

DEBT OVERSIGHT COMMISSION

Arizona Department of Administration



Minutes of Meeting

Tuesday, January 25, 2022
3:00 p.m.

Andy Tobin
ADOA Director

Michael DiMaria
Member

Jennifer Stielow
Member

Jason Baran
Member

Benjamin Rieck
Member

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Virtual Meeting via Google Meets

Members Present

Andy Tobin, Chairman
Michael Dimaria, Member
Jennifer Stielow, Member
Benjamin Rieck, Member

Members Absent

Jason Baran, Member

Others Present

Angela Dillard, ADOA General Accounting Office Staff
Joanna Greenaway, ADOA General Accounting Office Staff
Richard Evitch, ADOA General Accounting Office Staff
Jolene Teeters, ADOA General Accounting Office Staff
Myrna Lopez, ADOA General Accounting Office Staff

1. Call to Order

Commission Chair Tobin called the Debt Oversight Commission meeting to order at 3:00 PM and noted attendance for the record.

2. Approval of Minutes

Jennifer Stielow moved to approve the minutes of the January 22, 2021 meeting as presented. Benjamin Rieck seconded the motion. Members unanimously approved the minutes.

3. Review the FY 2021 Report of Outstanding Indebtedness (the FY 2021 Report)

The FY 2021 report was distributed to the Commission members for review prior to the meeting. ADOA General Accounting Office (GAO) staff, Richard Evitch, provided a summary of the FY 2021 report:

a. Data Collection

Staff sent emails to all the entities from the previous year's contact list and used the State and County 2021 Abstract of the Assessment Roll presented by State of Arizona Department of Revenue. An Excel spreadsheet (Debt form) was sent to these entities at their request and was available online to download for them to input their information. Then, staff uploaded the Excel spreadsheet as submitted by entities into an Access database in order to produce the report.

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The deadline for entity submission was September 15, 2021; however, submissions were accepted and included in the report through October 15, 2021. Staff diligently collaborated with entities to capture as many submissions as possible. At some point, we must set a hard deadline to allow time to compile and analyze the report.

Staff continue to seek process improvements and confirmation of data reported throughout the document. Staff is exploring data collection improvements, and other options to assist entities with reporting.

b. Entities Reporting Summary

- 961 entities were identified that should report
- 332 Reported no debt; 35% of the entities
- 66 Reported exempt from reporting; 7% of the entities
- 199 Entities did not submit or send any response; 21% of the entities
- 762 Entities reported to ADOA; 79% of the entities

c. Debt Summary as of June 30, 2021

- Total debt - \$35.2 billion
- Total interest paid on debt - \$9.72 billion
- Total FY 2021 new debt - \$5.8 billion
 - \$1.35 billion directly attributed to refunding of old debt
- Debt types with amounts
 - Revenue bonds - \$18.1 billion
 - General Obligation (GO) bonds - \$10.3 billion
 - Municipal Property Corporation Bonds \$3.4 billion
 - Certificates of Participation \$2.5 billion
 - Lease Purchase/3rd Party Financing \$780 million

d. Entities in Excess of Bonding Capacity

As of the publication date of the FY 2021 report, it does not appear as though any entity has exceeded their capacity through the issuance of new debt. This year, School Districts General Obligation (GO) Bonding Capacity has been included in the report.

Entities that are over 60% of their full GO debt limit are:

85.98% - Buckeye Elementary District
81.92% - Gila Bend Unified District
77.56% - Glendale Elementary District
77.42% - Pendergast Elementary District
76.66% - Liberty Elementary District
76.61% - Rio Verde Fire District
74.76% - Rio Rico Fire District
73.83% - Alhambra Elementary District

73.62% - Cartwright Elementary District
68.12% - Roosevelt Elementary District
67.30% - Bullhead City Fire Department
63.36% - Tolleson Union High School District
63.28% - Osborn Elementary District
62.74% - Avra Valley Fire District
61.11% - Queen Creek Unified District

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e. Late Entity submissions

The following entities sent submissions after October 15, 2021 and are not included in the final report:

- Gila County
- Havasu Heights Domestic Water Improvement District
- Mayer Unified School District
- Sierra Vista Unified District
- Thunderbird #2 Irrigation Water Delivery District
- Thunderbird #3 Irrigation Water Delivery District
- Williamson Valley Fire District

f. Non-Reporting entities

- For the FY 2021 report, 199 entities did not report as of October 15, 2021.
 - 73 of the 199 were noncompliant in FY 2020
 - 36 of the 199 were noncompliant in FY 2019
- As comparison, for the FY 2020 report, 149 entities did not report.
- The list of entities that did not report their debt status for FY 2021 can be found in report Section 3, FY 2021 Unsubmitted Debt Reports (report page 195).

During and post staff report review, Commission members discussed late submissions received after October 15, 2021 that were not included in the final report and the number of noncompliant entities. Commission members expressed concern over underreporting debt due to these missing submissions. Potential solutions for ensuring compliance and the importance on maintaining accuracy were discussed while also emphasizing the need to avoid making continuous amendments to the report due to time and resources.

Benjamin Rieck moved to approve the FY 2021 Report with the following conditions:

1. Before June 30, 2022, GAO staff will update the FY 2021 Report to include “Late Entity submissions” as listed in Section 3e (above), and
2. to include the Outstanding Principal amount for the most recent fiscal year reported by non-compliant entities.

Jennifer Stielow seconded the motion. Members unanimously approved the motion with conditions.

Commission Chair Tobin stated a follow-up Debt Oversight Commission meeting will be scheduled in June to provide feedback on the FY 2021 Report modifications. Prior to adjournment, Commission Chair Tobin made a call to the public and no members of the public were present to address the Commission.

The Commission expressed their appreciation to GAO staff for the FY 2021 report improvements and emphasized the overall importance of the report to the public.

4. Adjournment

Jennifer Stielow made a motion to adjourn. Michael Dimaria seconded the motion. Members unanimously approved the motion. The meeting was adjourned at 3:25 PM.