



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For the Fiscal Year Ended June 30, 2021*





## **CITY OF PRESCOTT, ARIZONA**

**COMPREHENSIVE**

**ANNUAL**

**FINANCIAL**

**REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Prepared by  
Accounting Services Division  
Finance Department  
City of Prescott

**CITY OF PRESCOTT, ARIZONA**  
**Comprehensive Annual Financial Report**  
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For the year ended June 30, 2021

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## INTRODUCTORY SECTION







**MARK WOODFILL**  
FINANCE DIRECTOR  
MARK.WOODFILL@PRESCOTT-AZ.GOV  
928-777-1222

November 5, 2021

To the Honorable Mayor, City Council and Citizens of the City of Prescott:

The Finance Department is pleased to submit the Comprehensive Annual Financial Report of the City of Prescott, Arizona (City) for the fiscal year ended June 30, 2021. Management assumes full responsibility for the completeness and reliability of all information presented in this report, based upon a broad framework of internal control that it established for this purpose. Because the cost of internal controls should not outweigh their anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

HintonBurdick, PLLC has issued an unmodified opinion on the City of Prescott, Arizona's financial statements for the year ended June 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

This report presents the financial position of the City as of June 30, 2021, and the results of its operations and cash flows for its proprietary fund types for the year then ended. The financial statements and supporting schedules have been prepared in accordance with generally accepted accounting principles. We believe the data, as presented, are accurate in all material respects and are presented in a manner designed to fairly set forth the financial position and results of operations of the various funds of the City.

## **CITY OF PRESCOTT PROFILE**

Known as "Everybody's Hometown" Prescott is home to the downtown Courthouse Plaza, famous Whiskey Row, World's Oldest Rodeo, Prescott Fine Arts Association, Sharlot Hall Museum, Phippen Art Museum, Folk Arts Fair, Frontier Days, and Territorial Days. It has been officially designated as "Arizona's Christmas City" by the State of Arizona. The Courthouse Plaza, located in the center of the downtown and framed by towering elms, is the focal point for a myriad of activities, including crafts fairs, antique shows and art shows. The plaza and Yavapai County Courthouse are well-known throughout Arizona as symbolizing the quintessential mid-western downtown square.

The City of Prescott was founded in 1863 and incorporated in 1883. During the late 1800s, Prescott twice served as the territorial capital, and the Governor's Mansion is now preserved at the Sharlot Hall Museum.

The current municipal boundaries of Prescott encompass an area approximately 45.6 square miles with a population of 44,299 as of the 2019 census estimate. The City is the base of Yavapai county government operations. Located in the mountains of north central Arizona approximately 95 miles northwest of Phoenix (the State capitol) and 90 miles southwest of Flagstaff, the City borders the Prescott National Forest to the south and west. The average elevation is 5,400 feet. The local climate is mild, with average high temperatures ranging from fifty degrees to ninety degrees and the average precipitation recorded at 19.8 inches, most of which is rain. Prescott and the neighboring towns of Chino Valley, Prescott Valley and Dewey-Humboldt form what is known locally as the Quad-City area.

The council-manager form of government was adopted in 1958. The Mayor is elected on a nonpartisan ballot to represent the entire City for a two-year term. The six members of Council are elected at large for four year terms on a nonpartisan ballot. Three of the six positions and the Mayor's position are up for reelection at the same time.

Under the provisions of the City Charter, the Mayor and City Council are responsible for appointing the City Manager, City Attorney, City Clerk, and City Magistrate. The City Manager is responsible for carrying out its established policies and administering operations.

A staff of 508 full-time equivalent City employees working within fourteen City departments provides a full range of municipal services. The municipal government provides police, fire, library recreation, parks, trails, golf, wastewater, water, street improvements and maintenance, solid waste, municipal airport, planning and building, economic development, and general administration services.

The annual budget serves as the foundation for the City's financial planning and control. Mayor and City Council set the City's long-term strategic direction and the goals that guide the departments in their budget preparation. A proposed balanced budget is presented to the City Council for review and discussion in mid spring with the final adoption in June. The fiscal year begins on July 1<sup>st</sup>. Legal control over the budget derives from State statutes and City Charter which prohibit the City from exceeding its adopted budget on the fund and department level.

The residents of Prescott approved a Home Rule exemption, the latest in August 2021, to the State of Arizona's expenditure limitation requirement. With this exemption, which is in effect for four consecutive years, the City can determine the budget level as long as the City can identify resources to cover expenditures. The budget appropriated by the City Council consists of all planned expenditures and the resources to cover them.

## **LONG-TERM FINANCIAL PLANNING**

Each year, the City of Prescott evaluates its current financial condition with existing programs, assesses future financial capacity, and integrates short and long-term plans, City Council goals, objectives, debt policies, investment policies and financial policies (debt, investment, and budget policies) into its decision-making process.

Our long-term planning focuses on services that deliver outcomes important to the quality of life in Prescott. It maintains programs that keep our community safe, support strategic economic development, encourage tourism, improve traffic flow, and keep our streets clean. The end result of the annual budgetary process appropriately balances income and expenditures to effectively and efficiently provide services responsive to our citizens' needs.

Budget guidelines integrate and link overarching strategic goals of the City Council with funding and resources, in order to deliver work programs and other items that support achievement of the goals. The following goals were established during Council's FY22 strategic planning process:

1. Stabilize the General Fund - continually supporting the market compensation plan, and providing adequate and stable funding and flexibility to maintain a balanced budget as required by the Charter
2. Economic Development – providing an environment to enable prosperity and job creation by providing great services.
3. Quality of Life – A clean and safe City that provides superior essential services and enhances opportunities that allow for retention and attraction of people who want to live, learn, work, and play in Prescott.
4. Service-Orientated Culture – Promote an accountable organizational culture of excellent, superior, solutions driving service.

## **FACTORS AFFECTING FINANCIAL CONDITION**

The information presented in the basic financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

### Local Economy

Prescott is the center for trade in the region, and as a result has grown into a community with a robust, diverse economy, which includes government, education, health care, manufacturing and tourism. Here is a brief overview of those sectors:

1. Government: Prescott is the Yavapai County seat, and as a result, is home to a majority of the county offices and court-related businesses. Several state and federal offices also call Prescott home as Prescott's convenient location allows them to serve the northern and central regions of Arizona.
2. Education: In addition to ERAU, Prescott is home to higher education institutions such as Yavapai College, Prescott College and Northern Arizona University Distance Learning Center. Prescott's K-12 offerings include public, private and charter schools.
3. Health care: The VA Medical Center and Yavapai Regional Medical Center's main campus are both located in Prescott, as well as the bulk of related health care providers, (i.e., doctors, specialists, outpatient surgery centers and labs).
4. Manufacturing: Prescott's growing base of prime companies includes international manufacturers in the fields of aerospace, bioscience, guns and after-market vehicle accessories.
5. Tourism: Historical assets and outdoor recreation make Prescott a destination for visitors. Comfortable summer temperatures combine with signature events to create a perfect getaway for those from hotter parts of the state. Prescott's main tourist markets are the Phoenix and Tucson metro areas, California, Canada and Germany.

Although small in population, the City is not dependent on any one company or industry for economic vitality. The region is diverse in nature and benefits from the following industries:

#### Education

Embry Riddle Aeronautical University  
Yavapai College  
Prescott College  
Northern Arizona University Extension

#### Health Care

Yavapai Regional Medical Center  
Veteran's Administration Hospital

#### Manufacturing

Pure Wafer  
Sturm Ruger and Company  
Zila Nutraceuticals  
Cobham Avionics  
Davidson's

#### Retail

Prescott Gateway Mall  
Wide assortment of automobile dealers  
Costco  
Trader Joe's  
Wal-Mart  
Lowe's  
Fry's  
Safeway

#### Tourism

Ernest A. Love Field – Prescott Airport  
Variety of accommodations and restaurants  
Multiple golf, hiking and camping areas  
Numerous lakes and aquatic recreation sites  
Various cultural and entertainment venues

Each of these industries creates employment as well as opportunities for new business and entrepreneurial ventures, and Prescott recognizes the valuable contributions that our business community makes. For this reason, we strive to maintain Prescott as pro-business. We do this by being highly responsive to the needs of our business community, implementing best practices and availing businesses to tools and resources to foster success.

Economic indicators for the fiscal year 2021 are represented by the following:

- Sales tax revenues increased 14.4% from fiscal year 2020
- 431 single family permits were issued in fiscal year 2021 compared to 420 in fiscal year 2019
- Total building permit valuation was \$219 million in fiscal year 2021 compared to \$205 million in fiscal year 2020
- Bed tax collections, representing tourism activity, increased 34% from fiscal year 2020

#### Reserves

The City Council's budget policy is to have an unreserved fund balance equal to at least 20% of operating revenues in the general fund: 10% to be used for the cash flow need due to timing differences between receipts and disbursements during the fiscal year, and 10% to only be used upon approval of the City Council to cover unanticipated expenditures or revenue shortfalls. The General Fund actual ending unassigned fund balance for June 30, 2021 is \$21.2 million or 45% of operating revenues. Other funds have sufficient fund balances to meet operating requirements and infrastructure improvements to the benefit of its residents.

#### **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Prescott for its comprehensive annual financial report for the fiscal year ended June 30, 2020. This was the 39<sup>th</sup> consecutive year that the City has achieved this prestigious award.

In order to be awarded a certificate of achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A certificate of achievement is valid for a period of one year only. We believe that our current comprehensive annual report continues to meet the certificate of achievement program's requirements, and we are submitting it to GFOA.

The City of Prescott received the Distinguished Budget Presentation Award from the GFOA for our conformity in the budget presentation for the fiscal year beginning July 1, 2020. We believe that our current budget continues to conform to the program requirements and expect to receive this award for the fiscal year beginning July 1, 2021.

#### **INDEPENDENT AUDIT**

In accordance with the City Charter and Arizona law, the City's financial records are subject to an annual audit by an independent certified public accountant. The audit is conducted in accordance with generally accepted auditing standards. The auditor determines whether the City followed generally accepted accounting and reporting principles. HintonBurdick, PLLC conducted the audit for fiscal year ending June 30, 2021. The audit opinion is located in the financial section of the report.

The City is also required to undergo a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance

with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

#### **ACKNOWLEDGMENT**

The preparation of the Comprehensive Annual Financial Report was a collaborative undertaking of the Budget and Finance Department. Each member has our appreciation for the assistance provided in the preparation of this document. We also recognize the efforts of other departments who provided data that helped to make the report more meaningful.

In closing, we acknowledge the City Council and the City Manager for their continued support and direction.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mark Woodfill", written in a cursive style.

Mark Woodfill  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Prescott  
Arizona**

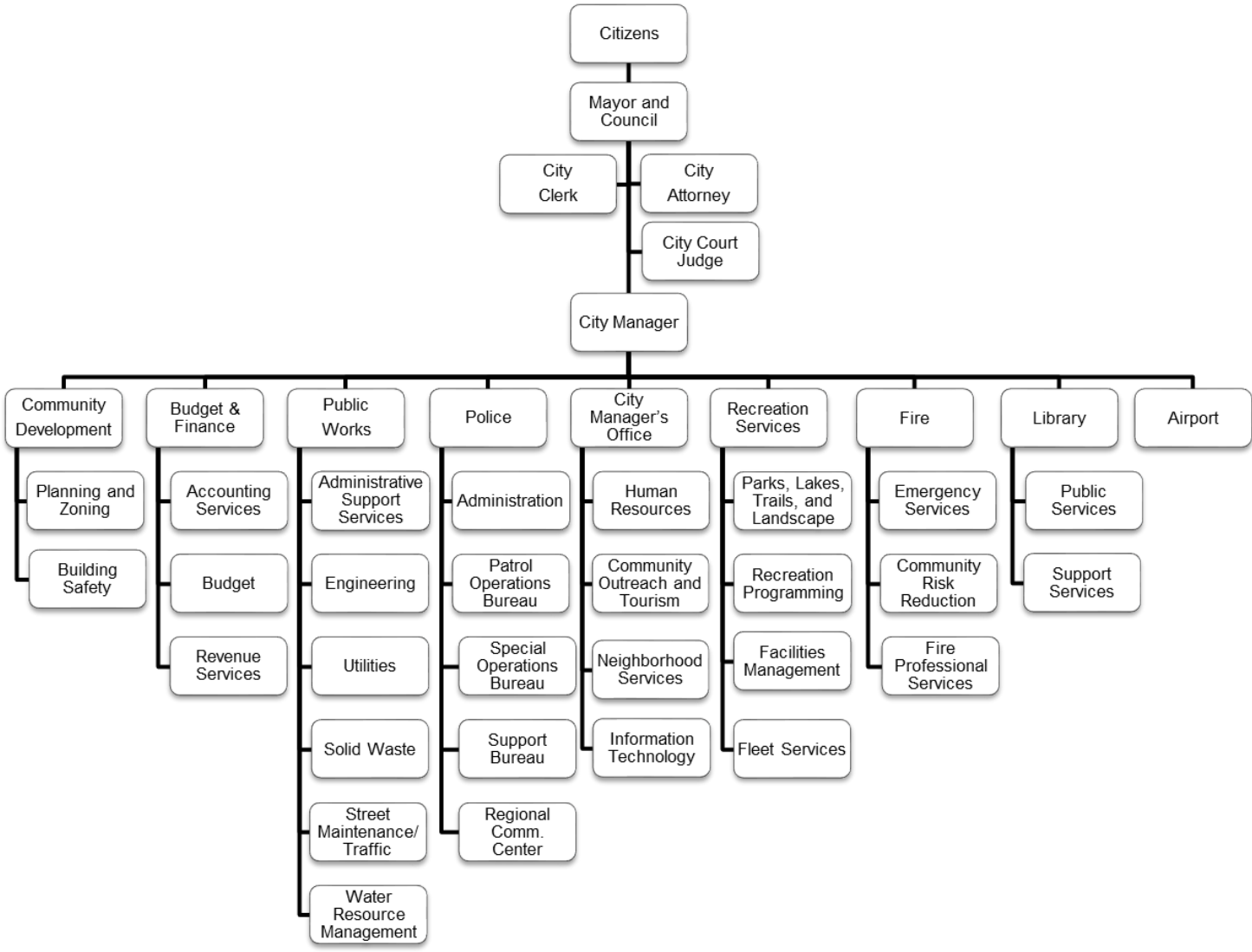
For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

# City Organizational Chart



# **CITY OF PRESCOTT, ARIZONA**

*June 30, 2021*

## **ELECTED OFFICIALS**

**Greg Mengarelli, Mayor**

### **Council**

**Clark Tenney**

**Alexa Scholl**

**Phil Goode**

**Cathey Rusing**

**Steve Sischka**

**Steve Blair**

### **Appointed Officials**

**Michael Lamar**

**City Manager**

**Jon Paladini**

**City Attorney**

**Sarah Siep**

**City Clerk**

**Glenn Savona**

**City Magistrate**

### **Mailing Address**

201 South Cortez  
Prescott, AZ 86303

[www.prescott-az.gov](http://www.prescott-az.gov)







## FINANCIAL SECTION





## Independent Auditors' Report

The Honorable Mayor and Council  
City of Prescott  
Prescott, Arizona

### Report on the Financial Statements

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 City of Prescott, Arizona, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, the financial statements referred to above 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 City of Prescott, Arizona, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, Streets Fund, and PSPRS Dedicated Tax Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Prescott, Arizona's basic financial statements. The introductory section, combining and individual non-major fund financial statements, other supplementary information, and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund statements and schedules, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 and individual nonmajor fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory, other supplementary information, and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2021, on our consideration of the City of Prescott, 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 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 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 Prescott, Arizona's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "HintonBurdick, PLLC". The signature is written in a cursive, flowing style.

HintonBurdick, PLLC  
Gilbert, Arizona  
November 5, 2021





## MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis presents the highlights of financial activities and financial position for the City of Prescott. The analysis focuses on significant financial issues, debt administration, capital assets, major financial activities and resulting changes in financial position, budget changes and variances from the budget, specific issues related to funds, and the economic factors affecting the City.

Management's Discussion and Analysis focuses on current year activities and resulting changes. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this discussion and analysis.

### FINANCIAL HIGHLIGHTS

- Governmental Activities net position – The City's net position increased 9.2% or \$20.1 million from \$219.0 million to \$239.1 million. This increase is the result of increased revenues over expenses including 15% increase in privilege tax collection and 19% increase in unrestricted intergovernmental revenues.
- Business Type Activities net position – The City's net position increased 9.3% or \$25.9 million from \$277.4 million to \$303.3 million. This increase is the result of increased water and wastewater fees from rate increases needed to fund capital needs and increase capital grants at the airport.
- Governmental Activities expenses of \$73.4 million exceeded program revenues of \$17.0 million, a difference of \$56.4 million. The remaining \$56.4 million of expense represents the total burden each separate function places on the City, that is the total cost after deducting revenues charged or grants and contributions received specifically for these programs. This amount is covered by general governmental revenues net of transfers.
- Business Type Activities expenses were \$44.0 million, while program revenues totaled \$66.3 million, a difference of \$22.3 million. The current year excess of revenues will be added to net position.
- Component units – The City includes three separate legal entities in its report: the City of Prescott Municipal Property Corporation (MPC), and the Hassayampa Community Facilities District (CFD) #1 and #2. Although legally separate, these "component units" are presented along with the City's financial statements (blended presentation). Blending component units is appropriate when they share a governing body with the primary government or when there is an exclusive benefit to the primary government. Each of the above mentioned component units, meets these requirements. A more detailed description of these component units is available in Note 1.

### REPORT LAYOUT

This annual financial report consists of several sections. When taken as a whole they provide a detailed financial look at the City. The report includes the following:

- **Management's Discussion and Analysis.** This section of the report provides financial highlights, overview and economic factors impacting the City.
- **Basic Financial Statements.** Includes Statement of Net Position, Statement of Activities, Fund financial statements and the Notes to the Financial Statements. Statements of Net Position and Activities focus on an entity-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the City. The City's component units, the Hassayampa CFD's are included within the governmental activities and the MPC is included within the business-type activities.
  - The Statement of Net Position presents the resources available for future operations. This statement provides a snapshot view of the assets the community owns, the liabilities it owes and the net difference. The net difference or net position provides a measure of the City's financial strength, 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 privilege tax or property tax base or the condition of roads, parks and libraries to accurately assess the overall health of the City. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts.
  - The Statement of Activities presents the gross and net costs of City programs and the extent to which such programs rely on general tax and other revenues. This Statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
  - Fund financial statements present separately the major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City's major governmental funds are reported in a separate column and the remaining funds are

combined into a column titled "Other Governmental Funds". Budgetary comparison statements are presented for the General Fund and the Streets and Open Space Special Revenue Fund.

- The Notes to the Financial Statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition.
- **Other Supplementary Information.** Users wanting additional information on non-major funds can find it in the Combining Statements of Non-major Funds and/or the Supplementary Information-Budgetary Comparison sections of the report. Components within this section include:
  - Combining Statements - Major funds are included in the Basic Financial Statements, whereas non-major funds are presented here.
  - Budgetary Comparisons - Budgetary information for all governmental funds, except those presented within the Basic Financial Statements, are presented here.
  - Other Financial Schedules complete the Financial Section of the report.
- **Statistical Section.** Information is presented for five categories – financial trends, revenue capacity, debt capacity, demographic and economic, and operating.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

A condensed version of the Statement of Net Position at June 30, 2021 and June 30, 2020 follows:

### City of Prescott's Net Position

(in millions)

	Governmental Activities		Business-type Activities		Total Government	
	2021	2020	2021	2020	2021	2020
Cash and investments	\$ 58.9	\$ 48.5	\$ 39.1	\$ 41.4	\$ 98.0	\$ 89.9
Other assets	9.8	16.5	11.4	5.5	21.2	22.0
Capital assets	235.2	228.8	346.8	326.8	582.0	555.6
Total assets	303.9	293.8	397.3	373.7	701.2	667.5
Deferred outflows	34.7	30.2	2.6	1.2	37.3	31.4
Total assets and deferred outflows	338.6	324.0	399.9	374.9	738.5	698.9
Noncurrent liabilities	90.5	97.9	88.8	87.9	179.3	185.8
Other liabilities	8.1	4.6	7.5	8.5	15.6	13.1
Total liabilities	98.6	102.5	96.3	96.4	194.9	198.9
Deferred inflows	.8	2.6	.3	1.0	1.1	3.6
Total liabilities and deferred inflows	99.4	105.1	96.6	97.4	196.0	202.5
Net Position:						
Net investment in capital assets	221.0	212.9	272.1	249.6	493.1	462.5
Restricted for:						
Streets & Open Space	18.3	18.6	-	-	18.3	18.6
Capital projects	3.8	4.2	-	-	3.8	4.2
Transient occupancy tax	1.0	0.6	-	-	1.0	0.6
Debt service	2.1	0.7	5.7	5.7	7.8	6.4
Grants and donations	1.5	0.9	-	-	1.5	0.9
Unrestricted	(8.6)	(18.9)	25.5	22.1	16.9	3.2
Total net position	\$ 239.1	\$ 219.0	\$ 303.3	\$ 277.4	\$ 542.4	\$ 496.4

Rounding adjustments result in small differences when compared to financial statements.

## Governmental Activities

During the current fiscal year the balance of net position increased by \$20.2 million from a reduction in noncurrent liabilities, an increase in cash and other assets from increased tax revenue and intergovernmental revenues.

## Business-type Activities

During the current fiscal year the balance of net position increased by \$25.9 million primarily due to additional revenue from utility rate increases as well as capital contributions for infrastructure projects.

There are restrictions on \$26.7 million of net position for governmental activities and an additional \$5.7 million in restricted net position of business-type activities. The restrictions represent legal or contractual obligations on how the assets may be expended. Within the governmental activities category are taxes and other collections limited to specific transportation projects, impact fee capital projects, and the repayment of debt. Within the business-type activities are debt service reserves.

## STATEMENT OF ACTIVITIES

A summary of the Statement of Activities for the year ended June 30, 2021 and June 30, 2020 follows:

### City of Prescott's Changes in Net Position

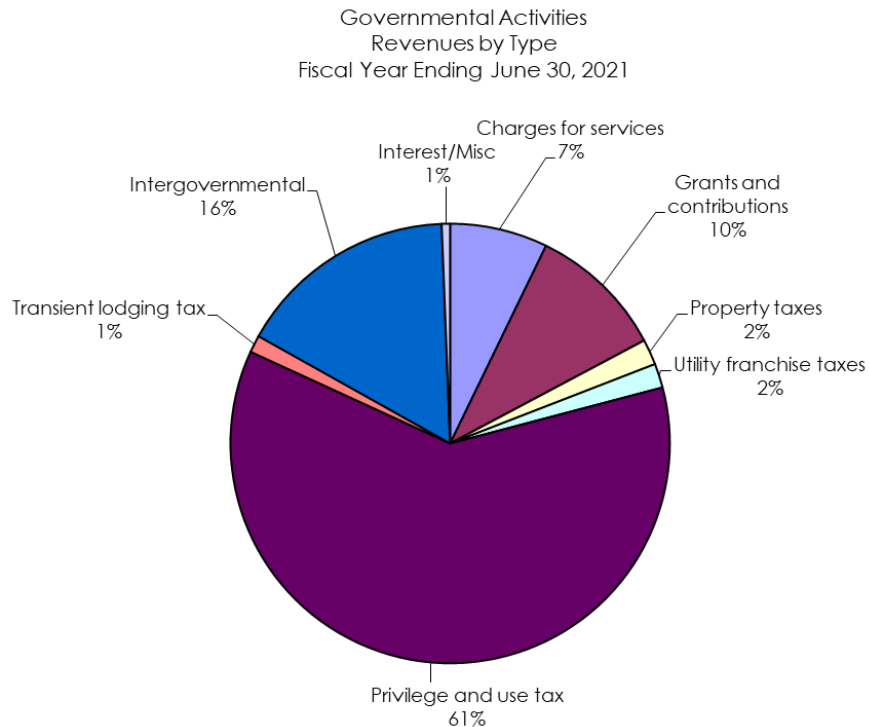
	(in millions)					
	Governmental Activities		Business-type Activities		Total Government	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services and other	\$ 6.9	\$ 6.8	\$ 49.5	\$ 44.9	\$ 56.4	\$ 51.7
Operating grants & contributions	2.7	7.7	-	-	2.7	7.7
Capital grants & contributions	7.4	5.6	16.8	9.7	24.2	15.3
Total program revenues	17.0	20.1	66.3	54.6	83.3	74.7
<b>General revenues</b>						
Taxes	63.6	55.4	-	-	63.6	55.4
Intergovernmental	15.3	13.2	-	-	15.3	13.2
Interest & investment income	-	1.6	-	1.0	-	2.6
Miscellaneous	0.6	-	0.7	0.4	1.3	0.4
Total general revenues	79.5	70.2	0.7	1.4	80.2	71.6
Total revenues	96.5	90.3	67.0	56.0	163.5	146.3
<b>Expenses</b>						
General government	3.8	3.4	-	-	3.8	3.4
Community services	2.0	2.2	-	-	2.0	2.2
Culture and recreation	7.0	6.5	-	-	7.0	6.5
Police and court	17.4	17.4	-	-	17.4	17.4
Fire	14.8	14.7	-	-	14.8	14.7
Public works	28.0	20.0	-	-	28.0	20.0
Interest on long-term debt	0.4	0.8	-	-	0.4	0.8
Airport	-	-	3.9	3.7	3.9	3.7
Golf course	-	-	3.9	3.4	3.9	3.4
Solid waste/transfer station	-	-	9.2	9.2	9.2	9.2
Wastewater	-	-	13.1	13.2	13.1	13.2
Water	-	-	13.9	15.5	13.9	15.5
Total Expenses	73.4	65.0	44.0	45.0	117.4	110.0
<b>Increase (decrease) before transfers</b>	23.1	25.3	23.0	11.0	46.1	36.3
Transfers	(2.9)	(0.9)	2.9	0.9	-	-
<b>Change in net position</b>	20.2	24.4	25.9	11.9	46.1	36.3
Beginning net position	218.9	194.6	277.5	265.6	496.4	460.2
<b>Ending net position</b>	\$ 239.1	\$ 219.0	\$ 303.4	\$ 277.5	\$ 542.5	\$ 496.5

Rounding adjustments result in small differences when compared to financial statements.

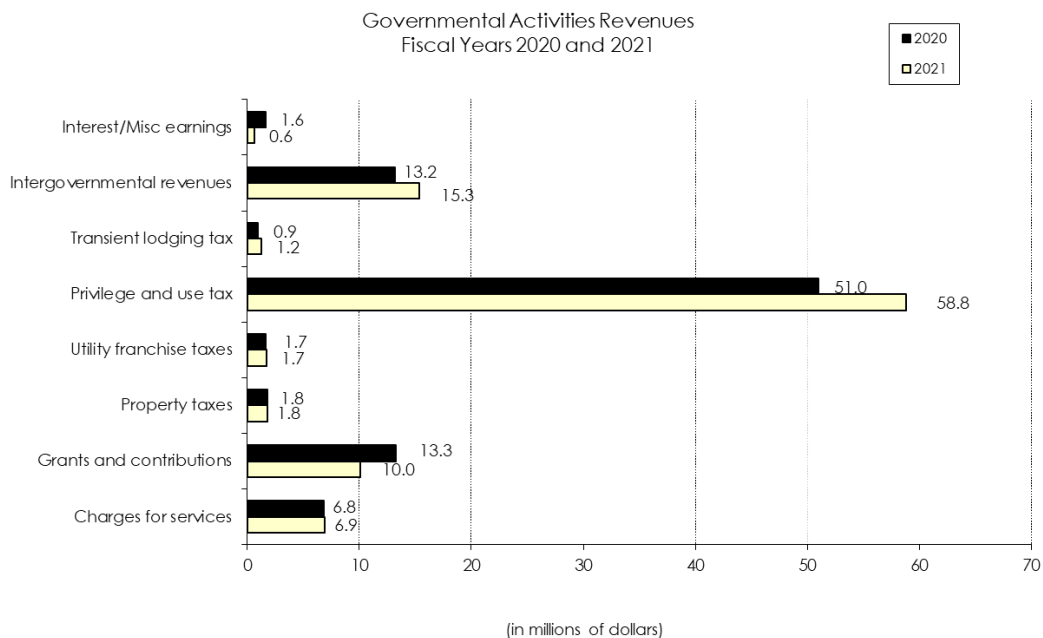
## Governmental Activities

The cost of all governmental activities this year was \$73.5 million. Approximately \$6.9 million of this cost was paid for by those who directly benefited from or contributed to the programs, \$10.0 million was subsidized by grants received from other governmental organizations or developers for both capital and operating activities, \$40.5 million was financed through general City taxes and \$16.3 million was financed through other governmental revenues.

The following shows the breakdown of governmental activities revenue.



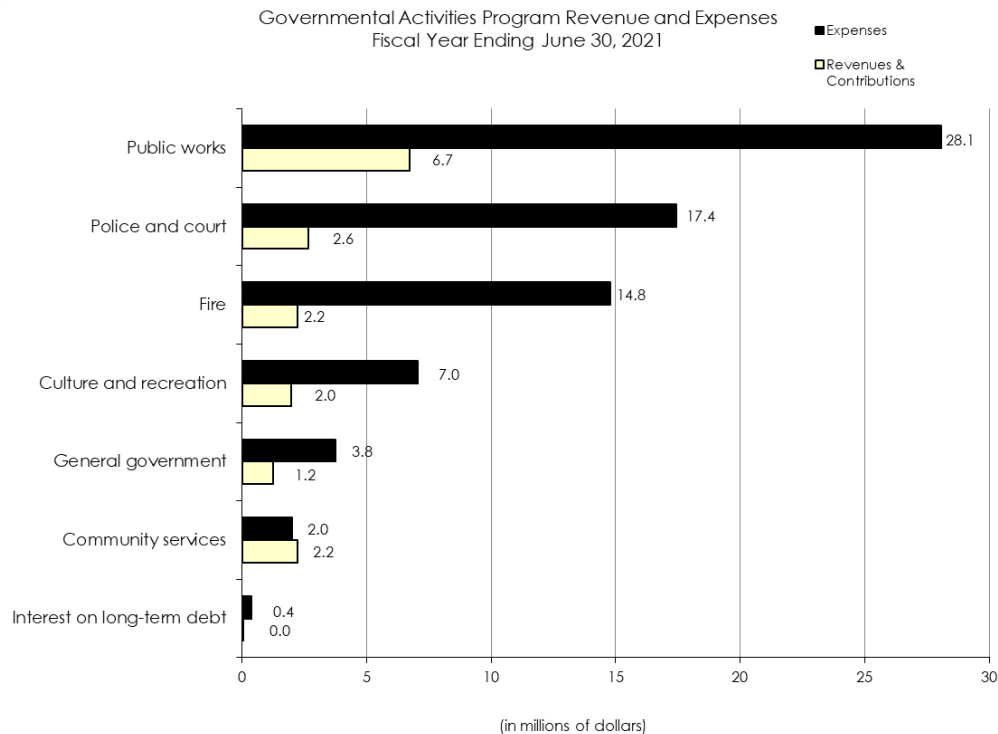
The graph below compares the governmental revenues from fiscal year 2021 to fiscal year 2020



Total governmental activities revenues increased by \$6.2 million or 6.9% from the previous year. Key factors in this change include:

- Privilege and use tax increased by \$7.8 million or 15.3% due to an increase in taxable activity in the City.
- Intergovernmental revenues were up \$2.2 million due to state shared revenues from state wide increasing economic activity.
- Operating and capital grants and contributions were down \$3.2 million due to non-recurring additional grants including the AZCares funding of public safety expenses in the previous year.
- Interest and investment income were down \$1.6 million due to decreased earnings rates.

All governmental programs use general revenues to support their functions. Some programs such as police and fire are dependent on general revenues to fund operations. The following chart compares the expenses and revenues for each of the City's programs and shows the extent of each program's dependence on general revenues for support in the current year.



Governmental program expenses increased to \$73.4 million as compared to the prior year at \$65.0 million. The increase of \$8.4 million is a combination of factors but mainly an increase in infrastructure maintenance.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

### Governmental Funds

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$54.8 million, a decrease \$0.8 million in comparison to the combined ending fund balances for the previous fiscal year.

Approximately \$20.9 million of the total for the current fiscal year represents unassigned fund balance, which is available for spending at the City's discretion. The remaining fund balance is not available for new spending because it has already been committed, assigned, restricted or is designated non-spendable for specific purposes; examples are impact fees and special revenue funds.

Revenues for governmental functions overall totaled approximately \$94.9 million in the current fiscal year, an increase of 6.4% compared to the previous year total of \$89.1 million. In the current fiscal year, expenditures for governmental functions totaled \$92.7 million which is an increase of 21.6% compared to the previous year driven by increase capital spending.

Revenues for governmental functions exceeded Expenditures by \$2.2 million or 2.4 % in the current fiscal year. In the previous fiscal year, governmental expenditures exceeded revenues by approximately \$12.9 million or 16.9%.

## **General Fund**

The General Fund is the main operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$20.9 million, while the total fund balance was \$28.1 million. The unassigned and total balances for the General Fund at the end of the previous fiscal year were \$21.5 million and \$30.6 million, respectively. The City also has \$7.2 million as non-spendable from internal loans.

The following factors represent the reasons behind significant changes in the general fund and significant budgetary variances:

- Taxes increased by \$2.9 million or 13.3% from the previous year mainly from improvement in the local economy which provided an increase in privilege (sales) tax collections. The budget variance of \$6.9 million was the result of economic activity being better than projected.
- Intergovernmental revenues increased by \$2.2 million or 18.4% from the previous year mainly from improved economic conditions state wide. The budget variance of \$1.6 million was the result of economic activity being better than projected.
- Interest and investment income decreased \$0.7 million from reduced earnings rate and required market adjustments.
- Current expenditures were up by \$6.0 million from the previous year primarily in police and fire as a result of AZCares grant funding in the previous year.
- Capital expenditures were up by \$7.3 million because of the purchase of the New City Hall building. There was a budget variance in capital expenditures for all departments of \$0.9 million from the deferral of projects during the COVID pandemic.

Unassigned fund balance of \$20.9 million represents 46.4% percent of the total General Fund expenditures of \$45.7 million in the current fiscal year. In the previous fiscal year, the unassigned fund balance of \$21.5 million represented 66.2% percent of the total General Fund expenditures of \$32.5 million.

Overall, the General Fund's performance resulted in revenues over expenditures in the fiscal year of \$1.2 million. In the prior year, expenditures exceeded revenues by \$9.7 million. This increase in expenditures is the result of additional one time capital expenditures in the current fiscal year.

## **Streets Fund**

The Streets fund revenues exceeded expenditures by \$1.3 million during the year. In the prior year, expenditures exceeded revenues by \$3.0 million. The higher expenditures this year are the result of more streets maintenance being completed.

The following factors represent the reasons behind significant changes in the streets fund and significant budgetary variances:

- Taxes increased by \$2.8 million or 15.3% from the previous year. The \$6.9 million budget variance was the result of economic activity being better than projected.
- Intergovernmental revenues decreased by \$0.1 million or -0.7% from the previous year. The \$0.9 million budget variance was the result of statewide economic activity being better than projected.
- Interest and investment income decreased \$0.6 million from reduced earnings rate and required market adjustments.
- Operating expenditures increased by \$7.9 million from increased road maintenance activities.
- Capital outlay decreased by \$3.5 million as a result of less capital replacement being completed during the current year. The budget variance of \$3.2 million is the result of fewer capital projects being completed than planned. These delayed projects will be included in the next year budget.

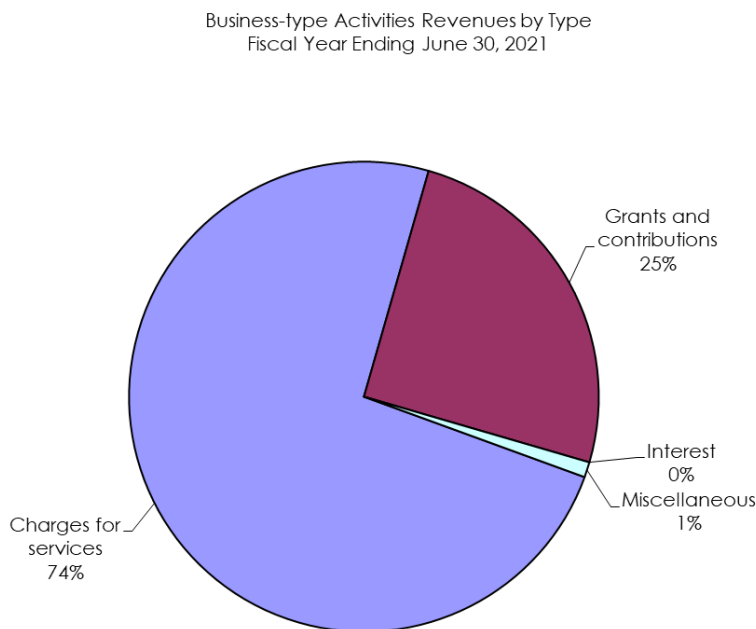
Other individual governmental funds had no unusual fluctuations which warrant explanation.

## Business-type Activities

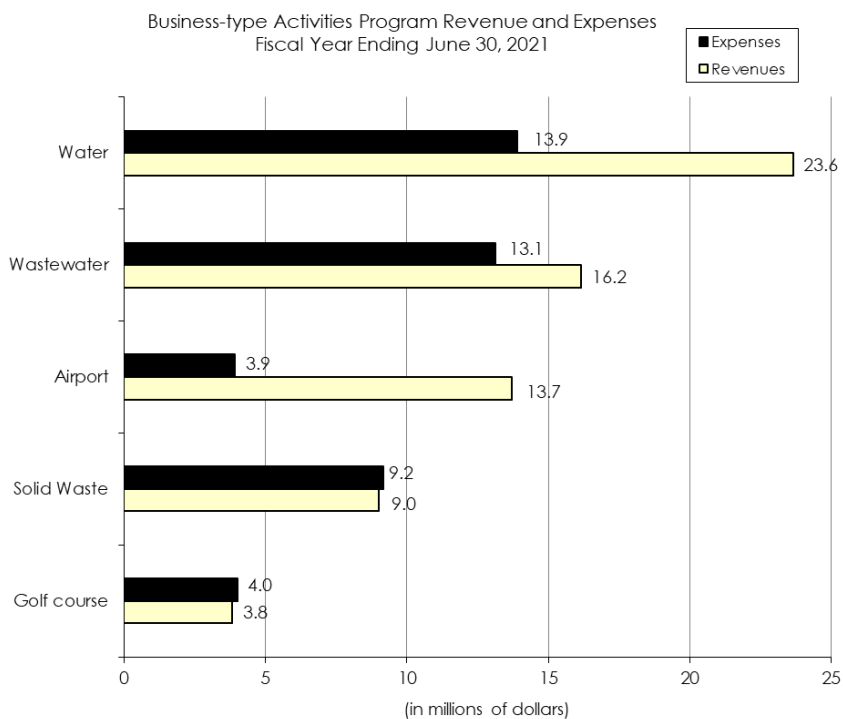
The cost of all business-type activities this year was \$44.0 million and net position increased by \$25.9 million. The \$67.0 million in revenues was provided by: \$49.5 million paid by users, \$16.8 million subsidized by contributions and grants received from other governmental organizations and developers for capital activities, miscellaneous and investment earnings of \$0.7 million, and a transfer in of \$2.9 million.

Business-type activities revenue decreased by \$11.0 million compared to the previous year due to increased grant revenues for the current fiscal year compared to the previous fiscal year.

The chart below shows the breakdown of business-type activities revenue.

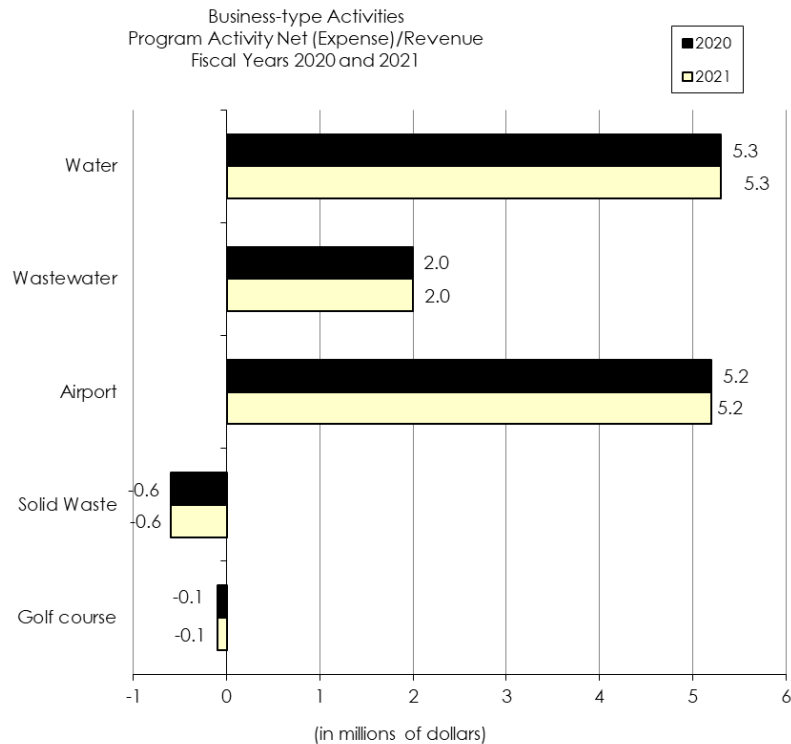


The City's business-type programs include the following: water, wastewater, golf course, airport, and solid waste. The chart below shows the revenue and expenses for each business-type program and the extent of each program's dependence on general revenues for support in the current year.





The graph below compares the business-type activities increase (decrease) in net position for fiscal years 2021 and 2020.



The business-type changes in operating net position were the result of the following factors:

- The Water fund had a \$9.4 million increase in net position from rate increase and increased accounts.
- Waste water fund had a \$3.3 million increase in net position from rate increase and increased accounts.
- The Airport fund had a \$13.7 million increase in net position primarily from increased transfer from the General fund and grant contributions for capital projects.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2021, the City had invested \$582.0 million in capital assets net of accumulated depreciation as reflected in the following table, which represents a net increase of \$26.4 million.

The following table reconciles the changes in capital assets.

	Change in Capital Assets (in millions)					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Beginning Balance	\$ 228.8	\$ 229.5	\$ 326.8	\$ 306.8	555.6	\$ 536.3
Transfers	-	-	-	-	-	-
Increases	18.6	11.1	31.2	30.6	49.8	41.7
Decreases	-	-	(0.4)	-	(0.4)	-
Depreciation	(12.2)	(11.8)	(10.8)	(10.6)	(23.0)	(22.4)
Ending Balance	\$ 235.2	\$ 228.8	\$ 346.8	\$ 326.8	\$ 582.0	\$ 555.6

See Section 1H and 3C in the Notes to the Financial Statements for further information on the City of Prescott's capital assets.

The City increased its assets by \$49.8 million in capital expenditures. Major capital asset events during the fiscal year include the following:

- \$9.6 million for the Airport Terminal expansion project.
- \$7.5 million on the purchase of the new building for City Hall.
- \$5.2 million for Water Production Facility & Intermediate Pump Station construction.
- \$5.1 million on the Taxiway C relocation.
- \$2.7 million for the extension of Corsair Ave.
- \$2.2 million on the construction of Airport Well No 5
- \$1.7 million on the curve realignment on Willow Creek Road.

### **Debt Administration**

As of year-end, the City had \$179.2 million in long-term debt outstanding compared to \$185.9 million last year.

	Outstanding Long-Term Debt at Year End					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pledged Excise Tax Bonds	14.1	15.7	-	-	14.1	15.7
Municipal Property Corporation	-	-	8.3	8.7	8.3	8.7
Community Facilities District	-	0.2	-	-	-	0.2
Loans WIFA	-	-	66.4	67.4	66.4	67.4
Claims Payable	0.3	0.8	-	-	0.3	0.8
Landfill post-closure costs	-	-	1.6	1.6	1.6	1.6
Compensated absences	3.7	3.4	1.0	0.9	4.7	4.3
Net pension & OPEB liability	72.3	77.9	11.5	9.3	83.8	87.2
Total	<u>\$ 90.4</u>	<u>\$ 98.0</u>	<u>\$ 88.8</u>	<u>\$ 87.9</u>	<u>\$ 179.2</u>	<u>\$ 185.9</u>

See Section 1J, and 3F in the Notes to the Financial Statements for further information on the City of Prescott's long-term debt.

The City's general obligation bonds have been assigned ratings of "Aa2" by Moody's Investor Services (Moody's), "AA" by Standard & Poor's Ratings Services (S&P) and "AA" by Fitch Ratings (Fitch).

The City's excise tax bonds are rated by Moody's, S&P and Fitch who have assigned the underlying ratings of "Aa3", "AA+" and "AA", respectively.

Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, wastewater, lighting, parks, open space and recreational purposes may not exceed 20% of a City's net secondary assessed valuation. Outstanding general obligation bonded debt for other general municipal purposes may not exceed 6% of a City's net secondary assessed valuation. As of June 30, 2021, the City is well within its debt limits, having \$138.6 million in borrowing capacity in the 20% category, and \$41.6 million in borrowing capacity in the 6% category. The City also has a \$2.1 million margin available for Highway User Tax Bonds which represents 50% of the Highway User revenue received in fiscal year 2021.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City remains on solid financial ground and its long-term financial plan remains one of conservative fiscal growth as the economy continues to improve. Economic activity in the City has increased, but continued State Legislature restrictions on the City's tax base and increased regional competition have limited the impact. Following is the projected changes in the tax revenues.

The projected fiscal year 2022 City's share of the State Income Tax is down 13.6% from Fiscal Year 2021 actuals. State Income Tax is based on tax collections that were received by the State of Arizona two years ago, showing a slight decline in the economic conditions. There is a projected reduction of 1.0% in the City's share of the State Sales Tax and a 9.8% reduction in State Vehicle License Tax contribution, the actual distribution from the state is based on actual tax collection and these projections may be low as a result of a conservative approach by the state in light of the ongoing COVID pandemic. All of these revenues collected and shared by the State are Census-driven. If Prescott does not experience growth at the same rate as other communities in Yavapai County, the City's proportional share of revenue may decrease.

Due to the continued uncertainties of the COVID pandemic, the City sales tax revenues were projected to decrease by 7.5% in fiscal year 2022 when compared to fiscal year 2021 budget. The City's primary property tax revenue for Fiscal

Year 2022 is projected at \$1,874,215. Prescott's net assessed value for 2021 of \$788,147,462 represents 25.1% of Yavapai County's net assessed values.

The economic factors are taken into consideration when projecting revenues for balancing expenditures for available resources. The Fiscal Year 2022 Budget totals \$238,444,604, which represents a 15.3% increase from the prior year level, primarily attributable to fluctuation in capital projects. The \$102,416,801 Operating Budget primarily supports delivery of day to day services, and is an increase of 5.6% over last year, which reflects the new positions approved, an investment in our employees through the newly implemented Class and Comp Study, and cost increases necessary to continue to provide city services at equal or better levels. .

The Capital Budget for Fiscal Year 2022 is \$98,747,803 which is a 12.1% increase from Fiscal Year 2021. Capital expenditures are non-routine, one time expenditures for purchase or projects with a value over \$5,000 and estimated useful life over one year. Capital budgets tend to rise and fall each year depending on the timing of projects – especially as Prescott is primarily on a “pay-as-you-go” program. In addition, a conservative approach was taken with the FY2021 Capital Budget due to extremely uncertain circumstances due to the pandemic.

Other components of the budget include a contingency and PSPRS related payments. The contingency includes the budget for potential grants that may arise along with any economic opportunities that might be presented to the City or capital projects that may arise. The normal pension cost portion of the annual required contribution (ARC) is for the cost of benefits for the current year and is budgeted in department's operational budgets. The other component of the ARC is the amortization of the unfunded pension liability which is related to prior earned pensions that are not sufficiently funded. This portion of the ARC is funded out of the General Fund. In addition, the citizens passed a dedicated 0.75% sales tax starting January 1, 2018, to pay down the unfunded PSPRS pension liability. Per the Council's adopted Pension Funding Policy, proceeds from this dedicated tax are sent to the PSPRS trust in addition to the ARC which is funded from the City's operating funds.

All fund balance reserves have been maintained at the levels required by budget policy.

## **FINANCIAL CONTACT**

This financial report is designed to present a general overview of the City's finances and to demonstrate the City's accountability. To ask questions, share observations or provide suggestions about the report, contact:

City of Prescott  
Finance Department  
201 South Cortez  
Prescott, Arizona 86303  
928.777.1236  
Or visit our website at: [www.prescott-az.gov](http://www.prescott-az.gov)

## **BASIC FINANCIAL STATEMENTS**

**CITY OF PRESCOTT, ARIZONA**  
**Statement of Net Position**  
June 30, 2021

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 57,624,980	\$ 32,665,681	\$ 90,290,661
Receivables (net)	9,454,397	10,528,345	19,982,742
Internal balances	(309,257)	309,257	-
Inventories	385,746	524,130	909,876
Restricted cash and investments	1,304,693	6,478,083	7,782,776
OPEB asset	215,397	47,657	263,054
Capital assets			
Land	75,140,912	30,501,878	105,642,790
Construction in progress	17,803,603	67,846,678	85,650,281
Other capital assets (net of accumulated depreciation)	142,207,129	248,435,382	390,642,511
Total assets	303,827,600	397,337,091	701,164,691
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions and OPEB	34,683,291	2,564,417	37,247,708
Total deferred outflows of resources	34,683,291	2,564,417	37,247,708
Total assets and deferred outflows of resources	338,510,891	399,901,508	738,412,399
<b>LIABILITIES</b>			
Accounts payable	5,844,059	5,632,301	11,476,360
Accrued expenses	794,162	1,175,952	1,970,114
Deposits	1,496,969	606,983	2,103,952
Advanced revenues	-	73,174	73,174
Noncurrent liabilities			
Due within 1 year	2,649,516	6,474,771	9,124,287
Due in more than 1 year	87,828,475	82,293,728	170,122,203
Total liabilities	98,613,181	96,256,909	194,870,090
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions and OPEB	847,840	300,669	1,148,509
Total deferred inflows of resources	847,840	300,669	1,148,509
Total liabilities and deferred inflows of resources	99,461,021	96,557,578	196,018,599
<b>NET POSITION</b>			
Net investment in capital assets	221,049,573	272,165,695	493,215,268
Restricted for:			
Streets and open space privilege tax activities	18,325,481	-	18,325,481
Capital projects	3,781,850	-	3,781,850
Transient occupancy tax	961,703	-	961,703
Debt service	2,123,681	5,687,691	7,811,372
Grants and donations	1,524,325	-	1,524,325
Unrestricted	(8,716,743)	25,490,544	16,773,801
Total net position	\$ 239,049,870	\$ 303,343,930	\$ 542,393,800

The notes to the financial statements are an integral part of this statement.

**CITY OF PRESCOTT, ARIZONA**  
**Statement of Activities**  
For the year ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services, Fees, Fines, and Forfeitures	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary Government</b>							
<b>Governmental activities:</b>							
General government	\$ 3,761,866	\$ 772,674	\$ 96,290	\$ 375,000	\$ (2,517,902)	\$ -	\$ (2,517,902)
Community services	1,988,531	1,916,127	289,934	-	217,530	-	217,530
Culture and recreation	7,037,892	1,389,908	74,149	509,000	(5,064,835)	-	(5,064,835)
Police and court	17,428,952	1,776,418	637,843	225,155	(14,789,536)	-	(14,789,536)
Fire	14,776,911	553,447	1,321,638	343,364	(12,558,462)	-	(12,558,462)
Public works	28,090,776	535,850	259,483	5,909,953	(21,385,490)	-	(21,385,490)
Interest on long-term debt	366,764	-	7,711	-	(359,053)	-	(359,053)
Total governmental	73,451,692	6,944,424	2,687,048	7,362,472	(56,457,748)	-	(56,457,748)
<b>Business-type activities:</b>							
Airport	3,903,423	1,799,706	14,545	11,887,076	-	9,797,904	9,797,904
Golf course	4,030,717	3,835,811		-	-	(194,906)	(194,906)
Solid waste	9,168,409	9,004,387	2,520	-	-	(161,502)	(161,502)
Wastewater	13,123,990	14,687,964	-	1,478,889	-	3,042,863	3,042,863
Water	13,883,582	20,220,085	-	3,420,322	-	9,756,825	9,756,825
Total business-type activities	44,110,121	49,547,953	17,065	16,786,287	-	22,241,184	22,241,184
Total primary government	\$ 117,561,813	\$ 56,492,377	\$ 2,704,113	\$ 24,148,759	(56,457,748)	22,241,184	(34,216,564)
<b>General revenues:</b>							
Property taxes, levied for general purposes					1,816,650	-	1,816,650
Utility franchise taxes					1,719,356	-	1,719,356
City privilege and use tax, general purposes					21,393,939	12,300	21,406,239
City privilege tax, major street and open space program					21,393,939	-	21,393,939
City privilege tax, PSPRS Liability					16,042,564	-	16,042,564
Transient lodging tax					1,228,519	-	1,228,519
Intergovernmental revenues - unrestricted					15,343,621	-	15,343,621
Interest and investment income					6,406	886	7,292
Miscellaneous					589,051	690,360	1,279,411
Transfers					(2,924,393)	2,924,393	-
Total general revenues and transfers					76,609,652	3,627,939	80,237,591
Change in net position					20,151,904	25,869,123	46,021,027
Net position - beginning					218,897,966	277,474,807	496,372,773
Net position - ending					\$ 239,049,870	\$ 303,343,930	\$ 542,393,800

The notes to the financial statements are an integral part of this statement.





## **FUND FINANCIAL STATEMENTS**

### **Major Governmental Funds**

#### **GENERAL FUND**

The general fund is established to account for the revenues and expenditures necessary to carry out the basic activities of the City such as culture and recreation, general government, police and fire protection.

Principal sources of revenue are privilege (sales) tax, property tax, state and county shared revenue, licenses and permits and charges for various services.

Funds are expended primarily for day-to-day operating expenses and equipment. Capital expenditures for large-scale public improvements, such as buildings, parks or streets, are accounted for elsewhere in capital projects, special revenue or enterprise funds.

#### **SPECIAL REVENUE FUNDS**

##### **Streets and Open Space**

This fund is used to account for highway user revenues and the 1% privilege tax which is limited to street improvements and maintenance and/or open space acquisition. In 2015, the voters extended the 1% tax for street improvements and maintenance only from January 2016 to December 2035.

##### **PSPRS Dedicated Tax Fund**

This fund receives and expends the dedicated 0.75% privilege tax revenues approved by the voters to pay off the City's Public Safety Personnel Retirement System (PSPRS) unfunded pension liability. The tax sunsets December 31, 2027, or when the unfunded liability is \$1.5 million.

**CITY OF PRESCOTT, ARIZONA**  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2021

	<b>Major Funds</b>				
			<b>PSPRS</b>	<b>Nonmajor</b>	<b>Total</b>
	<b>General</b>	<b>Streets Fund</b>	<b>Dedicated</b>	<b>Governmental</b>	<b>Governmental</b>
<b>ASSETS</b>			<b>Tax</b>	<b>Funds</b>	<b>Funds</b>
Cash and short-term investments	\$ 27,952,343	\$ 19,101,821	\$ 170,851	\$ 6,558,623	\$ 53,783,638
Accounts receivable (net)	3,601,860	2,556,989	1,911,083	157,577	8,227,509
Property taxes receivable	56,427	-	-	1,595	58,022
Special assessments receivable	-	-	-	27,072	27,072
Interfund receivables	7,241,963	-	-	-	7,241,963
Interest receivable	-	-	-	2,344	2,344
Intergovernmental receivable	424,575	443,935	-	265,208	1,133,718
Total assets	<u>\$ 39,277,168</u>	<u>\$ 22,102,745</u>	<u>\$ 2,081,934</u>	<u>\$ 7,012,419</u>	<u>\$ 70,474,266</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,375,329	\$ 3,735,354	\$ -	\$ 572,457	\$ 5,683,140
Accrued expenditures	711,142	41,910	-	11,027	764,079
Interfund payable	7,551,220	-	-	-	7,551,220
Deposits returnable	1,496,969	-	-	-	1,496,969
Total liabilities	<u>11,134,660</u>	<u>3,777,264</u>	<u>-</u>	<u>583,484</u>	<u>15,495,408</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	16,973	-	-	119,310	136,283
Total deferred inflows of resources	<u>16,973</u>	<u>-</u>	<u>-</u>	<u>119,310</u>	<u>136,283</u>
<b>FUND BALANCES</b>					
Nonspendable	7,241,962	-	-	-	7,241,962
Restricted	-	18,325,481	2,081,934	6,309,625	26,717,040
Unassigned	20,883,573	-	-	-	20,883,573
Total fund balances	<u>28,125,535</u>	<u>18,325,481</u>	<u>2,081,934</u>	<u>6,309,625</u>	<u>54,842,575</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 39,277,168</u>	<u>\$ 22,102,745</u>	<u>\$ 2,081,934</u>	<u>\$ 7,012,419</u>	<u>\$ 70,474,266</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF PRESCOTT, ARIZONA**  
**Reconciliation of the Balance Sheet to**  
**Statement of Net Position**  
June 30, 2021

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

Total fund balances - governmental funds	\$ 54,842,575
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Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds:

Capital assets	\$ 500,096,292	
Less: accumulated depreciation:	<u>(268,417,344)</u>	
		231,678,948

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:

OPEB assets	203,952	
Unavailable grant revenue	90,647	
Deferred special assessment revenue	27,072	
Deferred property tax revenue	<u>18,564</u>	
		340,235

Long-term liabilities, including bonds payable and net pension liabilities, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and leases payable	(14,102,070)	
Compensated absences	(3,448,455)	
Pension and OPEB liability	<u>(69,566,554)</u>	
		(87,117,079)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows relating to pensions	34,199,128	
Deferred inflows relating to pensions	<u>(774,275)</u>	
		33,424,853

Internal service funds are used by management to charge central garage, engineering and insurance costs to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.

5,880,338

Net position of governmental activities	<u><u>\$ 239,049,870</u></u>
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**CITY OF PRESCOTT, ARIZONA**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
For the year ended June 30, 2021

	<b>Major Funds</b>				
			<b>PSPRS Dedicated Tax</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>	<b>General</b>	<b>Streets Fund</b>			
Taxes	\$ 24,946,561	\$ 21,393,939	\$ 16,042,564	\$ 1,228,559	\$ 63,611,623
Intergovernmental revenues	15,910,675	4,872,757	-	1,608,548	22,391,980
Licenses and permits	1,071,916	155,794	-	1,013,271	2,240,981
Fines and forfeitures	248,068	-	-	-	248,068
Gifts and donations	-	-	-	653,518	653,518
Charges for services	4,503,742	380,056	-	-	4,883,798
Interest and investment income	-	-	-	5,655	5,655
Miscellaneous	267,728	401,697	-	186,768	856,193
Total revenues	<u>46,948,690</u>	<u>27,204,243</u>	<u>16,042,564</u>	<u>4,696,319</u>	<u>94,891,816</u>
<b>Expenditures</b>					
Current operating					
General government	1,901,890	-	-	1,036,008	2,937,898
Community services	1,903,848	-	-	285,746	2,189,594
Culture and recreation	6,117,689	9,422	-	98,262	6,225,373
Police and court	15,398,165	-	7,237,500	551,121	23,186,786
Fire	11,338,261	-	7,237,500	79,123	18,654,884
Public works	-	19,275,800	-	-	19,275,800
Capital outlay					
General government	7,779,417	-	-	-	7,779,417
Culture and recreation	5,432	-	-	623,474	628,906
Police and court	560,094	-	-	77,889	637,983
Fire	722,337	-	-	177,878	900,215
Public works	-	4,642,397	-	3,514,538	8,156,935
Debt service - principal	-	1,595,000	-	160,687	1,755,687
Debt service - interest	6,877	362,160	-	4,603	373,640
Total expenditures	<u>45,734,010</u>	<u>25,884,779</u>	<u>14,475,000</u>	<u>6,609,329</u>	<u>92,703,118</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,214,680</u>	<u>1,319,464</u>	<u>1,567,564</u>	<u>(1,913,010)</u>	<u>2,188,698</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	38,000	-	-	2,395,429	2,433,429
Transfers out	(3,737,569)	(1,545,559)	-	(74,694)	(5,357,822)
Total other financing sources (uses)	<u>(3,699,569)</u>	<u>(1,545,559)</u>	<u>-</u>	<u>2,320,735</u>	<u>(2,924,393)</u>
Net change in fund balances	<u>(2,484,889)</u>	<u>(226,095)</u>	<u>1,567,564</u>	<u>407,725</u>	<u>(735,695)</u>
Fund balance - beginning	<u>30,610,424</u>	<u>18,551,576</u>	<u>514,370</u>	<u>5,901,900</u>	<u>55,578,270</u>
Fund balance - ending	<u>\$ 28,125,535</u>	<u>\$ 18,325,481</u>	<u>\$ 2,081,934</u>	<u>\$ 6,309,625</u>	<u>\$ 54,842,575</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF PRESCOTT, ARIZONA****Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities**

For the year ended June 30, 2021

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

Net change in fund balances - total governmental funds	\$	(735,695)
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Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those costs over the lives of the assets. This is the amount by which depreciation exceeded capital outlays in the current period.

Expenditures for capital assets	\$ 18,103,456	
Less: current year depreciation	<u>(12,084,994)</u>	
		6,018,462

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.

Donation of capital assets		509,000
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	(16,657)	
Assessments receivable	(159,254)	
Grant Revenues	<u>80,642</u>	
		(95,269)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Bond issuances	-	
Principal payments	<u>1,755,687</u>	
		1,755,687

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds

Changes in pension & OPEB liabilities\assets and related deferred outflows and inflows of resources	11,845,247	
Compensated absences	<u>(311,420)</u>	
		11,533,827

The net expenses of certain activities of internal service funds is reported with governmental activities.

	1,165,892
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Change in net position of governmental activities	<u>\$ 20,151,904</u>
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The notes to the financial statements are an integral part of this statement.

## CITY OF PRESCOTT, ARIZONA

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
General Fund

For the year ended June 30, 2021

	Budget		Actual Amounts	Variance With Final Budget
	Original	Final	Budget Basis	Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 18,047,008	\$ 18,047,008	\$ 24,946,561	\$ 6,899,553
Intergovernmental revenues	14,297,263	14,297,263	15,910,675	1,613,412
Licenses and permits	1,093,000	1,093,000	1,071,916	(21,084)
Fines and forfeitures	439,400	439,400	248,068	(191,332)
Charges for services	4,066,169	4,066,169	4,503,742	437,573
Interest and investment income	150,000	150,000	-	(150,000)
Miscellaneous	47,400	47,400	267,728	220,328
Total revenues	38,140,240	38,140,240	46,948,690	8,808,450
<b>Expenditures</b>				
Current				
General government	7,652,934	2,572,934	1,901,890	671,044
Community services	1,727,310	1,917,310	1,903,848	13,462
Culture and recreation	6,341,197	6,341,197	6,117,689	223,508
Police and court	15,951,921	15,801,921	15,398,165	403,756
Fire	11,150,069	11,350,069	11,338,261	11,808
Total expenditures	42,823,431	37,983,431	36,659,853	1,323,578
Capital outlay				
General government	-	8,069,018	7,779,417	289,601
Culture and recreation	10,000	10,000	5,432	4,568
Police and court	971,661	1,121,661	560,094	561,567
Fire	797,205	797,205	722,337	74,868
Total capital outlay	1,778,866	9,997,884	9,067,280	930,604
Total expenditures	44,602,297	47,981,315	45,734,010	2,247,305
Excess of revenues over expenditures	(6,462,057)	(9,841,075)	1,214,680	11,055,755
<b>Other Financing Sources (Uses)</b>				
Transfers in	38,000	38,000	38,000	-
Transfers out	(3,559,010)	(3,559,010)	(3,737,569)	(178,559)
Total other financing sources and uses	(3,521,010)	(3,521,010)	(3,699,569)	(178,559)
Net change in fund balances	(9,983,067)	(13,362,085)	(2,484,889)	10,877,196
Fund balance - beginning	30,610,424	30,610,424	30,610,424	-
Fund balance - ending	\$ 20,627,357	\$ 17,248,339	\$ 28,125,535	\$ 10,877,196

The notes to the financial statements are an integral part of this statement.

## CITY OF PRESCOTT, ARIZONA

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Streets Fund

For the year ended June 30, 2021

	Budget		Actual Amounts Budget Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 14,500,000	\$ 14,500,000	\$ 21,393,939	\$ 6,893,939
Intergovernmental revenues	4,013,592	4,013,592	4,872,757	859,165
Licenses and permits	30,000	30,000	155,794	125,794
Charges for services	440,000	440,000	380,056	(59,944)
Interest and investment income	125,000	125,000	-	(125,000)
Miscellaneous	5,000	5,000	401,697	396,697
Total revenues	19,113,592	19,113,592	27,204,243	8,090,651
<b>Expenditures</b>				
Current				
Culture and recreation	4,000	4,000	9,422	(5,422)
Public works	19,586,893	19,573,893	19,275,800	298,093
Total current	19,590,893	19,577,893	19,285,222	292,671
Capital outlay				
Culture and recreation	1,800,485	1,534,085	-	1,534,085
Public works	6,266,806	6,266,806	4,642,397	1,624,409
Total capital outlay	8,067,291	7,800,891	4,642,397	3,158,494
Debt service				
Principal	1,595,000	1,595,000	1,595,000	-
Interest	365,410	365,410	362,160	3,250
Total debt service	1,960,410	1,960,410	1,957,160	3,250
Total expenditures	29,618,594	29,339,194	25,884,779	3,454,415
Excess (deficiency) of revenues over expenditures	(10,505,002)	(10,225,602)	1,319,464	11,545,066
<b>Other Financing Sources (Uses)</b>				
Transfers out	(1,802,500)	(1,802,500)	(1,545,559)	256,941
Total other financing sources and uses	(1,802,500)	(1,802,500)	(1,545,559)	256,941
Net change in fund balances	(12,307,502)	(12,028,102)	(226,095)	11,802,007
Fund balance - beginning	18,551,576	18,551,576	18,551,576	-
Fund balance - ending	\$ 6,244,074	\$ 6,523,474	\$ 18,325,481	\$ 11,802,007

The notes to the financial statements are an integral part of this statement.

**CITY OF PRESCOTT, ARIZONA**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**PSPRS Dedicated Tax Special Revenue Fund**

For the year ended June 30, 2021

	Budget		Actual Amounts Budget Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 10,875,000	\$ 10,875,000	\$ 16,042,564	\$ 5,167,564
Interest and investment income	-	-	-	-
Total revenues	10,875,000	10,875,000	16,042,564	5,167,564
<b>Expenditures</b>				
Current operating				
Police	5,437,500	7,237,500	7,237,500	-
Fire	5,437,500	7,237,500	7,237,500	-
Total expenditures	10,875,000	14,475,000	14,475,000	-
Excess (deficiency) of revenues over expenditures	-	(3,600,000)	1,567,564	5,167,564
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	(3,600,000)	1,567,564	5,167,564
Fund balance - beginning	514,370	514,370	514,370	-
Fund balance - ending	\$ 514,370	\$ (3,085,630)	\$ 2,081,934	\$ 5,167,564

The notes to the financial statements are an integral part of this statement.



## **FUND FINANCIAL STATEMENTS**

### **Proprietary Funds**

The City has five enterprise funds. Enterprise funds are used to account for the acquisition, operation and maintenance of water, wastewater, golf course, airport, solid waste and regional transfer station. These funds are entirely or predominately self-supported through user charges to the customers. Funds included are:

- **Water**
- **Wastewater**
- **Airport**
- **Solid waste/transfer station**
- **Golf course**

The City has four internal service funds. Internal service funds are used to account for services and commodities furnished by one department to other departments in the City on a cost reimbursement basis. Funds included are:

- **Fleet Maintenance**
- **Risk Management**
- **Engineering Services**
- **Facilities Maintenance**

**CITY OF PRESCOTT, ARIZONA**  
**Statement of Net Position**  
**Proprietary Funds**  
June 30, 2021

	Business-type Activities - Enterprise Funds						Governmental
	Major Funds						Activities-
	Water	Waste Water	Airport	Solid Waste	Golf Course	Totals	Internal Service Funds
ASSETS							
Current Assets							
Cash and cash equivalents	\$ 21,867,240	\$ 8,042,297	\$ -	\$ 2,545,328	\$ 210,816	\$ 32,665,681	\$ 3,841,342
Accounts receivable (net)	1,927,876	1,149,228	227,490	350,571	108,868	3,764,033	2,076
Interfund receivable	7,551,220	-	-	-	-	7,551,220	
Interest receivable	-	-	-	-	-	-	3,656
Grant receivable	-	-	6,764,312	-	-	6,764,312	-
Inventory at cost	466,423	-	-	-	57,707	524,130	385,746
Total current assets	31,812,759	9,191,525	6,991,802	2,895,899	377,391	51,269,376	4,232,820
Noncurrent Assets							
Restricted cash and cash equivalents	1,143,950	4,543,741	-	790,392	-	6,478,083	1,304,693
OPEB assets	14,541	14,476	5,997	10,101	2,542	47,657	11,445
Capital assets							
Land	26,211,181	1,071,024	1,143,261	112,858	1,963,554	30,501,878	13,191
Construction in process	37,482,029	18,306,119	12,058,530	-	-	67,846,678	-
Buildings	2,280,824	6,332,957	21,429,884	1,529,686	694,879	32,268,230	5,259,218
Improvements other than buildings	171,238,127	139,932,815	53,118,000	1,205,222	5,655,920	371,150,084	49,022
Machinery and equipment	4,254,052	4,405,883	1,455,048	8,260,946	2,785,968	21,161,897	1,143,032
Less accumulated depreciation	(71,777,293)	(61,734,582)	(29,626,855)	(6,385,258)	(6,620,841)	(176,144,829)	(2,991,767)
Total noncurrent assets	170,847,411	112,872,433	59,583,865	5,523,947	4,482,022	353,309,678	4,788,834
Total assets	202,660,170	122,063,958	66,575,667	8,419,846	4,859,413	404,579,054	9,021,654
Deferred Outflows of Resources							
Deferred outflows related to pensions and OPEB	722,962	718,829	474,978	494,323	153,325	2,564,417	484,163
Total deferred outflows of resources	722,962	718,829	474,978	494,323	153,325	2,564,417	484,163
Total assets and deferred outflows of resources	203,383,132	122,782,787	67,050,645	8,914,169	5,012,738	407,143,471	9,505,817
LIABILITIES							
Current Liabilities							
Accounts payable	3,392,517	220,538	1,288,033	417,180	314,033	5,632,301	160,919
Accrued expenses	410,737	714,169	16,581	26,667	7,798	1,175,952	30,083
Claims payable	-	-	-	-	-	-	104,876
Interfund payables	-	-	5,637,945	344,015	-	5,981,960	-
Customer deposits	588,035	-	18,948	-	-	606,983	-
Compensated absences	66,074	106,553	47,258	34,811	83,337	338,033	32,452
Loans payable	2,055,755	3,420,885	-	-	-	5,476,640	-
Bonds payable	510,714	-	-	-	-	510,714	-
Landfill closure costs	-	-	-	149,384	-	149,384	-
Advanced revenue	-	-	-	-	73,174	73,174	-
Total current liabilities	7,023,832	4,462,145	7,008,765	972,057	478,342	19,945,141	328,330
Noncurrent Liabilities							
Claims payable	-	-	-	-	-	-	209,753
Interfund payable	-	-	-	1,260,003	-	1,260,003	-
Compensated absences	199,123	157,165	101,357	168,479	20,724	646,848	237,604
Loans payable	16,580,496	44,344,809	-	-	-	60,925,305	-
Bonds payable	7,705,586	-	-	-	-	7,705,586	-
Landfill closure/postclosure cost	-	-	-	1,493,844	-	1,493,844	-
Pension and OPEB liability	3,527,174	3,511,517	1,416,816	2,450,031	616,607	11,522,145	2,776,227
Total noncurrent liabilities	28,012,379	48,013,491	1,518,173	5,372,357	637,331	83,553,731	3,223,584
Total liabilities	35,036,211	52,475,636	8,526,938	6,344,414	1,115,673	103,498,872	3,551,914
Deferred Inflows of Resources							
Deferred inflows related to pensions and OPEB	93,464	93,049	32,895	64,922	16,339	300,669	73,565
Total deferred inflows of resources	93,464	93,049	32,895	64,922	16,339	300,669	73,565
Total liabilities and deferred inflows of resources	35,129,675	52,568,685	8,559,833	6,409,336	1,132,012	103,799,541	3,625,479
NET POSITION							
Net investment in capital assets	142,836,370	60,548,522	59,577,868	4,723,454	4,479,481	272,165,695	3,472,698
Restricted for debt service	1,143,950	4,543,741	-	-	-	5,687,691	-
Unrestricted	24,273,137	5,121,839	(1,087,056)	(2,218,621)	(598,755)	25,490,544	2,407,640
Total net position	\$ 168,253,457	\$ 70,214,102	\$ 58,490,812	\$ 2,504,833	\$ 3,880,726	\$ 303,343,930	\$ 5,880,338

The notes to the financial statements are an integral part of this statement.

**CITY OF PRESCOTT, ARIZONA**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
For the year ended June 30, 2021

	Business-type Activities						Governmental Activities- Internal Service Funds
	Enterprise Funds						
	Major Funds						
	Water	Waste Water	Airport	Solid Waste	Golf Course	Totals	
Operating Revenues							
Water sales	\$ 19,572,620	\$ -	\$ -	\$ -	\$ -	\$ 19,572,620	\$ -
Water connection fees	311,824	-	-	-	-	311,824	-
Aquifer protection fee	275,435	-	-	-	-	275,435	-
Water agreement partnering	60,206	-	-	-	-	60,206	-
Wastewater service fees	-	13,767,344	-	-	-	13,767,344	-
Effluent sales	-	920,620	-	-	-	920,620	-
Fuel sales and flowage fees	-	-	329,457	-	-	329,457	-
Tie down and hangar rentals	-	-	1,470,249	-	-	1,470,249	-
Refuse collection fees	-	-	-	6,359,677	-	6,359,677	-
Tipping fees	-	-	-	2,461,386	-	2,461,386	-
Recycling revenue	-	-	-	183,324	-	183,324	-
Golf course green fees	-	-	-	-	1,821,686	1,821,686	-
Restaurant sales	-	-	-	-	1,037,288	1,037,288	-
Golf course rentals	-	-	-	-	823,872	823,872	-
Golf pro-shop sales	-	-	-	-	152,965	152,965	-
Charges for services	-	-	-	-	-	-	6,921,346
Miscellaneous	260,958	233,725	401,746	171,549	2,547	1,070,525	62,010
Total operating revenues	20,481,043	14,921,689	2,201,452	9,175,936	3,838,358	50,618,478	6,983,356
Operating Expenses							
Personnel services	3,194,216	3,214,944	1,352,287	2,343,587	1,559,926	11,664,960	2,573,517
Supplies	741,119	583,532	128,594	607,784	897,642	2,958,671	1,290,550
Other services and charges	4,855,798	4,011,696	815,010	5,523,961	1,285,352	16,491,817	1,806,625
Depreciation	4,299,151	3,974,291	1,607,532	663,859	287,797	10,832,630	150,960
Total operating expenses	13,090,284	11,784,463	3,903,423	9,139,191	4,030,717	41,948,078	5,821,652
Operating income (loss)	7,390,759	3,137,226	(1,701,971)	36,745	(192,359)	8,670,400	1,161,704
Non-Operating Revenues (Expenses)							
Debt service interest	(793,297)	(1,339,526)	-	(29,218)	-	(2,162,041)	-
Interest and investment income	886	-	-	-	-	886	751
Net gain (loss) on disposal of assets	-	3,613	-	(374,721)	20,305	(350,803)	3,437
Total non-operating revenues (expenses)	(792,411)	(1,335,913)	-	(403,939)	20,305	(2,511,958)	4,188
Income (loss) before contributions and transfers	6,598,348	1,801,313	(1,701,971)	(367,194)	(172,054)	6,158,442	1,165,892
Grant contributions	-	-	11,887,076	-	-	11,887,076	-
Capital contributions	3,420,322	1,478,889	-	-	-	4,899,211	-
Transfers in	-	-	3,550,500	36,276	-	3,586,776	-
Transfers out	(662,383)	-	-	-	-	(662,383)	-
Change in net position	9,356,287	3,280,202	13,735,605	(330,918)	(172,054)	25,869,122	1,165,892
Total net position - beginning	158,897,170	66,933,900	44,755,207	2,835,751	4,052,780	277,474,808	4,714,446
Total net position - ending	\$ 168,253,457	\$ 70,214,102	\$ 58,490,812	\$ 2,504,833	\$ 3,880,726	\$ 303,343,930	\$ 5,880,338

The notes to the financial statements are an integral part of this statement.

**CITY OF PRESCOTT, ARIZONA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
For the year ended June 30, 2021

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Major Funds</b>			
	<b>Water</b>	<b>Waste- water</b>	<b>Airport</b>	<b>Solid Waste</b>
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 20,593,899	\$ 14,822,967	\$ 2,160,356	\$ 9,139,182
Cash payments to employees for services	(3,196,579)	(3,221,939)	(1,259,777)	(2,311,495)
Cash payments to suppliers for goods and services	(5,980,444)	(4,586,529)	(1,022,639)	(6,101,660)
Net cash provided by (used for) operating activities	11,416,876	7,014,499	(122,060)	726,027
<b>Cash flows from noncapital financing activities:</b>				
Receipts (payments) under interfund loan arrangement	-	-	3,709,641	-
Transfers in	-	-	3,550,500	36,276
Transfers out	(662,383)	-	-	-
Net cash provided by (used for) noncapital financing activity	(662,383)	-	7,260,141	36,276
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	(12,353,615)	(2,179,342)	(16,530,273)	(778,541)
Contributed from capital grant	-	-	9,392,192	-
Contributed from customers	3,420,322	1,478,889	-	-
Interest paid on capital financing	(897,689)	(1,293,339)	-	(29,218)
Principal paid on capital financing	(2,417,583)	(3,322,957)	-	(192,346)
Proceeds from debt issues	2,536,721	1,783,210	-	774,712
Proceeds from sales of capital assets	-	3,613	-	6,288
Net cash provided by (used for) capital and related financing activities	(9,711,844)	(3,529,926)	(7,138,081)	(219,105)
<b>Cash flows from investing activities:</b>				
Interest on investments	886	-	-	-
Loan (repayment) under interfund loan	(7,551,220)	-	-	-
Net cash provided by (used for) investing activities	(7,550,334)	-	-	-
Net increase (decrease) in cash and cash equivalents	(6,507,685)	3,484,573	-	543,198
Cash and cash equivalents at July 1	29,518,875	9,101,465	-	2,792,522
Cash and cash equivalents at June 30	\$ 23,011,190	\$ 12,586,038	\$ -	\$ 3,335,720
<b>Reconciliation to statement of net position:</b>				
Cash and cash equivalents at June 30, unrestricted	\$ 21,867,240	\$ 8,042,297	\$ -	\$ 2,545,328
Cash and cash equivalents at June 30, restricted	1,143,950	4,543,741	-	790,392
Total	\$ 23,011,190	\$ 12,586,038	\$ -	\$ 3,335,720
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>				
Operating income (loss)	\$ 7,390,759	\$ 3,137,226	\$ (1,701,971)	\$ 36,745
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	4,299,151	3,974,291	1,607,532	663,859
Changes in assets and liabilities:				
Increase (decrease) in accounts payable	(279,167)	7,331	(79,035)	30,085
Increase (decrease) in compensated absences	(38,147)	(33,794)	69,383	13,315
(Increase) decrease in accounts receivable	104,916	(106,623)	(43,762)	(42,248)
(Increase) decrease in inventory	(104,506)	-	-	-
Increase (decrease) salary & benefits payable	43,870	36,068	25,793	24,271
Total adjustments	4,026,117	3,877,273	1,579,911	689,282
Net cash provided by operating activities	\$ 11,416,876	\$ 7,014,499	\$ (122,060)	\$ 726,027

The notes to the financial statements are an integral part of this statement.

		Governmental
		Activities-
		Internal
Golf	Totals	Service Funds
Course		
\$ 3,819,905	\$ 50,536,309	\$ 6,987,303
(1,516,383)	(11,506,173)	(2,517,611)
(2,113,011)	(19,804,283)	(3,549,108)
190,511	19,225,853	920,584
-	3,709,641	-
-	3,586,776	-
-	(662,383)	-
-	6,634,034	-
-	(31,841,771)	-
-	9,392,192	-
-	4,899,211	-
-	(2,220,246)	-
-	(5,932,886)	-
-	5,094,643	-
20,305	30,206	3,436
20,305	(20,578,651)	3,436
-	886	6,303
-	(7,551,220)	-
-	(7,550,334)	6,303
210,816	(2,269,098)	930,323
-	41,412,862	4,215,712
\$ 210,816	\$ 39,143,764	\$ 5,146,035
\$ 210,816	\$ 32,665,681	\$ 3,841,342
-	6,478,083	1,304,693
\$ 210,816	\$ 39,143,764	\$ 5,146,035
\$ (192,359)	\$ 8,670,400	\$ 1,161,704
287,797	10,832,630	150,960
60,265	(260,521)	(494,838)
38,738	49,495	33,976
(19,912)	(107,629)	(2,076)
9,718	(94,788)	42,905
6,264	136,266	27,953
382,870	10,555,453	(241,120)
\$ 190,511	\$ 19,225,853	\$ 920,584

The notes to the financial statements are an integral part of this statement.



**CITY OF PRESCOTT, ARIZONA**  
**Notes to the Financial Statements**  
**For the year ended June 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

The City of Prescott, Arizona was incorporated in 1883. The City presently operates under a Charter that was adopted in 1958. The Charter provides for a Council/City Manager form of government. The City Manager administers policies and coordinates the activities of the City. The City provides basic government services to its citizens including roads, water, wastewater, solid waste, parks and recreation facilities, police and fire.

The accounting policies of the City conform to U.S. generally accepted accounting principles (GAAP) as applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting policies.

The accompanying financial statements include the City of Prescott (the primary government) and its component units collectively referred to as "the financial reporting entity." The component units discussed below have been blended into the City's reporting entity because of the significance of their operational or financial relationship with the City.

The Municipal Property Corporation (MPC) is a non-profit corporation organized under the laws of the State of Arizona to assist the City in the acquisition and financing of municipal projects and facilities. The MPC is governed by a board of directors who are responsible for approving the corporation's bond sales. Bond sales must also be approved by the City Council. Although it is legally separate from the City, the MPC is reported as if it is part of the primary government within the proprietary funds because its sole purpose is to finance municipal facilities for the City.

The Hassayampa Community Facilities District #1 and #2 were formed by petition to the City Council in 1996 and 2000. The districts' purposes are to improve public infrastructure in a specified land area. As special purpose districts and separate political subdivisions under the Arizona Constitution, the districts can levy assessments and issue bonds independently of the City. Property owners in the designated area are levied an assessment for the costs of servicing the Districts debts. The City has no liability for the district's debt. The City has operation responsibility for the infrastructure of the district and the City Council serves as the board of directors. For financial reporting purposes, the districts transactions are combined together and included as if they were part of the City's operations. The activities of the districts are reflected in the capital projects and debt service funds.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset with program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

## **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. 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 have been met.

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. 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, claims, and judgments, are recorded only when payment is due.

Property taxes, other local taxes, 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. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental funds:

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

The Streets special revenue fund is used to account for street improvements and maintenance. The sources of funding are revenues from the States Highway User Revenue Fund and the additional 1.0% privilege tax which the voters passed and are limited to road construction and maintenance. The additional privilege tax sunsets December 31, 2035.

PSPRS Dedicated Tax special revenue fund is used to account for a dedicated 0.75% privilege tax revenues approved by the voters to pay off the City's Public Safety Personnel Retirement System (PSPRS) unfunded pension liability. The tax sunsets December 31, 2027, or when the unfunded liability is \$1.5 million.

The City reports the following major proprietary funds:

The Water Utility, Wastewater Utility, Airport, Solid Waste and Golf Course Funds account for the operating revenues and expenses of the City's water utility system, wastewater utility system, airport, sanitation services, and golf course respectively.

Additionally, the City reports the following fund types:

Special revenue funds are used to account for the proceeds of specific revenues sources that are legally restricted to expenditures for specified purposes.

Capital project funds are used to account for financial resources that are restricted to expenditures for capital outlays.

Debt service funds account for the accumulation of resources and payment of principal and interest on general obligation and special assessment debt.

Internal service funds account for services provided by central garage, general self-insurances, engineering services and facilities maintenance to other departments or units of the City, on a cost-reimbursement basis.

In general, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments-in-lieu of taxes, indirect costs and franchise fees and other charges between the City's Water and Sewer Utility Fund, Airport Fund, and Solid Waste Fund, because elimination of these charges would distort the direct costs and program revenues reported in the statement of activities.

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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges for customer services including: water, sewer, airport, solid waste fees, vehicle purchase/maintenance amounts and risk management charges. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first; then unrestricted resources as they are needed.

#### **D. Cash and Investments**

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Funds are invested primarily with the Arizona State Treasurer's Local Government Investment Pool (LGIP), securities of the U.S. government, agencies of the U.S. government, and other investments. Investments are stated at fair value based on quoted market prices. The LGIP is overseen by the State of Arizona. The reported value of the LGIP is the same as the face value of the pool shares less a reserve for potential losses.

Income earned or losses arising from the investment of pooled cash are allocated on a monthly basis to the individual funds based on average daily balance. Note 3.A. provides detailed information on cash and investments.

#### **E. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "due to/due from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "interfund payable/receivable." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All accounts and property tax receivables are shown net of an allowance for bad debts. The City's property tax is levied each year on or before the third Monday in August based on the previous January 1 full cash value as determined by the Yavapai County Assessor. Levies are due and payable in two installments, on September 1 and March 1 and become delinquent on the first business day of November and May, respectively. A lien attaches to the property on the first day of January preceding the assessment and levy of taxes. Yavapai County, at no charge to the taxing entities, bills and collects all property taxes. Public auctions of properties which have delinquent real estate taxes are held in February following the May 1 date upon which the second half taxes become delinquent.

Property taxes levied for the current operation and maintenance expenses on residential property are limited to one percent of the primary full cash value of such property. In addition, taxes levied for the current operation and maintenance expenses on all types of property are limited to a maximum increase of two percent over the prior year's levy, adjusted for new construction and annexations.

Property taxes levied to pay principal and interest on bonded indebtedness are not limited.

#### **F. Inventories**

Inventories are valued at cost using a first-in, first-out (FIFO) basis and charged to expense as used.

#### **G. Restricted Assets**

Assets whose use is restricted for construction, debt service or any other agreement are segregated on the government-wide statement of net position and the proprietary fund statement of net position.

## **H. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, curbs and gutters, streets and sidewalks etc.) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In the governmental fund statements, capital assets are charged to expenditures when purchased, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more, and an estimated useful life of greater than one year. Additions or improvements and other capital outlay that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred.

Depreciation on exhaustible assets is recorded as an allocated expense in the statement of activities with accumulated depreciation reflected in the statement of net position and is provided on the straight-line basis, less substantiated salvage value if any, over the following estimated useful lives:

Buildings and structures	40 years
Improvements other than buildings	40 years
Machinery and equipment	5-15 years
Infrastructure	20 years

Depreciation on property, plant, and equipment acquired by intergovernmental grants restricted to capital acquisitions is recognized through current operating expenses. Amortization on assets being lease/purchased is included with depreciation. Gains or losses from sales or retirements of capital assets are included in operations of the current period in the government-wide and proprietary financial statements.

## **I. Compensated Absences**

The City's personnel ordinance provides full-time employees with paid time off (PTO). All permanent full-time employees of the City may accumulate up to 480 hours of PTO or 672 hours for fire department full-time regular shift employees. Part-time employees may accrue prorated PTO if scheduled to work at least 1,040 hours per year. Upon terminating employment, the City pays all unused PTO benefits to employees up to 200 hours or 240 hours depending on years of service, or 280 hours or 336 hours for fire department employees assigned to a 56 hour work week.

## **J. Long-Term Debt**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are treated as period costs in the year of issue and shown as other financing uses.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## **K. Deferred Outflows/Inflows of Resources**

In addition to assets, the government-wide financial statements and the proprietary fund financial statements include a section for deferred outflows of resources. This represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the fund financial statements include a section for deferred inflows of resources. This represents an acquisition of fund balance that applies to future periods and so will not be recognized as an inflow

of resources (revenue) until that time. The City has only one item that qualifies for this category, which arises only under the modified accrual basis of accounting, unavailable revenue. These amounts are recognized as an inflow of resources in the period that the amounts become available.

#### **L. Employee Pension Plans**

The City of Prescott's permanent full-time employees belong to statewide government retirement systems. The police and fire personnel, except clerical and other support services, belong to the Arizona Public Safety Personnel Retirement System, which is an agent, multiple-employer public employee retirement plan. All other covered employees belong to the Arizona State Retirement System, which is a cost-sharing, multiple-employer retirement plan.

For purposes of measuring the net pension (asset and) liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

#### **M. Fund Balances**

In the governmental fund financial statements, fund balance is reported in five classifications.

Nonspendable	Inventories represent fund balance amounts that are not in spendable form.
	Interfund loan balances to other funds are not in a spendable form.
Restricted	Restricted by state statute is a portion of fund balance that is restricted for use on street construction and maintenance by legislation. Restricted by city ordinances is a portion of fund balance which restrict:
	> a portion of the privilege (sales) tax to road projects
	> the transient tax to tourist promotion and recreational purposes
	> impact fees to growth related capital improvements
	Restricted by creditors through debt covenants.
	Restricted by grantors and contributors.
Committed	Committed is that portion of fund balance that has been approved by the highest level of formal action of the City Council and does not lapse at year-end. This same level of formal action by the City Council is needed to rescind the commitments. The City, by resolution, has committed fund balances for compensated absences and capital improvement projects.
Assigned	Assigned for Subsequent year's expenditures is the portion of fund balance that has been approved by formal action of the City Council for appropriation in future budget. A modification to this amount requires action by the City Council; however this approval lapses at year end.
Unassigned	The unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

At year-end fund balance had the following restriction:

			PSPRS	Nonmajor Governmental	
	General	Streets and Open Space	Dedicated Tax	I Funds	Total
Nonspendable - internal loans	\$7,241,962	\$ -		\$ -	\$ 7,241,962
Restricted:					
Streets and open space activity	-	18,325,481	-	-	18,325,481
PSPRS unfunded liability service	-	-	2,081,934	-	2,081,934
Capital expenditure	-	-	-	3,781,850	3,781,850
Transient lodging tax activity	-	-	-	961,703	961,703
Debt Service	-	-	-	41,747	41,747
Donated/Grant purposes	-	-	-	1,524,325	1,524,325
Total Restricted	\$ -	\$ 18,325,481	\$ 2,081,934	\$ 6,309,625	\$ 26,717,040

The City has a revenue spending policy that provides policy for programs with multiple revenue sources. The City will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-city funds, city funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The finance director has the authority to deviate from this policy if it is in the best interest of the City.

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- The City Council formally adopts the budget and legally allocates, or appropriates available monies for the general fund, special revenue funds, debt service funds, capital projects funds, enterprise funds and internal service funds. Therefore, these funds have appropriated budgets, and budget to actual information is presented.
- Prior to May 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing July 1 of each year. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings on the budget are held each year in accordance with legal requirements in order to obtain citizen comments.
- State law requires that on, or before, the third Monday in July of each fiscal year, the City Council must adopt a tentative budget. Once this tentative budget has been adopted, the expenditures may not be increased upon final adoption; however, they may be decreased. The tentative budget must also be published once per week for two consecutive weeks prior to final adoption. Final adoption must take place on or before the second Monday in August.
- The level of control for each legally adopted annual budget is at the department level. The maximum legal expenditure permitted for the fiscal year is the total budget as adopted. The City Manager may transfer any unencumbered appropriation from one expenditure category to another within a department. Only the Council may transfer any unencumbered appropriation balance, or portion thereof, from one department to another.
- Formal budgetary integration is employed as a management control device through line item levels during the fiscal year for the general, special revenue, debt service, capital projects, enterprise and internal service funds. The budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP) with the major differences being: 1) accrued compensated absences are not recognized as expenditures for budgetary purposes, 2) capital outlays for proprietary funds are treated as expenditures, 3) debt service principal payments are treated as expenditures for proprietary funds, 4) capital grants in enterprise funds are budgeted as revenue, and 5) depreciation is not budgeted as an expenditure.

All appropriations and encumbrances unexpended at year-end lapse and are not available in the following year. Budgets for all funds are adopted in accordance with the requirements of the Arizona Constitution, Arizona Revised Statutes and the Prescott City Charter.

The following budget amendments were done by Council on June 8, 2021:

**Purchase of New City Hall**

From		To		
Fund	Department	Fund	Department	Amount
General Fund	Non-departmental	General Fund	Rec Svcs/Facilities	\$ 4,770,982
Grants Fund	Non-departmental	General Fund	Rec Svcs/Facilities	2,829,018

**Revenue Projected to Exceeded Budget for PSPRS Dedicated Tax Special Revenue Fund**

From		To		
Fund	Department	Fund	Department	Amount
Grants Fund	Non-departmental	PSPRS Dedicated Tax	Non-departmental	\$ 1,295,982
Water Fund	Public Works	PSPRS Dedicated Tax	Non-departmental	2,304,018

**Allocation of AZ CARES Funding**

From		To		
Fund	Department	Fund	Department	Amount
General Fund	Non-departmental	General Fund	City Manager	\$ 376,518
General Fund	Non-departmental	General Fund	City Council	200,000
General Fund	Non-departmental	General Fund	City Manager/Eco Dev	92,500
General Fund	Non-departmental	General Fund	City Manager/Eco Dev	60,000

**Fire Department - Overtime**

From		To		
Fund	Department	Fund	Department	Amount
Grants Fund	Non-departmental	General Fund	Fire	\$ 200,000
Grants Fund	Non-departmental	Airport Fund	Fire	15,000

**AFG Lucas Devices - Fire Grant Opportunity**

From		To		
Fund	Department	Fund	Department	Amount
Grants Fund	Non-departmental	Grant Funds	Fire	\$ 182,078

**Corsair Extension Grant Project**

From		To		
Fund	Department	Fund	Department	Amount
Grants Fund	Non-departmental	Grant Funds	Public Works	\$ 120,000

**PDP - Summer Concert Series**

From		To		
Fund	Department	Fund	Department	Amount
Grants Fund	Non-departmental	Bed Tax	City Manager/Tourism	\$ 20,000

**West Granite Creek Park Improvements**

From		To		
Fund	Department	Fund	Department	Amount
Grants Fund	Non-departmental	Impact Fees	Rec Services	\$ 20,000

The following budget amendments were done by Council on August 24, 2021:

**Community Development - Willdan Engineering**

From		To		
Fund	Department	Fund	Department	Amount
Grants Fund	Community Development	General Fund	Community Development	\$ 190,000

**Recreation Services/Facilities - Repairs to City Buildings**

From		To		
Fund	Department	Fund	Department	Amount
Streets Fund	Recreation Services	General Fund	Rec Svcs/Facilities	\$ 160,000

**Recreation Services - West Granite Creek Park**

From		To		
Fund	Department	Fund	Department	Amount
Streets Fund	Recreation Services	Park Impact Fee	Rec Svcs	\$ 105,000

**Recreation Services - Summer Movie Night**

From		To		
Fund	Department	Fund	Department	Amount
Streets Fund	Recreation Services	Gift/Donation Fund	Rec Svcs	\$ 1,400

**Library - Virtual Meeting Room**

From		To		
Fund	Department	Fund	Department	Amount
Gift/Donations Fund	Library	Grant Funds	Library	\$ 300

**Public Works - Corsair Avenue Extension**

From		To		
Fund	Department	Fund	Department	Amount
Streets Fund	Public Works/Engineering	Grant Funds	Public Works/Engineering	\$ 13,000

## B. Budget Basis of Accounting

The City of Prescott's budget is adopted on a basis other than generally accepted accounting principles. The results of operations which provide a meaningful comparison of actual results with the budget are presented in the fund financial statements - statement of revenues, expenditures and changes in fund balances - budget and actual – for the general fund and major special revenue funds.

## 3. DETAILED NOTES ON ALL FUNDS

### A. Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds except for a portion of the Municipal Property Corporation and Community Facilities Districts Funds which have investments held separately by a trustee. The City also maintains petty cash for use in daily operations that totals \$13,638.

### Deposits

At June 30, 2021, the carrying amount of the City's deposits was \$12,901,464 and the bank balance was \$14,223,153 with the difference represents outstanding checks, deposits in transit and other reconciling items.

### Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2021, the City's deposits were covered by federal depository insurance or by collateral held by the City's agent or pledging financial institution's trust department or agent in the name of the City, and thus had no deposits that were exposed to custodial credit risk. The City's investment policy requires collateralization of not less than 101% of the fair value of investments less any FDIC coverage and requires a third-party custodian to verify collateral deposits prior to the City making payment for any investment requiring collateralization.

## Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the City's investment portfolio to maturities of ten years or less. The portfolio is managed to achieve less than a two-year dollar weighted maturity, the maximum dollar weighted average maturity authorized by the investment policy is three years. As reflected below, the modified duration of the City's investment portfolio on June 30, 2021, was 1.99.

## Credit Risk

The City is authorized by city code, resolution and Trust Agreements to invest idle funds in obligations of the United States Government or its agencies, collateralized mortgage obligations and pass-through securities, federally insured certificates of deposit in eligible depositories, fully collateralized repurchase agreements, mutual funds consisting of the foregoing and the State Treasurer's Local Government Investment Pool (LGIP). Investments in the LGIP are not rated by a nationally recognized statistical rating organization. The LGIP is overseen by the State of Arizona.

## Concentration of Credit Risk

There are no limits on the amounts that the City may invest in any one issuer or institution. More than five percent (5%) of the City's investments are in mortgage securities backed by U.S. Government Agency, U.S Treasury Notes, and the State Treasurer's Local Government Investment Pool. These investments represent 43.0 percent, 2.1 percent, and 54.9 percent respectively, of the City's total investments.

## Investments

The City's investments at June 30, 2021, categorized within the fair value hierarchy established by generally accepted accounting principles are summarized as follows (modified duration is in years):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating Moody</u>	<u>Modified Duration</u>
<b>External investment pools measured at fair value</b>			
State Treasurer's 7 Pool (LGIP-7)	\$ 14,440,974	Not Rated	0.19
State Treasurer's 700 Pool (LGIP-700)	32,310,035	Not Rated	2.68
Total investments measured at fair value	<u>\$ 46,751,009</u>	Not Rated	
<b>Fair valued measured at significant other observable inputs (Level 2)</b>			
U.S. Treasury Note	\$ 1,813,248		0.40
U.S. Agency Mortgage Backed Securities	36,594,078	Aaa	2.17
Total investments by fair value level 2	<u>\$ 38,407,326</u>		
Total Fair Value	<u>\$ 85,158,335</u>		
Portfolio Modified Duration			1.99

Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the City held. The fair value of a participant's position in the pools approximates the value of the participant's pool shares. The State Board of investment provides oversight for the State Treasurer's Investment pools. Other investments are categorized by method of fair value measurement into three levels; level 1 – quoted prices in active markets for identical assets, level 2 – significant other observable inputs, and level 3 – significant unobservable inputs. All of the City's investments fall in level 2 and are valued using market quotes from the safekeeping agent.

## B. Receivables, Advanced Revenue and Deferred Inflows of Resources

Receivables at year-end for the City's major governmental funds and nonmajor governmental funds in the aggregate, net of applicable allowances for uncollectible accounts, are as follows:

	General	Streets Fund	PSPRS Dedicated Tax	Nonmajor Governmental Funds	Internal Service Funds	Total
Receivables:						
Accounts	\$3,601,860	\$2,557,888	\$1,911,083	\$ 157,577	\$ 2,076	\$ 8,230,484
Allowance	-	(899)	-	-	-	(899)
Accounts (net)	3,601,860	2,556,989	1,911,083	157,577	2,076	8,229,585
Property Taxes	56,427	-	-	1,595	-	58,022
Special Assessments	-	-	-	27,072	-	27,072
Interest	-	-	-	2,344	3,656	6,000
Intergovernmental	424,575	443,935	-	265,208	-	1,133,718
Total	<u>\$4,082,862</u>	<u>\$3,000,924</u>	<u>\$1,911,083</u>	<u>\$ 453,796</u>	<u>\$ 5,732</u>	<u>\$ 9,454,397</u>

Receivables at year-end for the City's major enterprise funds, net of applicable allowances for uncollectible accounts are as follows:

	Water	Waste Water	Airport	Solid Waste	Golf Course	Total
Receivables:						
Accounts	\$ 2,006,276	\$ 1,202,802	\$ 227,490	\$ 374,217	\$ 108,868	\$ 3,919,653
Allowance	(78,400)	(53,574)	-	(23,646)	-	(155,620)
Accounts (net)	1,927,876	1,149,228	227,490	350,571	108,868	3,764,033
Intergovernmental	-	-	6,764,312	-	-	6,764,312
Total	<u>\$ 1,927,876</u>	<u>\$ 1,149,228</u>	<u>\$ 6,991,802</u>	<u>\$ 350,571</u>	<u>\$ 108,868</u>	<u>\$ 10,528,345</u>

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also postpone recognizing revenue in connection with resources that have been received, but not yet earned. At the end of the year, the various components of unavailable revenue and advanced revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable General Fund	\$ 16,973	\$ -
Delinquent property taxes receivable Debt Service Fund	1,591	-
Special assessments not yet due Debt Service Fund	4,586	-
Community facilities districts assessments not yet due	22,486	-
Grant drawdowns prior to meeting eligibility requirements	90,647	-
Total	<u>\$ 136,283</u>	<u>\$ -</u>



## C. Capital Assets

Capital assets activity for governmental activities for the year ended June 30, 2021, was as follows:

Description	Beginning				Ending
	Balance	Transfers	Increases	Decreases	Balance
Land	\$ 74,922,110	\$ -	\$ 218,802	\$ -	\$ 75,140,912
Construction in progress	12,568,165	(1,803,912)	7,039,350	-	17,803,603
Total non-depreciable	87,490,275	(1,803,912)	7,258,152	-	92,944,515
Buildings	37,081,449	-	7,557,437	-	44,638,886
Improvements other than buildings	45,498,829	-	1,280,904	-	46,779,733
Machinery and equipment	30,781,694	-	2,505,960	(530,873)	32,756,781
Infrastructure	287,626,928	1,803,912	10,000	-	289,440,840
Total depreciable	400,988,900	1,803,912	11,354,301	(530,873)	413,616,240
Accumulated depreciation					
Buildings	(18,512,141)	-	(893,138)	-	(19,405,279)
Improvements other than buildings	(18,897,808)	-	(1,246,582)	-	(20,144,390)
Machinery and equipment	(23,041,465)	-	(1,322,599)	530,873	(23,833,191)
Infrastructure	(199,252,617)	-	(8,773,634)	-	(208,026,251)
Total accumulated depreciation	(259,704,031)	-	(12,235,953)	530,873	(271,409,111)
Governmental activities capital assets net	\$ 228,775,144	\$ -	\$ 6,376,500	\$ -	\$ 235,151,644

Depreciation expense for governmental activities reported in the statement of activities is charged to functions as follows:

General government (including internal service funds)	\$ 1,169,360
Community services	25,093
Culture and recreation	910,212
Public safety - police	633,292
Public safety - fire	367,637
Public works	9,130,359
Total depreciation for governmental activities	<u>\$ 12,235,953</u>

Capital assets activity for business-type activities for the year ended June 30, 2021, was as follows:

Description	Beginning				Ending
	Balance	Transfer	Increases	Decreases	Balance
Land	\$ 30,461,039	\$ -	\$ 40,839	\$ -	\$ 30,501,878
Construction in progress	58,191,340	(16,554,564)	26,209,902	-	67,846,678
Total non-depreciable	88,652,379	(16,554,564)	26,250,741	-	98,348,556
Buildings	15,863,577	16,431,352	32,966	(59,665)	32,268,230
Improvements other than buildings	367,453,074	123,212	3,573,798	-	371,150,084
Machinery and equipment	21,888,737	-	1,321,898	(2,048,738)	21,161,897
Total depreciable	405,205,388	16,554,564	4,928,662	(2,108,403)	424,580,211
Accumulated depreciation					
Buildings	(11,999,787)	-	(375,169)	59,665	(12,315,291)
Improvements other than buildings	(141,599,192)	-	(9,196,841)	-	(150,796,033)
Machinery and equipment	(13,410,614)	-	(1,260,619)	1,637,728	(13,033,505)
Total accumulated depreciation	(167,009,593)	-	(10,832,629)	1,697,393	(176,144,829)
Business activities capital assets net	\$ 326,848,174	\$ -	\$ 20,346,774	\$ (411,010)	\$ 346,783,938

Depreciation expense for business-type activities is charged to functions as follows:

Water	\$ 4,299,151
Wastewater	3,974,291
Airport	1,607,532
Solid waste	663,859
Golf Course	287,797
Total depreciation for business-type activities	<u>\$ 10,832,630</u>

#### D. Interfund Receivables, Payables and Transfers

Interfund receivables and payables are also recorded when funds overdraw their share of pooled cash. As of the end of the fiscal year, the general fund has established the following receivables for the indicated reason:

The composition of interfund balances at year-end is as follows:

Interfund Payables		Interfund Receivables		
Fund	Reason	General Fund	Water Fund	Total
General Fund	Res. 2021-1771 building purchase	\$ -	\$ 7,551,220	\$ 7,551,220
Solid Waste Fund	Res. 2020-1736 equipment purchase	1,604,018	-	1,604,018
Airport Fund	Delayed grant reimbursements	5,637,945	-	5,637,945
Total		<u>\$ 7,241,963</u>	<u>\$ 7,551,220</u>	<u>\$ 14,793,183</u>

Transfers are used to fund capital projects, reallocate special revenue funds to operating divisions and to cover the City's share of grants. Transfers as of year-end were as follows:

Transfer In	Transfers Out				Total
	General Fund	Streets Fund	Governmental	Water Fund	
Governmental					
General Fund	\$ -	\$ -	\$ 38,000	\$ -	\$ 38,000
Nonmajor	187,487	1,545,559	-	662,383	2,395,429
Enterprise					
Airport	3,550,082	-	418	-	3,550,500
Solid Waste	-	-	36,276	-	36,276
Total	<u>\$ 3,737,569</u>	<u>\$ 1,545,559</u>	<u>\$ 74,694</u>	<u>\$ 662,383</u>	<u>\$ 6,020,205</u>

#### E. Capital Leases

The City is not involved in any material capital leases.

#### F. Long-Term Debt

##### Special Assessment Bonds and Notes

The City establishes Municipal Improvement Districts (MID's) to finance capital improvements in specific areas through the sale of special assessment bonds or a note payable. Project costs are assessed to each property owner benefiting from the improvement, with payments then used to pay debt service on the bonds or notes. In the event 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, for example, foreclosure proceeds, are received.

The outstanding balance of the various improvement district bonds is reflected below:

Issue	District	Issue	Maturity	Interest Rate	Amount
2004	164	95,840	1/1/2022	2.54%	4,587
					<u>\$ 4,587</u>

Annual debt service requirement to maturity for special assessment bonds in the City's governmental activities is as follows:

Year Ending June 30,	Principal	Interest
2022	\$ 4,587	\$ 71

### Community Facilities District Bonds

Community Facilities District bonds are issued by Community Facilities Districts (CFD), which are special purpose districts created specifically to acquire and improve public infrastructure in specified land areas. Assessments are levied against property owners in the district to pay all the costs of the district. The City has no liability for Community Facilities District bonds. The two following districts have been established and have issued bonds:

- Hassayampa CFD Number 2, \$160,000 of special assessment lien bonds issued on May 30, 2017 refunding the original bonds. The refunding bonds carry an interest rate of 2.70 percent with a final maturity of July 1, 2024. The balance of these bonds at year-end, was \$22,484.

Annual debt service requirements to maturity for all CFD Bonds are as follows:

Year Ending June 30,	Principal	Interest
2022	\$ 7,285	\$ 643
2023	7,493	435
2024	7,706	220
	<u>\$ 22,484</u>	<u>\$ 1,298</u>

### Pledged Excise Tax Bonds

The City issues pledged excise tax bonds directly as the City of Prescott and through its Municipal Property Corporation (MPC) which is a non-profit corporation created by the City to finance construction or acquisition of municipal buildings and improvements on land owned by the City.

The MPC issues its own bonds. Under various agreements, the City makes lease payments, which approximate the amount of debt service payable by the corporation. The City has collateralized the contracts payable to the MPC with a first lien pledge of all excise taxes and state shared revenues. The MPC retains legal title to the properties until the contracts with the City are paid in full while the City retains sole right to the use of the facilities and is responsible for all operating and maintenance costs.

Following are the pledged revenues compared to debt service for fiscal year ending June 30, 2021:

Pledged Revenues:		
City Privilege and Use Taxes	\$	21,393,939
State-Shared Revenue		15,343,621
Franchise Taxes		1,719,356
Licenses and Permits		1,071,916
Charges for Services		4,503,742
Fines and Forfeitures		248,068
Total Pledged Revenues	\$	<u>44,280,642</u>
Fiscal Year 2021 Debt Service	\$	2,759,310
Debts Service Coverage		16

The City has the following pledged excise tax bonds:

In May 2014, MPC series 2014 bonds were issued in the face amount of \$9,000,000 at a premium of \$1,256,503. Proceeds of the bonds were used to refund the series 2004G which were used to acquire the City's portion of the

Big Chino Water Ranch. The issue matures in twenty (20) years and was issued with an interest rate of 3.64 percent and a final maturity date in 2034.

In November 2019, City series 2019 bonds were issued in the face amount of \$16,495,000 at par. Proceeds of the bonds were used to refund the MPC series 2010 and 2011 which were used for road projects. The issue matures in ten (10) years and was issued with an interest rate of 2.3 percent and a final maturity date in 2029.

The pledged excise tax bonds are recorded in and paid out of revenues of the following funds:

Serviced by			Interest	
Fund	Reason for Financing	Issue	Rate	Amount
Streets	Road improvements	City 2019	2.30%	\$ 14,075,000
	Governmental Activities			14,075,000
Water	Big Chino Water Ranch	MPC 2014	3.64%	7,565,000
	Business-type Activities			7,565,000
				\$ 21,640,000

Annual debt service requirements to maturity for pledged excise tax bonds are as follows:

Year Ending	Interest			
			Premium	Net
June 30,	Principal	Interest	Amortization	Interest
2022	\$ 2,055,000	\$ 691,875	\$ (80,714)	\$ 611,161
2023	2,115,000	633,000	(75,552)	557,448
2024	2,180,000	572,205	(70,150)	502,055
2025	2,235,000	509,240	(64,448)	444,792
2026	2,285,000	449,335	(63,446)	385,889
2027-2031	8,575,000	1,271,945	(243,450)	1,028,495
2032-2034	2,195,000	223,000	(53,540)	169,460
	<u>\$ 21,640,000</u>	<u>\$ 4,350,600</u>	<u>\$ (651,300)</u>	<u>\$ 3,699,300</u>

## Water Infrastructure Finance Authority of Arizona Loans

The Water Infrastructure Finance Authority of Arizona (WIFA) is an independent agency of the state of Arizona that is authorized to finance the construction, rehabilitation and/or improvement of drinking water, wastewater, wastewater reclamation, and other water quality facilities/projects. Generally, WIFA offers borrowers below market interest on loans for up to one hundred percent of eligible project costs.

The drinking water loans are recorded in and paid out of revenues of Water Fund while the Clean Water loans are recorded in and paid out of revenues of Wastewater Fund. The loans are secured by a pledge of the net revenues of the respective Water and Wastewater Funds. For the fiscal year ended June 30, 2021, the debt service of these loans were \$7,153,459 and the net revenues available for debt service were \$18,802,313 providing a debt coverage ratio of 263 percent which is above the 120 percent debt covenant.

The City has one other outstanding WIFA loan which is reflected in the Special Assessment Bonds and Notes section above for District 164 because this loan is repaid by participants of the improvement district.

The balances of the City's WIFA loans at year-end, are as follows:

WIFA #	Amount Authorized	Date of Auth.	Maturity Date	Final Amount Borrowed	Interest Rate	Project	Balance June 30
<b>Drinking Water Projects</b>							
920125-08	\$ 9,854,000	8/24/2007	7/1/2027	\$ 9,854,000	3.640%	Water Main Imp	\$ 4,270,986
92A166-09	8,998,096	7/31/2009	7/1/2029	2,759,551	3.143%	Zone 39 Imp	1,352,684
920206-11	1,060,000	12/3/2010	7/1/2030	1,018,796	3.152%	Water Main Imp	586,908
920237-13	15,921,582	1/25/2013	7/1/2032	15,921,582	2.800%	Water Main Imp	9,230,464
920297-20	25,000,000	8/30/2019	7/1/2049	In Progress	1.590%	Intermediate Pump	3,195,209
Total Drinking Water Projects							<u>18,636,251</u>
<b>Clean Water Projects</b>							
910097-08	4,703,000	8/24/2007	7/1/2027	4,703,000	3.868%	Sewer Mains Imp	2,062,864
910122-10	6,573,506	7/31/2009	7/1/2029	6,054,763	3.143%	Sewer Mains Imp	3,179,014
910147-11	2,070,000	12/3/2010	7/1/2030	1,574,593	3.152%	Sewer Mains Imp	870,176
910148-11	1,635,870	12/3/2010	7/1/2030	1,480,944	3.152%	Sundog WWTP Imp	838,228
910151-11	45,802,753	6/10/2011	7/1/2031	43,202,549	2.950%	Airport WWTP	27,523,918
910170-18	21,600,000	2/2/2018	7/1/1947	In Progress	2.328%	Sundog Trunk Main	13,291,494
Total Clean Water Projects							<u>47,765,694</u>
Total							<u>\$ 66,401,945</u>

Annual debt service requirements to maturity for WIFA loans are as follows:

Year Ending		
June 30,	Principal	Interest
2022	\$ 5,476,640	\$ 1,725,078
2023	4,834,713	1,578,994
2024	4,980,797	1,428,417
2025	5,131,374	1,273,206
2026	5,286,585	1,113,217
2027-2031	25,051,074	3,246,931
2032-2036	7,405,111	1,056,943
2037-2041	3,085,646	704,713
2042-2046	3,443,353	338,962
2047-2050	1,706,652	25,458
	<u>\$ 66,401,945</u>	<u>\$ 11,422,786</u>

## Changes in Long-Term Liabilities

The following table reflects the changes in long-term liabilities reported in the government-wide financial statements:

	Beginning Balance	Additional Obligations, and Net Increases	Current Maturities, Retirements, and Net Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Bond payable:					
Municipal Property Corporation	\$ -	\$ -	\$ -	\$ -	\$ -
City pledged excise tax bonds	15,670,000	-	1,595,000	14,075,000	1,625,000
Special assessments	9,631	-	5,044	4,587	4,587
Community Facilities Districts	178,126	-	155,642	22,484	7,285
Total bonds payable	15,857,757	-	1,755,686	14,102,071	1,636,872
Claims payable	809,351	-	494,722	314,629	104,876
Compensated absences	3,373,116	590,395	245,001	3,718,510	907,768
Net pension & OPEB liability	77,905,499	-	5,562,718	72,342,781	-
Governmental activity long-term liabilities	<u>\$ 97,945,723</u>	<u>\$ 590,395</u>	<u>\$ 8,058,127</u>	<u>\$ 90,477,991</u>	<u>\$ 2,649,516</u>
<b>Business-type Activities:</b>					
Municipal Property Corporation					
bonds payable	\$ 7,980,000	\$ -	\$ 415,000	\$ 7,565,000	\$ 430,000
MPC 2014 Unamortized Premium	736,996	-	85,696	651,300	80,714
WIFA loans payable	67,407,556	4,319,930	5,325,541	66,401,945	5,476,640
Landfill closure/post closure costs	1,562,103	83,482	2,357	1,643,228	149,384
Compensated absences	926,721	58,160	-	984,881	338,033
Net pension & OPEB liability	9,335,689	-	(2,186,456)	11,522,145	-
Business-type activity long-term liabilities	<u>\$ 87,949,065</u>	<u>\$ 4,461,572</u>	<u>\$ 3,642,138</u>	<u>\$ 88,768,499</u>	<u>\$ 6,474,771</u>

## Compensated Absences

Compensated absences are liquidated in the General fund, Streets & Open Space fund, Enterprise funds and Internal Service funds depending where the employees are assigned.

## Net Pension & OPEB Liability

Net pension & OPEB liability are liquidated in the General fund, Streets & Open Space fund, Enterprise funds and Internal Service funds depending where the employees are assigned. Additionally, the PSPRS Dedicated Tax Special Revenue Fund has no employees assigned to it, but is used to pay down the Public Safety Personnel Retirement System (PSPRS) unfunded pension liability.

## Legal Debt Margins

Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, wastewater, lighting, parks, open space and recreational purposes may not exceed 20 percent of a City's net secondary assessed valuation. Outstanding general obligation bonded debt for other general municipal purposes may not exceed 6 percent of a City's net secondary assessed valuation. As of June 30, 2021, the City is well within its debt limits, having \$138.6 million in borrowing capacity in the 20 percent category, and \$41.6 million in borrowing capacity in the 6 percent category. The City also has a \$2.1 million margin available for Highway User Tax Bonds which represents 50 percent of the Highway User revenue received in fiscal year 2021.

## **G. 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; injuries to employees; and natural disasters. The City became a member of the Arizona Municipal Risk Retention Pool for property liability and workers' compensation insurance effective June 1, 2013. Prior to joining the pool the City's risk management activities were recorded in the general self-insurance fund. The purpose of the fund is to administer the City's property liability and workers' compensation insurance programs and claims from before the City joined the pool on a cost reimbursement basis. This fund accounts for the risk financing activities of the City but does not constitute a transfer of risk from the City.

Under this program, the fund provides coverage for up to a maximum of \$500,000 for each worker's compensation claim and \$500,000 for each general liability claim. The City purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss.

Significant losses are covered by commercial insurance. There have been no other significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

### **Claims Liabilities**

The City records an estimated liability for indemnity based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses), and an estimate for claims incurred but not reported (IBNRs) based on historical experience. Claims liabilities include specific, incremental claim adjustment expenses, allocated loss adjustment expenses, and are reduced for estimated recoveries on unsettled claims such as salvage, or subrogation. Workers' compensation unpaid claims liabilities are discounted at 6 percent.

### **Unpaid Claims Liabilities**

The claims liability of \$314,629 for general self-insurance reported in the fund at June 30, 2021, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The following represents the changes in approximate aggregate liabilities for the City from June 30, 2019 to June 30, 2021:

Liability balance, June 30, 2019	\$ 1,030,086
Claims and changes in estimates	(195,613)
Claims payments	<u>25,122</u>
Liability balance, June 30, 2020	809,351
Claims and changes in estimates	(462,672)
Claims payments	<u>32,050</u>
Liability balance, June 30, 2021	<u><u>\$ 314,629</u></u>

Of the amount shown above, \$104,876 is due within one year and classified as a current liability.

## **H. Litigation**

The City is a defendant in several lawsuits. The City Attorney estimates that any potential claims against the City not covered by insurance resulting from such lawsuits would not materially affect the financial position of the City.

In management's opinion, all other claims or litigation pending at June 30, 2021, which could have a significant effect on the financial position of the City have been provided for in the accounts.

## **I. Contingent Liabilities**

The City is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. Management intends to vigorously contest these matters and does not believe their ultimate resolution will have a material effect upon the City's financial position, results of operations or cash flows.

The City's economic development department has several negotiations in progress that could result in future liabilities to the City.

The City participates in a number of Federal and State assisted grant programs that are subject to financial and compliance audits. Audits for these programs may be conducted at a future date, and the City expects the amount, if any, of the expenditures that may be disallowed by the granting agency to be immaterial.

## **J. Intergovernmental Agreements**

In 2004, the City acquired 4,500 deeded acres, and a leasehold interest in 2,000 acres of State of Arizona land associated with the JWK Ranch. The property was renamed the Big Chino Water Ranch (BCWR). It is through this project that the City will implement the right, granted by the Arizona Legislature, to transport groundwater from the Big Chino Sub-basin into the Prescott Active Management Area (AMA) for municipal supply purposes.

A December 2004 intergovernmental agreement with the Town of Prescott Valley set forth both cost-sharing for development of the groundwater source, and allocation of the quantity of water derived, on the basis of 54.1 percent and 45.9 percent to the City and Town of Prescott Valley, respectively.

In 2005, the planning and engineering necessary for production and conveyance of the water began with four major tasks: 1) assessment of property conditions; 2) well field development and ranch management plans; 3) construction plans for the transmission pipeline, with associated storage and pumping infrastructure; and 4) installation of groundwater monitoring wells. During the economic downturn, in 2008 an indefinite hold was placed on further work regarding these tasks.

On October 12, 2007, the City's Application for Modification of Designation of Assured Water Supply was submitted to the Arizona Department of Water Resources (ADWR). The application requested that ADWR permanently reserve for Prescott a total of 14,000 acre-feet per year (af/yr) of groundwater in the Big Chino Sub-basin pursuant to statutory rights granted to Prescott in 1991 in Arizona Revised Statutes, Title 45 § 555. Prescott also sought ADWR confirmation of current legal availability to the City of 9,571 af/yr of groundwater from the Big Chino Sub-basin for assured water supply purposes. In November 2008, ADWR issued a preliminary decision and order finding that the City's application satisfied all of the requirements for a Designation of Assured Water Supply. More specifically, ADWR determined that the City has the right to withdraw 8,068 af/yr of groundwater from the Big Chino Sub-basin and transport it for use within the Prescott AMA. ADWR's preliminary decision and order confirmed that the groundwater to be transported from the Big Chino Sub-basin is physically, continuously and legally available for at least 100 years, and is consistent with the long-term water management goals of the state's Prescott AMA, which is to ensure the sustainability of AMA groundwater supplies. The preliminary decision and order was subjected to an administrative hearing in 2009, and then subsequently challenged by various parties in litigation. All litigation regarding the November 2008 ADWR preliminary decision and order was cleared in September 2011, upholding the City's position, and enabling issuance of the final ADWR determination of said allowable volume of imported water available to the City from the Big Chino Sub-basin.

In February 2010, the City entered into an Agreement in Principle with Salt River Project and the Town of Prescott Valley for the purpose of mutually addressing topics associated with the withdrawal and importation of water from the Big Chino Sub-basin. The Agreement contemplated several more detailed ("comprehensive") future agreements addressing groundwater modeling, monitoring, and measures for mitigating effects of groundwater pumping, if any, pursuant to ARS § 45-555(E); settlement of litigation among the parties; and mutual recognition of water rights. A technical amendment to ARS § 45-555(E) was subsequently passed by the Arizona Legislature and signed into law, consistent with the Agreement in Principle, providing certain clarifications and specifying a base importation quantity of 8,068 af/yr. In October 2012, the parties to the Agreement in Principle approved Comprehensive Agreement No. 1 (CA1) which focused on monitoring and modeling needs in the Big Chino Sub-basin, and affirmed each party's water claims for "water arising from the Prescott AMA". CA1 outlines a ten-year cooperative effort during which hydrogeologic monitoring will be enhanced and a groundwater flow model specific to the sub-basin developed. The total cost of this cooperative work is estimated at \$5.5 million, with the City of Prescott share \$1.9 million. The target year for delivery of water from the Big Chino Sub-basin will be determined by the demand for additional water driven by future development, and the Prescott AMA goal of reaching safe-yield by 2025.



## K. Retirement and Pension Plans

The City contributes to the three plans described below. The plans are component units of the State of Arizona.

At June 30, 2021, 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	Governmental Activities	Business-Type Activities	Total
Pension and OPEB liabilities	\$ 72,342,781	\$ 11,522,145	\$ 83,864,926
OPEB asset	215,397	47,657	263,054
Deferred outflows of resources	34,683,291	2,564,417	37,247,708
Deferred inflows of resources	847,840	300,669	1,148,509
Pension and OPEB expense	11,040,840	1,330,534	12,371,374

The City reported \$21,479,477 of pension and OPEB expenditures in the governmental funds related to all pension plans to which it contributes. Because OPEB is not material it is combined with pensions for presentation.

### Arizona State Retirement System

**Plan Description** – City employees not covered by the other pension plans described below participate 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](http://www.azasrs.gov).

**Benefits Provided** – The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefits 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	On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years and age 62 5 years and age 50* any years and age 65	30 years and age 55 25 years and age 60 10 years and age 62 5 years and age 50* any years and 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		

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 earnings. 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 \$100 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, 2021, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.22 percent (12.04 percent for retirement and 0.18 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 12.22 percent (11.65 percent for retirement, 0.39 percent for health insurance premium benefit, and 0.18 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 10.21 percent (10.14 percent for retirement and 0.07 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, 2021, were \$2,496,250, \$83,565, and \$38,569 respectively.

During fiscal year 2021, the City paid for ASRS pension and OPEB contributions as follows: 46.2 percent from the General Fund, 44.3 percent from major funds, and 9.6 percent from other funds.

**Liability** – At June 30, 2021, the City reported the following asset and liabilities for the proportionate share of ASRS' net pension/OPEB asset or liability.

<b>ASRS</b>	<b>Net Pension/OPEB (Asset) Liability</b>
Pension	\$ 33,462,708
Health insurance premium benefit	(138,562)
Long-term disability	147,595

The net asset and net liability were measured as of June 30, 2020. The total liability used to calculate the net asset or net liability was determined using updated procedures to roll forward the total liability from an actuarial valuation as of June 30, 2019, to the measurement date of June 30, 2020. 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, 2020. The City's proportions measured as of June 30, 2020, and the change from its proportions measured as of June 30, 2019, were:

<b>ASRS</b>	<b>Proportion June 30, 2020</b>	<b>Increase (Decrease) from June 30, 2019</b>
Pension	0.19313%	-0.00082%
Health insurance premium benefit	0.19571%	-0.00211%
Long-term disability	0.19456%	-0.00173%

**Expense** – For the year ended June 30, 2021, the City recognized the following pension and OPEB expense.

<b>ASRS</b>	<b>Pension/OPEB Expense</b>
Pension	\$ 2,742,341
Health insurance premium benefit	45,182
Long-term disability	47,627

**Deferred Outflows/Inflows of Resources** – At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension		Health Insurance		Long-term Disability	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 302,728	\$ -	\$ -	\$ 273,027	\$ 12,844	\$ 3,801
Changes of assumptions	-	-	76,818	-	15,903	-
Differences between projected and actual investment earnings	3,227,517	-	141,774	-	16,250	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	609,720	155	87	829	3,979
City contributions subsequent to the measurement date	2,496,250	-	83,565	-	38,569	-
Total	\$ 6,026,495	\$ 609,720	\$ 302,312	\$ 273,114	\$ 84,395	\$ 7,780

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 of the net asset or a reduction of the net liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in pension expense as follows:

Year ending June 30	Pension	Health Insurance Premium Benefit	Long-Term Disability
2022	\$ (194,416)	\$ (29,433)	\$ 6,289
2023	949,260	562	8,927
2024	1,167,427	7,110	9,411
2025	998,254	(7,550)	8,407
2026	-	(25,056)	4,197
Thereafter	-	-	815
Total	2,920,525	(54,367)	38,046

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

Actuarial valuation date	June 30, 2019
Actuarial roll forward date	June 30, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7-7.2% 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 rate	Not applicable

Actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on ASRS plan investments was determined to be 7.5 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 Allocation	Long-Term
		Expected Geometric Real Rate of Return
Equity	50%	6.39%
Fixed income - credit	20%	5.44%
Fixed income - interest rate sensitive	10%	0.22%
Real estate	20%	5.85%
Total	100%	

**Discount Rate** – The discount rate used to measure the ASRS total pension/OPEB liability was 7.5 percent. 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 City's Proportionate Share of the ASRS 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 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the			
Net pension liability	\$ 45,759,799	\$ 33,462,708	\$ 23,182,972
Net insurance premium benefit liability (asset)	181,808	(138,562)	(411,208)
Net long-term disability liability	161,150	147,595	134,439

**Pension Plan Fiduciary Net Position** – Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report.

## Public Safety Personnel Retirement System

**Plan Descriptions** – City’s police employees and fire 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 9-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) which are not further disclosed because of their relative insignificance to the City’s financial statements.

The PSPRS issues a publicly available financial report that includes their financial statements and required supplementary information. The report is available on the PSPRS Web site at [www.psprs.com](http://www.psprs.com).

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

	Initial membership date	
	Before January 1, 2012	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.

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 \$100 per month to \$260 per month depending on the age of the member and dependents

**Employees Covered by Benefit Terms** – At June 30, 2021, the following employees were covered by the agent pension plans’ benefit terms:

	PSPRS Police		PSPRS Fire	
	Pension	Health	Pension	Health
Inactive employees or beneficiaries currently receiving benefits	71	71	71	71
Inactive employees entitled to but not yet receiving benefits	13	2	10	5
Active employees	48	48	52	52
Total	132	121	133	128

**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, 2021, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Police	PSPRS Fire
Active members pension	7.65% - 11.65%	7.65% - 11.65%
City		
Pension	56.36%	66.18%
Health insurance premium benefit	0.78%	0.06%
City Total	57.14%	66.24%

In addition, the City was required by statute to contribute at the actuarially determined rate of 44.81 percent for PSPRS Police and 52.64 percent for PSPRS Fire 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 PSPRS and employees participating in the PSPRS Tier 3 Risk Pool members in addition to the City's required contributions to the PSPRS Tier 3 Risk Pool.

For the agent plans, the City's contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended June 30, 2021, were:

	PSPRS Police	PSPRS Fire
Pension contributions made	\$ 10,007,093	\$ 11,448,963
Health Insurance premium benefit		
OPEB contributions made	38,330	2,701

During fiscal year 2021, the City paid for PSPRS pension and OPEB contributions as follows: 28.3 percent from the General Fund, 71.6 percent from major funds, and 0.1 percent from other funds.

**Liability** – At June 30, 2021, the City reported the following assets and liabilities:

	Net Pension Liability	Net OPEB (Asset) Liability
PSPRS Police	\$ 22,876,872	\$ 385,209
PSPRS Fire	26,992,542	(124,492)

The net assets and net liabilities were measured as of June 30, 2020, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date.

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

Actuarial valuation date	June 30, 2020
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, 2020, 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 pension 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 pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Geometric Real Rate of Return</b>
U.S. public equity	23%	4.93%
International public equity	15%	6.09%
Global private equity	18%	8.42%
Other assets (capital appreciation)	7%	5.61%
Core bonds	2%	0.22%
Private credit	22%	5.31%
Diversifying strategies	12%	3.22%
Cash - Mellon	1%	-0.60%
Total	100%	

**Discount Rate** – At June 30, 2020, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.3 percent. The projection of cash flows used to determine the 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 the actuarially determined contribution rate and the member rate. Based on those assumptions, the plans' 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

## Changes in the Net Pension/OPEB Liability

### PSPRS Police Pension

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2020	\$ 58,774,553	\$ 31,091,975	\$ 27,682,578
Adjustment to Beginning of Year		2	(2)
Changes for the year:			
Service cost	763,124	-	763,124
Interest on the total pension liability	4,213,804	-	4,213,804
Differences between expected and actual experience in the measurement of the pension liability	685,088	-	685,088
Changes of assumptions	-	-	-
Changes of Benefit terms	-	-	-
Contributions-employer	-	9,736,179	(9,736,179)
Contributions-employee	-	352,012	(352,012)
Net investment income	-	422,242	(422,242)
Benefit payments, including refunds of employee contributions	(3,628,659)	(3,628,659)	-
Pension plan administrative expense	-	(42,713)	42,713
Other changes	-	-	-
Net changes	2,033,357	6,839,061	(4,805,704)
Balance at June 30, 2021	\$ 60,807,910	\$ 37,931,038	\$ 22,876,872

### PSPRS Police Health Insurance Premium Benefit

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2020	\$ 1,061,510	\$ 811,645	\$ 249,865
Adjustment to Beginning of Year	-	-	-
Changes for the year:			
Service cost	17,227	-	17,227
Interest on the total OPEB liability	76,792	-	76,792
Differences between expected and actual experience in the measurement of the OPEB liability	88,328	-	88,328
Changes of assumptions	-	-	-
Changes of Benefit terms	-	-	-
Contributions-employer	-	38,051	(38,051)
Contributions-employee	-	-	-
Net investment income	-	9,744	(9,744)
Benefit payments, including refunds of employee contributions	(82,021)	(82,021)	-
OPEB plan administrative expense	-	(792)	792
Other changes	-	-	-
Net changes	100,326	(35,018)	135,344
Balance at June 30, 2021	\$ 1,161,836	\$ 776,627	\$ 385,209



**PSPRS Fire Pension**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at June 30, 2020	\$ 74,160,775	\$ 43,201,884	\$ 30,958,891
Adjustment to Beginning of Year	-	3	(3)
Changes for the year:			
Service cost	871,779	-	871,779
Interest on the total pension liability	5,322,085	-	5,322,085
Differences between expected and actual experience in the measurement of the pension liability	1,827,292	-	1,827,292
Changes of assumptions	-	-	-
Changes of Benefit terms	-	-	-
Contributions-employer	-	11,073,920	(11,073,920)
Contributions-employee	-	373,160	(373,160)
Contributions-non-employer	-	-	-
Net investment income	-	588,418	(588,418)
Benefit payments, including refunds of employee contributions	(4,254,564)	(4,254,564)	-
Pension plan administrative expense	-	(47,996)	47,996
Other changes	-	-	-
Net changes	3,766,592	7,732,938	(3,966,346)
Balance at June 30, 2021	\$ 77,927,367	\$ 50,934,825	\$ 26,992,542

**PSPRS Fire Health Insurance****Premium Benefit**

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB (Asset) (a) - (b)</b>
Balances at June 30, 2020	\$ 1,014,372	\$ 1,204,895	\$ (190,523)
Changes for the year:			
Service cost	19,188	-	19,188
Interest on the total OPEB liability	74,289	-	74,289
Differences between expected and actual experience in the measurement of the OPEB liability	(1,033)	-	(1,033)
Changes of assumptions	-	-	-
Changes of Benefit terms	-	-	-
Contributions-employer	-	12,642	(12,642)
Contributions-employee	-	-	-
Net investment income	-	14,990	(14,990)
Benefit payments, including refunds of employee contributions	(59,300)	(59,300)	-
OPEB plan administrative expense	-	-	-
Other changes	-	(1,219)	1,219
Net changes	33,144	(32,887)	66,031
Balance at June 30, 2021	\$ 1,047,516	\$ 1,172,008	\$ (124,492)

**Sensitivity of the City's Net Pension/OPEB (Asset) Liability to Changes in the Discount Rate** – The following table presents the City's net pension/OPEB (assets) liabilities calculated using the discount rate of 7.3 percent,

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 (6.3 percent) or 1 percentage point higher (8.3 percent) than the current rate:

	1% Decrease (6.3%)	Current Discount Rate (7.3%)	1% Increase (8.3%)
PSPRS Police			
Net pension liability	\$ 30,734,234	\$ 22,876,872	\$ 16,449,601
Net OPEB liability	506,354	385,209	282,927
PSPRS Fire			
Net pension liability	\$ 37,416,365	\$ 26,992,542	\$ 18,490,796
Net OPEB (asset) liability	(12,710)	(124,492)	(219,178)

**Plan Fiduciary Net Position** – Detailed information about the plans' fiduciary net position is available in the separately issued PSPRS financial reports.

**Expense** – For the year ended June 30, 2021, the City recognized \$4,292,616 for PSPRS Police and \$5,243,609 for PSPRS Fire in pension and OPEB expense.

**Deferred Outflows/Inflows of Resources** – At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

PSPRS Police	Pension		Health Insurance Premium Benefit	
	Deferred	Deferred	Deferred	Deferred
	Outflows of Resources	Inflows of Resources	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 985,778	\$ -	\$ 71,810	\$ 107,469
Changes of assumptions or other inputs	920,672	-	9,411	1,827
Net difference between projected and actual earnings on plan investments	1,904,581	-	42,230	-
City contributions subsequent to the measurement date	10,007,093	-	38,330	-
Total	\$ 13,818,124	\$ -	\$ 161,781	\$ 109,296

PSPRS Fire	Pension		Health Insurance Premium Benefit	
	Deferred	Deferred	Deferred	Deferred
	Outflows of Resources	Inflows of Resources	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 1,851,469	\$ 108,156	\$ 15,044	\$ 40,443
Changes of assumptions or other inputs	944,629	-	7,596	-
Net difference between projected and actual earnings on plan investments	2,520,954	-	63,245	-
City contributions subsequent to the measurement date	11,448,963	-	2,701	-
Total	\$ 16,766,015	\$ 108,156	\$ 88,586	\$ 40,443

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from City contributions subsequent to the measurement date will be recognized as an increase in the net asset or reduction

of the net liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ending June 30	PSPRS Police		PSPRS Fire	
	Pension	Health	Pension	Health
2022	\$ 1,504,459	\$ (1,147)	\$ 1,578,081	\$ 7,165
2023	1,194,442	2,910	1,412,633	15,774
2024	695,793	2,818	1,287,505	8,466
2025	416,337	9,574	930,677	14,037
2026	-	-	-	-
Total	\$ 3,811,031	\$ 14,155	\$ 5,208,896	\$ 45,442

#### L. Landfill Closure and Post-Closure Care Cost

State and federal laws and regulations required the City to place a final cover on its Sundog Ranch Road landfill site when it stopped accepting waste in 1999; additionally, the City is required to perform certain maintenance and monitoring functions at the site for thirty years after closure. The City stopped receiving waste at its landfill and received a small landfill exemption from the EPA in fiscal year 1998 and started installing the final cover in fiscal year 1999. The \$1,643,229 reported in the solid waste enterprise fund as landfill closure and post-closure care liability at June 30, 2021, represents the total amount of estimated cost of closure and post-closure care. Actual costs may be higher or lower due to inflation, changes in technology, or changes in regulations.

The post-closure care costs are paid for by landfill closure surcharge fees imposed on each solid waste user.

#### M. Commitments and Future Obligations

The City has remaining construction commitments totaling \$2.2 million for various road projects, \$21.9 million for various water and sewer infrastructure and \$0.6 million for various airport infrastructure.

#### N. Other Disclosures

Subsequent to the June 30, 2021, reporting date, the City Council approved the annexation and development agreement with Arizona Eco Development.

The annexation and associated development agreement were approved on July 13, 2021, and require the following outlined actions by the City and developer:

- City to provide water to 3,400 equivalent dwelling units and 200 resort units.
- City to enter into an intergovernmental agreement with Prescott Valley to allow Prescott to provide municipal water and sanitary sewer to section 33 for 1,000 equivalent dwelling units.
- City to purchase the 159+/- acres "W Parcel" adjacent to the airport for \$9,877,000.
- City to purchase 131+/- acres from the north annexation for airport and open space uses at a cost to be determined by a qualified appraiser.
- City to acquire the old Granite Creek Bridge from Yavapai County.
- Developer to donate 270+/- acres from the north annexation for open space.
- Developer to donate 474+/- acres from the south annexation for open space.



## REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF PRESCOTT, ARIZONA**

**Required Supplementary Information**

**Schedule of Proportionate Share of the Net Pension Liability Cost-Sharing Pension Plan**

Last ten fiscal years

**Arizona State Retirement System**

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a % of Covered Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
2012	2011	0.000000%	\$ -	\$ -	0.00%	0.00%
2013	2012	0.000000%	-	-	0.00%	0.00%
2014	2013	0.000000%	-	-	0.00%	0.00%
2015	2014	0.205038%	30,338,617	18,620,421	162.93%	69.49%
2016	2015	0.199300%	31,043,760	18,471,570	168.06%	68.35%
2017	2016	0.196740%	31,755,812	18,520,018	171.47%	68.35%
2018	2017	0.202090%	31,481,683	19,847,347	158.62%	69.92%
2019	2018	0.205310%	28,633,520	19,666,771	145.59%	73.40%
2020	2019	0.193950%	28,221,982	20,537,487	137.42%	73.24%
2021	2020	0.193130%	33,462,708	21,324,943	156.92%	69.33%

Information for Fiscal Year 2012 through 2014 is not available

## CITY OF PRESCOTT, ARIZONA

## Required Supplementary Information

## Schedule of Net Pension Liability and Related Ratios Agent Pension Plan (Prescott Police Dept.)

Last ten fiscal years

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Measurement Date	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Total Pension Liability</b>										
Service cost	\$ -	\$ -	\$ -	\$ 761,809	\$ 760,856	\$ 674,016	\$ 916,086	\$ 847,589	\$ 815,876	\$ 763,124
Interest on the total pension liability	-	-	-	2,931,991	3,574,096	3,655,069	3,596,513	3,873,924	4,039,286	4,213,804
Benefit changes	-	-	-	1,200,389	-	270,640	710,592	-	-	-
Difference between expected and actual experience	-	-	-	178,760	(245,221)	(1,980,003)	753,906	688,135	470,762	685,088
Assumption changes	-	-	-	5,936,576	-	1,780,963	1,801,640	-	1,504,791	-
Benefit payments, including refunds of employee contributions	-	-	-	(2,676,726)	(2,982,010)	(3,047,609)	(3,211,594)	(3,483,733)	(3,650,477)	(3,628,659)
<b>Net change in total pension liability</b>	-	-	-	8,332,799	1,107,721	1,353,076	4,567,143	1,925,915	3,180,238	2,033,357
<b>Total pension liability - beginning</b>	-	-	-	38,307,661	46,640,460	47,748,181	49,101,257	53,668,400	55,594,315	58,774,553
<b>Total pension liability - ending</b>	\$ -	\$ -	\$ -	\$ 46,640,460	\$ 47,748,181	\$ 49,101,257	\$ 53,668,400	\$ 55,594,315	\$ 58,774,553	\$ 60,807,910
<b>Plan Fiduciary Net Position</b>										
Employer contributions	\$ -	\$ -	\$ -	\$ 1,699,361	\$ 2,003,868	\$ 2,119,598	\$ 3,003,310	\$ 13,155,670	\$ 10,177,689	\$ 9,736,179
Employee contributions	-	-	-	410,728	488,411	465,547	467,056	401,946	303,791	352,012
Pension plan net investment income	-	-	-	1,463,603	425,319	65,838	1,293,200	1,234,804	1,388,439	422,242
Benefit payments, including refunds of employee contributions	-	-	-	(2,676,726)	(2,982,010)	(3,047,609)	(3,211,594)	(3,483,733)	(3,650,477)	(3,628,659)
Pension plan administrative expense	-	-	-	-	(10,753)	(9,873)	(11,843)	(19,493)	(25,128)	(42,713)
Other	-	-	-	(667,282)	(135,289)	(371,875)	(41,510)	(670,231)	(37,380)	2
<b>Net change in plan fiduciary net position</b>	-	-	-	229,684	(210,454)	(778,374)	1,498,619	10,618,963	8,156,934	6,839,063
<b>Plan fiduciary net position - beginning</b>	-	-	-	11,576,603	11,806,287	11,595,833	10,817,459	12,316,078	22,935,041	31,091,975
<b>Plan fiduciary net position - ending</b>	\$ -	\$ -	\$ -	\$ 11,806,287	\$ 11,595,833	\$ 10,817,459	\$ 12,316,078	\$ 22,935,041	\$ 31,091,975	\$ 37,931,038
<b>Net pension liability</b>	-	-	-	34,834,173	36,152,348	38,283,798	41,352,322	32,659,274	27,682,578	22,876,872
<b>Plan fiduciary net position as a percentage of total pension liability</b>	0.00%	0.00%	0.00%	25.31%	24.29%	22.03%	22.95%	41.25%	52.90%	62.38%
<b>Covered valuation payroll</b>	\$ -	\$ -	\$ -	\$ 4,031,431	\$ 3,868,068	\$ 3,558,688	\$ 4,087,846	\$ 4,306,853	\$ 3,905,240	\$ 3,710,528
<b>Net pension liability as a percentage of covered valuation payroll</b>	0.00%	0.00%	0.00%	864.06%	934.64%	1075.78%	1011.59%	758.31%	708.86%	616.54%

Information for Fiscal Year 2012 through 2014 is not available

## CITY OF PRESCOTT, ARIZONA

## Required Supplementary Information

## Schedule of Net Pension Liability and Related Ratios Agent Pension Plan (Prescott Fire Dept.)

Last ten fiscal years

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Measurement Date	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Total Pension Liability</b>										
Service cost	\$ -	\$ -	\$ -	\$ 625,416	\$ 679,818	\$ 661,270	\$ 933,842	\$ 958,337	\$ 983,851	\$ 871,779
Interest on the total pension liability	-	-	-	3,407,472	4,004,260	4,282,907	4,585,721	4,915,237	5,168,881	5,322,085
Benefit changes	-	-	-	970,471	-	2,913,669	535,460	-	-	-
Difference between expected and actual experience	-	-	-	812,892	2,459,470	241,942	806,142	989,314	(180,259)	1,827,292
Assumption changes	-	-	-	5,458,928	-	2,197,261	2,470,820	-	1,290,375	-
Benefit payments, including refunds of employee contributions	-	-	-	(3,743,947)	(3,656,019)	(3,513,248)	(4,186,168)	(3,943,953)	(3,935,936)	(4,254,564)
<b>Net change in total pension liability</b>	-	-	-	7,531,232	3,487,529	6,783,801	5,145,817	2,918,935	3,326,912	3,766,592
<b>Total pension liability - beginning</b>	-	-	-	44,966,549	52,497,781	55,985,310	62,769,111	67,914,928	70,833,863	74,160,775
<b>Total pension liability - ending</b>	\$ -	\$ -	\$ -	\$ 52,497,781	\$ 55,985,310	\$ 62,769,111	\$ 67,914,928	\$ 70,833,863	\$ 74,160,775	\$ 77,927,367
<b>Plan Fiduciary Net Position</b>										
Employer contributions	\$ -	\$ -	\$ -	\$ 1,474,478	\$ 3,083,074	\$ 3,381,603	\$ 4,072,538	\$ 14,734,656	\$ 10,143,085	\$ 11,073,920
Employee contributions	-	-	-	462,684	463,343	441,178	479,574	423,220	369,128	373,160
Non-employee contributions	-	-	-	-	-	-	-	-	2,210,887	-
Pension plan net investment income	-	-	-	2,103,311	619,579	103,026	2,141,106	1,823,608	2,026,440	588,418
Benefit payments, including refunds of employee contributions	-	-	-	(3,743,947)	(3,656,019)	(3,513,248)	(4,186,168)	(3,943,953)	(3,935,936)	(4,254,564)
Pension plan administrative expense	-	-	-	-	(16,431)	(15,225)	(19,345)	(30,955)	(36,218)	(47,996)
Other	-	-	-	(913,990)	191,490	(91,593)	230	(553,570)	-	3
<b>Net change in plan fiduciary net position</b>	-	-	-	(617,464)	685,036	305,741	2,487,935	12,453,006	10,777,386	7,732,941
<b>Plan fiduciary net position - beginning</b>	-	-	-	17,110,244	16,492,780	17,177,816	17,483,557	19,971,492	32,424,498	43,201,884
<b>Plan fiduciary net position - ending</b>	\$ -	\$ -	\$ -	\$ 16,492,780	\$ 17,177,816	\$ 17,483,557	\$ 19,971,492	\$ 32,424,498	\$ 43,201,884	\$ 50,934,825
<b>Net pension liability</b>	-	-	-	36,005,001	38,807,494	45,285,554	47,943,436	38,409,365	30,958,891	26,992,542
<b>Plan fiduciary net position as a percentage of total pension liability</b>	0.00%	0.00%	0.00%	31.42%	30.68%	27.85%	29.41%	45.78%	58.25%	65.36%
<b>Covered valuation payroll</b>	\$ -	\$ -	\$ -	\$ 3,581,595	\$ 3,486,702	\$ 3,541,885	\$ 4,141,207	\$ 4,503,465	\$ 4,113,300	\$ 4,242,052
<b>Net pension liability as a percentage of covered valuation payroll</b>	0.00%	0.00%	0.00%	1005.28%	1113.01%	1278.57%	1157.72%	852.88%	752.65%	636.31%

Information for Fiscal Year 2012 through 2014 is not available



**CITY OF PRESCOTT, ARIZONA**  
**Required Supplementary Information**  
**Schedule of Pension Contributions Arizona State Retirement System**  
Last ten fiscal years

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<u>Fiscal Year</u>	<u>Statutorily Required Contribution</u>	<u>Contributions Made</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Payroll</u>
2012	\$ -	\$ -	\$ -	\$ -	0.00%
2013	-	-	-	-	0.00%
2014	1,992,385	1,992,385	-	18,620,421	10.70%
2015	2,011,554	2,011,554	-	18,471,570	10.89%
2016	2,009,422	2,009,422	-	18,520,018	10.85%
2017	2,139,544	2,139,544	-	19,847,347	10.78%
2018	2,143,678	2,143,678	-	19,666,771	10.90%
2019	2,296,091	2,296,091	-	20,537,487	11.18%
2020	2,441,706	2,441,706	-	21,324,943	11.45%
2021	2,496,250	2,496,250	-	21,427,039	11.65%

Information for Fiscal Year 2012 through 2013 is not available

**CITY OF PRESCOTT, ARIZONA****Required Supplementary Information****Schedule of Pension Contributions Public Safety Personnel Retirement System (Prescott Police Dept.)**

Last ten fiscal years

<u>Fiscal Year</u>	<u>Statutorily Required Contribution</u>	<u>Contributions Made</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Payroll</u>
2012	\$ -	\$ -	\$ -	\$ -	0.00%
2013	-	-	-	-	0.00%
2014	1,703,683	1,699,361	4,322	4,031,431	42.15%
2015	1,634,646	2,003,868	(369,222)	3,868,068	51.81%
2016	1,722,049	2,119,598	(397,549)	3,558,688	59.56%
2017	2,220,109	3,003,310	(783,201)	4,087,846	73.47%
2018	3,714,604	13,155,670	(9,441,066)	4,306,853	305.46%
2019	3,898,128	10,177,689	(6,279,561)	3,905,240	260.62%
2020	2,329,098	9,828,814	(7,499,716)	3,710,528	264.89%
2021	2,769,593	10,007,093	(7,237,500)	4,914,111	203.64%

Information for Fiscal Year 2012 through 2013 is not available

**CITY OF PRESCOTT, ARIZONA**

**Required Supplementary Information**

**Schedule of Pension Contributions Pubic Safety Personnel Retirement System (Prescott Fire Dept.)**

Last ten fiscal years

<u>Fiscal Year</u>	<u>Statutorily Required Contribution</u>	<u>Contributions Made</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Payroll</u>
2012	\$ -	\$ -	\$ -	\$ -	0.00%
2013	-	-	-	-	0.00%
2014	1,501,046	1,474,478	26,568	3,581,595	41.17%
2015	2,019,149	3,083,074	(1,063,925)	3,486,702	88.42%
2016	2,246,972	3,381,603	(1,134,631)	3,541,885	95.47%
2017	3,137,793	4,072,538	(934,745)	4,141,207	98.34%
2018	3,984,374	14,734,656	(10,750,282)	4,503,465	327.18%
2019	3,993,169	10,143,085	(6,149,916)	4,113,300	246.59%
2020	3,020,341	11,152,049	(8,131,708)	4,242,052	262.89%
2021	2,978,666	11,448,963	(8,470,297)	4,500,855	254.37%

Information for Fiscal Year 2012 through 2013 is not available

**NOTE 1 ACTUARIALLY DETERMINED CONTRIBUTION RATES**

Actuarial 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	18 years for underfunded 20 years for overfunded
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	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 4.0% 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 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)

**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 2019 for members who retired or will retire after the law's effective date. Also, the City refunded excess employee contributions to PSPRS members.

## **COMBINING STATEMENTS**

### **Nonmajor Governmental Funds**

#### **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for revenues derived from specific taxes or other earmarked revenue sources. These funds are usually required by statute, charter provision or ordinance to finance particular functions or activities. The nonmajor special revenue funds of the City of Prescott are listed below.

##### **Transient Lodging Tax Fund**

This fund receives and expends tax revenues charged on transient lodging activity within the City. Revenues are to be used for the promotion of tourism and development of recreational facilities within the City.

##### **Grants Fund**

This represents a group of funds, which expends grant monies received by the City for various projects. Grant funds must be used for the stated purpose of the grant and must meet grantor expenditure guidelines.

##### **Miscellaneous Gift Trust Fund**

This fund accounts for miscellaneous gifts and donations to the City.

##### **Acker Trust Fund**

Accounts for the assets willed to the City by J. S. Acker. Revenue from investments and land sales are to be expended for cultural and recreational purposes only.

#### **CAPITAL PROJECT FUNDS**

Capital project funds are established to record financial resources that are restricted to expenditure for capital outlays.

##### **Impact Fees Fund**

This fund is used to account for impact fees charged to new residential construction to cover the cost of new capital facilities required to serve this new development.

##### **Community Facilities Districts Fund**

This fund is used to account for the expenditures of debt issued by the Community Facilities Districts.

#### **DEBT SERVICE FUNDS**

Debt service funds are established to record the accumulation of resources for, and the payment of long-term debt principal and interest not serviced by other funds.

##### **City of Prescott**

This fund accounts for the accumulation of resources and payment of principal and interest on general obligation and special assessment long-term debt.

##### **Community Facilities Districts**

This fund is used to account for the special assessments and the principal and interest expenditures of the debt issued by the districts. Although these bonds are not obligations of the City, generally accepted accounting principles indicate that the bonds be disclosed herein.

**CITY OF PRESCOTT, ARIZONA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
June 30, 2021

	Special Revenue Funds				Capital Projects Funds		Debt Service Funds		Total
	Transient		Miscellaneous	Acker	Community		Community		Nonmajor
	Lodging	Grants	Gift Trust	Trust	Facilities	Impact	City of	Facilities	Governmental
ASSETS	Tax				Districts	Fees	Prescott	Districts	Funds
Cash and short-term investments	\$ 814,070	\$ 132,348	\$ 741,364	\$ 546,898	\$ 300,498	\$ 3,981,631	\$ 4,116	\$ 37,698	\$ 6,558,623
Accounts receivable (net)	157,577	-	-	-	-	-	-	-	157,577
Property taxes receivable	-	-	-	-	-	-	1,595	-	1,595
Special assessments receivable	-	-	-	-	-	-	4,586	22,486	27,072
Interest receivable	-	-	-	2,344	-	-	-	-	2,344
Intergovernmental receivable	-	265,208	-	-	-	-	-	-	265,208
Total assets	<u>\$ 971,647</u>	<u>\$ 397,556</u>	<u>\$ 741,364</u>	<u>\$ 549,242</u>	<u>\$ 300,498</u>	<u>\$ 3,981,631</u>	<u>\$ 10,297</u>	<u>\$ 60,184</u>	<u>\$ 7,012,419</u>
LIABILITIES									
Accounts payable	\$ 8,128	\$ 55,793	\$ 8,257	\$ -	\$ 300,498	\$ 199,781	\$ -	\$ -	\$ 572,457
Accrued expenditures	1,816	9,008	132	-	-	-	71	-	11,027
Interfund payable	-	-	-	-	-	-	-	-	-
Total liabilities	<u>9,944</u>	<u>64,801</u>	<u>8,389</u>	<u>-</u>	<u>300,498</u>	<u>199,781</u>	<u>71</u>	<u>-</u>	<u>583,484</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue	-	90,647	-	-	-	-	6,177	22,486	119,310
Total deferred inflows of resources	<u>-</u>	<u>90,647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,177</u>	<u>22,486</u>	<u>119,310</u>
FUND BALANCES									
Restricted	961,703	242,108	732,975	549,242	-	3,781,850	4,049	37,698	6,309,625
Total fund balances	<u>961,703</u>	<u>242,108</u>	<u>732,975</u>	<u>549,242</u>	<u>-</u>	<u>3,781,850</u>	<u>4,049</u>	<u>37,698</u>	<u>6,309,625</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 971,647</u>	<u>\$ 397,556</u>	<u>\$ 741,364</u>	<u>\$ 549,242</u>	<u>\$ 300,498</u>	<u>\$ 3,981,631</u>	<u>\$ 10,297</u>	<u>\$ 60,184</u>	<u>\$ 7,012,419</u>

**CITY OF PRESCOTT, ARIZONA**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
For the year ended June 30, 2021

	Special Revenue Funds				Capital Projects Funds		Debt Service Funds		Total
	Transient	Miscellaneous			Community		Community		Nonmajor
	Lodging		Gift	Acker	Facilities	Impact	City of	Facilities	Governmental
Revenues	Tax	Grants	Trust	Trust	Districts	Fees	Prescott	Districts	Funds
Taxes	\$ 1,228,518	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41	\$ -	\$ 1,228,559
Intergovernmental revenues	-	1,608,548	-	-	-	-	-	-	1,608,548
Licenses and permits	-	-	-	-	-	1,013,271	-	-	1,013,271
Gifts and donations	-	51,698	601,820	-	-	-	-	-	653,518
Interest and investment income	-	-	-	1,270	-	-	219	4,166	5,655
Miscellaneous	-	8,645	-	-	-	18,824	5,044	154,255	186,768
Total revenues	1,228,518	1,668,891	601,820	1,270	-	1,032,095	5,304	158,421	4,696,319
<b>Expenditures</b>									
Current operating									
General government	722,818	136,591	2,775	-	-	-	-	173,824	1,036,008
Community services	-	281,028	4,718	-	-	-	-	-	285,746
Culture and recreation	39,970	11,261	32,083	-	-	14,948	-	-	98,262
Police and court	-	501,766	49,355	-	-	-	-	-	551,121
Fire	-	75,670	3,453	-	-	-	-	-	79,123
Capital outlay									
Culture and recreation	-	-	-	-	-	623,474	-	-	623,474
Police and court	-	77,889	-	-	-	-	-	-	77,889
Fire	-	177,878	-	-	-	-	-	-	177,878
Public works	-	2,707,942	-	-	806,596	-	-	-	3,514,538
Debt service - principal	-	-	-	-	-	-	5,044	155,643	160,687
Debt service - interest	-	-	-	-	-	-	219	4,384	4,603
Total expenditures	762,788	3,970,025	92,384	-	806,596	638,422	5,263	333,851	6,609,329
Excess (deficiency) of revenues over (under) expenditures	465,730	(2,301,134)	509,436	1,270	(806,596)	393,673	41	(175,430)	(1,913,010)
<b>Other Financing Sources (Uses)</b>									
Transfers in	-	2,395,429	-	-	-	-	-	-	2,395,429
Transfers out	(74,694)	-	-	-	-	-	-	-	(74,694)
Total other financing sources (uses)	(74,694)	2,395,429	-	-	-	-	-	-	2,320,735
Net change in fund balance	391,036	94,295	509,436	1,270	(806,596)	393,673	41	(175,430)	407,725
Fund balance - beginning	570,667	147,813	223,539	547,972	806,596	3,388,177	4,008	213,128	5,901,900
Fund balance - ending	\$ 961,703	\$ 242,108	\$ 732,975	\$ 549,242	\$ -	\$ 3,781,850	\$ 4,049	\$ 37,698	\$ 6,309,625





# SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

## GOVERNMENTAL FUNDS

### *Special Revenue Funds*

- Transient lodging tax
- Grants
- Miscellaneous gift trust
- Acker trust

### *Capital Project Funds*

- Community Facilities Districts
- Impact fees

### *Debt Service Funds*

- City of Prescott
- Community Facilities Districts

CITY OF PRESCOTT, ARIZONA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Transient Lodging Tax Special Revenue Fund

For the year ended June 30, 2021

	Budget		Actual Amounts Budget Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes - transient lodging tax	\$ 800,000	\$ 800,000	\$ 1,228,518	\$ 428,518
Investment income	5,000	5,000	-	(5,000)
Total revenues	805,000	805,000	1,228,518	423,518
<b>Expenditures</b>				
Current operating				
General Government	808,951	828,951	722,818	106,133
Culture and recreation	40,000	40,000	39,970	30
Total expenditures	848,951	868,951	762,788	106,163
Excess (deficiency) of revenues over expenditures	(43,951)	(63,951)	465,730	529,681
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(99,276)	(99,276)	(74,694)	24,582
Total other financing sources (uses)	(99,276)	(99,276)	(74,694)	24,582
Net change in fund balances	(143,227)	(163,227)	391,036	554,263
Fund balance - beginning	570,667	570,667	570,667	-
Fund balance - ending	\$ 427,440	\$ 407,440	\$ 961,703	\$ 554,263

**CITY OF PRESCOTT, ARIZONA**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**

**Grants Special Revenue Fund**

For the year ended June 30, 2021

	Budget		Actual	Variance With
	Original	Final	Amounts Budget Basis	Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental revenues	\$ 7,391,201	\$ 7,391,201	\$ 1,608,548	\$ (5,782,653)
Gifts and donations	109,699	109,699	51,698	(58,001)
Interest and investment income	1,000	1,000	-	(1,000)
Miscellaneous	50	50	8,645	8,595
Total revenues	7,501,950	7,501,950	1,668,891	(5,833,059)
<b>Expenditures</b>				
Current				
General government	5,977,572	1,295,494	136,591	1,158,903
Community services	607,533	417,533	281,028	136,505
Culture and recreation	91,993	92,293	11,261	81,032
Police and court	589,755	589,755	501,766	87,989
Fire	250,828	250,828	75,670	175,158
Total current	7,517,681	2,645,903	1,006,316	1,639,587
Capital outlay				
Police and court	80,000	80,000	77,889	2,111
Fire	-	182,078	177,878	4,200
Public Works	2,575,000	2,708,000	2,707,942	58
Total capital outlay	2,655,000	2,970,078	2,963,709	6,369
Total expenditures	10,172,681	5,615,981	3,970,025	1,645,956
Excess (deficiency) of revenues over expenditures	(2,670,731)	1,885,969	(2,301,134)	(4,187,103)
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,668,388	2,668,388	2,395,429	(272,959)
Total other financing sources (uses)	2,668,388	2,668,388	2,395,429	(272,959)
Net change in fund balances	(2,343)	4,554,357	94,295	(4,460,062)
Fund balance - beginning	147,813	147,813	147,813	-
Fund balance - ending	\$ 145,470	\$ 4,702,170	\$ 242,108	\$ (4,460,062)

**CITY OF PRESCOTT, ARIZONA**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**

**Miscellaneous Gift Trust Special Revenue Fund**

For the year ended June 30, 2021

	Budget		Actual	Variance With
	Original	Final	Amounts	Final Budget
			Budget	Positive
			Basis	(Negative)
<b>Revenues</b>				
Gifts and donations	\$ 68,376	\$ 68,376	\$ 601,820	\$ 533,444
Total revenues	68,376	68,376	601,820	533,444
<b>Expenditures</b>				
Current				
General government	20,926	20,926	2,775	18,151
Community services	10,000	10,000	4,718	5,282
Culture and recreation	102,255	103,355	32,083	71,272
Police and court	146,466	146,466	49,355	97,111
Fire	16,240	16,240	3,453	12,787
Total expenditures	295,887	296,987	92,384	204,603
Excess (deficiency) of revenues over expenditures	(227,511)	(228,611)	509,436	738,047
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(227,511)	(228,611)	509,436	738,047
Fund balance - beginning	223,539	223,539	223,539	-
Fund balance - ending	\$ (3,972)	\$ (5,072)	\$ 732,975	\$ 738,047

## CITY OF PRESCOTT, ARIZONA

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

## Acker Trust Special Revenue Fund

For the year ended June 30, 2021

	Budget		Actual	Variance With
	Original	Final	Amounts	Final Budget
			Budget	Positive
			Basis	(Negative)
<b>Revenues</b>				
Interest and investment income	\$ 5,000	\$ 5,000	\$ 1,270	\$ (3,730)
Total revenues	5,000	5,000	1,270	(3,730)
<b>Expenditures</b>				
Culture and recreation	10,000	10,000	-	10,000
Total expenditures	10,000	10,000	-	10,000
Excess (deficiency) of revenues over expenditures	(5,000)	(5,000)	1,270	6,270
Fund balance - beginning	547,972	547,972	547,972	-
Fund balance - ending	\$ 542,972	\$ 542,972	\$ 549,242	\$ 6,270

**CITY OF PRESCOTT, ARIZONA**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Community Facilities Districts Capital Projects Fund**

For the year ended June 30, 2021

	<b>Budget</b>		<b>Actual Amounts Budget Basis</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Interest and investment income	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>Expenditures</b>				
Capital outlay	810,000	810,000	806,596	3,404
Total expenditures	810,000	810,000	806,596	3,404
Excess (deficiency) of revenues over expenditures	(810,000)	(810,000)	(806,596)	3,404
Net change in fund balances	(810,000)	(810,000)	(806,596)	3,404
Fund balance - beginning	806,596	806,596	806,596	-
Fund balance - ending	\$ (3,404)	\$ (3,404)	\$ -	\$ 3,404

**CITY OF PRESCOTT, ARIZONA**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Impact Fees Fund Capital Project Fund**

For the year ended June 30, 2021

	Budget		Actual Amounts Budget Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Licenses and permits - impact fees	\$ 250,000	\$ 250,000	\$ 1,013,271	\$ 763,271
Interest and investment income	12,000	12,000	-	(12,000)
Miscellaneous	12,000	12,000	18,824	6,824
Total revenues	274,000	274,000	1,032,095	758,095
<b>Expenditures</b>				
Current operating				
General Government	-	-	-	-
Culture and recreation	-	-	14,948	(14,948)
Police and Court	-	-	-	-
Fire	-	-	-	-
Public Works	-	-	-	-
Capital outlay				
General Government	-	-	-	-
Culture and recreation	515,000	640,000	623,474	16,526
Total capital outlay	515,000	640,000	623,474	16,526
Total expenditures	515,000	640,000	638,422	1,578
Excess (deficiency) of revenues over expenditures	(241,000)	(366,000)	393,673	759,673
Net change in fund balances	(241,000)	(366,000)	393,673	759,673
Fund balance - beginning	3,388,177	3,388,177	3,388,177	-
Fund balance - ending	\$ 3,147,177	\$ 3,022,177	\$ 3,781,850	\$ 759,673

## CITY OF PRESCOTT, ARIZONA

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

## City of Prescott Debt Service Fund

For the year ended June 30, 2021

	Budget		Actual	Variance With
	Original	Final	Amounts	Final Budget
			Budget	Positive
			Basis	(Negative)
<b>Revenues</b>				
Property tax revenue	\$ -	\$ -	\$ 41	\$ 41
Interest and investment income	531	531	219	(312)
Miscellaneous	5,045	5,045	5,044	(1)
Total revenues	5,576	5,576	5,304	(272)
<b>Expenditures</b>				
Debt service				
Principal	5,045	5,045	5,044	1
Interest	220	220	219	1
Total expenditures	5,265	5,265	5,263	2
Excess (deficiency) of revenues over expenditures	311	311	41	(270)
Fund balance - beginning	4,008	4,008	4,008	-
Fund balance - ending	\$ 4,319	\$ 4,319	\$ 4,049	\$ (270)



**CITY OF PRESCOTT, ARIZONA**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**

**Community Facilities Districts Debt Service Fund**

For the year ended June 30, 2021

	<b>Budget</b>		<b>Actual Amounts Budget Basis</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Interest and investment income	\$ -	\$ -	\$ 4,166	\$ 4,166
Miscellaneous	193,027	193,027	154,255	(38,772)
Total revenues	193,027	193,027	158,421	(34,606)
<b>Expenditures</b>				
Current				
General Government	210,000	210,000	173,824	36,176
Debt Service				
Principal	155,645	155,645	155,643	2
Interest	37,382	37,382	4,384	32,998
Total expenditures	403,027	403,027	333,851	69,176
Excess (deficiency) of revenues over expenditures	(210,000)	(210,000)	(175,430)	34,570
Net change in fund balances	(210,000)	(210,000)	(175,430)	34,570
Fund balance - beginning	213,128	213,128	213,128	-
Fund balance - ending	\$ 3,128	\$ 3,128	\$ 37,698	\$ 34,570



## **COMBINING STATEMENTS**

### **Internal Service Funds**

Internal service funds are used to account for services and commodities furnished by one department to other departments of the City on a cost reimbursement basis. Funds included are:

#### **Fleet Maintenance**

To account for the cost of operating a maintenance facility for automotive and other equipment used by various departments. These costs, including depreciation, are billed to the various using departments. The various user departments who acquire automotive and other equipment are responsible for replacement costs.

#### **Risk Management**

To account for the costs, both direct and indirect, of maintaining comprehensive property damage and general liability and workers' compensation insurance coverage. Revenue to this fund is derived from charges to City departments.

#### **Engineering Services**

To account for the costs, both direct and indirect, of the engineering department which does work for other departments of the City. Revenue to this fund is derived from charges to City departments based on the work performed for the department.

#### **Facilities Maintenance**

To provide maintenance and custodial service to all City owned facilities. Revenue to this fund is derived from charges to participating City departments.

**CITY OF PRESCOTT, ARIZONA**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
June 30, 2021

	<u>Fleet Maintenance</u>	<u>Risk Management</u>	<u>Engineering Services</u>	<u>Facilities Maintenance</u>	<u>Totals</u>
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 667,964	\$ 1,446,155	\$ 827,632	\$ 899,591	\$ 3,841,342
Accounts receivable (net)	2,076	-	-	-	2,076
Interest receivable	-	3,656	-	-	3,656
Inventory at cost	385,746	-	-	-	385,746
Total current assets	1,055,786	1,449,811	827,632	899,591	4,232,820
<b>Noncurrent Assets</b>					
Restricted cash and cash equivalents	-	1,304,693	-	-	1,304,693
OPEB assets	3,237	-	6,206	2,002	11,445
Land and construction in process	13,191	-	-	-	13,191
Buildings	5,259,218	-	-	-	5,259,218
Improvements other than buildings	12,473	-	36,549	-	49,022
Machinery and equipment	539,681	-	477,743	125,608	1,143,032
Less accumulated depreciation	(2,474,659)	-	(409,083)	(108,025)	(2,991,767)
Total noncurrent assets	3,353,141	1,304,693	111,415	19,585	4,788,834
Total assets	4,408,927	2,754,504	939,047	919,176	9,021,654
<b>Deferred Outflows of Resources</b>					
Deferred outflows related to pensions and OPEB	140,263	-	253,634	90,266	484,163
Total deferred outflows of resources	140,263	-	253,634	90,266	484,163
Total assets and deferred outflows of resources	4,549,190	2,754,504	1,192,681	1,009,442	9,505,817
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable	72,646	-	7,616	80,657	160,919
Accrued expenses	8,332	-	15,659	6,092	30,083
Claims payable	-	104,876	-	-	104,876
Compensated absences	-	-	32,452	-	32,452
Total current liabilities	80,978	104,876	55,727	86,749	328,330
<b>Noncurrent Liabilities</b>					
Claims payable	-	209,753	-	-	209,753
Compensated absences	61,325	-	148,716	27,563	237,604
Pension liability	785,163	-	1,505,407	485,657	2,776,227
Total noncurrent liabilities	846,488	209,753	1,654,123	513,220	3,223,584
Total liabilities	927,466	314,629	1,709,850	599,969	3,551,914
<b>Deferred Inflows of Resources</b>					
Deferred inflows related to pensions and OPEB	20,805	-	39,891	12,869	73,565
Total deferred inflows of resources	20,805	-	39,891	12,869	73,565
Total liabilities and deferred inflows of resources	948,271	314,629	1,749,741	612,838	3,625,479
<b>NET POSITION</b>					
Net investment in capital assets	3,349,905	-	105,210	17,583	3,472,698
Unrestricted	251,014	2,439,875	(662,270)	379,021	2,407,640
Total net position	\$ 3,600,919	\$ 2,439,875	\$ (557,060)	\$ 396,604	\$ 5,880,338

**CITY OF PRESCOTT, ARIZONA**

**Combining Statement of Revenues, Expenses and Changes in Net Position**

**Internal Service Funds**

For the year ended June 30, 2021

	<u>Fleet Maintenance</u>	<u>Risk Management</u>	<u>Engineering Services</u>	<u>Facilities Maintenance</u>	<u>Total</u>
<b>Operating Revenues</b>					
Charges for services	\$ 2,506,407	\$ 1,095,012	\$ 1,532,287	\$ 1,787,640	\$ 6,921,346
Miscellaneous	-	56,551	-	5,459	62,010
Total operating revenues	<u>2,506,407</u>	<u>1,151,563</u>	<u>1,532,287</u>	<u>1,793,099</u>	<u>6,983,356</u>
<b>Operating Expenses</b>					
Personnel services	745,725	-	1,354,037	473,755	2,573,517
Supplies	1,052,204	10,625	36,610	191,111	1,290,550
Other services and charges	512,264	252,976	183,459	857,926	1,806,625
Depreciation	127,463	-	19,639	3,858	150,960
Total operating expenses	<u>2,437,656</u>	<u>263,601</u>	<u>1,593,745</u>	<u>1,526,650</u>	<u>5,821,652</u>
Operating income (loss)	<u>68,751</u>	<u>887,962</u>	<u>(61,458)</u>	<u>266,449</u>	<u>1,161,704</u>
<b>Non-operating Revenues (Expenses)</b>					
Interest and investment income	-	751	-	-	751
Net gain (loss) on disposal of assets	-	-	2,169	1,268	3,437
Total non-operating revenues	<u>-</u>	<u>751</u>	<u>2,169</u>	<u>1,268</u>	<u>4,188</u>
Income (loss) before transfers	<u>68,751</u>	<u>888,713</u>	<u>(59,289)</u>	<u>267,717</u>	<u>1,165,892</u>
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net position	<u>68,751</u>	<u>888,713</u>	<u>(59,289)</u>	<u>267,717</u>	<u>1,165,892</u>
Total net position - beginning	<u>3,532,168</u>	<u>1,551,162</u>	<u>(497,771)</u>	<u>128,887</u>	<u>4,714,446</u>
Total net position - ending	<u>\$ 3,600,919</u>	<u>\$ 2,439,875</u>	<u>\$ (557,060)</u>	<u>\$ 396,604</u>	<u>\$ 5,880,338</u>

**CITY OF PRESCOTT, ARIZONA**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
For the year ended June 30, 2021

	<u>Fleet Maintenance</u>	<u>Risk Management</u>	<u>Engineering Services</u>	<u>Facilities Maintenance</u>	<u>Total</u>
<b>Cash Flows from Operating Activities:</b>					
Cash received from customers	\$ 2,506,043	\$ 1,151,563	\$ 1,535,530	\$ 1,794,167	\$ 6,987,303
Cash payments to employees for services	(717,520)	-	(1,332,492)	(467,599)	(2,517,611)
Cash payments to suppliers for goods and services	(1,508,745)	(828,081)	(216,579)	(995,703)	(3,549,108)
Net cash provided by (used for) operating activities	279,778	323,482	(13,541)	330,865	920,584
<b>Cash Flows from Noncapital Financing Activities:</b>					
Transfers in	-	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	-	-	-	-
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Acquisition and construction of capital assets	-	-	-	-	-
Proceeds from sales of capital assets	-	-	2,169	1,267	3,436
Net cash provided by (used for) capital and related financing activities	-	-	2,169	1,267	3,436
<b>Cash Flows from Investing Activities:</b>					
Interest on investments	-	6,303	-	-	6,303
Net cash provided by (used for) investing activities	-	6,303	-	-	6,303
Net increase (decrease) in cash and cash equivalents	279,778	329,785	(11,372)	332,132	930,323
Cash and cash equivalents - beginning	388,186	2,421,063	839,004	567,459	4,215,712
Cash and cash equivalents - ending	\$ 667,964	\$ 2,750,848	\$ 827,632	\$ 899,591	\$ 5,146,035
<b>Reconciliation to statement of net position</b>					
Cash and cash equivalents at June 30, unrestricted	\$ 667,964	\$ 1,446,155	\$ 827,632	\$ 899,591	\$ 3,841,342
Cash and cash equivalents at June 30, restricted	-	1,304,693	-	-	1,304,693
Total	\$ 667,964	\$ 2,750,848	\$ 827,632	\$ 899,591	\$ 5,146,035
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:</b>					
Operating income (loss)	\$ 68,751	\$ 887,962	\$ (61,458)	\$ 266,449	\$ 1,161,704
Adjustments to reconcile operating income activities:					
Depreciation	127,463	-	19,639	3,858	150,960
Change in assets and liabilities:					
Increase (decrease) in accounts payable	12,818	(564,480)	3,490	53,334	(494,838)
Increase (decrease) in compensated absences	21,658	-	10,734	1,584	33,976
(Increase) decrease in customer receivable	(2,076)	-	-	-	(2,076)
(Increase) decrease in inventory	42,905	-	-	-	42,905
Increase (decrease) in salaries & benefits payable	8,259	-	14,054	5,640	27,953
Total adjustments	211,027	(564,480)	47,917	64,416	(241,120)
Net cash provided by (used for) operating activities	\$ 279,778	\$ 323,482	\$ (13,541)	\$ 330,865	\$ 920,584

## OTHER SUPPLEMENTARY INFORMATION

**CITY OF PRESCOTT, ARIZONA**  
**Schedule of Pledged Excise Tax Bonds Payable**  
June 30, 2021

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	Refunding MPC 2010 and 2011 Road Imp	Refunding MPC 2004-G Big Chino Ranch	Total Bonds
	City Series 2019	MPC Series 2014	Payable
Interest rates	2.30%	3.85%	N/A
Issue date	11/5/19	5/29/14	N/A
Final maturity	7/1/29	7/1/34	N/A
Authorized	\$ 16,495,000	\$ 9,000,000	\$ 25,495,000
Issued	16,495,000	9,000,000	25,495,000
Retired	2,420,000	1,435,000	3,855,000
Outstanding	14,075,000	7,565,000	21,640,000
Principal retirement:			
2022	\$ 1,625,000	\$ 430,000	\$ 2,055,000
2023	1,665,000	450,000	2,115,000
2024	1,705,000	475,000	2,180,000
2025	1,735,000	500,000	2,235,000
2026	1,775,000	510,000	2,285,000
2027	1,820,000	545,000	2,365,000
2028	1,855,000	570,000	2,425,000
2029	1,895,000	600,000	2,495,000
2030		630,000	630,000
2031		660,000	660,000
2032	-	695,000	695,000
2033	-	735,000	735,000
2034	-	765,000	765,000



**CITY OF PRESCOTT, ARIZONA**  
**Schedule of Special Assessment Bonds Payable**  
June 30, 2021

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	<b>Imp. District #164</b>
Interest rates	2- 3.082%
Issue date	10/1/03
Final maturity date	1/1/22
Authorized	\$ 95,840
Issued	95,840
Retired	91,253
Outstanding	4,587
Principal retirement:	
2022	\$ 4,587

**CITY OF PRESCOTT, ARIZONA**

**Schedule of Community Facilities Districts Bonds Payable**

June 30, 2021

	Hassayampa Community Facilities Bonds		Hassayampa #2 Community Facilities Bonds		Total Community Facilities Bonds	
	2017 Refunding		2017 Refunding			
Interest rates	2.70%		2.86%		N/A	
Issue date	5/30/17		5/30/17		N/A	
Final maturity date	7/1/21		7/1/24		N/A	
Authorized	\$	770,000	\$	160,000	\$	930,000
Issued		770,000		160,000		930,000
Retired		770,000		137,516		1,860,000
Outstanding		-		22,484		22,484
Principal retirement:						
2022	\$	-	\$	7,285	\$	7,285
2023		-		7,493		7,493
2024		-		7,706		7,706

**CITY OF PRESCOTT, ARIZONA**

**Schedule of Loans Payable From Water Infrastructure Finance Authority Drinking Water**

June 30, 2021

	Drinking Water Loan	Drinking Water Loan	Drinking Water Loan	Drinking Water Loan	Drinking Water Loan	Total
	920125-08	92A166-09	920206-11	920237-13	920297-20	Payable
Interest rates	3.64%	3.143%	3.152%	2.800%	1.590%	N/A
Issue date	8/24/07	7/31/09	12/3/10	1/25/13	8/30/19	N/A
Final maturity date	7/1/27	7/1/29	7/1/30	7/1/32	7/1/49	N/A
Authorized	\$ 9,854,000	\$ 8,998,096	\$ 1,060,000	\$ 15,921,582	\$ 25,000,000	\$ 60,833,678
Issued to date	9,854,000	6,759,551	1,018,796	15,472,993	3,852,019	36,957,359
Final amount issued	9,854,000	2,759,551	1,018,796	15,921,582	In Progress	29,553,929
Retired	5,583,014	1,406,867	431,888	4,208,329	656,810	12,286,908
Forgivable Prin. (1)	-	4,000,000	-	2,034,200	-	6,034,200
Outstanding	4,270,986	1,352,684	586,908	9,230,464	3,195,209	18,636,251
Principal retirement:						
2022	\$ 546,686	\$ 133,155	\$ 50,839	\$ 657,822	\$ 667,252	\$ 2,055,754
2023	566,586	137,340	52,441	676,241	72,377	1,504,985
2024	587,209	141,656	54,094	695,176	73,528	1,551,663
2025	608,584	146,107	55,799	714,641	74,697	1,599,828
2026	630,736	150,698	57,558	734,651	75,885	1,649,528
2027	653,695	155,434	59,372	755,221	77,092	1,700,814
2028	677,490	160,319	61,244	776,368	78,317	1,753,738
2029		165,357	63,174	798,106	79,563	1,106,200
2030		162,618	65,165	820,453	80,828	1,129,064
2031			67,222	843,425	82,113	992,760
2032				867,041	83,418	950,459
2033				891,319	84,745	976,064
2034					86,092	86,092
2035					87,461	87,461
2036					88,852	88,852
2037					90,264	90,264
2038					91,700	91,700
2039					93,158	93,158
2040					94,639	94,639
2041					96,144	96,144
2042					97,672	97,672
2043					99,225	99,225
2044					100,803	100,803
2045					102,406	102,406
2046					104,034	104,034
2047					105,688	105,688
2048					107,369	107,369
2049					109,076	109,076
2050					110,810	110,810

(1) WIFA has given the City forgivable principal on two of our current outstanding loans.

**CITY OF PRESCOTT, ARIZONA**

**Schedule of Loans Payable From Water Infrastructure Finance Authority Clean Water**

June 30, 2021

	Clean Water Loan	Clean Water Loan	Clean Water Loan	Clean Water Loan	Clean Water Loan	Clean Water Loan	Total
	<u>910097-08</u>	<u>910122-10</u>	<u>910147-11</u>	<u>910148-11</u>	<u>910151-11</u>	<u>910170-18</u>	<u>Payable</u>
Interest rates	3.868%	3.143%	3.152%	3.152%	2.950%	2.328%	N/A
Issue date	8/24/07	7/31/09	12/3/10	12/3/10	6/10/11	2/2/18	N/A
Final maturity date	7/1/27	7/1/29	7/1/30	7/1/30	7/1/31	7/1/47	N/A
Authorized	\$ 4,703,000	\$ 6,573,506	\$ 2,070,000	\$ 1,635,870	\$ 45,802,753	\$ 21,600,000	\$ 82,385,129
Issued to date	4,703,000	6,054,763	1,574,593	1,480,944	43,202,549	18,383,070	75,398,919
Final amount issued	4,703,000	6,054,763	1,574,593	1,480,944	43,202,549	In Progress	57,015,849
Retired	2,640,136	2,875,749	704,417	642,716	15,678,631	5,091,576	27,633,225
Outstanding	2,062,864	3,179,014	870,176	838,228	27,523,918	13,291,494	47,765,694
Principal retirement:							
2022	\$ 262,227	\$ 311,110	\$ 78,618	\$ 72,609	\$ 2,154,552	\$ 541,769	\$ 3,420,885
2023	272,370	320,887	81,096	74,897	2,218,112	362,365	3,329,727
2024	282,905	330,971	83,652	77,258	2,283,546	370,801	3,429,133
2025	293,848	341,371	86,289	79,693	2,350,911	379,434	3,531,546
2026	305,214	352,099	89,009	82,205	2,420,263	388,267	3,637,057
2027	317,019	363,164	91,814	84,796	2,491,660	397,306	3,745,759
2028	329,281	374,576	94,708	87,469	2,565,164	406,555	3,857,753
2029		386,347	97,693	90,226	2,640,837	416,019	3,631,122
2030		398,489	100,773	93,070	2,718,741	425,704	3,736,777
2031			66,524	96,005	2,798,944	435,615	3,397,088
2032					2,881,188	445,756	3,326,944
2033						456,133	456,133
2034						466,752	466,752
2035						477,618	477,618
2036						488,737	488,737
2037						500,115	500,115
2038						511,757	511,757
2039						523,671	523,671
2040						535,862	535,862
2041						548,337	548,337
2042						561,102	561,102
2043						574,165	574,165
2044						587,531	587,531
2045						601,209	601,209
2046						615,205	615,205
2047						629,527	629,527
2048						644,183	644,183



## STATISTICAL SECTION



## STATISTICAL SECTION

Statistical section information is presented for five categories - financial trends information, revenue capacity information, debt capacity information, demographic and economic information, and operating information.

**Financial trends information** is intended to assist users in understanding and assessing how the City's financial position has changed over time.

**Revenue capacity information** is intended to assist users in understanding and assessing the factors affecting the City's ability to generate its own-source revenues.

**Debt capacity information** is intended to assist users in understanding and assessing the City's debt burden and its ability to issue additional debt.

**Demographic and economic information** is intended:

- ◆ to assist users in understanding the socioeconomic environment within which the City operates and
- ◆ to provide information that facilitates comparisons of financial statement information over time and among governments.

**Operating information** is intended to provide contextual information about the City's operations and resources to assist readers in using financial statement information to understand and assess the City's economic condition.

**CITY OF PRESCOTT, ARIZONA**

**Table I**

**Statistical Section - Financial Trends**

**Net Position by Component**

Last ten fiscal years (in millions of dollars)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Governmental activities</b>										
Net investment in capital assets	\$ 244.2	\$ 250.6	\$ 241.5	\$ 233.2	\$ 224.6	\$ 218.5	\$ 217.8	\$ 212.4	\$ 212.9	\$ 221.0
Restricted	28.2	22.0	26.7	26.4	29.8	28.8	22.4	21.6	25.0	26.7
Unrestricted (1)	20.7	28.6	31.0	(48.1)	(45.8)	(50.2)	(47.2)	(39.5)	(19.0)	(8.7)
Total governmental activities net position	<u>\$ 293.1</u>	<u>\$ 301.2</u>	<u>\$ 299.2</u>	<u>\$ 211.5</u>	<u>\$ 208.6</u>	<u>\$ 197.1</u>	<u>\$ 193.0</u>	<u>\$ 194.5</u>	<u>\$ 218.9</u>	<u>\$ 239.0</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 186.6	\$ 196.2	\$ 195.6	\$ 192.7	\$ 200.8	\$ 205.4	\$ 214.2	\$ 235.7	\$ 249.7	\$ 272.1
Restricted	1.7	3.4	2.1	4.1	4.2	4.2	4.2	5.4	5.7	5.7
Unrestricted	28.1	27.6	37.0	31.0	36.7	37.3	31.4	24.5	22.1	25.5
Total business-type activities net position	<u>\$ 216.4</u>	<u>\$ 227.2</u>	<u>\$ 234.7</u>	<u>\$ 227.9</u>	<u>\$ 241.7</u>	<u>\$ 246.9</u>	<u>\$ 249.8</u>	<u>\$ 265.6</u>	<u>\$ 277.5</u>	<u>\$ 303.3</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 430.8	\$ 446.8	\$ 437.1	\$ 425.9	\$ 425.4	\$ 423.9	\$ 432.0	\$ 448.1	\$ 462.6	\$ 493.1
Restricted	30.0	25.5	28.8	30.5	34.0	33.0	26.6	27.0	30.7	32.4
Unrestricted	48.8	56.2	68.0	(17.1)	(9.1)	(12.9)	(15.8)	(15.0)	3.1	16.8
Total primary government net position	<u>\$ 509.6</u>	<u>\$ 528.5</u>	<u>\$ 533.9</u>	<u>\$ 439.3</u>	<u>\$ 450.3</u>	<u>\$ 444.0</u>	<u>\$ 442.8</u>	<u>\$ 460.1</u>	<u>\$ 496.4</u>	<u>\$ 542.3</u>

Source: City of Prescott finance department

(1) The pension liability was recorded in FY15 with the implementation of GASB 68 causing a negative unrestricted net position.



CITY OF PRESCOTT, ARIZONA  
Table IIa  
Statistical Section - Financial Trends  
Changes in Net Position  
Last ten fiscal years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
<b>Governmental Activities:</b>										
General government	\$ 3,845,602	\$ 3,302,722	\$ 3,556,422	\$ 3,743,815	\$ 3,240,569	\$ 3,081,490	\$ 3,944,215	\$ 4,289,197	\$ 3,410,472	\$ 3,761,866
Community services	1,575,162	1,618,583	1,366,383	1,360,733	1,236,820	1,228,456	1,759,576	1,611,676	2,201,955	1,988,531
Culture and recreation	6,087,787	6,293,045	5,957,646	6,392,706	6,153,765	6,089,922	6,249,360	6,167,870	6,452,930	7,037,892
Public Safety										
Police and court	12,922,445	13,045,965	13,652,419	17,587,983	16,073,185	18,153,154	19,139,502	17,980,857	17,362,154	17,428,952
Fire	7,570,584	7,857,447	8,515,633	11,880,437	11,272,081	15,539,380	15,192,681	15,484,595	14,707,712	14,776,911
Total public safety	20,493,029	20,903,412	22,168,052	29,468,420	27,345,266	33,692,534	34,332,183	33,465,452	32,069,866	32,205,863
Public Works	20,201,958	15,627,648	20,720,875	25,225,409	25,819,639	26,317,285	27,557,742	26,461,574	20,095,513	28,090,776
Interest on long-term debt	1,801,417	1,612,868	1,469,883	1,353,344	1,272,222	1,186,103	1,161,187	953,192	847,598	366,764
<b>Total governmental activities expenses</b>	<b>54,004,955</b>	<b>49,358,278</b>	<b>55,239,261</b>	<b>67,544,427</b>	<b>65,068,281</b>	<b>71,595,790</b>	<b>75,004,263</b>	<b>72,948,961</b>	<b>65,078,334</b>	<b>73,451,692</b>
<b>Business-type Activities:</b>										
Airport	1,879,071	2,055,655	2,227,768	2,876,479	3,541,616	3,934,185	2,971,060	3,453,560	3,731,374	3,903,423
Golf course	3,015,435	3,060,199	3,139,242	3,308,425	3,309,236	3,435,819	3,751,836	3,552,540	3,507,889	4,030,717
Parking garage (1)	235,347	-	-	-	-	-	-	-	-	-
Solid waste	8,364,648	7,415,304	6,524,765	7,627,325	6,581,629	6,828,050	7,442,224	8,009,195	9,176,178	9,168,409
Wastewater	7,618,029	8,231,034	9,387,267	9,638,754	9,258,176	11,802,061	12,052,482	12,685,059	13,164,253	13,123,990
Water	10,860,729	11,929,598	11,967,526	12,564,523	11,744,868	13,748,516	18,309,187	17,734,458	15,465,281	13,883,582
<b>Total business-type activities expenses</b>	<b>31,973,259</b>	<b>32,691,790</b>	<b>33,246,568</b>	<b>36,015,506</b>	<b>34,435,525</b>	<b>39,748,631</b>	<b>44,526,789</b>	<b>45,434,812</b>	<b>45,044,975</b>	<b>44,110,121</b>
<b>Total primary government expenses</b>	<b>\$85,978,214</b>	<b>\$82,050,068</b>	<b>\$88,485,829</b>	<b>\$103,559,933</b>	<b>\$ 99,503,806</b>	<b>\$111,344,421</b>	<b>\$119,531,052</b>	<b>\$118,383,773</b>	<b>\$110,123,309</b>	<b>\$117,561,813</b>

Source: City of Prescott finance department

(1) Parking garage opened in fiscal year 2006 and merged into the general fund in fiscal year 2013.

CITY OF PRESCOTT, ARIZONA  
Table IIb  
Statistical Section - Financial Trends  
Changes in Net Position  
Last ten fiscal years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Program Revenue</b>										
<b>Governmental Activities:</b>										
Charges for services:										
General government	\$ 364,375	\$ 388,673	\$ 385,950	\$ 837,786	\$ 735,720	\$ 800,475	\$ 797,880	\$ 777,961	\$ 613,141	\$ 772,674
Community services	523,237	632,081	795,668	786,856	995,517	1,370,988	1,758,784	2,370,200	1,748,669	1,916,127
Culture and recreation	1,216,202	1,220,539	1,254,957	1,096,025	1,261,550	1,173,288	1,217,718	1,212,532	1,210,555	1,389,908
Public Safety										
Police and court	1,784,691	1,823,242	1,808,570	1,725,069	1,715,026	1,850,751	2,244,530	2,091,425	2,072,543	1,776,418
Fire	473,685	355,762	491,900	417,389	494,525	521,278	608,700	717,080	567,014	553,447
Total public safety	2,258,376	2,179,004	2,300,470	2,142,458	2,209,551	2,372,029	2,853,230	2,808,505	2,639,557	2,329,865
Public Works	343,828	362,466	340,834	305,230	299,689	339,572	542,572	573,523	605,604	535,850
Operating grants and contributions	2,511,253	2,025,251	1,881,404	1,543,348	2,317,210	2,407,360	3,238,848	3,518,508	7,722,653	2,687,048
Capital grants and contributions	3,067,646	3,095,090	3,561,636	3,923,280	7,883,087	4,371,497	4,535,775	4,691,437	5,563,961	7,362,472
<b>Total governmental activities program revenues</b>	<b>10,284,917</b>	<b>9,903,104</b>	<b>10,520,919</b>	<b>10,634,983</b>	<b>15,702,324</b>	<b>12,835,209</b>	<b>14,944,807</b>	<b>15,952,666</b>	<b>20,104,140</b>	<b>16,993,944</b>
<b>Business-type Activities:</b>										
Charges for services:										
Airport	1,305,057	1,341,487	1,369,868	1,447,951	1,507,454	1,577,243	1,592,809	1,777,842	1,805,512	1,799,706
Golf course	2,604,899	2,622,774	2,723,743	2,959,473	2,974,233	3,028,095	3,250,977	3,064,988	3,079,801	3,835,811
Parking garage (1)	42,973	-	-	-	-	-	-	-	-	-
Solid waste	8,034,858	6,249,960	6,361,379	6,464,166	6,526,367	6,851,894	7,418,624	7,629,522	8,321,194	9,004,387
Wastewater	8,899,845	9,634,789	10,608,168	11,160,984	12,033,828	12,519,169	13,278,162	13,464,624	13,876,793	14,687,964
Water	13,658,884	14,630,537	14,248,524	15,024,817	16,256,300	16,506,762	17,144,790	16,337,690	17,808,035	20,220,085
Operating grants and contributions	-	-	-	15,820	44,409	61,719	54,735	12,767	8,847	17,065
Capital grants and contributions	4,285,113	13,753,449	3,882,122	2,201,105	7,214,646	3,532,405	3,674,056	9,917,272	9,712,870	16,786,287
<b>Total business-type activities program revenues</b>	<b>38,831,629</b>	<b>48,232,996</b>	<b>39,193,804</b>	<b>39,274,316</b>	<b>46,557,237</b>	<b>44,077,287</b>	<b>46,414,153</b>	<b>52,204,705</b>	<b>54,613,052</b>	<b>66,351,305</b>
<b>Total primary government revenues</b>	<b>\$49,116,546</b>	<b>\$58,136,100</b>	<b>\$49,714,723</b>	<b>\$49,909,299</b>	<b>\$62,259,561</b>	<b>\$56,912,496</b>	<b>\$61,358,960</b>	<b>\$68,157,371</b>	<b>\$74,717,192</b>	<b>\$83,345,249</b>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (43,720,038)	\$ (39,455,174)	\$ (44,718,342)	\$ (56,909,444)	\$ (49,365,957)	\$ (58,760,581)	\$ (60,059,456)	\$ (56,996,295)	\$ (44,974,194)	\$ (56,457,748)
Business-type activities	6,858,370	15,541,206	5,947,236	3,258,810	12,121,712	4,328,656	1,887,364	6,769,893	9,568,077	22,241,184
<b>Total primary government net expense</b>	<b>\$ (36,861,668)</b>	<b>\$ (23,913,968)</b>	<b>\$ (38,771,106)</b>	<b>\$ (53,650,634)</b>	<b>\$ (37,244,245)</b>	<b>\$ (54,431,925)</b>	<b>\$ (58,172,092)</b>	<b>\$ (50,226,402)</b>	<b>\$ (35,406,117)</b>	<b>\$ (34,216,564)</b>

Source: City of Prescott finance department

(1) Parking garage opened in fiscal year 2006 and merged into the general fund in fiscal year 2013.

## CITY OF PRESCOTT, ARIZONA

## Table IIc

## Statistical Section - Financial Trends

## Changes in Net Position

Last ten fiscal years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Governmental revenues and other changes in net position</b>										
<b>Governmental Activities:</b>										
Taxes:										
Property taxes, levied for general purposes	\$ 1,252,755	\$ 1,088,021	\$ 1,516,097	\$ 1,565,326	\$ 1,591,445	\$ 1,685,234	\$ 1,715,552	\$ 1,745,030	\$ 1,790,080	\$ 1,816,650
Property taxes, levied for debt service	1,568,599	1,573,489	182,477	73,978	74,227	41,354	292	-	-	-
Utility franchise taxes	1,624,459	1,618,259	1,621,289	1,632,304	1,670,671	1,665,913	1,700,323	1,733,973	1,676,450	1,719,356
City privilege and use tax, general purposes	12,593,700	13,667,950	14,102,837	14,340,554	15,312,068	15,948,794	16,552,306	17,044,348	18,558,077	21,393,939
City privilege and use tax, streets	12,131,870	13,127,520	13,613,846	13,823,070	14,787,422	15,234,578	16,554,480	17,049,785	18,548,467	21,393,939
City privilege and use tax, PSPRS (1)	-	-	-	-	-	-	6,073,292	12,756,096	13,907,410	16,042,564
Transient lodging tax	554,396	526,893	620,722	719,268	797,442	881,415	996,909	1,036,558	946,471	1,228,519
Intergovernmental revenues - unrestricted	8,709,498	9,535,838	10,039,455	10,783,223	11,073,408	11,646,297	12,239,198	12,493,510	13,159,562	15,343,621
Interest and investment income	805,723	395,818	902,171	670,586	863,901	188,419	199,306	1,775,145	1,596,864	6,406
Gain (loss) on sale of property	-	-	-	-	-	-	-	-	-	-
Miscellaneous	500,110	761,972	393,379	53,322	53,486	230,224	249,623	69,683	38,586	589,051
Transfers	(12,940)	5,310,563	(365,117)	(148,129)	(769,711)	(281,766)	(353,938)	(7,092,724)	(939,731)	(2,924,393)
<b>Total governmental activities</b>	<b>39,728,170</b>	<b>47,606,323</b>	<b>42,627,156</b>	<b>43,513,502</b>	<b>45,454,359</b>	<b>47,240,462</b>	<b>55,927,343</b>	<b>58,611,404</b>	<b>69,282,236</b>	<b>76,609,652</b>
<b>Business-type Activities:</b>										
Taxes city privilege aviation fuel tax	-	-	-	-	2,428	3,431	4,166	8,677	8,740	12,300
Interest and investment income	551,910	50,812	639,606	449,479	712,155	76,833	235,209	1,767,738	1,049,667	886
Intergovernmental revenues - unrestricted	-	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of property	-	-	-	-	-	-	-	-	-	-
Miscellaneous	342,380	336,231	599,186	131,763	206,701	456,874	458,534	119,910	354,987	690,360
Transfers	12,940	(5,310,563)	365,117	148,129	769,711	281,766	353,938	7,092,724	939,731	2,924,393
<b>Total business-type activities</b>	<b>907,230</b>	<b>(4,923,520)</b>	<b>1,603,909</b>	<b>729,371</b>	<b>1,690,995</b>	<b>818,904</b>	<b>1,051,847</b>	<b>8,989,049</b>	<b>2,353,125</b>	<b>3,627,939</b>
<b>Total primary government</b>	<b>\$ 40,635,400</b>	<b>\$ 42,682,803</b>	<b>\$ 44,231,065</b>	<b>\$ 44,242,873</b>	<b>\$ 47,145,354</b>	<b>\$ 48,059,366</b>	<b>\$ 56,979,190</b>	<b>\$ 67,600,453</b>	<b>\$ 71,635,361</b>	<b>\$ 80,237,591</b>
<b>Change in net position</b>										
Governmental activities	\$ (3,991,868)	\$ 8,151,149	\$ (2,091,186)	\$(13,395,942)	\$ (3,911,598)	\$(11,520,119)	\$ (4,132,113)	\$ 1,615,109	\$ 24,308,042	\$ 20,151,904
Business-type activities	7,765,600	10,617,686	7,551,145	3,988,181	13,812,707	5,147,560	2,939,211	15,758,942	11,921,202	25,869,123
<b>Total primary government</b>	<b>\$ 3,773,732</b>	<b>\$ 18,768,835</b>	<b>\$ 5,459,959</b>	<b>\$ (9,407,761)</b>	<b>\$ 9,901,109</b>	<b>\$ (6,372,559)</b>	<b>\$ (1,192,902)</b>	<b>\$ 17,374,051</b>	<b>\$ 36,229,244</b>	<b>\$ 46,021,027</b>

Source: City of Prescott finance department

(1) Voters approved a 0.75% privilege tax for payment of the unfunded PSPRS Liability, effective January 1, 2018 to sunset December 31, 2027.

CITY OF PRESCOTT, ARIZONA

Table III

Statistical Section - Financial Trends

Governmental Activities Revenues and Change in Net Position

Last ten fiscal years

Governmental activities:											
Fiscal Year	Program Revenues				General Revenues					Total Program & General Revenue	Total Net Revenue/Change in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Taxes	Intergovernmental	Interest & Investment Income	Transfers, Gain(loss) & Miscellaneous	Total		
2012	\$ 4,706,018	\$ 2,511,253	\$ 3,067,646	\$ 10,284,917	\$ 29,725,779	\$ 8,709,498	\$ 805,723	\$ 487,170	\$ 39,728,170	\$ 50,013,087	\$ (3,991,868)
2013	4,782,763	2,025,251	3,095,090	9,903,104	31,602,132	9,535,838	395,818	6,072,535	47,606,323	57,509,427	8,151,149
2014	5,077,879	1,881,404	3,561,636	10,520,919	31,657,268	10,039,455	902,171	28,262	42,627,156	53,148,075	(2,091,186)
2015	5,168,355	1,543,348	3,923,280	10,634,983	32,154,500	10,783,223	670,586	(94,807)	43,513,502	54,148,485	(13,395,942)
2016	5,502,027	2,317,210	7,883,087	15,702,324	34,233,275	11,073,408	863,901	(716,225)	45,454,359	61,156,683	(3,911,598)
2017	6,056,352	2,407,360	4,371,497	12,835,209	35,457,288	11,646,297	188,419	(51,542)	47,240,462	60,075,671	(11,520,119)
2018	7,170,184	3,238,848	4,535,775	14,944,807	43,593,154	12,239,198	199,306	(104,315)	55,927,343	70,872,150	(4,132,113)
2019	7,742,721	3,518,508	4,691,437	15,952,666	51,365,790	12,493,510	1,775,145	(7,023,041)	58,611,404	74,564,070	1,615,109
2020	6,817,526	7,722,653	5,563,961	20,104,140	55,426,955	13,159,562	1,596,864	(901,145)	69,282,236	89,386,376	24,308,042
2021	6,944,424	2,687,048	7,362,472	16,993,944	63,594,967	15,343,621	6,406	(2,335,342)	76,609,652	93,603,596	20,151,904

Source: City of Prescott finance department

These amounts are presented on the accrual basis of accounting.

## CITY OF PRESCOTT, ARIZONA

## Table IV

## Statistical Section - Financial Trends

## Business-type Activities Revenues and Change in Net Position

Last ten fiscal years

Business-type activities:														
Fiscal Year	Program Revenues								General Revenues					
	Charges for Services							Operating/ Capital Grants and Contributions	Total	Intergovernmental, Transfers, Gains (losses) and Miscellaneous				Total Net Revenue/ Change in Net Position
	Water	Waste Water	Golf	Airport	Solid Waste	Parking Garage (1)	Taxes			Interest	Total			
2012	\$ 13,658,884	\$ 8,899,845	\$ 2,604,899	\$ 1,305,057	\$ 8,034,858	\$ 42,973	\$ 4,285,113	\$ 38,831,629	\$ -	\$ 551,910	\$ 355,320	\$ 907,230	\$ 39,738,859	\$ 7,765,600
2013	14,630,537	9,634,789	2,622,774	1,341,487	6,249,960	-	13,753,449	48,232,996	-	50,812	(4,974,332)	(4,923,520)	43,309,476	10,617,686
2014	14,248,524	10,608,168	2,723,743	1,369,868	6,361,379	-	3,882,122	39,193,804	-	639,606	964,303	1,603,909	40,797,713	7,551,145
2015	15,024,817	11,160,984	2,959,473	1,447,951	6,464,166	-	2,216,925	39,274,316	-	449,479	279,892	729,371	40,003,687	3,988,181
2016	16,256,300	12,033,828	2,974,233	1,507,454	6,526,367	-	7,259,055	46,557,237	2,428	712,155	976,412	1,688,567	48,245,804	13,812,707
2017	16,506,762	12,519,169	3,028,095	1,577,243	6,851,894	-	3,594,124	44,077,287	3,431	76,833	738,640	815,473	44,892,760	5,147,560
2018	17,144,790	13,278,162	3,250,977	1,592,809	7,418,624	-	3,728,791	46,414,153	4,166	235,209	812,472	1,047,681	47,461,834	2,939,211
2019	16,337,690	13,464,624	3,064,988	1,777,842	7,629,522	-	9,930,039	52,204,705	8,677	1,767,738	7,212,634	8,980,372	61,185,077	15,758,942
2020	17,808,035	13,876,793	3,079,801	1,805,512	8,321,194	-	9,721,717	54,613,052	8,740	1,049,667	1,294,718	2,344,385	56,957,437	11,921,202
2021	20,220,085	14,687,964	3,835,811	1,799,706	9,004,387	-	16,803,352	66,351,305	12,300	886	3,614,753	3,615,639	69,966,944	25,869,123

Source: City of Prescott finance department

These amounts are presented on the accrual basis of accounting.

(1) The Parking Garage was merged into the general fund in FY 2013.

CITY OF PRESCOTT, ARIZONA

Table V

Statistical Section - Financial Trends

Total Primary Government Activities Revenues and Change in Net Position

Last ten fiscal years

Fiscal Year	Primary government activities:										
	Program Revenues				General Revenues					Total Program and General Revenue	Total Net Revenue/Change in Net Position
	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total	Taxes	Intergovernmental	Interest	Transfers, Gains(loss) & Miscellaneous	Total		
2012	\$ 39,252,534	\$ 2,511,253	\$ 7,352,759	\$ 49,116,546	\$ 29,725,779	\$ 8,709,498	\$ 1,357,633	\$ 842,490	\$ 40,635,400	\$ 89,751,946	\$ 3,773,732
2013	39,262,310	2,025,251	16,848,539	58,136,100	31,602,132	9,535,838	446,630	1,098,203	42,682,803	100,818,903	18,768,835
2014	40,389,561	1,881,404	7,443,758	49,714,723	31,657,268	10,039,455	1,541,777	992,565	44,231,065	93,945,788	5,459,959
2015	42,225,746	1,559,168	6,140,205	49,925,119	32,154,500	10,783,223	1,120,065	185,085	44,242,873	94,167,992	(9,407,761)
2016	44,800,209	2,361,619	15,142,142	62,303,970	34,233,275	11,073,408	1,576,056	260,187	47,142,926	109,446,896	9,901,109
2017	46,539,515	2,469,079	7,965,621	56,974,215	35,457,288	11,646,297	265,252	687,098	48,055,935	105,030,150	(6,372,559)
2018	49,855,546	3,293,583	8,209,831	61,358,960	43,597,320	12,239,198	434,515	708,157	56,979,190	118,338,150	(1,192,902)
2019	50,017,387	3,531,275	14,608,709	68,157,371	51,374,467	12,493,510	3,542,883	189,593	67,600,453	135,757,824	17,374,051
2020	51,708,861	7,731,500	15,276,831	74,717,192	55,435,695	13,159,562	2,646,531	393,573	71,635,361	146,352,553	36,229,244
2021	56,492,377	2,704,113	24,148,759	83,345,249	63,607,267	15,343,621	7,292	1,279,411	80,237,591	163,582,840	46,021,027

Source: City of Prescott finance department

These amounts are presented on the accrual basis of accounting.

CITY OF PRESCOTT, ARIZONA

Table VI

Statistical Section - Financial Trends

Governmental Activities Program Revenues by Function/Program

Last ten fiscal years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Governmental activities</b>										
General government	\$ 485,293	\$ 399,395	\$ 494,015	\$ 908,974	\$ 838,720	\$ 896,123	\$ 873,816	\$ 901,174	\$ 781,235	\$ 1,243,964
Community services	659,123	837,679	900,936	993,712	1,138,737	1,520,046	2,049,066	2,559,918	2,181,659	2,206,061
Culture and recreation	1,244,045	1,275,717	1,725,068	1,756,748	1,429,393	1,434,318	1,437,906	1,274,067	1,514,515	1,973,057
Police and court	2,857,869	2,390,471	2,459,900	2,410,241	2,179,769	2,233,158	2,562,387	2,550,935	5,650,087	2,639,416
Fire	1,135,300	791,532	1,129,209	714,296	2,202,158	2,018,469	2,983,928	3,313,116	4,085,210	2,218,449
Public works	3,594,314	3,917,715	3,535,966	3,583,642	7,654,459	4,486,102	4,803,133	5,131,690	5,817,443	6,705,286
Total governmental activities program revenues	\$ 9,975,944	\$ 9,612,509	\$ 10,245,094	\$ 10,367,613	\$ 15,443,236	\$ 12,588,216	\$ 14,710,236	\$ 15,730,900	\$ 20,030,149	\$ 16,986,233

Source: City of Prescott finance department

These amounts are presented on the accrual basis of accounting.

## CITY OF PRESCOTT, ARIZONA

## Table VII

## Statistical Section - Financial Trends

## Changes in Fund Balances, Governmental Funds

Last ten fiscal years (in millions of dollars)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Fund</b>										
Excess of revenues over expenditures	\$ 0.6	\$ 3.5	\$ 5.7	\$ 2.4	\$ 5.0	\$ 1.8	\$ (8.2)	\$ 4.6	\$ 9.7	\$ 1.2
Other Financing Sources (Uses)										
Debt proceeds	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	0.1	0.1	-	0.1	-	-	-
Transfers out	(0.2)	(0.5)	(0.5)	(0.3)	(0.9)	(0.3)	(1.2)	(7.1)	(1.0)	(3.7)
Total other financing sources (uses)	(0.2)	(0.5)	(0.5)	(0.2)	(0.8)	(0.3)	(1.1)	(7.1)	(1.0)	(3.7)
Net change in fund balance	0.4	3.0	5.2	2.2	4.2	1.5	(9.3)	(2.5)	8.7	(2.5)
Beginning fund balance	17.2	17.6	20.6	25.8	28.0	32.2	33.7	24.4	21.8	30.6
Prior period adjustment	-	-	-	-	-	-	-	-	-	-
Beginning fund balance - as restated	17.2	17.6	20.6	25.8	28.0	32.2	33.7	24.4	21.8	30.6
Ending fund balance	17.6	20.6	25.8	28.0	32.2	33.7	24.4	21.9	30.5	28.1
Committed	1.1	0.4	1.9	2.3	0.9	0.6	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	10.3	13.5	17.6	20.6	26.1	28.3	19.1	19.6	21.5	20.9
Nonspendable	6.2	6.7	6.3	5.1	5.2	4.8	5.3	2.2	9.1	7.2
Total general fund balance	\$ 17.6	\$ 20.6	\$ 25.8	\$ 28.0	\$ 32.2	\$ 33.7	\$ 24.4	\$ 21.8	\$ 30.6	\$ 28.1
<b>All Other Governmental Funds</b>										
Excess (deficiency) of revenues over expenditures	\$ (4.3)	\$ (1.8)	\$ 4.4	\$ (0.3)	\$ 3.5	\$ (0.4)	\$ (6.4)	\$ (0.7)	\$ 3.2	\$ 1.1
Other Financing Sources (Uses)										
Bond issuances	-	-	-	-	-	0.9	-	-	16.5	-
Payment to refunded bond escrow	-	-	-	-	-	(1.5)	-	-	(16.4)	-
Transfers in	0.4	0.5	0.2	0.2	0.2	0.2	-	0.2	0.9	2.4
Transfers out	(0.3)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.1)	(0.2)	(0.9)	(1.6)
Total other financing sources (uses)	0.1	0.4	0.1	-	-	(0.6)	(0.1)	-	0.1	0.8
Net change in fund balance	(4.2)	(1.4)	4.5	(0.3)	3.5	(1.0)	(6.5)	(0.7)	3.3	1.9
Beginning fund balance	27.7	23.5	22.1	26.6	26.3	29.8	28.8	22.3	21.6	24.9
Ending fund balance	\$ 23.5	\$ 22.1	\$ 26.6	\$ 26.3	\$ 29.8	\$ 28.8	\$ 22.3	\$ 21.6	\$ 24.9	\$ 26.8
Restricted	\$ 23.5	\$ 22.1	\$ 26.6	\$ 26.3	\$ 29.8	\$ 28.8	\$ 22.3	\$ 21.6	\$ 24.9	\$ 26.8
Total all other governmental funds fund balance	\$ 23.5	\$ 22.1	\$ 26.6	\$ 26.3	\$ 29.8	\$ 28.8	\$ 22.3	\$ 21.6	\$ 24.9	\$ 26.8
Total general and other governmental funds - fund balance	\$ 41.1	\$ 42.7	\$ 52.4	\$ 54.3	\$ 62.0	\$ 62.5	\$ 46.7	\$ 43.4	\$ 55.5	\$ 54.9

Source: City of Prescott finance department



## CITY OF PRESCOTT, ARIZONA

## Table VIII

## Statistical Section - Financial Trends

## Changes in Fund Balances of Governmental Funds

Last ten fiscal years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Taxes	\$29,741,852	\$31,515,279	\$31,566,176	\$32,362,718	\$34,235,213	\$35,459,505	\$ 43,594,411	\$ 51,360,418	\$55,423,333	\$63,611,623
Intergovernmental revenues	15,454,325	16,257,955	16,691,342	15,820,961	19,187,327	17,501,787	18,070,956	18,919,660	24,957,827	22,391,980
Licenses and permits	865,204	993,421	1,169,381	606,539	771,439	952,186	1,272,267	1,576,808	1,588,538	2,240,981
Fines and forfeitures	624,584	628,414	584,260	424,800	411,391	411,686	328,688	298,994	268,284	248,068
Gifts and donations	297,616	85,338	114,493	93,193	153,676	100,067	177,031	208,965	239,558	653,518
Charges for services	1,081,582	1,348,175	1,259,743	3,479,290	3,702,629	4,145,152	5,101,677	5,285,757	4,765,439	4,883,798
Interest and investment income	805,723	395,818	902,171	670,588	863,901	188,442	186,962	1,676,572	1,501,528	5,655
Miscellaneous and Grant Contributions	2,160,105	2,664,179	3,913,127	875,077	750,415	896,698	1,401,723	740,570	398,647	856,193
<b>Total revenues</b>	<b>51,030,991</b>	<b>53,888,579</b>	<b>56,200,693</b>	<b>54,333,166</b>	<b>60,075,991</b>	<b>59,655,523</b>	<b>70,133,715</b>	<b>80,067,744</b>	<b>89,143,154</b>	<b>94,891,816</b>
<b>Expenditures</b>										
General government	3,092,112	2,629,031	2,301,399	2,758,328	2,537,707	2,605,467	2,868,973	3,276,113	2,480,025	2,937,898
Community services	1,528,052	1,594,073	1,320,695	1,319,296	1,218,725	1,238,854	1,779,740	1,760,707	2,182,554	2,189,594
Culture and recreation	5,061,475	5,322,883	5,006,351	5,242,979	5,354,507	5,180,566	5,472,944	5,544,951	5,630,875	6,225,373
Police and court	12,787,448	12,844,109	13,219,486	13,881,084	13,559,843	15,632,551	25,583,717	16,520,675	22,690,786	23,186,786
Fire	7,331,239	7,670,051	8,448,735	9,211,365	8,980,303	10,265,589	20,660,011	17,118,491	18,549,577	18,654,884
Public works	9,621,114	4,936,991	8,971,190	11,492,463	10,728,885	12,742,406	13,857,214	21,454,861	11,411,904	19,275,800
Capital outlay	10,242,160	12,400,628	2,834,869	5,408,570	6,116,694	7,933,528	11,987,628	8,035,128	10,936,866	18,103,456
Debt service - principal	3,313,492	3,201,637	2,584,787	1,584,374	1,841,044	1,635,044	1,588,469	1,487,348	1,939,189	1,755,687
Debt service - interest	1,801,417	1,612,868	1,469,883	1,353,344	1,272,222	1,186,103	1,020,831	953,192	389,547	373,640
<b>Total expenditures</b>	<b>54,778,509</b>	<b>52,212,271</b>	<b>46,157,395</b>	<b>52,251,803</b>	<b>51,609,930</b>	<b>58,420,108</b>	<b>84,819,527</b>	<b>76,151,466</b>	<b>76,211,323</b>	<b>92,703,118</b>
Excess of Revenues over (under) Expenditures	(3,747,518)	1,676,308	10,043,298	2,081,363	8,466,061	1,235,415	(14,685,812)	3,916,278	12,931,831	2,188,698
<b>Other Financing Sources (Uses)</b>										
Bond issuances	-	-	-	-	-	930,000	-	-	16,495,000	-
Payment to refunded bond escrow	-	-	-	-	-	(1,405,000)	-	-	(16,404,948)	-
Transfers in	462,677	549,552	255,770	314,624	199,994	262,673	104,009	230,139	946,822	2,433,429
Transfers out	(475,617)	(621,512)	(620,887)	(462,754)	(969,705)	(544,439)	(1,244,624)	(7,322,863)	(1,886,553)	(5,357,822)
Total other financing sources (uses)	(12,940)	(71,960)	(365,117)	(148,130)	(769,711)	(756,766)	(1,140,615)	(7,092,724)	(849,679)	(2,924,393)
Net change in fund balances	<u>\$ (3,760,458)</u>	<u>\$ 1,604,348</u>	<u>\$ 9,678,181</u>	<u>\$ 1,933,233</u>	<u>\$ 7,696,350</u>	<u>\$ 478,649</u>	<u>\$ (15,826,427)</u>	<u>\$ (3,176,446)</u>	<u>\$ 12,082,152</u>	<u>\$ (735,695)</u>
Debt service as a percentage of noncapital expenditures	11.5%	12.1%	9.4%	6.3%	6.8%	5.6%	3.6%	3.6%	3.6%	2.9%

Source: City of Prescott finance department

CITY OF PRESCOTT, ARIZONA

Table IX

Statistical Section - Financial Trends

General Government Expenditures by Function

Last ten fiscal years

Fiscal Year	General Government	Community Services	Culture & Recreation	Public Safety		Public Works	Subtotal Current Expenditures	Capital Outlay	Debt Service		Total
				Police & Courts	Fire				Principal	Interest	
2012	\$ 3,092,112	\$ 1,528,052	\$ 5,061,475	\$ 12,787,448	\$ 7,331,239	\$ 9,621,114	\$ 39,421,440	\$ 10,242,160	\$ 3,313,492	\$ 1,801,417	\$ 54,778,509
2013	2,629,031	1,594,073	5,322,883	12,844,109	7,670,051	4,936,991	34,997,138	12,400,628	3,201,637	1,612,868	52,212,271
2014	2,301,399	1,320,695	5,006,351	13,219,486	8,448,735	8,971,190	39,267,856	2,834,869	2,584,787	1,469,883	46,157,395
2015	2,758,328	1,319,296	5,242,979	13,881,084	9,211,365	11,492,463	43,905,515	5,408,570	1,584,374	1,353,344	52,251,803
2016	2,537,707	1,218,725	5,354,507	13,559,843	8,980,303	10,728,885	42,379,970	6,116,694	1,841,044	1,272,222	51,609,930
2017	2,605,467	1,238,854	5,180,566	15,632,551	10,265,589	12,742,406	47,665,433	7,933,528	1,635,044	1,186,103	58,420,108
2018	2,868,973	1,779,740	5,472,944	25,583,717	20,660,011	13,857,214	70,222,599	11,987,628	1,588,469	1,020,831	84,819,527
2019	3,276,113	1,760,707	5,544,951	16,520,675	17,118,491	21,454,861	65,675,798	8,035,128	1,487,348	953,192	76,151,466
2020	2,480,025	2,182,554	5,630,875	22,690,786	18,549,577	11,411,904	62,945,721	10,936,866	1,939,189	389,547	76,211,323
2021	2,937,898	2,189,594	6,225,373	23,186,786	18,654,884	19,275,800	72,470,335	18,103,456	1,755,687	373,640	92,703,118

Source: City of Prescott finance department

**CITY OF PRESCOTT, ARIZONA**

**Table X**

**Statistical Section - Financial Trends**

**General Government Revenues by Sources**

Last ten fiscal years

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Inter- Governmental Revenues</u>	<u>Licenses &amp; Permits</u>	<u>Fines &amp; Forfeitures</u>	<u>Gifts &amp; Donations</u>	<u>Charges for Services</u>	<u>Interest Income</u>	<u>Miscel- laneous</u>	<u>Total</u>
2012	\$ 29,741,852	\$ 15,454,325	\$ 865,204	\$ 624,584	\$ 297,616	\$ 1,081,582	\$ 805,723	\$ 2,160,105	\$ 51,030,991
2013	31,515,279	16,257,955	993,421	628,414	85,338	1,348,175	395,818	2,664,179	53,888,579
2014	31,566,176	16,691,342	1,169,381	584,260	114,493	1,259,743	902,171	3,913,127	56,200,693
2015	32,362,718	15,820,961	606,539	424,800	93,193	3,479,290	670,588	875,077	54,333,166
2016	34,235,213	19,187,327	771,439	411,391	153,676	3,702,629	863,901	750,415	60,075,991
2017	35,459,505	17,501,787	952,186	411,686	100,067	4,145,152	188,442	896,698	59,655,523
2018	43,594,411	18,070,956	1,272,267	328,688	177,031	5,101,677	186,962	1,401,723	70,133,715
2019	51,360,418	18,919,660	1,576,808	298,994	208,965	5,285,757	1,676,572	740,570	80,067,744
2020	55,423,333	24,957,827	1,588,538	268,284	239,558	4,765,439	1,501,528	398,647	89,143,154
2021	63,611,623	22,391,980	2,240,981	248,068	653,518	4,883,798	5,655	856,193	94,891,816

Source: City of Prescott finance department

CITY OF PRESCOTT, ARIZONA

Table XI

Statistical Section - Revenue Capacity

Assessed and Estimated Actual Value of Taxable Property

Last ten fiscal years

Fiscal Year		Real Estate & Improvements	Personal Property	Gross Valuations	Less Exemptions	Net Assessed Valuation	Percent of Increase	Estimated Actual Value	Total Direct Tax Rate
2012	P	\$ 641,108,704	\$ 37,441,146	\$ 678,549,850	\$ 43,626,565	\$ 634,923,285	-11.9%	5,298,881,730	6.1085
	S	653,783,696	37,723,260	691,506,956	46,652,793	644,854,163	-14.2%	5,368,864,589	1.2506
2013	P	560,062,336	39,906,786	599,969,122	45,946,787	554,022,335	-12.7%	4,672,616,903	7.1144
	S	568,244,760	38,977,953	607,222,713	51,935,941	555,286,772	-13.9%	4,925,516,945	1.4466
2014	P	518,019,290	37,064,260	555,083,550	46,214,465	508,869,085	-8.2%	4,542,708,029	7.9406
	S	523,075,606	37,178,071	560,253,677	50,018,760	510,234,917	-8.1%	4,572,668,652	1.1421
2015	P	533,952,444	39,863,378	573,815,822	48,350,767	525,465,055	3.3%	4,720,147,444	7.7488
	S	541,552,897	39,870,455	581,423,352	51,452,091	529,971,261	3.9%	4,774,300,198	1.1036
2016	P/S	570,870,158	37,914,559	608,784,717	60,153,166	548,631,551	3.5%	5,067,161,148	8.4122
2017	P/S	594,313,762	37,430,100	631,743,862	61,170,528	570,573,334	4.0%	5,380,666,731	8.3454
2018	P/S	606,159,290	38,938,050	645,097,340	66,418,469	578,678,871	1.4%	5,720,270,844	7.8976
2019	P/S	647,649,002	38,388,790	686,037,792	68,398,055	617,639,737	6.7%	6,110,760,257	7.8857
2020	P/S	690,999,738	39,776,126	730,775,864	73,560,124	657,215,740	6.4%	6,554,904,261	7.7862
2021	P/S	735,510,485	39,956,027	775,466,512	82,563,707	692,902,805	5.4%	7,024,218,767	7.5105

Source: Yavapai County assessor

Under Arizona law, there are two primary valuation bases: Primary (P) and Secondary (S). The primary (limited) assessed valuation is used when levying for maintenance and operation of cities, counties, school districts, community college districts, and the state. The secondary (full cash) assessed valuation is used when levying for debt retirement, voter-approved budget overrides, and maintenance and operation of special service districts. In 2016, Primary assessed valuation and Secondary assessed valuation base are the same amount.

Real estate and improvements are combined in the valuation.

## CITY OF PRESCOTT, ARIZONA

Table XII

## Statistical Section - Revenue Capacity

## Property Tax Rates and Tax Levies - All Direct and Overlapping Governments

Last ten fiscal years

Fiscal Year		City of Prescott	High School & Elementary	Community College	Yavapai County	State of Arizona	Total
Tax Rates (per \$1,000 Assessed Valuation)							
2012	P	0.1978	2.6269	1.4274	1.8564	-	6.1085
	S	0.2455	0.3283	0.1901	0.4867	-	1.2506
2013	P	0.1978	3.1298	1.6725	2.1143	-	7.1144
	S	0.2854	0.3839	0.2150	0.5623	-	1.4466
2014	P	0.2984	3.3750	1.8241	2.4431	-	7.9406
	S	0.0367	0.4174	0.2227	0.4653	-	1.1421
2015	P	0.3007	3.1206	1.8606	2.4669	-	7.7488
	S	0.0142	0.4027	0.2231	0.4636	-	1.1036
2016	P	0.2910	2.7901	1.8721	2.4371	-	7.3903
	S	0.0137	0.3175	0.2180	0.4727	-	1.0219
2017	P	0.2953	2.7920	1.8439	2.4037	-	7.3349
	S	0.0072	0.3028	0.2122	0.4883	-	1.0105
2018	P	0.2821	2.4919	1.7827	2.3270	-	6.8837
	S	-	0.2977	0.2001	0.5161	-	1.0139
2019	P	0.2699	2.6337	1.7584	2.2529	-	6.9149
	S	-	0.2908	0.1892	0.4908	-	0.9708
2020	P	0.2599	2.4688	1.6883	2.4718	-	6.8888
	S	-	0.2695	0.1525	0.4754	-	0.8974
2021	P	0.2484	2.4562	1.6131	2.3681	-	6.6858
	S	-	0.2967	0.0760	0.4520	-	0.8247
Tax Levies							
2012	P	\$ 1,255,878	\$ 23,434,254	\$ 38,714,700	\$ 50,348,871	\$ -	\$ 113,753,703
	S	1,583,350	2,966,960	5,234,100	12,658,691	-	22,443,101
2013	P	1,095,856	24,008,259	40,231,600	50,858,931	-	116,194,646
	S	1,584,975	2,950,404	5,192,500	12,518,091	-	22,245,970
2014	P	1,518,465	23,769,172	40,725,900	54,546,321	-	120,559,858
	S	187,200	2,948,387	5,077,500	6,405,677	-	14,618,764
2015	P	1,570,938	22,588,207	41,253,800	54,698,964	-	120,111,909
	S	75,000	2,943,517	5,059,400	9,805,220	-	17,883,137
2016	P	1,596,518	21,233,457	42,667,700	55,545,979	-	121,043,654
	S	75,000	2,416,241	4,967,900	10,171,183	-	17,630,324
2017	P	1,684,903	22,130,617	43,228,500	56,351,664	-	123,395,684
	S	41,000	2,400,148	4,974,800	10,906,410	-	18,322,358
2018	P	1,709,975	20,949,497	43,910,500	57,317,500	-	123,887,472
	S	-	2,502,883	4,928,800	12,025,150	-	19,456,833
2019	P	1,748,005	23,542,744	45,709,700	58,564,987	-	129,565,436
	S	-	2,599,447	4,918,600	12,161,538	-	19,679,585
2020	P	1,795,908	23,505,349	46,692,900	68,363,081	-	140,357,238
	S	-	2,566,704	4,218,600	12,501,978	-	19,287,282
2021	P	1,827,008	24,896,839	47,711,000	70,041,879	-	144,476,726
	S	-	3,007,184	2,248,700	12,704,567	-	17,960,451
The portion of the 2020-21 levies paid by City of Prescott property owners is reflected below:							
Amount	P	\$ 1,827,008	\$ 17,019,079	\$ 11,177,202	\$ 16,408,631	\$ -	\$ 46,431,920
	S	-	2,055,663	526,800	2,976,284	-	5,558,747
Percent	P	100%	68.4%	23.4%	23.4%	-	32.1%
	S	100%	68.4%	23.4%	23.4%	-	30.9%

Source: Yavapai County Board of Supervisors

CITY OF PRESCOTT, ARIZONA

Table XIII

Statistical Section - Revenue Capacity

Principal Property Taxpayers

Current fiscal year and ten years ago

		2020/2021		As a % of City's Total Secondary	2011/2012		
		Assessed Valuation	Rank		Assessed Valuation	Rank	Assessed Valuation
Taxpayer	Type of Business						
Arizona Public Service	Electric utility	\$ 17,413,622	1	2.5%	\$ 12,883,708	1	2.0%
Sturm Ruger	Manufacturing	7,336,366	2	1.1%	2,726,480	5	0.4%
Unisource Energy Corporation	Gas utility	6,150,201	3	0.9%	4,995,904	3	0.8%
Touchmark at the Ranch LLC	Retirement Home	4,639,286	4	0.7%			
Wal-Mart	Shopping Center	3,795,365	5	0.5%	1,873,532	9	0.3%
Findlay Family Properties	Shopping Center	2,652,128	6	0.4%			
LFRV LLC (Las Fuentes)	Commercial rental	2,523,786	7	0.4%	2,455,615	6	0.4%
SRZ Yuma LLC	Gas utility	2,104,532	8	0.3%			
Prescott Gateway Mall Realty Holdi	Shopping Center	1,990,675	9	0.3%	5,897,740	2	0.9%
Lowes	Retail	1,942,808	10	0.3%	1,675,158	10	0.3%
Qwest Corporation / US West	Telecommunications				3,397,200	4	0.5%
Cable One	Cable Utility				2,347,685	7	0.4%
Bonanza LLC - Ponderosa Plaza	Shopping Center				1,939,378	8	0.3%
Total		\$ 50,548,769		7.4%	\$ 40,192,400		6.3%

Source: Yavapai County assessor's office

CITY OF PRESCOTT, ARIZONA

Table XIV

Statistical Section - Revenue Capacity

Property Tax Levies and Collections

Last ten fiscal years

<u>Fiscal Year</u>	<u>Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Collections</u>	<u>Total Collections As Percent of Current Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes As Percent of Current Levy</u>
2012	\$ 2,814,320	\$ 2,768,468	98.4%	\$ 45,852	\$ 2,814,320	100.0%	\$ -	0.0%
2013	2,680,831	2,593,963	96.8%	84,272	2,678,235	99.9%	2,596	0.1%
2014	1,705,665	1,652,907	96.9%	52,611	1,705,518	100.0%	147	0.0%
2015	1,645,938	1,597,136	97.0%	48,683	1,645,819	100.0%	119	0.0%
2016	1,671,518	1,671,370	100.0%	-	1,671,370	100.0%	148	0.0%
2017	1,725,903	1,725,680	100.0%	-	1,725,680	100.0%	223	0.0%
2018	1,709,975	1,709,755	100.0%	-	1,709,755	100.0%	220	0.0%
2019	1,748,005	1,747,804	100.0%	-	1,747,804	100.0%	201	0.0%
2020	1,795,908	1,795,693	100.0%	-	1,795,693	100.0%	215	0.0%
2021	1,827,008	1,805,689	98.8%	-	1,805,689	98.8%	21,319	1.2%

Source: Yavapai County treasurer's office

Penalties are not recorded in the above collection figures.

The City tax rate is set before the final assessed valuation is known. Levies shown here are the product of the tax rate times the actual valuation; consequently, they may differ slightly from the estimated levies shown in the budget for each of these years.

**CITY OF PRESCOTT, ARIZONA**  
**Table XV**  
**Statistical Section - Revenue Capacity**  
**Property Tax Information**

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**Tax Rate Limitation**

The state constitution and state law specify a property tax limitation system. The system consists of two levies, a limited levy known as the primary tax levy and an unlimited levy referred to as the secondary property tax levy. The primary levy is limited to an increase of 2% over the previous year's maximum allowable primary levy plus an increased dollar amount for property not taxed the previous year including new construction and annexed properties. The primary tax from all taxing jurisdictions for homeowners may not exceed 1% of the home's market value. The secondary property tax allows a city to levy property tax for the purpose of retiring the principal and interest on bonded indebtedness. Further, the actual full cash value of property is used to determine this tax rate.

**Assessments**

Since 1950-51, Yavapai County has assessed and collected all city property taxes at no charge to the City. Prior to that time, City taxes were separately billed by the City tax collector. Remittances are made periodically as collections accrue.

**Taxes Due**

First installment due September 1; second installment due March 1.

**Payable**

City property taxes are payable at the office of the Yavapai County Treasurer. The first installment can be paid on the first day of September through the first day of November. The second installment can be paid on the first day of March through the first day of May. The first installment becomes delinquent on the first day of November at 5:00 p.m. The second installment becomes delinquent on the first day of May at 5:00 p.m. Interest at the rate of 16% per annum attaches on first and second installments following their delinquent dates.

**Tax Sales**

The sales of delinquent real estate taxes begin on a date not earlier than February 1 nor later than March 1 following the May 1 date upon which the second installment becomes delinquent. The sales are made at public auctions in the office of the County Treasurer. Tax bills are sold to the highest bidder who offers to pay the accumulated amount of tax and to charge thereon the lowest rate of interest. The maximum amount of interest provided by law is 10% per annum. The purchaser of this tax sale is given a Certificate of Purchase for each parcel of real estate concerned.

**Tax Deed**

Five years subsequent to the annual tax sale, a holder of a Certificate of Purchase which has not been redeemed may demand of the Yavapai County Treasurer a County Treasurer's Deed. However, at the end of three full years, a holder of a Certificate of Purchase may institute a quiet title action and the court will instruct the County Treasurer to issue a County Treasurer's Deed if the suit is successful.

**Redemption**

Redemption may be made by the delinquent property owner or any interested party by payment in full of all accumulated charges at any time before the issuance of the tax deed. Payment may be made to the Yavapai County Treasurer.



CITY OF PRESCOTT, ARIZONA

Table XVI

Statistical Section - Revenue Capacity

Tax Revenues by Source

Last ten fiscal years

<u>Fiscal Year</u>	<u>Total Tax Per Capita</u>	<u>Total Taxes</u>	<u>General Property Taxes</u>	<u>General Privilege and Use Taxes</u>	<u>Additional 1% Privilege Tax (1)</u>	<u>Additional .75% Privilege Tax (2)</u>	<u>Franchise Taxes</u>	<u>Transient Lodging Tax (3)</u>
2012	\$ 746	\$ 29,741,853	\$ 2,837,428	\$ 12,593,700	\$ 12,131,870	\$ -	\$ 1,624,459	\$ 554,396
2013	793	31,611,198	2,670,576	13,667,950	13,127,520	-	1,618,259	526,893
2014	794	31,675,667	1,716,973	14,102,837	13,613,846	-	1,621,289	620,722
2015	794	32,157,859	1,642,663	14,340,554	13,823,070	-	1,632,304	719,268
2016	835	34,237,092	1,667,061	15,314,496	14,787,422	-	1,670,671	797,442
2017	864	35,609,532	1,875,401	15,952,225	15,234,578	-	1,665,913	881,415
2018	1,067	43,750,862	1,869,386	16,556,472	16,554,480	6,073,292	1,700,323	996,909
2019	1,200	51,496,254	1,866,817	17,053,025	17,049,785	12,756,096	1,733,973	1,036,558
2020	1,306	55,590,720	1,945,105	18,566,817	18,548,467	13,907,410	1,676,450	946,471
2021	1,457	63,775,903	1,985,286	21,406,239	21,393,939	16,042,564	1,719,356	1,228,519

Source: City of Prescott finance department

(1) Voters approved an additional 1% privilege tax in 1995 for street improvements to sunset December 31, 2005. In May 2000, the voters expanded the use of funds to include open space acquisition while extending the sunset to December 31, 2015. In 2015, voters approved a 1.0% privilege tax for street improvements effective January 1, 2016 to sunset December 31, 2035.

(2) Voters approved an additional 0.75% privilege tax in 2018 for the PSPRS unfunded liability to sunset December 31, 2027, or when the unfunded liability is \$1.5 million.

(3) Proceeds from this tax are used for the promotion of tourism and development of recreational facilities within the City.

## CITY OF PRESCOTT, ARIZONA

## Table XVII

## Statistical Section - Revenue Capacity

## Privilege Tax - Taxable Sales by Category

Last ten fiscal years (in thousands of dollars)

<u>Fiscal year</u>	<u>Construction</u>	<u>Restaurant/Bar</u>	<u>Tangible Per. Prop Rental</u>	<u>Commercial Rental</u>	<u>Hotel/Motel</u>	<u>Residential Rental</u>	<u>Retail Sales</u>	<u>Utilities</u>	<u>Use Tax</u>	<u>Telecommunication (1)</u>	<u>All Other</u>	<u>Total</u>	<u>Tax Rate</u>	<u>Top 10 as % of Total</u>
2012	96,741	90,623	21,326	60,932	18,917	55,111	739,549	74,535	29,009	23,272	20,831	\$ 1,230,846	2%	36%
2013	104,552	91,967	19,932	61,980	19,625	59,973	800,824	76,384	25,792	23,106	20,307	1,304,442	2%	36%
2014	119,285	95,809	21,608	53,453	21,608	63,998	833,256	74,829	31,170	21,785	20,853	1,357,654	2%	34%
2015	115,849	102,891	25,127	53,702	24,729	68,352	853,946	76,907	25,519	21,123	23,411	1,391,557	2%	31%
2016	113,863	109,257	26,097	53,736	27,352	73,062	906,798	79,062	27,861	23,693	23,507	1,464,288	2%	37%
2017	154,329	115,038	26,928	55,929	30,076	71,168	935,603	78,471	34,724	21,632	22,204	1,546,102	2%	36%
2018	152,583	118,459	28,954	57,561	34,312	65,154	987,548	82,217	44,893	18,090	21,100	1,610,871	2%	32%
2019	182,470	123,374	31,943	57,750	35,885	69,224	1,031,233	81,899	51,972	16,882	21,717	1,704,350	2.75%	40%
2020	196,717	119,017	33,538	63,170	32,187	72,893	1,129,067	80,005	59,283	-	35,605	1,821,484	2.75%	29%
2021	212,735	125,789	36,578	63,587	42,435	87,917	1,368,688	86,077	64,890	-	32,659	2,121,356	2.75%	29%

## Top 10 Taxpayers

<u>FY 2021</u>	<u>FY 2012</u>
Amazon	Arizona Public Service
Arizona Public Service	Best Buy Stores
Costco Wholesale	Costco Wholesale
Findlay	Fry's Food & Drug
Lamb Chevrolet	Lamb Chevrolet
Lowe's	Lowe's
Prescott Motors	Safeway
Safeway	Tim's Buick Pontiac, GMC
Smiths Food & Drug	UNS Gas, Inc.
Wal-Mart	Wal-Mart

Percent of Total Privilege Tax Collected: 29%

Percent of Total Privilege Tax Collected:

36%

Source: City of Prescott Finance Department

(1) Effective FY2020, Telecommunications is reported under "All Other"

CITY OF PRESCOTT, ARIZONA

Table XVIII

Statistical Section - Revenue Capacity

Privilege Tax Overlapping Rates

Last ten fiscal years

<u>Fiscal Year</u>	<u>Prescott Privilege Tax General</u>	<u>Prescott Privilege Tax - Roads &amp; Open Space (1)</u>	<u>Prescott Privilege Tax PSPRS (2)</u>	<u>Yavapai County Privilege Tax (3)</u>	<u>State of Arizona Privilege Tax (4)</u>	<u>Total Privilege Tax</u>	<u>Transient Lodging Tax (5)</u>
2012	1.00%	1.00%	-	0.75%	6.60%	9.35%	3.00%
2013	1.00%	1.00%	-	0.75%	6.60%	9.35%	3.00%
2014	1.00%	1.00%	-	0.75%	5.60%	8.35%	3.00%
2015	1.00%	1.00%	-	0.75%	5.60%	8.35%	3.00%
2016	1.00%	1.00%	-	0.75%	5.60%	8.35%	3.00%
2017	1.00%	1.00%	-	0.75%	5.60%	8.35%	3.00%
2018	1.00%	1.00%	-	0.75%	5.60%	8.35%	3.00%
2019	1.00%	1.00%	0.75%	0.75%	5.60%	9.10%	3.00%
2020	1.00%	1.00%	0.75%	0.75%	5.60%	9.10%	3.00%
2021	1.00%	1.00%	0.75%	0.75%	5.60%	9.10%	3.00%

Source: City of Prescott finance department

- (1) Voters approved an additional 1.0% privilege tax in 1995 for street improvements to sunset December 31, 2005. In May 2000, the voters expanded the use of funds to include open space acquisition while extending the sunset to December 31, 2015. In 2015, voters approved a 1.0% privilege tax for street improvements effective January 1, 2016 to sunset December 31, 2035.
- (2) Voters approved an additional 0.75% privilege tax in 2018 for the PSPRS unfunded liability to sunset December 31, 2027, or when the unfunded liability is \$1.5 million.
- (3) Yavapai County currently imposes a .50% excise tax and a .25% jail tax.
- (4) The State of Arizona tax rate increased to 6.60% effective June 1, 2010 and decreased to 5.60% effective June 1, 2013.
- (5) Proceeds from this tax are used for the promotion of tourism and development of recreational facilities within the City. This rate was increased to 3% on January 1, 2008.

**CITY OF PRESCOTT, ARIZONA**  
**Table XIX**  
**Statistical Section - Debt Capacity**  
**Ratios of Outstanding Debt by type**  
Last ten fiscal years

Fiscal Year	Governmental Activities					Business-type Activities							
	General Obligation Bonds	Community Facilities District Bonds (1)	Lease Purchase Contracts	Pledged Excise Tax Bonds	Special Assessment Bonds	Municipal Properties Corporation Bonds	Loans Payable (2)	Lease Purchase Contracts	Total Primary Government	Debt Per Capita	Adjusted Debt Per Capita (1)	Total Debt to Personal Income	Adjusted Total Debt to Personal Income
2012	\$ 2,170,000	\$ 3,315,000	\$ 67,336	\$ 29,062,259	\$ 1,079,984	\$ 12,336,741	\$ 24,652,814	\$ 535,115	\$ 73,219,249	\$ 1,836	\$ 1,726	1.13%	1.06%
2013	680,000	3,060,000	13,744	27,795,262	739,940	11,858,738	42,338,127	160,526	86,646,337	2,173	2,078	1.27%	1.22%
2014	520,000	2,435,000	-	26,493,718	39,896	9,002,779	65,742,074	-	104,233,467	2,613	2,551	1.49%	1.46%
2015	355,000	2,180,000	-	25,111,146	34,852	8,893,411	72,676,362	-	109,250,771	2,696	2,642	1.52%	1.49%
2016	180,000	1,670,000	-	23,729,206	29,808	8,910,741	69,501,551	-	104,021,306	2,538	2,496	1.32%	1.30%
2017	-	930,000	-	22,305,568	24,763	8,925,770	65,740,981	-	97,927,082	2,375	2,352	1.19%	1.18%
2018	-	570,575	-	17,994,670	19,719	8,760,000	66,191,222	-	93,536,186	2,281	2,267	1.10%	1.09%
2019	-	357,271	-	16,725,670	14,675	8,375,000	61,976,119	-	87,448,735	2,038	2,029	0.93%	0.93%
2020	-	178,126	-	15,670,000	9,631	7,980,000	67,407,556	-	91,245,313	2,144	2,139	0.94%	0.94%
2021	-	22,484	-	14,075,000	4,587	7,565,000	66,401,944	-	88,069,015	2,012	2,011	0.90%	0.90%

Source: City of Prescott finance department

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) The total debt for the primary government is reduced by the amount of community facilities district bonds and special assessment bonds which are levied against specific property owners, and, therefore not an obligation of every citizen.

(2) The City uses the Water Infrastructure Finance Authority (WIFA) for the financing of several drinking and clean water projects.

CITY OF PRESCOTT, ARIZONA

Table XX

Statistical Section - Debt Capacity

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita

Last ten fiscal years

<u>Fiscal Year</u>	<u>Net Assessed Value</u>	<u>Gross Bonded Debt (2)</u>	<u>Less Debt Payable from Enterprise Funds</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita (1)</u>
2012	\$ 644,854,163	\$ 2,170,000	\$ -	\$ 2,170,000	0.3%	54
2013	555,286,772	680,000	-	680,000	0.1%	17
2014	510,234,917	520,000	-	520,000	0.1%	13
2015	529,971,261	355,000	-	355,000	0.2%	9
2016	548,631,551	180,000	-	180,000	0.0%	4
2017	570,573,334	-	-	-	0.0%	0
2018	578,678,871	-	-	-	0.0%	0
2019	617,639,737	-	-	-	0.0%	0
2020	657,215,740	-	-	-	0.0%	0
2021	692,902,805	-	-	-	0.0%	0

Source: City of Prescott finance department

(1) Population information is shown on table XVI.

(2) Includes all general obligation bonded debt.

CITY OF PRESCOTT, ARIZONA

Table XXI

Statistical Section - Debt Capacity

Schedule of Water and Wastewater Revenue Bond Coverage

Last ten fiscal years

	Water Revenue Bond (3)						
	Net Revenue			Debt Service			
Fiscal Year	Operating Revenues (1)	Operating Expenses (2)	Available for Debt Service	Principal	Interest	Total	Coverage
2012	\$ 14,104,588	\$ 7,347,256	\$ 6,757,332	\$ 608,645	388,017	\$ 996,662	678.00%
2013	14,720,538	8,332,704	6,387,834	640,916	389,315	1,030,230	620.04%
2014	14,892,434	7,949,927	6,942,507	1,081,743	624,371	1,706,114	406.92%
2015	15,340,901	7,998,715	7,342,186	1,115,977	666,128	1,782,106	412.00%
2016	16,699,381	7,164,998	9,534,383	1,151,311	672,100	1,823,411	522.89%
2017	16,735,462	9,029,606	7,705,856	1,187,781	638,004	1,825,785	422.06%
2018	17,337,813	13,391,466	3,946,347	1,225,423	599,151	1,824,574	216.29%
2019	17,632,237	12,703,612	4,928,625	1,264,276	559,047	1,823,323	270.31%
2020	18,685,829	10,634,248	8,051,581	1,304,380	522,629	1,827,009	440.70%
2021	20,481,929	8,791,133	11,690,796	2,002,584	488,394	2,490,978	469.33%

Wastewater Revenue Bond (3)							
Fiscal Year	Net Revenue			Debt Service			Coverage
	Operating	Operating	Available for				
	Revenues (1)	Expenses (2)	Debt Service	Principal	Interest	Total	
2012	\$ 9,099,534	\$ 4,912,764	\$ 4,186,770	\$ 543,538	\$ 384,842	\$ 928,379	450.98%
2013	9,837,090	5,376,343	4,460,747	563,901	493,566	1,057,467	421.83%
2014	10,998,146	6,023,264	4,974,882	2,393,930	1,004,371	3,398,301	146.39%
2015	11,287,878	5,649,504	5,638,374	2,467,040	1,440,510	3,907,550	144.29%
2016	12,343,533	5,245,572	7,097,961	2,534,812	1,451,073	3,985,885	178.08%
2017	12,583,194	6,720,725	5,862,469	2,612,257	1,372,629	3,984,886	147.12%
2018	13,333,928	7,050,620	6,283,308	2,551,984	1,294,695	3,846,679	163.34%
2019	13,850,174	7,634,889	6,215,285	3,135,545	1,705,217	4,840,762	128.39%
2020	14,028,174	7,879,026	6,149,148	3,227,871	1,236,138	4,464,009	137.75%
2021	14,921,689	7,810,172	7,111,517	3,322,957	1,339,526	4,662,483	152.53%

Source: City of Prescott finance department

(1) Total revenue including interest income.

(2) Total expenses exclusive of bond interest, capital costs and non-cash expenditures.

(3) The Water Infrastructure Finance Authority of Arizona Loans (WIFA) - details can be found

**CITY OF PRESCOTT, ARIZONA**  
**Table XXII**  
**Statistical Section - Debt Capacity**  
**Direct and Overlapping Debt**  
June 30, 2021

	<b><u>Net Bonds Outstanding</u></b>	<b><u>Percentage Applicable to Prescott (1)</u></b>	<b><u>Amount Applicable to Prescott</u></b>
<b><u>Direct Debt</u></b>			
General obligation bonds - payable from property taxes	\$ -	100.0%	\$ -
Municipal property corporation bonds - payable from sales tax	14,075,000	100.0%	14,075,000
Special assessment bonds - payable from assessed properties	27,071	100.0%	27,071
Lease purchase contracts - payable from general revenues	-	100.0%	-
Total direct debt			<u>14,102,071</u>
<b><u>Overlapping Debt</u></b>			
Yavapai County	-	23.4%	-
Yavapai Community College District	10,540,000	23.4%	2,469,194
Prescott Unified School District	1,656,303	68.4%	1,132,222
Total overlapping debt			<u>3,601,416</u>
Total direct & overlapping debt			<u>\$ 17,703,487</u>

(1) Debt allocation is based on distribution of assessed valuation within overlapping tax districts.

<b><u>Taxing District</u></b>	<b><u>Total Assessed Valuation</u></b>	<b><u>Valuation in Prescott</u></b>	<b><u>Percent in Prescott</u></b>
Yavapai County	\$ 2,957,724,707	\$ 692,902,805	23.4%
Yavapai Community College District	2,957,724,707	692,902,805	23.4%
Prescott Unified School District	1,013,632,391	692,902,805	68.4%

Source: Yavapai County assessor's office and finance department

**CITY OF PRESCOTT, ARIZONA**  
**Table XXIII**  
**Statistical Section - Debt Capacity**  
**Legal Debt Margins**  
June 30, 2021

	<u>General Obligation Bonds</u>	
	<u>All Others</u> <u>6% (1)</u>	<u>Water &amp; Wastewater</u> <u>20% (2)</u>
<b><u>Legal Debt Limitation</u></b>		
(2020-21 secondary assessed valuation \$692,902,805)	\$ 41,574,168	\$ 138,580,561
<b><u>Outstanding Debt</u></b>		
Municipal facilities	-	-
Total outstanding debt	-	-
Total margin available	\$ 41,574,168	\$ 138,580,561
Total debt applicable to the limit as a percentage of the debt limit	0.0%	0.0%

Source: City of Prescott finance department

(1) Arizona's Constitution states that a municipality cannot issue general obligation bonds in excess of 6% of assessed valuation for general municipal purposes.

(2) Additional general obligation bonds for up to 20% of assessed valuation can be issued for specific purposes such as supplying water and wastewater services and recreational and playground facilities, public safety, law enforcement, fire and emergency services facilities and streets and transportation facilities.

**Computation of Debt Margin Highway User Tax Bonds**

Arizona law states that municipalities may issue highway users bonds to the extent that 50% of the highway user revenues in the preceding year will be sufficient to pay annual principal and interest of such bonds.

Highway user tax revenue FY 2020-21	\$ 4,262,268
Percent of margin	50%
Highway user margin	2,131,134
Bond principal due FY 2020-21	-
Bond interest due FY 2020-21	-
Margin available	\$ 2,131,134

Total debt service applicable to the margin as a percentage of the margin n/a



**CITY OF PRESCOTT, ARIZONA**  
**Table XXIV**  
**Statistical Section - Debt Capacity**  
**Legal Debt Margins**

Last ten fiscal years (in thousands of dollars)

Legal Debt Limitation or Margin	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Obligation Bonds 6% limit (1)</b>	\$ 38,155	\$ 33,317	\$ 30,614	\$ 31,798	\$ 32,918	\$ 34,234	\$ 34,721	\$ 37,058	\$ 39,433	\$ 41,574
Outstanding debt subject to limit	-	-	-	-	-	-	-	-	-	-
Total margin available	<u>\$ 38,155</u>	<u>\$ 33,317</u>	<u>\$ 30,614</u>	<u>\$ 31,798</u>	<u>\$ 32,918</u>	<u>\$ 34,234</u>	<u>\$ 34,721</u>	<u>\$ 37,058</u>	<u>\$ 39,433</u>	<u>\$ 41,574</u>
Total debt applicable to the limit as a percentage of the debt limit	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Water &amp; Wastewater 20% limit (2)</b>	\$127,184	\$111,057	\$102,047	\$105,994	\$109,726	\$114,115	\$115,736	\$123,528	\$131,443	\$138,581
Outstanding debt subject to limit	2,170	680	520	355	180	180	-	-	-	-
Total margin available	<u>\$ 125,014</u>	<u>\$ 110,377</u>	<u>\$ 101,527</u>	<u>\$ 105,639</u>	<u>\$ 109,546</u>	<u>\$ 113,935</u>	<u>\$ 115,736</u>	<u>\$ 123,528</u>	<u>\$ 131,443</u>	<u>\$ 138,581</u>
Total debt applicable to the limit as a percentage of the debt limit	1.7%	0.6%	0.5%	0.3%	0.2%	0.2%	n/a	0.0%	0.0%	0.0%
<b>Highway User Margin 50% limit (3)</b>	\$ 1,262	\$ 1,377	\$ 1,425	\$ 1,551	\$ 1,618	\$ 1,735	\$ 1,773	\$ 1,874	\$ 2,104	\$ 2,131
Bond principal due	-	-	-	-	-	-	-	-	-	-
Bond interest due	-	-	-	-	-	-	-	-	-	-
Margin available	<u>\$ 1,262</u>	<u>\$ 1,377</u>	<u>\$ 1,425</u>	<u>\$ 1,551</u>	<u>\$ 1,618</u>	<u>\$ 1,735</u>	<u>\$ 1,773</u>	<u>\$ 1,874</u>	<u>\$ 2,104</u>	<u>\$ 2,131</u>
Total debt service applicable to the margin as a percentage of the margin	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: City of Prescott finance department

(1) Arizona's Constitution provides that a municipality cannot issue general obligation bonds in excess of 6% of assessed valuation for general municipal purposes.

(2) Additional general obligation bonds for up to 20% of assessed valuation can be issued for specific purposes such as supplying water and wastewater services and recreational and playground facilities.

(3) Arizona law states that municipalities may issue highway users bonds to the extent that 50% of the highway user revenues in the preceding year will be sufficient to pay annual principal and interest of such bonds.

CITY OF PRESCOTT, ARIZONA  
Table XXV  
Statistical Section - Debt Capacity  
Pledged-Revenue Coverage  
Last ten fiscal years

Fiscal Year	Special Assessment Bonds				Community Facilities District Bonds				Pledged Excise Tax Bonds			
	Special Assessments Collected	Debt Service		Coverage	CFD Assessments Collected	Debt Service		Coverage	Excise Tax Collected	Debt Service		Coverage
		Principal	Interest			Principal	Interest			Principal	Interest	
2012	\$ 389,109	\$ 330,044	\$ 58,995	1.00	\$ 769,430	\$ 465,000	\$ 285,294	1.03	\$ 24,823,957	\$ 4,661,000	\$ 2,136,432	3.65
2013	383,217	340,044	43,091	1.00	720,756	255,000	255,775	1.41	27,112,897	1,745,000	1,963,921	7.31
2014	726,614	700,044	26,489	1.00	696,049	625,000	230,281	0.81	27,977,338	1,801,000	1,937,672	7.48
2015	6,142	5,044	1,017	1.01	595,152	255,000	187,700	1.34	31,106,472	1,578,330	1,789,649	9.24
2016	5,524	5,044	880	0.93	519,454	510,000	157,850	0.78	32,565,539	1,451,000	1,727,589	10.25
2017	4,899	5,044	742	0.85	447,148	265,000	128,763	1.14	34,291,926	1,495,000	1,579,680	11.15
2018	5,707	5,044	685	1.00	395,776	78,499	25,637	3.80	36,602,726	5,474,000	1,512,945	5.24
2019	5,574	5,044	530	1.00	214,209	213,304	15,015	0.94	37,859,867	1,654,000	1,266,439	12.96
2020	5,419	5,044	375	1.00	187,207	179,145	9,488	0.99	39,011,590	2,150,000	697,897	13.70
2021	5,263	5,044	219	1.00	158,375	155,642	4,383	0.99	44,280,642	2,010,000	749,310	16.05

Source: City of Prescott finance department

**Special Assessment Bonds** are used to finance capital improvements in specific areas of the City. Project costs are assessed to each benefiting property owner , with payments used to pay debt service. The underlying property secures the debt and may be foreclosed in the event of a default.

**Community Facilities District Bonds** are issued by special districts specifically created to acquire and improve public infrastructure in specified land areas. Assessments are levied against property owners in the district to pay all of the costs associated with the districts. The underlying property secures the debt and may be foreclosed in the event of a default.

**Municipal Property Corporation Bonds** are issued by a non-profit corporation created by the City to finance construction or acquisition of municipal buildings and improvements on land owned by the City. The City makes lease payments to the Corporation to approximate the debt service. The City pledges all excise, transaction privilege and franchise taxes as collateral.

CITY OF PRESCOTT, ARIZONA

Table XXVI

Statistical Section

Demographic and Economic Statistics

Population, Income and Unemployment

Last ten calendar years

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (thousands of dollars) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Annual Unemployment Rate (3)</u>	<u>School Enrollment (4)</u>
2011	39,873	\$ 6,498,204	\$ 30,817	9.9%	5,095
2012	39,865	6,800,376	31,997	8.7%	4,961
2013	39,888	6,992,574	32,503	7.7%	4,917
2014	40,520	7,172,392	32,774	6.3%	4,454
2015	40,989	7,900,004	35,545	5.6%	5,055
2016	41,238	8,199,948	36,353	4.9%	4,003
2017	41,006	8,533,000	37,398	4.5%	4,108
2018	42,917	9,371,726	32,993	4.4%	4,030
2019	42,566	9,731,391	36,111	4.6%	4,027
2020	43,772			7.5%	4,082

(1) Source: Office of Employment & Population Statistics, Arizona Department of Administration

(2) Income Statistics are shown for the Prescott Metropolitan Statistical Area (MSA), table CA1  
Latest Data available is for 2017. Source: Bureau of Economic Analysis, US Department of Commerce

(3) For the Prescott Metropolitan Statistical Area (MSA). Source: Arizona Office of Employment  
and Population Statistics

(4) Enrollment for Prescott Unified School District as of Oct 1 of each year. Excludes Charter Schools  
Source: Arizona Department of Education

CITY OF PRESCOTT, ARIZONA

Table XXVII

Statistical Section

Demographic and Economic Statistics

Principal Employers

Current fiscal year data available and nine years ago

		2020/21			2010/11		
<u>Employer</u>	<u>Type of Business</u>	<u>Number of</u>	<u>As a % of</u>		<u>Number of</u>	<u>As a % of</u>	
		<u>Employees</u>	<u>Rank</u>	<u>City's Total</u>	<u>Employees</u>	<u>Rank</u>	<u>City's Total</u>
Yavapai Regional Medical Center	Hospital	2,094	1	13.2%	1,281	2	7.5%
Yavapai County	Government	1,750	2	11.0%	1,354	1	7.9%
Veteran's Administration Medical Center	Hospital	1,300	3	8.2%	900	3	5.3%
Yavapai College	College	1,290	4	8.1%	421	7	2.5%
Embry-Riddle Aeronautical University	College	650	5	4.1%	300	8	1.8%
Wal-Mart Stores	Retail	575	6	3.6%			
City of Prescott	Government	518	7	3.3%	478	5	2.8%
Prescott Unified School District	Public Schools	457	8	2.9%	770	4	4.5%
Sturm Ruger	Manufacturing	400	9	2.5%	425	6	2.5%
West Yavapai Guidance Clinic	Clinic	305	10	1.9%			
Fann Contracting	Construction	274		1.7%	219	10	1.3%
Yavapai Gaming Agency	Casino				223	9	1.3%
		<u>9,613</u>		<u>60.6%</u>	<u>6,371</u>		<u>37.3%</u>

Latest data available is for 2018/2019. Source DatabaseUSA

The 2020/2021 total City employment was 15,854 based on U.S. Census Bureau ACS 5-Year Estimates Data Profiles for 2018.

The 2010/2011 total City employment was 17,085 based on U.S. Census Bureau County Business Patterns information for 2010.

CITY OF PRESCOTT, ARIZONA

Table XXVIII

Statistical Section - Operating Information

City Employees by Function/Program

Last ten fiscal years

Function/ Program	Full-time Equivalent Employees at June 30									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government (2)	38	37	37	39	52	56	51	53	53	56
Administrative Services	2	2	1	1	2	-	-	-	-	-
Budget and Finance (2)	23	22	22	22	10	15	16	16	16	16
Community Development	14	13	13	11	11	13	15	15	16	14
Cultural & Recreation	42	42	42	42	42	43	43	43	45	45
Police	122	123	125	95	91	83	83	87	90	92
Regional Communications (1)	-	-	-	33	30	30	30	30	30	29
Fire	75	73	73	68	65	68	65	65	65	70
Fleet Services	9	9	9	9	9	9	9	9	10	10
Self Insurance	3	2	-	-	-	-	-	-	-	-
Facilities Maintenance	6	6	6	6	6	7	8	8	7	7
Engineering	18	17	17	17	24	23	23	20	18	18
Utilities	76	76	77	80	75	69	69	71	74	74
Solid Waste	27	27	26	28	27	28	29	30	31	31
Airport	7	7	8	11	11	9	9	9	11	12
Golf Course	17	16	16	9	9	9	9	9	8	8
Street Maintenance	37	35	36	36	37	36	36	35	35	37
<b>Total</b>	<b>515</b>	<b>506</b>	<b>508</b>	<b>506</b>	<b>501</b>	<b>497</b>	<b>494</b>	<b>498</b>	<b>508</b>	<b>518</b>
Number of citizens per employee	77	79	79	80	82	83	83	86	84	84

Source: City of Prescott finance department

(1) In 2015, Regional Communications was split out from Police

(2) In 2016, Information Technology was split out from Budget and Finance and combined with General Government.

In 2017, Utility Billing is combined with Budget and Finance instead of Utilities.

## CITY OF PRESCOTT, ARIZONA

## Table XXIX

## Statistical Section - Operating Information

## Operating Indicators by Function/Program

Last ten fiscal years (unless noted otherwise)

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Community Development</b>										
Building permits issued	1,613	1,575	2,028	1,843	2,010	2,309	2,399	1,906	1,684	2,212
Permit valuations (in millions)	61	79	97	107	166	139	182	235	205	219
<b>Cultural &amp; Recreation</b>										
Library circulation	702,286	805,113	807,246	759,675	772,629	731,830	760,350	783,371	649,615	575,299
Library visits	508,422	493,091	480,753	442,904	428,948	414,137	440,868	431,868	316,131	145,495
Library resources available	178,032	172,682	158,772	174,319	168,606	163,876	149,105	140,912	138,222	167,322
New cards issued	4,872	4,531	5,020	5,014	4,667	4,324	4,187	4,033	3,245	2,413
Golf Rounds	59,605	55,652	61,868	69,290	69,741	72,303	79,969	71,579	78,002	90,434
<b>Police (Calendar Year)</b>										
Calls for service	29,300	26,801	26,132	25,617	24,979	24,136	23,879	22,909	20,310	19,752
Part 1 crimes (1)	1,410	1,291	1,256	1,289	1,235	1,098	1,066	1,045	842	779
Part 2 crimes (2)	3,830	3,495	3,474	3,293	3,420	3,024	3,196	3,402	2,811	2,508
<b>Fire</b>										
Calls for service	7,920	7,440	7,876	8,014	8,014	8,619	7,694	7,207	8,723	9,533
<b>Water</b>										
Connections	22,409	22,628	22,765	23,440	23,465	23,907	24,214	24,997	25,198	25,412
<b>Wastewater</b>										
Connections	18,292	18,411	18,267	18,783	19,000	19,390	19,969	19,992	20,497	20,873
<b>Solid Waste</b>										
Residential accounts	20,503	17,217	17,500	17,815	18,086	18,516	17,407	19,318	20,486	22,678
Commercial accounts	888	911	1,594	1,421	1,544	1,538	1,692	1,335	1,379	1,351
Tons collected	30,971	31,671	62,000	61,979	62,729	67,319	34,063	33,561	33,466	33,865
<b>Transfer Station</b>										
Transactions per year	69,430	68,912	73,377	73,577	79,183	78,439	82,953	81,477	95,508	98,002
Tons per year	55,685	66,966	60,246	61,959	64,389	62,815	64,088	75,113	80,063	84,443
<b>Airport</b>										
Commercial aircraft landings	4,062	1,837	1,533	1,094	1,968	2,327	1,788	591	685	923
Passengers	5,147	5,146	5,200	4,394	3,302	3,454	4,631	22,301	20,070	32,646
FAA traffic count	275,820	257,062	270,699	277,540	291,170	254,342	250,900	224,991	209,123	296,210
<b>Public Works</b>										
Cold mix repairs(lbs)	43,153	98,822	235,831	136,000	176,874	195,032	91,878	156,723	34,348	29,760
Hot Mix repairs (3)	1,430	2,763	1,300	2,040	1,302	261,696	82,948	103,236	103,616	95,341

(1) Part 1 Homicide, forcible rape, robbery, aggravated assault, burglary, larceny/theft, auto theft &amp; arson

(2) Part 2 Simple assault, narcotics, forgery/fraud/embezzlement, vandalism &amp; DUI

(3) Hot Mix repairs are reported in tons until 2016, starting with 2017 this data is reported in square feet.

Source: City of Prescott budget department and applicable departments.

## CITY OF PRESCOTT, ARIZONA

## Table XXX

## Statistical Section - Operating Information

## Capital Asset Statistics by Function/Program

Last ten fiscal years

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>General Government</b>										
Area square miles	41	41	42	42	42	42	45	45	45	46
<b>Cultural and Recreation</b>										
Parks	21	21	21	21	21	21	22	22	21	21
Park & Open Space (acres)(1)	1,394	1,514	990	990	990	990	998	2,353	2,353	2,828
Miles of trails	45	52	52	68	76	76	102	108	106	112
Open space - public (acres)	765	823	1,200	1,200	1,200	1,200	1,386	-	-	-
Lakes - 4 -(acres)	-	-	-	-	-	-	-	562	562	562
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
<b>Fire</b>										
Stations	5	5	5	5	5	5	5	5	5	5
<b>Water</b>										
Miles of water mains	538	515	517	517	526	526	526	546	551	563
<b>Wastewater</b>										
Miles of sanitary sewers	390	373	371	371	375	375	375	385	389	400
<b>Solid Waste</b>										
Collection trucks	19	17	18	16	18	15	15	20	20	20
<b>Airport</b>										
Total based aircraft	346	322	309	292	292	338	273	335	357	365
<b>Golf Course</b>										
Holes	36	36	36	36	36	36	36	36	36	36
<b>Public Works</b>										
Streets (paved miles)	289	289	289	294	302	339	348	357	367	371

(1) Parks &amp; Open Space acres are combined starting in 2019.

Source: City of Prescott departments.

