

City of Prescott  
Annual Expenditure Limitation Report  
Year ended June 30, 2022

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## Independent Accountants' Report on AELR

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

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

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

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

In our opinion, the annual expenditure limitation report referred to above is presented in accordance with the uniform expenditure reporting system as described in Note 1 in all material respects.

*HintonBurdick, PLLC*


HintonBurdick, PLLC

November 14, 2022

City of Prescott  
 Annual Expenditure Limitation Report—Part I  
 Year ended June 30, 2022

<u>1.</u> Economic Estimates Commission expenditure limitation	\$	<u>61,321,125</u>	
<u>2.</u> Voter-approved alternative expenditure limitation (approved June 22, 2021)		<u>238,444,604</u>	
<u>3.</u> Enter applicable amount from line 1 or line 2			\$ <u>238,444,604</u>
<u>4.</u> Amount subject to the expenditure limitation (total amount from Part II, line C)	\$	<u>177,709,143</u>	
<u>8.</u> Subtotal			\$ <u>177,709,143</u>
<u>10.</u> Total adjusted amount subject to the expenditure limitation			\$ <u>177,709,143</u>
<u>11.</u> Amount under (in excess of) the expenditure limitation			\$ <u><u>60,735,461</u></u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the Uniform Expenditure Reporting System

Signature of chief financial officer 

Name and title: Mark Woodfill, Finance Director

Telephone number: 928-777-1408 ext.4900

Date: November 14, 2022

See accompanying notes to report.

City of Prescott  
 Annual Expenditure Limitation Report—Part II  
 Year ended June 30, 2022

Description	<u>Governmental funds</u>	<u>Enterprise funds</u>	<u>Internal service funds</u>	<u>Total</u>
A. Amounts reported on the Reconciliation, line D	\$90,026,833	\$81,526,883	\$ 6,155,427	\$ 177,709,143
B. Less exclusions claimed:				
16. Total exclusions claimed	-	-	-	-
C. Amounts subject to the expenditure limitation	<u>\$90,026,833</u>	<u>\$81,526,883</u>	<u>\$ 6,155,427</u>	<u>\$ 177,709,143</u>

See accompanying notes to report.

City of Prescott  
Annual Expenditure Limitation Report—Reconciliation  
Year ended June 30, 2022

Description	Governmental funds	Enterprise funds	Internal service funds	Total
<u>A.</u> Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$90,142,714	\$51,709,584	\$ 5,933,412	\$ 147,785,710
<u>B.</u> Subtractions:				
<u>1.</u> Items not requiring use of current financial resources:				
<u>a.</u> Depreciation		15,308,138	147,589	15,455,727
<u>b.</u> Loss on disposal of capital assets		39,408	-	39,408
<u>d.</u> Pension and other postemployment benefits (OPEB) expense (Note 2)		472,002	37,478	509,480
<u>f.</u> Landfill closure and postclosure care costs and pollution remediation (Note 4)		151,855		151,855
<u>4.</u> Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at the agreements' inception	115,881			115,881
<u>6.</u> Total subtractions	<u>115,881</u>	<u>15,971,403</u>	<u>185,067</u>	<u>16,272,351</u>
<u>C.</u> Additions:				
<u>1.</u> Principal payments on long-term debt (Note 5)		5,906,640		5,906,640
<u>2.</u> Capital asset acquisitions		38,781,981	93,928	38,875,909
3. Amounts paid in the current year but reported as expenses in previous years:				
<u>a.</u> Claims previously recognized as IBNR (Note 3)			165,176	165,176
<u>b.</u> Landfill closure and postclosure care costs and pollution remediation (Note 4)		18,680		18,680
<u>4.</u> Pension and OPEB contributions paid in the current year (Note 2)		1,081,401	147,978	1,229,379
<u>6.</u> Total additions	-	<u>45,788,702</u>	<u>407,082</u>	<u>46,195,784</u>
<u>D.</u> Amounts reported on Part II, line A	<u>\$90,026,833</u>	<u>\$81,526,883</u>	<u>\$ 6,155,427</u>	<u>\$ 177,709,143</u>

See accompanying notes to report.

City of Prescott  
Notes to Annual Expenditure Limitation Report  
Year ended June 30, 2022

**Note 1 - Summary of significant accounting policies**

The Annual Expenditure Limitation Report (AELR) is presented as prescribed by the Uniform Expenditure Reporting System (UERS), as required by Arizona Revised Statutes §41-1279.07, and in accordance with the voter-approved alternative expenditure limitation adopted August 29, 2017, as authorized by the Arizona Constitution, Article IX, §20(9).

In accordance with the UERS, a note to the AELR is presented below for any exclusion claimed on part II and each subtraction or addition in the reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the statement of revenues, expenditures, and changes in fund balances for the governmental funds; statement of revenues, expenses, and changes in fund net position for the proprietary funds; and the statement of cash flows for the proprietary funds.

**Note 2** The \$509,480 subtraction for pension and other post employment benefit (OPEB) expense consists of changes in the net pension and OPEB assets and liabilities, and changes in deferred inflows and outflows related to pensions and OPEB recognized in the current year in the enterprise/internal service funds. The \$1,229,379 addition for pension and OPEB contributions paid in the current year consists of the required pension and OPEB contributions made to the Arizona State Retirement System from the enterprise/internal service funds. The schedule below reconciles the net effect the subtraction and addition have on the expenditures subject to the limitation to the amounts reported on the statement of cash flows' net effect on cash.

**Note 3** The \$165,176 addition for claims paid in the current year, but reported as expenses incurred but not reported in previous years, consists of adjustment in the current year for claims recognized as an expense in previous years in the internal service fund.

**Note 4** The \$151,855 subtraction for landfill closure and postclosure care costs consists of the portion of the total estimated liability/liabilities reported as expenses in the current year but not yet paid in the enterprise funds. The \$18,680 addition for landfill closure and postclosure care costs paid in the current year, but reported as expenses in previous years, consists of cash payments in the current year for those costs reported as expenses in previous years in the enterprise funds.

**Note 5** The addition of \$5,906,640 for principal payments on long-term debt in the enterprise and internal service funds consists of:

Type of Debt	Reference	Amount
AZ WIFA	910097-08F	\$ 262,227
AZ WIFA	910122-10F	311,110
AZ WIFA	910147-11F	78,618
AZ WIFA	910148-11F	72,609
AZ WIFA	910151-11F	2,154,553
AZ WIFA	910170-18	541,769
AZ WIFA	920125-08F	546,686
AZ WIFA	920206-11F	50,839
AZ WIFA	920237-13F	657,822
AZ WIFA	920297-20	667,252
AZ WIFA	92A166-10F	133,155
Prescott Municipal Property Corporation	MPC 2014	430,000
Total		\$ 5,906,640