

**CITY OF BISBEE, ARIZONA**  
**ANNUAL EXPENDITURE LIMITATION REPORT**  
**JUNE 30, 2022**  
**WITH REPORT OF**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**CITY OF BISBEE, ARIZONA**  
**Annual Expenditure Limitation Report**  
**June 30, 2022**

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## Independent Accountants' Report on AELR

The Auditor General of the State of Arizona and  
The Honorable Mayor and City Council  
City of Bisbee, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the City of Bisbee, Arizona, for the year ended June 30, 2022, and the related notes to the report. The City of Bisbee, Arizona's management is responsible for presenting this report in accordance with the Uniform Expenditure Reporting System as described in note 1. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the Uniform Expenditure Reporting System in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Items in this report have been amended from the originally issued Annual Expenditure Limitation Report to remove the board authorized expenditures necessitated by an emergency previously reported in Part I, line 5, in order to show the excess expenditures. In addition, note 4 has been amended to disclose the amount of bond proceeds remitted to the Public Safety Personnel Retirement System.

In our opinion, the Annual Expenditure Limitation Report referred to above is presented in accordance with the Uniform Expenditure Reporting System as described in note 1 in all material respects.

*HintonBurdick, PLLC*

Gilbert, Arizona

March 23, 2023, except for items amended as discussed above, for which the date is May 20, 2024

**CITY OF BISBEE, ARIZONA**  
**Annual Expenditure Limitation Report – Part I**  
**Year Ended June 30, 2022**

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1. Economic Estimates Commission expenditure limitation	N/A	
2. Voter-approved alternative expenditure limitation (Approved August 28, 2018)	<u>\$ 21,277,716</u>	
3. Enter applicable amount from line 1 or line 2		\$ 21,277,716
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	\$ 35,462,881	
8. Subtotal		<u>\$ 35,462,881</u>
10. Total adjusted amount subject to the expenditure limitation		<u>35,462,881</u>
11. Amount under (in excess of) the expenditure limitation (If excess of) the expenditure limitation		<u><u>\$ (14,185,165) *</u></u>

\*Please see Note 4 on page 5 for an explanation of the excess expenditures

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of Chief Fiscal Officer: Keri Bagley

Name and Title: Keri Bagley, Finance Director

Telephone Number: (520) 432-6008 Date: 5/10/2024

See accompanying notes to report

**CITY OF BISBEE, ARIZONA**  
**Annual Expenditure Limitation Report – Reconciliation**  
**Year Ended June 30, 2022**

Description	Governmental Funds	Enterprise Funds	Total
A. Amounts reported on the Reconciliation Line D	\$ 31,268,228	\$ 4,194,653	\$ 35,462,881
B. Less exclusions claimed:			
14. Total exclusions claimed	-	-	-
C. Amount subject to the expenditure limitation (If an individual fund type amount is negative, reduce ) exclusions claimed to net to zero.)	\$ 31,268,228	\$ 4,194,653	\$ 35,462,881
	\$ 31,268,228	\$ 4,194,653	\$ 35,462,881

See accompanying notes to report

**CITY OF BISBEE, ARIZONA**  
**Annual Expenditure Limitation Report – Reconciliation**  
**Year Ended June 30, 2022**

Description	Governmental Funds	Enterprise Funds	Fiduciary Funds	Total
A. Total expenditures (and expenses) and applicable other financing uses reported within the financial statements	\$ 31,268,228	\$ 4,968,258	\$ -	\$ 36,236,486
B. Subtractions:				
1. Items not requiring use of working capital:				
Depreciation	-	1,383,481	-	1,383,481
Pension expense	-	(113,262)	-	(113,262)
5. Total subtractions	-	1,270,219	-	1,270,219
C. Additions:				
1. Principal payments on long-term debt	-	471,739	-	471,739
2. Acquisition of capital assets	-	24,875	-	24,875
4. Total additions	-	496,614	-	496,614
D. Amounts reported on Part II, Line A	31,268,228	4,194,653	-	35,462,881

See accompanying notes to report

**CITY OF BISBEE, ARIZONA**  
**Notes to the Annual Expenditure Limitation Report**  
**June 30, 2022**

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**Note 1    Summary of Significant Accounting Policies**

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The annual expenditure limitation report (AELR) is presented as prescribed by the uniform expenditure reporting system (UERS), as required by Arizona Revised Statutes §41-1279.07, and in accordance with the voter-approved alternative expenditure limitation adopted August 28, 2018, as authorized by the Arizona Constitution, Article IX, §20(9).

In accordance with the UERS requirements, a note to the AELR is presented below for any exclusion claimed in part II and each subtraction or addition in the Reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds, Statement of Revenues, Expenses, and Changes in Net Position for the Proprietary Funds, and the Statement of Cash Flows for the Proprietary Funds.

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**Note 2    Reconciliation - Subtractions and Additions**

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Details for the subtraction for depreciation and pension expense and the additions for principal payments on long-term debt, acquisition of capital assets, and pension contributions are all provided in the Statement of Cash Flows for the Proprietary Funds and the financial statement footnotes.

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**Note 3    Exclusions**

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Exclusions from local revenues, including those enumerated in the Constitution, may be taken against alternative expenditure limitation only if such exclusions are specifically identified in the resolution and the publicity pamphlet. There are no such exclusions specifically identified.

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**Note 4    Excess Expenditures**

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During the fiscal year ended June 30, 2022, the City authorized and issued certain bonds (PSPRS Bonds) for the payment of the City's Public Safety Personnel Retirement System (PSPRS) long-term pension obligations in order to reduce the financial burden and economic impact on the citizens of Bisbee. The PSPRS Bond payment to PSPRS, totaling \$20,750,000, is considered an expenditure under the City's voter approved alternative expenditure limitation. This resulted in the City exceeding its budgeted expenditure limitation for the fiscal year ended June 30, 2022 by the amount of \$14,185,165. Per the voter approved alternative expenditure limitation, the Council may, by a three-fourths vote, declare an emergency and suspend the alternative expenditure limitation. On March 21, 2023, the City Council passed and adopted on a three-fourths vote, Resolution No. R-23-05, declaring an emergency and approving the excess expenditures. In addition, the City will reduce expenditures for the fiscal year ended June 30, 2023 by the amount of excess expenditures.

**RESOLUTION NO. R-23-05**

**A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF BISBEE, COUNTY OF COCHISE, STATE OF ARIZONA, DECLARING AN EMERGENCY UNDER THE CITY'S ALTERNATIVE EXPENDITURE LIMITATION RULE FOR EXCESS EXPENDITURES INCURRED IN FISCAL YEAR 2021/2022; AND DIRECTING THE CITY TO REDUCE ITS EXPENDITURES IN FISCAL YEAR 2022/2023 BY THE EXCESS EXPENDITURE CAUSED BY THE BONDS.**

**WHEREAS**, the City of Bisbee (the "City") has adopted an alternative expenditure limitation rule, known as the City's Home Rule; and,

**WHEREAS**, under the Home Rule, the annual expenditures of the City are to be equal to the amount of budgeted expenditures/expenses as such appear on the City's adopted annual budget; and,

**WHEREAS**, under the City's Home Rule, by an affirmative vote of three-fourths vote of the Mayor and Council, the City can declare an emergency and suspend the alternative expenditure limitation for one fiscal year; and,

**WHEREAS**, in Fiscal Year ("FY") 2021/2022, the City issued and authorized certain bonds for the payment of City's Public Safety Personnel Retirement System ("PSPRS") long-term debt obligations (the "PSPRS Bonds"), which PSPRS Bonds allowed the City to lower its interest rates and costs for the City's PSPRS obligations, reducing the financial burden and economic impact on the citizens of Bisbee; and,

**WHEREAS**, an audit has determined that the PSPRS Bond payment to PSPRS in FY 2021/2022 has been considered an expenditure under the City's Home Rule as opposed to an exempt long-term debt obligation payment, which long-term debt payments are normally exempt from the expenditure limitation, thus causing the City to exceed its budgeted expenditure limitation for FY 2021/2022 by the amount of \$14,185,165.00; and,

**WHEREAS**, in order to account for the PSPRS Bond payment and excess expenditure, the City will reduce its expenditures for FY 2022/2023 in the amount of \$14,185,165.00, the amount of the excess expenditure for FY 2021/2022.

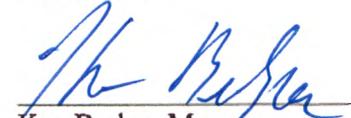
**NOW, THEREFORE, BE IT RESOLVED** by the Mayor and Council, City of Bisbee, County of Cochise, State of Arizona as follows:

**Section 1.** The City of Bisbee hereby declares an emergency under the City's alternative expenditure limitation rule for excess expenditures in the amount of \$14,185,165.00 for Fiscal Year 2021/2022, incurred in connection with certain bonds issued for the City's Public Safety Personnel Retirement System ("PSPRS") long-term debt obligations.

**Section 2.** The City is hereby further directed to reduce its expenditures in Fiscal Year 2022/2023 in the amount of \$14,185,165.00, the amount of the excess expenditure for Fiscal Year 2021/2022.

**PASSED, ADOPTED AND APPROVED** by an affirmative three-fourths vote of the Mayor and Council of Bisbee, Arizona this 21<sup>st</sup> day of March, 2023.

**APPROVED:**

  
Ken Budge, Mayor

**ATTEST:**

  
Ashlee Coronado, City Clerk

**APPROVED AS TO FORM:**

  
Joseph D. Estes, Gust Rosenfeld  
City Attorney