

# **City of Prescott, Arizona**

Annual Expenditure Limitation Report

June 30, 2023

CITY OF PRESCOTT  
TABLE OF CONTENTS

Independent Accountants' Report	1
Annual Expenditure Limitation Report – Part I	2
Annual Expenditure Limitation Report – Part II	3
Annual Expenditure Limitation Report – Reconciliation	4
Notes to Annual Expenditure Limitation Report	5

## INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the accompanying Annual Expenditure Limitation Report of City of Prescott, Arizona for the year ended June 30, 2023. The City's management is responsible for presenting this report in accordance with the uniform expenditure reporting system as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

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

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

In our opinion, the Annual Expenditure Limitation Report of City of Prescott, Arizona, referred to above is presented in accordance with the uniform expenditure reporting system as described in Note 1 in all material respects.

*Baker Tilly US, LLP*

Tempe, Arizona  
December 19, 2023

CITY OF PRESCOTT, ARIZONA  
 ANNUAL EXPENDITURE LIMITATION REPORT – PART I  
 Year Ended June 30, 2023

1. Economic Estimates Commission expenditure limitation	\$ 68,405,377	
2. Voter-approved alternative expenditure limitation (approved June 28, 2022)	<u>281,220,203</u>	
3. Subtotal		\$ <u>281,220,203</u>
4. Amount subject to the expenditure limitation (total amount from Part II, line C)	\$ 189,145,905	
5. Board-authorized expenditures necessitated by a disaster the Governor declared	-	
6. Board-authorized expenditures necessitated by a disaster the Governor did not declare	-	
7. Prior-year, voter-approved expenditures to exceed the expenditure limitation for the reporting fiscal year	-	
8. Subtotal		\$ <u>189,145,905</u>
9. Board-authorized excess expenditures for the previous fiscal year necessitated by a disaster the Governor did not declare and the voters did not approve	+	
10. Total adjusted amount subject to the expenditure limitation		\$ <u>189,145,905</u>
11. Amount under (in excess of) the expenditure limitation		<u>\$ <u>92,074,298</u></u>

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

Signature of chief financial officer: Mark Woodfill

Name and title: Mark Woodfill, CPA - Finance Director

Telephone number: (928) 777-1222 Date: 12.19.23

CITY OF PRESCOTT, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT – PART II  
Year Ended June 30, 2023

Description	<u>Governmental funds</u>	<u>Enterprise funds</u>	<u>Internal service funds</u>	<u>Total</u>
A. Amounts reported on the Reconciliation, line D	\$ 93,364,573	\$ 87,684,143	\$ 8,097,189	\$ 189,145,905
B. Less exclusions claimed:				
<u>1.</u> Debt proceeds	-	-	-	-
<u>2.</u> Debt service requirements	-	-	-	-
<u>3.</u> Dividends, interest, and gains on the sale or redemption of investment securities	-	-	-	-
<u>4.</u> Trustee or custodian	-	-	-	-
<u>5.</u> Grants and aid from the federal government	-	-	-	-
<u>6.</u> Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	-	-	-	-
<u>7.</u> Amounts received from the State of Arizona	-	-	-	-
<u>8.</u> Quasi-external interfund transactions	-	-	-	-
<u>9.</u> Voter-approved amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	-	-	-	-
<u>10.</u> Highway user revenues in excess of those received in fiscal year 1979-80	-	-	-	-
<u>11.</u> Contracts with other political subdivisions	-	-	-	-
<u>12.</u> Refunds, reimbursements, and other recoveries	-	-	-	-
<u>13.</u> Voter-approved exclusions not identified above	-	-	-	-
<u>14.</u> Prior years carryforward	-	-	-	-
<u>15.</u> Qualifying capital improvement expenditures repaid in accordance with A.R.S. §41-1279.07	-	-	-	-
<u>16.</u> Total exclusions claimed	-	-	-	-
C. Amounts subject to the expenditure limitation	<u>\$ 93,364,573</u>	<u>\$ 87,684,143</u>	<u>\$ 8,097,189</u>	<u>\$ 189,145,905</u>

See accompanying notes.

CITY OF PRESCOTT, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT – RECONCILIATION  
Year Ended June 30, 2023

Description	Governmental funds	Enterprise funds	Internal service funds	Total
<u>A.</u> Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 93,804,632	\$ 54,234,926	\$ 7,910,127	\$ 155,949,685
<u>B.</u> Subtractions:				
<u>1.</u> Items not requiring use of current financial resources:				
<u>a.</u> Depreciation	-	12,855,289	184,265	13,039,554
<u>d.</u> Pension and other postemployment benefits (OPEB) expense (Note 2)	-	1,235,751	41,846	1,277,597
<u>e.</u> Claims incurred but not reported (IBNR) (Note 3)	-	-	57,887	57,887
<u>f.</u> Landfill closure and postclosure care costs and pollution remediation (Note 4)	-	18,385	-	18,385.00
<u>3.</u> Required fees paid to the Industrial Commission of Arizona (Note 5)	120,520	-	-	120,520.00
<u>4.</u> Present value of net minimum lease, financed purchase, and subscription-based information technology arrangement (SBITA) contract payments recorded as expenditures at the agreements' inception	319,539	-	-	319,539.00
<u>6.</u> Total subtractions	<u>440,059</u>	<u>14,109,425</u>	<u>283,998</u>	<u>14,833,482</u>
<u>C.</u> Additions:				
<u>1.</u> Principal payments on long-term debt (Note 6)	-	6,082,213	-	6,082,213
<u>2.</u> Capital asset acquisitions	-	40,338,697	400,489	40,739,186
<u>3.</u> Amounts paid in the current year but reported as expenses in previous years:				
<u>a.</u> Claims previously recognized as IBNR (Note 3)	-	-	24,116	24,116
<u>b.</u> Landfill closure and postclosure care costs and pollution remediation (Note 4)	-	9,426	-	9,426
<u>4.</u> Pension and OPEB contributions paid in the current year (Note 2)	-	1,128,306	46,455	1,174,761
<u>6.</u> Total additions	<u>-</u>	<u>47,558,642</u>	<u>471,060</u>	<u>48,029,702</u>
<u>D.</u> Amounts reported on Part II, line A	<u>\$ 93,364,573</u>	<u>\$ 87,684,143</u>	<u>\$ 8,097,189</u>	<u>\$ 189,145,905</u>

See accompanying notes.

CITY OF PRESCOTT, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
Year Ended June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The annual expenditure limitation report (AELR) is presented as prescribed by the uniform expenditure reporting system (UERS), as required by Arizona Revised Statutes §41-1279.07. The AELR excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, §20, from the total expenditures, expenses, or deductions reported in the fund financial statements.

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

NOTE 2 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) EXPENSE

The \$1,277,597 subtraction for pension and other post-employment benefit (OPEB) expense consists of changes in the net pension and OPEB assets and liabilities, and changes in deferred inflows and outflows related to pensions and OPEB recognized in the current year in the enterprise/internal service fund(s). The \$1,174,761 addition for pension and OPEB contributions paid in the current year consists of the required pension and OPEB contributions made to the Arizona State Retirement System from the enterprise/internal service fund(s).

NOTE 3 IBNR CLAIMS

The \$57,887 subtraction for claims incurred but not reported consists of the estimated costs of claims incurred and expensed in the current year but not yet paid in the internal service fund(s). The \$24,116 addition for claims paid in the current year but reported as expenses incurred but not reported in previous years, consists of cash payments in the current year for claims recognized as an expense in previous years in the internal service funds.

CITY OF PRESCOTT, ARIZONA  
 NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
 Year Ended June 30, 2019

NOTE 4 LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The \$18,385 subtraction for landfill closure and postclosure care costs consists of the portion of the total estimated liability/liabilities reported as expenses in the current year but not yet paid in the enterprise funds. The \$9,426 addition for landfill closure and postclosure care costs paid in the current year, but reported as expenses in previous years, consists of cash payments in the current year for those costs reported as expenses in previous years in the enterprise funds.

NOTE 5 REQUIRED FEES PAID TO THE INDUSTRIAL COMMISSION OF ARIZONA

The subtraction for required fees State law required the City to pay that are excluded from the city expenditure limitation consists of payments to the Industrial Commission of Arizona pursuant to A.R.S. §23-1703 for the Municipal Firefighter Cancer Reimbursement Fund, which were recorded as a governmental fund expenditure.

NOTE 6 PRINCIPAL PAYMENTS ON LONG-TERM DEBT

The addition of \$6,082,213 for principal payments on long-term debt in the enterprise and internal service funds consists of:

Type of Debt	Reference	Amount
AZ WIFA	910097-08F	\$ 272,370
AZ WIFA	910122-10F	320,887
AZ WIFA	910147-11F	81,096
AZ WIFA	910148-11F	74,897
AZ WIFA	910151-11F	2,218,112
AZ WIFA	910170-18	554,382
AZ WIFA	920125-08F	566,586
AZ WIFA	920206-11F	52,441
AZ WIFA	920237-13F	676,241
AZ WIFA	920297-20	677,862
AZ WIFA	92A166-10F	137,340
Prescott Municipal Property Corporation	MPC 2014	450,000
Total		<u>\$ 6,082,213</u>