</u>	<u>(30,913)</u>	<u>10,494</u>	<u>41,407</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(45,000)	(45,000)	(32,284)	(12,716)
Transfers in	70,000	70,000	19,648	(50,352)
Total other financing sources (uses)	<u>25,000</u>	<u>25,000</u>	<u>(12,636)</u>	<u>(63,068)</u>
Net change in fund balances	(5,913)	(5,913)	(2,142)	(21,661)
Fund balance (deficit), beginning of year	<u>2,142</u>	<u>2,142</u>	<u>2,142</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (3,771)</u>	<u>\$ (3,771)</u>	<u>\$ -</u>	<u>\$ (21,661)</u>

CITY OF BISBEE, ARIZONA
POLICE SPECIAL REVENUE GRANTS
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental revenue	\$ 251,500	\$ 251,500	\$ 92,876	\$ (158,624)
Miscellaneous	450,000	450,000	-	(450,000)
Total revenues	<u>701,500</u>	<u>701,500</u>	<u>92,876</u>	<u>(608,624)</u>
EXPENDITURES				
Public safety	251,500	251,500	-	251,500
Capital outlay	450,000	450,000	92,876	357,124
Total expenditures	<u>701,500</u>	<u>701,500</u>	<u>92,876</u>	<u>608,624</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balance, beginning of year	<u>5,235</u>	<u>5,235</u>	<u>5,235</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,235</u>	<u>\$ 5,235</u>	<u>\$ 5,235</u>	<u>\$ -</u>

**CITY OF BISBEE, ARIZONA
 MISCELLANEOUS GRANTS
 SPECIAL REVENUE FUND
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental revenue	\$ 120,000	\$ 120,000	\$ 64,883	\$ (55,117)
Miscellaneous	500,500	32,500	823	(31,677)
Total revenues	<u>620,500</u>	<u>152,500</u>	<u>65,706</u>	<u>(86,794)</u>
EXPENDITURES				
General government	250,000	32,000	-	32,000
Culture and recreation	370,500	120,500	63,869	56,631
Total expenditures	<u>620,500</u>	<u>152,500</u>	<u>63,869</u>	<u>88,631</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>1,837</u>	<u>1,837</u>
Net change in fund balances	-	-	1,837	1,837
Fund balance, beginning of year	<u>5,727</u>	<u>5,727</u>	<u>5,727</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 5,727</u></u>	<u><u>\$ 5,727</u></u>	<u><u>\$ 7,564</u></u>	<u><u>\$ 1,837</u></u>

CITY OF BISBEE, ARIZONA
AMERICAN RESCUE PLAN ACT
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Intergovernmental revenue	\$ -	\$ 420,000	\$ 872,523	\$ 452,523
Total revenues	<u>-</u>	<u>420,000</u>	<u>872,523</u>	<u>452,523</u>
EXPENDITURES				
General government	-	420,000	415,680	4,320
Total expenditures	<u>-</u>	<u>420,000</u>	<u>415,680</u>	<u>4,320</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>456,843</u>	<u>456,843</u>
Net change in fund balances	-	-	456,843	456,843
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 456,843</u>	<u>\$ 456,843</u>

**CITY OF BISBEE, ARIZONA
YOUTH PROGRAM
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022**

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Investment earnings	\$ 1,500	\$ 1,500	\$ 342	\$ (1,158)
Miscellaneous	1,000	1,000	-	(1,000)
Total revenues	<u>2,500</u>	<u>2,500</u>	<u>342</u>	<u>(2,158)</u>
EXPENDITURES				
General government	2,000	2,000	-	2,000
Capital outlay	8,000	8,000	-	8,000
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Excess of revenues over (under) expenditures	<u>(7,500)</u>	<u>(7,500)</u>	<u>342</u>	<u>7,842</u>
Fund balance, beginning of year	<u>132,169</u>	<u>132,169</u>	<u>132,169</u>	<u>-</u>
Fund balance, end of year	<u>\$ 124,669</u>	<u>\$ 124,669</u>	<u>\$ 132,511</u>	<u>\$ 7,842</u>

CITY OF BISBEE, ARIZONA
BISBEE BUS
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Intergovernmental revenue	\$ 238,000	\$ 238,000	\$ 231,146	\$ (6,854)
Charges for services	14,000	14,000	13,402	(598)
Miscellaneous	80,000	80,000	-	(80,000)
Total revenues	<u>332,000</u>	<u>332,000</u>	<u>244,548</u>	<u>(87,452)</u>
EXPENDITURES				
Transportation	287,050	287,050	266,953	20,097
Capital outlay	80,000	80,000	11,535	68,465
Total expenditures	<u>367,050</u>	<u>367,050</u>	<u>278,488</u>	<u>88,562</u>
Excess of revenues over (under) expenditures	<u>(35,050)</u>	<u>(35,050)</u>	<u>(33,940)</u>	<u>1,110</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	35,050	35,050	73,121	38,071
Total other financing sources (uses)	<u>35,050</u>	<u>35,050</u>	<u>73,121</u>	<u>38,071</u>
Net change in fund balances	-	-	39,181	39,181
Fund balance (deficit), beginning of year	<u>(39,181)</u>	<u>(39,181)</u>	<u>(39,181)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (39,181)</u>	<u>\$ (39,181)</u>	<u>\$ -</u>	<u>\$ 39,181</u>

**CITY OF BISBEE, ARIZONA
CAPITAL IMPROVEMENT
CAPITAL PROJECTS FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
REVENUES				
Contributions	\$ -	\$ -	\$ 585,000	\$ 585,000
Miscellaneous	-	-	36,478	36,478
Total revenues	<u>-</u>	<u>-</u>	<u>621,478</u>	<u>621,478</u>
EXPENDITURES				
Capital outlay	2,150,000	2,150,000	71,399	2,078,601
Total expenditures	<u>2,150,000</u>	<u>2,150,000</u>	<u>71,399</u>	<u>2,078,601</u>
Excess of revenues over (under) expenditures	<u>(2,150,000)</u>	<u>(2,150,000)</u>	<u>550,079</u>	<u>2,700,079</u>
Fund balance, beginning of year	<u>668,403</u>	<u>668,403</u>	<u>668,403</u>	<u>-</u>
Fund balance, end of year	<u>\$ (1,481,597)</u>	<u>\$ (1,481,597)</u>	<u>\$ 1,218,482</u>	<u>\$ 2,700,079</u>

OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS

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**Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

The Honorable Mayor and
City Council
Bisbee, Arizona

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bisbee, Arizona as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Bisbee, Arizona's basic financial statements, and have issued our report thereon dated March 23, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Bisbee, Arizona's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Bisbee, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of the City Bisbee, Arizona's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bisbee, Arizona's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HintonBurdick, PLLC

HintonBurdick, PLLC

Gilbert, Arizona

March 23, 2023



HINTONBURDICK
CPAs & ADVISORS

**Independent Auditors' Report on
State Legal Compliance**

The Honorable Mayor and
City Council
Bisbee, Arizona

We have audited the basic financial statements of the City of Bisbee, Arizona for the year ended June 30, 2022, and have issued our report thereon dated March 23, 2023. Our audit also included test work on the City of Bisbee's compliance with selected requirements identified in the State of Arizona Revised Statutes and the Arizona State Constitution including, but not limited to, Title 28, Chapter 18, Article 2.

The management of the City of Bisbee is responsible for the City's compliance with all requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit; accordingly, we make the following statements:

The City of Bisbee has established separate funds to account for Highway User Revenue funds and Local Transportation Assistance funds. Highway user revenue fund monies received by the City of Bisbee pursuant to Title 28, Chapter 18, Article 2 and other dedicated state transportation revenues received during the current fiscal year appear to have been used solely for authorized purposes. The funds are administered in accordance with Generally Accepted Accounting Principles. Sources of revenues available and fund balances are reflected in the individual fund financial statements.

Our opinion regarding the City's compliance with annual expenditure limitations has been issued separately with the City's Annual Expenditure Limitation Report.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, The City of Bisbee complied, in all material respects, with the requirements identified above for the year ended June 30, 2022.

The purpose of this report is solely to describe the scope of our testing of the applicable compliance requirements identified in the Arizona Revised Statutes as noted above and the results of that testing based on the state requirements. Accordingly, this report is not suitable for any other purpose.

HintonBurdick, PLLC
HintonBurdick, PLLC
Gilbert, Arizona
March 23, 2023

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