

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**  
*For the Fiscal Year Ended June 30, 2023*





# **CITY OF PRESCOTT, ARIZONA**

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Prepared by  
Accounting Services Division  
Finance Department  
City of Prescott

**CITY OF PRESCOTT, ARIZONA**  
**Annual Comprehensive Financial Report**  
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## **INTRODUCTORY SECTION**







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

December 19, 2023

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

The Finance Department is pleased to submit the Annual Comprehensive Financial Report of the City of Prescott, Arizona (City) for the fiscal year ended June 30, 2023. 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.

Baker Tilly US, LLP has issued an unmodified (“clean”) opinion on the City of Prescott, Arizona’s financial statements for the year ended June 30, 2023. 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, 2023, 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, is accurate in all material respects and is 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 548 full-time equivalent City employees working within fourteen City departments provides a full range of municipal services. The municipal government provides police, fire, library recreation, parks, trails, golf, wastewater, water, street improvements and maintenance, solid waste, municipal airport, planning and building, economic development, and general administration services.

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

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

## **LONG-TERM FINANCIAL PLANNING**

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

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

Budget guidelines integrate and link overarching strategic goals of the City Council with funding and resources, in order to deliver work programs and other items that support achievement of the goals. The following goals were established during Council's FY24 strategic planning process:

1. Maintain a Stable 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/career creation
3. Airport – an airport which is preserved, dynamic, and has the capacity to accommodate current and future needs.
4. Quality of Life – Create 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.

## **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 2023 are represented by the following:

- Sales tax revenues increased 7.3% from fiscal year 2022
- Construction activity has decreased from the prior fiscal year represented by 201 single family permits were issued in fiscal year 2023 compared to 299 in fiscal year 2022 and total building permit valuation was \$186 million in fiscal year 2023 compared to \$255 million in fiscal year 2022
- Bed tax collections, representing tourism activity, was flat from fiscal year 2022

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, 2023 is \$38.8 million or 69% 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 annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the 41<sup>st</sup> consecutive year that the City has achieved this prestigious award.

In order to be awarded a certificate of achievement, a government must publish an easily readable and efficiently organized annual comprehensive 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 annual comprehensive 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, 2022. 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, 2023.

**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. Baker Tilly US, LLP conducted the audit for fiscal year ending June 30, 2023. 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 Annual Comprehensive 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 that reads "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**

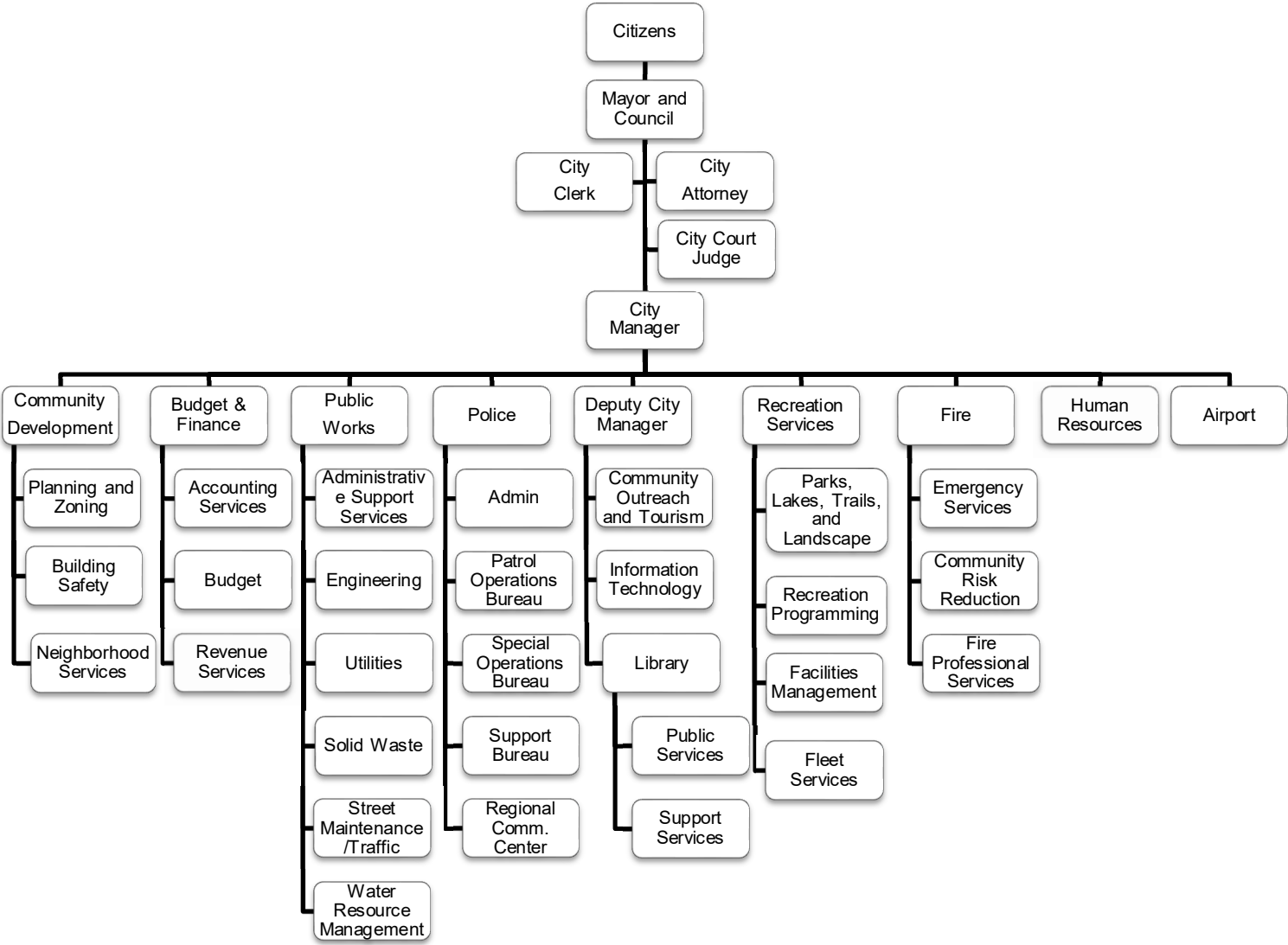
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

# City Organizational Chart



# CITY OF PRESCOTT, ARIZONA

*June 30, 2023*

## ELECTED OFFICIALS

**Phil Goode, Mayor**

### Council

**Brandon Montoya**

**Cathey Rusing**

**Clark Tenney**

**Eric Moore**

**Connie Cantelme**

**Steve Sischka**

### Appointed Officials

Katie Gregory

City Manager

Joseph Young

City Attorney

Sarah Siep

City Clerk

J. Mitchell Padilla

City Magistrate

### Mailing Address

201 South Cortez  
Prescott, AZ 86303

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







## **FINANCIAL SECTION**



## Independent Auditors' Report

To the Honorable Mayor and Council of  
City of Prescott, Arizona

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Prescott, Arizona (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Streets and Open Space Fund and PSPRS Dedicated Tax Fund 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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.

#### Emphasis of Matter

As discussed in Note 1, the City adopted the provisions of GASB Statement No. 96, *Subscription Based Information Technology Arrangements* (SBITA), effective July 1, 2022. Our opinions are not modified with respect to this matter.

## **Emphasis of Matter**

### **Other Matters**

#### ***Compliance Over Use of Highway User Revenue Fund and Other Dedicated State Transportation Revenue Monies***

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to use highway user revenue fund (HURF) monies received by the City pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the City solely for the authorized transportation purposes, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City noncompliance with the use of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they relate to accounting matters.

#### **Restricted Use Relating to the Other Matter**

The communication related to compliance with the aforementioned indenture described in the Other Matter paragraph (HURF) is intended solely for the information and use of the Arizona State Legislature, management and other responsible parties within the City and is not intended to be and should not be used by anyone other than these specified parties.

### **Responsibilities of Management for the Financial Statements**

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 the City'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.

### **Auditors' 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 auditors' 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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'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'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 the required supplementary information as listed in the table of contents, and Management's Discussion and Analysis, 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's basic financial statements. The supplementary information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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 is fairly stated in all material respects, in relation to the basic financial statements as a whole.

## **Other Information**

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2023 on our consideration of the City'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 the City's 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's internal control over financial reporting and compliance.

*Baker Tilly US, LLP*

Tempe, Arizona  
December 19, 2023

## 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, 2023. 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 \$633,287,323 (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 \$62,493,732.
- The City of Prescott's total net position increased by \$40,962,232. 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 \$73,325,030, an increase of \$7,566,959 in comparison with the prior year. Of this amount, \$38,461,614, or 52%, 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 \$38,736,147, or approximately 89% 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 49-80 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 82-96.

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 97-99 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 \$633,287,323, at the close of the most recent fiscal year.



## City of Prescott's Net Position

(in millions)

|                                      | Governmental<br>Activities |                 | Business-type<br>Activities |                 | Total<br>Government |                 |
|--------------------------------------|----------------------------|-----------------|-----------------------------|-----------------|---------------------|-----------------|
|                                      | 2023                       | 2022            | 2023                        | 2022            | 2023                | 2022            |
|                                      | <b>Assets</b>              |                 |                             |                 |                     |                 |
| Current and other assets             | \$ 92.2                    | \$ 85.5         | \$ 51.4                     | \$ 52.7         | \$ 143.6            | \$ 138.2        |
| Capital assets                       | 250.6                      | 239.2           | 403.4                       | 369.8           | 654.0               | 609.0           |
| <b>Total assets</b>                  | <b>342.8</b>               | <b>324.7</b>    | <b>454.8</b>                | <b>422.5</b>    | <b>797.6</b>        | <b>747.2</b>    |
| Total deferred outflows of resources | 23.2                       | 27.7            | 1.8                         | 2.4             | 25.0                | 30.1            |
| <b>Liabilities</b>                   |                            |                 |                             |                 |                     |                 |
| Long-term liabilities outstanding    | 49.1                       | 45.1            | 111.9                       | 95.6            | 161.0               | 140.7           |
| Other liabilities                    | 8.1                        | 6.1             | 14.3                        | 12.0            | 22.4                | 18.1            |
| <b>Total liabilities</b>             | <b>57.2</b>                | <b>51.2</b>     | <b>126.2</b>                | <b>107.6</b>    | <b>183.4</b>        | <b>158.8</b>    |
| Total deferred inflows of resources  | 5.3                        | 23.2            | .6                          | 3.0             | 5.9                 | 26.2            |
| <b>Net Position:</b>                 |                            |                 |                             |                 |                     |                 |
| Net investment in capital assets     | 236.6                      | 226.3           | 294.7                       | 285.2           | 531.3               | 511.5           |
| Restricted                           | 33.5                       | 37.7            | 6.0                         | 5.6             | 39.5                | 43.3            |
| Unrestricted                         | 33.4                       | 14.0            | 29.1                        | 23.5            | 62.5                | 37.5            |
| <b>Total net position</b>            | <b>\$ 303.5</b>            | <b>\$ 278.0</b> | <b>\$ 329.8</b>             | <b>\$ 314.3</b> | <b>\$ 633.3</b>     | <b>\$ 592.3</b> |

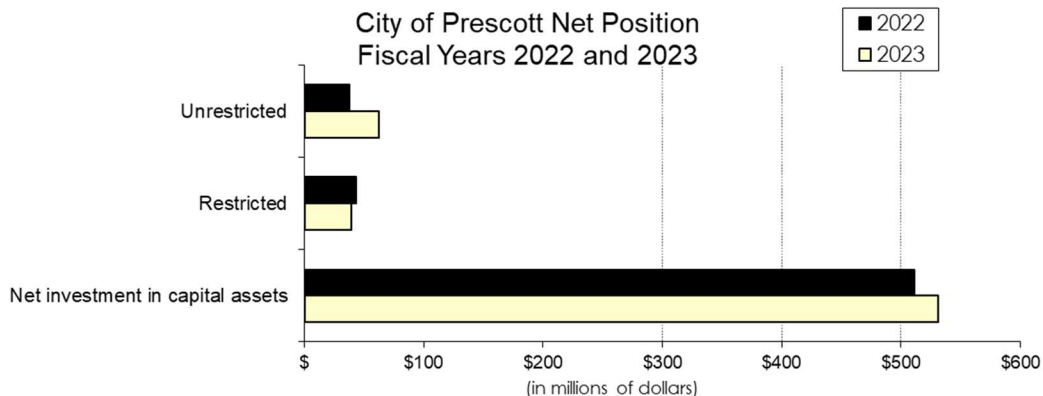
Rounding adjustments result in small differences when compared to financial statements.

Governmental activities had a current year increase in assets of \$18.1 million from increases in cash and investments and investments in street infrastructure and other assets. Long-term liabilities increased by \$4.0 million primarily from an increase in net pension liability relating to the Arizona State Retirement System (ASRS) and the City's proportionate share of the plan's decrease in market value of assets.

Business-type activities had a current year increase in assets of \$32.3 million primarily from the construction of infrastructure. Liabilities increased by \$16.3 million related to financing of infrastructure projects.

By far, the largest portion of the City of Prescott's net position, \$531.3 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, \$39.5 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 unrestricted net position was \$62.5 million.



The City of Prescott's overall net position increased \$40.9 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   |                | Business-type  |                | Total Government |                |
|---|----------------|----------------|----------------|----------------|------------------|----------------|
|   | Activities     |                | Activities     |                |                  |                |
|   | 2023           | 2022           | 2023           | 2022           | 2023             | 2022           |
| <b>Revenues</b>                             |                |                |                |                |                  |                |
| <b>Program revenues</b>                     |                |                |                |                |                  |                |
| Charges for services and other              | \$ 7.2         | \$ 7.3         | \$ 52.7        | \$ 52.1        | \$ 59.9          | \$ 59.4        |
| Operating grants & contributions            | 2.8            | 8.8            | .9             | -              | 3.7              | 8.8            |
| Capital grants & contributions              | 7.2            | 7.2            | 13.3           | 9.3            | 20.5             | 16.5           |
| Total program revenues                      | <u>17.2</u>    | <u>23.3</u>    | <u>66.9</u>    | <u>61.4</u>    | <u>84.1</u>      | <u>84.7</u>    |
| <b>General revenues</b>                     |                |                |                |                |                  |                |
| Taxes                                       | 64.1           | 68.5           | -              | -              | 64.1             | 68.5           |
| Intergovernmental                           | 19.6           | 16.1           | -              | -              | 19.6             | 16.1           |
| Interest & investment income                | 0.8            | (3.7)          | 0.4            | (.1)           | 1.2              | (3.8)          |
| Miscellaneous                               | 0.1            | 1.0            | 0.3            | 0.1            | 0.4              | 1.1            |
| Total general revenues                      | <u>84.6</u>    | <u>81.9</u>    | <u>0.7</u>     | <u>-</u>       | <u>85.3</u>      | <u>81.9</u>    |
| Total revenues                              | <u>101.8</u>   | <u>105.2</u>   | <u>67.6</u>    | <u>61.4</u>    | <u>169.4</u>     | <u>166.6</u>   |
| <b>Expenses</b>                             |                |                |                |                |                  |                |
| General government                          | 2.4            | 2.8            | -              | -              | 2.4              | 2.8            |
| Community services                          | 1.9            | 2.2            | -              | -              | 1.9              | 2.2            |
| Culture and recreation                      | 10.3           | 8.1            | -              | -              | 10.3             | 8.1            |
| Police and court                            | 18.6           | 16.3           | -              | -              | 18.6             | 16.3           |
| Fire  | 13.4           | 11.5           | -              | -              | 13.4             | 11.5           |
| Public works                                | 27.2           | 23.6           | -              | -              | 27.2             | 23.6           |
| Interest on long-term debt                  | 0.4            | 0.4            | -              | -              | 0.4              | 0.4            |
| Airport                                     | -              | -              | 6.2            | 4.9            | 6.2              | 4.9            |
| Golf course                                 | -              | -              | 4.8            | 4.4            | 4.8              | 4.4            |
| Solid waste/transfer station                | -              | -              | 11.4           | 10.2           | 11.4             | 10.2           |
| Wastewater                                  | -              | -              | 14.8           | 17.1           | 14.8             | 17.1           |
| Water                                       | -              | -              | 17.1           | 15.1           | 17.1             | 15.1           |
| Total Expenses                              | <u>74.2</u>    | <u>64.9</u>    | <u>54.3</u>    | <u>51.7</u>    | <u>128.5</u>     | <u>116.6</u>   |
| <b>Increase (decrease) before transfers</b> | <u>27.6</u>    | <u>40.3</u>    | <u>13.3</u>    | <u>9.7</u>     | <u>40.9</u>      | <u>50.0</u>    |
| Transfers                                   | <u>(2.1)</u>   | <u>(1.3)</u>   | <u>2.1</u>     | <u>1.3</u>     | <u>-</u>         | <u>-</u>       |
| <b>Change in net position</b>               | <u>25.5</u>    | <u>39.0</u>    | <u>15.4</u>    | <u>11.0</u>    | <u>40.9</u>      | <u>50.0</u>    |
| Beginning net position                      | <u>278.0</u>   | <u>239.0</u>   | <u>314.3</u>   | <u>303.3</u>   | <u>592.3</u>     | <u>542.3</u>   |
| <b>Ending net position</b>                  | <u>\$303.5</u> | <u>\$278.0</u> | <u>\$329.7</u> | <u>\$314.3</u> | <u>\$633.2</u>   | <u>\$592.3</u> |

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

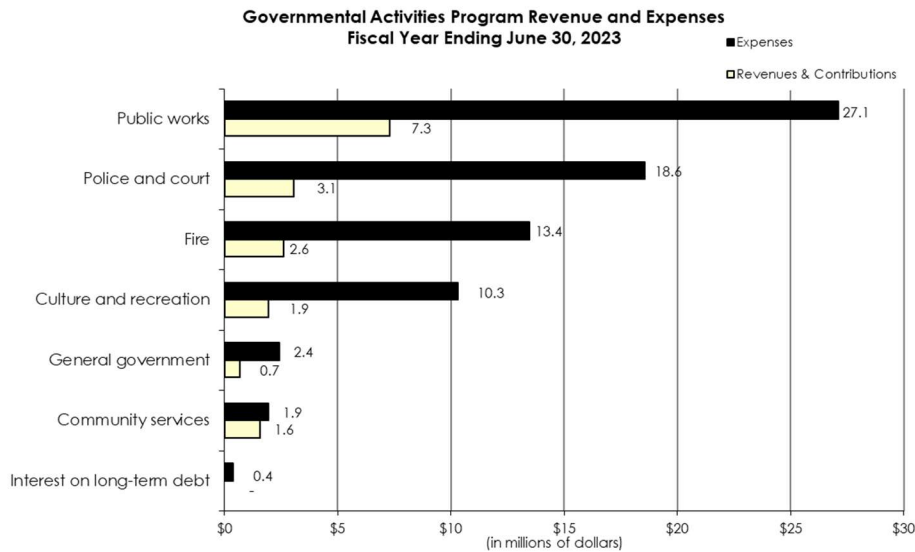
### Governmental Activities

During the current fiscal year, net position for governmental activities increased by \$25.5 million from the prior year ending balance of \$278.0 million.

Revenues from grants and contributions decreased by \$6.1 million, mainly from additional grants related to the Federal State and Local Fiscal Recovery Fund in fiscal year 2022. Charges for services were also lower by \$100,000 from a decrease building permit activities. Tax revenues decreased by \$4.4 million from a decrease in the local portion of the transaction privilege tax rate from 2.75% to 2.00% on January 1, 2023. This 0.75% tax was dedicated to paying down the Public Safety Retirement System (PSPRS) unfunded liability and was eliminated as required by the voter approved ballot provision when the liability reached \$1.5 million. Intergovernmental revenues increased by \$3.5 million with increased state shared revenue amounts, especially state shared income tax. Interest and investment income was up \$4.5 million from the prior year because of a more favorable interest rate environment on investments.

Expenses in governmental activities increased by \$9.3 million. The largest increase was in public works at \$3.6 million with an increase in pavement preservation projects, a greater need for snow clearing, and street repair increases. Culture and recreation increased by \$2.2 million with increased maintenance costs and personnel related costs. Additionally, the increases in police and fire of \$2.3 million and \$1.9 million, respectively, were the result of changes in pension and other personnel related costs. Across the City functions in fiscal year 2023, the City has increased personnel wages to adjust for the cost of living totaling 10% plus up to 2% for merit based increases.

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 \$329.7 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.

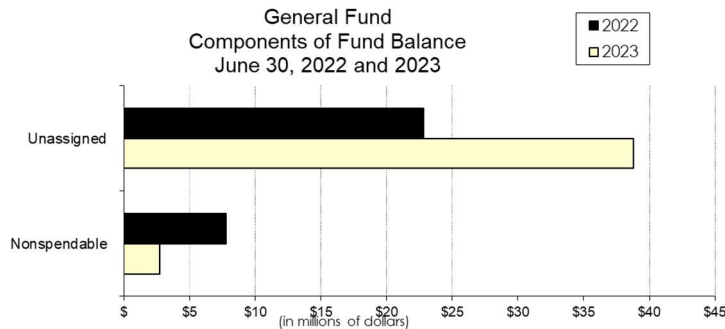
**Governmental Funds**

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, 2023, the City of Prescott’s governmental funds reported combined fund balances of \$73.3 million, an increase of \$7.5 million in comparison with the prior year. Of this amount, \$38.5 million or 52%, 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, \$2.7 million; or (2) restricted for purposes, \$32.1 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 \$38.7 million, while total fund balance increased to \$41.5 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 89.5% of total general fund expenditures, while total fund balance represents 95.8% of that same amount.



The fund balance of the City of Prescott's general fund increased by \$10.9 million during the current fiscal year. This increase was the result of a stronger than expected local growth in local taxes, as well as an increase in state shared revenue.

The streets special revenue fund, a major fund, had a \$5.5 million decrease in fund balance during the current fiscal year which put the overall fund balance at \$22.2 million. The decrease in fund balance is the result of some large public works capital projects, including a snow equipment facility, street re-construction, and open space land purchase.

The public safety personnel retirement system dedicated tax special revenue fund, the remaining major fund, had a decrease in fund balance during the current year of \$0.1 million to bring the year end fund balance to \$2.8 million. This decrease in fund balance is the result of the 0.75% elimination on January 1, 2023.

### **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 \$4.4 million to \$179.4 million, the wastewater fund increased by \$2.0 million to \$71.7 million, the airport fund increased by \$8.4 million to \$71.2 million, the solid waste fund decreased by \$0.1 million to \$2.7 million, and the golf course fund increased by \$0.7 million to \$4.7 million. As mentioned earlier these increases were the result of increased activities and rate adjustments 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 \$0.5 million to the city manager department for the completion of a capital project carried forward from fiscal year 2022 and some appropriation adjustments for a midyear citywide cost of living wage increase. Details of the budget movements can be seen in the notes on pages 56 and 57.

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

#### Revenues:

- Taxes exceeded budget by \$2.6 million which was the result of economic activity being better than projected.
- Intergovernmental revenues exceeded budget by \$0.4 million which was the result of better than projected economic activities statewide.
- Licenses and permits were short by \$0.2 million as a result of a lower than expected number of building permits issued.
- Interest and investment income exceeded budget by \$0.5 million was a result of a turn around of the investment earnings market, especially in the interest rate environment.
- Miscellaneous revenue exceeded budget by \$0.6 million which is the result of an unbudgeted sale of real property located on McCormick Street that was donated to the City in 2011 for use by the Fire Department and auction proceeds of surplus property.

#### Expenditures:

- Legal was below budget by \$0.1 million because of a higher than needed re-appropriation in the final budget.
- Non-departmental was below budget by \$34.3 million which was the result of budgeted contingency not being needed. Contingent expenditures were budgeted for possible land acquisition around the airport with a corresponding financing source for a debt issue.
- Community Services was below budget by \$0.4 million as a result of budgeted contracted service providers not needed with a decrease in building permit activity.
- Recreation services & facilities was below budget by \$4.4 million because of a delay in completing capital projects, including the new City Hall renovations.
- Police was below budget by \$1.4 million which was the result of personnel vacancies, lower than budgeted cost for shared dispatch services and delay in receipt of replacement vehicles.
- Fire was below budget by \$3.3 million which was the result of a delay in capital projects and delay in receipt of replacement vehicles.

#### Other financing sources (Uses)

- Proceeds from financing was below budget by \$29.7 million because a contingent financing was not needed.
- Transfers out was below budget by \$1.1 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, 2023, the City of Prescott had invested \$654.0 million in capital assets net of accumulated depreciation as reflected in the following table, which represents a net increase of \$45.0 million.

The following table reconciles the changes in capital assets.

|                   | Change in Capital Assets<br>(in millions) |          |                             |          |          |          |
|-------------------|---|----------|-----------------------------|----------|----------|----------|
|                   | Governmental<br>Activities                |          | Business-type<br>Activities |          | Total    |          |
|                   | 2023                                      | 2022     | 2023                        | 2022     | 2023     | 2022     |
| Beginning Balance | \$ 239.3                                  | \$ 235.2 | \$ 369.8                    | \$ 346.8 | 609.1    | \$ 582.0 |
| Transfers         | -   | -        | -                           | -        | -        | -        |
| Increases         | 25.8                                      | 18.5     | 46.8                        | 38.5     | 72.6     | 57.0     |
| Decreases         | (0.8)                                     | (1.7)    | (0.3)                       | (0.2)    | (1.1)    | (1.9)    |
| Depreciation      | (13.7)                                    | (12.7)   | (12.9)                      | (15.3)   | (26.6)   | (28.0)   |
| Ending Balance    | \$ 250.6                                  | \$ 239.3 | \$ 403.4                    | \$ 369.8 | \$ 654.0 | \$ 609.1 |

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 \$72.6 million in capital expenditures. Major capital asset events during the fiscal year include the following:

- \$18.0 million for Water Production Facility & Intermediate Pump Station construction
- \$8.5 million for Sundog Ranch area open space land purchase
- \$7.3 million for airport Taxiway C relocation
- \$6.2 million for Penn/East Dr Pavement reconstruction and underlying utility line replacements
- \$3.5 million for Citywide vehicle replacements
- \$2.8 million for Granite Creek Corridor enhancements
- \$2.5 million for streets snow equipment facility construction
- \$2.0 million for small water main replacements
- \$1.9 million for new city hall renovations
- \$1.5 million for airport perimeter security project
- \$1.2 million for production well number 3 rehabilitation
- \$1.0 million for golf cart replacements
- \$0.8 million for an IT server farm

### 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    |          |
|                                | 2023                                   | 2022    | 2023                     | 2022    | 2023     | 2022     |
| Pledged Excise Tax Bonds       | \$ 10.8                                | \$ 12.5 | \$ -                     | \$ -    | \$ 10.8  | \$ 12.5  |
| Municipal Property Corporation | -                                      | -       | 7.2                      | 7.6     | 7.2      | 7.6      |
| Leases payable                 | 0.5                                    | 0.5     | -                        | -       | 0.5      | 0.5      |
| Subscriptions liability        | 0.2                                    | -       | -                        | -       | 0.2      | -        |
| Loans WIFA                     | -                                      | -       | 91.8                     | 76.9    | 91.8     | 76.9     |
| Claims Payable                 | 0.2                                    | 0.1     | -                        | -       | 0.2      | 0.1      |
| Landfill post-closure costs    | -                                      | -       | 1.8                      | 1.8     | 1.8      | 1.8      |
| Compensated absences           | 4.2                                    | 3.9     | 0.9                      | 1.0     | 5.1      | 4.9      |
| Net pension & OPEB liability   | 33.2                                   | 28.1    | 10.2                     | 8.2     | 43.4     | 36.3     |
| Total                          | \$ 49.1                                | \$ 45.1 | \$ 111.9                 | \$ 95.5 | \$ 161.0 | \$ 140.6 |

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, 2023, the City is well within its debt limits, having \$167.0 million in borrowing capacity in the 20% category, and \$50.1 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 2023.

## **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 2024 City's share of the State Income Tax is up 41.3% from fiscal year 2023 actuals. Most of the increase is a result of the State Legislature increasing the share to municipalities to minimize the negative impact to income tax collections as the new 2.5% flat tax comes into effect on January 1, 2023. Since the impact is expected to hit the revenue sharing amounts in fiscal year 2025 and for conservative budgeting, the City has considered these large increases over the last two years as non-recurring to offset one-time expenditures. There is a projected increase of 1.8% in the City's share of the State Sales Tax and a 5.4% 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's sales tax revenues were projected to decrease by 8.0% in fiscal year 2024 when compared to fiscal year 2023 actuals. The City's primary property tax revenue for fiscal year 2024 is projected at \$2,227,185. Prescott's net assessed value for 2023 of \$883,803,517 represents 24.8% 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 2024 budget totals \$258,135,559 which represents an 8.2% decrease from the prior year. The budget decrease is primarily attributable to a decrease in the contingency budget for unanticipated grants or capital projects that may arise, and the dedicated 0.75% sales tax elimination. The \$124,593,542 operating budget primarily supports delivery of day-to-day services, and is an increase of 15.2% over last year, which reflects the new positions approved, cost of living increases for existing personnel, and cost increases necessary to continue to provide city services at equal or better levels.

The capital budget for fiscal year 2023 is \$118,657,017 which is a 5.6% decrease from fiscal year 2022. Capital expenditures are non-routine, one-time expenditures for purchase or projects with a value over \$10,000 for machinery and equipment and \$100,000 for infrastructure and estimated useful life over two years. 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.

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

## **BASIC FINANCIAL STATEMENTS**

CITY OF PRESCOTT, ARIZONA  
Statement of Net Position  
June 30, 2023

|   | Primary Government         |                             |                       |
|---|----------------------------|-----------------------------|-----------------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total                 |
| <b>ASSETS</b>                                       |                            |                             |                       |
| Cash and investments                                | \$ 78,118,290              | \$ 32,972,621               | \$ 111,090,911        |
| Receivables (net)                                   | 9,621,684                  | 9,778,479                   | 19,400,163            |
| Lease receivable                                    | 3,302,306                  | -                           | 3,302,306             |
| Internal balances                                   | (796,302)                  | 796,302                     | -                     |
| Prepaid Expenses                                    | 96,371                     | -                           | 96,371                |
| Inventories   | 494,868                    | 714,090                     | 1,208,958             |
| Restricted cash and investments                     | 461,350                    | 6,732,585                   | 7,193,935             |
| OPEB asset  | 940,146                    | 351,808                     | 1,291,954             |
| Capital assets, not being depreciated/amortized     | 104,868,784                | 134,298,148                 | 239,166,932           |
| Capital assets, being depreciated/amortized, net    | 145,683,900                | 269,130,159                 | 414,814,059           |
| Total assets  | <u>342,791,397</u>         | <u>454,774,192</u>          | <u>797,565,589</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>               |                            |                             |                       |
| Deferred outflows related to pensions and OPEB      | 23,253,999                 | 1,812,944                   | 25,066,943            |
| Total deferred outflows of resources                | <u>23,253,999</u>          | <u>1,812,944</u>            | <u>25,066,943</u>     |
| Total assets and deferred outflows of resources     | <u>366,045,396</u>         | <u>456,587,136</u>          | <u>822,632,532</u>    |
| <b>LIABILITIES</b>                                  |                            |                             |                       |
| Accounts payable                                    | 4,324,163                  | 12,206,365                  | 16,530,528            |
| Accrued expenses                                    | 1,214,311                  | 1,420,959                   | 2,635,270             |
| Deposits  | 2,601,540                  | 613,195                     | 3,214,735             |
| Advanced revenues                                   | -                          | 85,983                      | 85,983                |
| Noncurrent liabilities                              |                            |                             |                       |
| Due within 1 year                                   | 3,258,290                  | 7,507,249                   | 10,765,539            |
| Due in more that 1 year                             | 45,825,097                 | 104,410,808                 | 150,235,905           |
| Total liabilities                                   | <u>57,223,401</u>          | <u>126,244,559</u>          | <u>183,467,960</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                |                            |                             |                       |
| Deferred inflows related to pensions and OPEB       | 2,230,562                  | 572,399                     | 2,802,961             |
| Deferred inflows related to leases                  | 3,074,288                  | -                           | 3,074,288             |
| Total deferred inflows of resources                 | <u>5,304,850</u>           | <u>572,399</u>              | <u>5,877,249</u>      |
| Total liabilities and deferred inflows of resources | <u>62,528,251</u>          | <u>126,816,958</u>          | <u>189,345,209</u>    |
| <b>NET POSITION</b>                                 |                            |                             |                       |
| Net investment in capital assets                    | 236,630,208                | 294,660,793                 | 531,291,001           |
| Restricted for:                                     |                            |                             |                       |
| Streets and open space privilege tax activities     | 22,169,357                 | -                           | 22,169,357            |
| Capital projects                                    | 5,262,005                  | -                           | 5,262,005             |
| Transient occupancy tax                             | 951,026                    | -                           | 951,026               |
| Debt service  | 2,844,003                  | 5,682,346                   | 8,526,349             |
| Grants and donations                                | 840,549                    | -                           | 840,549               |
| Insurance bond                                      | 461,350                    | -                           | 461,350               |
| OPEB assets   | 940,146                    | 351,808                     | 1,291,954             |
| Unrestricted  | 33,418,501                 | 29,075,231                  | 62,493,732            |
| Total net position                                  | <u>\$ 303,517,145</u>      | <u>\$ 329,770,178</u>       | <u>\$ 633,287,323</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, 2023

| 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                                      | \$ 2,413,430   | \$ 531,888   | \$ 47,602                          | \$ 99,759                        | \$ (1,734,181)                                    | \$ -                     | \$ (1,734,181) |
| Community services                                      | 1,927,792      | 1,402,264  | 152,417                            | -                                | (373,111)   | -                        | (373,111)      |
| Culture and recreation                                  | 10,314,766     | 1,823,979  | 102,242                            | -                                | (8,388,545)                                       | -                        | (8,388,545)    |
| Police and court  | 18,560,517     | 2,056,346  | 866,068                            | 138,703                          | (15,499,400)                                      | -                        | (15,499,400)   |
| Fire  | 13,448,598     | 905,171  | 1,603,287                          | 90,644                           | (10,849,496)                                      | -                        | (10,849,496)   |
| Public works  | 27,121,648     | 460,467  | -                                  | 6,841,033                        | (19,820,148)                                      | -                        | (19,820,148)   |
| Interest on long-term debt                              | 383,161        | -  | -                                  | -                                | (383,161)   | -                        | (383,161)      |
| Total governmental                                      | 74,169,912     | 7,180,115  | 2,771,616                          | 7,170,139                        | (57,048,042)                                      | -                        | (57,048,042)   |
| <i>Business-type activities:</i>                        |                |  |                                    |                                  |   |                          |                |
| Airport   | 6,185,059      | 2,322,232  | 848,045                            | 9,406,411                        | -   | 6,391,629                | 6,391,629      |
| Golf course   | 4,742,657      | 4,072,732  | -                                  | -                                | -   | (669,925)                | (669,925)      |
| Solid waste   | 11,427,394     | 11,430,410   | -                                  | -                                | -   | 3,016                    | 3,016          |
| Wastewater  | 14,787,745     | 16,301,903   | -                                  | 679,857                          | -   | 2,194,015                | 2,194,015      |
| Water   | 17,092,071     | 18,582,990   | 9,027                              | 3,169,252                        | -   | 4,669,198                | 4,669,198      |
| Total business-type activities                          | 54,234,926     | 52,710,267   | 857,072                            | 13,255,520                       | -   | 12,587,933               | 12,587,933     |
| Total primary government                                | \$ 128,404,838 | \$ 59,890,382                                      | \$ 3,628,688                       | \$ 20,425,659                    | (57,048,042)                                      | 12,587,933               | (44,460,109)   |
| <i>General revenues:</i>                                |                |  |                                    |                                  |   |                          |                |
| Property taxes, levied for general purposes             |                |  |                                    |                                  | 1,898,631   | -                        | 1,898,631      |
| Utility franchise taxes                                 |                |  |                                    |                                  | 1,875,549   | -                        | 1,875,549      |
| City privilege and use tax, general purposes            |                |  |                                    |                                  | 24,645,613  | 9,945                    | 24,655,558     |
| City privilege tax, major street and open space program |                |  |                                    |                                  | 24,645,041  | -                        | 24,645,041     |
| City privilege tax, PSPRS Liability                     |                |  |                                    |                                  | 9,373,373   | -                        | 9,373,373      |
| Transient lodging tax                                   |                |  |                                    |                                  | 1,624,385   | -                        | 1,624,385      |
| Intergovernmental revenues - unrestricted               |                |  |                                    |                                  | 19,621,093  | -                        | 19,621,093     |
| Interest and investment income                          |                |  |                                    |                                  | 828,513   | 424,736                  | 1,253,249      |
| Miscellaneous   |                |  |                                    |                                  | 129,337   | 346,125                  | 475,462        |
| Transfers   |                |  |                                    |                                  | (2,063,396)                                       | 2,063,396                | -              |
| Total general revenues and transfers                    |                |  |                                    |                                  | 82,578,139  | 2,844,202                | 85,422,341     |
| Change in net position                                  |                |  |                                    |                                  | 25,530,097  | 15,432,135               | 40,962,232     |
| Net position - beginning                                |                |  |                                    |                                  | 277,987,048                                       | 314,338,043              | 592,325,091    |
| Net position - ending                                   |                |  |                                    |                                  | \$ 303,517,145                                    | \$ 329,770,178           | \$ 633,287,323 |

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, 2023

|   | <b>Major Funds</b>   |                      |   |  | <b>Total<br/>Governmental<br/>Funds</b> |
|---|----------------------|----------------------|---|--|---|
|   | <b>General</b>       | <b>Streets Fund</b>  | <b>PSPRS<br/>Dedicated<br/>Tax Fund</b> | <b>Nonmajor<br/>Governmental<br/>Funds</b> |   |
| <b>ASSETS</b>   |                      |                      |   |  |   |
| Cash and short-term investments                                       | \$ 42,453,442        | \$ 20,958,364        | \$ 2,824,926                            | \$ 6,952,543                               | \$ 73,189,275                           |
| Accounts receivable (net)   | 4,011,012            | 3,089,976            | 22,006                                  | 178,014                                    | 7,301,008                               |
| Property taxes receivable   | 35,567               | -                    | -                                       | -  | 35,567                                  |
| Special assessments receivable  | -                    | -                    | -                                       | 5,874                                      | 5,874                                   |
| Lease receivable  | 3,302,306            | -                    | -                                       | -  | 3,302,306                               |
| Interfund receivables   | 2,700,102            | -                    | -                                       | -  | 2,700,102                               |
| Interest receivable   | 141,476              | -                    | -                                       | 2,396                                      | 143,872                                 |
| Intergovernmental receivable  | 438,374              | 485,441              | -                                       | 1,204,559                                  | 2,128,374                               |
| Prepaid items   | 66,371               | -                    | -                                       | 30,000                                     | 96,371                                  |
| Total assets  | <u>\$ 53,148,650</u> | <u>\$ 24,533,781</u> | <u>\$ 2,846,932</u>                     | <u>\$ 8,373,386</u>                        | <u>\$ 88,902,749</u>                    |
| <b>LIABILITIES</b>  |                      |                      |   |  |   |
| Accounts payable  | \$ 1,593,530         | \$ 2,276,400         | \$ -                                    | \$ 220,298                                 | \$ 4,090,228                            |
| Accrued expenditures  | 1,036,395            | 88,024               | 15,653                                  | 17,274                                     | 1,157,346                               |
| Interfund payable   | 3,323,236            | -                    | -                                       | 173,168                                    | 3,496,404                               |
| Deposits returnable   | 2,601,540            | -                    | -                                       | -  | 2,601,540                               |
| Total liabilities   | <u>8,554,701</u>     | <u>2,364,424</u>     | <u>15,653</u>                           | <u>410,740</u>                             | <u>11,345,518</u>                       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                  |                      |                      |   |  |   |
| Unavailable revenue   | 17,041               | -                    | -                                       | 1,140,872                                  | 1,157,913                               |
| Related to leases   | 3,074,288            | -                    | -                                       | -  | 3,074,288                               |
| Total deferred inflows of resources                                   | <u>3,091,329</u>     | <u>-</u>             | <u>-</u>                                | <u>1,140,872</u>                           | <u>4,232,201</u>                        |
| <b>FUND BALANCES</b>  |                      |                      |   |  |   |
| Nonspendable  | 2,766,473            | -                    | -                                       | 30,000                                     | 2,796,473                               |
| Restricted  | -                    | 22,169,357           | 2,831,279                               | 7,066,307                                  | 32,066,943                              |
| Unassigned  | 38,736,147           | -                    | -                                       | (274,533)                                  | 38,461,614                              |
| Total fund balances   | <u>41,502,620</u>    | <u>22,169,357</u>    | <u>2,831,279</u>                        | <u>6,821,774</u>                           | <u>73,325,030</u>                       |
| Total liabilities, deferred inflows of<br>resources and fund balances | <u>\$ 53,148,650</u> | <u>\$ 24,533,781</u> | <u>\$ 2,846,932</u>                     | <u>\$ 8,373,386</u>                        | <u>\$ 88,902,749</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, 2023

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

|   |                      |                              |
|---|----------------------|------------------------------|
| Total fund balances - governmental funds  |                      | \$ 73,325,030                |
| Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds:  |                      |                              |
| Capital assets  | \$ 535,118,170       |                              |
| Less: accumulated depreciation/amortization:  | <u>(288,238,789)</u> | 246,879,381                  |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:  |                      |                              |
| OPEB assets   | 858,108              |                              |
| Unavailable grant revenue   | 1,134,877            |                              |
| Deferred special assessment revenue   | 5,995                |                              |
| Deferred property tax revenue   | <u>17,041</u>        | 2,016,021                    |
| 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  | (10,790,911)         |                              |
| Compensated absences  | (3,904,697)          |                              |
| Pension and OPEB liability  | (30,837,183)         |                              |
| Financed purchase arrangements  | (70,282)             |                              |
| Leases & software subscriptions issued  | <u>(587,402)</u>     | (46,190,475)                 |
| 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 and OPEB   | 23,046,543           |                              |
| Deferred inflows relating to pensions and OPEB  | <u>(2,075,306)</u>   | 20,971,237                   |
| 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. |                      |                              |
|   |                      | 6,515,951                    |
| Net position of governmental activities   |                      | <u><u>\$ 303,517,145</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, 2023

|  | <b>Major Funds</b>   |                      |   |  |   |
|--|----------------------|----------------------|---|--|---|
|  | <b>General</b>       | <b>Streets Fund</b>  | <b>PSPRS<br/>Dedicated<br/>Tax Fund</b> | <b>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
| <b>Revenues</b>  |                      |                      |   |  |   |
| Taxes  | \$ 28,425,886        | \$ 24,645,041        | \$ 9,373,373                            | \$ 1,624,385                               | \$ 64,068,685                           |
| Intergovernmental revenues                                   | 20,192,060           | 5,521,437            | -                                       | 3,984,657                                  | 29,698,154                              |
| Licenses and permits   | 840,619              | 85,505               | -                                       | 507,445                                    | 1,433,569                               |
| Fines and forfeitures  | 266,666              | -                    | -                                       | -  | 266,666                                 |
| Gifts and donations  | -                    | -                    | -                                       | 383,448                                    | 383,448                                 |
| Charges for services   | 5,080,135            | 374,962              | -                                       | -  | 5,455,097                               |
| Interest and investment income                               | 528,616              | 180,384              | 44,743                                  | 42,839                                     | 796,582                                 |
| Miscellaneous  | 648,412              | 88,994               | -                                       | 222,688                                    | 960,094                                 |
| Total revenues   | <u>55,982,394</u>    | <u>30,896,323</u>    | <u>9,418,116</u>                        | <u>6,765,462</u>                           | <u>103,062,295</u>                      |
| <b>Expenditures</b>  |                      |                      |   |  |   |
| Current operating  |                      |                      |   |  |   |
| General government   | 1,378,997            | -                    | -                                       | 1,246,254                                  | 2,625,251                               |
| Community services   | 1,721,696            | -                    | -                                       | 152,417                                    | 1,874,113                               |
| Culture and recreation                                       | 6,925,094            | 291,966              | -                                       | 157,224                                    | 7,374,284                               |
| Police and court   | 15,540,023           | -                    | 4,572,127                               | 595,706                                    | 20,707,856                              |
| Fire   | 11,154,761           | -                    | 4,909,377                               | 471,075                                    | 16,535,213                              |
| Public works   | -                    | 16,956,942           | -                                       | -  | 16,956,942                              |
| Capital outlay   |                      |                      |   |  |   |
| General government   | 1,203,570            | -                    | -                                       | 2,816,620                                  | 4,020,190                               |
| Community services   | 67,410               | -                    | -                                       | -  | 67,410                                  |
| Culture and recreation                                       | 2,898,597            | 8,474,803            | -                                       | -  | 11,373,400                              |
| Police and court   | 1,624,396            | -                    | -                                       | 21,354                                     | 1,645,750                               |
| Fire   | 403,041              | -                    | -                                       | -  | 403,041                                 |
| Public works   | -                    | 7,829,268            | -                                       | -  | 7,829,268                               |
| Debt service - principal                                     | 326,093              | 1,665,000            | -                                       | 17,660                                     | 2,008,753                               |
| Debt service - interest                                      | 93,276               | 288,200              | -                                       | 1,685                                      | 383,161                                 |
| Total expenditures   | <u>43,336,954</u>    | <u>35,506,179</u>    | <u>9,481,504</u>                        | <u>5,479,995</u>                           | <u>93,804,632</u>                       |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>12,645,440</u>    | <u>(4,609,856)</u>   | <u>(63,388)</u>                         | <u>1,285,467</u>                           | <u>9,257,663</u>                        |
| <b>Other Financing Sources (Uses)</b>                        |                      |                      |   |  |   |
| Subscription-based IT arrangement(s)                         | 319,539              | -                    | -                                       | -  | 319,539                                 |
| Transfers in   | 1,474,096            | -                    | -                                       | 1,902,157                                  | 3,376,253                               |
| Transfers out  | (3,517,324)          | (879,824)            | -                                       | (989,348)                                  | (5,386,496)                             |
| Total other financing sources (uses)                         | <u>(1,723,689)</u>   | <u>(879,824)</u>     | <u>-</u>                                | <u>912,809</u>                             | <u>(1,690,704)</u>                      |
| Net change in fund balances                                  | 10,921,751           | (5,489,680)          | (63,388)                                | 2,198,276                                  | 7,566,959                               |
| Fund balance - beginning                                     | 30,580,869           | 27,659,037           | 2,894,667                               | 4,623,498                                  | 65,758,071                              |
| Fund balance - ending  | <u>\$ 41,502,620</u> | <u>\$ 22,169,357</u> | <u>\$ 2,831,279</u>                     | <u>\$ 6,821,774</u>                        | <u>\$ 73,325,030</u>                    |

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

CITY OF PRESCOTT, ARIZONA

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the year ended June 30, 2023

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

Net change in fund balances - total governmental funds \$ 7,566,959

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                 | \$ 25,019,520 |            |
| Expenditures for intangible right to use assets | 319,539       |            |
| Less: current year depreciation/amortization    | (13,624,777)  |            |
|   |               | 11,714,282 |

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

|                               |           |           |
|-------------------------------|-----------|-----------|
| Donation of capital assets    | 75,000    |           |
| Asset disposals and trade-ins | (791,816) |           |
|                               |           | (716,816) |

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

|                        |             |             |
|------------------------|-------------|-------------|
| Property taxes         | (6,092)     |             |
| Assessments receivable | (5,828)     |             |
| Grant Revenues         | (2,033,396) |             |
|                        |             | (2,045,316) |

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.

|   |           |           |
|---|-----------|-----------|
| Subscription-based technology arrangements incurred | (319,539) |           |
| Principal payments                                  | 2,008,753 |           |
|   |           | 1,689,214 |

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 | 8,179,534 |           |
| Compensated absences  | (312,814) |           |
|   |           | 7,866,720 |

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

(544,947)

Change in net position of governmental activities

\$ 25,530,097

**CITY OF PRESCOTT, ARIZONA**

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

**General Fund**

For the year ended June 30, 2023

|   | Budget               |                      | Actual               | Variance With        |
|---|----------------------|----------------------|----------------------|----------------------|
|   | Original             | Final                | Amounts              | Final Budget         |
|   |                      |                      | Budget               | Positive             |
|   |                      |                      | Basis                | (Negative)           |
| <b>Revenues</b>                           |                      |                      |                      |                      |
| Taxes                                     | \$ 25,820,279        | \$ 25,820,279        | \$ 28,425,886        | \$ 2,605,607         |
| Intergovernmental revenues                | 19,767,269           | 19,767,269           | 20,192,060           | 424,791              |
| Licenses and permits                      | 1,035,100            | 1,035,100            | 840,619              | (194,481)            |
| Fines and forfeitures                     | 301,100              | 301,100              | 266,666              | (34,434)             |
| Charges for services                      | 4,993,406            | 4,993,406            | 5,080,135            | 86,729               |
| Interest and investment income            | 1,500                | 1,500                | 528,616              | 527,116              |
| Miscellaneous                             | 52,433               | 52,433               | 648,412              | 595,979              |
| Total revenues                            | <u>51,971,087</u>    | <u>51,971,087</u>    | <u>55,982,394</u>    | <u>4,011,307</u>     |
| <b>Expenditures</b>                       |                      |                      |                      |                      |
| General government:                       |                      |                      |                      |                      |
| City Council                              | 41,174               | 41,174               | 38,778               | 2,396                |
| City Clerk                                | 159,710              | 159,710              | 126,929              | 32,781               |
| City Manager                              | 810,574              | 1,510,574            | 1,464,077            | 46,497               |
| Legal                                     | 275,973              | 435,973              | 305,596              | 130,377              |
| Budget & Finance                          | 411,778              | 496,778              | 441,160              | 55,618               |
| Non-departmental                          | 37,659,709           | 34,524,709           | 233,078              | 34,291,631           |
| Community services                        | 2,156,856            | 2,156,856            | 1,789,106            | 367,750              |
| Culture and recreation:                   |                      |                      |                      |                      |
| Recreation Services & Facilities          | 11,892,519           | 11,892,519           | 7,489,873            | 4,402,646            |
| Library                                   | 2,569,974            | 2,609,974            | 2,573,346            | 36,628               |
| Police and court:                         |                      |                      |                      |                      |
| Police                                    | 16,383,288           | 16,383,288           | 14,971,976           | 1,411,312            |
| City Court                                | 702,806              | 702,806              | 644,744              | 58,062               |
| Regional Communications                   | 2,030,001            | 2,030,001            | 1,758,181            | 271,820              |
| Fire                                      | 14,753,251           | 14,753,251           | 11,500,110           | 3,253,141            |
| Total expenditures                        | <u>89,847,613</u>    | <u>87,697,613</u>    | <u>43,336,954</u>    | <u>44,360,659</u>    |
| Excess of revenues<br>over expenditures   | <u>(37,876,526)</u>  | <u>(35,726,526)</u>  | <u>12,645,440</u>    | <u>48,371,966</u>    |
| <b>Other Financing Sources (Uses)</b>     |                      |                      |                      |                      |
| Financed purchases                        | 30,000,000           | 30,000,000           | -                    | (30,000,000)         |
| Subscription-based IT arrangement(s)      | -                    | -                    | 319,539              | 319,539              |
| Transfers in                              | 2,158,522            | 2,158,522            | 1,474,096            | (684,426)            |
| Transfers out                             | (4,667,001)          | (4,667,001)          | (3,517,324)          | 1,149,677            |
| Total other financing sources<br>and uses | <u>27,491,521</u>    | <u>27,491,521</u>    | <u>(1,723,689)</u>   | <u>(29,215,210)</u>  |
| Net change in fund balances               | <u>(10,385,005)</u>  | <u>(8,235,005)</u>   | <u>10,921,751</u>    | <u>19,156,756</u>    |
| Fund balance - beginning                  | <u>30,580,869</u>    | <u>30,580,869</u>    | <u>30,580,869</u>    | <u>-</u>             |
| Fund balance - ending                     | <u>\$ 20,195,864</u> | <u>\$ 22,345,864</u> | <u>\$ 41,502,620</u> | <u>\$ 19,156,756</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  
Streets Fund**

For the year ended June 30, 2023

|  | Budget               |                      | Actual                     | Variance With                          |
|--|----------------------|----------------------|----------------------------|--|
|  | Original             | Final                | Amounts<br>Budget<br>Basis | Final Budget<br>Positive<br>(Negative) |
| <b>Revenues</b>                                      |                      |                      |                            |  |
| Taxes  | \$ 22,215,000        | \$ 22,215,000        | \$ 24,645,041              | \$ 2,430,041                           |
| Intergovernmental revenues                           | 5,625,603            | 5,625,603            | 5,521,437                  | (104,166)                              |
| Licenses and permits                                 | 100,000              | 100,000              | 85,505                     | (14,495)                               |
| Charges for services                                 | 365,000              | 365,000              | 374,962                    | 9,962                                  |
| Interest and investment income                       | -                    | -                    | 180,384                    | 180,384                                |
| Miscellaneous  | 70,000               | 70,000               | 88,994                     | 18,994                                 |
| Total revenues                                       | <u>28,375,603</u>    | <u>28,375,603</u>    | <u>30,896,323</u>          | <u>2,520,720</u>                       |
| <b>Expenditures</b>                                  |                      |                      |                            |  |
| Culture and recreation:                              |                      |                      |                            |  |
| Recreation Services                                  | 8,889,522            | 8,889,522            | 8,766,769                  | 122,753                                |
| Public works   | 29,804,392           | 29,804,392           | 24,786,210                 | 5,018,182                              |
| Total current  | <u>38,693,914</u>    | <u>38,693,914</u>    | <u>33,552,979</u>          | <u>5,140,935</u>                       |
| Debt service   |                      |                      |                            |  |
| Principal  | 1,665,000            | 1,665,000            | 1,665,000                  | -                                      |
| Interest   | 291,350              | 291,350              | 288,200                    | 3,150                                  |
| Total debt service                                   | <u>1,956,350</u>     | <u>1,956,350</u>     | <u>1,953,200</u>           | <u>3,150</u>                           |
| Total expenditures                                   | <u>40,650,264</u>    | <u>40,650,264</u>    | <u>35,506,179</u>          | <u>5,144,085</u>                       |
| Excess (deficiency) of<br>revenues over expenditures | <u>(12,274,661)</u>  | <u>(12,274,661)</u>  | <u>(4,609,856)</u>         | <u>7,664,805</u>                       |
| <b>Other Financing Sources (Uses)</b>                |                      |                      |                            |  |
| Transfers out  | (1,088,604)          | (1,088,604)          | (879,824)                  | 208,780                                |
| Total other financing sources<br>and uses            | <u>(1,088,604)</u>   | <u>(1,088,604)</u>   | <u>(879,824)</u>           | <u>208,780</u>                         |
| Net change in fund balances                          | (13,363,265)         | (13,363,265)         | (5,489,680)                | 7,873,585                              |
| Fund balance - beginning                             | 27,659,037           | 27,659,037           | 27,659,037                 | -                                      |
| Fund balance - ending                                | <u>\$ 14,295,772</u> | <u>\$ 14,295,772</u> | <u>\$ 22,169,357</u>       | <u>\$ 7,873,585</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, 2023

|  | Budget       |              | Actual                     | Variance With                          |
|--|--------------|--------------|----------------------------|--|
|  | Original     | Final        | Amounts<br>Budget<br>Basis | Final Budget<br>Positive<br>(Negative) |
| <b>Revenues</b>                                      |              |              |                            |  |
| Taxes  | \$ 8,330,625 | \$ 8,330,625 | \$ 9,373,373               | \$ 1,042,748                           |
| Interest and investment income                       | -            | -            | 44,743                     | 44,743                                 |
| Total revenues                                       | 8,330,625    | 8,330,625    | 9,418,116                  | 1,087,491                              |
| <b>Expenditures</b>                                  |              |              |                            |  |
| Public Safety  | 8,330,625    | 9,530,625    | 9,481,504                  | 49,121                                 |
| Total expenditures                                   | 8,330,625    | 9,530,625    | 9,481,504                  | 49,121                                 |
| Excess (deficiency) of revenues<br>over expenditures | -            | (1,200,000)  | (63,388)                   | 1,136,612                              |
| <b>OTHER FINANCING SOURCES (USES)</b>                |              |              |                            |  |
| Transfers in   | -            | -            | -                          | -                                      |
| Transfers out  | -            | -            | -                          | -                                      |
| Total other financing sources (uses)                 | -            | -            | -                          | -                                      |
| Net change in fund balances                          | -            | (1,200,000)  | (63,388)                   | 1,136,612                              |
| Fund balance - beginning                             | 2,894,667    | 2,894,667    | 2,894,667                  | -                                      |
| Fund balance - ending                                | \$ 2,894,667 | \$ 1,694,667 | \$ 2,831,279               | \$ 1,136,612                           |

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, 2023

| ASSETS  | Business-type Activities - Enterprise Funds |                |               |                |                           |                | Governmental<br>Activities-<br>Internal<br>Service Funds |
|---|---|----------------|---------------|----------------|---------------------------|----------------|--|
|   | Major Funds                                 |                |               |                |                           |                |  |
|   | Water                                       | Waste<br>Water | Airport       | Solid<br>Waste | Golf Course<br>(Nonmajor) | Totals         |  |
| <b>Current Assets</b>                               |   |                |               |                |                           |                |  |
| Cash and cash equivalents                           | \$ 22,198,057                               | \$ 8,578,165   | \$ -          | \$ 2,196,399   | \$ -                      | \$ 32,972,621  | \$ 4,929,016   |
| Accounts receivable (net)                           | 2,052,699                                   | 1,301,828      | 196,274       | 554,942        | 48,027                    | 4,153,770      | 5,975  |
| Interfund receivable                                | 3,323,236                                   | -              | -             | -              | -                         | 3,323,236      | -  |
| Interest receivable                                 | -   | -              | -             | -              | -                         | -              | 1,016  |
| Grant receivable                                    | 1,527                                       | -              | 5,623,182     | -              | -                         | 5,624,709      | -  |
| Inventory at cost                                   | 595,088                                     | -              | -             | -              | 119,002                   | 714,090        | 494,868  |
| Total current assets                                | 28,170,607                                  | 9,879,993      | 5,819,456     | 2,751,341      | 167,029                   | 46,788,426     | 5,430,875  |
| <b>Noncurrent Assets</b>                            |   |                |               |                |                           |                |  |
| Restricted cash and cash equivalents                | 1,142,875                                   | 4,539,471      | -             | 1,050,239      | -                         | 6,732,585      | 461,350  |
| OPEB assets   | 112,070                                     | 101,267        | 43,840        | 78,694         | 15,937                    | 351,808        | 82,038   |
| Capital assets                                      |   |                |               |                |                           |                |  |
| Land  | 26,344,101                                  | 1,125,638      | 1,344,961     | 112,858        | 1,963,554                 | 30,891,112     | 13,191   |
| Construction in process                             | 70,171,941                                  | 11,181,157     | 21,246,459    | 382,178        | 425,301                   | 103,407,036    | -  |
| Buildings   | 2,225,658                                   | 6,332,957      | 21,418,330    | 1,529,686      | 960,464                   | 32,467,095     | 5,276,344  |
| Improvements other than buildings                   | 191,193,919                                 | 157,701,024    | 59,362,091    | 1,193,090      | 5,580,526                 | 415,030,650    | 49,023   |
| Machinery and equipment                             | 4,420,371                                   | 4,707,948      | 1,985,719     | 8,559,525      | 2,765,609                 | 22,439,172     | 1,576,807  |
| Less accumulated depreciation                       | (80,755,896)                                | (73,667,147)   | (33,649,378)  | (6,540,223)    | (6,194,114)               | (200,806,758)  | (3,242,061)  |
| Total noncurrent assets                             | 214,855,039                                 | 112,022,315    | 71,752,022    | 6,366,047      | 5,517,277                 | 410,512,700    | 4,216,692  |
| Total assets  | 243,025,646                                 | 121,902,308    | 77,571,478    | 9,117,388      | 5,684,306                 | 457,301,126    | 9,647,567  |
| <b>Deferred Outflows of Resources</b>               |   |                |               |                |                           |                |  |
| Deferred outflows related to pensions and OPEB      | 580,465                                     | 262,702        | 527,028       | 422,372        | 20,377                    | 1,812,944      | 207,456  |
| Total deferred outflows of resources                | 580,465                                     | 262,702        | 527,028       | 422,372        | 20,377                    | 1,812,944      | 207,456  |
| Total assets and deferred outflows of resources     | 243,606,111                                 | 122,165,010    | 78,098,506    | 9,539,760      | 5,704,683                 | 459,114,070    | 9,855,023  |
| <b>LIABILITIES</b>                                  |   |                |               |                |                           |                |  |
| <b>Current Liabilities</b>                          |   |                |               |                |                           |                |  |
| Accounts payable                                    | 5,543,091                                   | 1,031,982      | 4,612,815     | 589,821        | 428,656                   | 12,206,365     | 233,938  |
| Accrued expenses                                    | 631,414                                     | 695,146        | 33,043        | 61,356         | -                         | 1,420,959      | 56,965   |
| Claims payable                                      | -   | -              | -             | -              | -                         | -              | 60,464   |
| Interfund payables                                  | -   | -              | 794,709       | 562,646        | -                         | 1,357,355      | -  |
| Customer deposits                                   | 598,647                                     | -              | 14,548        | -              | -                         | 613,195        | -  |
| Compensated absences                                | 81,738                                      | 154,225        | -             | 52,040         | -                         | 288,003        | 79,150   |
| Loans payable                                       | 2,850,103                                   | 3,625,619      | -             | -              | -                         | 6,475,722      | -  |
| Bonds payable                                       | 545,150                                     | -              | -             | -              | -                         | 545,150        | -  |
| Landfill closure costs                              | -   | -              | -             | 198,374        | -                         | 198,374        | -  |
| Advanced revenue                                    | -   | -              | -             | -              | 85,983                    | 85,983         | -  |
| Total current liabilities                           | 10,250,143                                  | 5,506,972      | 5,455,115     | 1,464,237      | 514,639                   | 23,191,106     | 430,517  |
| <b>Noncurrent Liabilities</b>                       |   |                |               |                |                           |                |  |
| Claims payable                                      | -   | -              | -             | -              | -                         | -              | 122,760  |
| Interfund payable                                   | -   | -              | -             | 1,169,579      | -                         | 1,169,579      | -  |
| Compensated absences                                | 227,189                                     | 124,530        | 95,469        | 186,334        | -                         | 633,522        | 257,226  |
| Loans payable                                       | 43,613,713                                  | 41,699,822     | -             | -              | -                         | 85,313,535     | -  |
| Bonds payable                                       | 6,634,884                                   | -              | -             | -              | -                         | 6,634,884      | -  |
| Landfill closure/postclosure cost                   | -   | -              | -             | 1,586,988      | -                         | 1,586,988      | -  |
| Pension and OPEB liability                          | 3,242,119                                   | 2,929,601      | 1,332,524     | 2,276,582      | 461,053                   | 10,241,879     | 2,373,312  |
| Total noncurrent liabilities                        | 53,717,905                                  | 44,753,953     | 1,427,993     | 5,219,483      | 461,053                   | 105,580,387    | 2,753,298  |
| Total liabilities                                   | 63,968,048                                  | 50,260,925     | 6,883,108     | 6,683,720      | 975,692                   | 128,771,493    | 3,183,815  |
| <b>Deferred Inflows of Resources</b>                |   |                |               |                |                           |                |  |
| Deferred inflows related to pensions and OPEB       | 185,000                                     | 167,167        | 64,019        | 129,905        | 26,308                    | 572,399        | 155,256  |
| Total deferred inflows of resources                 | 185,000                                     | 167,167        | 64,019        | 129,905        | 26,308                    | 572,399        | 155,256  |
| Total liabilities and deferred inflows of resources | 64,153,048                                  | 50,428,092     | 6,947,127     | 6,813,625      | 1,002,000                 | 129,343,892    | 3,339,071  |
| <b>NET POSITION</b>                                 |   |                |               |                |                           |                |  |
| Net investment in capital assets                    | 155,111,578                                 | 61,722,783     | 67,163,038    | 5,170,234      | 5,493,161                 | 294,660,794    | 3,711,345  |
| Restricted for:                                     |   |                |               |                |                           |                |  |
| Debt service  | 1,142,875                                   | 4,539,471      | -             | -              | -                         | 5,682,346      | -  |
| Insurance bond                                      | -   | -              | -             | -              | -                         | -              | 461,350  |
| OPEB assets   | 112,070                                     | 101,267        | 43,840        | 78,694         | 15,937                    | 351,808        | 82,038   |
| Unrestricted  | 23,086,540                                  | 5,373,397      | 3,944,501     | (2,522,793)    | (806,415)                 | 29,075,230     | 2,261,219  |
| Total net position                                  | \$ 179,453,063                              | \$ 71,736,918  | \$ 71,151,379 | \$ 2,726,135   | \$ 4,702,683              | \$ 329,770,178 | \$ 6,515,952   |

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, 2023

|   | Business-type Activities |               |               |                |                            |                | Governmental<br>Activities-<br>Internal<br>Service Funds |
|---|--------------------------|---------------|---------------|----------------|----------------------------|----------------|--|
|   | Enterprise Funds         |               |               |                |                            | Totals         |  |
|   | Major Funds              |               |               | Solid<br>Waste | Golf Course<br>(Non-major) |                |  |
| Water   | Waste<br>Water           | Airport       |               |                |                            |                |  |
| Operating Revenues                                  |                          |               |               |                |                            |                |  |
| Water sales   | \$ 17,922,670            | \$ -          | \$ -          | \$ -           | \$ -                       | \$ 17,922,670  | \$ -   |
| Water connection fees                               | 200,087                  | -             | -             | -              | -                          | 200,087        | -  |
| Aquifer protection fee                              | 282,749                  | -             | -             | -              | -                          | 282,749        | -  |
| Water agreement partnering                          | 1,579                    | -             | -             | -              | -                          | 1,579          | -  |
| Wastewater service fees                             | -                        | 15,530,833    | -             | -              | -                          | 15,530,833     | -  |
| Effluent sales                                      | -                        | 631,744       | -             | -              | -                          | 631,744        | -  |
| Fuel sales and flowage fees                         | -                        | -             | 253,480       | -              | -                          | 253,480        | -  |
| Tie down and hangar rentals                         | -                        | -             | 1,856,421     | -              | -                          | 1,856,421      | -  |
| Refuse collection fees                              | -                        | -             | -             | 7,616,133      | -                          | 7,616,133      | -  |
| Tipping fees  | -                        | -             | -             | 3,374,715      | -                          | 3,374,715      | -  |
| Recycling revenue                                   | -                        | -             | -             | 234,507        | -                          | 234,507        | -  |
| Golf course green fees                              | -                        | -             | -             | -              | 1,697,693                  | 1,697,693      | -  |
| Restaurant sales                                    | -                        | -             | -             | -              | 1,384,639                  | 1,384,639      | -  |
| Golf course rentals                                 | -                        | -             | -             | -              | 710,402                    | 710,402        | -  |
| Golf pro-shop sales                                 | -                        | -             | -             | -              | 279,998                    | 279,998        | -  |
| Charges for services                                | -                        | -             | -             | -              | -                          | -              | 7,298,408  |
| Miscellaneous                                       | 176,821                  | 149,251       | 294,143       | 212,231        | 25,899                     | 858,345        | 75,642   |
| Total operating revenues                            | 18,583,906               | 16,311,828    | 2,404,044     | 11,437,586     | 4,098,631                  | 52,835,995     | 7,374,050  |
| Operating Expenses                                  |                          |               |               |                |                            |                |  |
| Personnel services                                  | 3,813,670                | 3,473,826     | 1,721,034     | 2,742,770      | 1,915,502                  | 13,666,802     | 2,826,029  |
| Supplies  | 1,034,732                | 871,564       | 197,847       | 990,947        | 1,212,263                  | 4,307,353      | 1,587,658  |
| Other services and charges                          | 6,021,189                | 4,528,644     | 2,246,810     | 6,920,128      | 1,288,218                  | 21,004,989     | 3,312,175  |
| Depreciation  | 5,120,861                | 4,679,122     | 2,019,368     | 709,264        | 326,674                    | 12,855,289     | 184,265  |
| Total operating expenses                            | 15,990,452               | 13,553,156    | 6,185,059     | 11,363,109     | 4,742,657                  | 51,834,433     | 7,910,127  |
| Operating income (loss)                             | 2,593,454                | 2,758,672     | (3,781,015)   | 74,477         | (644,026)                  | 1,001,562      | (536,077)  |
| Non-Operating Revenues (Expenses)                   |                          |               |               |                |                            |                |  |
| Debt service interest                               | (1,101,619)              | (1,234,589)   | -             | (64,285)       | -                          | (2,400,493)    | -  |
| Interest and investment income                      | 238,208                  | 167,385       | -             | 19,143         | -                          | 424,736        | 31,932   |
| Net gain (loss) on disposal of assets               | 50,751                   | -             | -             | 4,530          | 175,062                    | 230,343        | 12,350   |
| Total non-operating<br>revenues (expenses)          | (812,660)                | (1,067,204)   | -             | (40,612)       | 175,062                    | (1,745,414)    | 44,282   |
| Income (loss) before contributions<br>and transfers | 1,780,794                | 1,691,468     | (3,781,015)   | 33,865         | (468,964)                  | (743,852)      | (491,795)  |
| Grant contributions                                 | 1,541,527                | -             | 10,254,456    | -              | -                          | 11,795,983     | -  |
| Capital contributions                               | 1,636,752                | 679,857       | -             | -              | -                          | 2,316,609      | -  |
| Transfers in  | -                        | -             | 1,911,583     | 64,702         | 1,162,208                  | 3,138,493      | -  |
| Transfers out                                       | (537,549)                | (403,162)     | -             | (134,387)      | -                          | (1,075,098)    | (53,152)   |
| Change in net position                              | 4,421,524                | 1,968,163     | 8,385,024     | (35,820)       | 693,244                    | 15,432,135     | (544,947)  |
| Total net position - beginning                      | 175,031,539              | 69,768,755    | 62,766,355    | 2,761,955      | 4,009,439                  | 314,338,043    | 7,060,899  |
| Total net position - ending                         | \$ 179,453,063           | \$ 71,736,918 | \$ 71,151,379 | \$ 2,726,135   | \$ 4,702,683               | \$ 329,770,178 | \$ 6,515,952   |

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, 2023

|  | Business-type Activities - Enterprise Funds |                 |                |                |
|--|---|-----------------|----------------|----------------|
|  | Major Funds                                 |                 |                |                |
|  | Water                                       | Waste-<br>water | Airport        | Solid<br>Waste |
| Cash flows from operating activities:  |   |                 |                |                |
| Cash received from customers   | \$ 18,463,469                               | \$ 16,176,193   | \$ 2,423,393   | \$ 11,288,087  |
| Cash payments to employees for services  | (3,781,866)                                 | (3,447,637)     | (1,625,329)    | (2,687,504)    |
| Cash payments to suppliers for goods and services  | (8,559,731)                                 | (5,831,976)     | (4,928,190)    | (8,068,587)    |
| Net cash provided by (used for) operating activities   | 6,121,872                                   | 6,896,580       | (4,130,126)    | 531,996        |
| Cash flows from noncapital financing activities:   |   |                 |                |                |
| Receipts (payments) under<br>interfund loan arrangement  | 1,220,153                                   | -               | (2,174,265)    | -              |
| Transfers in   | -   | -               | 1,911,583      | 64,702         |
| Transfers out  | (537,549)                                   | (403,162)       | -              | (134,387)      |
| Net cash provided by (used for)<br>noncapital financing activity   | 682,604                                     | (403,162)       | (262,682)      | (69,685)       |
| Cash flows from capital and related financing activities:  |   |                 |                |                |
| Acquisition and construction of capital assets   | (26,695,665)                                | (5,791,712)     | (5,627,026)    | (868,218)      |
| Contributed from capital grant   | 1,540,000                                   | -               | 10,019,834     | -              |
| Contributed from customers   | 1,636,752                                   | 679,857         | -              | -              |
| Interest paid on capital financing   | (1,023,159)                                 | (1,244,517)     | -              | (64,285)       |
| Principal paid on capital financing  | (2,560,470)                                 | (3,053,926)     | -              | (546,140)      |
| Proceeds from debt issues  | 18,056,849                                  | 2,017,279       | -              | -              |
| Proceeds from sales of capital assets  | 74,918                                      | -               | -              | 4,530          |
| Net cash provided by (used for) capital and<br>related financing activities                                  | (8,970,775)                                 | (7,393,019)     | 4,392,808      | (1,474,113)    |
| Cash flows from investing activities:  |   |                 |                |                |
| Interest on investments  | 238,208                                     | 167,385         | -              | 19,143         |
| Loan (repayment) under interfund loan  | -   | -               | -              | -              |
| Net cash provided by (used for) investing activities   | 238,208                                     | 167,385         | -              | 19,143         |
| Net increase (decrease) in cash<br>and cash equivalents  | (1,928,091)                                 | (732,216)       | -              | (992,659)      |
| Cash and cash equivalents at July 1  | 25,269,023                                  | 13,849,852      | -              | 4,239,297      |
| Cash and cash equivalents at June 30   | \$ 23,340,932                               | \$ 13,117,636   | \$ -           | \$ 3,246,638   |
| Reconciliation to statement of net position:   |   |                 |                |                |
| Cash and cash equivalents at June 30, unrestricted   | \$ 22,198,057                               | \$ 8,578,165    | \$ -           | \$ 2,196,399   |
| Cash and cash equivalents at June 30, restricted   | 1,142,875                                   | 4,539,471       | -              | 1,050,239      |
| Total  | \$ 23,340,932                               | \$ 13,117,636   | \$ -           | \$ 3,246,638   |
| Reconciliation of operating income (loss)<br>to net cash provided by (used for) operating activities:        |   |                 |                |                |
| Operating income (loss)  | \$ 2,593,454                                | \$ 2,758,672    | \$ (3,781,015) | \$ 74,477      |
| Adjustments to reconcile operating income (loss) to<br>net cash provided by (used for) operating activities: |   |                 |                |                |
| Depreciation   | 5,120,861                                   | 4,679,122       | 2,019,368      | 709,264        |
| Changes in assets and liabilities:   |   |                 |                |                |
| Increase (decrease) in accounts payable  | (1,327,936)                                 | (433,824)       | (2,483,533)    | (157,512)      |
| Increase (decrease) in compensated absences  | 4,506                                       | 8,112           | 935            | 33,880         |
| (Increase) decrease in accounts receivable   | (124,779)                                   | (133,457)       | 20,058         | (147,878)      |
| (Increase) decrease in inventory   | (169,311)                                   | -               | -              | -              |
| Increase (decrease) salary & benefits payable  | 25,077                                      | 17,955          | 94,061         | 19,765         |
| Total adjustments  | 3,528,418                                   | 4,137,908       | (349,111)      | 457,519        |
| Net cash provided by operating activities  | \$ 6,121,872                                | \$ 6,896,580    | \$ (4,130,126) | \$ 531,996     |

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

| Golf Course<br>(Non-major) | Totals        | Governmental<br>Activities-<br>Internal<br>Service Funds |
|----------------------------|---------------|--|
| \$ 4,165,280               | \$ 52,516,422 | \$ 7,366,224   |
| (1,992,376)                | (13,534,712)  | (2,771,263)  |
| (2,469,786)                | (29,858,270)  | (4,931,745)  |
| (296,882)                  | 9,123,440     | (336,784)  |
| -                          | (954,112)     | -  |
| 1,162,208                  | 3,138,493     | -  |
| -                          | (1,075,098)   | (53,152)   |
| 1,162,208                  | 1,109,283     | (53,152)   |
| (1,356,076)                | (40,338,697)  | (400,489)  |
| -                          | 11,559,834    | -  |
| -                          | 2,316,609     | -  |
| -                          | (2,331,961)   | -  |
| -                          | (6,160,536)   | -  |
| -                          | 20,074,128    | -  |
| 490,750                    | 570,198       | 12,350   |
| (865,326)                  | (14,310,425)  | (388,139)  |
| -                          | 424,736       | 31,932   |
| -                          | -             | -  |
| -                          | 424,736       | 31,932   |
| -                          | (3,652,966)   | (746,143)  |
| -                          | 43,358,172    | 6,136,509  |
| \$ -                       | \$ 39,705,206 | \$ 5,390,366   |
| \$ -                       | \$ 32,972,621 | \$ 4,929,016   |
| -                          | 6,732,585     | 461,350  |
| \$ -                       | \$ 39,705,206 | \$ 5,390,366   |
| \$ (644,026)               | \$ 1,001,562  | \$ (536,077)   |
| 326,674                    | 12,855,289    | 184,265  |
| 43,594                     | (4,359,211)   | 34,837   |
| (64,921)                   | (17,488)      | 38,538   |
| 67,115                     | (318,941)     | (5,975)  |
| (12,899)                   | (182,210)     | (66,748)   |
| (12,419)                   | 144,439       | 14,376   |
| 347,144                    | 8,121,878     | 199,293  |
| \$ (296,882)               | \$ 9,123,440  | \$ (336,784)   |

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, 2023**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Prescott, Arizona (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, 2023, the City implemented the provisions of GASB Statement No. 96, Subscription-Based Information Technology Arrangements, which (1) defines a subscription-based information technology arrangement (SBITA); (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. As a result, the City's financial statements have been modified to reflect the implementation of this new standard. The standard was implemented for July 1, 2022 with no prior period adjustments.

#### **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 activity of the City (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 (District) 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 District is 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 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 general long-term debt and financing through lease contracts and subscription-based technology arrangements 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 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, and similar items), 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 and subscription-based information technology assets, measurement is discussed in note N). Donated capital assets, donated works of art and similar items are reported at acquisition value rather than fair value.

Capital assets are defined by the City as assets that meet all of the following criteria: 1) it must have an initial useful life of 2 years or more, 2) it must be used in the operations of the City, and 3) it must not be specifically excluded by policy for example under the established capitalization thresholds (see table below). 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/amortization 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:

| <b>Asset Class</b>  | <b>Capitalization Threshold</b> | <b>Useful Life Ranges</b>    |
|---|---------------------------------|------------------------------|
| Land  | All                             | Capitalized, not depreciated |
| Right of Way and Easements                                    | All                             | Capitalized, not depreciated |
| Artwork, Historical Treasures, Similar assets - Inexhaustible | \$10,000                        | Capitalized, not depreciated |
| Office Equipment and Furniture*                               | \$10,000                        | 2-10 years                   |
| Machinery and Equipment*                                      | \$10,000                        | 5-15 years                   |
| Motor Vehicles  | \$10,000                        | 5-15 years                   |
| Leased Equipment (right to use asset)                         | \$20,000                        | 5-15 years                   |
| Buildings and Structures, Building Improvements               | \$100,000                       | 40 years                     |
| Improvements Other Than Buildings                             | \$100,000                       | 40 years                     |
| Infrastructure  | \$100,000                       | 20 years                     |
| System Software (includes right to use asset)                 | \$100,000                       | 2-10 years                   |
| Other Intangible Assets                                       | \$100,000                       | 2-10 years                   |

\*Group purchases threshold is \$100,000 of office equipment and furniture, machinery and equipment, when items are acquired together, and each item is under the \$10,000 threshold. This is purchase of a group of items that are not a system. That is, they can be used or operated independent of each other.

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, unless the lease contains a purchase option that the City is reasonably certain of being exercised—then the lease asset is amortized over the useful life of the underlying asset.

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

## **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 restrictions:

|                                  | General             | Streets              | PSPRS<br>Dedicated Tax | Nonmajor<br>Governmental<br>Funds | Total                |
|----------------------------------|---------------------|----------------------|------------------------|-----------------------------------|----------------------|
| <b>Nonspendable:</b>             |                     |                      |                        |                                   |                      |
| Internal loans                   | \$ 2,700,103        | \$ -                 | \$ -                   | \$ -                              | \$ 2,700,103         |
| Prepaid items                    | 66,370              | -                    | -                      | 30,000                            | 96,370               |
| <b>Total Nonspendable</b>        | <b>\$ 2,766,473</b> | <b>\$ -</b>          | <b>\$ -</b>            | <b>\$ 30,000</b>                  | <b>\$ 2,796,473</b>  |
| <b>Restricted:</b>               |                     |                      |                        |                                   |                      |
| Streets and open space activity  | \$ -                | \$ 22,169,357        | \$ -                   | \$ -                              | \$ 22,169,357        |
| PSPRS unfunded liability service | -                   | -                    | 2,831,279              | -                                 | 2,831,279            |
| Capital expenditure              | -                   | -                    | -                      | 5,262,005                         | 5,262,005            |
| Transient lodging tax activity   | -                   | -                    | -                      | 951,026                           | 951,026              |
| Debt Service                     | -                   | -                    | -                      | 12,724                            | 12,724               |
| Donated/Grant purposes           | -                   | -                    | -                      | 840,552                           | 840,552              |
| <b>Total Restricted</b>          | <b>\$ -</b>         | <b>\$ 22,169,357</b> | <b>\$ 2,831,279</b>    | <b>\$ 7,066,307</b>               | <b>\$ 32,066,943</b> |

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 and subscription-based information technology arrangements**

### **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 borrowing rate is calculated as described above for lessee arrangements. The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of the payments from the lessee.

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

### **Subscription-based information technology arrangements**

The City recognizes subscription liabilities with an initial, individual value of \$100,000 or more. The City uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the arrangement. The City's estimated incremental borrowing rate is calculated as described above.

## **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 13, 2023:

**Resolution No. 2023-1854**  
**Fiscal Year 2023 Movement of Budget Appropriations**

Network server farm not completed in FY22

| From         |                  | To           |                   | Amount     |
|--------------|------------------|--------------|-------------------|------------|
| Fund         | Department       | Fund         | Department        |            |
| General Fund | Non-departmental | General Fund | City Manager (IT) | \$ 500,000 |

Adjustments for midyear cost of living and retention/attraction

| From         |                  | To           |                            | Amount     |
|--------------|------------------|--------------|----------------------------|------------|
| Fund         | Department       | Fund         | Department                 |            |
| General Fund | Non-departmental | General Fund | City Manager (CM,HR,ED,IT) | \$ 200,000 |
| General Fund | Non-departmental | General Fund | Legal                      | 160,000    |
| General Fund | Non-departmental | General Fund | Budget and Finance         | 30,000     |
| General Fund | Non-departmental | Water Fund   | Budget and Finance         | 20,000     |
| General Fund | Non-departmental | General Fund | Library                    | 40,000     |

Arizona Department of Revenue automation implementation charge

| From         |                  | To           |                    | Amount    |
|--------------|------------------|--------------|--------------------|-----------|
| Fund         | Department       | Fund         | Department         |           |
| General Fund | Non-departmental | General Fund | Budget and Finance | \$ 35,000 |



Granite Creek Corridor and increased funding for Summer Concert Series and Courthouse Lighting

| From         |                  | To                      |              | Amount     |
|--------------|------------------|-------------------------|--------------|------------|
| Fund         | Department       | Fund                    | Department   |            |
| General Fund | Non-departmental | Transient Occupancy Tax | City Manager | \$ 250,000 |

Unanticipated Grants and Trusts

| From        |                  | To               |                     | Amount    |
|-------------|------------------|------------------|---------------------|-----------|
| Fund        | Department       | Fund             | Department          |           |
| Grants Fund | Non-departmental | Grants Fund      | Library             | \$ 40,000 |
| Grants Fund | Non-departmental | Grants Fund      | Recreation Services | 25,000    |
| Grants Fund | Non-departmental | Acker Trust Fund | Recreation Services | 4,000     |
| Grants Fund | Non-departmental | Trust Funds      | Recreation Services | 5,000     |
| Grants Fund | Non-departmental | Trust Funds      | Police Department   | 10,000    |

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 | \$ 1,200,000 |

Increased claims activity over projection

| From         |                  | To                   |                 | Amount     |
|--------------|------------------|----------------------|-----------------|------------|
| Fund         | Department       | Fund                 | Department      |            |
| General Fund | Non-departmental | Risk Management Fund | Risk Management | \$ 400,000 |

Additional expenditures in Fleet related to higher than projected activity

| From         |                  | To                |                     | Amount     |
|--------------|------------------|-------------------|---------------------|------------|
| Fund         | Department       | Fund              | Department          |            |
| General Fund | Non-departmental | Fleet Maintenance | Recreation Services | \$ 300,000 |

**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 \$14,835

**Deposits**

At June 30, 2023, the carrying amount of the City's deposits was \$10,432,828 and the bank balance was \$11,558,092 with \$1,444,373 on deposit with the bank and \$10,113,719 held in an overnight sweep arrangement shown below as an investment. 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, 2023, 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, 2023, was 2.10.

### 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, State Treasurer's Local Government Investment Pool, and US Government Agency overnight sweep mutual fund. These investments represent 31.0 percent, 23.7 percent, 36.5 percent, and 8.6 percent respectively, of the City's total investments.

### Investments

The City's investments at June 30, 2023, 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<br/>Moody</u> | <u>Modified<br/>Duration</u> |
|--|-----------------------|-------------------------|------------------------------|
| <b>External investment pools measured at fair value</b>                      |                       |                         |                              |
| State Treasurer's 7 Pool (LGIP-7)  | \$ 21,166,485         | Not Rated               | 0.10                         |
| State Treasurer's 700 Pool (LGIP-700)  | 22,058,394            | Not Rated               | 3.21                         |
| U.S. Agency Mutual Fund (overnight sweep)                                    | 10,113,719            | Not Rated               | 0.00                         |
| Total investments measured at fair value                                     | <u>\$ 53,338,598</u>  | Not Rated               |                              |
| <b>Fair valued measured at significant other observable inputs (Level 2)</b> |                       |                         |                              |
| U.S. Treasury Note   | \$ 28,007,185         |                         | 2.49                         |
| U.S. Agency Mortgage Backed Securities                                       | 36,605,119            | Aaa                     | 2.86                         |
| Total investments by fair value level 2                                      | <u>\$ 64,612,304</u>  |                         |                              |
| Total Fair Value   | <u>\$ 117,950,902</u> |                         |                              |
| Portfolio Modified Duration  |                       |                         | 2.10                         |

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            | \$ 4,029,441        | \$ 3,091,079        | \$ 22,006           | \$ 178,014                  | \$ 5,975               | \$ 7,326,515        |
| Allowance           | (18,429)            | (1,103)             | -                   | -                           | -                      | (19,532)            |
| Accounts (net)      | 4,011,012           | 3,089,976           | 22,006              | 178,014                     | 5,975                  | 7,306,983           |
| Property Taxes      | 35,567              | -                   | -                   | -                           | -                      | 35,567              |
| Special Assessments | -                   | -                   | -                   | 5,874                       | -                      | 5,874               |
| Interest            | 141,476             | -                   | -                   | 2,396                       | 1,016                  | 144,888             |
| Intergovernmental   | 438,374             | 485,441             | -                   | 1,204,559                   | -                      | 2,128,374           |
| <b>Total</b>        | <b>\$ 4,626,429</b> | <b>\$ 3,575,417</b> | <b>\$ 22,006</b>    | <b>\$ 1,390,843</b>         | <b>\$ 6,991</b>        | <b>\$ 9,621,686</b> |

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          | \$ 2,150,322        | \$ 1,372,769        | \$ 196,274          | \$ 591,435        | \$ 48,027        | \$ 4,358,827        |
| Allowance         | (97,623)            | (70,941)            | -                   | (36,493)          | -                | (205,057)           |
| Accounts (net)    | 2,052,699           | 1,301,828           | 196,274             | 554,942           | 48,027           | 4,153,770           |
| Intergovernmental | 1,527               | -                   | 5,623,182           | -                 | -                | 5,624,709           |
| <b>Total</b>      | <b>\$ 2,054,226</b> | <b>\$ 1,301,828</b> | <b>\$ 5,819,456</b> | <b>\$ 554,942</b> | <b>\$ 48,027</b> | <b>\$ 9,778,479</b> |

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         | \$ 17,041           | \$ -        |
| Community facilities districts assessments not yet due    | 5,995               | -           |
| Grant drawdowns prior to meeting eligibility requirements | 1,134,877           | -           |
| <b>Total</b>  | <b>\$ 1,157,913</b> | <b>\$ -</b> |

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, 2023, the City recognized total lease-related revenues of \$865,105.

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 \$712,099.

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<br>June 30, | Airport long-<br>term bare<br>ground and<br>facility leases |
|-------------------------|---|
| 2024                    | \$ 883,947  |
| 2025                    | 934,353   |
| 2026                    | 955,553   |
| 2027                    | 984,754   |
| 2028                    | 1,007,340   |
| 2029-2033               | 5,304,134   |
| 2034-2038               | 5,596,485   |
| 2039-2043               | 5,747,190   |
| 2044-2048               | 5,797,361   |
| 2049-2053               | 5,802,638   |
| 2054-2058               | 4,474,123   |
| 2059-2063               | 3,086,822   |
| 2064-2068               | 3,578,473   |
| Total                   | <u>\$ 44,153,173</u>  |

### C. Capital Assets

Capital assets activity for governmental activities for the year ended June 30, 2023, was as follows:

| Description                                   | Beginning<br>Balance,<br>restated | Transfers          | Increases            | Decreases           | Ending<br>Balance     |
|---|-----------------------------------|--------------------|----------------------|---------------------|-----------------------|
| Land  | \$ 83,651,145                     | \$ -               | \$ 8,471,018         | \$ (88,092)         | \$ 92,034,071         |
| Construction in progress                      | 5,269,825                         | (4,342,146)        | 11,705,325           | (269,572)           | 12,363,432            |
| Artwork, historical treasures, similar assets | -                                 | 471,281            | -                    | -                   | 471,281               |
| Total non-depreciable                         | <u>88,920,970</u>                 | <u>(3,870,865)</u> | <u>20,176,343</u>    | <u>(357,664)</u>    | <u>104,868,784</u>    |
| Buildings                                     | 45,139,046                        | -                  | 1,848,707            | (658,792)           | 46,328,961            |
| Improvements other than buildings             | 47,936,098                        | 2,329,056          | 93,293               | (631,289)           | 49,727,158            |
| Machinery and equipment                       | 35,064,561                        | 1,009,976          | 3,336,142            | (4,605,682)         | 34,804,997            |
| Infrastructure                                | 304,601,366                       | 531,833            | 113,567              | -                   | 305,246,766           |
| Intangibles:                                  |                                   |                    |                      |                     |                       |
| Right-to-use subscription assets              | -                                 | -                  | 319,539              | -                   | 319,539               |
| Right-to-use lease assets (equipment)         | 737,329                           | -                  | -                    | -                   | 737,329               |
| Total depreciable                             | <u>433,478,400</u>                | <u>3,870,865</u>   | <u>5,711,248</u>     | <u>(5,895,763)</u>  | <u>437,164,750</u>    |
| Accumulated depreciation                      |                                   |                    |                      |                     |                       |
| Buildings                                     | (20,472,874)                      | -                  | (1,111,270)          | 262,183             | (21,321,961)          |
| Improvements other than buildings             | (21,426,082)                      | -                  | (1,315,494)          | 631,289             | (22,110,287)          |
| Machinery and equipment                       | (24,209,628)                      | -                  | (1,774,439)          | 4,533,142           | (21,450,925)          |
| Infrastructure                                | (216,829,082)                     | -                  | (9,259,827)          | -                   | (226,088,909)         |
| Total accumulated depreciation                | <u>(282,937,666)</u>              | <u>-</u>           | <u>(13,461,030)</u>  | <u>5,426,614</u>    | <u>(290,972,082)</u>  |
| Accumulated amortization                      |                                   |                    |                      |                     |                       |
| Right-to-use subscription assets              | -                                 | -                  | (140,104)            | -                   | (140,104)             |
| Right-to-use lease assets (equipment)         | (160,756)                         | -                  | (207,908)            | -                   | (368,664)             |
| Total accumulated amortization                | <u>(160,756)</u>                  | <u>-</u>           | <u>(348,012)</u>     | <u>-</u>            | <u>(508,768)</u>      |
| Governmental activities capital assets net    | <u>\$ 239,300,948</u>             | <u>\$ -</u>        | <u>\$ 12,078,549</u> | <u>\$ (826,813)</u> | <u>\$ 250,552,684</u> |

Artwork, historical treasures, similar assets include statutes that were commissioned as public art. These are considered inexhaustible; thus, they are not depreciated.

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

|   |                      |
|---|----------------------|
| General government (including internal service funds) | \$ 1,510,224         |
| Community services                                    | 31,339               |
| Culture and recreation                                | 933,627              |
| Police and Court                                      | 1,050,605            |
| Fire  | 463,991              |
| Public works  | 9,819,256            |
| Total depreciation for governmental activities        | <u>\$ 13,809,042</u> |

Capital assets activity for business-type activities for the year ended June 30, 2023, was as follows:

| Description                            | Beginning             |                    |                      |                     | Ending                |
|--|-----------------------|--------------------|----------------------|---------------------|-----------------------|
|  | Balance               | Transfer           | Increases            | Decreases           | Balance               |
| Land                                   | \$ 30,498,010         | \$ -               | \$ 393,102           | \$ -                | \$ 30,891,112         |
| Construction in progress               | 68,205,401            | (6,392,349)        | 41,593,984           | -                   | 103,407,036           |
| Total non-depreciable                  | <u>98,703,411</u>     | <u>(6,392,349)</u> | <u>41,987,086</u>    | <u>-</u>            | <u>134,298,148</u>    |
| Buildings                              | 32,256,676            | -                  | 265,585              | (55,166)            | 32,467,095            |
| Improvements other than buildings      | 407,280,342           | 6,392,349          | 2,054,089            | (696,130)           | 415,030,650           |
| Machinery and equipment                | 22,276,337            | -                  | 2,495,737            | (2,332,902)         | 22,439,172            |
| Total depreciable                      | <u>461,813,355</u>    | <u>6,392,349</u>   | <u>4,815,411</u>     | <u>(3,084,198)</u>  | <u>469,936,917</u>    |
| Accumulated depreciation               |                       |                    |                      |                     |                       |
| Buildings                              | (13,000,410)          | -                  | (685,872)            | 55,166              | (13,631,116)          |
| Improvements other than buildings      | (164,108,560)         | -                  | (10,714,431)         | 696,130             | (174,126,861)         |
| Machinery and equipment                | (13,586,844)          | -                  | (1,454,985)          | 1,993,048           | (13,048,781)          |
| Total accumulated depreciation         | <u>(190,695,814)</u>  | <u>-</u>           | <u>(12,855,288)</u>  | <u>2,744,344</u>    | <u>(200,806,758)</u>  |
| Business activities capital assets net | <u>\$ 369,820,952</u> | <u>\$ -</u>        | <u>\$ 33,947,209</u> | <u>\$ (339,854)</u> | <u>\$ 403,428,307</u> |

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

|   |                      |
|---|----------------------|
| Water   | \$ 5,120,861         |
| Wastewater                                      | 4,679,122            |
| Airport   | 2,019,368            |
| Solid waste                                     | 709,264              |
| Golf Course                                     | 326,674              |
| Total depreciation for business-type activities | <u>\$ 12,855,289</u> |

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

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

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

| Interfund Payables |                                   | Interfund Receivables |                     |                     |
|--------------------|-----------------------------------|-----------------------|---------------------|---------------------|
| Fund               | Reason                            | General Fund          | Water Fund          | Total               |
| General Fund       | Res. 2021-1771 building purchase  | \$ -                  | \$ 3,323,236        | \$ 3,323,236        |
| Solid Waste Fund   | Res. 2020-1736 equipment purchase | 1,732,225             | -                   | 1,732,225           |
| Grant Fund         | Delayed grant reimbursements      | 173,168               | -                   | 173,168             |
| Airport Fund       | Delayed grant reimbursements      | 794,709               | -                   | 794,709             |
| Total              |                                   | <u>\$ 2,700,102</u>   | <u>\$ 3,323,236</u> | <u>\$ 6,023,338</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  | Internal Service Fund - Risk |                     |
| Governmental |                    |                   |                       |                   |                   |                   |                              |                     |
| General Fund | \$ -               | \$ 268,774        | \$ 77,072             | \$ 537,549        | \$ 403,162        | \$ 134,387        | \$ 53,152                    | \$ 1,474,096        |
| Nonmajor     | 415,107            | 611,050           | 876,000               | -                 | -                 | -                 | -                            | 1,902,157           |
| Enterprise   |                    |                   |                       |                   |                   |                   |                              |                     |
| Airport      | 1,911,583          | -                 | -                     | -                 | -                 | -                 | -                            | 1,911,583           |
| Solid Waste  | 28,426             | -                 | 36,276                | -                 | -                 | -                 | -                            | 64,702              |
| Golf Course  | 1,162,208          | -                 | -                     | -                 | -                 | -                 | -                            | 1,162,208           |
| <b>Total</b> | <b>\$3,517,324</b> | <b>\$ 879,824</b> | <b>\$ 989,348</b>     | <b>\$ 537,549</b> | <b>\$ 403,162</b> | <b>\$ 134,387</b> | <b>\$ 53,152</b>             | <b>\$ 6,514,746</b> |

## 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 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 \$5,912.

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

| Year Ending | June 30,        |               |
|-------------|-----------------|---------------|
|             | Principal       | Interest      |
| 2024        | \$ 5,912        | \$ 169        |
|             | <u>\$ 5,912</u> | <u>\$ 169</u> |

### Pledged Excise Tax Bonds

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

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

Following are the pledged revenues compared to debt service for fiscal year ending June 30, 2023:

|                               |    |                   |
|-------------------------------|----|-------------------|
| Pledged Revenues:             |    |                   |
| City Privilege and Use Taxes  | \$ | 24,645,613        |
| State-Shared Revenue          |    | 19,621,093        |
| Franchise Taxes               |    | 1,875,549         |
| Licenses and Permits          |    | 840,619           |
| Charges for Services          |    | 5,080,135         |
| Fines and Forfeitures         |    | 266,656           |
| Total Pledged Revenues        | \$ | <u>52,329,665</u> |
| Fiscal Year 2023 Debt Service | \$ | 2,748,000         |
| Debts Service Coverage        |    | 19                |

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% | \$ 10,785,000        |
|             | Governmental Activities  |           |       | 10,785,000           |
| Water       | Big Chino Water Ranch    | MPC 2014  | 3.64% | 6,685,000            |
|             | Business-type Activities |           |       | 6,685,000            |
|             |                          |           |       | <u>\$ 17,470,000</u> |

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

| Year Ending | Principal            | Interest            |                      |                     |
|-------------|----------------------|---------------------|----------------------|---------------------|
|             |                      | Interest            | Premium Amortization | Net Interest        |
| June 30,    |                      |                     |                      |                     |
| 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        | 2,425,000            | 319,000             | (55,881)             | 263,119             |
| 2029-2033   | 5,215,000            | 749,585             | (169,502)            | 580,083             |
| 2034        | 765,000              | 38,250              | (9,185)              | 29,065              |
|             | <u>\$ 17,470,000</u> | <u>\$ 3,025,725</u> | <u>\$ (495,035)</u>  | <u>\$ 2,530,690</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, 2023, the debt service of these loans were \$8,416,545 and the net revenues available for debt service were \$15,557,702 providing a debt coverage ratio of 185 percent which is above the 120 percent debt covenant.

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

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

| WIFA #                               | Amount Authorized | Date of Auth. | Maturity Date | Final Amount Borrowed | Interest Rate | Project           | Balance June 30      |
|--------------------------------------|-------------------|---------------|---------------|-----------------------|---------------|-------------------|----------------------|
| <b>Drinking Water Projects</b>       |                   |               |               |                       |               |                   |                      |
| 920125-08                            | \$ 9,854,000      | 8/24/2007     | 7/1/2027      | \$ 9,854,000          | 3.640%        | Water Main Imp    | \$ 3,157,714         |
| 92A166-10                            | 8,998,096         | 7/31/2009     | 7/1/2029      | 2,759,551             | 3.143%        | Zone 39 Imp       | 1,082,188            |
| 920206-11                            | 1,060,000         | 12/3/2010     | 7/1/2030      | 1,018,796             | 3.152%        | Water Main Imp    | 483,627              |
| 920237-13                            | 15,921,582        | 1/25/2013     | 7/1/2032      | 15,921,582            | 2.800%        | Water Main Imp    | 7,896,400            |
| 920297-20                            | 25,000,000        | 8/30/2019     | 7/1/2049      | 25,000,000            | 1.590%        | Intermediate Pump | 22,998,077           |
| 920351-23                            | 34,000,000        | 9/27/2022     | 7/1/2052      | In Progress           | 2.992%        | Intermediate Pump | 10,845,808           |
| <b>Total Drinking Water Projects</b> |                   |               |               |                       |               |                   | <b>46,463,814</b>    |
| <b>Clean Water Projects</b>          |                   |               |               |                       |               |                   |                      |
| 910097-08                            | 4,703,000         | 8/24/2007     | 7/1/2027      | 4,703,000             | 3.868%        | Sewer Mains Imp   | 1,528,267            |
| 910122-10                            | 6,573,506         | 7/31/2009     | 7/1/2029      | 6,054,763             | 3.143%        | Sewer Mains Imp   | 2,547,017            |
| 910147-11                            | 2,070,000         | 12/3/2010     | 7/1/2030      | 1,574,593             | 3.152%        | Sewer Mains Imp   | 710,463              |
| 910148-11                            | 1,635,870         | 12/3/2010     | 7/1/2030      | 1,480,944             | 3.152%        | Sundog WWTP Imp   | 690,722              |
| 910151-11                            | 45,802,753        | 6/10/2011     | 7/1/2031      | 43,202,549            | 2.950%        | Airport WWTP      | 23,151,254           |
| 910170-18                            | 21,600,000        | 2/2/2018      | 7/1/1947      | In Progress           | 2.328%        | Sundog Trunk Main | 16,697,719           |
| <b>Total Clean Water Projects</b>    |                   |               |               |                       |               |                   | <b>45,325,442</b>    |
| <b>Total</b>                         |                   |               |               |                       |               |                   | <b>\$ 91,789,256</b> |

Annual debt service requirements to maturity for WIFA loans are as follows, which includes the debt service up to the authorized amount of the in-progress projects:

| Year Ending | Principal             | Interest             |
|-------------|-----------------------|----------------------|
| June 30,    |                       |                      |
| 2024        | \$ 6,475,722          | \$ 2,844,848         |
| 2025        | 6,661,099             | 2,653,953            |
| 2026        | 6,851,983             | 2,457,381            |
| 2027        | 7,048,543             | 2,254,961            |
| 2028        | 7,250,951             | 2,046,512            |
| 2029-2033   | 28,496,263            | 7,724,486            |
| 2034-2038   | 12,773,370            | 5,516,380            |
| 2039-2043   | 14,344,707            | 3,905,446            |
| 2044-2048   | 16,122,572            | 2,082,517            |
| 2049-2053   | 9,639,399             | 483,457              |
|             | <b>\$ 115,664,609</b> | <b>\$ 31,969,941</b> |



### Changes in Long-Term Liabilities

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

|   | Beginning<br>Balance,<br>restated | Additional<br>Obligations,<br>and Net<br>Increases | Current<br>Maturities,<br>Retirements,<br>and Net<br>Decreases | Ending<br>Balance | Amounts<br>Due Within<br>One Year |
|---|-----------------------------------|--|--|-------------------|-----------------------------------|
| <b>Governmental Activities:</b>                 |                                   |  |  |                   |                                   |
| Bond payable:                                   |                                   |  |  |                   |                                   |
| Municipal Property Corporation                  | \$ -                              | \$ -   | \$ -   | \$ -              | \$ -                              |
| City pledged excise tax bonds                   | 12,450,000                        | -  | 1,665,000  | 10,785,000        | 1,705,000                         |
| Community Facilities Districts                  | 11,823                            | -  | 5,911  | 5,912             | 5,912                             |
| Total bonds payable                             | 12,461,823                        | -  | 1,670,911  | 10,790,912        | 1,710,912                         |
| Financed purchases                              | 92,329                            | -  | 22,047   | 70,282            | 22,738                            |
| Leases payable                                  | 583,629                           | -  | 178,308  | 405,321           | 199,666                           |
| Subscriptions liability                         | -                                 | 319,539  | 137,458  | 182,081           | 141,581                           |
| Claims payable                                  | 149,453                           | 57,887   | 24,116   | 183,224           | 60,464                            |
| Compensated absences                            | 3,889,752                         | 507,461  | 156,141  | 4,241,072         | 1,122,929                         |
| Net pension & OPEB liability                    | 28,055,885                        | 5,154,610  | -  | 33,210,495        | -                                 |
| Governmental activity<br>long-term liabilities  | \$ 45,232,871                     | \$ 6,039,497                                       | \$ 2,188,981   | \$ 49,083,387     | \$ 3,258,290                      |
| <b>Business-type Activities:</b>                |                                   |  |  |                   |                                   |
| Municipal Property Corporation                  |                                   |  |  |                   |                                   |
| bonds payable                                   | \$ 7,135,000                      | \$ -   | \$ 450,000   | \$ 6,685,000      | \$ 475,000                        |
| MPC 2014 Unamortized Premium                    | 570,586                           | -  | 75,552   | 495,034           | 70,150                            |
| WIFA loans payable                              | 76,879,525                        | 20,541,945   | 5,632,213  | 91,789,257        | 6,475,722                         |
| Landfill closure/post closure costs             | 1,776,403                         | 18,385   | 9,426  | 1,785,362         | 198,374                           |
| Compensated absences                            | 931,107                           | 18,759   | 28,341   | 921,525           | 288,003                           |
| Net pension & OPEB liability                    | 8,260,817                         | 1,981,062  | -  | 10,241,879        | -                                 |
| Business-type activity<br>long-term liabilities | \$ 95,553,438                     | \$ 22,560,151                                      | \$ 6,195,532   | \$ 111,918,057    | \$ 7,507,249                      |

### 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.

## Financed purchases

The City has acquired police equipment under contract agreements at a total purchase price of \$126,387. The following schedule details debt service requirements to maturity for the City's financed purchases at June 30, 2023:

| Year Ending<br>June 30, | Governmental Activities |                 |
|-------------------------|-------------------------|-----------------|
|                         | Principal               | Interest        |
| 2024                    | \$ 22,738               | \$ 2,108        |
| 2025                    | 23,421                  | 1,426           |
| 2026                    | 24,123                  | 723             |
|                         | <u>\$ 70,282</u>        | <u>\$ 4,257</u> |

## Leases

The City has obtained the right to use police equipment under the provisions of various lease agreements.

The total amount of lease assets and the related accumulated amortization are as follows:

|  |                   |
|--|-------------------|
| Total intangible right-to-use lease assets | \$ 737,329        |
| Less: accumulated amortization             | <u>(368,664)</u>  |
| Carrying value                             | <u>\$ 368,665</u> |

The following schedule details the minimum lease payments to maturity for the City's leases payable at June 30, 2023:

| Year Ending<br>June 30, | Governmental Activities |                  |
|-------------------------|-------------------------|------------------|
|                         | Principal               | Interest         |
| 2024                    | \$ 199,666              | \$ 12,160        |
| 2025                    | 205,655                 | 6,170            |
|                         | <u>\$ 405,321</u>       | <u>\$ 18,330</u> |

## Subscription-based information technology arrangements (SBITAs)

The City has obtained the right to use information technology software under the provisions of various subscription-based information technology arrangements.

The total amount of subscription assets and the related accumulated amortization are as follows:

|   |                   |
|---|-------------------|
| Total intangible right-to-use subscription assets | \$ 319,539        |
| Less: accumulated amortization                    | <u>(140,104)</u>  |
| Carrying value                                    | <u>\$ 179,435</u> |

The following schedule details the minimum subscription payments to maturity for the City's subscriptions liability at June 30, 2023:

| Year Ending | Governmental Activities |                 |
|-------------|-------------------------|-----------------|
|             | June 30,                |                 |
|             | Principal               | Interest        |
| 2024        | \$ 141,581              | \$ 5,462        |
| 2025        | 40,500                  | 1,215           |
|             | <u>\$ 182,081</u>       | <u>\$ 6,677</u> |

## 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, 2023, the City is well within its debt limits, having \$167.0 million in borrowing capacity in the 20 percent category, and \$50.1 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 2023.

## 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 \$183,224 for general self-insurance reported in the risk management fund at June 30, 2023, 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, 2021 to June 30, 2023:

|                                  |    |                       |
|----------------------------------|----|-----------------------|
| Liability balance, June 30, 2021 | \$ | 314,629               |
| Claims and changes in estimates  |    | (165,176)             |
| Claims payments                  |    | -                     |
| Liability balance, June 30, 2022 |    | <u>149,453</u>        |
| Claims and changes in estimates  |    | 57,887                |
| Claims payments                  |    | 24,116                |
| Liability balance, June 30, 2023 | \$ | <u><u>183,224</u></u> |

Of the amount shown above, \$60,464 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, 2023, 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, 2023, 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<br>Statement of Activities | Governmental<br>Activities | Business-Type<br>Activities | Total         |
|--|----------------------------|-----------------------------|---------------|
| Pension and OPEB liabilities                             | \$ 33,210,495              | \$ 10,241,879               | \$ 43,452,374 |
| OPEB asset   | 940,146                    | 351,808                     | 1,291,954     |
| Deferred outflows of resources                           | 23,253,999                 | 1,812,944                   | 25,066,943    |
| Deferred inflows of resources                            | 2,230,562                  | 572,399                     | 2,802,961     |
| Pension and OPEB expense                                 | 5,821,457                  | 1,235,751                   | 7,057,208     |

The City reported \$12,777,950 of pension and OPEB expenditures in the governmental funds related to all pension plans to which it contributes. The difference between the expense and contributions is a result of the dedicated tax extra contributions to pay down the unfunded liability.

**Arizona State Retirement System**

**Plan Description** – City employees not covered by the other pension plans described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at [www.azasrs.gov](http://www.azasrs.gov).

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

|  | Initial membership date  |  |
|--|--|--|
|  | Before July 1, 2011  | On or after July 1, 2011   |
| Years of service and age required to receive benefit | Sum of years and age equals 80<br>10 years and age 62<br>5 years and age 50*<br>any years and age 65 | 30 years and age 55<br>25 years and age 60<br>10 years and age 62<br>5 years and age 50*<br>any years and age 65 |
| Final average salary is based on                     | Highest 36 consecutive months<br>of last 120 months  | Highest 60 consecutive<br>months<br>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, 2023, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.17 percent (12.03 percent for retirement and 0.14 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 12.17 percent (11.92 percent for retirement, 0.11 percent for health insurance premium benefit, and 0.14 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 9.68 percent (9.62 percent for retirement and 0.06 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, 2023, were \$3,033,669, \$27,995, and \$35,630 respectively.

During fiscal year 2023, the City paid for ASRS pension and OPEB contributions as follows: 47.2 percent from the General Fund, 43.4 percent from major funds, and 9.4 percent from other funds.

**Liability** – At June 30, 2023, the City reported the following asset and liabilities for the proportionate share of ASRS’ net pension/OPEB asset or liability.

| <b>ASRS</b>                      | <b>Net Pension/OPEB<br/>(Asset) Liability</b> |
|----------------------------------|---|
| Pension                          | \$ 30,746,168                                 |
| Health insurance premium benefit | (1,063,400)                                   |
| Long-term disability             | 17,463  |

The net asset and net liability were measured as of June 30, 2022. 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, 2021, to the measurement date of June 30, 2022.

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, 2022. The City’s proportions measured as of June 30, 2022, and the change from its proportions measured as of June 30, 2021, were:

| <b>ASRS</b>                      | <b>Proportion<br/>June 30, 2022</b> | <b>Increase (Decrease)<br/>from June 30, 2021</b> |
|----------------------------------|-------------------------------------|---|
| Pension                          | 0.18837%                            | -0.00078%   |
| Health insurance premium benefit | 0.19054%                            | -0.00099%   |
| Long-term disability             | 0.18908%                            | -0.00122%   |

**Expense** – For the year ended June 30, 2023, the City recognized the following pension and OPEB expense.

| <b>ASRS</b>                      | <b>Pension/OPEB<br/>Expense</b> |
|----------------------------------|---------------------------------|
| Pension                          | \$ 3,186,562                    |
| Health insurance premium benefit | (154,191)                       |
| Long-term disability             | 5,180                           |

**Deferred Outflows/Inflows of Resources** – At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

|   | <b>Pension</b>                                |  | <b>Health Insurance<br/>Premium Benefit</b>   |  | <b>Long-term Disability</b>                   |  |
|---|---|--|---|--|---|--|
|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
| Differences between expected and actual experience  | \$ 261,976                                    | \$ -   | \$ -  | \$ 542,699                                   | \$ 9,090                                      | \$ 16,272                                    |
| Changes of assumptions  | 1,525,992                                     | -  | 17,259  | 29,003                                       | 9,511   | 42,622                                       |
| Differences between projected and actual investment earnings  | -   | 809,884                                      | -   | 35,821                                       | -   | 543  |
| Changes in proportion and differences between City contributions and proportionate share of contributions | -   | 273,431                                      | 2,228   | 14   | 509   | 5,127  |
| City contributions subsequent to the measurement date   | 3,033,669                                     | -  | 27,995  | -  | 35,630  | -  |
| <b>Total</b>  | <b>\$ 4,821,637</b>                           | <b>\$ 1,083,315</b>                          | <b>\$ 47,482</b>                              | <b>\$ 607,537</b>                            | <b>\$ 54,740</b>                              | <b>\$ 64,564</b>                             |

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, 2024. 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<br>Premium Benefit | Long-Term<br>Disability |
|---------------------|--------------|-------------------------------------|-------------------------|
| 2024                | \$ 1,221,299 | \$ (161,795)                        | \$ (4,455)              |
| 2025                | (406,754)    | (176,068)                           | (5,432)                 |
| 2026                | (1,406,149)  | (193,112)                           | (9,523)                 |
| 2027                | 1,296,257    | (28,631)                            | (2,115)                 |
| 2028                | -            | (28,444)                            | (9,002)                 |
| Thereafter          | -            | -                                   | (14,927)                |
| Total               | 704,653      | (588,050)                           | (45,454)                |

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

|                             |   |
|-----------------------------|---|
| Actuarial valuation date    | June 30, 2021   |
| Actuarial roll forward date | June 30, 2022   |
| 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, 2021, 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. 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<br>Allocation | Expected Geometric<br>Real Rate of Return |
| Equity                                 | 50%                  | 3.90%                                     |
| Fixed income - credit                  | 20%                  | 5.30%                                     |
| Fixed income - interest rate sensitive | 10%                  | (0.20%)                                   |
| Real estate                            | 20%                  | 6.00%                                     |
| Total                                  | 100%                 |   |

**Discount Rate** – At June 30, 2022 the discount rate used to measure the ASRS total pension/OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

**Sensitivity of the City's Proportionate Share of the ASRS Net Pension/OPEB (Asset) Liability to Changes in the Discount Rate** – The following table presents the City's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.0 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:

| City's proportionate share of the               | 1%                 | Current                 | 1%                 |
|---|--------------------|-------------------------|--------------------|
|   | Decrease<br>(6.0%) | Discount Rate<br>(7.0%) | Increase<br>(8.0%) |
| Net pension liability                           | \$ 45,365,056      | \$ 30,746,168           | \$ 18,556,298      |
| Net insurance premium benefit liability (asset) | (764,643)          | (1,063,400)             | (1,316,890)        |
| Net long-term disability liability              | 28,949             | 17,463                  | 6,332              |

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

**Public Safety Personnel Retirement System**

**Plan Descriptions** – City’s police employees and fire employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A 9-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool) which are not further disclosed because of their relative insignificance to the City’s financial statements.

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

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

|  | Initial membership date  |   |
|--|--|---|
|  | Before January 1, 2012   | On or after January 1, 2012 and before July 1, 2017           |
| Retirement and Disability                            |  |   |
| Years of service and age required to receive benefit | 20 years of service, any age<br>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<br>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, 2023, the following employees were covered by the agent pension plans' benefit terms:

|  | <b>PSPRS Police</b> |               | <b>PSPRS Fire</b> |               |
|--|---------------------|---------------|-------------------|---------------|
|  | <b>Pension</b>      | <b>Health</b> | <b>Pension</b>    | <b>Health</b> |
| Inactive employees or beneficiaries currently receiving benefits | 69                  | 69            | 76                | 76            |
| Inactive employees entitled to but not yet receiving benefits    | 15                  | 5             | 13                | 7             |
| Active employees   | 42                  | 42            | 43                | 43            |
| <b>Total</b>   | <b>126</b>          | <b>116</b>    | <b>132</b>        | <b>126</b>    |

**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, 2023, are indicated below. Rates are a percentage of active members' annual covered payroll.

|                                  | <b>PSPRS Police</b> | <b>PSPRS Fire</b> |
|----------------------------------|---------------------|-------------------|
| Active members pension           | 7.65% - 11.65%      | 7.65% - 11.65%    |
| City                             |                     |                   |
| Pension                          | 28.78%              | 34.77%            |
| Health insurance premium benefit | 0.96%               | 0.00%             |
| <b>City Total</b>                | <b>29.74%</b>       | <b>34.77%</b>     |

In addition, the City was required by statute to contribute at the actuarially determined rate of 18.16 percent for PSPRS Police and 22.41 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, 2023, were:

|                                  | <b>PSPRS Police</b> | <b>PSPRS Fire</b> |
|----------------------------------|---------------------|-------------------|
| Pension contributions made       | \$ 5,167,204        | \$ 6,890,378      |
| Health Insurance premium benefit |                     |                   |
| OPEB contributions made          | 19,850              | -                 |

During fiscal year 2023, the City paid for PSPRS pension and OPEB contributions as follows: 11.9 percent from the General Fund, 87.9 percent from major funds, and 0.2 percent from other funds.

**Liability** – At June 30, 2023, the City reported the following assets and liabilities:

|              | <b>Net Pension<br/>Liability</b> | <b>Net OPEB<br/>(Asset) Liability</b> |
|--------------|----------------------------------|---------------------------------------|
| PSPRS Police | \$ 3,735,493                     | \$ 344,602                            |
| PSPRS Fire   | 8,608,648                        | (228,554)                             |

The net assets and net liabilities were measured as of June 30, 2022, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2022, reflect changes of actuarial assumptions, including decreasing the investment rate of return from 7.3 percent to 7.2 percent, changing the wage inflation from 3.5 percent to a range of 3.0 – 6.25 percent, and increasing the costing of living adjustment from 1.75 percent to 1.85 percent.

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

|                            |  |
|----------------------------|--|
| Actuarial valuation date   | June 30, 2022                                    |
| Actuarial cost method      | Entry age normal                                 |
| Investment rate of return  | 7.2%   |
| Wage inflation             | 3.0 – 6.25% for pensions/not applicable for OPEB |
| Price inflation            | 2.5% for pensions/not applicable for OPEB        |
| Cost-of-living adjustment  | 1.85% for pensions/not applicable for OPEB       |
| Mortality rates            | PubS-2010 tables                                 |
| Healthcare cost trend rate | Not applicable                                   |

Actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.2 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| <b>Asset Class</b>                  | <b>Target<br/>Allocation</b> | <b>Long-Term<br/>Expected Geometric<br/>Real Rate of Return</b> |
|-------------------------------------|------------------------------|---|
| U.S. public equity                  | 24%                          | 3.49%   |
| International public equity         | 16%                          | 4.47%   |
| Global private equity               | 20%                          | 7.18%   |
| Other assets (capital appreciation) | 7%                           | 4.83%   |
| Core bonds                          | 2%                           | 45.00%  |
| Private credit                      | 20%                          | 5.10%   |
| Diversifying strategies             | 10%                          | 2.68%   |
| Cash - Mellon                       | 1%                           | -0.35%  |
| Total                               | 100%                         |   |

**Discount Rate** – At June 30, 2022, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.2 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2021. 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, 2022  | \$ 61,675,050               | \$ 55,946,156                   | \$ 5,728,894                    |
| Adjustment to Beginning of Year  |                             | -                               | -                               |
| Changes for the year:  |                             |                                 |                                 |
| Service cost   | 714,349                     | -                               | 714,349                         |
| Interest on the total pension liability  | 4,427,353                   | -                               | 4,427,353                       |
| Differences between expected and actual experience in the measurement of the pension liability | 1,110,691                   | -                               | 1,110,691                       |
| Changes of assumptions   | 930,831                     | -                               | 930,831                         |
| Changes of Benefit terms   | -                           | -                               | -                               |
| Contributions-employer   | -                           | 11,225,966                      | (11,225,966)                    |
| Contributions-employee   | -                           | 360,072                         | (360,072)                       |
| Net investment income  | -                           | (2,366,704)                     | 2,366,704                       |
| Benefit payments, including refunds of employee contributions                                  | (3,481,455)                 | (3,481,455)                     | -                               |
| Pension plan administrative expense  | -                           | (42,709)                        | 42,709                          |
| Other changes  | -                           | -                               | -                               |
| Net changes  | 3,701,769                   | 5,695,170                       | (1,993,401)                     |
| Balance at June 30, 2023   | \$ 65,376,819               | \$ 61,641,326                   | \$ 3,735,493                    |

| 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, 2022   | \$ 1,127,138             | \$ 931,283                      | \$ 195,855                   |
| Adjustment to Beginning of Year   | -                        | -                               | -                            |
| Changes for the year:   |                          |                                 |                              |
| Service cost  | 16,728                   | -                               | 16,728                       |
| Interest on the total OPEB liability  | 80,115                   | -                               | 80,115                       |
| Differences between expected and actual experience in the measurement of the OPEB liability | 48,980                   | -                               | 48,980                       |
| Changes of assumptions  | 11,552                   | -                               | 11,552                       |
| Changes of Benefit terms  | -                        | -                               | -                            |
| Contributions-employer  | -                        | 44,454                          | (44,454)                     |
| Contributions-employee  | -                        | -                               | -                            |
| Net investment income   | -                        | (35,199)                        | 35,199                       |
| Benefit payments, including refunds of employee contributions                               | (92,798)                 | (92,798)                        | -                            |
| OPEB plan administrative expense  | -                        | (627)                           | 627                          |
| Other changes   | -                        | -                               | -                            |
| Net changes   | 64,577                   | (84,170)                        | 148,747                      |
| Balance at June 30, 2023  | \$ 1,191,715             | \$ 847,113                      | \$ 344,602                   |

|  | Increase (Decrease)         |                                  |                                   |
|--|-----------------------------|----------------------------------|-----------------------------------|
|  | Total                       | Plan                             | Net                               |
|  | Pension<br>Liability<br>(a) | Fiduciary<br>Net Position<br>(b) | Pension<br>Liability<br>(a) - (b) |
| Balances at June 30, 2022  | \$ 79,505,688               | \$ 74,006,488                    | \$ 5,499,200                      |
| Adjustment to Beginning of Year  | -                           | -                                | -                                 |
| Changes for the year:  |                             |                                  |                                   |
| Service cost   | 822,818                     | -                                | 822,818                           |
| Interest on the total pension liability  | 5,692,703                   | -                                | 5,692,703                         |
| Differences between expected and actual experience in the measurement of the pension liability | 2,085,333                   | -                                | 2,085,333                         |
| Changes of assumptions   | 1,295,520                   | -                                | 1,295,520                         |
| Changes of Benefit terms   | -                           | -                                | -                                 |
| Contributions-employer   | -                           | 9,572,702                        | (9,572,702)                       |
| Contributions-employee   | -                           | 349,289                          | (349,289)                         |
| Contributions-non-employer   | -                           | -                                | -                                 |
| Net investment income  | -                           | (3,079,476)                      | 3,079,476                         |
| Benefit payments, including refunds of employee contributions                                  | (4,692,557)                 | (4,692,557)                      | -                                 |
| Pension plan administrative expense  | -                           | (55,589)                         | 55,589                            |
| Other changes  | -                           | -                                | -                                 |
| Net changes  | 5,203,817                   | 2,094,369                        | 3,109,448                         |
| Balance at June 30, 2023   | \$ 84,709,505               | \$ 76,100,857                    | \$ 8,608,648                      |

|   | Increase (Decrease)      |                                  |                              |
|---|--------------------------|----------------------------------|------------------------------|
|   | Total                    | Plan                             | Net                          |
|   | OPEB<br>Liability<br>(a) | Fiduciary<br>Net Position<br>(b) | OPEB<br>(Asset)<br>(a) - (b) |
| Balances at June 30, 2022   | \$ 1,001,193             | \$ 1,435,028                     | \$ (433,835)                 |
| Changes for the year:   |                          |                                  |                              |
| Service cost  | 17,271                   | -                                | 17,271                       |
| Interest on the total OPEB liability  | 71,979                   | -                                | 71,979                       |
| Differences between expected and actual experience in the measurement of the OPEB liability | 35,108                   | -                                | 35,108                       |
| Changes of assumptions  | 23,959                   | -                                | 23,959                       |
| Changes of Benefit terms  | -                        | -                                | -                            |
| Contributions-employer  | -                        | -                                | -                            |
| Contributions-employee  | -                        | -                                | -                            |
| Net investment income   | -                        | (55,968)                         | 55,968                       |
| Benefit payments, including refunds of employee contributions                               | (64,907)                 | (64,907)                         | -                            |
| OPEB plan administrative expense  | -                        | (996)                            | 996                          |
| Other changes   | -                        | -                                | -                            |
| Net changes   | 83,410                   | (121,871)                        | 205,281                      |
| Balance at June 30, 2023  | \$ 1,084,603             | \$ 1,313,157                     | \$ (228,554)                 |

**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 7.2 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 (6.2 percent) or 1 percentage point higher (8.2 percent) than the current rate:

|                            | <b>1%<br/>Decrease<br/>(6.2%)</b> | <b>Current<br/>Discount Rate<br/>(7.2%)</b> | <b>1%<br/>Increase<br/>(8.2%)</b> |
|----------------------------|-----------------------------------|---|-----------------------------------|
| <b>PSPRS Police</b>        |                                   |   |                                   |
| Net pension liability      | \$ 12,166,941                     | \$ 3,735,493                                | \$ (3,174,614)                    |
| Net OPEB liability         | 468,307                           | 344,602                                     | 240,004                           |
| <b>PSPRS Fire</b>          |                                   |   |                                   |
| Net pension liability      | \$ 19,656,924                     | \$ 8,608,648                                | \$ (426,635)                      |
| Net OPEB (asset) liability | (113,993)                         | (228,554)                                   | (325,596)                         |

**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, 2023, the City recognized \$1,898,270 PSPRS Police and \$2,121,388 for PSPRS Fire in pension and OPEB expense.

**Deferred Outflows/Inflows of Resources** – At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

**PSPRS Police**

|  | <b>Pension</b>                                |  | <b>Health Insurance<br/>Premium Benefit</b>   |  |
|--|---|--|---|--|
|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
| Differences between expected and actual experience                       | \$ 911,732                                    | \$ 364,260                                   | \$ 58,817                                     | \$ 64,485                                    |
| Changes of assumptions or other inputs                                   | 620,554                                       | -  | 11,801  | -  |
| Net difference between projected and actual earnings on plan investments | 1,369,164                                     | -  | 14,741  | -  |
| City contributions subsequent to the measurement date                    | 5,167,204                                     | -  | 19,850  | -  |
| <b>Total</b>   | <b>\$ 8,068,654</b>                           | <b>\$ 364,260</b>                            | <b>\$ 105,209</b>                             | <b>\$ 64,485</b>                             |

**PSPRS Fire**

|  | <b>Pension</b>                                |  | <b>Health Insurance<br/>Premium Benefit</b>   |  |
|--|---|--|---|--|
|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
| Differences between expected and actual experience                       | \$ 2,294,915                                  | \$ 543,388                                   | \$ 26,331                                     | \$ 55,580                                    |
| Changes of assumptions or other inputs                                   | 1,229,715                                     | -  | 20,498  | -  |
| Net difference between projected and actual earnings on plan investments | 1,468,574                                     | -  | 18,977  | -  |
| City contributions subsequent to the measurement date                    | 6,890,378                                     | -  | -   | -  |
| <b>Total</b>   | <b>\$ 11,883,582</b>                          | <b>\$ 543,388</b>                            | <b>\$ 65,806</b>                              | <b>\$ 55,580</b>                             |

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, 2024. 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      |
| 2024                | \$ 887,270   | \$ (6,037) | \$ 1,368,774 | \$ (13,258) |
| 2025                | 607,814      | 719        | 1,011,946    | (7,687)     |
| 2026                | (306,900)    | 5,913      | 334,937      | (493)       |
| 2027                | 1,349,006    | 20,279     | 1,734,159    | 31,664      |
| 2028                | -            | -          | -            | -           |
| Total               | \$ 2,537,190 | \$ 20,874  | \$ 4,449,816 | \$ 10,226   |

#### 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 \$1,785,362 reported in the solid waste enterprise fund as landfill closure and post-closure care liability at June 30, 2023, 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 \$6.1 for various road projects, \$32.5 for various water and sewer infrastructure, \$4.3 for buildings and \$8.7 for various airport infrastructure.

#### N. Other Disclosures

After the June 30, 2023, reporting date, the following significant subsequent events occurred on November 14, 2023:

- The City Council adopted ordinance No. 2023-1849 authorizing the purchase of real property in and around Glassford Hill totaling 2,284 acres in partnership with Prescott Valley, and Yavapai County in the amount of \$6,553,767. State Grants are also awarded for the purchase. The City's portion of the expenditures is expected to be \$684,887.
- The City Council adopted ordinance No. 2023-1847 approving city contract No. 2024-128 with Chino Valley Irrigation District for the purchase of 61.43 acres of land near Prescott Regional Airport for \$850,000.
- The City Council adopted resolution No. 2023-1871 declaring intent to be reimbursed by the sale of obligations in connection with certain capital expenditures related to acquiring land near Prescott Regional Airport.



## **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**

| <b>Fiscal Year</b> | <b>Measurement Date</b> | <b>Proportion of the Net Pension Liability</b> | <b>Proportionate Share of the Net Pension Liability</b> | <b>Covered Payroll</b> | <b>Proportionate Share of the Net Pension Liability as a % of Covered Payroll</b> | <b>Plan Fiduciary Net Position as a % of the Total Pension Liability</b> |
|--------------------|-------------------------|--|---|------------------------|---|--|
| 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%   |
| 2023               | 2022                    | 0.188370%                                      | 30,746,168  | 22,423,543             | 137.12%   | 74.26%   |

Information for Fiscal Year 2014 is not available

**CITY OF PRESCOTT, ARIZONA**

**Required Supplementary Information**

**Schedule of Proportionate Share of the Net Pension/OPEB Liability (Asset) Cost-Sharing Pension Plan**

Last ten fiscal years

**Arizona State Retirement System - Health Insurance premium benefit**

| <b>Fiscal Year</b> | <b>Measurement Date</b> | <b>Proportion of the Net OPEB (asset)</b> | <b>Proportionate Share of the Net OPEB Asset</b> | <b>Covered Payroll</b> | <b>Proportionate Share of the OPEB (asset) as a % of Covered Payroll</b> | <b>Plan Fiduciary Net Position as a % of the Total OPEB liability</b> |
|--------------------|-------------------------|---|--|------------------------|--|---|
| 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%   |
| 2023               | 2022                    | 0.190540%                                 | 1,063,400  | 22,423,543             | 4.74%  | 137.79%   |

Information for Fiscal Year 2014 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**

| <b>Fiscal Year</b> | <b>Measurement Date</b> | <b>Proportion of the Net OPEB Liability</b> | <b>Proportionate Share of the Net OPEB Liability</b> | <b>Covered Payroll</b> | <b>Proportionate Share of the Net OPEB Liability as a % of Covered Payroll</b> | <b>Plan Fiduciary Net Position as a % of the Total OPEB Liability</b> |
|--------------------|-------------------------|---|--|------------------------|--|---|
| 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%  |
| 2023               | 2022                    | 0.189080%                                   | 17,463   | 22,423,543             | 0.08%  | 95.40%  |

Information for Fiscal Year 2014 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  | 2014  | 2015          | 2016          | 2017          | 2018          | 2019          | 2020          | 2021          | 2022          | 2023          |
|--|-------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Measurement Date   | 2013  | 2014          | 2015          | 2016          | 2017          | 2018          | 2019          | 2020          | 2021          | 2022          |
| <b>Total Pension Liability</b>   |       |               |               |               |               |               |               |               |               |               |
| Service cost   | \$ -  | \$ 761,809    | \$ 760,856    | \$ 674,016    | \$ 916,086    | \$ 847,589    | \$ 815,876    | \$ 763,124    | \$ 715,449    | \$ 714,349    |
| 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     | 4,427,353     |
| 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)     | 1,110,691     |
| Assumption changes   | -     | 5,936,576     | -             | 1,780,963     | 1,801,640     | -             | 1,504,791     | -             | -             | 930,831       |
| 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)   | (3,481,455)   |
| 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       | 3,701,769     |
| 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    | 61,675,050    |
| 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 | \$ 65,376,819 |
| <b>Plan Fiduciary Net Position</b>                                     |       |               |               |               |               |               |               |               |               |               |
| Employer contributions   | \$ -  | \$ 1,699,361  | \$ 2,003,868  | \$ 2,119,598  | \$ 3,003,310  | \$ 13,155,670 | \$ 10,177,689 | \$ 9,736,179  | \$ 9,931,396  | \$ 11,225,966 |
| Employee contributions   | -     | 410,728       | 488,411       | 465,547       | 467,056       | 401,946       | 303,791       | 352,012       | 327,035       | 360,072       |
| 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    | (2,366,704)   |
| 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)   | (3,481,455)   |
| Pension plan administrative expense                                    | -     | -             | (10,753)      | (9,873)       | (11,843)      | (19,493)      | (25,128)      | (42,713)      | (53,305)      | (42,709)      |
| 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    | 5,695,170     |
| 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    | 55,946,156    |
| 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 | \$ 61,641,326 |
| 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     | 3,735,493     |
| Plan fiduciary net position as a percentage of total pension liability | 0.00% | 25.31%        | 24.29%        | 22.03%        | 22.95%        | 41.25%        | 52.90%        | 62.38%        | 90.71%        | 94.29%        |
| Covered valuation payroll  | \$ -  | \$ 4,031,431  | \$ 3,868,068  | \$ 3,558,688  | \$ 4,087,846  | \$ 4,306,853  | \$ 3,905,240  | \$ 3,710,528  | \$ 3,548,568  | \$ 3,677,680  |
| Net pension liability as a percentage of covered valuation payroll     | 0.00% | 864.06%       | 934.64%       | 1075.78%      | 1011.59%      | 758.31%       | 708.86%       | 616.54%       | 161.44%       | 101.57%       |

Information for Fiscal Year 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  | 2014  | 2015  | 2016  | 2017  | 2018         | 2019         | 2020         | 2021         | 2022         | 2023         |
|--|-------|-------|-------|-------|--------------|--------------|--------------|--------------|--------------|--------------|
| Measurement Date   | 2013  | 2014  | 2015  | 2016  | 2017         | 2018         | 2019         | 2020         | 2021         | 2022         |
| <b>Total OPEB Liability</b>  |       |       |       |       |              |              |              |              |              |              |
| Service cost   | \$ -  | \$ -  | \$ -  | \$ -  | \$ 16,760    | \$ 13,782    | \$ 12,921    | \$ 17,227    | \$ 16,784    | \$ 16,728    |
| Interest on the total pension liability                                    | -     | -     | -     | -     | 81,693       | 84,789       | 86,582       | 76,792       | 83,277       | 80,115       |
| Benefit changes  | -     | -     | -     | -     | 2,240        | -            | -            | -            | -            | -            |
| Difference between expected and actual experience                          | -     | -     | -     | -     | 39,212       | (8,976)      | (174,745)    | 88,328       | (59,072)     | 48,980       |
| Assumption changes   | -     | -     | -     | -     | (12,887)     | -            | 15,683       | -            | -            | 11,552       |
| Benefit payments, including refunds of employee contributions              | -     | -     | -     | -     | (67,273)     | (70,682)     | (72,087)     | (82,021)     | (75,687)     | (92,798)     |
| <b>Net change in total pension liability</b>                               | -     | -     | -     | -     | 59,745       | 18,913       | (131,646)    | 100,326      | (34,698)     | 64,577       |
| <b>Total OPEB liability - beginning</b>                                    | -     | -     | -     | -     | 1,114,498    | 1,174,243    | 1,193,156    | 1,061,510    | 1,161,836    | 1,127,138    |
| <b>Total OPEB liability - ending</b>                                       | \$ -  | \$ -  | \$ -  | \$ -  | \$ 1,174,243 | \$ 1,193,156 | \$ 1,061,510 | \$ 1,161,836 | \$ 1,127,138 | \$ 1,191,715 |
| <b>Plan Fiduciary Net Position</b>   |       |       |       |       |              |              |              |              |              |              |
| Employer contributions   | \$ -  | \$ -  | \$ -  | \$ -  | \$ 31,909    | \$ 7,567     | \$ 38,931    | \$ 38,051    | \$ 28,732    | \$ 44,454    |
| Employee contributions   | -     | -     | -     | -     | -            | -            | -            | -            | -            | -            |
| Pension plan net investment income   | -     | -     | -     | -     | 84,355       | 52,313       | 40,668       | 9,744        | 202,443      | (35,199)     |
| Benefit payments, including refunds of employee contributions              | -     | -     | -     | -     | (67,273)     | (70,682)     | (72,087)     | (82,021)     | (75,687)     | (92,798)     |
| Pension plan administrative expense  | -     | -     | -     | -     | (747)        | (796)        | (702)        | (792)        | (832)        | (627)        |
| Other  | -     | -     | -     | -     | -            | -            | 37,380       | -            | -            | -            |
| <b>Net change in plan fiduciary net position</b>                           | -     | -     | -     | -     | 48,244       | (11,598)     | 44,190       | (35,018)     | 154,656      | (84,170)     |
| <b>Plan fiduciary net position - beginning</b>                             | -     | -     | -     | -     | 730,809      | 779,053      | 767,455      | 811,645      | 776,627      | 931,283      |
| <b>Plan fiduciary net position - ending</b>                                | \$ -  | \$ -  | \$ -  | \$ -  | \$ 779,053   | \$ 767,455   | \$ 811,645   | \$ 776,627   | \$ 931,283   | \$ 847,113   |
| <b>Net OPEB liability (asset)</b>  | -     | -     | -     | -     | 395,190      | 425,701      | 249,865      | 385,209      | 195,855      | 344,602      |
| <b>Plan fiduciary net position as a percentage of total OPEB liability</b> | 0.00% | 0.00% | 0.00% | 0.00% | 66.35%       | 64.32%       | 76.46%       | 66.84%       | 82.62%       | 71.08%       |
| <b>Covered valuation payroll</b>   | \$ -  | \$ -  | \$ -  | \$ -  | \$ 4,087,846 | \$ 4,306,853 | \$ 3,905,240 | \$ 3,710,528 | \$ 3,548,568 | \$ 3,677,680 |
| <b>Net pension liability as a percentage of covered valuation payroll</b>  | 0.00% | 0.00% | 0.00% | 0.00% | 9.67%        | 9.88%        | 6.40%        | 10.38%       | 5.52%        | 9.37%        |

Information for Fiscal Year 2014 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  | 2014  | 2015          | 2016          | 2017          | 2018          | 2019          | 2020          | 2021          | 2022          | 2023          |
|--|-------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Measurement Date   | 2013  | 2014          | 2015          | 2016          | 2017          | 2018          | 2019          | 2020          | 2021          | 2022          |
| <b>Total Pension Liability</b>   |       |               |               |               |               |               |               |               |               |               |
| Service cost   | \$ -  | \$ 625,416    | \$ 679,818    | \$ 661,270    | \$ 933,842    | \$ 958,337    | \$ 983,851    | \$ 871,779    | \$ 887,657    | \$ 822,818    |
| 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     | 5,692,703     |
| 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)   | 2,085,333     |
| Assumption changes   | -     | 5,458,928     | -             | 2,197,261     | 2,470,820     | -             | 1,290,375     | -             | -             | 1,295,520     |
| 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)   | (4,692,557)   |
| 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     | 5,203,817     |
| 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    | 79,505,688    |
| 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 | \$ 84,709,505 |
| <b>Plan Fiduciary Net Position</b>                                     |       |               |               |               |               |               |               |               |               |               |
| Employer contributions   | \$ -  | \$ 1,474,478  | \$ 3,083,074  | \$ 3,381,603  | \$ 4,072,538  | \$ 14,734,656 | \$ 10,143,085 | \$ 11,073,920 | \$ 11,442,997 | \$ 9,572,702  |
| Employee contributions   | -     | 462,684       | 463,343       | 441,178       | 479,574       | 423,220       | 369,128       | 373,160       | 379,453       | 349,289       |
| 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    | (3,079,476)   |
| 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)   | (4,692,557)   |
| Pension plan administrative expense                                    | -     | -             | (16,431)      | (15,225)      | (19,345)      | (30,955)      | (36,218)      | (47,996)      | (71,936)      | (55,589)      |
| 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    | 2,094,369     |
| 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    | 74,006,488    |
| 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 | \$ 76,100,857 |
| 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     | 8,608,648     |
| Plan fiduciary net position as a percentage of total pension liability | 0.00% | 31.42%        | 30.68%        | 27.85%        | 29.41%        | 45.78%        | 58.25%        | 65.36%        | 93.08%        | 89.84%        |
| Covered valuation payroll  | \$ -  | \$ 3,581,595  | \$ 3,486,702  | \$ 3,541,885  | \$ 4,141,207  | \$ 4,503,465  | \$ 4,113,300  | \$ 4,242,052  | \$ 3,827,890  | \$ 3,837,168  |
| Net pension liability as a percentage of covered valuation payroll     | 0.00% | 1005.28%      | 1113.01%      | 1278.57%      | 1157.72%      | 852.88%       | 752.65%       | 636.31%       | 143.66%       | 224.35%       |

Information for Fiscal Year 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

| <b>Fiscal Year</b>   | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2017</b>  | <b>2018</b>  | <b>2019</b>  | <b>2020</b>  | <b>2021</b>  | <b>2022</b>  |
|--|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Measurement Date</b>  | <b>2012</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b>  | <b>2017</b>  | <b>2018</b>  | <b>2019</b>  | <b>2020</b>  | <b>2021</b>  |
| <b>Total OPEB Liability</b>  |             |             |             |             |              |              |              |              |              |              |
| Service cost   | \$ -        | \$ -        | \$ -        | \$ -        | \$ 13,666    | \$ 13,961    | \$ 13,510    | \$ 19,188    | \$ 19,243    | \$ 17,271    |
| Interest on the total pension liability                                    | -           | -           | -           | -           | 69,766       | 70,198       | 75,563       | 74,289       | 75,813       | 71,979       |
| Benefit changes  | -           | -           | -           | -           | 3,187        | -            | -            | -            | -            | -            |
| Difference between expected and actual experience                          | -           | -           | -           | -           | (13,231)     | 40,961       | (63,521)     | (1,033)      | (84,924)     | 35,108       |
| Assumption changes   | -           | -           | -           | -           | 96           | -            | 12,639       | -            | -            | 23,959       |
| Benefit payments, including refunds of employee contributions              | -           | -           | -           | -           | (55,015)     | (55,438)     | (62,855)     | (59,300)     | (56,455)     | (64,907)     |
| <b>Net change in total pension liability</b>                               | -           | -           | -           | -           | 18,469       | 69,682       | (24,664)     | 33,144       | (46,323)     | 83,410       |
| <b>Total OPEB liability - beginning</b>                                    | -           | -           | -           | -           | 950,885      | 969,354      | 1,039,036    | 1,014,372    | 1,047,516    | 1,001,193    |
| <b>Total OPEB liability - ending</b>                                       | \$ -        | \$ -        | \$ -        | \$ -        | \$ 969,354   | \$ 1,039,036 | \$ 1,014,372 | \$ 1,047,516 | \$ 1,001,193 | \$ 1,084,603 |
| <b>Plan Fiduciary Net Position</b>   |             |             |             |             |              |              |              |              |              |              |
| Employer contributions   | \$ -        | \$ -        | \$ -        | \$ -        | \$ -         | \$ -         | \$ -         | \$ 12,642    | \$ 2,617     | \$ -         |
| Employee contributions   | -           | -           | -           | -           | -            | -            | -            | -            | -            | -            |
| Pension plan net investment income   | -           | -           | -           | -           | 127,852      | 80,779       | 63,783       | 14,990       | 318,166      | (55,968)     |
| Benefit payments, including refunds of employee contributions              | -           | -           | -           | -           | (55,015)     | (55,438)     | (62,855)     | (59,300)     | (56,455)     | (64,907)     |
| Pension plan administrative expense  | -           | -           | -           | -           | (1,132)      | (1,229)      | (1,101)      | (1,219)      | (1,308)      | (996)        |
| Other  | -           | -           | -           | -           | -            | -            | -            | -            | -            | -            |
| <b>Net change in plan fiduciary net position</b>                           | -           | -           | -           | -           | 71,705       | 24,112       | (173)        | (32,887)     | 263,020      | (121,871)    |
| <b>Plan fiduciary net position - beginning</b>                             | -           | -           | -           | -           | 1,109,251    | 1,180,956    | 1,205,068    | 1,204,895    | 1,172,008    | 1,435,028    |
| <b>Plan fiduciary net position - ending</b>                                | \$ -        | \$ -        | \$ -        | \$ -        | \$ 1,180,956 | \$ 1,205,068 | \$ 1,204,895 | \$ 1,172,008 | \$ 1,435,028 | \$ 1,313,157 |
| <b>Net pension liability</b>   | -           | -           | -           | -           | (211,602)    | (166,032)    | (190,523)    | (124,492)    | (433,835)    | (228,554)    |
| <b>Plan fiduciary net position as a percentage of total OPEB liability</b> | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 121.83%      | 115.98%      | 118.78%      | 111.88%      | 143.33%      | 121.07%      |
| <b>Covered valuation payroll</b>   | \$ -        | \$ -        | \$ -        | \$ -        | \$ 4,141,207 | \$ 4,503,465 | \$ 4,113,300 | \$ 4,242,052 | \$ 3,827,890 | \$ 3,837,168 |
| <b>Net OPEB liability as a percentage of covered valuation payroll</b>     | 0.00%       | 0.00%       | 0.00%       | 0.00%       | -5.11%       | -3.69%       | -4.63%       | -2.93%       | -11.33%      | -5.96%       |

Information for Fiscal Year 2014 through 2017s not available



**CITY OF PRESCOTT, ARIZONA**

**Required Supplementary Information**

**Schedule of Pension/OPEB Contributions Arizona State Retirement System**

Last ten fiscal years

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**Arizona State Retirement System - Pension**

| <u>Fiscal Year</u> | <u>Statutorily<br/>Required<br/>Contribution</u> | <u>Contributions<br/>Made</u> | <u>Contribution<br/>Deficiency (Excess)</u> | <u>Covered Employee<br/>Payroll</u> | <u>Contributions as a<br/>Percentage of Payroll</u> |
|--------------------|--|-------------------------------|---|-------------------------------------|---|
| 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               | 2,693,068  | 2,693,068                     | -   | 22,423,543                          | 12.01%  |
| 2023               | 3,033,669  | 3,033,669                     | -   | 25,450,239                          | 11.92%  |

**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**

| <u>Fiscal Year</u> | <u>Statutorily<br/>Required<br/>Contribution</u> | <u>Contributions<br/>Made</u> | <u>Contribution<br/>Deficiency (Excess)</u> | <u>Covered Employee<br/>Payroll</u> | <u>Contributions as a<br/>Percentage of Payroll</u> |
|--------------------|--|-------------------------------|---|-------------------------------------|---|
| 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                        | -   | 22,423,543                          | 0.21%   |
| 2023               | 27,995   | 27,995                        | -   | 25,450,239                          | 0.11%   |

Information for Fiscal Year 2014 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**

| <u>Fiscal Year</u> | <u>Statutorily<br/>Required<br/>Contribution</u> | <u>Contributions<br/>Made</u> | <u>Contribution<br/>Deficiency (Excess)</u> | <u>Covered Employee<br/>Payroll</u> | <u>Contributions as a<br/>Percentage of Payroll</u> |
|--------------------|--|-------------------------------|---|-------------------------------------|---|
| 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                        | -   | 22,423,543                          | 0.19%   |
| 2023               | 35,630   | 35,630                        | -   | 25,450,239                          | 0.14%   |

Information for Fiscal Year 2014 through 2017 is not available. GASB 75 effective for fiscal year 2018

**CITY OF PRESCOTT, ARIZONA**

**Required Supplementary Information**

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

Last ten fiscal years

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**PSPRS - Pension Police**

| <u>Fiscal Year</u> | <u>Statutorily Required<br/>Contribution</u> | <u>Contributions Made</u> | <u>Contribution<br/>Deficiency (Excess)</u> | <u>Covered Employee<br/>Payroll</u> | <u>Contributions as a<br/>Percentage of Payroll</u> |
|--------------------|--|---------------------------|---|-------------------------------------|---|
| 2014               | \$ 1,703,683                                 | \$ 1,699,361              | \$ 4,322                                    | \$ 4,031,431                        | 42.15%  |
| 2015               | 1,871,758                                    | 2,003,868                 | (132,110)                                   | 3,868,068                           | 51.81%  |
| 2016               | 1,932,723                                    | 2,119,598                 | (186,875)                                   | 3,558,688                           | 59.56%  |
| 2017               | 2,912,590                                    | 3,003,310                 | (90,720)                                    | 4,087,846                           | 73.47%  |
| 2018               | 3,635,845                                    | 13,155,670                | (9,519,825)                                 | 4,306,853                           | 305.46%   |
| 2019               | 3,246,426                                    | 10,177,689                | (6,931,263)                                 | 3,905,240                           | 260.62%   |
| 2020               | 2,329,098                                    | 9,736,179                 | (7,407,081)                                 | 3,710,528                           | 262.39%   |
| 2021               | 1,999,973                                    | 9,931,396                 | (7,931,423)                                 | 3,548,568                           | 279.87%   |
| 2022               | 1,543,522                                    | 11,225,966                | (9,682,444)                                 | 3,677,680                           | 305.25%   |
| 2023               | 1,626,227                                    | 5,132,788                 | (3,506,561)                                 | 5,716,405                           | 89.79%  |

**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> |
|--------------------|--|---------------------------|---|---------------------------------|---|
| 2014               | \$ -                                     | \$ -                      | \$ -                                    | -                               | 0.00%   |
| 2015               | -  | -                         | -                                       | -                               | 0.00%   |
| 2016               | -  | -                         | -                                       | -                               | 0.00%   |
| 2017               | -  | -                         | -                                       | -                               | 0.00%   |
| 2018               | 43,499                                   | 43,499                    | -                                       | 4,306,853                       | 0.00%   |
| 2019               | 37,100                                   | 37,100                    | -                                       | 3,905,240                       | 0.95%   |
| 2020               | 35,250                                   | 35,250                    | -                                       | 3,710,528                       | 0.95%   |
| 2021               | 27,679                                   | 38,330                    | (10,651)                                | 3,548,568                       | 1.08%   |
| 2022               | 36,409                                   | 56,670                    | (20,261)                                | 3,677,680                       | 1.54%   |
| 2023               | 54,877                                   | 54,266                    | 611                                     | 5,716,405                       | 0.95%   |

Information for Fiscal Year 2014 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

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**PSPRS - Pension Fire**

| <u>Fiscal Year</u> | <u>Statutorily Required<br/>Contribution</u> | <u>Contributions Made</u> | <u>Contribution<br/>Deficiency (Excess)</u> | <u>Covered Employee<br/>Payroll</u> | <u>Contributions as a<br/>Percentage of Payroll</u> |
|--------------------|--|---------------------------|---|-------------------------------------|---|
| 2014               | \$ 1,501,046                                 | \$ 1,474,478              | \$ 26,568                                   | \$ 3,581,595                        | 0.00%   |
| 2015               | 2,019,149                                    | 3,083,074                 | (1,063,925)                                 | 3,486,702                           | 88.42%  |
| 2016               | 2,246,972                                    | 3,381,603                 | (1,134,631)                                 | 3,541,885                           | 95.47%  |
| 2017               | 3,137,793                                    | 4,072,538                 | (934,745)                                   | 4,141,207                           | 98.34%  |
| 2018               | 3,984,374                                    | 14,734,656                | (10,750,282)                                | 4,503,465                           | 327.18%   |
| 2019               | 3,993,169                                    | 10,143,085                | (6,149,916)                                 | 4,113,300                           | 246.59%   |
| 2020               | 3,020,341                                    | 11,073,920                | (8,053,579)                                 | 4,242,052                           | 261.05%   |
| 2021               | 2,533,298                                    | 11,442,997                | (8,909,699)                                 | 3,827,890                           | 298.94%   |
| 2022               | 1,955,037                                    | 9,572,702                 | (7,617,665)                                 | 3,837,168                           | 249.47%   |
| 2023               | 1,750,349                                    | 6,890,378                 | (5,140,029)                                 | 5,034,079                           | 136.87%   |

**CITY OF PRESCOTT, ARIZONA**

**Required Supplementary Information**

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

Last ten fiscal years

**PSPRS - OPEB Fire**

| <u>Fiscal Year</u> | <u>Statutorily<br/>Required<br/>Contribution</u> | <u>Contributions<br/>Made</u> | <u>Contribution<br/>Deficiency (Excess)</u> | <u>Covered Employee<br/>Payroll</u> | <u>Contributions as a<br/>Percentage of Payroll</u> |
|--------------------|--|-------------------------------|---|-------------------------------------|---|
| 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               | 2,297  | 2,701                         | (404)                                       | 3,827,890                           | 0.07%   |
| 2022               | -  | -                             | -   | 3,837,168                           | 0.00%   |
| 2023               | -  | -                             | -   | 5,034,079                           | 0.00%   |

Information for Fiscal Year 2014 through 2017 is not available.

**CITY OF PRESCOTT, ARIZONA**  
**Required Supplementary Information**  
**Notes to the Pension Plan Schedule**  
June 30, 2023

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**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 2021 actuarial valuation | 16 years for underfunded<br>18 years for overfunded   |
| Asset valuation method   | 7-year smoothed fair 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.



## **SUPPLEMENTARY INFORMATION**

### **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, 2023

|   | Special Revenue Funds |                     |                             |                   | Capital Projects<br>Funds | Debt Service<br>Funds                | Total                             |
|---|-----------------------|---------------------|-----------------------------|-------------------|---------------------------|--------------------------------------|-----------------------------------|
|   | Transient<br>Lodging  | Grants              | Miscellaneous<br>Gift Trust | Acker<br>Trust    | Impact<br>Fees            | Community<br>Facilities<br>Districts | Nonmajor<br>Governmental<br>Funds |
|   | Tax                   |                     |                             |                   |                           |                                      |                                   |
| <b>ASSETS</b>   |                       |                     |                             |                   |                           |                                      |                                   |
| Cash and short-term investments                                       | \$ 830,913            | \$ -                | \$ 328,880                  | \$ 520,084        | \$ 5,259,821              | \$ 12,845                            | \$ 6,952,543                      |
| Accounts receivable (net)   | 175,796               | -                   | -                           | -                 | 2,218                     | -                                    | 178,014                           |
| Property taxes receivable   | -                     | -                   | -                           | -                 | -                         | -                                    | -                                 |
| Special assessments receivable  | -                     | -                   | -                           | -                 | -                         | 5,874                                | 5,874                             |
| Interest receivable   | -                     | -                   | -                           | 2,396             | -                         | -                                    | 2,396                             |
| Intergovernmental receivable  | -                     | 1,204,559           | -                           | -                 | -                         | -                                    | 1,204,559                         |
| Prepaid items   | -                     | 30,000              | -                           | -                 | -                         | -                                    | 30,000                            |
| Total assets  | <u>\$ 1,006,709</u>   | <u>\$ 1,234,559</u> | <u>\$ 328,880</u>           | <u>\$ 522,480</u> | <u>\$ 5,262,039</u>       | <u>\$ 18,719</u>                     | <u>\$ 8,373,386</u>               |
| <b>LIABILITIES</b>  |                       |                     |                             |                   |                           |                                      |                                   |
| Accounts payable  | \$ 50,079             | \$ 159,701          | \$ 4,528                    | \$ 5,956          | \$ 34                     | \$ -                                 | \$ 220,298                        |
| Accrued expenditures  | 5,604                 | 11,346              | 324                         | -                 | -                         | -                                    | 17,274                            |
| Interfund payable   | -                     | 173,168             | -                           | -                 | -                         | -                                    | 173,168                           |
| Total liabilities   | <u>55,683</u>         | <u>344,215</u>      | <u>4,852</u>                | <u>5,956</u>      | <u>34</u>                 | <u>-</u>                             | <u>410,740</u>                    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                  |                       |                     |                             |                   |                           |                                      |                                   |
| Unavailable revenue   | -                     | 1,134,877           | -                           | -                 | -                         | 5,995                                | 1,140,872                         |
| Total deferred inflows of resources                                   | <u>-</u>              | <u>1,134,877</u>    | <u>-</u>                    | <u>-</u>          | <u>-</u>                  | <u>5,995</u>                         | <u>1,140,872</u>                  |
| <b>FUND BALANCES</b>  |                       |                     |                             |                   |                           |                                      |                                   |
| Nonspendable  | -                     | 30,000              | -                           | -                 | -                         | -                                    | 30,000                            |
| Restricted  | 951,026               | -                   | 324,028                     | 516,524           | 5,262,005                 | 12,724                               | 7,066,307                         |
| Unassigned  | -                     | (274,533)           | -                           | -                 | -                         | -                                    | (274,533)                         |
| Total fund balances   | <u>951,026</u>        | <u>(244,533)</u>    | <u>324,028</u>              | <u>516,524</u>    | <u>5,262,005</u>          | <u>12,724</u>                        | <u>6,821,774</u>                  |
| Total liabilities, deferred inflows of<br>resources and fund balances | <u>\$ 1,006,709</u>   | <u>\$ 1,234,559</u> | <u>\$ 328,880</u>           | <u>\$ 522,480</u> | <u>\$ 5,262,039</u>       | <u>\$ 18,719</u>                     | <u>\$ 8,373,386</u>               |

CITY OF PRESCOTT, ARIZONA  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the year ended June 30, 2023

|  | Special Revenue Funds       |              |                                |                | Capital<br>Projects Funds | Debt Service Funds  |                                      | Total                             |
|--|-----------------------------|--------------|--------------------------------|----------------|---------------------------|---------------------|--------------------------------------|-----------------------------------|
|  | Transient<br>Lodging<br>Tax | Grants       | Miscellaneous<br>Gift<br>Trust | Acker<br>Trust | Impact<br>Fees            | City of<br>Prescott | Community<br>Facilities<br>Districts | Nonmajor<br>Governmental<br>Funds |
| Revenues   |                             |              |                                |                |                           |                     |                                      |                                   |
| Taxes  | \$ 1,624,385                | \$ -         | \$ -                           | \$ -           | \$ -                      | \$ -                | \$ -                                 | \$ 1,624,385                      |
| Intergovernmental revenues                                   | -                           | 3,984,657    | -                              | -              | -                         | -                   | -                                    | 3,984,657                         |
| Licenses and permits   | -                           | -            | -                              | -              | 507,445                   | -                   | -                                    | 507,445                           |
| Gifts and donations  | -                           | 286,002      | 97,446                         | -              | -                         | -                   | -                                    | 383,448                           |
| Investment earnings (losses)                                 | 6,643                       | 1,427        | -                              | (1,739)        | 36,156                    | -                   | 352                                  | 42,839                            |
| Miscellaneous  | -                           | 196,841      | -                              | -              | 20,019                    | -                   | 5,828                                | 222,688                           |
| Total revenues   | 1,631,028                   | 4,468,927    | 97,446                         | (1,739)        | 563,620                   | -                   | 6,180                                | 6,765,462                         |
| Expenditures   |                             |              |                                |                |                           |                     |                                      |                                   |
| Current operating  |                             |              |                                |                |                           |                     |                                      |                                   |
| General government   | 1,173,189                   | 43,105       | 4,960                          | -              | -                         | -                   | 25,000                               | 1,246,254                         |
| Community services   | -                           | 152,417      | -                              | -              | -                         | -                   | -                                    | 152,417                           |
| Culture and recreation                                       | 55,405                      | 46,164       | 41,700                         | 13,955         | -                         | -                   | -                                    | 157,224                           |
| Police and court   | -                           | 542,938      | 52,768                         | -              | -                         | -                   | -                                    | 595,706                           |
| Fire   | -                           | 469,846      | 1,229                          | -              | -                         | -                   | -                                    | 471,075                           |
| Capital outlay   |                             |              |                                |                |                           |                     |                                      |                                   |
| General government   | -                           | 2,771,620    | 45,000                         | -              | -                         | -                   | -                                    | 2,816,620                         |
| Community services   | -                           | -            | -                              | -              | -                         | -                   | -                                    | -                                 |
| Culture and recreation                                       | -                           | -            | -                              | -              | -                         | -                   | -                                    | -                                 |
| Police and court   | -                           | 21,354       | -                              | -              | -                         | -                   | -                                    | 21,354                            |
| Fire   | -                           | -            | -                              | -              | -                         | -                   | -                                    | -                                 |
| Public works   | -                           | -            | -                              | -              | -                         | -                   | -                                    | -                                 |
| Debt service - principal                                     | -                           | 11,749       | -                              | -              | -                         | -                   | 5,911                                | 17,660                            |
| Debt service - interest                                      | -                           | 1,346        | -                              | -              | -                         | -                   | 339                                  | 1,685                             |
| Total expenditures   | 1,228,594                   | 4,060,539    | 145,657                        | 13,955         | -                         | -                   | 31,250                               | 5,479,995                         |
| Excess (deficiency) of revenues<br>over (under) expenditures | 402,434                     | 408,388      | (48,211)                       | (15,694)       | 563,620                   | -                   | (25,070)                             | 1,285,467                         |
| Other Financing Sources (Uses)                               |                             |              |                                |                |                           |                     |                                      |                                   |
| Transfers in   | -                           | 1,902,157    | -                              | -              | -                         | -                   | -                                    | 1,902,157                         |
| Transfers out  | (329,276)                   | -            | (656,000)                      | -              | -                         | (4,072)             | -                                    | (989,348)                         |
| Total other financing sources (uses)                         | (329,276)                   | 1,902,157    | (656,000)                      | -              | -                         | (4,072)             | -                                    | 912,809                           |
| Net change in fund balance                                   | 73,158                      | 2,310,545    | (704,211)                      | (15,694)       | 563,620                   | (4,072)             | (25,070)                             | 2,198,276                         |
| Fund balance - beginning                                     | 877,868                     | (2,555,078)  | 1,028,239                      | 532,218        | 4,698,385                 | 4,072               | 37,794                               | 4,623,498                         |
| Fund balance - ending  | \$ 951,026                  | \$ (244,533) | \$ 324,028                     | \$ 516,524     | \$ 5,262,005              | \$ -                | \$ 12,724                            | \$ 6,821,774                      |



## **SUPPLEMENTARY INFORMATION**

### **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, 2023

|  | Budget       |              | Actual                     | Variance With                          |
|--|--------------|--------------|----------------------------|--|
|  | Original     | Final        | Amounts<br>Budget<br>Basis | Final Budget<br>Positive<br>(Negative) |
| <b>Revenues</b>                                      |              |              |                            |  |
| Taxes - transient lodging tax                        | \$ 1,475,000 | \$ 1,475,000 | \$ 1,624,385               | \$ 149,385                             |
| Investment income                                    | -            | -            | 6,643                      | 6,643                                  |
| Total revenues                                       | 1,475,000    | 1,475,000    | 1,631,028                  | 156,028                                |
| <b>Expenditures</b>                                  |              |              |                            |  |
| General Government:                                  |              |              |                            |  |
| City Manager   | 1,246,160    | 1,496,160    | 1,173,189                  | 322,971                                |
| Culture and recreation:                              |              |              |                            |  |
| Recreation Services                                  | 87,500       | 87,500       | 55,405                     | 32,095                                 |
| Total expenditures                                   | 1,333,660    | 1,583,660    | 1,228,594                  | 355,066                                |
| Excess (deficiency) of revenues<br>over expenditures | 141,340      | (108,660)    | 402,434                    | 511,094                                |
| <b>OTHER FINANCING SOURCES (USES)</b>                |              |              |                            |  |
| Transfers out  | (354,276)    | (354,276)    | (329,276)                  | 25,000                                 |
| Total other financing sources (uses)                 | (354,276)    | (354,276)    | (329,276)                  | 25,000                                 |
| Net change in fund balances                          | (212,936)    | (462,936)    | 73,158                     | 536,094                                |
| Fund balance - beginning                             | 877,868      | 877,868      | 877,868                    | -                                      |
| Fund balance - ending                                | \$ 664,932   | \$ 414,932   | \$ 951,026                 | \$ 536,094                             |

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, 2023

|   | Budget         |                | Actual                     | Variance With                          |
|---|----------------|----------------|----------------------------|--|
|   | Original       | Final          | Amounts<br>Budget<br>Basis | Final Budget<br>Positive<br>(Negative) |
| <b>Revenues</b>                                   |                |                |                            |  |
| Intergovernmental revenues                        | \$ 8,323,786   | \$ 8,323,786   | \$ 3,984,657               | \$ (4,339,129)                         |
| Gifts and donations                               | 287,046        | 287,046        | 286,002                    | (1,044)                                |
| Interest and investment income                    | -              | -              | 1,427                      | 1,427                                  |
| Miscellaneous                                     | -              | -              | 196,841                    | 196,841                                |
| Total revenues                                    | 8,610,832      | 8,610,832      | 4,468,927                  | (4,141,905)                            |
| <b>Expenditures</b>                               |                |                |                            |  |
| General government:                               |                |                |                            |  |
| City Manager                                      | 3,025,225      | 3,025,225      | 2,772,044                  | 253,181                                |
| Non Departmental                                  | 5,075,000      | 4,641,000      | 42,681                     | 4,598,319                              |
| Community services                                | 817,051        | 817,051        | 152,417                    | 664,634                                |
| Culture and recreation:                           |                |                |                            | -                                      |
| Recreation Services                               | -              | 25,000         | 16,307                     | 8,693                                  |
| Library   | -              | 40,000         | 29,857                     | 10,143                                 |
| Police and court:                                 |                |                |                            | -                                      |
| Police  | 1,136,026      | 1,136,026      | 570,853                    | 565,173                                |
| City Court  | 36,000         | 36,000         | 6,534                      | 29,466                                 |
| Fire  | 1,457,214      | 1,457,214      | 469,846                    | 987,368                                |
| Public Works                                      | 50,000         | 50,000         | -                          | 50,000                                 |
| Total expenditures                                | 11,596,516     | 11,227,516     | 4,060,539                  | 7,166,977                              |
| Excess (deficiency) of revenues over expenditures | (2,985,684)    | (2,616,684)    | 408,388                    | (11,308,882)                           |
| <b>Other Financing Sources (Uses)</b>             |                |                |                            |  |
| Transfers in                                      | 2,209,906      | 2,209,906      | 1,902,157                  | (307,749)                              |
| Total other financing sources (uses)              | 2,209,906      | 2,209,906      | 1,902,157                  | (307,749)                              |
| Net change in fund balances                       | (775,778)      | (406,778)      | 2,310,545                  | 2,717,323                              |
| Fund balance - beginning                          | (2,555,078)    | (2,555,078)    | (2,555,078)                | -                                      |
| Fund balance - ending                             | \$ (3,330,856) | \$ (2,961,856) | \$ (244,533)               | \$ 2,717,323                           |

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, 2023

|  | Budget     |            | Actual                     | Variance With                          |
|--|------------|------------|----------------------------|--|
|  | Original   | Final      | Amounts<br>Budget<br>Basis | Final Budget<br>Positive<br>(Negative) |
| <b>Revenues</b>                                      |            |            |                            |  |
| Gifts and donations                                  | \$ 155,744 | \$ 155,744 | \$ 97,446                  | \$ (58,298)                            |
| Total revenues                                       | 155,744    | 155,744    | 97,446                     | (58,298)                               |
| <b>Expenditures</b>                                  |            |            |                            |  |
| General government:                                  |            |            |                            |  |
| City Council   | 125,000    | 125,000    | 45,000                     | 80,000                                 |
| City Manager   | 16,874     | 16,874     | 4,960                      | 11,914                                 |
| Community services                                   | 5,817      |            |                            | -                                      |
| Culture and recreation:                              |            |            |                            |  |
| Recreation Services                                  | 16,778     | 21,778     | 13,603                     | 8,175                                  |
| Library  | 90,661     | 90,661     | 28,097                     | 62,564                                 |
| Police and court:                                    |            |            |                            |  |
| Police   | 137,944    | 147,944    | 52,769                     | 95,175                                 |
| Fire   | 13,378     | 13,378     | 1,228                      | 12,150                                 |
| Total expenditures                                   | 406,452    | 415,635    | 145,657                    | 269,978                                |
| Excess (deficiency) of revenues<br>over expenditures | (250,708)  | (259,891)  | (48,211)                   | (328,276)                              |
| <b>Other Financing Sources (Uses)</b>                |            |            |                            |  |
| Transfers out  | (656,000)  | (656,000)  | (656,000)                  | -                                      |
| Total other financing sources (uses)                 | (656,000)  | (656,000)  | (656,000)                  | -                                      |
| Net change in fund balances                          | (906,708)  | (915,891)  | (704,211)                  | 211,680                                |
| Fund balance - beginning                             | 1,028,239  | 1,028,239  | 1,028,239                  | -                                      |
| Fund balance - ending                                | \$ 121,531 | \$ 112,348 | \$ 324,028                 | \$ 211,680                             |



**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, 2023

|  | Budget     |            | Actual                     | Variance With                          |
|--|------------|------------|----------------------------|--|
|  | Original   | Final      | Amounts<br>Budget<br>Basis | Final Budget<br>Positive<br>(Negative) |
| <b>Revenues</b>                                      |            |            |                            |  |
| Interest and investment income (loss)                | \$ 14,375  | \$ 14,375  | \$ (1,739)                 | \$ (16,114)                            |
| Total revenues                                       | 14,375     | 14,375     | (1,739)                    | (16,114)                               |
| <b>Expenditures</b>                                  |            |            |                            |  |
| Culture and recreation:                              |            |            |                            |  |
| Recreation Services                                  | 14,375     | 18,375     | 13,955                     | 4,420                                  |
| Total expenditures                                   | 14,375     | 18,375     | 13,955                     | 4,420                                  |
| Excess (deficiency) of revenues<br>over expenditures | -          | (4,000)    | (15,694)                   | (11,694)                               |
| Fund balance - beginning                             | 532,218    | 532,218    | 532,218                    | -                                      |
| Fund balance - ending                                | \$ 532,218 | \$ 528,218 | \$ 516,524                 | \$ (11,694)                            |

**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, 2023

|  | Budget       |              | Actual                     | Variance With                          |
|--|--------------|--------------|----------------------------|--|
|  | Original     | Final        | Amounts<br>Budget<br>Basis | Final Budget<br>Positive<br>(Negative) |
| <b>Revenues</b>                                      |              |              |                            |  |
| Licenses and permits - impact fees                   | \$ 960,000   | \$ 960,000   | \$ 507,445                 | \$ (452,555)                           |
| Interest and investment income                       | -            | -            | 36,156                     | 36,156                                 |
| Miscellaneous  | 19,000       | 19,000       | 20,019                     | 1,019                                  |
| Total revenues                                       | 979,000      | 979,000      | 563,620                    | (415,380)                              |
| <b>Expenditures</b>                                  |              |              |                            |  |
| Culture and recreation                               | -            | -            | -                          | -                                      |
| Recreation Services                                  | -            | -            | -                          | -                                      |
| Total expenditures                                   | -            | -            | -                          | -                                      |
| Excess (deficiency) of revenues<br>over expenditures | 979,000      | 979,000      | 563,620                    | (415,380)                              |
| Net change in fund balances                          | 979,000      | 979,000      | 563,620                    | (415,380)                              |
| Fund balance - beginning                             | 4,698,385    | 4,698,385    | 4,698,385                  | -                                      |
| Fund balance - ending                                | \$ 5,677,385 | \$ 5,677,385 | \$ 5,262,005               | \$ (415,380)                           |

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, 2023

|  | Budget   |          | Actual                     | Variance With                          |
|--|----------|----------|----------------------------|--|
|  | Original | Final    | Amounts<br>Budget<br>Basis | Final Budget<br>Positive<br>(Negative) |
| <b>Revenues</b>                                      |          |          |                            |  |
| Property tax revenue                                 | \$ -     | \$ -     | \$ -                       | \$ -                                   |
| Interest and investment income                       | -        | -        | -                          | -                                      |
| Miscellaneous  | -        | -        | -                          | -                                      |
| Total revenues                                       | -        | -        | -                          | -                                      |
| <b>Expenditures</b>                                  |          |          |                            |  |
| Debt service   |          |          |                            |  |
| Principal  | -        | -        | -                          | -                                      |
| Interest   | -        | -        | -                          | -                                      |
| Total expenditures                                   | -        | -        | -                          | -                                      |
| Excess (deficiency) of revenues<br>over expenditures | -        | -        | -                          | -                                      |
| <b>OTHER FINANCING SOURCES (USES)</b>                |          |          |                            |  |
| Transfers In (Out)                                   | -        | -        | (4,072)                    | (4,072)                                |
| Total other financing sources (uses)                 | -        | -        | (4,072)                    | (4,072)                                |
| Net change in fund balances                          | -        | -        | (4,072)                    | (4,072)                                |
| Fund balance - beginning                             | 4,072    | 4,072    | 4,072                      | -                                      |
| Fund balance - ending                                | \$ 4,072 | \$ 4,072 | \$ -                       | \$ (4,072)                             |

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, 2023

|  | Budget    |           | Actual                     | Variance With                          |
|--|-----------|-----------|----------------------------|--|
|  | Original  | Final     | Amounts<br>Budget<br>Basis | Final Budget<br>Positive<br>(Negative) |
| <b>Revenues</b>                                      |           |           |                            |  |
| Interest and investment income                       | \$ -      | \$ -      | \$ 352                     | \$ 352                                 |
| Miscellaneous  | 25,571    | 25,571    | 5,828                      | (19,743)                               |
| Total revenues                                       | 25,571    | 25,571    | 6,180                      | (19,391)                               |
| <b>Expenditures</b>                                  |           |           |                            |  |
| Current  |           |           |                            |  |
| General Government                                   | 10,000    | 10,000    | 25,000                     | (15,000)                               |
| Debt Service   |           |           |                            |  |
| Principal  | 22,485    | 22,485    | 5,911                      | 16,574                                 |
| Interest   | 339       | 339       | 339                        | -                                      |
| Total expenditures                                   | 32,824    | 32,824    | 31,250                     | 1,574                                  |
| Excess (deficiency) of revenues<br>over expenditures | (7,253)   | (7,253)   | (25,070)                   | (17,817)                               |
| Net change in fund balances                          | (7,253)   | (7,253)   | (25,070)                   | (17,817)                               |
| Fund balance - beginning                             | 37,794    | 37,794    | 37,794                     | -                                      |
| Fund balance - ending                                | \$ 30,541 | \$ 30,541 | \$ 12,724                  | \$ (17,817)                            |

## SUPPLEMENTARY INFORMATION

### 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, 2023

| <b>ASSETS</b>                                       | <b>Fleet<br/>Maintenance</b> | <b>Risk<br/>Management</b> | <b>Engineering<br/>Services</b> | <b>Facilities<br/>Maintenance</b> | <b>Totals</b>       |
|---|------------------------------|----------------------------|---------------------------------|-----------------------------------|---------------------|
| <b>Current Assets</b>                               |                              |                            |                                 |                                   |                     |
| Cash and cash equivalents                           | \$ 673,146                   | \$ 2,741,764               | \$ 359,069                      | \$ 1,155,037                      | \$ 4,929,016        |
| Accounts receivable (net)                           | 5,975                        | -                          | -                               | -                                 | 5,975               |
| Interest receivable                                 | -                            | 1,016                      | -                               | -                                 | 1,016               |
| Inventory at cost                                   | 494,868                      | -                          | -                               | -                                 | 494,868             |
| Total current assets                                | <u>1,173,989</u>             | <u>2,742,780</u>           | <u>359,069</u>                  | <u>1,155,037</u>                  | <u>5,430,875</u>    |
| <b>Noncurrent Assets</b>                            |                              |                            |                                 |                                   |                     |
| Restricted cash and cash equivalents                | -                            | 461,350                    | -                               | -                                 | 461,350             |
| OPEB assets   | 25,793                       | -                          | 40,953                          | 15,292                            | 82,038              |
| 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                             | 591,653                      | -                          | 474,276                         | 510,878                           | 1,576,807           |
| Less accumulated depreciation                       | (2,708,228)                  | -                          | (403,986)                       | (129,847)                         | (3,242,061)         |
| Total noncurrent assets                             | <u>3,194,100</u>             | <u>461,350</u>             | <u>147,793</u>                  | <u>413,449</u>                    | <u>4,216,692</u>    |
| Total assets  | <u>4,368,089</u>             | <u>3,204,130</u>           | <u>506,862</u>                  | <u>1,568,486</u>                  | <u>9,647,567</u>    |
| <b>Deferred Outflows of Resources</b>               |                              |                            |                                 |                                   |                     |
| Deferred outflows related to pensions and OPEB      | 135,122                      | -                          | 5,225                           | 67,109                            | 207,456             |
| Total deferred outflows of resources                | <u>135,122</u>               | <u>-</u>                   | <u>5,225</u>                    | <u>67,109</u>                     | <u>207,456</u>      |
| Total assets and deferred outflows of resources     | <u>4,503,211</u>             | <u>3,204,130</u>           | <u>512,087</u>                  | <u>1,635,595</u>                  | <u>9,855,023</u>    |
| <b>LIABILITIES</b>                                  |                              |                            |                                 |                                   |                     |
| <b>Current Liabilities</b>                          |                              |                            |                                 |                                   |                     |
| Accounts payable                                    | 78,017                       | 8,794                      | 3,502                           | 143,625                           | 233,938             |
| Accrued expenses                                    | 16,578                       | -                          | 29,830                          | 10,557                            | 56,965              |
| Claims payable                                      | -                            | 60,464                     | -                               | -                                 | 60,464              |
| Compensated absences                                | -                            | -                          | 79,150                          | -                                 | 79,150              |
| Total current liabilities                           | <u>94,595</u>                | <u>69,258</u>              | <u>112,482</u>                  | <u>154,182</u>                    | <u>430,517</u>      |
| <b>Noncurrent Liabilities</b>                       |                              |                            |                                 |                                   |                     |
| Claims payable                                      | -                            | 122,760                    | -                               | -                                 | 122,760             |
| Compensated absences                                | 115,619                      | -                          | 94,847                          | 46,760                            | 257,226             |
| Pension liability                                   | 746,169                      | -                          | 1,184,740                       | 442,403                           | 2,373,312           |
| Total noncurrent liabilities                        | <u>861,788</u>               | <u>122,760</u>             | <u>1,279,587</u>                | <u>489,163</u>                    | <u>2,753,298</u>    |
| Total liabilities                                   | <u>956,383</u>               | <u>192,018</u>             | <u>1,392,069</u>                | <u>643,345</u>                    | <u>3,183,815</u>    |
| <b>Deferred Inflows of Resources</b>                |                              |                            |                                 |                                   |                     |
| Deferred inflows related to pensions and OPEB       | 42,577                       | -                          | 87,435                          | 25,244                            | 155,256             |
| Total deferred inflows of resources                 | <u>42,577</u>                | <u>-</u>                   | <u>87,435</u>                   | <u>25,244</u>                     | <u>155,256</u>      |
| Total liabilities and deferred inflows of resources | <u>998,960</u>               | <u>192,018</u>             | <u>1,479,504</u>                | <u>668,589</u>                    | <u>3,339,071</u>    |
| <b>NET POSITION</b>                                 |                              |                            |                                 |                                   |                     |
| Net investment in capital assets                    | 3,168,306                    | -                          | 106,840                         | 436,199                           | 3,711,345           |
| Restricted for:                                     |                              |                            |                                 |                                   |                     |
| Insurance bond                                      | -                            | 461,350                    | -                               | -                                 | 461,350             |
| OPEB assets   | 25,793                       | -                          | 40,953                          | 15,292                            | 82,038              |
| Unrestricted  | 310,152                      | 2,550,762                  | (1,115,210)                     | 515,515                           | 2,261,219           |
| Total net position                                  | <u>\$ 3,504,251</u>          | <u>\$ 3,012,112</u>        | <u>\$ (967,417)</u>             | <u>\$ 967,006</u>                 | <u>\$ 6,515,952</u> |

**CITY OF PRESCOTT, ARIZONA**

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

**Internal Service Funds**

For the year ended June 30, 2023

|  | <u>Fleet</u>        | <u>Risk</u>         | <u>Engineering</u>  | <u>Facilities</u>  | <u>Total</u>        |
|--|---------------------|---------------------|---------------------|--------------------|---------------------|
|  | <u>Maintenance</u>  | <u>Management</u>   | <u>Services</u>     | <u>Maintenance</u> |                     |
| <b>Operating Revenues</b>                |                     |                     |                     |                    |                     |
| Charges for services                     | \$ 2,921,530        | \$ 1,095,024        | \$ 1,324,366        | \$ 1,957,488       | \$ 7,298,408        |
| Miscellaneous                            | -                   | 72,305              | 3,308               | 29                 | 75,642              |
| Total operating revenues                 | <u>2,921,530</u>    | <u>1,167,329</u>    | <u>1,327,674</u>    | <u>1,957,517</u>   | <u>7,374,050</u>    |
| <b>Operating Expenses</b>                |                     |                     |                     |                    |                     |
| Personnel services                       | 890,213             | -                   | 1,382,383           | 553,433            | 2,826,029           |
| Supplies                                 | 1,270,015           | -                   | 30,334              | 287,309            | 1,587,658           |
| Other services and charges               | 732,253             | 1,312,418           | 237,074             | 1,030,430          | 3,312,175           |
| Depreciation                             | 130,446             | -                   | 17,916              | 35,903             | 184,265             |
| Total operating expenses                 | <u>3,022,927</u>    | <u>1,312,418</u>    | <u>1,667,707</u>    | <u>1,907,075</u>   | <u>7,910,127</u>    |
| Operating income (loss)                  | <u>(101,397)</u>    | <u>(145,089)</u>    | <u>(340,033)</u>    | <u>50,442</u>      | <u>(536,077)</u>    |
| <b>Non-operating Revenues (Expenses)</b> |                     |                     |                     |                    |                     |
| Interest and investment income           | 5,064               | 14,561              | 3,552               | 8,755              | 31,932              |
| Net gain (loss) on disposal of assets    | 1,300               | -                   | 6,324               | 4,726              | 12,350              |
| Total non-operating revenues             | <u>6,364</u>        | <u>14,561</u>       | <u>9,876</u>        | <u>13,481</u>      | <u>44,282</u>       |
| Income (loss) before transfers           | <u>(95,033)</u>     | <u>(130,528)</u>    | <u>(330,157)</u>    | <u>63,923</u>      | <u>(491,795)</u>    |
| Transfers in                             | -                   | -                   | -                   | -                  | -                   |
| Transfers out                            | -                   | (53,152)            | -                   | -                  | (53,152)            |
| Change in net position                   | <u>(95,033)</u>     | <u>(183,680)</u>    | <u>(330,157)</u>    | <u>63,923</u>      | <u>(544,947)</u>    |
| Total net position - beginning           | <u>3,599,284</u>    | <u>3,195,792</u>    | <u>(637,260)</u>    | <u>903,083</u>     | <u>7,060,899</u>    |
| Total net position - ending              | <u>\$ 3,504,251</u> | <u>\$ 3,012,112</u> | <u>\$ (967,417)</u> | <u>\$ 967,006</u>  | <u>\$ 6,515,952</u> |

**CITY OF PRESCOTT, ARIZONA**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**

For the year ended June 30, 2023

|   | <b>Fleet</b>       | <b>Risk</b>         | <b>Engineering</b>  | <b>Facilities</b>   |                     |
|---|--------------------|---------------------|---------------------|---------------------|---------------------|
|   | <b>Maintenance</b> | <b>Management</b>   | <b>Services</b>     | <b>Maintenance</b>  | <b>Total</b>        |
| <b>Cash Flows from Operating Activities:</b>  |                    |                     |                     |                     |                     |
| Cash received from customers  | \$ 2,915,018       | \$ 1,167,329        | \$ 1,326,692        | \$ 1,957,185        | \$ 7,366,224        |
| Cash payments to employees for services   | (876,463)          | -                   | (1,351,668)         | (543,132)           | (2,771,263)         |
| Cash payments to suppliers for goods and services   | (2,095,138)        | (1,262,586)         | (266,081)           | (1,307,940)         | (4,931,745)         |
| Net cash provided by (used for) operating activities  | <u>(56,583)</u>    | <u>(95,257)</u>     | <u>(291,057)</u>    | <u>106,113</u>      | <u>(336,784)</u>    |
| <b>Cash Flows from Noncapital Financing Activities:</b>   |                    |                     |                     |                     |                     |
| Transfers out   | -                  | (53,152)            | -                   | -                   | (53,152)            |
| Net cash provided by (used for) noncapital financing activities   | <u>-</u>           | <u>(53,152)</u>     | <u>-</u>            | <u>-</u>            | <u>(53,152)</u>     |
| <b>Cash Flows from Capital and Related Financing Activities:</b>  |                    |                     |                     |                     |                     |
| Acquisition and construction of capital assets  | (76,311)           | -                   | (34,316)            | (289,862)           | (400,489)           |
| Proceeds from sales of capital assets   | 1,300              | -                   | 6,324               | 4,726               | 12,350              |
| Net cash provided by (used for) capital and related financing activities                                  | <u>(75,011)</u>    | <u>-</u>            | <u>(27,992)</u>     | <u>(285,136)</u>    | <u>(388,139)</u>    |
| <b>Cash Flows from Investing Activities:</b>  |                    |                     |                     |                     |                     |
| Interest on investments   | 5,064              | 14,561              | 3,552               | 8,755               | 31,932              |
| Net cash provided by (used for) investing activities  | <u>5,064</u>       | <u>14,561</u>       | <u>3,552</u>        | <u>8,755</u>        | <u>31,932</u>       |
| Net increase (decrease) in cash and cash equivalents  | (126,530)          | (133,848)           | (315,497)           | (170,268)           | (746,143)           |
| Cash and cash equivalents - beginning   | 799,676            | 3,336,962           | 674,566             | 1,325,305           | 6,136,509           |
| Cash and cash equivalents - ending  | <u>\$ 673,146</u>  | <u>\$ 3,203,114</u> | <u>\$ 359,069</u>   | <u>\$ 1,155,037</u> | <u>\$ 5,390,366</u> |
| <b>Reconciliation to statement of net position</b>  |                    |                     |                     |                     |                     |
| Cash and cash equivalents at June 30, unrestrict  | \$ 673,146         | \$ 2,741,764        | \$ 359,069          | \$ 1,155,037        | \$ 4,929,016        |
| Cash and cash equivalents at June 30, restricte   | -                  | 461,350             | -                   | -                   | 461,350             |
| Total   | <u>\$ 673,146</u>  | <u>\$ 3,203,114</u> | <u>\$ 359,069</u>   | <u>\$ 1,155,037</u> | <u>\$ 5,390,366</u> |
| <b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:</b> |                    |                     |                     |                     |                     |
| Operating income (loss)   | \$ (101,397)       | \$ (145,089)        | \$ (340,033)        | \$ 50,442           | \$ (536,077)        |
| Adjustments to reconcile operating income activities:   |                    |                     |                     |                     |                     |
| Depreciation  | 130,446            | -                   | 17,916              | 35,903              | 184,265             |
| Change in assets and liabilities:   |                    |                     |                     |                     |                     |
| Increase (decrease) in accounts payable   | (26,122)           | 49,832              | 1,327               | 9,800               | 34,837              |
| Increase (decrease) in compensated absences   | 10,134             | -                   | 20,525              | 7,879               | 38,538              |
| (Increase) decrease in customer receivable  | (5,975)            | -                   | -                   | -                   | (5,975)             |
| (Increase) decrease in inventory  | (66,748)           | -                   | -                   | -                   | (66,748)            |
| Increase (decrease) in salaries & benefits payabl   | 3,079              | -                   | 9,208               | 2,089               | 14,376              |
| Total adjustments   | <u>44,814</u>      | <u>49,832</u>       | <u>48,976</u>       | <u>55,671</u>       | <u>199,293</u>      |
| Net cash provided by (used for) operating activities  | <u>\$ (56,583)</u> | <u>\$ (95,257)</u>  | <u>\$ (291,057)</u> | <u>\$ 106,113</u>   | <u>\$ (336,784)</u> |



## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF PRESCOTT, ARIZONA**  
**Schedule of Pledged Excise Tax Bonds Payable**  
June 30, 2023

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|                       | <b>Refunding MPC 2010 and<br/>2011 Road Imp<br/>City Series 2019</b> | <b>Refunding MPC 2004-G Big<br/>Chino Ranch<br/>MPC Series 2014</b> | <b>Total Bonds<br/>Payable</b> |
|-----------------------|--|---|--------------------------------|
| 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               | 5,710,000  | 2,315,000   | 8,025,000                      |
| Outstanding           | 10,785,000   | 6,685,000   | 17,470,000                     |
| Principal retirement: |  |   |                                |
| 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, 2023

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**Hassayampa #2  
 Community Facilities  
 Bonds**

**2017 Refunding**

|                       |    |           |
|-----------------------|----|-----------|
| Interest rates        |    | 2.86%     |
| Issue date            |    | 5/30/2017 |
| Final maturity date   |    | 7/1/2024  |
| Authorized            | \$ | 160,000   |
| Issued                |    | 160,000   |
| Retired               |    | 154,089   |
| Outstanding           |    | 5,912     |
| Principal retirement: |    |           |
| 2024                  | \$ | 5,912     |

**CITY OF PRESCOTT, ARIZONA**

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

June 30, 2023

|                       | Drinking Water<br>Loan<br><b>920125-08</b> | Drinking Water<br>Loan<br><b>92A166-10</b> | Drinking Water<br>Loan<br><b>920206-11</b> | Drinking Water<br>Loan<br><b>920237-13</b> | Drinking Water<br>Loan<br><b>920297-20</b> | Drinking Water<br>Loan<br><b>920351-23</b> | Total<br>Payable |
|-----------------------|--|--|--|--|--|--|------------------|
| Interest rates        | 3.64%                                      | 3.143%                                     | 3.152%                                     | 2.800%                                     | 1.590%                                     | 2.992%                                     | N/A              |
| Issue date            | 8/24/2007                                  | 7/31/2009                                  | 12/3/2010                                  | 1/25/2013                                  | 8/30/2019                                  | 10/21/2022                                 | N/A              |
| Final maturity date   | 7/1/2027                                   | 7/1/2029                                   | 7/1/2030                                   | 7/1/2032                                   | 7/1/2049                                   | 7/1/2052                                   | N/A              |
| Authorized            | \$ 9,854,000                               | \$ 8,998,096                               | \$ 1,060,000                               | \$ 15,921,582                              | \$ 25,000,000                              | \$ 34,000,000                              | \$ 94,833,678    |
| Issued to date        | 9,854,000                                  | 6,759,551                                  | 1,018,796                                  | 15,472,993                                 | 25,000,000                                 | 12,378,309                                 | 58,105,340       |
| Final amount issued   | 9,854,000                                  | 2,759,551                                  | 1,018,796                                  | 15,921,582                                 | 25,000,000                                 | In Progress                                | 54,553,929       |
| Retired               | 6,696,286                                  | 1,677,362                                  | 535,168                                    | 5,542,392                                  | 2,001,923                                  | -  | 16,453,131       |
| Forgivable Prin. (1)  | -  | 4,000,000                                  | -  | 2,034,200                                  | -  | 1,532,500                                  | 6,034,200        |
| Outstanding           | 3,157,714                                  | 1,082,189                                  | 483,628                                    | 7,896,401                                  | 22,998,077                                 | 32,467,500                                 | 63,404,129       |
| Principal retirement: |  |  |  |  |  |  |                  |
| 2024                  | \$ 587,209                                 | \$ 141,656                                 | \$ 54,094                                  | \$ 695,176                                 | \$ 688,640                                 | \$ 683,328                                 | \$ 2,850,102     |
| 2025                  | 608,584                                    | 146,107                                    | 55,799                                     | 714,641                                    | 699,589                                    | 703,773                                    | 2,928,493        |
| 2026                  | 630,736                                    | 150,698                                    | 57,558                                     | 734,651                                    | 710,712                                    | 724,830                                    | 3,009,185        |
| 2027                  | 653,695                                    | 155,434                                    | 59,372                                     | 755,221                                    | 722,013                                    | 746,517                                    | 3,092,251        |
| 2028                  | 677,490                                    | 160,319                                    | 61,244                                     | 776,368                                    | 733,493                                    | 768,852                                    | 3,177,766        |
| 2029                  |  | 165,357                                    | 63,174                                     | 798,106                                    | 745,155                                    | 791,857                                    | 2,563,649        |
| 2030                  |  | 162,618                                    | 65,165                                     | 820,453                                    | 757,003                                    | 815,549                                    | 2,620,788        |
| 2031                  |  |  | 67,222                                     | 843,425                                    | 769,040                                    | 839,950                                    | 2,519,637        |
| 2032                  |  |  |  | 867,041                                    | 781,267                                    | 865,081                                    | 2,513,390        |
| 2033                  |  |  |  | 891,319                                    | 793,690                                    | 890,965                                    | 2,575,973        |
| 2034                  |  |  |  |  | 806,309                                    | 917,622                                    | 1,723,931        |
| 2035                  |  |  |  |  | 819,130                                    | 945,078                                    | 1,764,207        |
| 2036                  |  |  |  |  | 832,154                                    | 973,354                                    | 1,805,508        |
| 2037                  |  |  |  |  | 845,385                                    | 1,002,477                                  | 1,847,862        |
| 2038                  |  |  |  |  | 858,827                                    | 1,032,471                                  | 1,891,298        |
| 2039                  |  |  |  |  | 872,482                                    | 1,063,363                                  | 1,935,845        |
| 2040                  |  |  |  |  | 886,354                                    | 1,095,178                                  | 1,981,533        |
| 2041                  |  |  |  |  | 900,447                                    | 1,127,946                                  | 2,028,394        |
| 2042                  |  |  |  |  | 914,764                                    | 1,161,694                                  | 2,076,459        |
| 2043                  |  |  |  |  | 929,309                                    | 1,196,452                                  | 2,125,761        |
| 2044                  |  |  |  |  | 944,085                                    | 1,232,250                                  | 2,176,335        |
| 2045                  |  |  |  |  | 959,096                                    | 1,269,119                                  | 2,228,215        |
| 2046                  |  |  |  |  | 974,346                                    | 1,307,091                                  | 2,281,437        |
| 2047                  |  |  |  |  | 989,838                                    | 1,346,199                                  | 2,336,037        |
| 2048                  |  |  |  |  | 1,005,576                                  | 1,386,478                                  | 2,392,054        |
| 2049                  |  |  |  |  | 1,021,565                                  | 1,427,961                                  | 2,449,526        |
| 2050                  |  |  |  |  | 1,037,808                                  | 1,470,686                                  | 2,508,493        |
| 2051                  |  |  |  |  |  | 1,514,688                                  | 1,514,688        |

CITY OF PRESCOTT, ARIZONA

Schedule of Loans Payable From Water Infrastructure Finance Authority Clean Water

June 30, 2023

|                       | Clean Water<br>Loan | Clean Water<br>Loan | Clean Water<br>Loan | Clean Water<br>Loan | Clean Water<br>Loan | Clean Water<br>Loan | Total<br>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          | 19,346,340          | 76,362,189       |
| Final amount issued   | 4,703,000           | 6,054,763           | 1,574,593           | 1,480,944           | 43,202,549          | In Progress         | 57,015,849       |
| Retired               | 3,174,733           | 3,507,746           | 864,131             | 790,222             | 20,051,295          | 2,648,621           | 31,036,748       |
| Outstanding           | 1,528,267           | 2,547,017           | 710,462             | 690,722             | 23,151,254          | 18,951,379          | 47,579,101       |
| Principal retirement: |                     |                     |                     |                     |                     |                     |                  |
| 2024                  | \$ 282,905          | \$ 330,971          | \$ 83,652           | \$ 77,258           | \$ 2,283,546        | \$ 567,288          | \$ 3,625,620     |
| 2025                  | 293,848             | 341,371             | 86,289              | 79,693              | 2,350,911           | 580,494             | 3,732,606        |
| 2026                  | 305,214             | 352,099             | 89,009              | 82,205              | 2,420,263           | 594,008             | 3,842,798        |
| 2027                  | 317,019             | 363,164             | 91,814              | 84,796              | 2,491,660           | 607,836             | 3,956,289        |
| 2028                  | 329,281             | 374,576             | 94,708              | 87,469              | 2,565,164           | 621,987             | 4,073,185        |
| 2029                  |                     | 386,347             | 97,693              | 90,226              | 2,640,837           | 636,467             | 3,851,570        |
| 2030                  |                     | 398,489             | 100,773             | 93,070              | 2,718,741           | 651,284             | 3,962,357        |
| 2031                  |                     |                     | 66,524              | 96,005              | 2,798,944           | 666,446             | 3,627,919        |
| 2032                  |                     |                     |                     |                     | 2,881,188           | 681,960             | 3,563,148        |
| 2033                  |                     |                     |                     |                     |                     | 697,836             | 697,836          |
| 2034                  |                     |                     |                     |                     |                     | 714,082             | 714,082          |
| 2035                  |                     |                     |                     |                     |                     | 730,706             | 730,706          |
| 2036                  |                     |                     |                     |                     |                     | 747,717             | 747,717          |
| 2037                  |                     |                     |                     |                     |                     | 765,124             | 765,124          |
| 2038                  |                     |                     |                     |                     |                     | 782,936             | 782,936          |
| 2039                  |                     |                     |                     |                     |                     | 801,162             | 801,162          |
| 2040                  |                     |                     |                     |                     |                     | 819,813             | 819,813          |
| 2041                  |                     |                     |                     |                     |                     | 838,899             | 838,899          |
| 2042                  |                     |                     |                     |                     |                     | 858,428             | 858,428          |
| 2043                  |                     |                     |                     |                     |                     | 878,413             | 878,413          |
| 2044                  |                     |                     |                     |                     |                     | 898,862             | 898,862          |
| 2045                  |                     |                     |                     |                     |                     | 919,787             | 919,787          |
| 2046                  |                     |                     |                     |                     |                     | 941,200             | 941,200          |
| 2047                  |                     |                     |                     |                     |                     | 963,111             | 963,111          |
| 2048                  |                     |                     |                     |                     |                     | 985,533             | 985,533          |





## **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)

|   | <b>2014</b>     | <b>2015</b>     | <b>2016</b>     | <b>2017</b>     | <b>2018</b>     | <b>2019</b>     | <b>2020</b>     | <b>2021</b>     | <b>2022</b>     | <b>2023</b>     |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Governmental activities</b>              |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Net investment in capital assets            | \$ 241.5        | \$ 233.2        | \$ 224.6        | \$ 218.5        | \$ 217.8        | \$ 212.4        | \$ 212.9        | \$ 221.0        | \$ 226.3        | \$ 236.6        |
| Restricted                                  | 26.7            | 26.4            | 29.8            | 28.8            | 22.4            | 21.6            | 25.0            | 26.7            | 37.7            | 33.5            |
| Unrestricted (1)                            | 31.0            | (48.1)          | (45.8)          | (50.2)          | (47.2)          | (39.5)          | (19.0)          | (8.7)           | 14.0            | 33.4            |
| Total governmental activities net position  | <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> | <u>\$ 303.5</u> |
| <b>Business-type activities</b>             |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Net investment in capital assets            | \$ 195.6        | \$ 192.7        | \$ 200.8        | \$ 205.4        | \$ 214.2        | \$ 235.7        | \$ 249.7        | \$ 272.1        | \$ 285.2        | \$ 294.7        |
| Restricted                                  | 2.1             | 4.1             | 4.2             | 4.2             | 4.2             | 5.4             | 5.7             | 5.7             | 5.6             | 6.0             |
| Unrestricted                                | 37.0            | 31.0            | 36.7            | 37.3            | 31.4            | 24.5            | 22.1            | 25.5            | 23.5            | 29.1            |
| Total business-type activities net position | <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> | <u>\$ 329.8</u> |
| <b>Primary government</b>                   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Net investment in capital assets            | \$ 437.1        | \$ 425.9        | \$ 425.4        | \$ 423.9        | \$ 432.0        | \$ 448.1        | \$ 462.6        | \$ 493.1        | \$ 511.5        | \$ 531.3        |
| Restricted                                  | 28.8            | 30.5            | 34.0            | 33.0            | 26.6            | 27.0            | 30.7            | 32.4            | 43.3            | 39.5            |
| Unrestricted                                | 68.0            | (17.1)          | (9.1)           | (12.9)          | (15.8)          | (15.0)          | 3.1             | 16.8            | 37.5            | 62.5            |
| Total primary government net position       | <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> | <u>\$ 633.3</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

|  | 2014                 | 2015                  | 2016                 | 2017                  | 2018                  | 2019                  | 2020                  | 2021                  | 2022                  | 2023                  |
|--|----------------------|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Expenses</b>                                |                      |                       |                      |                       |                       |                       |                       |                       |                       |                       |
| <b>Governmental Activities:</b>                |                      |                       |                      |                       |                       |                       |                       |                       |                       |                       |
| General government                             | \$ 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          | \$ 2,413,430          |
| Community services                             | 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             | 1,927,792             |
| Culture and recreation                         | 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             | 10,314,766            |
| Public Safety                                  |                      |                       |                      |                       |                       |                       |                       |                       |                       |                       |
| Police and court                               | 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            | 18,560,517            |
| Fire   | 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            | 13,448,598            |
| Total public safety                            | 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            | 32,009,115            |
| Public Works                                   | 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            | 27,121,648            |
| Interest on long-term debt                     | 1,469,883            | 1,353,344             | 1,272,222            | 1,186,103             | 1,161,187             | 953,192               | 847,598               | 366,764               | 440,955               | 383,161               |
| <b>Total governmental activities expenses</b>  | <b>55,239,261</b>    | <b>67,544,427</b>     | <b>65,068,281</b>    | <b>71,595,790</b>     | <b>75,004,263</b>     | <b>72,948,961</b>     | <b>65,078,334</b>     | <b>73,451,692</b>     | <b>64,869,109</b>     | <b>74,169,912</b>     |
| <b>Business-type Activities:</b>               |                      |                       |                      |                       |                       |                       |                       |                       |                       |                       |
| Airport  | 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             | 6,185,059             |
| Golf course                                    | 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             | 4,742,657             |
| Solid waste                                    | 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            | 11,427,394            |
| Wastewater                                     | 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            | 14,787,745            |
| Water  | 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            | 17,092,071            |
| <b>Total business-type activities expenses</b> | <b>33,246,568</b>    | <b>36,015,506</b>     | <b>34,435,525</b>    | <b>39,748,631</b>     | <b>44,526,789</b>     | <b>45,434,812</b>     | <b>45,044,975</b>     | <b>44,110,121</b>     | <b>51,670,177</b>     | <b>54,234,926</b>     |
| <b>Total primary government expenses</b>       | <b>\$ 88,485,829</b> | <b>\$ 103,559,933</b> | <b>\$ 99,503,806</b> | <b>\$ 111,344,421</b> | <b>\$ 119,531,052</b> | <b>\$ 118,383,773</b> | <b>\$ 110,123,309</b> | <b>\$ 117,561,813</b> | <b>\$ 116,539,286</b> | <b>\$ 128,404,838</b> |

Source: City of Prescott finance department

CITY OF PRESCOTT, ARIZONA

**Table IIb**  
**Statistical Section - Financial Trends**  
**Changes in Net Position**

Last ten fiscal years

|  | 2014                   | 2015                   | 2016                   | 2017                   | 2018                   | 2019                   | 2020                   | 2021                   | 2022                   | 2023                   |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>Program Revenue</b>                                 |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| <b>Governmental Activities:</b>                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Charges for services:                                  |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| General government                                     | \$ 385,950             | \$ 837,786             | \$ 735,720             | \$ 800,475             | \$ 797,880             | \$ 777,961             | \$ 613,141             | \$ 772,674             | \$ 433,967             | \$ 531,888             |
| Community services                                     | 795,668                | 786,856                | 995,517                | 1,370,988              | 1,758,784              | 2,370,200              | 1,748,669              | 1,916,127              | 1,758,965              | 1,402,264              |
| Culture and recreation                                 | 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              | 1,823,979              |
| Public Safety  |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Police and court                                       | 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              | 2,056,346              |
| Fire   | 491,900                | 417,389                | 494,525                | 521,278                | 608,700                | 717,080                | 567,014                | 553,447                | 644,384                | 905,171                |
| Total public safety                                    | 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              | 2,961,517              |
| Public Works   | 340,834                | 305,230                | 299,689                | 339,572                | 542,572                | 573,523                | 605,604                | 535,850                | 496,827                | 460,467                |
| Operating grants and contributions                     | 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              | 2,771,616              |
| Capital grants and contributions                       | 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              | 7,170,139              |
| <b>Total governmental activities program revenues</b>  | <b>10,520,919</b>      | <b>10,634,983</b>      | <b>15,702,324</b>      | <b>12,835,209</b>      | <b>14,944,807</b>      | <b>15,952,666</b>      | <b>20,104,140</b>      | <b>16,993,944</b>      | <b>23,264,859</b>      | <b>17,121,870</b>      |
| <b>Business-type Activities:</b>                       |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Charges for services:                                  |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Airport  | 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              | 2,322,232              |
| Golf course  | 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              | 4,072,732              |
| Solid waste  | 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             | 11,430,410             |
| Wastewater   | 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             | 16,301,903             |
| Water  | 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             | 18,582,990             |
| Operating grants and contributions                     | -                      | 15,820.00              | 44,409                 | 61,719                 | 54,735                 | 12,767                 | 8,847                  | 17,065                 | -                      | 857,072                |
| Capital grants and contributions                       | 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              | 13,255,520             |
| <b>Total business-type activities program revenues</b> | <b>39,193,804</b>      | <b>39,274,316</b>      | <b>46,557,237</b>      | <b>44,077,287</b>      | <b>46,414,153</b>      | <b>52,204,705</b>      | <b>54,613,052</b>      | <b>66,351,305</b>      | <b>61,373,426</b>      | <b>66,822,859</b>      |
| <b>Total primary government revenues</b>               | <b>\$49,714,723</b>    | <b>\$49,909,299</b>    | <b>\$62,259,561</b>    | <b>\$56,912,496</b>    | <b>\$61,358,960</b>    | <b>\$68,157,371</b>    | <b>\$74,717,192</b>    | <b>\$83,345,249</b>    | <b>\$84,638,285</b>    | <b>\$83,944,729</b>    |
| <b>Net (Expense)/Revenue</b>                           |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities                                | \$ (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)        | \$ (57,048,042)        |
| Business-type activities                               | 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              | 12,587,933             |
| <b>Total primary government net expense</b>            | <b>\$ (38,771,106)</b> | <b>\$ (53,650,634)</b> | <b>\$ (37,244,245)</b> | <b>\$ (54,431,925)</b> | <b>\$ (58,172,092)</b> | <b>\$ (50,226,402)</b> | <b>\$ (35,406,117)</b> | <b>\$ (34,216,564)</b> | <b>\$ (31,901,001)</b> | <b>\$ (44,460,109)</b> |

Source: City of Prescott finance department

CITY OF PRESCOTT, ARIZONA

Table IIc  
 Statistical Section - Financial Trends  
 Changes in Net Position

Last ten fiscal years

|  | 2014                 | 2015                  | 2016                 | 2017                  | 2018                  | 2019                 | 2020                 | 2021                 | 2022                 | 2023                 |
|--|----------------------|-----------------------|----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Governmental revenues and other changes in net position</b> |                      |                       |                      |                       |                       |                      |                      |                      |                      |                      |
| <b>Governmental Activities:</b>                                |                      |                       |                      |                       |                       |                      |                      |                      |                      |                      |
| Taxes:   |                      |                       |                      |                       |                       |                      |                      |                      |                      |                      |
| Property taxes, levied for general purposes                    | \$ 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         | \$ 1,898,631         |
| Property taxes, levied for debt service                        | 182,477              | 73,978                | 74,227               | 41,354                | 292                   | -                    | -                    | -                    | -                    | -                    |
| Utility franchise taxes  | 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            | 1,875,549            |
| City privilege and use tax, general purpose:                   | 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           | 24,645,613           |
| City privilege and use tax, streets                            | 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           | 24,645,041           |
| City privilege and use tax, PSPRS (1)                          | -                    | -                     | -                    | -                     | 6,073,292.00          | 12,756,096           | 13,907,410           | 16,042,564           | 17,192,733           | 9,373,373            |
| Transient lodging tax  | 620,722              | 719,268               | 797,442              | 881,415               | 996,909               | 1,036,558            | 946,471              | 1,228,519            | 1,642,696            | 1,624,385            |
| Intergovernmental revenues - unrestricted                      | 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           | 19,621,093           |
| Interest and investment income                                 | 902,171              | 670,586               | 863,901              | 188,419               | 199,306               | 1,775,145            | 1,596,864            | 6,406                | (3,715,894)          | 828,513              |
| Miscellaneous  | 393,379              | 53,322                | 53,486               | 230,224               | 249,623               | 69,683               | 38,586               | 589,051              | 952,006              | 129,337              |
| Transfers  | (365,117)            | (148,129)             | (769,711)            | (281,766)             | (353,938)             | (7,092,724)          | (939,731)            | (2,924,393)          | (1,250,887)          | (2,063,396)          |
| <b>Total governmental activities</b>                           | <b>42,627,156</b>    | <b>43,513,502</b>     | <b>45,454,359</b>    | <b>47,240,462</b>     | <b>55,927,343</b>     | <b>58,611,404</b>    | <b>69,282,236</b>    | <b>76,609,652</b>    | <b>80,541,428</b>    | <b>82,578,139</b>    |
| <b>Business-type Activities:</b>                               |                      |                       |                      |                       |                       |                      |                      |                      |                      |                      |
| Taxes city privilege aviation fuel tax                         | -                    | -                     | 2,428.00             | 3,431                 | 4,166                 | 8,677                | 8,740                | 12,300               | 13,441               | 9,945                |
| Interest and investment income                                 | 639,606              | 449,479               | 712,155              | 76,833                | 235,209               | 1,767,738            | 1,049,667            | 886                  | (115,770)            | 424,736              |
| Miscellaneous  | 599,186              | 131,763               | 206,701              | 456,874               | 458,534               | 119,910              | 354,987              | 690,360              | 142,306              | 346,125              |
| Transfers  | 365,117              | 148,129               | 769,711              | 281,766               | 353,938               | 7,092,724            | 939,731              | 2,924,393            | 1,250,887            | 2,063,396            |
| <b>Total business-type activities</b>                          | <b>1,603,909</b>     | <b>729,371</b>        | <b>1,690,995</b>     | <b>818,904</b>        | <b>1,051,847</b>      | <b>8,989,049</b>     | <b>2,353,125</b>     | <b>3,627,939</b>     | <b>1,290,864</b>     | <b>2,844,202</b>     |
| <b>Total primary government</b>                                | <b>\$ 44,231,065</b> | <b>\$ 44,242,873</b>  | <b>\$ 47,145,354</b> | <b>\$ 48,059,366</b>  | <b>\$ 56,979,190</b>  | <b>\$ 67,600,453</b> | <b>\$ 71,635,361</b> | <b>\$ 80,237,591</b> | <b>\$ 81,832,292</b> | <b>\$ 85,422,341</b> |
| <b>Change in net position</b>                                  |                      |                       |                      |                       |                       |                      |                      |                      |                      |                      |
| Governmental activities  | \$ (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        | \$ 25,530,097        |
| Business-type activities                                       | 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           | 15,432,135           |
| <b>Total primary government</b>                                | <b>\$ 5,459,959</b>  | <b>\$ (9,407,761)</b> | <b>\$ 9,901,109</b>  | <b>\$ (6,372,559)</b> | <b>\$ (1,192,902)</b> | <b>\$ 17,374,051</b> | <b>\$ 36,229,244</b> | <b>\$ 46,021,027</b> | <b>\$ 49,931,291</b> | <b>\$ 40,962,232</b> |

Source: City of Prescott finance department

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

**CITY OF PRESCOTT, ARIZONA**

**Table III**

**Statistical Section - Financial Trends**

**Governmental Activities Revenues and Change in Net Position**

Last ten fiscal years

| 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      |                                 |  |
| 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                               |
| 2023        | 7,180,115                | 2,771,616                          | 7,170,139                        | 17,121,870 | 64,062,592       | 19,621,093        | 828,513                      | (1,934,059)                           | 82,578,139 | 99,700,009                      | 25,530,097                               |

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 |   |           |   |            |  |
|                           | Charges for Services |                |           |           |             | Operating/<br>Capital Grants<br>and Contributions |            |                  | Intergovernmental,<br>Transfers, Gains<br>(losses) and<br>Miscellaneous |           | Total Program<br>and General<br>Revenue |            | Total Net<br>Revenue/<br>Change in<br>Net Position |
| Fiscal<br>Year            | Water                | Waste<br>Water | Golf      | Airport   | Solid Waste | Total   |            | Taxes            | Interest  | Total     |   |            |  |
| 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   |
| 2023                      | 18,582,990           | 16,301,903     | 4,072,732 | 2,322,232 | 11,430,410  | 14,112,592  | 66,822,859 | 9,945            | 424,736   | 2,409,521 | 2,834,257                               | 69,657,116 | 15,432,135   |

Source: City of Prescott finance department

These amounts are presented on the accrual basis of accounting.

**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      |                                   |  |
| 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                        | 8,264,566                      | 61,413,695 | 43,593,154       | 12,239,198        | 434,515     | 708,157                                | 56,975,024 | 118,388,719                       | (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                               |
| 2023        | 59,890,382                     | 3,628,688                        | 20,425,659                     | 83,944,729 | 64,072,537       | 19,621,093        | 1,253,249   | 475,462                                | 85,422,341 | 169,367,070                       | 40,962,232                               |

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

|  | <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>          | <u>2023</u>          |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Governmental activities</b>                 |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| General government                             | \$ 494,015           | \$ 908,974           | \$ 838,720           | \$ 896,123           | \$ 873,816           | \$ 901,174           | \$ 781,235           | \$ 1,243,964         | \$ 844,807           | \$ 679,249           |
| Community services                             | 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            | 1,554,681            |
| Culture and recreation                         | 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            | 1,926,221            |
| Police and court                               | 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            | 3,061,117            |
| Fire   | 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            | 2,599,102            |
| Public works                                   | 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            | 7,301,500            |
| Total governmental activities program revenues | <u>\$ 10,245,094</u> | <u>\$ 10,367,613</u> | <u>\$ 15,443,236</u> | <u>\$ 12,588,216</u> | <u>\$ 14,710,236</u> | <u>\$ 15,730,900</u> | <u>\$ 20,030,149</u> | <u>\$ 16,986,233</u> | <u>\$ 23,264,859</u> | <u>\$ 17,121,870</u> |

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)

|  | <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>    | <u>2023</u>    |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>General Fund</b>  |                |                |                |                |                |                |                |                |                |                |
| Excess of revenues over expenditures                             | \$ 5.7         | \$ 2.4         | \$ 5.0         | \$ 1.8         | \$ (8.2)       | \$ 4.6         | \$ 9.7         | \$ 1.2         | \$ 3.6         | \$ 12.7        |
| Other Financing Sources (Uses)                                   |                |                |                |                |                |                |                |                |                |                |
| Financed purchase agreements                                     | -              | -              | -              | -              | -              | -              | -              | -              | 0.1            | 0.3            |
| Transfers in   | -              | 0.1            | 0.1            | -              | 0.1            | -              | -              | -              | 0.4            | 1.5            |
| Transfers out  | (0.5)          | (0.3)          | (0.9)          | (0.3)          | (1.2)          | (7.1)          | (1.0)          | (3.7)          | (1.7)          | (3.5)          |
| Total other financing sources (uses)                             | (0.5)          | (0.2)          | (0.8)          | (0.3)          | (1.1)          | (7.1)          | (1.0)          | (3.7)          | (1.2)          | (1.7)          |
| Net change in fund balance                                       | 5.2            | 2.2            | 4.2            | 1.5            | (9.3)          | (2.5)          | 8.7            | (2.5)          | 2.4            | 11.0           |
| Beginning fund balance   | 20.6           | 25.8           | 28.0           | 32.2           | 33.7           | 24.4           | 21.8           | 30.6           | 28.1           | 30.5           |
| Prior period adjustment  | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              |
| Beginning fund balance - as restated                             | 20.6           | 25.8           | 28.0           | 32.2           | 33.7           | 24.4           | 21.8           | 30.6           | 28.1           | 30.5           |
| Ending fund balance  | <u>25.8</u>    | <u>28.0</u>    | <u>32.2</u>    | <u>33.7</u>    | <u>24.4</u>    | <u>21.9</u>    | <u>30.5</u>    | <u>28.1</u>    | <u>30.5</u>    | <u>41.5</u>    |
| Committed  | 1.9            | 2.3            | 0.9            | 0.6            | -              | -              | -              | -              | -              | -              |
| Assigned   | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              |
| Unassigned   | 17.6           | 20.6           | 26.1           | 28.3           | 19.1           | 19.6           | 21.5           | 20.9           | 22.8           | 38.8           |
| Nonspendable   | 6.3            | 5.1            | 5.2            | 4.8            | 5.3            | 2.2            | 9.1            | 7.2            | 7.7            | 2.7            |
| Total general fund balance                                       | <u>\$ 25.8</u> | <u>\$ 28.0</u> | <u>\$ 32.2</u> | <u>\$ 33.7</u> | <u>\$ 24.4</u> | <u>\$ 21.8</u> | <u>\$ 30.6</u> | <u>\$ 28.1</u> | <u>\$ 30.5</u> | <u>\$ 41.5</u> |
| <b>All Other Governmental Funds</b>                              |                |                |                |                |                |                |                |                |                |                |
| Excess (deficiency) of revenues over expenditures                | \$ 4.4         | \$ (0.3)       | \$ 3.5         | \$ (0.4)       | \$ (6.4)       | \$ (0.7)       | \$ 3.2         | \$ 1.1         | \$ 8.5         | \$ (3.4)       |
| Other Financing Sources (Uses)                                   |                |                |                |                |                |                |                |                |                |                |
| Bond issuances   | -              | -              | -              | 0.9            | -              | -              | 16.5           | -              | -              | -              |
| Payment to refunded bond escrow                                  | -              | -              | -              | (1.5)          | -              | -              | (16.4)         | -              | -              | -              |
| Transfers in   | 0.2            | 0.2            | 0.2            | 0.2            | -              | 0.2            | 0.9            | 2.4            | 0.2            | 1.9            |
| Transfers out  | (0.1)          | (0.2)          | (0.2)          | (0.2)          | (0.1)          | (0.2)          | (0.9)          | (1.6)          | (0.2)          | (1.9)          |
| Total other financing sources (uses)                             | 0.1            | -              | -              | (0.6)          | (0.1)          | -              | 0.1            | 0.8            | -              | -              |
| Net change in fund balance                                       | 4.5            | (0.3)          | 3.5            | (1.0)          | (6.5)          | (0.7)          | 3.3            | 1.9            | 8.5            | (3.4)          |
| Beginning fund balance   | 22.1           | 26.6           | 26.3           | 29.8           | 28.8           | 22.3           | 21.6           | 24.9           | 26.8           | 35.3           |
| Ending fund balance  | <u>\$ 26.6</u> | <u>\$ 26.3</u> | <u>\$ 29.8</u> | <u>\$ 28.8</u> | <u>\$ 22.3</u> | <u>\$ 21.6</u> | <u>\$ 24.9</u> | <u>\$ 26.8</u> | <u>\$ 35.3</u> | <u>\$ 31.9</u> |
| Restricted   | <u>\$ 26.6</u> | <u>\$ 26.3</u> | <u>\$ 29.8</u> | <u>\$ 28.8</u> | <u>\$ 22.3</u> | <u>\$ 21.6</u> | <u>\$ 24.9</u> | <u>\$ 26.8</u> | <u>\$ 35.3</u> | <u>\$ 31.9</u> |
| <b>Total all other governmental funds fund balance</b>           | <u>\$ 26.6</u> | <u>\$ 26.3</u> | <u>\$ 29.8</u> | <u>\$ 28.8</u> | <u>\$ 22.3</u> | <u>\$ 21.6</u> | <u>\$ 24.9</u> | <u>\$ 26.8</u> | <u>\$ 35.3</u> | <u>\$ 31.9</u> |
| <b>Total general and other governmental funds - fund balance</b> | <u>\$ 52.4</u> | <u>\$ 54.3</u> | <u>\$ 62.0</u> | <u>\$ 62.5</u> | <u>\$ 46.7</u> | <u>\$ 43.4</u> | <u>\$ 55.5</u> | <u>\$ 54.9</u> | <u>\$ 65.8</u> | <u>\$ 73.4</u> |

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

|   | 2014                | 2015                | 2016                | 2017              | 2018                   | 2019                  | 2020                 | 2021                | 2022                 | 2023                |
|---|---------------------|---------------------|---------------------|-------------------|------------------------|-----------------------|----------------------|---------------------|----------------------|---------------------|
| <b>Revenues</b>   |                     |                     |                     |                   |                        |                       |                      |                     |                      |                     |
| Taxes   | \$ 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        | \$ 64,068,685       |
| Intergovernmental revenues                              | 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           | 29,698,154          |
| Licenses and permits                                    | 1,169,381           | 606,539             | 771,439             | 952,186           | 1,272,267              | 1,576,808             | 1,588,538            | 2,240,981           | 2,065,193            | 1,433,569           |
| Fines and forfeitures                                   | 584,260             | 424,800             | 411,391             | 411,686           | 328,688                | 298,994               | 268,284              | 248,068             | 263,395              | 266,666             |
| Gifts and donations                                     | 114,493             | 93,193              | 153,676             | 100,067           | 177,031                | 208,965               | 239,558              | 653,518             | 441,501              | 383,448             |
| Charges for services                                    | 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            | 5,455,097           |
| Interest and investment income                          | 902,171             | 670,588             | 863,901             | 188,442           | 186,962                | 1,676,572             | 1,501,528            | 5,655               | (3,515,477)          | 796,582             |
| Miscellaneous and Grant Contributions                   | 3,913,127           | 875,077             | 750,415             | 896,698           | 1,401,723              | 740,570               | 398,647              | 856,193             | 2,549,424            | 960,094             |
| <b>Total revenues</b>                                   | <b>56,200,693</b>   | <b>54,333,166</b>   | <b>60,075,991</b>   | <b>59,655,523</b> | <b>70,133,715</b>      | <b>80,067,744</b>     | <b>89,143,154</b>    | <b>94,891,816</b>   | <b>102,193,216</b>   | <b>103,062,295</b>  |
| <b>Expenditures</b>                                     |                     |                     |                     |                   |                        |                       |                      |                     |                      |                     |
| General government                                      | 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            | 2,625,251           |
| Community services                                      | 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            | 1,874,113           |
| Culture and recreation                                  | 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            | 7,374,284           |
| Police and court  | 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           | 20,707,856          |
| Fire  | 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           | 16,535,213          |
| Public works  | 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           | 16,956,942          |
| Capital outlay  | 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           | 25,339,059          |
| Debt service - principal                                | 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            | 2,008,753           |
| Debt service - interest                                 | 1,469,883           | 1,353,344           | 1,272,222           | 1,186,103         | 1,020,831              | 953,192               | 389,547              | 373,640             | 421,664              | 383,161             |
| <b>Total expenditures</b>                               | <b>46,157,395</b>   | <b>52,251,803</b>   | <b>51,609,930</b>   | <b>58,420,108</b> | <b>84,819,527</b>      | <b>76,151,466</b>     | <b>76,211,323</b>    | <b>92,703,118</b>   | <b>90,142,714</b>    | <b>93,804,632</b>   |
| Excess of Revenues over (under) Expenditures            | 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           | 9,257,663           |
| <b>Other Financing Sources (Uses)</b>                   |                     |                     |                     |                   |                        |                       |                      |                     |                      |                     |
| Financed purchase agreements                            | -                   | -                   | -                   | -                 | -                      | -                     | -                    | -                   | 115,881              | 319,539             |
| Bond issuances  | -                   | -                   | -                   | 930,000           | -                      | -                     | 16,495,000           | -                   | -                    | -                   |
| Payment to refunded bond escrow                         | -                   | -                   | -                   | (1,405,000)       | -                      | -                     | (16,404,948)         | -                   | -                    | -                   |
| Transfers in  | 255,770             | 314,624             | 199,994             | 262,673           | 104,009                | 230,139               | 946,822              | 2,433,429           | 594,880              | 3,376,253           |
| Transfers out   | (620,887)           | (462,754)           | (969,705)           | (544,439)         | (1,244,624)            | (7,322,863)           | (1,886,553)          | (5,357,822)         | (1,845,767)          | (5,386,496)         |
| Total other financing sources (uses)                    | (365,117)           | (148,130)           | (769,711)           | (756,766)         | (1,140,615)            | (7,092,724)           | (849,679)            | (2,924,393)         | (1,135,006)          | (1,690,704)         |
| Net change in fund balances                             | <u>\$ 9,678,181</u> | <u>\$ 1,933,233</u> | <u>\$ 7,696,350</u> | <u>\$ 478,649</u> | <u>\$ (15,826,427)</u> | <u>\$ (3,176,446)</u> | <u>\$ 12,082,152</u> | <u>\$ (735,695)</u> | <u>\$ 10,915,496</u> | <u>\$ 7,566,959</u> |
| Debt service as a percentage of noncapital expenditures | 9.4%                | 6.3%                | 6.8%                | 5.6%              | 3.6%                   | 3.6%                  | 3.6%                 | 2.9%                | 2.9%                 | 3.5%                |

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   |       |
| 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 |       |
| 2023        | 2,625,251          | 1,874,113          | 7,374,284            | 20,707,856      | 16,535,213 | 16,956,942 | 66,073,659   | 25,339,059                    | 2,008,753      | 383,161      | 93,804,632 |       |

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

| <b>Fiscal Year</b> | <b>Taxes</b> | <b>Inter-Governmental Revenues</b> | <b>Licenses &amp; Permits</b> | <b>Fines &amp; Forfeitures</b> | <b>Gifts &amp; Donations</b> | <b>Charges for Services</b> | <b>Interest Income</b> | <b>Miscellaneous</b> | <b>Total</b> |
|--------------------|--------------|------------------------------------|-------------------------------|--------------------------------|------------------------------|-----------------------------|------------------------|----------------------|--------------|
| 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  |
| 2023               | 64,068,685   | 29,698,154                         | 1,433,569                     | 266,666                        | 383,448                      | 5,455,097                   | 796,582                | 960,094              | 103,062,295  |

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> |
|--------------------|-----|-------------------------|--------------------|--------------------------|-------------------------------|----------------------------|------------------------------|
| 2014               | P/S | 23,840,147              | 473,121,476        | 13,273,294               | 510,234,917                   | -7.9%                      | 9.0827                       |
| 2015               | P/S | 24,817,265              | 485,160,495        | 12,449,146               | 522,426,906                   | 2.4%                       | 8.8524                       |
| 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%                       | 7.1402                       |
| 2023               | P/S | 27,731,531              | 791,062,068        | 16,488,818               | 835,282,417                   | 6.0%                       | 6.4929                       |

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

| <u>Fiscal Year</u>                                |   | <u>City of Prescott</u> | <u>High School &amp; Elementary</u> | <u>Community College</u> | <u>Yavapai County</u> | <u>State of Arizona</u> | <u>Total</u> |
|---|---|-------------------------|-------------------------------------|--------------------------|-----------------------|-------------------------|--------------|
| <b>Tax Rates (per \$1,000 Assessed Valuation)</b> |   |                         |                                     |                          |                       |                         |              |
| 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       |
| 2023  | P | 0.2281                  | 2.3569                              | 1.5017                   | 1.7925                | -                       | 5.8792       |
|   | S | -                       | 0.1976                              | -                        | 0.4161                | -                       | 0.6137       |
| <b>Tax Levies</b>                                 |   |                         |                                     |                          |                       |                         |              |
| 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   |
| 2023  | P | 1,905,279               | 27,195,544                          | 50,055,100               | 59,748,121            | -                       | 138,904,044  |
|   | S | -                       | 2,626,207                           | -                        | 13,240,695            | -                       | 15,866,902   |

The portion of the 2022-23 levies paid by City of Prescott property owners is reflected below:

|         |   |              |               |               |               |      |               |
|---------|---|--------------|---------------|---------------|---------------|------|---------------|
| Amount  | P | \$ 1,905,279 | \$ 16,127,361 | \$ 10,206,844 | \$ 12,183,369 | \$ - | \$ 40,422,853 |
|         | S | -            | 1,557,380     | -             | 2,699,939     | -    | 4,257,319     |
| Percent | P | 100%         | 59.3%         | 20.4%         | 20.4%         | -    | 27.3%         |
|         | S | 100%         | 59.3%         | 20.4%         | 20.4%         | -    | 26.5%         |

Source: Yavapai County Board of Supervisors





**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> |
|--------------------|-----------------|--------------------------------|----------------------------------|-----------------------------------|--------------------------|---|-------------------------------------|--|
| 2014               | 2,680,831       | 2,593,963                      | 96.8%                            | 84,272                            | 2,678,235                | 99.9%   | 2,596                               | 0.1%   |
| 2015               | 1,645,938       | 1,652,907                      | 100.4%                           | (7,116)                           | 1,645,791                | 100.0%  | 147                                 | 0.0%   |
| 2016               | 1,671,518       | 1,597,136                      | 95.6%                            | 74,263                            | 1,671,399                | 100.0%  | 119                                 | 0.0%   |
| 2017               | 1,725,903       | 1,725,755                      | 100.0%                           | -                                 | 1,725,755                | 100.0%  | 148                                 | 0.0%   |
| 2018               | 1,709,975       | 1,709,752                      | 100.0%                           | -                                 | 1,709,752                | 100.0%  | 223                                 | 0.0%   |
| 2019               | 1,748,005       | 1,747,785                      | 100.0%                           | -                                 | 1,747,785                | 100.0%  | 220                                 | 0.0%   |
| 2020               | 1,795,908       | 1,795,707                      | 100.0%                           | -                                 | 1,795,707                | 100.0%  | 201                                 | 0.0%   |
| 2021               | 1,827,008       | 1,826,793                      | 100.0%                           | -                                 | 1,826,793                | 100.0%  | 215                                 | 0.0%   |
| 2022               | 1,874,215       | 1,852,896                      | 98.9%                            | -                                 | 1,852,896                | 98.9%   | 21,319                              | 1.1%   |
| 2023               | 1,905,279       | 1,885,853                      | 99.0%                            | -                                 | 1,885,853                | 99.0%   | 19,426                              | 1.0%   |

Source: Yavapai County treasurer's office

Penalties are not recorded in the above collection figures.

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

**CITY OF PRESCOTT, ARIZONA**

**Table XV**

**Statistical Section - Revenue Capacity**

**Property Tax Information**

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**Tax Rate Limitation**

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

**Assessments**

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

**Taxes Due**

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

**Payable**

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

**Tax Sales**

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

**Tax Deed**

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

**Redemption**

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

**CITY OF PRESCOTT, ARIZONA**

**Table XVI**

**Statistical Section - Revenue Capacity**

**Tax Revenues by Source**

Last ten fiscal years

| <u>Fiscal Year</u> | <u>Total Tax Per Capita</u> | <u>Total Taxes</u> | <u>General Property Taxes</u> | <u>General Privilege and Use Taxes</u> | <u>Additional 1% Privilege Tax (1)</u> | <u>Additional .75% Privilege Tax (2)</u> | <u>Franchise Taxes</u> | <u>Transient Lodging Tax (3)</u> |
|--------------------|-----------------------------|--------------------|-------------------------------|--|--|--|------------------------|----------------------------------|
| 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                        |
| 2023               | 1,346                       | 64,072,537         | 1,898,631                     | 24,655,558                             | 24,645,041                             | 9,373,373                                | 1,875,549              | 1,624,385                        |

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 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)

| <b>Fiscal year</b> | <b><i>Construction</i></b> | <b><i>Restaurant/Bar</i></b> | <b><i>Tangible Per. Prop Rental</i></b> | <b><i>Commercial Rental</i></b> | <b><i>Hotel/Motel</i></b> | <b><i>Residential Rental</i></b> | <b><i>Retail Sales</i></b> | <b><i>Utilities</i></b> | <b><i>Use Tax</i></b> | <b><i>Telecommunication (1)</i></b> | <b><i>All Other</i></b> | <b><i>Total</i></b> | <b><i>Tax Rate</i></b> | <b><i>Top 10 as % of Total</i></b> |
|--------------------|----------------------------|------------------------------|---|---------------------------------|---------------------------|----------------------------------|----------------------------|-------------------------|-----------------------|-------------------------------------|-------------------------|---------------------|------------------------|------------------------------------|
| 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           | 3%                     | 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%                                |
| 2023               | 203,444                    | 166,184                      | 45,377                                  | 75,793                          | 55,950                    | 106,899                          | 1,541,762                  | 96,874                  | 74,029                | -                                   | 30,720                  | 2,397,032           | 2.75%                  | 33%                                |

**Top 10 Taxpayers**

| <b><u>FY 2023</u></b>                | <b><u>FY 2013</u></b>      |
|--------------------------------------|----------------------------|
| Amazon.com Services LLC              | Arizona Public Service     |
| American Southern Homes Holdings LLC | Best Buy                   |
| Arizona Public Service Company       | Costco                     |
| Costco                               | Fry's Food & Drug          |
| Findlay Toyota Prescott              | Lamb Chevrolet             |
| Lowe's                               | Lowe's                     |
| Prescott Motors Inc                  | Safeway                    |
| Safeway                              | Tim's Buick Pontiac Toyota |
| Smiths Food & Drug Centers           | UNS Gas, Inc.              |
| Wal-Mart                             | Wal-Mart                   |

**Percent of Total Privilege Tax Collected: 33%**      **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<br/>Privilege<br/>Tax<br/>General</u> | <u>Prescott<br/>Privilege<br/>Tax - Roads &amp;<br/>Open Space (1)</u> | <u>Prescott<br/>Privilege<br/>Tax<br/>PSPRS (2)</u> | <u>Yavapai<br/>County<br/>Privilege<br/>Tax (3)</u> | <u>State of<br/>Arizona<br/>Privilege<br/>Tax (4)</u> | <u>Total<br/>Privilege<br/>Tax</u> | <u>Transient<br/>Lodging<br/>Tax (5)</u> |
|--------------------|---|--|---|---|---|------------------------------------|--|
| 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%                                    |
| 2023               | 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 sunset December 31, 2022.
- (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 Primary Government | 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 | Lease Payble | Pledged Excise Tax Bonds | Special Assessment Bonds | Municipal Properties Bonds | MPC 2014 Unamortized Premium | Loans Payable (2) |             |                          |                 |                              |                               |  |
| 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                   | 489,323      | 12,450,000               | -                        | 7,135,000                  | 570,586                      | 76,879,525        | 97,628,586  | 2,085                    | 2,084           | 0.91%                        | 0.91%                         |  |
| 2023        | -                        | 5,912                                   | 70,282                   | 405,321      | 10,785,000               | -                        | 6,685,000                  | 495,034                      | 91,789,257        | 110,235,806 | 2,316                    | 2,316           | 0.93%                        | 0.93%                         |  |

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> |
|--------------------|---------------------------|------------------------------|--|------------------------|---|---------------------------------------|
| 2014               | 510,234,917               | 520,000                      | -  | 520,000                | 0.1%  | 13                                    |
| 2015               | 522,426,906               | 355,000                      | -  | 355,000                | 0.1%  | 9                                     |
| 2016               | 621,227,271               | 180,000                      | -  | 180,000                | 0.1%  | 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                                     |
| 2023               | 835,282,417               | -                            | -  | -                      | 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

| <b>Water Revenue Bond (3)</b> |                     |                     |                      |                     |                 |              |                 |
|-------------------------------|---------------------|---------------------|----------------------|---------------------|-----------------|--------------|-----------------|
| <b>Fiscal Year</b>            | <b>Net Revenue</b>  |                     |                      | <b>Debt Service</b> |                 |              | <b>Coverage</b> |
|                               | <b>Operating</b>    | <b>Operating</b>    | <b>Available for</b> |                     |                 |              |                 |
|                               | <b>Revenues (1)</b> | <b>Expenses (2)</b> | <b>Debt Service</b>  | <b>Principal</b>    | <b>Interest</b> | <b>Total</b> |                 |
| 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%         |
| 2023                          | 18,822,114          | 10,869,591          | 7,952,523            | 2,110,470           | 828,645         | 2,939,115    | 270.58%         |

| <b>Wastewater Revenue Bond (3)</b> |                     |                     |                      |                     |                 |              |                 |
|------------------------------------|---------------------|---------------------|----------------------|---------------------|-----------------|--------------|-----------------|
| <b>Fiscal Year</b>                 | <b>Net Revenue</b>  |                     |                      | <b>Debt Service</b> |                 |              | <b>Coverage</b> |
|                                    | <b>Operating</b>    | <b>Operating</b>    | <b>Available for</b> |                     |                 |              |                 |
|                                    | <b>Revenues (1)</b> | <b>Expenses (2)</b> | <b>Debt Service</b>  | <b>Principal</b>    | <b>Interest</b> | <b>Total</b> |                 |
| 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%         |
| 2023                               | 16,479,213          | 8,874,034           | 7,605,179            | 3,521,743           | 1,234,589       | 4,756,332    | 159.90%         |

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 in the notes to the financial statements.



**CITY OF PRESCOTT, ARIZONA**  
**Table XXII**  
**Statistical Section - Debt Capacity**  
**Direct and Overlapping Debt**  
June 30, 2023

|   | <b>Net Bonds<br/>Outstanding</b> | <b>Percentage<br/>Applicable<br/>to Prescott (1)</b> | <b>Amount<br/>Applicable<br/>to Prescott</b> |
|---|----------------------------------|--|--|
| <b><u>Direct Debt</u></b>                                     |                                  |  |  |
| General obligation bonds - payable from property taxes        | \$ -                             | 100.0%   | \$ -   |
| Municipal property corporation bonds - payable from sales tax | 10,785,000                       | 100.0%   | 10,785,000                                   |
| Special assessment bonds - payable from assessed properties   | 5,912                            | 100.0%   | 5,912  |
| Lease payable - payable from general revenues                 | 405,321                          | 100.0%   | 405,321                                      |
| Lease purchase contracts - payable from general revenues      | 70,282                           | 100.0%   | 70,282                                       |
| Total direct debt   |                                  |  | 11,266,515                                   |
| <b><u>Overlapping Debt</u></b>                                |                                  |  |  |
| Yavapai County  | -                                | 25.1%  | -  |
| Yavapai Community College District                            | 4,725,000                        | 25.1%  | 1,184,050                                    |
| Prescott Unified School District                              | 1,284,000                        | 72.4%  | 929,484                                      |
| Total overlapping debt  |                                  |  | 2,113,534                                    |
| Total direct & overlapping debt                               |                                  |  | \$ 13,380,049                                |

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

|                                    | <b>Total<br/>Assessed<br/>Valuation</b> | <b>Valuation<br/>in<br/>Prescott</b> | <b>Percent<br/>in<br/>Prescott</b> |
|------------------------------------|---|--------------------------------------|------------------------------------|
| <b><u>Taxing District</u></b>      |   |                                      |                                    |
| Yavapai County                     | \$ 3,333,228,464                        | \$ 835,282,417                       | 25.1%                              |
| Yavapai Community College District | 3,333,228,464                           | 835,282,417                          | 25.1%                              |
| Prescott Unified School District   | 1,153,869,236                           | 835,282,417                          | 72.4%                              |

Source: Yavapai County assessor's office and finance department

**CITY OF PRESCOTT, ARIZONA**

**Table XXIII**

**Statistical Section - Debt Capacity**

**Legal Debt Margins**

June 30, 2023

|  | <u>General Obligation Bonds</u>    |   |
|--|------------------------------------|---|
|  | <u>All Others</u><br><u>6% (1)</u> | <u>Water &amp; Wastewater</u><br><u>20% (2)</u> |
| <b><u>Legal Debt Limitation</u></b>                                  |                                    |   |
| (2021-22 secondary assessed valuation \$835,282,417)                 | \$ 50,116,945                      | \$ 167,056,483                                  |
| <b><u>Outstanding Debt</u></b>                                       |                                    |   |
| Municipal facilities   | -                                  | -   |
| Total outstanding debt   | -                                  | -   |
| Total margin available   | \$ 50,116,945                      | \$ 167,056,483                                  |
| 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 2022-23 | \$ 4,670,937 |
| Percent of margin                   | 50%          |
| Highway user margin                 | 2,335,469    |
| Bond principal due FY 2022-23       | -            |
| Bond interest due FY 2022-23        | -            |
| Margin available                    | \$ 2,335,469 |

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)

| <b>Legal Debt Limitation or Margin</b>                                    | <b>2014</b>       | <b>2015</b>       | <b>2016</b>       | <b>2017</b>       | <b>2018</b>       | <b>2019</b>       | <b>2020</b>       | <b>2021</b>       | <b>2022</b>       | <b>2023</b>       |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>General Obligation Bonds 6% limit (1)</b>                              | \$ 30,614         | \$ 31,798         | \$ 32,918         | \$ 34,234         | \$ 34,721         | \$ 37,058         | \$ 39,433         | \$ 41,574         | \$ 41,574         | \$ 50,117         |
| Outstanding debt subject to limit   | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Total margin available  | <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>\$ 41,574</u>  | <u>\$ 50,117</u>  |
| Total debt applicable to the limit as a percentage of the debt limit      | 0.0%              | 0.0%              | 0.0%              | 0.0%              | 0.0%              | 0.0%              | 0.0%              | 0.0%              | 0.0%              | 0.0%              |
| <b>Water &amp; Wastewater 20% limit (2)</b>                               | \$ 102,047        | \$ 105,994        | \$ 109,726        | \$ 114,115        | \$ 115,736        | \$ 123,528        | \$ 131,443        | \$ 138,581        | \$ 138,581        | \$ 167,056        |
| Outstanding debt subject to limit   | 520               | 355               | 180               | 180               | -                 | -                 | -                 | -                 | -                 | -                 |
| Total margin available  | <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>\$ 138,581</u> | <u>\$ 167,056</u> |
| Total debt applicable to the limit as a percentage of the debt limit      | 0.5%              | 0.3%              | 0.2%              | 0.2%              | n/a               | 0.0%              | 0.0%              | 0.0%              | 0.0%              | 0.0%              |
| <b>Highway User Margin 50% limit (3)</b>                                  | \$ 1,425          | \$ 1,551          | \$ 1,618          | \$ 1,735          | \$ 1,773          | \$ 1,874          | \$ 2,104          | \$ 2,131          | \$ 2,131          | \$ 2,335          |
| Bond principal due  | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Bond interest due   | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Margin available  | <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>\$ 2,131</u>   | <u>\$ 2,335</u>   |
| Total debt service applicable to the margin as a percentage of the margin | 0.0%              | 0.0%              | 0.0%              | 0.0%              | 0.0%              | 0.0%              | 0.0%              | 0.0%              | 0.0%              | 0.0%              |

Source: City of Prescott finance department

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

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

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

CITY OF PRESCOTT, ARIZONA

Table XXV

Statistical Section - Debt Capacity

Pledged-Revenue Coverage

Last ten fiscal years

| Fiscal Year | Special Assessment Bonds      |              |          |          | Community Facilities District Bonds |              |          |          | Pledged Excise Tax Bonds |              |           |          |
|-------------|-------------------------------|--------------|----------|----------|-------------------------------------|--------------|----------|----------|--------------------------|--------------|-----------|----------|
|             | Special Assessments Collected | Debt Service |          | Coverage | CFD Assessments Collected           | Debt Service |          | Coverage | Excise Tax Collected     | Debt Service |           | Coverage |
|             |                               | Principal    | Interest |          |                                     | Principal    | Interest |          |                          | Principal    | Interest  |          |
| 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    |
| 2023        | -                             | -            | -        | -        | 11,823                              | 5,911        | 338      | 1.89     | 52,329,665               | 2,115,000    | 633,000   | 19.04    |

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> | <b>Personal<br/>Income</b><br><i>(thousands<br/>of dollars) (2)</i> | <b>Per<br/>Capita<br/>Personal<br/>Income (2)</b> | <b>Annual<br/>Unemployment<br/>Rate (3)</b> | <b>School<br/>Enrollment (4)</b> |
|-------------|-----------------------|---|---|---|----------------------------------|
| 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                | 11,884,929  | 49,060  | 4.1%  | 3,812                            |
| 2022        | 47,603                | N/A   | N/A   | 3.5%  | 3,827                            |

(1) Source: US Census Bureau

(2) Income Statistics are shown for the Prescott Metropolitan Statistical Area (MSA), table CA1. Information shown with data available. Note: this data runs one year behind.

(3) For the Prescott Metropolitan Statistical Area (MSA). Source: Arizona Office of Employment and Population Statistics. Note: this data runs one year behind.

(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

|   |                         | <u>2022/23</u>   |             |                     | <u>2013/14</u>   |             |                     |
|---|-------------------------|------------------|-------------|---------------------|------------------|-------------|---------------------|
|   |                         | <u>Number of</u> | <u>Rank</u> | <u>As a % of</u>    | <u>Number of</u> | <u>Rank</u> | <u>As a % of</u>    |
| <u>Employer</u>                             | <u>Type of Business</u> | <u>Employees</u> |             | <u>City's Total</u> | <u>Employees</u> |             | <u>City's Total</u> |
| Yavapai Regional Medical Center (1)         | Hospital                | 2,050            | 1           | 11.7%               | 1,083            | 2           | 6.3%                |
| Yavapai County                              | Government              | 1,856            | 2           | 10.6%               | 1,692            | 1           | 9.9%                |
| Veteran's Administration Medical Center (1) | Hospital                | 1,295            | 3           | 7.4%                | 1,094            | 3           | 6.4%                |
| Yavapai College                             | College                 | 624              | 4           | 3.6%                | 413              | 7           | 2.4%                |
| Wal-Mart Stores (1)                         | Retail                  | 530              | 5           | 3.0%                | -                | -           | -                   |
| City of Prescott                            | Government              | 548              | 6           | 3.1%                | 506              | 5           | 3.0%                |
| Prescott Unified School District            | Public Schools          | 422              | 7           | 2.4%                | 770              | 4           | 4.5%                |
| Embry-Riddle Aeronautical University        | College                 | 455              | 8           | 2.6%                | 375              | 8           | 2.2%                |
| Sturm Ruger (1)                             | Manufacturing           | 400              | 9           | 2.3%                | 607              | 6           | 3.6%                |
| HOAMCO                                      | Management              | 350              | 10          | 2.0%                | -                | -           | -                   |
| Fann Contracting                            | Construction            | 271              | -           | 1.5%                | 254              | 10          | 1.5%                |
| Yavapai Gaming Agency                       | Casino                  | -                | -           | -                   | 223              | 9           | 1.3%                |
|   |                         | <u>8,801</u>     |             | <u>48.4%</u>        | <u>7,017</u>     |             | <u>41.1%</u>        |

The 2022/2023 total City employment was 17,497 based on U.S. Census Bureau 2022 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.

(1) These stats reflect 2021/22 employee numbers, there were no updates available at time of publication.

**CITY OF PRESCOTT, ARIZONA**

**Table XXVIII**

**Statistical Section - Operating Information**

**City Employees by Function/Program**

Last ten fiscal years

| Function/<br>Program        | Full-time Equivalent Employees at June 30 |            |            |            |            |            |            |            |            |            |
|-----------------------------|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                             | 2014                                      | 2015       | 2016       | 2017       | 2018       | 2019       | 2020       | 2021       | 2022       | 2023       |
| 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         | 17         |
| Community Development       | 13  | 13         | 11         | 11         | 13         | 15         | 15         | 16         | 14         | 16         |
| Cultural & Recreation       | 42  | 42         | 42         | 42         | 43         | 43         | 43         | 45         | 45         | 55         |
| Police                      | 123                                       | 125        | 95         | 91         | 83         | 83         | 87         | 90         | 92         | 100        |
| Regional Communications (1) | -   | -          | 33         | 30         | 30         | 30         | 30         | 30         | 29         | 35         |
| Fire                        | 73  | 73         | 68         | 65         | 68         | 65         | 65         | 65         | 70         | 79         |
| Fleet Services              | 9   | 9          | 9          | 9          | 9          | 9          | 9          | 10         | 10         | 11         |
| 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         | 18         |
| Utilities                   | 76  | 77         | 80         | 75         | 69         | 69         | 71         | 74         | 74         | 74         |
| Solid Waste                 | 27  | 26         | 28         | 27         | 28         | 29         | 30         | 31         | 31         | 32         |
| Airport                     | 7   | 8          | 11         | 11         | 9          | 9          | 9          | 11         | 12         | 12         |
| Golf Course                 | 16  | 16         | 9          | 9          | 9          | 9          | 9          | 8          | 8          | -          |
| Street Maintenance          | 35  | 36         | 36         | 37         | 36         | 36         | 35         | 35         | 37         | 37         |
| <b>Total</b>                | <b>506</b>                                | <b>508</b> | <b>506</b> | <b>501</b> | <b>497</b> | <b>494</b> | <b>498</b> | <b>508</b> | <b>518</b> | <b>548</b> |

Number of citizens per employee

|    |    |    |    |    |    |    |    |    |    |
|----|----|----|----|----|----|----|----|----|----|
| 79 | 80 | 81 | 82 | 82 | 87 | 85 | 90 | 90 | 85 |
|----|----|----|----|----|----|----|----|----|----|

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>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> | <u>2023</u> |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Community Development</b>     |             |             |             |             |             |             |             |             |             |             |
| Building permits issued          | 2,028       | 1,843       | 2,010       | 2,309       | 2,399       | 1,906       | 1,684       | 2,212       | 1,994       | 2,020       |
| Permit valuations (in millions)  | 97          | 107         | 166         | 139         | 182         | 235         | 205         | 219         | 225         | 186         |
| <b>Cultural &amp; Recreation</b> |             |             |             |             |             |             |             |             |             |             |
| Library circulation              | 807,246     | 759,675     | 772,629     | 731,830     | 760,350     | 783,371     | 649,615     | 575,299     | 701,167     | 726,000     |
| Library visits                   | 480,753     | 442,904     | 428,948     | 414,137     | 440,868     | 431,868     | 316,131     | 145,495     | 286,783     | 287,971     |
| Library resources available (4)  | 158,772     | 174,319     | 168,606     | 163,876     | 149,105     | 140,912     | 138,222     | 167,322     | 163,053     | 152,465     |
| New cards issued                 | 5,020       | 5,014       | 4,667       | 4,324       | 4,187       | 4,033       | 3,245       | 2,413       | 4,062       | 3,935       |
| Golf Rounds                      | 61,868      | 69,290      | 69,741      | 72,303      | 79,969      | 71,579      | 78,002      | 90,434      | 83,468      | 77,342      |
| <b>Police (Calendar Year)</b>    |             |             |             |             |             |             |             |             |             |             |
| Calls for service                | 26,132      | 25,617      | 24,979      | 24,136      | 23,879      | 22,909      | 20,310      | 19,752      | 19,873      | 19,053      |
| Part 1 crimes (1)                | 1,256       | 1,289       | 1,235       | 1,098       | 1,066       | 1,045       | 842         | 779         | -           | -           |
| Part 2 crimes (2)                | 3,474       | 3,293       | 3,420       | 3,024       | 3,196       | 3,402       | 2,811       | 2,508       | -           | -           |
| Group A (5)                      |             |             |             |             |             |             |             |             |             |             |
| Offenses                         | -           | -           | -           | -           | -           | -           | -           | -           | 1,952       | 2,861       |
| Group B (6)                      | -           | -           | -           | -           | -           | -           | -           | -           | 439         | 443         |
| <b>Fire</b>                      |             |             |             |             |             |             |             |             |             |             |
| Calls for service                | 7,876       | 8,014       | 8,014       | 8,619       | 7,694       | 7,207       | 8,723       | 9,533       | 11,105      | 10,916      |
| <b>Water</b>                     |             |             |             |             |             |             |             |             |             |             |
| Connections                      | 22,765      | 23,440      | 23,465      | 23,907      | 24,214      | 24,997      | 25,198      | 25,412      | 26,185      | 26,535      |
| <b>Wastewater</b>                |             |             |             |             |             |             |             |             |             |             |
| Connections                      | 18,267      | 18,783      | 19,000      | 19,390      | 19,969      | 19,992      | 20,497      | 20,873      | 21,254      | 21,500      |
| <b>Solid Waste</b>               |             |             |             |             |             |             |             |             |             |             |
| Residential accounts             | 17,500      | 17,815      | 18,086      | 18,516      | 17,407      | 19,318      | 20,486      | 22,678      | 20,224      | 24,318      |
| Commercial accounts              | 1,594       | 1,421       | 1,544       | 1,538       | 1,692       | 1,335       | 1,379       | 1,351       | 1,549       | 1,715       |
| Tons collected                   | 62,000      | 61,979      | 62,729      | 67,319      | 34,063      | 33,561      | 33,466      | 33,865      | 33,555      | 33,637      |
| <b>Transfer Station</b>          |             |             |             |             |             |             |             |             |             |             |
| Transactions per year            | 73,377      | 73,577      | 79,183      | 78,439      | 82,953      | 81,477      | 95,508      | 98,002      | 104,640     | 97,154      |
| Tons per year                    | 60,246      | 61,959      | 64,389      | 62,815      | 64,088      | 75,113      | 80,063      | 84,443      | 82,404      | 82,798      |
| <b>Airport</b>                   |             |             |             |             |             |             |             |             |             |             |
| Commercial aircraft landings     | 1,533       | 1,094       | 1,968       | 2,327       | 1,788       | 591         | 685         | 923         | 831         | 718         |
| Passengers                       | 5,200       | 4,394       | 3,302       | 3,454       | 4,631       | 22,301      | 20,070      | 32,646      | 25,770      | 25,866      |
| FAA traffic count                | 270,699     | 277,540     | 291,170     | 254,342     | 250,900     | 224,991     | 209,123     | 296,210     | 311,012     | 313,653     |
| <b>Public Works</b>              |             |             |             |             |             |             |             |             |             |             |
| Cold mix repairs(lbs)            | 235,831     | 136,000     | 176,874     | 195,032     | 91,878      | 156,723     | 34,348      | 29,760      | 87,580      | 90,900      |
| Hot Mix repairs (3)              | 1,300       | 2,040       | 1,302       | 261,696     | 82,948      | 103,236     | 103,616     | 95,341      | 107,702     | 132,637     |

(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.

(5) Beginning in FY22: Group A (Offenses & Arrests): Homicide, forcible rape, robbery, aggravated assault, narcotics, burglary, larceny/theft, auto theft & arson

(6) Beginning in FY22: Ground B (arrests only): DUI, trespassing, loitering, disorderly conduct, drunkenness,

Source: City of Prescott budget department and applicable departments.



**CITY OF PRESCOTT, ARIZONA**

**Table XXX**

**Statistical Section - Operating Information**

**Capital Asset Statistics by Function/Program**

Last ten fiscal years

| <u>Function/Program</u>        | <u>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> | <u>2023</u> |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>General Government</b>      |             |             |             |             |             |             |             |             |             |             |
| Area square miles              | 42          | 42          | 42          | 42          | 45          | 45          | 45          | 46          | 46          | 50          |
| <b>Cultural and Recreation</b> |             |             |             |             |             |             |             |             |             |             |
| Parks                          | 21          | 21          | 21          | 21          | 22          | 22          | 21          | 21          | 22          | 23          |
| Park & Open Space (acres)(1)   | 990         | 990         | 990         | 990         | 998         | 2,353       | 2,353       | 2,828       | 3,604       | 3,687       |
| Miles of trails                | 52          | 68          | 76          | 76          | 102         | 108         | 106         | 112         | 122         | 140         |
| Open space - public (acres)    | 1,200       | 1,200       | 1,200       | 1,200       | 1,386       | -           | -           | -           | -           | -           |
| Lakes - 4 -(acres)             | -           | -           | -           | -           | -           | 562         | 562         | 562         | 572         | 572         |
| <b>Police</b>                  |             |             |             |             |             |             |             |             |             |             |
| Stations                       | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| <b>Fire</b>                    |             |             |             |             |             |             |             |             |             |             |
| Stations                       | 5           | 5           | 5           | 5           | 5           | 5           | 5           | 5           | 5           |             |
| <b>Water</b>                   |             |             |             |             |             |             |             |             |             |             |
| Miles of water mains           | 517         | 517         | 526         | 526         | 526         | 546         | 551         | 563         | 602         | 608         |
| <b>Wastewater</b>              |             |             |             |             |             |             |             |             |             |             |
| Miles of sanitary sewers       | 371         | 371         | 375         | 375         | 375         | 385         | 389         | 400         | 410         | 412         |
| <b>Solid Waste</b>             |             |             |             |             |             |             |             |             |             |             |
| Collection trucks              | 18          | 16          | 18          | 15          | 15          | 20          | 20          | 20          | 22          | 22          |
| <b>Airport</b>                 |             |             |             |             |             |             |             |             |             |             |
| Total based aircraft           | 309         | 292         | 292         | 338         | 273         | 335         | 357         | 365         | 364         | 328         |
| <b>Golf Course</b>             |             |             |             |             |             |             |             |             |             |             |
| Holes                          | 36          | 36          | 36          | 36          | 36          | 36          | 36          | 36          | 36          | 36          |
| <b>Public Works</b>            |             |             |             |             |             |             |             |             |             |             |
| Streets (paved miles)          | 289         | 294         | 302         | 339         | 348         | 357         | 367         | 371         | 379         | 379         |

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

Source: City of Prescott departments.

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