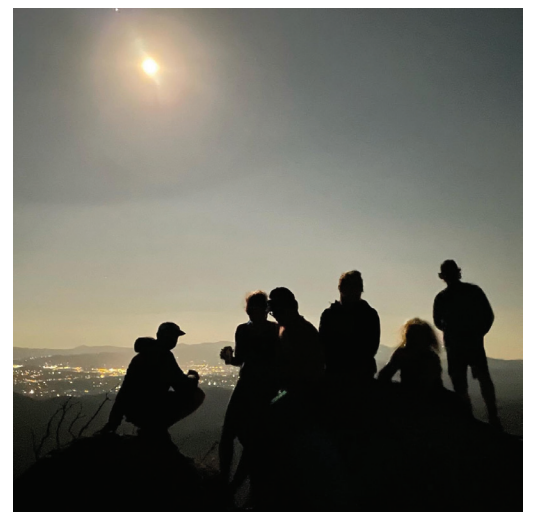
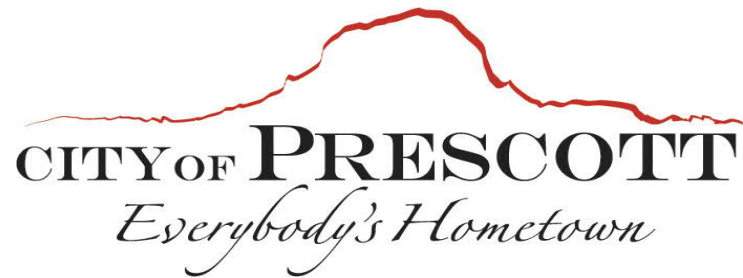


COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For the Fiscal Year Ended
June 30, 2022*



CITY OF **PRESCOTT**
ARIZONA



CITY OF PRESCOTT, ARIZONA

COMPREHENSIVE

ANNUAL

FINANCIAL

REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022

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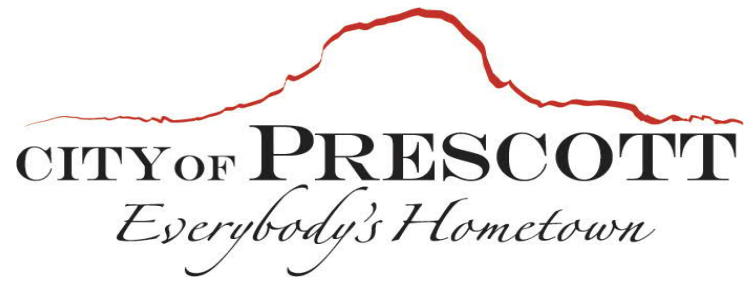
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INTRODUCTORY SECTION



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

November 14, 2022

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, 2022. 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 (“clean”) opinion on the City of Prescott, Arizona’s financial statements for the year ended June 30, 2022. 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, 2022, 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 45,827 as of the 2020 decennial census. 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, appointing department heads, and administering operations.

A staff of 518 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 1st. 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 FY23 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, monitoring the City's unfunded pension status to ensure that past issues don't occur.
2. Economic Development – providing an environment to enable prosperity and job creation by providing great services.
3. Airport – ensure the airport is preserved, dynamic, and capacity to accommodate current and future needs.
4. 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.
5. Service-Orientated Culture – Promote an accountable organizational culture of excellent, superior, solutions driving service.
6. Establish a Charter Review Commission to make recommendations to the Council to determine which Charter adjustments will go to the voters.

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 2022 are represented by the following:

- Sales tax revenues increased 7.3% from fiscal year 2021
- 299 single family permits were issued in fiscal year 2022 compared to 431 in fiscal year 2021
- Total building permit valuation was \$225 million in fiscal year 2022 compared to \$219 million in fiscal year 2021
- Bed tax collections, representing tourism activity, increased 33.7% from fiscal year 2021

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, 2022 is \$22.8 million or 47% 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, 2021. This was the 40th 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, 2021. 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, 2022.

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, 2022. 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". The signature is written in a cursive, flowing style.

Mark Woodfill
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Prescott
Arizona**

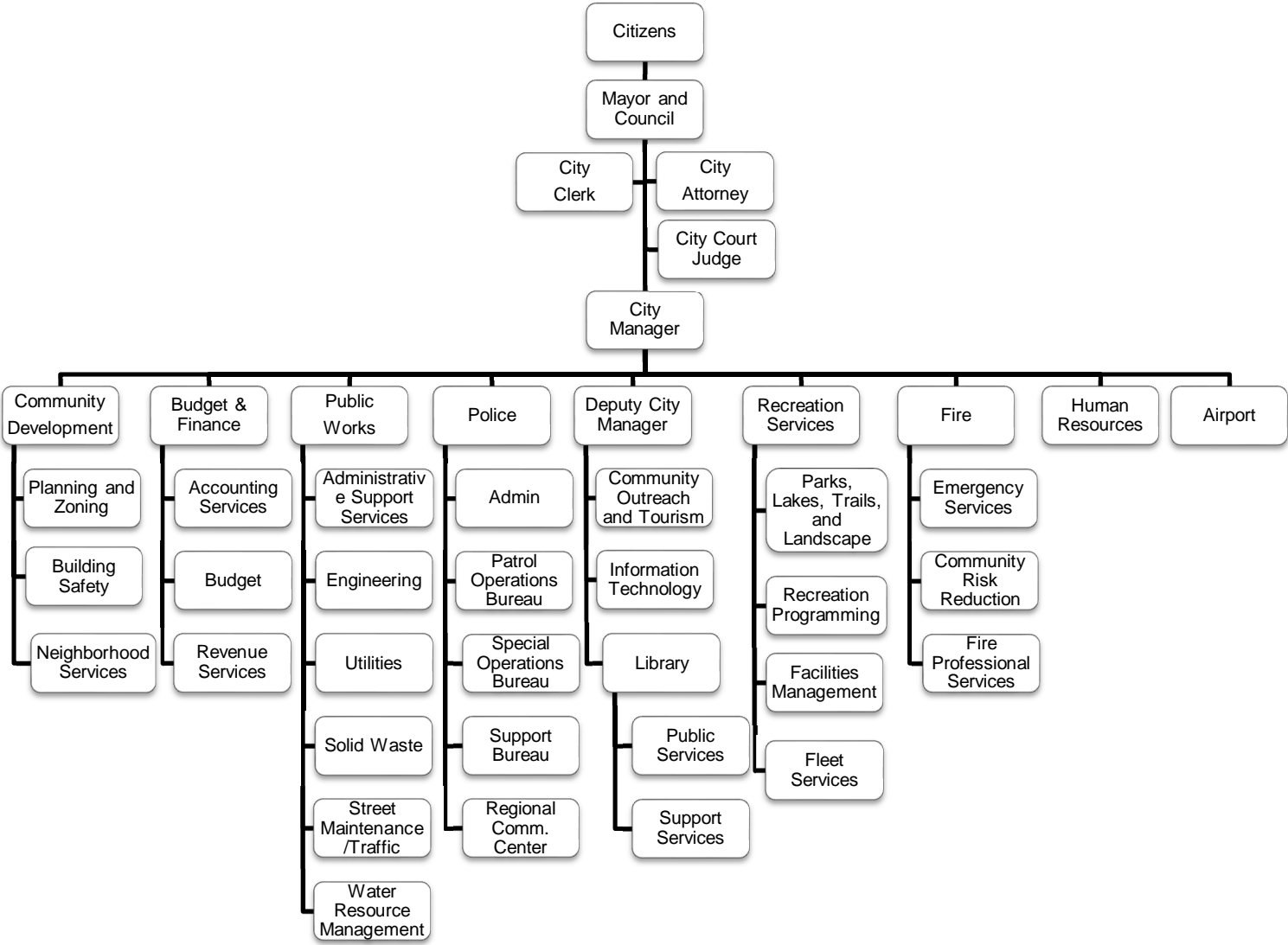
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

City Organizational Chart



CITY OF PRESCOTT, ARIZONA

June 30, 2022

ELECTED OFFICIALS

Phil Goode, Mayor

Council

Brandon Montoya

Cathey Rusing

Clark Tenney

Eric Moore

Jessica Hall

Steve Sischka

Appointed Officials

Michael Lamar

City Manager

Joseph Young

City Attorney

Sarah Siep

City Clerk

Glenn Savona

City Magistrate

Mailing Address

201 South Cortez
Prescott, AZ 86303

www.prescott-az.gov





FINANCIAL SECTION



Independent Auditors' Report

The Honorable Mayor and Council
City of Prescott
Prescott, Arizona

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Prescott, Arizona's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Change in Accounting Principle

The City implemented the provisions of GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Prescott, Arizona's internal control over financial reporting and compliance.

HintonBurdick, PLLC

HintonBurdick, PLLC

Gilbert, Arizona

November 14, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Prescott, we offer readers of the City of Prescott's financial statements this narrative overview and analysis of the financial activities of the City of Prescott for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 9-12 of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Prescott exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$592,325,091 (net position). The unrestricted net position, which represents the amounts available to meet the City of Prescott's ongoing obligations to citizens and creditors, was \$37,524,400.
- Despite the negative interest and investment income of \$3,831,664 resulting from the required mark to market of investments at year end the City of Prescott's total net position increased by \$49,931,291. This increase is the result of stronger than budgeted revenues as well as accumulation of funds for future capital projects.
- At the close of the current fiscal year, the City of Prescott's governmental funds reported combined fund balances of \$65,758,071, an increase of \$10,915,496 in comparison with the prior year. Of this amount, \$22,826,536, or 35%, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance for the general fund was \$22,826,536, or approximately 50% of the general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the City of Prescott's basic financial statements. The City of Prescott's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Prescott's finances, in a manner similar to a private-sector business.

The statement of net position presents financial information on all the City of Prescott's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Prescott is improving or deteriorating.

The statement of activities presents information showing how the City of Prescott's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City of Prescott that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Prescott include general government, community services, culture and recreation, public safety, and public works. The business-type activities of the City of Prescott include a water, wastewater, airport, solid waste, and golf course.

The government-wide financial statements include not only the City of Prescott itself (known as the primary government), but also a legally separate Hassayampa Community Facilities District #2 and Prescott Municipal Property Corporation functions for all practical purposes as a component of the City of Prescott, and therefore has been included as an integral part of the primary government. The government-wide financial statements can be found on pages 32-33 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Prescott, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Prescott can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources,

as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Prescott maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the streets fund, and the public safety personnel retirement system (PSPRS) dedicated tax fund, which are considered to be major funds. Data from the other seven governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City of Prescott adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements have been provided to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 35-42 of this report.

Proprietary Funds. The City of Prescott maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Prescott uses enterprise funds to account for its water, wastewater, airport, solid waste, and golf course operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Prescott's various functions. The City of Prescott uses internal service funds to account for the fleet maintenance, risk management, engineering services, and facilities maintenance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, wastewater, airport, solid waste, and golf course operations, which are considered to be major funds of the City of Prescott. Conversely, all the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report. The basic proprietary fund financial statements can be found on pages 43-47 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 49-78 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City of Prescott's progress in funding its obligations to provide pension and OPEB benefits to its employees. Required supplementary information can be found immediately after the notes to the financial statements on pages 79-94.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 95-97 of this report.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City of Prescott, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$592,325,091, at the close of the most recent fiscal year.

City of Prescott's Net Position

(in millions)

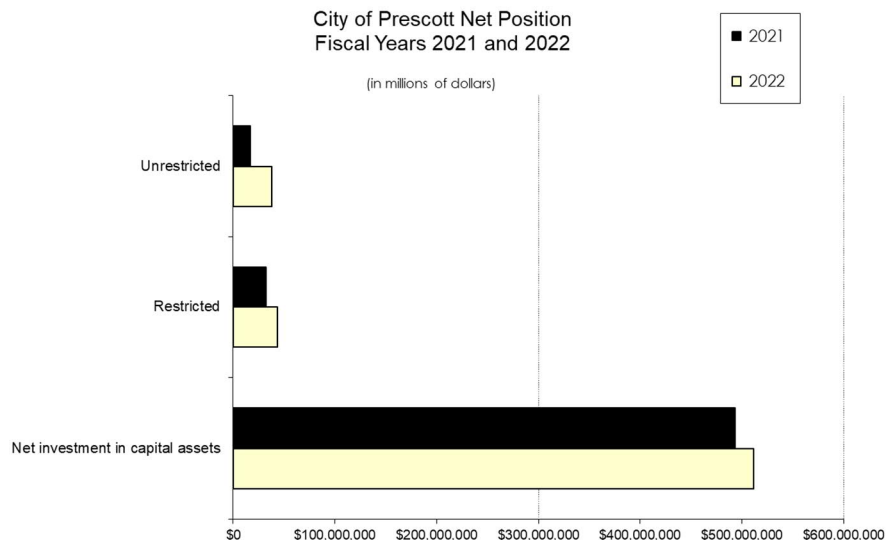
	Governmental Activities		Business-type Activities		Total Government	
	2022	2021	2022	2021	2022	2021
	Assets					
Current and other assets	\$ 85.5	\$ 68.6	\$ 52.7	\$ 50.5	\$ 138.2	\$ 119.1
Capital assets	239.2	235.2	369.8	346.8	609.0	582.0
Total assets	324.7	303.8	422.5	397.3	747.2	701.1
Total deferred outflows of resources	27.7	34.7	2.4	2.6	30.1	37.3
Liabilities						
Long-term liabilities outstanding	45.1	90.5	95.6	88.8	140.7	179.3
Other liabilities	6.1	8.1	12.0	7.5	18.1	15.6
Total liabilities	51.2	98.6	107.6	96.3	158.8	194.9
Total deferred inflows of resources	23.2	.9	3.0	.3	26.2	1.2
Net Position:						
Net investment in capital assets	226.3	221.0	285.2	272.1	511.5	493.1
Restricted	37.7	26.7	5.6	5.7	43.3	32.4
Unrestricted	14.0	(8.7)	23.5	25.5	37.5	16.8
Total net position	\$ 278.0	\$ 239.0	\$ 314.3	\$ 303.3	\$ 592.3	\$ 542.3

Governmental activities had a current year increase in assets of \$20.9 million from increases in receivables related to grants and leases related to the implementation of GASB 87. Long-term liabilities decreased by \$45.4 million primarily from the pay down of the net pension liability from the dedicated sales tax to pay down the Public Safety Personnel Retirement System liability.

Business-type activities had a current year increase in assets of \$25.2 million primarily from the construction infrastructure. Liabilities increased by \$11.3 million related to financing of infrastructure.

By far, the largest portion of the City of Prescott's net position, \$511.5 million reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), net of accumulated depreciation and less any related outstanding debt that was used to acquire those assets. The City of Prescott uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City of Prescott's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Prescott's net position, \$43.3 million represents resources that are subject to external restrictions on how they may be used. As of the end of the current year, the City of Prescott's the unrestricted net position was a \$37.5 million.



The City of Prescott's overall net position increased \$50.4 million from the prior fiscal year. The reasons for this overall increase are discussed in the following section.

City of Prescott's Changes in Net Position

	(in millions)					
	Governmental Activities		Business-type Activities		Total Government	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Charges for services and other	\$ 7.3	\$ 6.9	\$ 52.1	\$ 49.5	\$ 59.4	\$ 56.4
Operating grants & contributions	8.8	2.7	-	-	8.8	2.7
Capital grants & contributions	7.2	7.4	9.3	16.8	16.5	24.2
Total program revenues	23.3	17.0	61.4	66.3	84.7	83.3
General revenues						
Taxes	68.5	63.6	-	-	68.5	63.6
Intergovernmental	16.1	15.3	-	-	16.1	15.3
Interest & investment income	(3.7)	-	(.1)	-	(3.8)	-
Miscellaneous	1.0	0.6	0.1	0.7	1.1	1.3
Total general revenues	81.9	79.5	-	0.7	81.9	80.2
Total revenues	105.2	96.5	61.4	67.0	166.6	163.5
Expenses						
General government	2.8	3.8	-	-	2.8	3.8
Community services	2.2	2.0	-	-	2.2	2.0
Culture and recreation	8.1	7.0	-	-	8.1	7.0
Police and court	16.3	17.5	-	-	16.3	17.5
Fire	11.5	14.8	-	-	11.5	14.8
Public works	23.6	28.0	-	-	23.6	28.0
Interest on long-term debt	0.4	0.4	-	-	0.4	0.4
Airport	-	-	4.9	3.9	4.9	3.9
Golf course	-	-	4.4	3.9	4.4	3.9
Solid waste/transfer station	-	-	10.2	9.2	10.2	9.2
Wastewater	-	-	17.1	13.1	17.1	13.1
Water	-	-	15.1	14.0	15.1	14.0
Total Expenses	64.9	73.5	51.7	44.1	116.6	117.6
Increase (decrease) before transfers	40.3	23.0	9.7	22.9	50.0	45.9
Transfers	(1.3)	(2.9)	1.3	2.9	-	-
Change in net position	39.0	20.1	11.0	25.8	50.0	45.9
Beginning net position	239.0	218.9	303.3	277.5	542.3	496.4
Ending net position	\$278.0	\$239.0	\$314.3	\$303.3	\$592.3	\$542.3

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

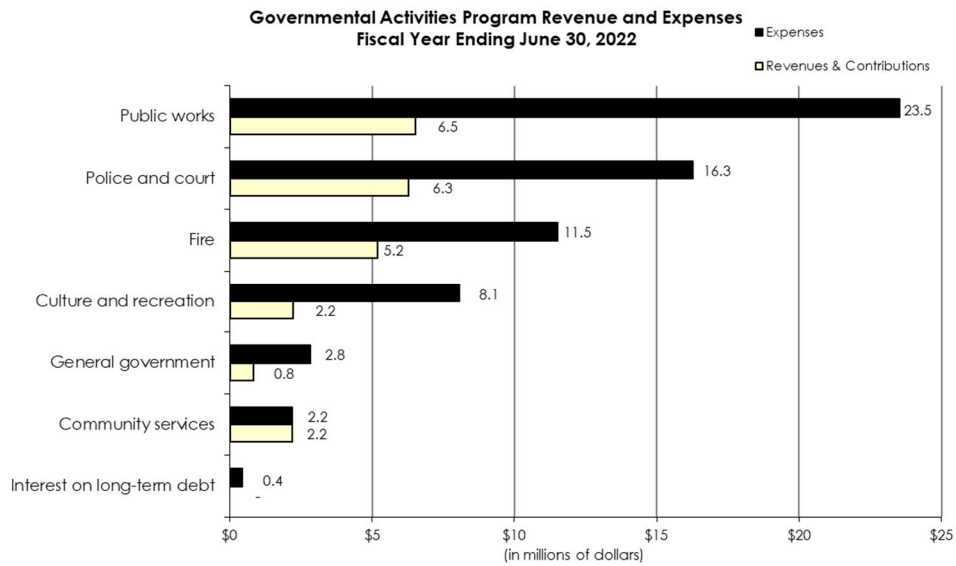
Governmental Activities

During the current fiscal year, net position for governmental activities increased by \$39.0 million from the prior year ending balance of \$239.0 million.

Revenues from grants and contributions increased by \$5.9 million, mainly from additional grants related to the Federal State and Local Fiscal Recovery Fund. Charges for services was also higher by \$400,000 from increased activities. Tax revenues increased by \$4.9 million from additional local economic activity. Interest and investment income was down \$3.7 million from the GASB requirement to adjust investments to market value even though they will be held until maturity.

Expenses in general government decreased by \$1.0 million and culture and recreation increased by \$1.1 million because of the movement of facilities management between these functions. Additionally, the decreases in police and fire of \$1.2 million and \$3.3 million respectively were the result of lower pension expenses.

As shown in the chart below, revenues generated from the City of Prescott's programs are not sufficient to cover the costs. The City of Prescott relies on privilege tax, intergovernmental revenues, property taxes, and other general revenues to cover the cost associated with the various programs.



Business-type Activities

The City of Prescott’s business-type activity results from the current fiscal year were positive with the overall net position increasing to \$314.5 million. The growth is the result of increased activities and rate adjustments in the water, wastewater, and solid waste activities.

FINANCIAL ANALYSIS OF THE CITY’S FUNDS

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

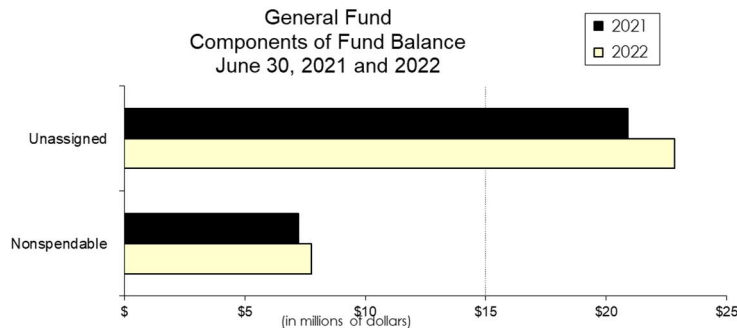
Governmental Funds

The focus of the City of Prescott’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Prescott’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of Prescott itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City of Prescott’s Council.

At June 30, 2022, the City of Prescott’s governmental funds reported combined fund balances of \$65.8 million, an increase of \$10.9 million in comparison with the prior year. Of this amount, \$22.8 million or 35%, constitutes unassigned fund balance, which is available for spending at the government’s discretion. The remainder of the fund balance is either nonspendable or restricted to indicate that it is (1) not in spendable form, \$7.8 million; or (2) restricted for purposes, \$35.2 million.

Analysis of Individual Funds

The general fund is the chief operating fund of the City of Prescott. At the end of the current fiscal year, unassigned fund balance of the general fund was \$22.8 million, while total fund balance increased to \$30.6 million. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 50.5% of total general fund expenditures, while total fund balance represents 67.7% of that same amount.



The fund balance of the City of Prescott's general fund increased by \$2.5 million during the current fiscal year. This increase was the result of a stronger than expected local economy.

The streets special revenue fund, a major fund, had a \$9.3 million increase in fund balance during the current fiscal year which put the overall fund balance at \$27.7 million. The increase in fund balance is the result of accumulation of funds for future streets projects.

The public safety personnel retirement system dedicated tax special revenue fund, the remaining major fund, had an increase in fund balance during the current year of \$0.8 million to bring the year end fund balance to \$2.9 million. This increase in fund balance is the result of a stronger than expected local economy.

Proprietary Funds

The City of Prescott's proprietary funds provide the same type of information found in the business-type activities portion of the government-wide financial statements, but in more detail.

The net position of each of these funds at year were as follows: the water fund increased \$6.8 million to 175.0 million, the wastewater fund decreased by \$0.4 million to \$69.8 million, the airport fund increased by \$4.3 million to \$62.8 million, the solid waste fund increased by \$0.3 million to \$2.8 million, and the golf course fund increased by \$0.1 million to \$4.0 million. As mentioned earlier these increases were the result of increased activities and rate adjustment in the water, wastewater, and solid waste activities.

General Fund Budgetary Highlights

First, the original budget compared to final budget will be discussed. During the year there was a need to make amendments to reallocate appropriations between departments. Generally, the movements of appropriation between departments was not significant with the exception of one movement of \$9.9 million to the city manager department for the acquisition of land near the City's airport.

Secondly, the significant differences between final budget compared to actual results were as follows

Revenues:

- Taxes exceeded budget by \$3.3 million which was the result of economic activity being better than projected.
- Intergovernmental revenues exceeded budget by \$1.7 million which was the result of better than projected economic activities statewide.
- Interest and investment income was short of budget by \$3.5 million which was the result of the GASB requirement to adjust investments to current market value even though they will be held to maturity.
- Miscellaneous revenue exceeded budget by \$2.4 million which is the result of unbudgeted sales of land.

Expenditures:

- City manager was below budget by \$1.3 million which was the result of a delay in capital projects.
- Non-departmental was below budget by \$5.2 million which was the result of budgeted contingency not being needed.
- Recreation services & facilities was below budget by \$3.0 million because of a delay in completing capital projects.
- Police was below budget by \$4.2 million which was the result of unexpected grants and delay in receipt of replacement vehicles.
- Fire was below budget by \$4.8 million which was the result of unexpected grants and a delay in capital projects.

Other financing sources (Uses)

- Proceeds from financed purchases agreements was below budget by \$9.9 million because a contingent financing was not needed.
- Transfers out was below budget by \$2.3 million because of delays in capital projects in other funds which the general fund supports.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2022, the City of Prescott had invested \$609.0 million in capital assets net of accumulated depreciation as reflected in the following table, which represents a net increase of \$27.0 million.

The following table reconciles the changes in capital assets.

	Change in Capital Assets (in millions)					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Beginning Balance	\$ 235.2	\$ 228.8	\$ 346.8	\$ 326.8	582.0	\$ 555.6
Transfers	-	-	-	-	-	-
Increases	18.4	18.6	38.5	31.2	56.9	49.8
Decreases	(1.7)	-	(0.2)	(0.4)	(1.9)	(0.4)
Depreciation	(12.7)	(12.2)	(15.3)	(10.8)	(28.0)	(23.0)
Ending Balance	<u>\$ 239.2</u>	<u>\$ 235.2</u>	<u>\$ 369.8</u>	<u>\$ 346.8</u>	<u>\$ 609.0</u>	<u>\$ 582.0</u>

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 of Prescott increased its assets by \$55.0 million in capital expenditures. Major capital asset events during the fiscal year include the following:

- \$20.7 million for Water Production Facility & Intermediate Pump Station construction
- \$5.4 million on the Taxiway C relocation.
- \$4.1 million for the Sundog Trunk Main Phase C
- \$1.4 million for main line replacements
- \$1.2 million on the Goldwater Lake expansion
- \$1.1 million for Zone 56 tank and piping

Debt Administration

As of year-end, the City of Prescott had \$140.6 million in long-term debt outstanding compared to \$179.2 million last year.

	Outstanding Long-Term Debt at Year End					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Pledged Excise Tax Bonds	\$ 12.5	\$ 14.1	\$ -	\$ -	\$ 12.5	\$ 14.1
Municipal Property Corporation	-	-	7.6	8.3	7.6	8.3
Leases payable	0.5	-	-	-	0.5	-
Loans WIFA	-	-	76.9	66.4	76.9	66.4
Claims Payable	0.1	0.3	-	-	0.1	0.3
Landfill post-closure costs	-	-	1.8	1.6	1.8	1.6
Compensated absences	3.9	3.7	1.0	1.0	4.9	4.7
Net pension & OPEB liability	28.1	72.3	8.2	11.5	36.3	83.8
Total	<u>\$ 45.1</u>	<u>\$ 90.4</u>	<u>\$ 95.5</u>	<u>\$ 88.8</u>	<u>\$ 140.6</u>	<u>\$ 179.2</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, 2022, the City is well within its debt limits, having \$157.6 million in borrowing capacity in the 20% category, and \$47.2 million in borrowing capacity in the 6% category. The City also has a \$2.3 million margin available for Highway User Tax Bonds which represents 50% of the Highway User revenue received in fiscal year 2022.

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 2023 City's share of the State Income Tax is up 47.4% from Fiscal Year 2022 actuals. State Income Tax is based on tax collections that were received by the State of Arizona two years ago, showing a significant increase in the economic conditions. There is a projected increase of 1.6% in the City's share of the State Sales Tax and a 4.4% increase in State Vehicle License Tax contribution, the actual distribution from the state is based on actual tax collection and these projections may vary depending on the economic condition activity. All 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 current economic conditions, the City sales tax revenues were projected to decrease by 3.3% in fiscal year 2023 when compared to fiscal year 2022 actuals. The City's primary property tax revenue for fiscal year 2023 is projected at \$1,905,279. Prescott's net assessed value for 2022 of \$835,282,417 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 2023 Budget totals \$281,220,203, which represents a 18.1% increase from the prior year level, primarily attributable to fluctuation in capital projects. The \$108,185,890 Operating Budget primarily supports delivery of day-to-day services, and is an increase of 5.7% over last year, which reflects the new positions approved, and cost increases necessary to continue to provide city services at equal or better levels.

The Capital Budget for Fiscal Year 2023 is \$125,723,688 which is a 27.6% increase from Fiscal Year 2022. 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.

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
928.777.1408
Or visit our website at: www.prescott-az.gov

BASIC FINANCIAL STATEMENTS

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

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 65,951,858	\$ 36,873,543	\$ 102,825,401
Receivables (net)	13,715,617	9,223,390	22,939,007
Lease receivable	3,201,687	-	3,201,687
Internal balances	703,951	(703,951)	-
Inventories	428,120	531,880	960,000
Restricted cash and investments	473,850	6,484,630	6,958,480
OPEB asset	1,053,908	313,077	1,366,985
Capital assets, not being depreciated/amortized	88,920,970	98,703,412	187,624,382
Capital assets, being depreciated/amortized, net	150,285,676	271,117,541	421,403,217
Total assets	<u>324,735,637</u>	<u>422,543,522</u>	<u>747,279,159</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions and OPEB	27,644,686	2,363,070	30,007,756
Total deferred outflows of resources	<u>27,644,686</u>	<u>2,363,070</u>	<u>30,007,756</u>
Total assets and deferred outflows of resources	<u>352,380,323</u>	<u>424,906,592</u>	<u>777,286,915</u>
LIABILITIES			
Accounts payable	3,356,901	10,085,773	13,442,674
Accrued expenses	627,192	1,242,992	1,870,184
Deposits	2,081,142	604,063	2,685,205
Advanced revenues	-	84,051	84,051
Noncurrent liabilities			
Due within 1 year	2,835,161	6,663,033	9,498,194
Due in more that 1 year	42,303,404	88,890,405	131,193,809
Total liabilities	<u>51,203,800</u>	<u>107,570,317</u>	<u>158,774,117</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions and OPEB	20,073,764	2,998,232	23,071,996
Deferred inflows related to leases	3,115,711	-	3,115,711
Total deferred inflows of resources	<u>23,189,475</u>	<u>2,998,232</u>	<u>26,187,707</u>
Total liabilities and deferred inflows of resources	<u>74,393,275</u>	<u>110,568,549</u>	<u>184,961,824</u>
NET POSITION			
Net investment in capital assets	226,262,554	285,235,843	511,498,397
Restricted for:			
Streets and open space privilege tax activities	27,659,037	-	27,659,037
Capital projects	4,698,385	-	4,698,385
Transient occupancy tax	877,868	-	877,868
Debt service	2,936,533	5,570,014	8,506,547
Grants and donations	1,560,457	-	1,560,457
Unrestricted	13,992,214	23,532,186	37,524,400
Total net position	<u>\$ 277,987,048</u>	<u>\$ 314,338,043</u>	<u>\$ 592,325,091</u>

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, 2022

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
Primary Government							
<i>Governmental activities:</i>							
General government	\$ 2,825,022	\$ 433,967	\$ 73,840	\$ 337,000	\$ (1,980,215)	\$ -	\$ (1,980,215)
Community services	2,197,838	1,758,965	422,654	-	(16,219)	-	(16,219)
Culture and recreation	8,078,046	1,930,765	87,397	210,000	(5,849,884)	-	(5,849,884)
Police and court	16,279,735	2,001,019	3,799,598	485,134	(9,993,984)	-	(9,993,984)
Fire	11,506,046	644,384	4,377,107	175,940	(6,308,615)	-	(6,308,615)
Public works	23,541,467	496,827	-	6,030,262	(17,014,378)	-	(17,014,378)
Interest on long-term debt	440,955	-	-	-	(440,955)	-	(440,955)
Total governmental	64,869,109	7,265,927	8,760,596	7,238,336	(41,604,250)	-	(41,604,250)
<i>Business-type activities:</i>							
Airport	4,948,610	2,189,369	-	5,831,722	-	3,072,481	3,072,481
Golf course	4,333,116	4,049,452	-	-	-	(283,664)	(283,664)
Solid waste	10,196,410	10,473,844	-	-	-	277,434	277,434
Wastewater	17,055,924	15,770,688	-	1,014,519	-	(270,717)	(270,717)
Water	15,136,117	19,603,597	-	2,440,235	-	6,907,715	6,907,715
Total business-type activities	51,670,177	52,086,950	-	9,286,476	-	9,703,249	9,703,249
Total primary government	\$ 116,539,286	\$ 59,352,877	\$ 8,760,596	\$ 16,524,812	(41,604,250)	9,703,249	(31,901,001)
<i>General revenues:</i>							
Property taxes, levied for general purposes					1,870,610	-	1,870,610
Utility franchise taxes					1,815,127	-	1,815,127
City privilege and use tax, general purposes					22,969,062	13,441	22,982,503
City privilege tax, major street and open space program					22,969,062	-	22,969,062
City privilege tax, PSPRS Liability					17,192,733	-	17,192,733
Transient lodging tax					1,642,696	-	1,642,696
Intergovernmental revenues - unrestricted					16,096,913	-	16,096,913
Interest and investment income					(3,715,894)	(115,770)	(3,831,664)
Miscellaneous					952,006	142,306	1,094,312
Transfers					(1,250,887)	1,250,887	-
Total general revenues and transfers					80,541,428	1,290,864	81,832,292
Change in net position					38,937,178	10,994,113	49,931,291
Net position - beginning					239,049,870	303,343,930	542,393,800
Net position - ending					\$ 277,987,048	\$ 314,338,043	\$ 592,325,091

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, 2022

	Major Funds				Total Governmental Funds
	General	Streets Fund	PSPRS Dedicated Tax	Nonmajor Governmental Funds	
ASSETS					
Cash and short-term investments	\$ 27,815,546	\$ 24,597,466	\$ 832,320	\$ 7,043,866	\$ 60,289,198
Accounts receivable (net)	3,963,004	3,104,699	2,092,627	181,297	9,341,627
Property taxes receivable	56,982	-	-	1,551	58,533
Special assessments receivable	-	-	-	11,823	11,823
Lease receivable	3,201,687	-	-	-	3,201,687
Interfund receivables	7,754,333	-	-	-	7,754,333
Interest receivable	96,280	-	-	2,396	98,676
Intergovernmental receivable	377,576	539,708	-	3,286,658	4,203,942
Total assets	<u>\$ 43,265,408</u>	<u>\$ 28,241,873</u>	<u>\$ 2,924,947</u>	<u>\$ 10,527,591</u>	<u>\$ 84,959,819</u>
LIABILITIES					
Accounts payable	\$ 2,426,133	\$ 529,038	\$ -	\$ 206,901	\$ 3,162,072
Accrued expenditures	496,582	53,798	30,280	8,551	589,211
Interfund payable	4,543,388	-	-	2,506,993	7,050,381
Deposits returnable	2,081,142	-	-	-	2,081,142
Total liabilities	<u>9,547,245</u>	<u>582,836</u>	<u>30,280</u>	<u>2,722,445</u>	<u>12,882,806</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	21,583	-	-	3,181,648	3,203,231
Related to leases	3,115,711	-	-	-	3,115,711
Total deferred inflows of resources	<u>3,137,294</u>	<u>-</u>	<u>-</u>	<u>3,181,648</u>	<u>6,318,942</u>
FUND BALANCES					
Nonspendable	7,754,333	-	-	-	7,754,333
Restricted	-	27,659,037	2,894,667	4,623,498	35,177,202
Unassigned	22,826,536	-	-	-	22,826,536
Total fund balances	<u>30,580,869</u>	<u>27,659,037</u>	<u>2,894,667</u>	<u>4,623,498</u>	<u>65,758,071</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 43,265,408</u>	<u>\$ 28,241,873</u>	<u>\$ 2,924,947</u>	<u>\$ 10,527,591</u>	<u>\$ 84,959,819</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, 2022

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

Total fund balances - governmental funds		\$ 65,758,071
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds:		
Capital assets	\$ 515,771,012	
Less: accumulated depreciation/amortization:	<u>(279,983,404)</u>	235,787,608
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
OPEB assets	977,957	
Unavailable grant revenue	3,168,274	
Deferred special assessment revenue	11,823	
Deferred property tax revenue	<u>23,134</u>	4,181,188
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	(12,461,823)	
Compensated absences	(3,591,917)	
Pension and OPEB liability	(26,029,810)	
Financed purchase arrangements	(92,329)	
Leases issued	<u>(489,323)</u>	(42,665,201)
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	27,196,435	
Deferred inflows relating to pensions	<u>(19,331,952)</u>	7,864,483
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.		
		7,060,899
Net position of governmental activities		<u><u>\$ 277,987,048</u></u>

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
Governmental Funds
For the year ended June 30, 2022

	Major Funds				
	General	Streets Fund	PSPRS Dedicated Tax	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 26,650,208	\$ 22,969,062	\$ 17,192,733	\$ 1,642,720	\$ 68,454,723
Intergovernmental revenues	16,647,869	5,437,940	-	4,283,918	26,369,727
Licenses and permits	1,047,029	117,762	-	900,402	2,065,193
Fines and forfeitures	263,395	-	-	-	263,395
Gifts and donations	-	-	-	441,501	441,501
Charges for services	5,185,665	379,065	-	-	5,564,730
Interest and investment income	(3,509,730)	2	-	(5,749)	(3,515,477)
Miscellaneous	2,439,171	73,611	-	36,642	2,549,424
Total revenues	48,723,607	28,977,442	17,192,733	7,299,434	102,193,216
Expenditures					
Current operating					
General government	1,278,387	-	-	1,335,950	2,614,337
Community services	1,836,162	-	-	431,585	2,267,747
Culture and recreation	6,509,818	268,381	-	133,629	6,911,828
Police and court	12,569,099	-	9,669,040	3,548,410	25,786,549
Fire	8,487,228	-	6,710,960	3,079,063	18,277,251
Public works	-	14,705,073	-	-	14,705,073
Capital outlay					
General government	10,345,763	-	-	52,443	10,398,206
Community services	58,371	-	-	-	58,371
Culture and recreation	1,599,403	10,257	-	302,553	1,912,213
Police and court	1,752,830	-	-	133,270	1,886,100
Fire	602,996	-	-	-	602,996
Public works	-	2,636,607	-	-	2,636,607
Debt service - principal	23,523	1,625,000	-	15,249	1,663,772
Debt service - interest	95,642	325,475	-	547	421,664
Total expenditures	45,159,222	19,570,793	16,380,000	9,032,699	90,142,714
Excess (deficiency) of revenues over (under) expenditures	3,564,385	9,406,649	812,733	(1,733,265)	12,050,502
Other Financing Sources (Uses)					
Financed purchase agreements	115,881	-	-	-	115,881
Transfers in	438,466	-	-	156,414	594,880
Transfers out	(1,663,398)	(73,093)	-	(109,276)	(1,845,767)
Total other financing sources (uses)	(1,109,051)	(73,093)	-	47,138	(1,135,006)
Net change in fund balances	2,455,334	9,333,556	812,733	(1,686,127)	10,915,496
Fund balance - beginning	28,125,535	18,325,481	2,081,934	6,309,625	54,842,575
Fund balance - ending	\$ 30,580,869	\$ 27,659,037	\$ 2,894,667	\$ 4,623,498	\$ 65,758,071

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, 2022

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

Net change in fund balances - total governmental funds \$ 10,915,496

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	\$ 17,494,493	
Expenditures for intangible right to use assets	172,991	
Less: current year depreciation/amortization	(12,638,882)	
		5,028,602

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

Donation of capital assets	289,000	
Asset disposals	(1,678,978)	
Interest expense on leased right to use assets	(19,291)	
Financed purchases - remove other financing source	(115,881)	
		(1,525,150)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	4,570	
Assessments receivable	(15,249)	
Grant Revenues	3,077,626	
		3,066,947

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	1,663,770	
		1,663,770

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	18,750,381	
Compensated absences	(143,430)	
		18,606,951

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

1,180,562

Change in net position of governmental activities \$ 38,937,178

CITY OF PRESCOTT, ARIZONA

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

General Fund

For the year ended June 30, 2022

	Budget		Actual	Variance With
	Original	Final	Amounts	Final Budget
			Budget Basis	Positive (Negative)
Revenues				
Taxes	\$ 23,394,215	\$ 23,394,215	\$ 26,650,208	\$ 3,255,993
Intergovernmental revenues	14,937,013	14,937,013	16,647,869	1,710,856
Licenses and permits	1,042,830	1,042,830	1,047,029	4,199
Fines and forfeitures	301,100	301,100	263,395	(37,705)
Charges for services	4,308,512	4,308,512	5,185,665	877,153
Interest and investment income	16,500	16,500	(3,509,730)	(3,526,230)
Miscellaneous	47,433	47,433	2,439,171	2,391,738
Total revenues	44,047,603	44,047,603	48,723,607	4,676,004
Expenditures				
General government:				
City Council	50,908	50,908	50,018	890
City Clerk	145,717	145,717	145,717	-
City Manager	2,219,713	12,130,713	10,835,765	1,294,948
Legal	258,791	258,791	196,271	62,520
Budget & Finance	382,978	382,978	278,722	104,256
Non-departmental	18,016,140	5,330,140	117,657	5,212,483
Community services	2,055,759	2,055,759	1,894,534	161,225
Culture and recreation:				
Recreation Services & Facilities	8,842,581	8,760,581	5,792,079	2,968,502
Library	2,511,127	2,511,127	2,409,306	101,821
Police and court:				
Police	16,020,075	16,020,075	11,807,986	4,212,089
City Court	671,312	671,312	618,097	53,215
Regional Communications	2,281,538	2,281,538	1,922,845	358,693
Fire	13,890,814	13,890,814	9,090,225	4,800,589
Total expenditures	67,347,453	64,490,453	45,159,222	19,331,231
Excess of revenues over expenditures	(23,299,850)	(20,442,850)	3,564,385	(14,655,227)
Other Financing Sources (Uses)				
Financed purchase agreements	10,000,000	10,000,000	115,881	(9,884,119)
Transfers in	1,273,000	1,273,000	438,466	(834,534)
Transfers out	(4,002,868)	(4,002,868)	(1,663,398)	2,339,470
Total other financing sources and uses	7,270,132	7,270,132	(1,109,051)	(8,379,183)
Net change in fund balances	(16,029,718)	(13,172,718)	2,455,334	(23,034,410)
Fund balance - beginning	28,125,535	28,125,535	28,125,535	-
Fund balance - ending	\$ 12,095,817	\$ 14,952,817	\$ 30,580,869	\$ (23,034,410)

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, 2022

	Budget		Actual	Variance With
	Original	Final	Amounts Budget Basis	Final Budget Positive (Negative)
Revenues				
Taxes	\$ 19,800,000	\$ 19,800,000	\$ 22,969,062	\$ 3,169,062
Intergovernmental revenues	4,774,598	4,774,598	5,437,940	663,342
Licenses and permits	30,000	30,000	117,762	87,762
Charges for services	355,000	355,000	379,065	24,065
Interest and investment income	5,000	5,000	2	(4,998)
Miscellaneous	-	-	73,611	73,611
Total revenues	<u>24,964,598</u>	<u>24,964,598</u>	<u>28,977,442</u>	<u>4,012,844</u>
Expenditures				
Culture and recreation:				
Recreation Services	4,678,841	4,678,841	278,638	4,400,203
Public works	23,820,189	23,820,189	17,341,680	6,478,509
Total current	<u>28,499,030</u>	<u>28,499,030</u>	<u>17,620,318</u>	<u>10,878,712</u>
Debt service				
Principal	1,625,000	1,625,000	1,625,000	-
Interest	328,725	328,725	325,475	3,250
Total debt service	<u>1,953,725</u>	<u>1,953,725</u>	<u>1,950,475</u>	<u>3,250</u>
Total expenditures	<u>30,452,755</u>	<u>30,452,755</u>	<u>19,570,793</u>	<u>10,881,962</u>
Excess (deficiency) of revenues over expenditures	<u>(5,488,157)</u>	<u>(5,488,157)</u>	<u>9,406,649</u>	<u>14,894,806</u>
Other Financing Sources (Uses)				
Transfers out	<u>(271,500)</u>	<u>(271,500)</u>	<u>(73,093)</u>	<u>198,407</u>
Total other financing sources and uses	<u>(271,500)</u>	<u>(271,500)</u>	<u>(73,093)</u>	<u>198,407</u>
Net change in fund balances	(5,759,657)	(5,759,657)	9,333,556	15,093,213
Fund balance - beginning	18,325,481	18,325,481	18,325,481	-
Fund balance - ending	<u>\$ 12,565,824</u>	<u>\$ 12,565,824</u>	<u>\$ 27,659,037</u>	<u>\$ 15,093,213</u>

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, 2022

	Budget		Actual	Variance With
	Original	Final	Amounts Budget Basis	Final Budget Positive (Negative)
Revenues				
Taxes	\$ 14,780,000	\$ 14,780,000	\$ 17,192,733	\$ 2,412,733
Interest and investment income	-	-	-	-
Total revenues	14,780,000	14,780,000	17,192,733	2,412,733
Expenditures				
Police	7,390,000	8,990,000	9,669,040	(679,040)
Fire	7,390,000	7,390,000	6,710,960	679,040
Total expenditures	14,780,000	16,380,000	16,380,000	-
Excess (deficiency) of revenues over expenditures	-	(1,600,000)	812,733	2,412,733
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	(1,600,000)	812,733	2,412,733
Fund balance - beginning	2,081,934	2,081,934	2,081,934	-
Fund balance - ending	\$ 2,081,934	\$ 481,934	\$ 2,894,667	\$ 2,412,733

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, 2022

ASSETS	Business-type Activities - Enterprise Funds						Governmental Activities- Internal Service Funds
	Major Funds						
	Water	Waste Water	Airport	Solid Waste	Golf Course	Totals	
Current Assets							
Cash and cash equivalents	\$ 24,148,742	\$ 9,400,120	\$ -	\$ 3,324,681	\$ -	\$ 36,873,543	\$ 5,662,660
Accounts receivable (net)	1,927,920	1,168,371	216,333	407,064	115,142	3,834,830	-
Interfund receivable	4,543,388	-	-	-	-	4,543,388	-
Interest receivable	-	-	-	-	-	-	1,016
Grant receivable	-	-	5,388,560	-	-	5,388,560	-
Inventory at cost	425,778	-	-	-	106,104	531,882	428,120
Total current assets	31,045,828	10,568,491	5,604,893	3,731,745	221,246	51,172,203	6,091,796
Noncurrent Assets							
Restricted cash and cash equivalents	1,120,282	4,449,732	-	914,616	-	6,484,630	473,850
OPEB assets	97,777	91,259	37,558	69,207	17,276	313,077	75,951
Capital assets							
Land	26,243,464	1,034,873	1,143,261	112,858	1,963,554	30,498,010	13,191
Construction in process	43,275,943	6,536,994	17,925,910	8,189	458,366	68,205,402	-
Buildings	2,280,824	6,332,957	21,418,330	1,529,686	694,879	32,256,676	5,276,344
Improvements other than buildings	189,361,563	157,939,637	53,118,000	1,205,222	5,655,920	407,280,342	49,023
Machinery and equipment	4,349,202	4,621,273	1,607,519	8,824,551	2,873,792	22,276,337	1,195,494
Less accumulated depreciation	(76,140,524)	(69,361,360)	(31,657,640)	(6,669,225)	(6,867,065)	(190,695,814)	(3,115,016)
Total noncurrent assets	190,588,531	111,645,365	63,592,938	5,995,104	4,796,722	376,618,660	3,968,837
Total assets	221,634,359	122,213,856	69,197,831	9,726,849	5,017,968	427,790,863	10,060,633
Deferred Outflows of Resources							
Deferred outflows related to pensions and OPEB	724,620	496,009	438,989	543,046	160,405	2,363,069	448,251
Total deferred outflows of resources	724,620	496,009	438,989	543,046	160,405	2,363,069	448,251
Total assets and deferred outflows of resources	222,358,979	122,709,865	69,636,820	10,269,895	5,178,373	430,153,932	10,508,884
LIABILITIES							
Current Liabilities							
Accounts payable	4,162,647	2,301,192	2,553,705	689,414	378,815	10,085,773	194,829
Accrued expenses	489,962	681,429	22,908	37,170	11,523	1,242,992	37,980
Claims payable	-	-	-	-	-	-	49,818
Interfund payables	-	-	2,968,974	546,140	-	3,515,114	-
Customer deposits	592,014	-	12,048	-	-	604,062	-
Compensated absences	96,516	121,282	27,324	34,949	47,557	327,628	35,261
Loans payable	2,110,470	3,521,743	-	-	-	5,632,213	-
Bonds payable	525,552	-	-	-	-	525,552	-
Landfill closure costs	-	-	-	177,640	-	177,640	-
Advanced revenue	-	-	-	-	84,051	84,051	-
Total current liabilities	7,977,161	6,625,646	5,584,959	1,485,313	521,946	22,195,025	317,888
Noncurrent Liabilities							
Claims payable	-	-	-	-	-	-	99,635
Interfund payable	-	-	-	1,732,225	-	1,732,225	-
Compensated absences	200,000	149,361	67,211	169,545	17,363	603,480	262,575
Loans payable	28,406,967	42,840,345	-	-	-	71,247,312	-
Bonds payable	7,180,034	-	-	-	-	7,180,034	-
Landfill closure/postclosure cost	-	-	-	1,598,763	-	1,598,763	-
Pension and OPEB liability	2,608,296	2,434,433	911,051	1,846,156	460,882	8,260,818	2,026,075
Total noncurrent liabilities	38,395,297	45,424,139	978,262	5,346,689	478,245	90,622,632	2,388,285
Total liabilities	46,372,458	52,049,785	6,563,221	6,832,002	1,000,191	112,817,657	2,706,173
Deferred Inflows of Resources							
Deferred inflows related to pensions and OPEB	954,982	891,325	307,244	675,938	168,743	2,998,232	741,812
Total deferred inflows of resources	954,982	891,325	307,244	675,938	168,743	2,998,232	741,812
Total liabilities and deferred inflows of resources	47,327,440	52,941,110	6,870,465	7,507,940	1,168,934	115,815,889	3,447,985
NET POSITION							
Net investment in capital assets	151,147,450	60,742,285	63,555,380	5,011,281	4,779,447	285,235,843	3,419,036
Restricted for debt service	1,120,282	4,449,732	-	-	-	5,570,014	-
Unrestricted	22,763,807	4,576,738	(789,025)	(2,249,326)	(770,008)	23,532,186	3,641,863
Total net position	\$ 175,031,539	\$ 69,768,755	\$ 62,766,355	\$ 2,761,955	\$ 4,009,439	\$ 314,338,043	\$ 7,060,899

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, 2022

	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	\$ 18,632,703	\$ -	\$ -	\$ -	\$ -	\$ 18,632,703	\$ -
Water connection fees	275,750	-	-	-	-	275,750	-
Aquifer protection fee	279,852	-	-	-	-	279,852	-
Water agreement partnering	39,603	-	-	-	-	39,603	-
Wastewater service fees	-	14,893,515	-	-	-	14,893,515	-
Effluent sales	-	749,867	-	-	-	749,867	-
Fuel sales and flowage fees	-	-	236,489	-	-	236,489	-
Tie down and hangar rentals	-	-	1,657,985	-	-	1,657,985	-
Refuse collection fees	-	-	-	6,907,677	-	6,907,677	-
Tipping fees	-	-	-	3,126,200	-	3,126,200	-
Recycling revenue	-	-	-	270,180	-	270,180	-
Golf course green fees	-	-	-	-	1,761,551	1,761,551	-
Restaurant sales	-	-	-	-	1,301,232	1,301,232	-
Golf course rentals	-	-	-	-	781,887	781,887	-
Golf pro-shop sales	-	-	-	-	204,781	204,781	-
Charges for services	-	-	-	-	-	-	7,088,464
Miscellaneous	386,332	141,556	413,271	180,079	41,594	1,162,832	52,873
Total operating revenues	19,614,240	15,784,938	2,307,745	10,484,136	4,091,045	52,282,104	7,141,337
Operating Expenses							
Personnel services	3,286,990	3,041,372	1,189,422	2,340,128	1,701,076	11,558,988	2,536,709
Supplies	814,013	675,391	193,615	816,505	1,189,376	3,688,900	1,352,004
Other services and charges	5,673,984	4,277,558	1,534,179	6,288,085	1,196,439	18,970,245	1,897,110
Depreciation	4,523,050	7,801,338	2,031,394	706,131	246,225	15,308,138	147,589
Total operating expenses	14,298,037	15,795,659	4,948,610	10,150,849	4,333,116	49,526,271	5,933,412
Operating income (loss)	5,316,203	(10,721)	(2,640,865)	333,287	(242,071)	2,755,833	1,207,925
Non-Operating Revenues (Expenses)							
Debt service interest	(838,080)	(1,260,265)	-	(45,560)	-	(2,143,905)	-
Interest and investment income	(21,761)	(94,009)	-	-	-	(115,770)	(29,824)
Net gain (loss) on disposal of assets	27,671	14,769	(23,754)	(58,760)	666	(39,408)	2,460
Total non-operating revenues (expenses)	(832,170)	(1,339,505)	(23,754)	(104,320)	666	(2,299,083)	(27,364)
Income (loss) before contributions and transfers	4,484,033	(1,350,226)	(2,664,619)	228,967	(241,405)	456,750	1,180,561
Grant contributions	-	-	5,831,722	-	-	5,831,722	-
Capital contributions	2,440,235	1,014,519	-	-	-	3,454,754	-
Transfers in	-	-	1,108,440	64,702	370,118	1,543,260	-
Transfers out	(146,186)	(109,640)	-	(36,547)	-	(292,373)	-
Change in net position	6,778,082	(445,347)	4,275,543	257,122	128,713	10,994,113	1,180,561
Total net position - beginning	168,253,457	70,214,102	58,490,812	2,504,833	3,880,726	303,343,930	5,880,338
Total net position - ending	\$ 175,031,539	\$ 69,768,755	\$ 62,766,355	\$ 2,761,955	\$ 4,009,439	\$ 314,338,043	\$ 7,060,899

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, 2022

	Business-type Activities - Enterprise Funds			
	Major Funds			
	Water	Waste- water	Airport	Solid Waste
Cash flows from operating activities:				
Cash received from customers	\$ 19,602,824	\$ 15,754,111	\$ 2,315,387	\$ 10,419,797
Cash payments to employees for services	(3,368,129)	(3,146,071)	(1,460,648)	(2,421,261)
Cash payments to suppliers for goods and services	(5,995,999)	(4,905,471)	(1,417,482)	(6,699,183)
Net cash provided by (used for) operating activities	10,238,696	7,702,569	(562,743)	1,299,353
Cash flows from noncapital financing activities:				
Receipts (payments) under interfund loan arrangement	3,007,832	-	(2,668,971)	-
Transfers in	-	-	1,108,440	64,702
Transfers out	(146,186)	(109,640)	-	(36,547)
Net cash provided by (used for) noncapital financing activity	2,861,646	(109,640)	(1,560,531)	28,155
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(23,885,906)	(4,638,741)	(5,084,199)	(1,087,759)
Contributed from capital grant	31,373	-	7,207,473	-
Contributed from customers	2,408,862	1,014,519	-	-
Interest paid on capital financing	(853,932)	(1,304,355)	-	(45,560)
Principal paid on capital financing	(2,485,755)	(3,420,885)	-	(344,015)
Proceeds from debt issues	13,936,940	2,017,279	-	1,018,362
Proceeds from sales of capital assets	27,671	97,077	-	35,041
Net cash provided by (used for) capital and related financing activities	(10,820,747)	(6,235,106)	2,123,274	(423,931)
Cash flows from investing activities:				
Interest on investments	(21,761)	(94,009)	-	-
Loan (repayment) under interfund loan	-	-	-	-
Net cash provided by (used for) investing activities	(21,761)	(94,009)	-	-
Net increase (decrease) in cash and cash equivalents	2,257,834	1,263,814	-	903,577
Cash and cash equivalents at July 1	23,011,190	12,586,038	-	3,335,720
Cash and cash equivalents at June 30	\$ 25,269,024	\$ 13,849,852	\$ -	\$ 4,239,297
Reconciliation to statement of net position:				
Cash and cash equivalents at June 30, unrestricted	\$ 24,148,742	\$ 9,400,120	\$ -	\$ 3,324,681
Cash and cash equivalents at June 30, restricted	1,120,282	4,449,732	-	914,616
Total	\$ 25,269,024	\$ 13,849,852	\$ -	\$ 4,239,297
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 5,316,203	\$ (10,721)	\$ (2,640,865)	\$ 333,287
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	4,523,050	7,801,338	2,031,394	706,131
Changes in assets and liabilities:				
Increase (decrease) in accounts payable	451,101	45,591	310,312	405,408
Increase (decrease) in compensated absences	25,481	6,924	(54,080)	1,204
(Increase) decrease in accounts receivable	(44)	(19,143)	11,157	(56,493)
(Increase) decrease in inventory	40,645	-	-	-
Increase (decrease) salary & benefits payable	(117,740)	(121,420)	(220,661)	(90,184)
Total adjustments	4,922,493	7,713,290	2,078,122	966,066
Net cash provided by operating activities	\$ 10,238,696	\$ 7,702,569	\$ (562,743)	\$ 1,299,353

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

		Governmental Activities- Internal Service Funds
Golf Course	Totals	
\$ 4,082,790	\$ 52,174,909	\$ 7,134,420
(1,759,646)	(12,155,755)	(2,602,538)
(2,403,733)	(21,421,868)	(3,422,756)
(80,589)	18,597,286	1,109,126
-	338,861	-
370,118	1,543,260	-
-	(292,373)	-
370,118	1,589,748	-
(501,011)	(35,197,616)	(93,928)
-	7,238,846	-
-	3,423,381	-
-	(2,203,847)	-
-	(6,250,655)	-
-	16,972,581	-
666	160,455	2,461
(500,345)	(15,856,855)	(91,467)
-	(115,770)	(27,184)
-	-	-
-	(115,770)	(27,184)
(210,816)	4,214,409	990,475
210,816	39,143,764	5,146,035
\$ -	\$ 43,358,173	\$ 6,136,510
\$ -	\$ 36,873,543	\$ 5,662,660
-	6,484,630	473,850
\$ -	\$ 43,358,173	\$ 6,136,510
\$ (242,071)	\$ 2,755,833	\$ 1,207,925
246,225	15,308,138	147,589
30,476	1,242,888	(131,267)
(39,139)	(59,610)	27,780
(6,274)	(70,797)	2,076
(48,396)	(7,751)	(42,374)
(21,410)	(571,415)	(102,603)
161,482	15,841,453	(98,799)
\$ (80,589)	\$ 18,597,286	\$ 1,109,126

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, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

For the year ended June 30, 2022, the County implemented the provisions of GASB Statement No. 87, Leases, as amended, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. As a result, the County's financial statements have been modified to reflect the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on the contract payment provisions.

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 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 #2 was formed by petition to the City Council in 2000. The district's purpose is to improve public infrastructure in a specified land area. As a special purpose district and separate political subdivision under the Arizona Constitution, the district 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 District's debt. 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 district's transactions are 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 activities) 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. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuances of long-term debt and financing through lease contracts are reported as other financing sources.

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 are tangible and intangible 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 (except for intangible right-to-use lease assets, measurement is discussed in note N). 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/amortization 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
Right-to-use leased equipment	5-15 years
Infrastructure	20 years

Depreciation/amortization 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.

Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

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 statement of financial position includes a separate section for *deferred outflows of resources*. Deferred outflows of resources represent consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for *deferred inflows of resources*. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has three items that qualifies for this category. *Unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the following sources: property tax, special assessments, and grant drawdowns prior to meeting eligibility requirements. In the government-wide financial statements, the City reports deferred amounts related to leases and deferred amounts related to pension and OPEB.

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:

	General	Streets and Open Space	PSPRS Dedicated Tax	Nonmajor Governmental Funds	Total
Nonspendable - internal loans	\$ 7,754,333	\$ -		\$ -	\$ 7,754,333
Restricted:					
Streets and open space activity	-	27,659,037	-	-	27,659,037
PSPRS unfunded liability service	-	-	2,894,667	-	2,894,667
Capital expenditure	-	-	-	4,698,385	4,698,385
Transient lodging tax activity	-	-	-	877,868	877,868
Debt Service	-	-	-	41,866	41,866
Donated/Grant purposes	-	-	-	1,560,457	1,560,457
Total Restricted	\$ -	\$ 27,659,037	\$ 2,894,667	\$ 7,178,576	\$ 37,732,280

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.

N. Leases

The City is a lessee for a noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. As lessee, the City recognizes lease liabilities with an initial, individual value of \$20,000 or more. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured at the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term (3) lease payments. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The City's estimate incremental borrowing rate is based on estimates for borrowings for terms as follows: 3% for a term of 1-8 years, 5% for a term of 9-15 years, and 6% for a term 16 or more years. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

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

The City is a lessor for a noncancellable lease of a building and various land spaces. The City recognizes a lease receivable and a deferred inflow of resources in the government wide and governmental fund financial statements. As lessor, the City recognizes lease receivables with an initial, individual value of \$20,000 or more.

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

Key estimates and judgements include how the City determines the (1) discount rate is uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. If there is no stated rate in the lease contract (or if the stated rate is not the rate the City charges the lessee) and the implicit rate cannot be determined, the City uses its own estimated incremental borrowing rate as the discount rate to measure lease receivables. The City's estimated incremental is calculated as described above for lessee. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of the payments from the lessee.

The City monitors changes in circumstances that would require a remeasurements of its leases, and will remeasure the if certain changes occur that are expected to significantly affect the amounts.

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 14, 2022:

Resolution No. 2022-1823
Fiscal Year 2022 Movement of Budget Appropriations

Purchase of W parcel from AED

From		To		Amount
Fund	Department	Fund	Department	
General Fund	Non-departmental	General Fund	City Manager (Econ Dev)	\$ 9,911,000

Additional debt service payment on New City Hall internal loan

From		To		Amount
Fund	Department	Fund	Department	
General Fund	Non-departmental	General Fund	Rec Services/Facilities	\$ 500,000

Increased funding for courthouse lighting and marketing

From		To		Amount
Fund	Department	Fund	Department	
General Fund	Non-departmental	Transient Occupancy Tax	City Manager	\$ 675,000

Unanticipated Grants and Trusts

From		To		Amount
Fund	Department	Fund	Department	
Grants Fund	Non-departmental	Grants Fund	Library	\$ 10,000
Grants Fund	Non-departmental	Trust Funds	Community Development	5,000

Grant - State and Local Fiscal Recovery Fund

From		To		Amount
Fund	Department	Fund	Department	
Grants Fund	Non-departmental	Grants Fund	Police Department	\$ 2,900,000
Grants Fund	Non-departmental	Grants Fund	Fire Department	2,700,000

Revenue projected to exceeded budget for PSPRS Dedicated Tax Special Revenue Fund

From		To		Amount
Fund	Department	Fund	Department	
General Fund	Non-departmental	PSPRS Dedicated Tax	Non-departmental	\$ 1,600,000

Additional expenditures at Golf Course related to additional activity

From		To		Amount
Fund	Department	Fund	Department	
Golf Course Fund	Non-departmental	Golf Course Fund	Recreation Services	\$ 100,000

Additional expenditures in Fleet related to additional activity

From		To		Amount
Fund	Department	Fund	Department	
Facilities Maintenance	Recreation Services	Fleet Maintenance	Recreation Services	\$ 75,000

The following budget amendments were done by Council on September 13, 2022:

Resolution No. 2022-1840
Fiscal Year 2022 Movement of Budget Appropriations

Use of Contingency for Goldwater Lake Expansion

From		To		Amount
Fund	Department	Fund	Department	
Bed Tax	City Manager (Econ Dev)	Transient Lodging (Bed) Tax	Recreation Services	\$ 300,000

Unanticipated Grants and Trusts

From		To		Amount
Fund	Department	Fund	Department	
Grants Fund	Non-departmental	Grants Fund	Library	\$ 20,000
Grants Fund	Non-departmental	Trust Funds	Recreation Services	\$ 10,000

Additional expenditures at Golf Course related to additional activity

From		To		Amount
Fund	Department	Fund	Department	
General Fund	Recreation Services	Golf Course Fund	Recreation Services	\$ 177,000
General Fund	Recreation Services	Golf Course Fund	Non-departmental	\$ 405,000

Additional expenditures in Fleet related to additional activity

From		To		Amount
Fund	Department	Fund	Department	
Facilities Maintenance	Recreation Services	Fleet Maintenance	Recreation Services	\$ 65,000

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 \$15,598.

Deposits

At June 30, 2022, the carrying amount of the City's deposits was \$8,661,510 and the bank balance was \$14,789,937.92 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, 2022, 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, 2022, was 2.65.

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 30.1 percent, 28.2 percent, and 41.7 percent respectively, of the City's total investments.

Investments

The City's investments at June 30, 2022, 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>
External investment pools measured at fair value			
State Treasurer's 7 Pool (LGIP-7)	\$ 15,461,046	Not Rated	0.08
State Treasurer's 700 Pool (LGIP-700)	26,657,705	Not Rated	2.87
Total investments measured at fair value	<u>\$ 42,118,751</u>	Not Rated	
Fair valued measured at significant other observable inputs (Level 2)			
U.S. Treasury Note	\$ 28,548,300		3.39
U.S. Agency Mortgage Backed Securities	30,439,722	Aaa	3.07
Total investments by fair value level 2	<u>\$ 58,988,022</u>		
Total Fair Value	<u>\$ 101,106,773</u>		
Portfolio Modified Duration			2.65

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

Amounts other than leases receivable are aggregated into a single accounts receivable (net of allowance for doubtful accounts) line for certain funds and aggregated columns. Below is a detail of receivables for the general and debt service funds and the nonmajor governmental funds in the aggregate, including the applicable allowances for doubtful accounts:

	General	Streets Fund	PSPRS Dedicated Tax	Nonmajor Governmental Funds	Internal Service Funds	Total
Receivables:						
Accounts	\$ 3,963,004	\$ 3,105,613	\$ 2,092,627	\$ 181,297	\$ -	\$ 9,342,541
Allowance	-	(914)	-	-	-	(914)
Accounts (net)	3,963,004	3,104,699	2,092,627	181,297	-	9,341,627
Property Taxes	56,982	-	-	1,551	-	58,533
Special Assessments	-	-	-	11,823	-	11,823
Interest	96,280	-	-	2,396	1,016	99,692
Intergovernmental	377,576	539,708	-	3,286,658	-	4,203,942
Total	\$ 4,493,842	\$ 3,644,407	\$ 2,092,627	\$ 3,483,725	\$ 1,016	\$ 13,715,617

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	\$ 2,012,594	\$ 1,226,418	\$ 216,333	\$ 433,023	\$ 115,142	\$ 4,003,510
Allowance	(84,674)	(58,047)	-	(25,959)	-	(168,680)
Accounts (net)	1,927,920	1,168,371	216,333	407,064	115,142	3,834,830
Intergovernmental	-	-	5,388,560	-	-	5,388,560
Total	\$ 1,927,920	\$ 1,168,371	\$ 5,604,893	\$ 407,064	\$ 115,142	\$ 9,223,390

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	\$ 21,583	\$ -
Delinquent property taxes receivable Debt Service Fund	1,551	-
Community facilities districts assessments not yet due	11,823	-
Grant drawdowns prior to meeting eligibility requirements	3,168,274	-
Total	\$ 3,203,231	\$ -

The City leases building space at the new City Hall and ground space to wireless carriers to third parties under the provisions of various lease arrangements. During the fiscal year ended June 30, 2022, the City recognized total lease-related revenues of \$848,993.

Certain regulated leases. The Federal Aviation Administration regulates leases between airports and air carriers, and other aeronautical users. For all airport leases, inflows of resources were recorded in the airport fund based on the provisions of the lease contracts totaling \$604,222.

The expected future minimum payments under these agreements for each of the subsequent five years and in five-year increments thereafter are in the following schedule:

Year Ending June 30,	Airport long- term bare ground and facility leases
2023	\$ 647,921
2024	661,069
2025	704,466
2026	718,820
2027	740,969
2028-2032	3,642,657
2033-2037	3,738,177
2038-2042	3,547,201
2043-2047	3,359,932
2048-2052	3,178,187
2053-2057	2,351,286
Total	<u>\$ 23,290,685</u>

C. Capital Assets

Capital assets activity for governmental activities for the year ended June 30, 2022, was as follows:

Description	Beginning Balance	Transfers	Increases	Decreases	Ending Balance
Land	\$ 75,140,912	\$ -	\$ 10,187,358	\$ (1,677,125)	\$ 83,651,145
Construction in progress	17,803,603	(16,021,799)	3,488,021	-	5,269,825
Total non-depreciable	<u>92,944,515</u>	<u>(16,021,799)</u>	<u>13,675,379</u>	<u>(1,677,125)</u>	<u>88,920,970</u>
Buildings	44,638,886	98,188	401,972	-	45,139,046
Improvements other than buildings	46,779,733	1,003,128	153,237	-	47,936,098
Machinery and equipment	32,756,781	-	3,404,942	(1,097,158)	35,064,565
Intangible right-to-use lease assets (equipment)	-	-	643,023	-	643,023
Infrastructure	289,440,840	14,920,483	240,043	-	304,601,366
Total depreciable	<u>413,616,240</u>	<u>16,021,799</u>	<u>4,843,217</u>	<u>(1,097,158)</u>	<u>433,384,098</u>
Accumulated depreciation					
Buildings	(19,405,279)	-	(1,067,595)	-	(20,472,874)
Improvements other than buildings	(20,144,390)	-	(1,281,692)	-	(21,426,082)
Machinery and equipment	(23,833,191)	-	(1,473,595)	1,097,158	(24,209,628)
Infrastructure	(208,026,251)	-	(8,802,831)	-	(216,829,082)
Total accumulated depreciation	<u>(271,409,111)</u>	<u>-</u>	<u>(12,625,713)</u>	<u>1,097,158</u>	<u>(282,937,666)</u>
Accumulated amortization					
Intangible right-to-use lease assets (equipment)	-	-	(160,756)	-	(160,756)
	<u>-</u>	<u>-</u>	<u>(160,756)</u>	<u>-</u>	<u>(160,756)</u>
Governmental activities capital assets net	<u>\$ 235,151,644</u>	<u>\$ -</u>	<u>\$ 5,732,127</u>	<u>\$ (1,677,125)</u>	<u>\$ 239,206,646</u>

Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

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

General government (including internal service funds)	\$ 1,326,803
Community services	24,250
Culture and recreation	916,887
Public safety - police	861,158
Public safety - fire	406,498
Public works	9,250,873
Total depreciation for governmental activities	<u>\$ 12,786,469</u>

Capital assets activity for business-type activities for the year ended June 30, 2022, was as follows:

Description	Beginning				Ending Balance
	Balance	Transfer	Increases	Decreases	
Land	\$ 30,501,878	\$ -	\$ 78,440	\$ (82,308)	\$ 30,498,010
Construction in progress	67,846,678	(33,812,049)	34,170,772	-	68,205,401
Total non-depreciable	98,348,556	(33,812,049)	34,249,212	(82,308)	98,703,411
Buildings	32,268,230	-	12,808	(24,362)	32,256,676
Improvements other than buildings	371,150,084	33,812,049	2,318,210	-	407,280,343
Machinery and equipment	21,161,897	-	1,964,784	(850,344)	22,276,337
Total depreciable	424,580,211	33,812,049	4,295,802	(874,706)	461,813,356
Accumulated depreciation					
Buildings	(12,315,291)	-	(685,728)	609	(13,000,410)
Improvements other than buildings	(150,796,033)	-	(13,312,527)	-	(164,108,560)
Machinery and equipment	(13,033,505)	-	(1,309,883)	756,544	(13,586,844)
Total accumulated depreciation	(176,144,829)	-	(15,308,138)	757,153	(190,695,814)
Business activities capital assets net	<u>\$ 346,783,938</u>	<u>\$ -</u>	<u>\$ 23,236,876</u>	<u>\$ (199,861)</u>	<u>\$ 369,820,953</u>

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

Water	\$ 4,523,050
Wastewater	7,801,338
Airport	2,031,394
Solid waste	706,131
Golf Course	246,225
Total depreciation for business-type activities	<u>\$ 15,308,138</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:

Fund	Reason	General Fund	Water Fund	Total
General Fund	Res. 2021-1771 building purchase	\$ -	\$ 4,543,388	\$ 4,543,388
Solid Waste Fund	Res. 2020-1736 equipment purchase	2,278,365	-	2,278,365
Grant Fund	Delayed grant reimbursements	2,506,993	-	2,506,993
Airport Fund	Delayed grant reimbursements	2,968,974	-	2,968,974
Total		<u>\$ 7,754,332</u>	<u>\$ 4,543,388</u>	<u>\$ 12,297,720</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	Nonmajor Governmental	Water Fund	Waste Water Fund	Solid Waste Fund	
Governmental							
General Fund	\$ -	\$ 73,093	\$ 73,000	\$ 146,186	\$ 109,640	\$ 36,547	\$ 438,466
Nonmajor	156,414	-	-	-	-	-	156,414
Enterprise							
Airport	1,108,440	-	-	-	-	-	1,108,440
Solid Waste	28,426	-	36,276	-	-	-	64,702
Golf Course	370,118	-	-	-	-	-	370,118
Total	\$ 1,663,398	\$ 73,093	\$ 109,276	\$ 146,186	\$ 109,640	\$ 36,547	\$ 2,138,140

F. Long-Term Debt

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 \$11,823.

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

Year Ending	June 30,	
	Principal	Interest
2023	\$ 5,828	\$ 338
2024	5,995	220
	\$ 11,823	\$ 558

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, 2022:

Pledged Revenues:		
City Privilege and Use Taxes	\$	22,969,062
State-Shared Revenue		16,096,913
Franchise Taxes		1,815,127
Licenses and Permits		1,047,029
Charges for Services		5,270,281
Fines and Forfeitures		263,395
Total Pledged Revenues	\$	<u>47,461,807</u>
Fiscal Year 2022 Debt Service	\$	<u>2,746,875</u>
Debts Service Coverage		17

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%	\$ 12,450,000
	Governmental Activities			12,450,000
Water	Big Chino Water Ranch	MPC 2014	3.64%	7,135,000
	Business-type Activities			7,135,000
				<u>\$ 19,585,000</u>

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

Year Ending	Interest			
	Principal	Interest	Premium Amortization	Net Interest
June 30,				
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	2,365,000	388,110	(62,423)	325,687
2028-2032	6,905,000	993,585	(207,377)	786,208
2033-2034	1,500,000	113,250	(27,190)	86,060
	<u>\$ 19,585,000</u>	<u>\$ 3,658,725</u>	<u>\$ (570,586)</u>	<u>\$ 3,088,139</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, 2022, the debt service of these loans were \$8,003,285 and the net revenues available for debt service were \$17,514,100 providing a debt coverage ratio of 219 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
Drinking Water Projects							
920125-08	\$ 9,854,000	8/24/2007	7/1/2027	\$ 9,854,000	3.640%	Water Main Imp	\$ 3,724,300
92A166-10	8,998,096	7/31/2009	7/1/2029	2,759,551	3.143%	Zone 39 Imp	1,219,528
920206-11	1,060,000	12/3/2010	7/1/2030	1,018,796	3.152%	Water Main Imp	536,069
920237-13	15,921,582	1/25/2013	7/1/2032	15,921,582	2.800%	Water Main Imp	8,572,642
920297-20	25,000,000	8/30/2019	7/1/2049	In Progress	1.590%	Intermediate Pump	16,464,898
Total Drinking Water Projects							30,517,437
Clean Water Projects							
910097-08	4,703,000	8/24/2007	7/1/2027	4,703,000	3.868%	Sew er Mains Imp	1,800,637
910122-10	6,573,506	7/31/2009	7/1/2029	6,054,763	3.143%	Sew er Mains Imp	2,867,904
910147-11	2,070,000	12/3/2010	7/1/2030	1,574,593	3.152%	Sew er Mains Imp	791,559
910148-11	1,635,870	12/3/2010	7/1/2030	1,480,944	3.152%	Sundog WWTP Imp	765,619
910151-11	45,802,753	6/10/2011	7/1/2031	43,202,549	2.950%	Airport WWTP	25,369,366
910170-18	21,600,000	2/2/2018	7/1/1947	In Progress	2.328%	Sundog Trunk Main	14,767,003
Total Clean Water Projects							46,362,088
Total							\$ 76,879,525

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

Year Ending	Principal	Interest
June 30,		
2023	\$ 5,632,212	\$ 1,833,456
2024	5,434,623	1,675,260
2025	5,592,819	1,512,299
2026	5,755,779	1,344,428
2027	5,923,651	1,171,493
2028-2032	26,390,337	3,545,267
2033-2037	6,444,900	1,738,081
2038-2042	6,118,680	1,161,530
2043-2047	6,743,487	524,019
2048-2050	2,843,037	33,804
	\$ 76,879,525	\$ 14,539,637

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
Governmental Activities:					
Bond payable:					
Municipal Property Corporation	\$ -	\$ -	\$ -	\$ -	\$ -
City pledged excise tax bonds	14,075,000	-	1,625,000	12,450,000	1,665,000
Special assessments	4,587	-	4,587	-	-
Community Facilities Districts	22,484	-	10,661	11,823	5,828
Total bonds payable	14,102,071	-	1,640,248	12,461,823	1,670,828
Financed purchases	-	115,881	23,553	92,329	22,077
Leases payable	-	643,023	153,700	489,323	158,311
Claims payable	314,629	-	165,176	149,453	49,818
Compensated absences	3,718,510	321,372	150,130	3,889,752	934,127
Net pension & OPEB liability	72,342,781	-	44,286,896	28,055,885	-
Governmental activity long-term liabilities	\$ 90,477,991	\$ 1,080,276	\$ 46,419,702	\$ 45,138,565	\$ 2,835,161
Business-type Activities:					
Municipal Property Corporation					
bonds payable	\$ 7,565,000	\$ -	\$ 430,000	\$ 7,135,000	\$ 450,000
MPC 2014 Unamortized Premium	651,300	-	80,714	570,586	75,552
WIFA loans payable	66,401,945	15,954,220	5,476,640	76,879,525	5,632,213
Landfill closure/post closure costs	1,643,228	151,855	18,680	1,776,403	177,640
Compensated absences	984,881	4,742	58,516	931,107	327,628
Net pension & OPEB liability	11,522,145	-	3,261,328	8,260,817	-
Business-type activity long-term liabilities	\$ 88,768,499	\$ 16,110,817	\$ 9,325,878	\$ 95,553,438	\$ 6,663,033

Compensated Absences

Compensated absences are liquidated in the General fund, Streets & Open Space fund, Enterprise funds and Internal Service funds depending on 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 on 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, 2022, the City is well within its debt limits, having \$157.6 million in borrowing capacity in the 20 percent category, and \$47.2 million in borrowing capacity in the 6 percent category. The City also has a \$2.3 million margin available for Highway User Tax Bonds which represents 50 percent of the Highway User revenue received in fiscal year 2022.

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 \$149,453 for general self-insurance reported in the fund at June 30, 2022, 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, 2020 to June 30, 2022:

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		314,629
Claims and changes in estimates		(165,176)
Claims payments		<u>-</u>
Liability balance, June 30, 2022	\$	<u><u>149,453</u></u>

Of the amount shown above, \$49,818 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, 2022, 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, 2022, the City reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-Type Activities	Total
Pension and OPEB liabilities	\$ 28,055,885	\$ 8,260,817	\$ 36,316,702
OPEB asset	1,053,908	313,077	1,366,985
Deferred outflows of resources	27,644,686	2,363,070	30,007,756
Deferred inflows of resources	20,073,764	2,998,232	23,071,996
Pension and OPEB expense	3,734,504	472,002	4,206,506

The City reported \$21,233,048 of pension and OPEB expenditures in the governmental funds related to all pension plans to which it contributes

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.

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, 2022, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.41 percent (12.22 percent for retirement and 0.19 percent for long-term disability) of the members’ annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of 12.41 percent (12.01 percent for retirement, 0.21 percent for health insurance premium benefit, and 0.19 percent for long-term disability) of the active members’ annual covered payroll. In addition, the City was required by statute to contribute at the actuarially determined rate of 10.22 percent (10.13 percent for retirement and 0.09 percent for long-term disability) of annual covered payroll of retired members who worked for the City in positions that would typically be filled by an employee who contributes to the ASRS. The City’s contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2022, were \$2,705,917, \$47,314, and \$42,808 respectively.

During fiscal year 2022, the City paid for ASRS pension and OPEB contributions as follows: 58.1 percent from the General Fund, 34.7 percent from major funds, and 7.2 percent from other funds.

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

ASRS	Net Pension/OPEB (Asset) Liability
Pension	\$ 24,853,470
Health insurance premium benefit	(933,150)
Long-term disability	39,283

The net asset and net liability were measured as of June 30, 2021. 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, 2020, to the measurement date of June 30, 2021. The total liabilities as of June 30, 2021, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2020, including decreasing the discount rate from 7.5 percent to 7.0 percent and changing the projected salary increases from 2.7–7.2 percent to 2.9–8.4 percent.

The City’s proportion of the net asset or net liability was based on the City’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2021. The City’s proportions measured as of June 30, 2021, and the change from its proportions measured as of June 30, 2020, were:

ASRS	Proportion June 30, 2021	Increase (Decrease) from June 30, 2020
Pension	0.18915%	-0.00398%
Health insurance premium benefit	0.19153%	-0.00418%
Long-term disability	0.19030%	-0.00426%

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

ASRS	Pension/OPEB Expense
Pension	\$ 1,514,937
Health insurance premium benefit	(104,242)
Long-term disability	27,722

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

	Pension		Health Insurance Premium Benefit		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	\$ 378,868	\$ -	\$ -	\$ 323,618	\$ 11,347
Changes of assumptions	3,234,878	-	46,263	37,728	12,563	49,497
Differences between projected and actual investment earnings	-	7,874,454	-	346,151	-	27,206
Changes in proportion and differences between City contributions and proportionate share of contributions	-	446,692	1,490	48	669	5,450
City contributions subsequent to the measurement date	2,705,917	-	47,314	-	42,808	-
Total	\$ 6,319,663	\$ 8,321,146	\$ 95,067	\$ 707,545	\$ 67,387	\$ 85,354

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, 2023. 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
2023	\$ (154,696)	\$ (154,690)	\$ (8,307)
2024	(103,194)	(148,283)	(7,832)
2025	(1,735,914)	(162,630)	(8,814)
2026	(2,713,596)	(179,763)	(12,932)
2027	-	(14,426)	(5,475)
Thereafter	-	-	(17,415)
Total	(4,707,400)	(659,792)	(60,775)

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

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

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

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

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

Sensitivity of the 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 7.0 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 (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.5%)	1% Increase (8.0%)
City’s proportionate share of the Net pension liability	\$ 39,092,427	\$ 24,853,470	\$ 12,982,120
Net insurance premium benefit liability (asset)	(617,842)	(933,150)	(1,201,266)
Net long-term disability liability	51,151	39,283	27,799

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.

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, 2022, 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	70	70	72	72
Inactive employees entitled to but not yet receiving benefits	14	3	15	7
Active employees	47	47	46	46
Total	131	120	133	125

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

	PSPRS Police	PSPRS Fire
Active members pension	7.65% - 11.65%	7.65% - 11.65%
City		
Pension	41.97%	50.95%
Health insurance premium benefit	0.99%	0.00%
City Total	42.96%	50.95%

In addition, the City was required by statute to contribute at the actuarially determined rate of 31.66 percent for PSPRS Police and 38.55 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, 2022, were:

	PSPRS Police	PSPRS Fire
Pension contributions made	\$ 11,254,773	\$ 8,354,945
Health Insurance premium benefit		
OPEB contributions made	56,670	-

During fiscal year 2022, the City paid for PSPRS pension and OPEB contributions as follows: 16.6 percent from the General Fund, 83.3 percent from major funds, and 0.1 percent from other funds.

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

	Net Pension Liability	Net OPEB (Asset) Liability
PSPRS Police	\$ 5,728,894	\$ 195,855
PSPRS Fire	5,499,200	(433,835)

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

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

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

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

The long-term expected rate of return on PSPRS 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:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. public equity	24%	4.08%
International public equity	16%	5.20%
Global private equity	20%	7.67%
Other assets (capital appreciation)	7%	5.43%
Core bonds	2%	0.42%
Private credit	20%	5.74%
Diversifying strategies	10%	3.99%
Cash - Mellon	1%	-0.31%
Total	100%	

Discount Rate – At June 30, 2021, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.3 percent. The projection of cash flows used to determine 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, 2021	\$ 60,807,910	\$ 37,931,038	\$ 22,876,872
Adjustment to Beginning of Year		-	-
Changes for the year:			
Service cost	715,449	-	715,449
Interest on the total pension liability	4,364,045	-	4,364,045
Differences between expected and actual experience in the measurement of the pension liability	(728,521)	-	(728,521)
Changes of assumptions	-	-	-
Changes of Benefit terms	-	-	-
Contributions-employer	-	9,931,396	(9,931,396)
Contributions-employee	-	327,035	(327,035)
Net investment income	-	11,293,825	(11,293,825)
Benefit payments, including refunds of employee contributions	(3,483,833)	(3,483,833)	-
Pension plan administrative expense	-	(53,305)	53,305
Other changes	-	-	-
Net changes	867,140	18,015,118	(17,147,978)
Balance at June 30, 2022	\$ 61,675,050	\$ 55,946,156	\$ 5,728,894

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, 2021	\$ 1,161,836	\$ 776,627	\$ 385,209
Adjustment to Beginning of Year	-	-	-
Changes for the year:			
Service cost	16,784	-	16,784
Interest on the total OPEB liability	83,277	-	83,277
Differences between expected and actual experience in the measurement of the OPEB liability	(59,072)	-	(59,072)
Changes of assumptions	-	-	-
Changes of Benefit terms	-	-	-
Contributions-employer	-	28,732	(28,732)
Contributions-employee	-	-	-
Net investment income	-	202,443	(202,443)
Benefit payments, including refunds of employee contributions	(75,687)	(75,687)	-
OPEB plan administrative expense	-	(832)	832
Other changes	-	-	-
Net changes	(34,698)	154,656	(189,354)
Balance at June 30, 2022	\$ 1,127,138	\$ 931,283	\$ 195,855

PSPRS Fire Pension

	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 77,927,367	\$ 50,934,825	\$ 26,992,542
Adjustment to Beginning of Year	-	-	-
Changes for the year:			
Service cost	887,657	-	887,657
Interest on the total pension liability	5,610,942	-	5,610,942
Differences between expected and actual experience in the measurement of the pension liability	(1,014,673)	-	(1,014,673)
Changes of assumptions	-	-	-
Changes of Benefit terms	-	-	-
Contributions-employer	-	11,442,997	(11,442,997)
Contributions-employee	-	379,453	(379,453)
Contributions-non-employer	-	-	-
Net investment income	-	15,226,754	(15,226,754)
Benefit payments, including refunds of employee contributions	(3,905,605)	(3,905,605)	-
Pension plan administrative expense	-	(71,936)	71,936
Other changes	-	-	-
Net changes	1,578,321	23,071,663	(21,493,342)
Balance at June 30, 2021	\$ 79,505,688	\$ 74,006,488	\$ 5,499,200

PSPRS Fire Health Insurance**Premium Benefit**

	Increase (Decrease)		
	Total	Plan	Net
	OPEB Liability (a)	Fiduciary Net Position (b)	OPEB (Asset) (a) - (b)
Balances at June 30, 2021	\$ 1,047,516	\$ 1,172,008	\$ (124,492)
Changes for the year:			
Service cost	19,243	-	19,243
Interest on the total OPEB liability	75,813	-	75,813
Differences between expected and actual experience in the measurement of the OPEB liability	(84,924)	-	(84,924)
Changes of assumptions	-	-	-
Changes of Benefit terms	-	-	-
Contributions-employer	-	2,617	(2,617)
Contributions-employee	-	-	-
Net investment income	-	318,166	(318,166)
Benefit payments, including refunds of employee contributions	(56,455)	(56,455)	-
OPEB plan administrative expense	-	-	-
Other changes	-	(1,308)	1,308
Net changes	(46,323)	263,020	(309,343)
Balance at June 30, 2022	\$ 1,001,193	\$ 1,435,028	\$ (433,835)

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	\$ 13,591,913	\$ 5,728,894	\$ (719,397)
Net OPEB liability	314,857	195,855	95,425
PSPRS Fire			
Net pension liability	\$ 15,786,090	\$ 5,499,200	\$ (2,914,391)
Net OPEB (asset) liability	(327,215)	(433,835)	(524,161)

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, 2022, the City recognized \$1,543,732 for PSPRS Police and \$1,224,357 for PSPRS Fire in pension and OPEB expense.

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

	Pension		Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
	Differences between expected and actual experience	\$ 460,235	\$ 546,390	\$ 44,164
Changes of assumptions or other inputs	376,198	-	6,274	-
Net difference between projected and actual earnings on plan investments	-	5,153,485	-	82,730
City contributions subsequent to the measurement date	11,273,594	-	37,849	-
Total	\$ 12,110,027	\$ 5,699,875	\$ 88,287	\$ 197,436

	Pension		Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
	Differences between expected and actual experience	\$ 1,211,988	\$ 833,108	\$ 6,405
Changes of assumptions or other inputs	516,150	-	5,056	-
Net difference between projected and actual earnings on plan investments	-	7,002,959	-	134,851
City contributions subsequent to the measurement date	8,354,945	-	-	-
Total	\$ 10,083,083	\$ 7,836,067	\$ 11,461	\$ 224,573

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, 2023. 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
2023	\$ (643,594)	\$ (41,357)	\$ (1,085,470)	\$ (52,381)
2024	(1,142,243)	(41,449)	(1,210,598)	(59,689)
2025	(1,421,699)	(34,693)	(1,567,426)	(54,118)
2026	(1,655,906)	(29,499)	(2,244,435)	(46,924)
2027	-	-	-	-
Total	\$ (4,863,442)	\$ (146,998)	\$ (6,107,929)	\$ (213,112)

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 \$1,776,403 reported in the solid waste enterprise fund as landfill closure and post-closure care liability at June 30, 2022, 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 \$6.6 for various road projects, \$35.4 for various water and sewer infrastructure and \$2.4 for various airport infrastructure.

N. Other Disclosures

After the June 30, 2022, reporting date, the following significant subsequent events occurred.

On September 27, 2022, City Council adopted ordinance No.2022-1814 authorizing debt issuance through the Water Infrastructure Finance Authority of Arizona (WIFA) in the amount of \$34 million for the remainder of the intermediate pumping station project.

On October 11, 2022, Council adopted ordinance No. 2022-1801 eliminating the 0.75% Transaction Privilege Tax dedicated to paying down the City’s unfunded liability for the Arizona Public Safety Personnel Retirement System effective December 31, 2022. The tax took effect on January 1, 2018, and would end the earlier of December 31, 2027, or at such time as the City’s PSPRS unfunded liability is \$1.5 million or less as determined by actuarial value. The City estimates that the unfunded liability will be

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PRESCOTT, ARIZONA

Required Supplementary Information

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

Last ten fiscal years

Arizona State Retirement System - Pension

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
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%
2022	2021	0.189150%	24,853,470	21,427,039	115.99%	78.58%

Information for Fiscal Year 2013 and 2014 is not available

CITY OF PRESCOTT, ARIZONA

Required Supplementary Information

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

Last ten fiscal years

Arizona State Retirement System - Health Insurance premium benefit

Fiscal Year	Measurement Date	Proportion of the Net OPEB (asset)	Proportionate Share of the Net OPEB Asset	Covered Payroll	Proportionate Share of the OPEB (asset) as a % of Covered Payroll	Plan Fiduciary Net Position as a % of the Total OPEB liability
2013	2012	0.000000%	-	-	0.00%	0.00%
2014	2013	0.000000%	-	-	0.00%	0.00%
2015	2014	0.000000%	-	-	0.00%	0.00%
2016	2015	0.000000%	-	-	0.00%	0.00%
2017	2016	0.000000%	-	-	0.00%	0.00%
2018	2017	0.203890%	110,988	19,847,347	0.56%	103.57%
2019	2018	0.207930%	74,874	19,666,771	0.38%	102.20%
2020	2019	0.197820%	54,668	20,537,487	0.27%	101.62%
2021	2020	0.195710%	138,562	21,324,943	0.65%	104.33%
2022	2021	0.191530%	933,150	21,427,039	4.36%	130.24%

Information for Fiscal Year 2013 through 2017 is not available

CITY OF PRESCOTT, ARIZONA

Required Supplementary Information

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

Last ten fiscal years

Arizona State Retirement System - Long-term disability

Fiscal Year	Measurement Date	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a % of Covered Payroll	Plan Fiduciary Net Position as a % of the Total OPEB Liability
2013	2012	0.000000%	-	-	0.00%	0.00%
2014	2013	0.000000%	-	-	0.00%	0.00%
2015	2014	0.000000%	-	-	0.00%	0.00%
2016	2015	0.000000%	-	-	0.00%	0.00%
2017	2016	0.000000%	-	-	0.00%	0.00%
2018	2017	0.202140%	73,271	19,847,347	0.37%	84.44%
2019	2018	0.205450%	107,349	19,666,771	0.55%	77.83%
2020	2019	0.196290%	127,872	20,537,487	0.62%	72.85%
2021	2020	0.194560%	147,595	21,324,943	0.69%	68.01%
2022	2021	0.190300%	39,283	21,427,039	0.18%	90.38%

Information for Fiscal Year 2013 through 2017 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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Measurement Date	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Pension Liability										
Service cost	\$ -	\$ -	\$ 761,809	\$ 760,856	\$ 674,016	\$ 916,086	\$ 847,589	\$ 815,876	\$ 763,124	\$ 715,449
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	4,364,045
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	(728,521)
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)	(3,483,833)
Net change in total pension liability	-	-	8,332,799	1,107,721	1,353,076	4,567,143	1,925,915	3,180,238	2,033,357	867,140
Total pension liability - beginning	-	-	38,307,661	46,640,460	47,748,181	49,101,257	53,668,400	55,594,315	58,774,553	60,807,910
Total pension liability - ending	\$ -	\$ -	\$ 46,640,460	\$ 47,748,181	\$ 49,101,257	\$ 53,668,400	\$ 55,594,315	\$ 58,774,553	\$ 60,807,910	\$ 61,675,050
Plan Fiduciary Net Position										
Employer contributions	\$ -	\$ -	\$ 1,699,361	\$ 2,003,868	\$ 2,119,598	\$ 3,003,310	\$ 13,155,670	\$ 10,177,689	\$ 9,736,179	\$ 9,931,396
Employee contributions	-	-	410,728	488,411	465,547	467,056	401,946	303,791	352,012	327,035
Pension plan net investment income	-	-	1,463,603	425,319	65,838	1,293,200	1,234,804	1,388,439	422,242	11,293,825
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)	(3,483,833)
Pension plan administrative expense	-	-	-	(10,753)	(9,873)	(11,843)	(19,493)	(25,128)	(42,713)	(53,305)
Other	-	-	(667,282)	(135,289)	(371,875)	(41,510)	(670,231)	(37,380)	2	-
Net change in plan fiduciary net position	-	-	229,684	(210,454)	(778,374)	1,498,619	10,618,963	8,156,934	6,839,063	18,015,118
Plan fiduciary net position - beginning	-	-	11,576,603	11,806,287	11,595,833	10,817,459	12,316,078	22,935,041	31,091,975	37,931,038
Plan fiduciary net position - ending	\$ -	\$ -	\$ 11,806,287	\$ 11,595,833	\$ 10,817,459	\$ 12,316,078	\$ 22,935,041	\$ 31,091,975	\$ 37,931,038	\$ 55,946,156
Net pension liability	-	-	34,834,173	36,152,348	38,283,798	41,352,322	32,659,274	27,682,578	22,876,872	5,728,894
Plan fiduciary net position as a percentage of total pension liability	0.00%	0.00%	25.31%	24.29%	22.03%	22.95%	41.25%	52.90%	62.38%	90.71%
Covered valuation payroll	\$ -	\$ -	\$ 4,031,431	\$ 3,868,068	\$ 3,558,688	\$ 4,087,846	\$ 4,306,853	\$ 3,905,240	\$ 3,710,528	\$ 4,914,111
Net pension liability as a percentage of covered valuation payroll	0.00%	0.00%	864.06%	934.64%	1075.78%	1011.59%	758.31%	708.86%	616.54%	116.58%

Information for Fiscal Year 2013 and 2014 is not available

CITY OF PRESCOTT, ARIZONA

Required Supplementary Information

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

Last ten fiscal years

Fiscal Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Measurement Date	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total OPEB Liability										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,760	\$ 13,782	\$ 12,921	\$ 17,227	\$ 16,784
Interest on the total pension liability	-	-	-	-	-	81,693	84,789	86,582	76,792	83,277
Benefit changes	-	-	-	-	-	2,240	-	-	-	-
Difference between expected and actual experience	-	-	-	-	-	39,212	(8,976)	(174,745)	88,328	(59,072)
Assumption changes	-	-	-	-	-	(12,887)	-	15,683	-	-
Benefit payments, including refunds of employee contributions	-	-	-	-	-	(67,273)	(70,682)	(72,087)	(82,021)	(75,687)
Net change in total pension liability	-	-	-	-	-	59,745	18,913	(131,646)	100,326	(34,698)
Total OPEB liability - beginning	-	-	-	-	-	1,114,498	1,174,243	1,193,156	1,061,510	1,161,836
Total OPEB liability - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,174,243	\$ 1,193,156	\$ 1,061,510	\$ 1,161,836	\$ 1,127,138
Plan Fiduciary Net Position										
Employer contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,909	\$ 7,567	\$ 38,931	\$ 38,051	\$ 28,732
Employee contributions	-	-	-	-	-	-	-	-	-	-
Pension plan net investment income	-	-	-	-	-	84,355	52,313	40,668	9,744	202,443
Benefit payments, including refunds of employee contributions	-	-	-	-	-	(67,273)	(70,682)	(72,087)	(82,021)	(75,687)
Pension plan administrative expense	-	-	-	-	-	(747)	(796)	(702)	(792)	(832)
Other	-	-	-	-	-	-	-	37,380	-	-
Net change in plan fiduciary net position	-	-	-	-	-	48,244	(11,598)	44,190	(35,018)	154,656
Plan fiduciary net position - beginning	-	-	-	-	-	730,809	779,053	767,455	811,645	776,627
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 779,053	\$ 767,455	\$ 811,645	\$ 776,627	\$ 931,283
Net OPEB liability (asset)	-	-	-	-	-	395,190	425,701	249,865	385,209	195,855
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	66.35%	64.32%	76.46%	66.84%	82.62%
Covered valuation payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,087,846	\$ 4,306,853	\$ 3,905,240	\$ 3,710,528	\$ 3,548,568
Net pension liability as a percentage of covered valuation payroll	0.00%	0.00%	0.00%	0.00%	0.00%	9.67%	9.88%	6.40%	10.38%	5.52%

Information for Fiscal Year 2013 through 2017s 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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Measurement Date	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Pension Liability										
Service cost	\$ -	\$ -	\$ 625,416	\$ 679,818	\$ 661,270	\$ 933,842	\$ 958,337	\$ 983,851	\$ 871,779	\$ 887,657
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	5,610,942
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	(1,014,673)
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)	(3,905,605)
Net change in total pension liability	-	-	7,531,232	3,487,529	6,783,801	5,145,817	2,918,935	3,326,912	3,766,592	1,578,321
Total pension liability - beginning	-	-	44,966,549	52,497,781	55,985,310	62,769,111	67,914,928	70,833,863	74,160,775	77,927,367
Total pension liability - ending	\$ -	\$ -	\$ 52,497,781	\$ 55,985,310	\$ 62,769,111	\$ 67,914,928	\$ 70,833,863	\$ 74,160,775	\$ 77,927,367	\$ 79,505,688
Plan Fiduciary Net Position										
Employer contributions	\$ -	\$ -	\$ 1,474,478	\$ 3,083,074	\$ 3,381,603	\$ 4,072,538	\$ 14,734,656	\$ 10,143,085	\$ 11,073,920	\$ 11,442,997
Employee contributions	-	-	462,684	463,343	441,178	479,574	423,220	369,128	373,160	379,453
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	15,226,754
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)	(3,905,605)
Pension plan administrative expense	-	-	-	(16,431)	(15,225)	(19,345)	(30,955)	(36,218)	(47,996)	(71,936)
Other	-	-	(913,990)	191,490	(91,593)	230	(553,570)	-	3	-
Net change in plan fiduciary net position	-	-	(617,464)	685,036	305,741	2,487,935	12,453,006	10,777,386	7,732,941	23,071,663
Plan fiduciary net position - beginning	-	-	17,110,244	16,492,780	17,177,816	17,483,557	19,971,492	32,424,498	43,201,884	50,934,825
Plan fiduciary net position - ending	\$ -	\$ -	\$ 16,492,780	\$ 17,177,816	\$ 17,483,557	\$ 19,971,492	\$ 32,424,498	\$ 43,201,884	\$ 50,934,825	\$ 74,006,488
Net pension liability	-	-	36,005,001	38,807,494	45,285,554	47,943,436	38,409,365	30,958,891	26,992,542	5,499,200
Plan fiduciary net position as a percentage of total pension liability	0.00%	0.00%	31.42%	30.68%	27.85%	29.41%	45.78%	58.25%	65.36%	93.08%
Covered valuation payroll	\$ -	\$ -	\$ 3,581,595	\$ 3,486,702	\$ 3,541,885	\$ 4,141,207	\$ 4,503,465	\$ 4,113,300	\$ 4,242,052	\$ 4,500,855
Net pension liability as a percentage of covered valuation payroll	0.00%	0.00%	1005.28%	1113.01%	1278.57%	1157.72%	852.88%	752.65%	636.31%	122.18%

Information for Fiscal Year 2013 and 2014 is not available

CITY OF PRESCOTT, ARIZONA

Required Supplementary Information

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

Last ten fiscal years

Fiscal Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Measurement Date	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total OPEB Liability										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,666	\$ 13,961	\$ 13,510	\$ 19,188	\$ 19,243
Interest on the total pension liability	-	-	-	-	-	69,766	70,198	75,563	74,289	75,813
Benefit changes	-	-	-	-	-	3,187	-	-	-	-
Difference between expected and actual experience	-	-	-	-	-	(13,231)	40,961	(63,521)	(1,033)	(84,924)
Assumption changes	-	-	-	-	-	96	-	12,639	-	-
Benefit payments, including refunds of employee contributions	-	-	-	-	-	(55,015)	(55,438)	(62,855)	(59,300)	(56,455)
Net change in total pension liability	-	-	-	-	-	18,469	69,682	(24,664)	33,144	(46,323)
Total OPEB liability - beginning	-	-	-	-	-	950,885	969,354	1,039,036	1,014,372	1,047,516
Total OPEB liability - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 969,354	\$ 1,039,036	\$ 1,014,372	\$ 1,047,516	\$ 1,001,193
Plan Fiduciary Net Position										
Employer contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,642	\$ 2,617
Employee contributions	-	-	-	-	-	-	-	-	-	-
Pension plan net investment income	-	-	-	-	-	127,852	80,779	63,783	14,990	318,166
Benefit payments, including refunds of employee contributions	-	-	-	-	-	(55,015)	(55,438)	(62,855)	(59,300)	(56,455)
Pension plan administrative expense	-	-	-	-	-	(1,132)	(1,229)	(1,101)	(1,219)	(1,308)
Other	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-	71,705	24,112	(173)	(32,887)	263,020
Plan fiduciary net position - beginning	-	-	-	-	-	1,109,251	1,180,956	1,205,068	1,204,895	1,172,008
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,180,956	\$ 1,205,068	\$ 1,204,895	\$ 1,172,008	\$ 1,435,028
Net pension liability	-	-	-	-	-	(211,602)	(166,032)	(190,523)	(124,492)	(433,835)
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	121.83%	115.98%	118.78%	111.88%	143.33%
Covered valuation payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,141,207	\$ 4,503,465	\$ 4,113,300	\$ 4,242,052	\$ 3,827,890
Net OPEB liability as a percentage of covered valuation payroll	0.00%	0.00%	0.00%	0.00%	0.00%	-5.11%	-3.69%	-4.63%	-2.93%	-11.33%

Information for Fiscal Year 2013 through 2017s not available

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

Arizona State Retirement System - Pension

Fiscal Year	Statutorily Required Contribution	Contributions Made	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Payroll
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%
2022	2,705,917	2,705,917	-	22,530,529	12.01%

Information for Fiscal Year 2013 is not available

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

Arizona State Retirement System - Health insurance premium benefit

Fiscal Year	Statutorily Required Contribution	Contributions Made	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Payroll
2013	\$ -	\$ -	\$ -	\$ -	-
2014	-	-	-	-	-
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	82,019	82,019	-	19,666,771	0.44%
2019	94,472	94,472	-	20,537,487	0.46%
2020	104,492	104,492	-	21,324,943	0.49%
2021	83,565	83,565	-	21,427,039	0.39%
2022	47,314	47,314	-	22,530,529	0.21%

Information for Fiscal Year 2013 through 2017 is not available.

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

Arizona State Retirement System - Long-term disability

Fiscal Year	Statutorily Required Contribution	Contributions Made	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Payroll
2013	\$ -	\$ -	\$ -	\$ -	-
2014	-	-	-	-	-
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	29,825	29,825	-	19,666,771	0.16%
2019	32,860	32,860	-	20,537,487	0.16%
2020	36,253	36,253	-	21,324,943	0.17%
2021	38,569	38,569	-	21,427,039	0.18%
2022	42,808	42,808	-	22,530,529	0.19%

Information for Fiscal Year 2013 through 2017 is not available.

CITY OF PRESCOTT, ARIZONA

Required Supplementary Information

Schedule of Pension/OPEB Contributions Public Safety Personnel Retirement System (Prescott Police Dept.)

Last ten fiscal years

PSPRS - Pension Police

<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>
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	12,817,563	(9,102,959)	4,306,853	297.61%
2019	3,898,128	10,240,493	(6,342,365)	3,905,240	262.22%
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%
2022	2,402,455	11,254,773	(8,852,318)	5,724,219	196.62%

Information for Fiscal Year 2013 is not available

CITY OF PRESCOTT, ARIZONA

Required Supplementary Information

Schedule of Pension/OPEB Contributions Pubic Safety Personnel Retirement System (Prescott Police Dept.)

Last ten fiscal years

PSPRS - OPEB Police

<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>
2013	\$ -	\$ -	\$ -	\$ -	0.00%
2014	-	-	-	-	0.00%
2015	-	-	-	-	0.00%
2016	-	-	-	-	0.00%
2017	-	-	-	-	0.00%
2018	43,499	43,499	-	4,306,853	1.01%
2019	37,100	37,100	-	3,905,240	0.95%
2020	35,250	35,250	-	3,710,528	0.95%
2021	38,330	38,330	-	4,914,111	0.78%
2022	56,670	56,670	-	5,724,219	0.99%

Information for Fiscal Year 2013 through 2017 is not available.

CITY OF PRESCOTT, ARIZONA

Required Supplementary Information

Schedule of Pension/OPEB Contributions Public Safety Personnel Retirement System (Prescott Fire Dept.)

Last ten fiscal years

PSPRS - Pension Fire

<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>
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	14,527,807	(10,543,433)	4,503,465	322.59%
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%
2022	2,760,068	8,354,945	(5,594,877)	5,417,209	154.23%

Information for Fiscal Year 2013 is not available

CITY OF PRESCOTT, ARIZONA

Required Supplementary Information

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

Last ten fiscal years

PSPRS - OPEB Fire

Fiscal Year	Statutorily Required Contribution	Contributions Made	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Payroll
2013	\$ -	\$ -	\$ -	\$ -	0.00%
2014	-	-	-	-	0.00%
2015	-	-	-	-	0.00%
2016	-	-	-	-	0.00%
2017	-	-	-	-	0.00%
2018	-	-	-	4,503,465	0.00%
2019	-	-	-	4,113,300	0.00%
2020	12,726	12,726	-	4,242,052	0.30%
2021	2,701	2,701	-	4,500,855	0.06%
2022	-	-	-	5,417,209	0.00%

Information for Fiscal Year 2013 through 2017 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	17 years for underfunded 19 years for overfunded
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%-8.0% to 3.5%-7.5% for PSPRS. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%-8.5% to 4.0%-8.0% for PSPRS. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5% for PSPRS.
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4.0% 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 2019 actuarial valuation, changed to PubS-2010 tables. In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

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, 2022

	Special Revenue Funds				Capital Projects Funds	Debt Service Funds		Total Nonmajor Governmental Funds
	Transient Lodging Tax	Grants	Miscellaneous Gift Trust	Acker Trust	Impact Fees	City of Prescott	Community Facilities Districts	
ASSETS								
Cash and short-term investments	\$ 736,255	\$ 12	\$ 1,037,878	\$ 529,822	\$ 4,697,449	\$ 4,072	\$ 38,378	\$ 7,043,866
Accounts receivable (net)	179,612	-	-	-	1,685	-	-	181,297
Property taxes receivable	-	-	-	-	-	1,551	-	1,551
Special assessments receivable	-	-	-	-	-	-	11,823	11,823
Interest receivable	-	-	-	2,396	-	-	-	2,396
Intergovernmental receivable	-	3,286,658	-	-	-	-	-	3,286,658
Total assets	\$ 915,867	\$ 3,286,670	\$ 1,037,878	\$ 532,218	\$ 4,699,134	\$ 5,623	\$ 50,201	\$ 10,527,591
LIABILITIES								
Accounts payable	\$ 35,749	\$ 160,336	\$ 9,483	\$ -	\$ 749	\$ -	\$ 584	\$ 206,901
Accrued expenditures	2,250	6,145	156	-	-	-	-	8,551
Interfund payable	-	2,506,993	-	-	-	-	-	2,506,993
Total liabilities	37,999	2,673,474	9,639	-	749	-	584	2,722,445
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	3,168,274	-	-	-	1,551	11,823	3,181,648
Total deferred inflows of resources	-	3,168,274	-	-	-	1,551	11,823	3,181,648
FUND BALANCES								
Restricted	877,868	-	1,028,239	532,218	4,698,385	4,072	37,794	7,178,576
Unassigned	-	(2,555,078)	-	-	-	-	-	(2,555,078)
Total fund balances	877,868	(2,555,078)	1,028,239	532,218	4,698,385	4,072	37,794	4,623,498
Total liabilities, deferred inflows of resources and fund balances	\$ 915,867	\$ 3,286,670	\$ 1,037,878	\$ 532,218	\$ 4,699,134	\$ 5,623	\$ 50,201	\$ 10,527,591

CITY OF PRESCOTT, ARIZONA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2022

	Special Revenue Funds				Capital	Debt Service Funds		Total Nonmajor Governmental Funds
	Transient	Miscellaneous			Projects Funds	Community		
	Lodging Tax	Grants	Gift Trust	Acker Trust	Impact Fees	City of Prescott	Facilities Districts	
Revenues								
Taxes	\$ 1,642,697	\$ -	\$ -	\$ -	\$ -	\$ 23	\$ -	\$ 1,642,720
Intergovernmental revenues	-	4,283,918	-	-	-	-	-	4,283,918
Licenses and permits	-	-	-	-	900,402	-	-	900,402
Gifts and donations	-	37,503	403,998	-	-	-	-	441,501
Interest and investment income	-	-	-	(6,392)	-	71	572	(5,749)
Miscellaneous	-	2,003	-	-	19,390	4,586	10,663	36,642
Total revenues	1,642,697	4,323,424	403,998	(6,392)	919,792	4,680	11,235	7,299,434
Expenditures								
Current operating								
General government	1,267,541	62,909	5,500	-	-	-	-	1,335,950
Community services	-	422,654	8,931	-	-	-	-	431,585
Culture and recreation	49,715	29,036	43,542	10,632	704	-	-	133,629
Police and court	-	3,499,659	48,751	-	-	-	-	3,548,410
Fire	-	3,077,053	2,010	-	-	-	-	3,079,063
Capital outlay								
General government	-	52,443	-	-	-	-	-	52,443
Community services	-	-	-	-	-	-	-	-
Culture and recreation	300,000	-	-	-	2,553	-	-	302,553
Police and court	-	133,270	-	-	-	-	-	133,270
Fire	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Debt service - principal	-	-	-	-	-	4,586	10,663	15,249
Debt service - interest	-	-	-	-	-	71	476	547
Total expenditures	1,617,256	7,277,024	108,734	10,632	3,257	4,657	11,139	9,032,699
Excess (deficiency) of revenues over (under) expenditures	25,441	(2,953,600)	295,264	(17,024)	916,535	23	96	(1,733,265)
Other Financing Sources (Uses)								
Transfers in	-	156,414	-	-	-	-	-	156,414
Transfers out	(109,276)	-	-	-	-	-	-	(109,276)
Total other financing sources (uses)	(109,276)	156,414	-	-	-	-	-	47,138
Net change in fund balance	(83,835)	(2,797,186)	295,264	(17,024)	916,535	23	96	(1,686,127)
Fund balance - beginning	961,703	242,108	732,975	549,242	3,781,850	4,049	37,698	6,309,625
Fund balance - ending	\$ 877,868	\$ (2,555,078)	\$ 1,028,239	\$ 532,218	\$ 4,698,385	\$ 4,072	\$ 37,794	\$ 4,623,498



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, 2022

	Budget		Actual	Variance With
	Original	Final	Budget Basis	Final Budget Positive (Negative)
Revenues				
Taxes - transient lodging tax	\$ 900,000	\$ 900,000	\$ 1,642,697	\$ 742,697
Investment income	-	-	-	-
Total revenues	900,000	900,000	1,642,697	742,697
Expenditures				
General Government:				
City Manager	1,039,716	1,414,716	1,267,541	147,175
Culture and recreation:				
Recreation Services	50,000	350,000	349,715	285
Total expenditures	1,089,716	1,764,716	1,617,256	147,460
Excess (deficiency) of revenues over expenditures	(189,716)	(864,716)	25,441	890,157
OTHER FINANCING SOURCES (USES)				
Transfers out	(109,276)	(109,276)	(109,276)	-
Total other financing sources (uses)	(109,276)	(109,276)	(109,276)	-
Net change in fund balances	(298,992)	(973,992)	(83,835)	890,157
Fund balance - beginning	961,703	961,703	961,703	-
Fund balance - ending	\$ 662,711	\$ (12,289)	\$ 877,868	\$ 890,157

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

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, 2022

	Budget		Actual	Variance With
	Original	Final	Amounts Budget Basis	Final Budget Positive (Negative)
Revenues				
Intergovernmental revenues	\$ 12,744,008	\$ 12,744,008	\$ 4,283,918	\$ (8,460,090)
Gifts and donations	287,046	287,046	37,503	(249,543)
Interest and investment income	500	500	-	(500)
Miscellaneous	-	-	2,003	2,003
Total revenues	<u>13,031,554</u>	<u>13,031,554</u>	<u>4,323,424</u>	<u>(8,708,130)</u>
Expenditures				
General government:				
City Manager	3,552,634	2,937,634	77,850	2,859,784
Non Departmental	8,257,511	3,227,511	37,502	3,190,009
Community services	887,753	887,753	422,654	465,099
Culture and recreation:				
Recreation Services	81,000	81,000	-	81,000
Library	-	30,000	29,036	964
Police and court:				
Police	936,401	3,836,401	3,631,259	205,142
City Court	29,000	29,000	1,670	27,330
Fire	476,348	3,176,348	3,077,053	99,295
Public Works	50,000	50,000	-	50,000
Total expenditures	<u>14,270,647</u>	<u>14,255,647</u>	<u>7,277,024</u>	<u>6,978,623</u>
Excess (deficiency) of revenues over expenditures	<u>(1,239,093)</u>	<u>(1,224,093)</u>	<u>(2,953,600)</u>	<u>(15,686,753)</u>
Other Financing Sources (Uses)				
Transfers in	1,426,242	1,426,242	156,414	(1,269,828)
Total other financing sources (uses)	<u>1,426,242</u>	<u>1,426,242</u>	<u>156,414</u>	<u>(1,269,828)</u>
Net change in fund balances	<u>187,149</u>	<u>202,149</u>	<u>(2,797,186)</u>	<u>(2,999,335)</u>
Fund balance - beginning	<u>242,108</u>	<u>242,108</u>	<u>242,108</u>	<u>-</u>
Fund balance - ending	<u>\$ 429,257</u>	<u>\$ 444,257</u>	<u>\$ (2,555,078)</u>	<u>\$ (2,999,335)</u>

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

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, 2022

	Budget		Actual	Variance With
	Original	Final	Budget	Final Budget
			Basis	Positive
				(Negative)
Revenues				
Gifts and donations	\$ 10,000	\$ 10,000	\$ 403,998	\$ 393,998
Total revenues	10,000	10,000	403,998	393,998
Expenditures				
General government:				
City Council	375,000	375,000	-	375,000
City Manager	10,404	10,404	5,500	4,904
Community services	5,817	10,817	8,931	1,886
Culture and recreation:				
Recreation Services	20,445	30,445	29,412	1,033
Library	75,046	75,046	14,130	60,916
Police and court:				
Police	128,949	128,949	48,751	80,198
Fire	13,500	13,500	2,010	11,490
Total expenditures	629,161	644,161	108,734	535,427
Excess (deficiency) of revenues over expenditures	(619,161)	(634,161)	295,264	(141,429)
Other Financing Sources (Uses)				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(619,161)	(634,161)	295,264	929,425
Fund balance - beginning	732,975	732,975	732,975	-
Fund balance - ending	\$ 113,814	\$ 98,814	\$ 1,028,239	\$ 929,425

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

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, 2022

	Budget		Actual	Variance With
	Original	Final	Budget	Final Budget
			Basis	Positive
				(Negative)
Revenues				
Interest and investment income (loss)	\$ 10,000	\$ 10,000	\$ (6,392)	\$ (16,392)
Total revenues	10,000	10,000	(6,392)	(16,392)
Expenditures				
Culture and recreation:				
Recreation Services	10,000	10,000	10,632	(632)
Total expenditures	10,000	10,000	10,632	(632)
Excess (deficiency) of revenues over expenditures	-	-	(17,024)	(17,024)
Fund balance - beginning	549,242	549,242	549,242	-
Fund balance - ending	\$ 549,242	\$ 549,242	\$ 532,218	\$ (17,024)

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

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, 2022

	Budget		Actual	Variance With
	Original	Final	Amounts Budget Basis	Final Budget Positive (Negative)
Revenues				
Licenses and permits - impact fees	\$ 960,000	\$ 960,000	\$ 900,402	\$ (59,598)
Interest and investment income	1,500	1,500	-	(1,500)
Miscellaneous	19,102	19,102	19,390	288
Total revenues	<u>980,602</u>	<u>980,602</u>	<u>919,792</u>	<u>(60,810)</u>
Expenditures				
Culture and recreation	-	-		
Recreation Services	15,000	15,000	3,257	(3,257)
Total expenditures	<u>15,000</u>	<u>15,000</u>	<u>3,257</u>	<u>(3,257)</u>
Excess (deficiency) of revenues over expenditures	965,602	965,602	916,535	(64,067)
Net change in fund balances	<u>965,602</u>	<u>965,602</u>	<u>916,535</u>	<u>(49,067)</u>
Fund balance - beginning	3,781,850	3,781,850	3,781,850	-
Fund balance - ending	<u>\$ 4,747,452</u>	<u>\$ 4,747,452</u>	<u>\$ 4,698,385</u>	<u>\$ (49,067)</u>

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

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, 2022

	Budget		Actual	Variance With
	Original	Final	Amounts Budget Basis	Final Budget Positive (Negative)
Revenues				
Property tax revenue	\$ -	\$ -	\$ 23	\$ 23
Interest and investment income	71	71	71	-
Miscellaneous	4,586	4,586	4,586	-
Total revenues	<u>4,657</u>	<u>4,657</u>	<u>4,680</u>	<u>23</u>
Expenditures				
Debt service				
Principal	4,586	4,586	4,586	-
Interest	71	71	71	-
Total expenditures	<u>4,657</u>	<u>4,657</u>	<u>4,657</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	23	23
Fund balance - beginning	<u>4,049</u>	<u>4,049</u>	<u>4,049</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,049</u>	<u>\$ 4,049</u>	<u>\$ 4,072</u>	<u>\$ 23</u>

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

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, 2022

	Budget		Actual	Variance With
	Original	Final	Budget Amounts Budget Basis	Final Budget Positive (Negative)
Revenues				
Interest and investment income	\$ -	\$ -	\$ 572	\$ 572
Miscellaneous	25,571	25,571	10,663	(14,908)
Total revenues	<u>25,571</u>	<u>25,571</u>	<u>11,235</u>	<u>(14,336)</u>
Expenditures				
Current				
General Government	10,000	10,000	-	10,000
Debt Service				
Principal	10,663	10,663	10,663	-
Interest	14,908	14,908	476	14,432
Total expenditures	<u>35,571</u>	<u>35,571</u>	<u>11,139</u>	<u>24,432</u>
Excess (deficiency) of revenues over expenditures	<u>(10,000)</u>	<u>(10,000)</u>	<u>96</u>	<u>10,096</u>
Net change in fund balances	<u>(10,000)</u>	<u>(10,000)</u>	<u>96</u>	<u>10,096</u>
Fund balance - beginning	<u>37,698</u>	<u>37,698</u>	<u>37,698</u>	<u>-</u>
Fund balance - ending	<u>\$ 27,698</u>	<u>\$ 27,698</u>	<u>\$ 37,794</u>	<u>\$ 10,096</u>

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

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, 2022

ASSETS	Fleet Maintenance	Risk Management	Engineering Services	Facilities Maintenance	Totals
Current Assets					
Cash and cash equivalents	\$ 799,676	\$ 2,863,112	\$ 674,566	\$ 1,325,306	\$ 5,662,660
Accounts receivable (net)	-	-	-	-	-
Interest receivable	-	1,016	-	-	1,016
Inventory at cost	428,120	-	-	-	428,120
Total current assets	<u>1,227,796</u>	<u>2,864,128</u>	<u>674,566</u>	<u>1,325,306</u>	<u>6,091,796</u>
Noncurrent Assets					
Restricted cash and cash equivalents	-	473,850	-	-	473,850
OPEB assets	22,811	-	39,288	13,852	75,951
Land and construction in process	13,191	-	-	-	13,191
Buildings	5,259,218	-	-	17,126	5,276,344
Improvements other than buildings	12,473	-	36,550	-	49,023
Machinery and equipment	515,341	-	477,743	202,410	1,195,494
Less accumulated depreciation	(2,577,782)	-	(423,853)	(113,381)	(3,115,016)
Total noncurrent assets	<u>3,245,252</u>	<u>473,850</u>	<u>129,728</u>	<u>120,007</u>	<u>3,968,837</u>
Total assets	<u>4,473,048</u>	<u>3,337,978</u>	<u>804,294</u>	<u>1,445,313</u>	<u>10,060,633</u>
Deferred Outflows of Resources					
Deferred outflows related to pensions and OPEB	179,222	-	164,176	104,853	448,251
Total deferred outflows of resources	<u>179,222</u>	<u>-</u>	<u>164,176</u>	<u>104,853</u>	<u>448,251</u>
Total assets and deferred outflows of resources	<u>4,652,270</u>	<u>3,337,978</u>	<u>968,470</u>	<u>1,550,166</u>	<u>10,508,884</u>
LIABILITIES					
Current Liabilities					
Accounts payable	104,139	(7,267)	2,175	95,782	194,829
Accrued expenses	12,050	-	18,321	7,609	37,980
Claims payable	-	49,818	-	-	49,818
Compensated absences	-	-	35,261	-	35,261
Total current liabilities	<u>116,189</u>	<u>42,551</u>	<u>55,757</u>	<u>103,391</u>	<u>317,888</u>
Noncurrent Liabilities					
Claims payable	-	99,635	-	-	99,635
Compensated absences	105,484	-	118,210	38,881	262,575
Pension liability	608,516	-	1,048,041	369,518	2,026,075
Total noncurrent liabilities	<u>714,000</u>	<u>99,635</u>	<u>1,166,251</u>	<u>408,399</u>	<u>2,388,285</u>
Total liabilities	<u>830,189</u>	<u>142,186</u>	<u>1,222,008</u>	<u>511,790</u>	<u>2,706,173</u>
Deferred Inflows of Resources					
Deferred inflows related to pensions and OPEB	222,797	-	383,722	135,293	741,812
Total deferred inflows of resources	<u>222,797</u>	<u>-</u>	<u>383,722</u>	<u>135,293</u>	<u>741,812</u>
Total liabilities and deferred inflows of resources	<u>1,052,986</u>	<u>142,186</u>	<u>1,605,730</u>	<u>647,083</u>	<u>3,447,985</u>
NET POSITION					
Net investment in capital assets	3,222,441	-	90,440	106,155	3,419,036
Unrestricted	376,843	3,195,792	(727,700)	796,928	3,641,863
Total net position	<u>\$ 3,599,284</u>	<u>\$ 3,195,792</u>	<u>\$ (637,260)</u>	<u>\$ 903,083</u>	<u>\$ 7,060,899</u>

CITY OF PRESCOTT, ARIZONA

Combining Statement of Revenues, Expenses and Changes in Net Position

Internal Service Funds

For the year ended June 30, 2022

	Fleet Maintenance	Risk Management	Engineering Services	Facilities Maintenance	Total
Operating Revenues					
Charges for services	\$ 2,679,101	\$ 1,095,012	\$ 1,454,419	\$ 1,859,932	\$ 7,088,464
Miscellaneous	69	49,877	2,707	220	52,873
Total operating revenues	<u>2,679,170</u>	<u>1,144,889</u>	<u>1,457,126</u>	<u>1,860,152</u>	<u>7,141,337</u>
Operating Expenses					
Personnel services	789,017	-	1,257,370	490,322	2,536,709
Supplies	1,110,970	-	38,547	202,487	1,352,004
Other services and charges	653,417	359,148	226,639	657,906	1,897,110
Depreciation	127,463	-	14,770	5,356	147,589
Total operating expenses	<u>2,680,867</u>	<u>359,148</u>	<u>1,537,326</u>	<u>1,356,071</u>	<u>5,933,412</u>
Operating income (loss)	<u>(1,697)</u>	<u>785,741</u>	<u>(80,200)</u>	<u>504,081</u>	<u>1,207,925</u>
Non-operating Revenues (Expenses)					
Interest and investment income	-	(29,824)	-	-	(29,824)
Net gain (loss) on disposal of assets	62	-	-	2,398	2,460
Total non-operating revenues	<u>62</u>	<u>(29,824)</u>	<u>-</u>	<u>2,398</u>	<u>(27,364)</u>
Income (loss) before transfers	<u>(1,635)</u>	<u>755,917</u>	<u>(80,200)</u>	<u>506,479</u>	<u>1,180,561</u>
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net position	<u>(1,635)</u>	<u>755,917</u>	<u>(80,200)</u>	<u>506,479</u>	<u>1,180,561</u>
Total net position - beginning	<u>3,600,919</u>	<u>2,439,875</u>	<u>(557,060)</u>	<u>396,604</u>	<u>5,880,338</u>
Total net position - ending	<u>\$ 3,599,284</u>	<u>\$ 3,195,792</u>	<u>\$ (637,260)</u>	<u>\$ 903,083</u>	<u>\$ 7,060,899</u>

CITY OF PRESCOTT, ARIZONA
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2022

	Fleet Maintenance	Risk Management	Engineering Services	Facilities Maintenance	Total
Cash Flows from Operating Activities:					
Cash received from customers	\$ 2,678,758	\$ 1,144,890	\$ 1,452,170	\$ 1,858,602	\$ 7,134,420
Cash payments to employees for services	(771,840)	-	(1,334,607)	(496,091)	(2,602,538)
Cash payments to suppliers for goods and services	(1,775,268)	(531,592)	(270,629)	(845,267)	(3,422,756)
Net cash provided by (used for) operating activities	131,650	613,298	(153,066)	517,244	1,109,126
Cash Flows from Noncapital Financing Activities:					
Transfers in	-	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	-	-	-	-
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	-	-	-	(93,928)	(93,928)
Proceeds from sales of capital assets	62	-	-	2,399	2,461
Net cash provided by (used for) capital and related financing activities	62	-	-	(91,529)	(91,467)
Cash Flows from Investing Activities:					
Interest on investments	-	(27,184)	-	-	(27,184)
Net cash provided by (used for) investing activities	-	(27,184)	-	-	(27,184)
Net increase (decrease) in cash and cash equivalents	131,712	586,114	(153,066)	425,715	990,475
Cash and cash equivalents - beginning	667,964	2,750,848	827,632	899,591	5,146,035
Cash and cash equivalents - ending	\$ 799,676	\$ 3,336,962	\$ 674,566	\$ 1,325,306	\$ 6,136,510
Reconciliation to statement of net position					
Cash and cash equivalents at June 30, unrestricted	\$ 799,676	\$ 2,863,112	\$ 674,566	\$ 1,325,306	\$ 5,662,660
Cash and cash equivalents at June 30, restricted	-	473,850	-	-	473,850
Total	\$ 799,676	\$ 3,336,962	\$ 674,566	\$ 1,325,306	\$ 6,136,510
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:					
Operating income (loss)	\$ (1,697)	\$ 785,741	\$ (80,200)	\$ 504,081	\$ 1,207,925
Adjustments to reconcile operating income activities:					
Depreciation	127,463	-	14,770	5,356	147,589
Change in assets and liabilities:					
Increase (decrease) in accounts payable	31,492	(172,443)	(5,442)	15,126	(131,267)
Increase (decrease) in compensated absences	44,159	-	(27,697)	11,318	27,780
(Increase) decrease in customer receivable	2,076	-	-	-	2,076
(Increase) decrease in inventory	(42,374)	-	-	-	(42,374)
Increase (decrease) in salaries & benefits payable	(29,469)	-	(54,497)	(18,637)	(102,603)
Total adjustments	133,347	(172,443)	(72,866)	13,163	(98,799)
Net cash provided by (used for) operating activities	\$ 131,650	\$ 613,298	\$ (153,066)	\$ 517,244	\$ 1,109,126

OTHER SUPPLEMENTARY INFORMATION

CITY OF PRESCOTT, ARIZONA
Schedule of Pledged Excise Tax Bonds Payable
June 30, 2022

	Refunding MPC 2010 and 2011 Road Imp City Series 2019	Refunding MPC 2004-G Big Chino Ranch MPC Series 2014	Total Bonds Payable
Interest rates	2.30%	3.85%	N/A
Issue date	11/5/2019	5/29/2014	N/A
Final maturity	7/1/2029	7/1/2034	N/A
Authorized	\$ 16,495,000	\$ 9,000,000	\$ 25,495,000
Issued	16,495,000	9,000,000	25,495,000
Retired	4,045,000	1,865,000	5,910,000
Outstanding	12,450,000	7,135,000	19,585,000
Principal retirement:			
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 Community Facilities Districts Bonds Payable
 June 30, 2022

	Hassayampa #2 Community Facilities Bonds	
	<u>2017 Refunding</u>	
Interest rates		2.86%
Issue date		5/30/2017
Final maturity date		7/1/2024
Authorized	\$	160,000
Issued		160,000
Retired		148,177
Outstanding		11,823
Principal retirement:		
2023	\$	5,828
2024		5,995

CITY OF PRESCOTT, ARIZONA

Schedule of Loans Payable From Water Infrastructure Finance Authority Drinking Water

June 30, 2022

	Drinking Water Loan 920125-08	Drinking Water Loan 92A166-10	Drinking Water Loan 920206-11	Drinking Water Loan 920237-13	Drinking Water Loan 920297-20	Total Payable
Interest rates	3.64%	3.143%	3.152%	2.800%	1.590%	N/A
Issue date	8/24/2007	7/31/2009	12/3/2010	1/25/2013	8/30/2019	N/A
Final maturity date	7/1/2027	7/1/2029	7/1/2030	7/1/2032	7/1/2049	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	17,788,959	50,894,299
Final amount issued	9,854,000	2,759,551	1,018,796	15,921,582	In Progress	29,553,929
Retired	6,129,700	1,540,022	482,727	4,866,151	1,324,061	14,342,661
Forgivable Prin. (1)	-	4,000,000	-	2,034,200	-	6,034,200
Outstanding	3,724,300	1,219,529	536,069	8,572,642	16,464,898	30,517,438
Principal retirement:						
2023	\$ 566,586	\$ 137,340	\$ 52,441	\$ 676,241	\$ 677,862	\$ 2,110,470
2024	587,209	141,656	54,094	695,176	472,717	1,950,852
2025	608,584	146,107	55,799	714,641	480,233	2,005,364
2026	630,736	150,698	57,558	734,651	487,869	2,061,512
2027	653,695	155,434	59,372	755,221	495,626	2,119,348
2028	677,490	160,319	61,244	776,368	503,506	2,178,927
2029		165,357	63,174	798,106	511,512	1,538,149
2030		162,618	65,165	820,453	519,645	1,567,881
2031			67,222	843,425	527,907	1,438,554
2032				867,041	536,301	1,403,342
2033				891,319	544,828	1,436,147
2034					553,491	553,491
2035					562,292	562,292
2036					571,232	571,232
2037					580,315	580,315
2038					589,542	589,542
2039					598,915	598,915
2040					608,438	608,438
2041					618,112	618,112
2042					627,940	627,940
2043					637,925	637,925
2044					648,068	648,068
2045					658,372	658,372
2046					668,840	668,840
2047					679,475	679,475
2048					690,278	690,278
2049					701,254	701,254
2050					712,403	712,403

(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, 2022

	Clean Water Loan	Clean Water Loan	Clean Water Loan	Clean Water Loan	Clean Water Loan	Clean Water Loan	Total Payable
	<u>910097-08</u>	<u>910122-10</u>	<u>910147-11</u>	<u>910148-11</u>	<u>910151-11</u>	<u>910170-18</u>	
Interest rates	3.868%	3.143%	3.152%	3.152%	2.950%	2.328%	N/A
Issue date	8/24/2007	7/31/2009	12/3/2010	12/3/2010	6/10/2011	2/2/2018	N/A
Final maturity date	7/1/2027	7/1/2029	7/1/2030	7/1/2030	7/1/2031	7/1/2047	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	20,400,349	77,416,198
Final amount issued	4,703,000	6,054,763	1,574,593	1,480,944	43,202,549	In Progress	57,015,849
Retired	2,902,363	3,186,859	783,035	715,325	17,833,183	5,633,345	31,054,110
Outstanding	1,800,637	2,867,904	791,558	765,619	25,369,366	14,767,004	46,362,088
Principal retirement:							
2023	\$ 272,370	\$ 320,887	\$ 81,096	\$ 74,897	\$ 2,218,112	\$ 554,382	\$ 3,521,744
2024	282,905	330,971	83,652	77,258	2,283,546	425,438	3,483,770
2025	293,848	341,371	86,289	79,693	2,350,911	435,343	3,587,455
2026	305,214	352,099	89,009	82,205	2,420,263	445,477	3,694,267
2027	317,019	363,164	91,814	84,796	2,491,660	455,848	3,804,301
2028	329,281	374,576	94,708	87,469	2,565,164	466,460	3,917,658
2029		386,347	97,693	90,226	2,640,837	477,319	3,692,422
2030		398,489	100,773	93,070	2,718,741	488,431	3,799,504
2031			66,524	96,005	2,798,944	499,802	3,461,275
2032					2,881,188	511,438	3,392,626
2033						523,344	523,344
2034						535,527	535,527
2035						547,994	547,994
2036						560,752	560,752
2037						573,806	573,806
2038						587,164	587,164
2039						600,833	600,833
2040						614,821	614,821
2041						629,134	629,134
2042						643,780	643,780
2043						658,767	658,767
2044						674,103	674,103
2045						689,796	689,796
2046						705,855	705,855
2047						722,287	722,287
2048						739,102	739,102





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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 250.6	\$ 241.5	\$ 233.2	\$ 224.6	\$ 218.5	\$ 217.8	\$ 212.4	\$ 212.9	\$ 221.0	\$ 226.3
Restricted	22.0	26.7	26.4	29.8	28.8	22.4	21.6	25.0	26.7	37.7
Unrestricted (1)	28.6	31.0	(48.1)	(45.8)	(50.2)	(47.2)	(39.5)	(19.0)	(8.7)	14.0
Total governmental activities net position	<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>	<u>\$ 278.0</u>
Business-type activities										
Net investment in capital assets	\$ 196.2	\$ 195.6	\$ 192.7	\$ 200.8	\$ 205.4	\$ 214.2	\$ 235.7	\$ 249.7	\$ 272.1	\$ 285.2
Restricted	3.4	2.1	4.1	4.2	4.2	4.2	5.4	5.7	5.7	5.6
Unrestricted	27.6	37.0	31.0	36.7	37.3	31.4	24.5	22.1	25.5	23.5
Total business-type activities net position	<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>	<u>\$ 314.3</u>
Primary government										
Net investment in capital assets	\$ 446.8	\$ 437.1	\$ 425.9	\$ 425.4	\$ 423.9	\$ 432.0	\$ 448.1	\$ 462.6	\$ 493.1	\$ 511.5
Restricted	25.5	28.8	30.5	34.0	33.0	26.6	27.0	30.7	32.4	43.3
Unrestricted	56.2	68.0	(17.1)	(9.1)	(12.9)	(15.8)	(15.0)	3.1	16.8	37.5
Total primary government net position	<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>	<u>\$ 592.3</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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental Activities:										
General government	\$ 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	\$ 2,825,022
Community services	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	2,197,838
Culture and recreation	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	8,078,046
Public Safety										
Police and court	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	16,279,735
Fire	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	11,506,046
Total public safety	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	27,785,781
Public Works	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	23,541,467
Interest on long-term debt	1,612,868	1,469,883	1,353,344	1,272,222	1,186,103	1,161,187	953,192	847,598	366,764	440,955
Total governmental activities expenses	49,358,278	55,239,261	67,544,427	65,068,281	71,595,790	75,004,263	72,948,961	65,078,334	73,451,692	64,869,109
Business-type Activities:										
Airport	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	4,948,610
Golf course	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	4,333,116
Parking garage (1)	-	-	-	-	-	-	-	-	-	-
Solid waste	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	10,196,410
Wastewater	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	17,055,924
Water	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	15,136,117
Total business-type activities expenses	32,691,790	33,246,568	36,015,506	34,435,525	39,748,631	44,526,789	45,434,812	45,044,975	44,110,121	51,670,177
Total primary government expenses	\$ 82,050,068	\$ 88,485,829	\$ 103,559,933	\$ 99,503,806	\$ 111,344,421	\$ 119,531,052	\$ 118,383,773	\$ 110,123,309	\$ 117,561,813	\$ 116,539,286

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Program Revenue										
Governmental Activities:										
Charges for services:										
General government	\$ 388,673	\$ 385,950	\$ 837,786	\$ 735,720	\$ 800,475	\$ 797,880	\$ 777,961	\$ 613,141	\$ 772,674	\$ 433,967
Community services	632,081	795,668	786,856	995,517	1,370,988	1,758,784	2,370,200	1,748,669	1,916,127	1,758,965
Culture and recreation	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	1,930,765
Public Safety										
Police and court	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	2,001,019
Fire	355,762	491,900	417,389	494,525	521,278	608,700	717,080	567,014	553,447	644,384
Total public safety	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	2,645,403
Public Works	362,466	340,834	305,230	299,689	339,572	542,572	573,523	605,604	535,850	496,827
Operating grants and contributions	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	8,760,596
Capital grants and contributions	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	7,238,336
Total governmental activities program revenues	9,903,104	10,520,919	10,634,983	15,702,324	12,835,209	14,944,807	15,952,666	20,104,140	16,993,944	23,264,859
Business-type Activities:										
Charges for services:										
Airport	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	2,189,369
Golf course	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	4,049,452
Parking garage (1)	-	-	-	-	-	-	-	-	-	-
Solid waste	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	10,473,844
Wastewater	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	15,770,688
Water	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	19,603,597
Operating grants and contributions	-	-	15,820	44,409	61,719	54,735	12,767	8,847	17,065	-
Capital grants and contributions	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	9,286,476
Total business-type activities program revenues	48,232,996	39,193,804	39,274,316	46,557,237	44,077,287	46,414,153	52,204,705	54,613,052	66,351,305	61,373,426
Total primary government revenues	\$58,136,100	\$49,714,723	\$49,909,299	\$62,259,561	\$56,912,496	\$61,358,960	\$68,157,371	\$74,717,192	\$83,345,249	\$84,638,285
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (41,604,250)
Business-type activities	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	9,703,249
Total primary government net expense	\$ (23,913,968)	\$ (38,771,106)	\$ (53,650,634)	\$ (37,244,245)	\$ (54,431,925)	\$ (58,172,092)	\$ (50,226,402)	\$ (35,406,117)	\$ (34,216,564)	\$ (31,901,001)

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental revenues and other changes in net position										
Governmental Activities:										
Taxes:										
Property taxes, levied for general purposes	\$ 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	\$ 1,870,610
Property taxes, levied for debt service	1,573,489	182,477	73,978	74,227	41,354	292	-	-	-	-
Utility franchise taxes	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	1,815,127
City privilege and use tax, general purpose:	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	22,969,062
City privilege and use tax, streets	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	22,969,062
City privilege and use tax, PSPRS (1)	-	-	-	-	-	6,073,292	12,756,096	13,907,410	16,042,564	17,192,733
Transient lodging tax	526,893	620,722	719,268	797,442	881,415	996,909	1,036,558	946,471	1,228,519	1,642,696
Intergovernmental revenues - unrestricted	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	16,096,913
Interest and investment income	395,818	902,171	670,586	863,901	188,419	199,306	1,775,145	1,596,864	6,406	(3,715,894)
Gain (loss) on sale of property	-	-	-	-	-	-	-	-	-	-
Miscellaneous	761,972	393,379	53,322	53,486	230,224	249,623	69,683	38,586	589,051	952,006
Transfers	5,310,563	(365,117)	(148,129)	(769,711)	(281,766)	(353,938)	(7,092,724)	(939,731)	(2,924,393)	(1,250,887)
Total governmental activities	<u>47,606,323</u>	<u>42,627,156</u>	<u>43,513,502</u>	<u>45,454,359</u>	<u>47,240,462</u>	<u>55,927,343</u>	<u>58,611,404</u>	<u>69,282,236</u>	<u>76,609,652</u>	<u>80,541,428</u>
Business-type Activities:										
Taxes city privilege aviation fuel tax	-	-	-	2,428	3,431	4,166	8,677	8,740	12,300	13,441
Interest and investment income	50,812	639,606	449,479	712,155	76,833	235,209	1,767,738	1,049,667	886	(115,770)
Intergovernmental revenues - unrestricted	-	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of property	-	-	-	-	-	-	-	-	-	-
Miscellaneous	336,231	599,186	131,763	206,701	456,874	458,534	119,910	354,987	690,360	142,306
Transfers	(5,310,563)	365,117	148,129	769,711	281,766	353,938	7,092,724	939,731	2,924,393	1,250,887
Total business-type activities	<u>(4,923,520)</u>	<u>1,603,909</u>	<u>729,371</u>	<u>1,690,995</u>	<u>818,904</u>	<u>1,051,847</u>	<u>8,989,049</u>	<u>2,353,125</u>	<u>3,627,939</u>	<u>1,290,864</u>
Total primary government	<u>\$ 42,682,803</u>	<u>\$ 44,231,065</u>	<u>\$ 44,242,873</u>	<u>\$ 47,145,354</u>	<u>\$ 48,059,366</u>	<u>\$ 56,979,190</u>	<u>\$ 67,600,453</u>	<u>\$ 71,635,361</u>	<u>\$ 80,237,591</u>	<u>\$ 81,832,292</u>
Change in net position										
Governmental activities	\$ 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	\$ 38,937,178
Business-type activities	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	10,994,113
Total primary government	<u>\$ 18,768,835</u>	<u>\$ 5,459,959</u>	<u>\$ (9,407,761)</u>	<u>\$ 9,901,109</u>	<u>\$ (6,372,559)</u>	<u>\$ (1,192,902)</u>	<u>\$ 17,374,051</u>	<u>\$ 36,229,244</u>	<u>\$ 46,021,027</u>	<u>\$ 49,931,291</u>

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

Fiscal Year	Governmental activities:										
	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		
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
2022	7,265,927	8,760,596	7,238,336	23,264,859	68,459,290	16,096,913	(3,715,894)	(298,881)	80,541,428	103,806,287	38,937,178

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:														
Program Revenues									General Revenues					
Fiscal Year	Charges for Services						Operating/ Capital Grants and Contributions	Total	Taxes	Interest	Intergovernmental, Transfers, Gains (losses) and Miscellaneous	Total	Total Program and General Revenue	Total Net Revenue/ Change in Net Position
	Water	Waste Water	Golf	Airport	Solid Waste	Parking Garage (1)								
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
2022	19,603,597	15,770,688	4,049,452	2,189,369	10,473,844	-	9,286,476	61,373,426	13,441	(115,770)	1,393,193	1,277,423	62,650,849	10,994,113

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		
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
2022	59,352,877	8,760,596	16,524,812	84,638,285	68,472,731	16,096,913	(3,831,664)	1,094,312	81,832,292	166,470,577	49,931,291

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
General government	\$ 399,395	\$ 494,015	\$ 908,974	\$ 838,720	\$ 896,123	\$ 873,816	\$ 901,174	\$ 781,235	\$ 1,243,964	\$ 844,807
Community services	837,679	900,936	993,712	1,138,737	1,520,046	2,049,066	2,559,918	2,181,659	2,206,061	2,181,619
Culture and recreation	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	2,228,162
Police and court	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	6,285,751
Fire	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	5,197,431
Public works	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	6,527,089
Total governmental activities program revenues	\$ 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	\$ 23,264,859

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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Excess of revenues over expenditures	\$ 3.5	\$ 5.7	\$ 2.4	\$ 5.0	\$ 1.8	\$ (8.2)	\$ 4.6	\$ 9.7	\$ 1.2	\$ 3.6
Other Financing Sources (Uses)										
Financed purchase agreements	-	-	-	-	-	-	-	-	-	0.1
Transfers in	-	-	0.1	0.1	-	0.1	-	-	-	0.4
Transfers out	(0.5)	(0.5)	(0.3)	(0.9)	(0.3)	(1.2)	(7.1)	(1.0)	(3.7)	(1.7)
Total other financing sources (uses)	(0.5)	(0.5)	(0.2)	(0.8)	(0.3)	(1.1)	(7.1)	(1.0)	(3.7)	(1.2)
Net change in fund balance	3.0	5.2	2.2	4.2	1.5	(9.3)	(2.5)	8.7	(2.5)	2.4
Beginning fund balance	17.6	20.6	25.8	28.0	32.2	33.7	24.4	21.8	30.6	28.1
Prior period adjustment	-	-	-	-	-	-	-	-	-	-
Beginning fund balance - as restated	17.6	20.6	25.8	28.0	32.2	33.7	24.4	21.8	30.6	28.1
Ending fund balance	20.6	25.8	28.0	32.2	33.7	24.4	21.9	30.5	28.1	30.5
Committed	0.4	1.9	2.3	0.9	0.6	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	13.5	17.6	20.6	26.1	28.3	19.1	19.6	21.5	20.9	22.8
Nonspendable	6.7	6.3	5.1	5.2	4.8	5.3	2.2	9.1	7.2	7.7
Total general fund balance	\$ 20.6	\$ 25.8	\$ 28.0	\$ 32.2	\$ 33.7	\$ 24.4	\$ 21.8	\$ 30.6	\$ 28.1	\$ 30.5
All Other Governmental Funds										
Excess (deficiency) of revenues over expenditures	\$ (1.8)	\$ 4.4	\$ (0.3)	\$ 3.5	\$ (0.4)	\$ (6.4)	\$ (0.7)	\$ 3.2	\$ 1.1	\$ 8.5
Other Financing Sources (Uses)										
Bond issuances	-	-	-	-	0.9	-	-	16.5	-	-
Payment to refunded bond escrow	-	-	-	-	(1.5)	-	-	(16.4)	-	-
Transfers in	0.5	0.2	0.2	0.2	0.2	-	0.2	0.9	2.4	0.2
Transfers out	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.1)	(0.2)	(0.9)	(1.6)	(0.2)
Total other financing sources (uses)	0.4	0.1	-	-	(0.6)	(0.1)	-	0.1	0.8	-
Net change in fund balance	(1.4)	4.5	(0.3)	3.5	(1.0)	(6.5)	(0.7)	3.3	1.9	8.5
Beginning fund balance	23.5	22.1	26.6	26.3	29.8	28.8	22.3	21.6	24.9	26.8
Ending fund balance	\$ 22.1	\$ 26.6	\$ 26.3	\$ 29.8	\$ 28.8	\$ 22.3	\$ 21.6	\$ 24.9	\$ 26.8	\$ 35.3
Restricted	\$ 22.1	\$ 26.6	\$ 26.3	\$ 29.8	\$ 28.8	\$ 22.3	\$ 21.6	\$ 24.9	\$ 26.8	\$ 35.3
Total all other governmental funds fund balance	\$ 22.1	\$ 26.6	\$ 26.3	\$ 29.8	\$ 28.8	\$ 22.3	\$ 21.6	\$ 24.9	\$ 26.8	\$ 35.3
Total general and other governmental funds - fund balance	\$ 42.7	\$ 52.4	\$ 54.3	\$ 62.0	\$ 62.5	\$ 46.7	\$ 43.4	\$ 55.5	\$ 54.9	\$ 65.8

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes	\$ 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	\$ 68,454,723
Intergovernmental revenues	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	26,369,727
Licenses and permits	993,421	1,169,381	606,539	771,439	952,186	1,272,267	1,576,808	1,588,538	2,240,981	2,065,193
Fines and forfeitures	628,414	584,260	424,800	411,391	411,686	328,688	298,994	268,284	248,068	263,395
Gifts and donations	85,338	114,493	93,193	153,676	100,067	177,031	208,965	239,558	653,518	441,501
Charges for services	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	5,564,730
Interest and investment income	395,818	902,171	670,588	863,901	188,442	186,962	1,676,572	1,501,528	5,655	(3,515,477)
Miscellaneous and Grant Contributions	2,664,179	3,913,127	875,077	750,415	896,698	1,401,723	740,570	398,647	856,193	2,549,424
Total revenues	53,888,579	56,200,693	54,333,166	60,075,991	59,655,523	70,133,715	80,067,744	89,143,154	94,891,816	102,193,216
Expenditures										
General government	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	2,614,337
Community services	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	2,267,747
Culture and recreation	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	6,911,828
Police and court	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	25,786,549
Fire	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	18,277,251
Public works	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	14,705,073
Capital outlay	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	17,494,493
Debt service - principal	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	1,663,772
Debt service - interest	1,612,868	1,469,883	1,353,344	1,272,222	1,186,103	1,020,831	953,192	389,547	373,640	421,664
Total expenditures	52,212,271	46,157,395	52,251,803	51,609,930	58,420,108	84,819,527	76,151,466	76,211,323	92,703,118	90,142,714
Excess of Revenues over (under) Expenditures	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	12,050,502
Other Financing Sources (Uses)										
Financed purchase agreements	-	-	-	-	-	-	-	-	-	115,881
Bond issuances	-	-	-	-	930,000	-	-	16,495,000	-	-
Payment to refunded bond escrow	-	-	-	-	(1,405,000)	-	-	(16,404,948)	-	-
Transfers in	549,552	255,770	314,624	199,994	262,673	104,009	230,139	946,822	2,433,429	594,880
Transfers out	(621,512)	(620,887)	(462,754)	(969,705)	(544,439)	(1,244,624)	(7,322,863)	(1,886,553)	(5,357,822)	(1,845,767)
Total other financing sources (uses)	(71,960)	(365,117)	(148,130)	(769,711)	(756,766)	(1,140,615)	(7,092,724)	(849,679)	(2,924,393)	(1,135,006)
Net change in fund balances	\$ 1,604,348	\$ 9,678,181	\$ 1,933,233	\$ 7,696,350	\$ 478,649	\$ (15,826,427)	\$ (3,176,446)	\$ 12,082,152	\$ (735,695)	\$ 10,915,496
Debt service as a percentage of noncapital expenditures	12.1%	9.4%	6.3%	6.8%	5.6%	3.6%	3.6%	3.6%	2.9%	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	
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	
2022	2,614,337	2,267,747	6,911,828	25,786,549	18,277,251	14,705,073	70,562,785	17,494,493	1,663,772	421,664	90,142,714	

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

Fiscal Year	Taxes	Inter-Governmental Revenues	Licenses & Permits	Fines & Forfeitures	Gifts & Donations	Charges for Services	Interest Income	Miscellaneous	Total
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
2022	68,454,723	26,369,727	2,065,193	263,395	441,501	5,564,730	(3,515,477)	2,549,424	102,193,216

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

<u>Fiscal Year</u>		<u>Centrally Valued</u>	<u>Real Estate</u>	<u>Personal Property</u>	<u>Net Assessed Valuation</u>	<u>Percent of Increase</u>	<u>Total Direct Tax Rate</u>
2013	P/S	24,594,583	514,115,549	15,312,203	554,022,335	-12.7%	7.1144
2014	P/S	23,840,147	473,121,476	13,273,294	510,234,917	-7.9%	7.9406
2015	P/S	24,817,265	485,160,495	12,449,146	522,426,906	2.4%	7.7488
2016	P/S	25,790,405	582,607,100	12,829,766	621,227,271	18.9%	8.4122
2017	P/S	23,317,710	532,808,895	14,446,729	570,573,334	-8.2%	8.3454
2018	P/S	23,640,708	566,952,688	15,565,894	606,159,290	6.2%	7.8976
2019	P/S	23,980,646	607,707,445	15,960,911	647,649,002	6.8%	7.8857
2020	P/S	24,858,551	648,699,431	17,441,756	690,999,738	6.7%	7.7862
2021	P/S	25,722,615	693,234,070	16,553,800	735,510,485	6.4%	7.5105
2022	P/S	26,829,940	745,001,182	16,316,340	788,147,462	7.2%	0.8247

Source: Yavapai County Assessor NAV Reports

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	High School	Community	Yavapai	State of	Total
		Prescott	& Elementary	College	County	Arizona	
Tax Rates (per \$1,000 Assessed Valuation)							
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
2022	P	0.2378	2.3691	1.5557	2.2833	-	6.4459
	S	-	0.2485	0.0131	0.4327	-	0.6943
Tax Levies							
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
2022	P	1,874,215	25,765,369	48,899,100	71,769,170	-	148,307,854
	S	-	2,702,546	410,500	12,955,875	-	16,068,921

The portion of the 2021-22 levies paid by City of Prescott property owners is reflected below:

Amount	P	\$ 1,874,215	\$ 20,033,802	\$ 13,030,185	\$ 19,124,393	\$ -	\$ 54,062,595
	S	-	2,101,358	109,386	3,452,363	-	5,663,107
Percent	P	100%	77.8%	26.6%	26.6%	-	37.4%
	S	100%	77.8%	26.6%	26.6%	-	31.5%

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

Taxpayer	Type of Business	2021/2022		As a % of		2012/2013		As a % of	
		Assessed Valuation	Rank	City's Total	Secondary	Assessed Valuation	Rank	Assessed Valuation	Secondary
Arizona Public Service	Electric utility	\$ 18,619,566	1	2.4%		\$ 12,883,708	1	2.3%	
Unisource Energy Corporation	Gas utility	6,351,535	2	0.8%		4,995,904	3	0.9%	
Touchmark at the Ranch LLC	Retirement Home	4,962,104	3	0.6%				0.0%	
Sturm Ruger	Manufacturing	4,205,935	4	0.5%		2,726,480	5	0.5%	
Wal-Mart	Shopping Center	3,707,878	5	0.5%		1,873,532	9	0.3%	
Findlay Family Properties	Shopping Center	2,707,380	6	0.3%				0.0%	
LFRV LLC (Las Fuentes)	Commercial rental	2,649,960	7	0.3%		2,455,615	6	0.4%	
SRZ Yuma LLC	Gas utility	2,151,677	8	0.3%				0.0%	
WSH Hospitality		2,113,082	9	0.3%				0.0%	
Prescott Gateway Mall Realty Holdir	Shopping Center	2,033,663	10	0.3%		5,897,740	2	1.1%	
Lowes	Retail					1,675,158	10	0.3%	
Qwest Corporation / US West	Telecommunications					3,397,200	4	0.6%	
Cable One	Cable Utility					2,347,685	7	0.4%	
Bonanza LLC - Ponderosa Plaza	Shopping Center					1,939,378	8	0.4%	
Total		\$ 49,502,780		6.3%		\$ 40,192,400		7.2%	

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>
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%
2022	1,874,215	1,848,578	98.6%	-	1,848,578	98.6%	25,637	1.4%

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

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>	Total Tax Per Capita	Total Taxes	General Property Taxes	General Privilege and Use Taxes	Additional 1% Privilege Tax (1)	Additional .75% Privilege Tax (2)	Franchise Taxes	Transient Lodging Tax (3)
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	1,392	63,775,903	1,985,286	21,406,239	21,393,939	16,042,564	1,719,356	1,228,519
2022	1,465	68,605,433	2,003,312	22,982,503	22,969,062	17,192,733	1,815,127	1,642,696

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, 2022,

(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)

Fiscal year	<i>Construction</i>	<i>Restaurant/Bar</i>	<i>Tangible Per. Prop Rental</i>	<i>Commercial Rental</i>	<i>Hotel/Motel</i>	<i>Residential Rental</i>	<i>Retail Sales</i>	<i>Utilities</i>	<i>Use Tax</i>	<i>Telecommunication (1)</i>	<i>All Other</i>	<i>Total</i>	<i>Tax Rate</i>	<i>Top 10 as % of Total</i>
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%
2022	168,965	151,628	42,290	67,786	56,812	95,637	1,479,040	89,850	78,861	-	35,305	2,266,174	2.75%	35%

Top 10 Taxpayers

<u>FY 2022</u>	<u>FY 2013</u>
Amazon	Arizona Public Service
Arizona Public Service	Best Buy
Costco Wholesale	Costco
Findlay	Fry's Food & Drug
Lamb Chevrolet	Lamb Chevrolet
Lowe's	Lowe's
Prescott Motors	Safeway
Safeway	Tim's Buick Pontiac Toyota
Smiths Food & Drug	UNS Gas, Inc.
Wal-Mart	Wal-Mart

Percent of Total Privilege Tax Collected: 35% 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 & 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>
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%
2022	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					Total Debt Per Capita	Adjusted Debt Per Capita (1)	Total Debt to Personal Income	Adjusted Total Debt to Personal Income
	General Obligation Bonds	Community Facilities District Bonds (1)	Lease Purchase Contracts	Pledged Excise Tax Bonds	Special Assessment Bonds	Municipal Properties Bonds	MPC 2014 Unamortized Premium	Loans Payable (2)	Lease Purchase Contracts	Total Primary Government				
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	1,256,503	65,742,074	-	105,489,970	2,645	2,583	1.51%	1.47%
2015	355,000	2,180,000	-	25,111,146	34,852	8,893,411	1,170,113	72,676,362	-	110,420,884	2,725	2,670	1.54%	1.51%
2016	180,000	1,670,000	-	23,729,206	29,808	8,910,741	1,083,722	69,501,551	-	105,105,028	2,564	2,523	1.33%	1.31%
2017	-	930,000	-	22,305,568	24,763	8,925,770	997,332	65,740,981	-	98,924,414	2,399	2,376	1.21%	1.19%
2018	-	570,575	-	17,994,670	19,719	8,760,000	910,942	66,191,222	-	94,447,128	2,303	2,289	1.11%	1.10%
2019	-	357,271	-	16,725,670	14,675	8,375,000	827,432	61,976,119	-	88,276,167	2,057	2,048	0.94%	0.94%
2020	-	178,126	-	15,670,000	9,631	7,980,000	736,996	67,407,556	-	91,982,309	2,161	2,157	0.95%	0.94%
2021	-	22,484	-	14,075,000	4,587	7,565,000	651,300	66,401,944	-	88,720,315	1,936	1,935	0.91%	0.91%
2022	-	11,823	92,329	12,450,000	-	7,135,000	570,586	76,879,525	-	97,139,263	2,074	2,074	0.91%	0.91%

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>
2013	554,022,335	680,000	-	680,000	0.1%	17
2014	510,234,917	520,000	-	520,000	0.1%	13
2015	522,426,906	355,000	-	355,000	0.2%	9
2016	621,227,271	180,000	-	180,000	0.0%	4
2017	570,573,334	-	-	-	0.0%	0
2018	606,159,290	-	-	-	0.0%	0
2019	647,649,002	-	-	-	0.0%	0
2020	690,999,738	-	-	-	0.0%	0
2021	735,510,485	-	-	-	0.0%	0
2022	788,147,462	-	-	-	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)							
Fiscal Year	Net Revenue			Debt Service			Coverage
	Operating	Operating	Available for			Total	
	Revenues (1)	Expenses (2)	Debt Service	Principal	Interest		
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%
2022	19,592,479	9,774,987	9,817,492	2,055,755	548,944	2,604,699	376.91%

Wastewater Revenue Bond (3)							
Fiscal Year	Net Revenue			Debt Service			Coverage
	Operating	Operating	Available for			Total	
	Revenues (1)	Expenses (2)	Debt Service	Principal	Interest		
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%
2022	15,690,929	7,997,321	7,693,608	3,420,885	1,260,265	4,681,150	164.35%

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, 2022

	Net Bonds Outstanding	Percentage Applicable to Prescott (1)	Amount Applicable to Prescott
<u>Direct Debt</u>			
General obligation bonds - payable from property taxes	\$ -	100.0%	\$ -
Municipal property corporation bonds - payable from sales tax	12,450,000	100.0%	12,450,000
Special assessment bonds - payable from assessed properties	11,823	100.0%	11,823
Lease purchase contracts - payable from general revenues	92,329	100.0%	92,329
Total direct debt			<u>12,554,152</u>
<u>Overlapping Debt</u>			
Yavapai County	-	25.1%	-
Yavapai Community College District	6,865,000	25.1%	1,721,365
Prescott Unified School District	1,427,000	72.5%	1,034,138
Total overlapping debt			<u>2,755,503</u>
Total direct & overlapping debt			<u>\$ 15,309,655</u>

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

	Total Assessed Valuation	Valuation in Prescott	Percent in Prescott
<u>Taxing District</u>			
Yavapai County	\$ 3,143,221,200	\$ 788,147,462	25.1%
Yavapai Community College District	3,143,221,200	788,147,462	25.1%
Prescott Unified School District	1,087,559,381	788,147,462	72.5%

Source: Yavapai County assessor's office and finance department

CITY OF PRESCOTT, ARIZONA
 Table XXIII
 Statistical Section - Debt Capacity
 Legal Debt Margins
 June 30, 2022

	<u>General Obligation Bonds</u>	
	All Others 6% (1)	Water & Wastewater 20% (2)
<u>Legal Debt Limitation</u> (2021-22 secondary assessed valuation \$788,147,462)	\$ 47,288,848	\$ 157,629,492
<u>Outstanding Debt</u>		
Municipal facilities	-	-
Total outstanding debt	-	-
Total margin available	\$ 47,288,848	\$ 157,629,492
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 2021-22	\$ 4,527,190
Percent of margin	50%
Highway user margin	2,263,595
Bond principal due FY 2021-22	-
Bond interest due FY 2021-22	-
Margin available	\$ 2,263,595

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	2022
General Obligation Bonds 6% limit (1)	\$ 38,155	\$ 33,317	\$ 30,614	\$ 31,798	\$ 32,918	\$ 34,234	\$ 34,721	\$ 37,058	\$ 39,433	\$ 41,574	\$ 47,289
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>	<u>\$ 47,289</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%	0.0%
Water & Wastewater 20% limit (2)	\$127,184	\$111,057	\$102,047	\$105,994	\$109,726	\$114,115	\$115,736	\$123,528	\$131,443	\$138,581	\$157,629
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>	<u>\$157,629</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%	0.0%
Highway User Margin 50% limit (3)	\$ 1,262	\$ 1,377	\$ 1,425	\$ 1,551	\$ 1,618	\$ 1,735	\$ 1,773	\$ 1,874	\$ 2,104	\$ 2,131	\$ 2,264
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>	<u>\$ 2,264</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%	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	
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
2022	4,657	4,586	71	1.00	11,235	10,663	476	1.01	47,461,808	2,055,000	691,875	17.28

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>	Personal Income (<i>thousands of dollars</i>) (2)	Per Capita Personal Income (2)	Annual Unemployment Rate (3)	School Enrollment (4)
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	45,827	10,687,662	44,490	7.3%	4,082
2021	46,833			4.1%	3,812

(1) Source: US Census Bureau

(2) Income Statistics are shown for the Prescott Metropolitan Statistical Area (MSA), table CA1. Information shown with data available

(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

		2021/22			2012/13		
		Number of Employees	Rank	As a % of City's Total Employment	Number of Employees	Rank	As a % of City's Total Employment
<u>Employer</u>	<u>Type of Business</u>						
Yavapai Regional Medical Center	Hospital	2,050	1	11.3%	1,083	2	6.3%
Yavapai County	Government	1,748	2	9.6%	1,692	1	9.9%
Veteran's Administration Medical Center	Hospital	1,295	3	7.1%	1,094	3	6.4%
Yavapai College	College	624	4	3.4%	413	7	2.4%
Wal-Mart Stores	Retail	530	5	2.9%	-	-	-
City of Prescott	Government	517	6	2.8%	506	5	3.0%
Prescott Unified School District	Public Schools	510	7	2.8%	770	4	4.5%
Embry-Riddle Aeronautical University	College	442	8	2.4%	375	8	2.2%
Sturm Ruger	Manufacturing	400	9	2.2%	607	6	3.6%
HOAMCO	Management	350	10	1.9%	-	-	-
Fann Contracting	Construction	271	-	1.5%	254	10	1.5%
Yavapai Gaming Agency	Casino	-	-	-	223	9	1.3%
		<u>8,737</u>		<u>48.1%</u>	<u>7,017</u>		<u>41.1%</u>

The 2021/2022 total City employment was 18,175 based on U.S. Census Bureau 2021 ACS 1-Year Supplemental Estimates
 The 2012/2013 total City employment was 17,085 based on U.S. Census Bureau County Business Patterns information for 2012.

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government (2)	37	37	39	52	56	51	53	53	56	56
Administrative Services	2	1	1	2	-	-	-	-	-	-
Budget and Finance (2)	22	22	22	10	15	16	16	16	16	15
Community Development	13	13	11	11	13	15	15	16	14	17
Cultural & Recreation	42	42	42	42	43	43	43	45	45	48
Police	123	125	95	91	83	83	87	90	92	96
Regional Communications (1)	-	-	33	30	30	30	30	30	29	27
Fire	73	73	68	65	68	65	65	65	70	68
Fleet Services	9	9	9	9	9	9	9	10	10	10
Self Insurance	2	-	-	-	-	-	-	-	-	-
Facilities Maintenance	6	6	6	6	7	8	8	7	7	8
Engineering	17	17	17	24	23	23	20	18	18	21
Utilities	76	77	80	75	69	69	71	74	74	74
Solid Waste	27	26	28	27	28	29	30	31	31	28
Airport	7	8	11	11	9	9	9	11	12	9
Golf Course	16	16	9	9	9	9	9	8	8	8
Street Maintenance	35	36	36	37	36	36	35	35	37	32
Total	506	508	506	501	497	494	498	508	518	517
Number of citizens per employee	79	79	80	82	83	83	86	84	88	89

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>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>	<u>2022</u>
Community Development										
Building permits issued	1,575	2,028	1,843	2,010	2,309	2,399	1,906	1,684	2,212	1,994
Permit valuations (in millions)	79	97	107	166	139	182	235	205	219	225
Cultural & Recreation										
Library circulation	805,113	807,246	759,675	772,629	731,830	760,350	783,371	649,615	575,299	701,167
Library visits	493,091	480,753	442,904	428,948	414,137	440,868	431,868	316,131	145,495	286,783
Library resources available (4)	172,682	158,772	174,319	168,606	163,876	149,105	140,912	138,222	167,322	163,053
New cards issued	4,531	5,020	5,014	4,667	4,324	4,187	4,033	3,245	2,413	4,062
Golf Rounds	55,652	61,868	69,290	69,741	72,303	79,969	71,579	78,002	90,434	83,468
Police (Calendar Year)										
Calls for service	26,801	26,132	25,617	24,979	24,136	23,879	22,909	20,310	19,752	19,873
Part 1 crimes (1)	1,291	1,256	1,289	1,235	1,098	1,066	1,045	842	779	-
Part 2 crimes (2)	3,495	3,474	3,293	3,420	3,024	3,196	3,402	2,811	2,508	-
Group A (5)										
Offenses	-	-	-	-	-	-	-	-	-	1,952
Arrests	-	-	-	-	-	-	-	-	-	1,173
Group B (6)	-	-	-	-	-	-	-	-	-	439
Fire										
Calls for service	7,440	7,876	8,014	8,014	8,619	7,694	7,207	8,723	9,533	11,105
Water										
Connections	22,628	22,765	23,440	23,465	23,907	24,214	24,997	25,198	25,412	26,185
Wastewater										
Connections	18,411	18,267	18,783	19,000	19,390	19,969	19,992	20,497	20,873	21,254
Solid Waste										
Residential accounts	17,217	17,500	17,815	18,086	18,516	17,407	19,318	20,486	22,678	20,224
Commercial accounts	911	1,594	1,421	1,544	1,538	1,692	1,335	1,379	1,351	1,549
Tons collected	31,671	62,000	61,979	62,729	67,319	34,063	33,561	33,466	33,865	33,555
Transfer Station										
Transactions per year	68,912	73,377	73,577	79,183	78,439	82,953	81,477	95,508	98,002	104,640
Tons per year	66,966	60,246	61,959	64,389	62,815	64,088	75,113	80,063	84,443	82,404
Airport										
Commercial aircraft landings	1,837	1,533	1,094	1,968	2,327	1,788	591	685	923	831
Passengers	5,146	5,200	4,394	3,302	3,454	4,631	22,301	20,070	32,646	25,770
FAA traffic count	257,062	270,699	277,540	291,170	254,342	250,900	224,991	209,123	296,210	311,012
Public Works										
Cold mix repairs(lbs)	98,822	235,831	136,000	176,874	195,032	91,878	156,723	34,348	29,760	87,580
Hot Mix repairs (3)	2,763	1,300	2,040	1,302	261,696	82,948	103,236	103,616	95,341	107,702

(1) Prior to FY22 Part 1 Homicide, forcible rape, robbery, aggravated assault, burglary, larceny/theft, auto theft & arson

(2) Prior to FY22: Part 2 Simple assault, narcotics, forgery/fraud/embezzlement, vandalism & DUI

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

(4) Library resources available - as of FY22, electronic resources have been included in the total library resources available.

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>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>	<u>2022</u>
General Government										
Area square miles	41	42	42	42	42	45	45	45	46	46
Cultural and Recreation										
Parks	21	21	21	21	21	22	22	21	21	22
Park & Open Space (acres)(1)	1,514	990	990	990	990	998	2,353	2,353	2,828	3,604
Miles of trails	52	52	68	76	76	102	108	106	112	122
Open space - public (acres)	823	1,200	1,200	1,200	1,200	1,386	-	-	-	0
Lakes - 4 -(acres)	-	-	-	-	-	-	562	562	562	572
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	5	5	5	5	5	5	5	5	5	5
Water										
Miles of water mains	515	517	517	526	526	526	546	551	563	602
Wastewater										
Miles of sanitary sewers	373	371	371	375	375	375	385	389	400	410
Solid Waste										
Collection trucks	17	18	16	18	15	15	20	20	20	22
Airport										
Total based aircraft	322	309	292	292	338	273	335	357	365	364
Golf Course										
Holes	36	36	36	36	36	36	36	36	36	36
Public Works										
Streets (paved miles)	289	289	294	302	339	348	357	367	371	379

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

Source: City of Prescott departments.

