

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2025



PRESCOTT CITY HALL





CITY OF PRESCOTT, ARIZONA

**ANNUAL
COMPREHENSIVE
FINANCIAL
REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Prepared by
Accounting Services Division
Finance Department
City of Prescott

CITY OF PRESCOTT, ARIZONA
Annual Comprehensive Financial Report

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INTRODUCTORY SECTION



LARS JOHNSON
FINANCE DIRECTOR
LARS.JOHNSON@PRESCOTT-AZ.GOV
928-777-1408

December 19, 2025

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, 2025. 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, 2025. 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, 2025, 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 50 square miles with a population of 48,224 as of the official July 1, 2024 Census Bureau estimate. The City is the base of Yavapai county government operations. Located in the mountains of north central Arizona approximately 95 miles northwest of Phoenix (the State capitol) and 90 miles southwest of Flagstaff, the City borders the Prescott National Forest to the south and west. The average elevation is 5,400 feet. The local climate is mild, with average high temperatures ranging from fifty degrees to ninety degrees and the average precipitation recorded at 19.8 inches, most of which is rain. Prescott and the neighboring towns of Chino Valley, Prescott Valley and Dewey-Humboldt form what is known locally as the Quad-City area.

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

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

A staff of 576 full-time equivalent City employees working within fourteen City departments provides a full range of municipal services. The municipal government provides police, fire, library recreation, parks, trails, golf, wastewater, water, street improvements and maintenance, solid waste, municipal airport, planning and building, economic development, and general administration services.

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

The residents of Prescott approved a Home Rule exemption, the latest in August 2025, 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 strategic priorities were established during Council's FY26 strategic planning process:

1. Public Safety
2. Dynamic Economic Environment
3. Infrastructure
4. Preserving and Protecting the Natural Environment
5. Good Governance

Each of these priorities have desired results and goals. The full strategic plan can be found on the City's website.

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
Vinyl Visions
CP North America

Retail
Pine Ridge Marketplace
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 2025 are represented by the following:

- Sales tax revenues in the General Fund and Streets Fund were flat from fiscal year 2024
- Construction activity has decreased from the prior fiscal year represented by 364 single family permits were issued in fiscal year 2025 compared to 357 in fiscal year 2024 and total building permit valuation was \$157 million in fiscal year 2025 compared to \$210 million in fiscal year 2024
- Bed tax collections, representing tourism activity, declined 1.9% from 2024

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, 2025 is \$58.2 million or 85% 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, 2024. This was the 43rd 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, 2025. This is the 24th consecutive year that the City has received this award. 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, 2026.

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, 2025. 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,



Lars Johnson
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Prescott
Arizona**

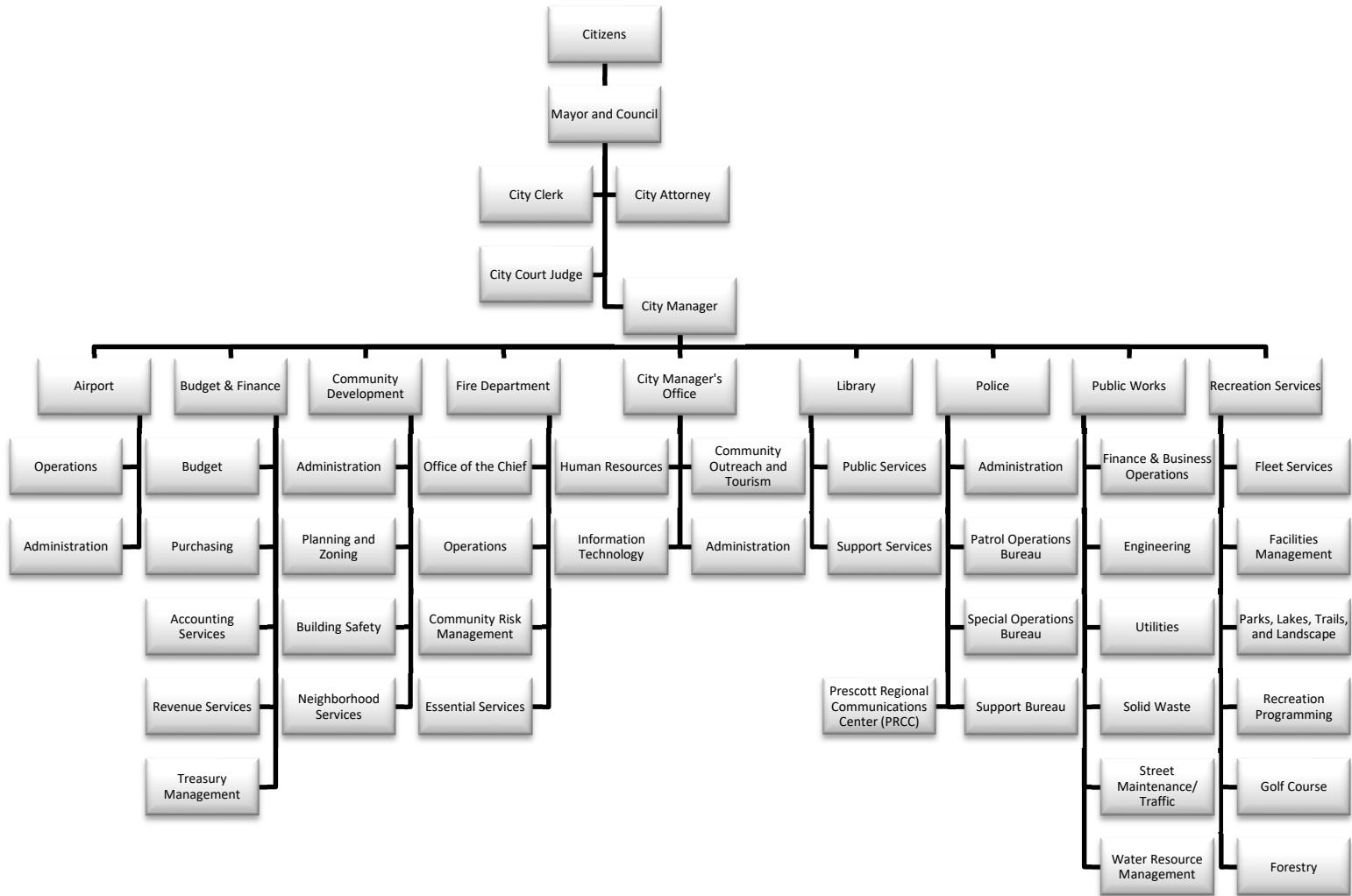
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Monell

Executive Director/CEO

City Organizational Chart



CITY OF PRESCOTT, ARIZONA

June 30, 2025

ELECTED OFFICIALS

Philip Goode, Mayor

Council

Brandon Montoya	Cathey Rusing
Connie Cantelme	Eric Moore
Lois Fruhwirth	Ted Gambogi

Appointed Officials

Dallin Kimble	City Manager
Joseph Young	City Attorney
Sarah Siep	City Clerk
J. Mitchell Padilla	City Magistrate

Mailing Address

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Prescott, AZ 86301

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, 2025, 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, 2025 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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.

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 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.

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 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, 2025 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.

Restricted Use Relating to the Other Matter

The communication related to compliance with the aforementioned indenture described in the Other Matter paragraph 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.

Baker Tilly US, LLP

Tempe, Arizona
December 19, 2025

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, 2025. 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 \$703,527,662 (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 \$68,989,209.
- The City of Prescott's total net position increased by \$38,864,428. 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 \$105,425,223, an increase of \$16,938,878 in comparison with the prior year. Of this amount, \$57,881,707, or 55%, 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 \$57,881,707, or approximately 102% 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 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 34-35 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 eight 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 and the streets fund, which are considered to be major funds. Data from the other six 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 in the required supplementary section. The basic governmental fund financial statements can be found on pages 37-41 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 42-46 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 47-79 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 81-96.

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 97-115 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 \$703,527,662, at the close of the most recent fiscal year.

City of Prescott's Net Position
(in millions)

	Governmental Activities		Business-type Activities		Total Government	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	\$ 125.4	\$ 104.7	\$ 43.4	\$ 38.5	\$ 168.8	\$ 143.2
Capital assets	260.9	262.6	444.1	424.0	705.0	686.6
Total assets	386.3	367.3	487.5	462.5	873.8	829.8
Total deferred outflows of resources	13.6	17.4	2.6	1.8	16.2	19.2
Liabilities						
Long-term liabilities outstanding	39.6	42.5	118.7	119.8	158.3	162.3
Other liabilities	12.5	8.0	9.1	9.4	21.6	17.4
Total liabilities	52.1	50.5	127.8	129.2	179.9	179.7
Total deferred inflows of resources	5.8	4.2	.8	.5	6.6	4.7
Net Position:						
Net investment in capital assets	249.0	251.9	333.9	312.4	582.9	564.3
Restricted	45.0	39.2	6.6	6.3	51.6	45.5
Unrestricted	48.0	38.9	21.0	15.9	69.0	54.8
Total net position	\$ 342.0	\$ 330.0	\$ 361.5	\$ 334.6	\$ 703.5	\$ 664.6

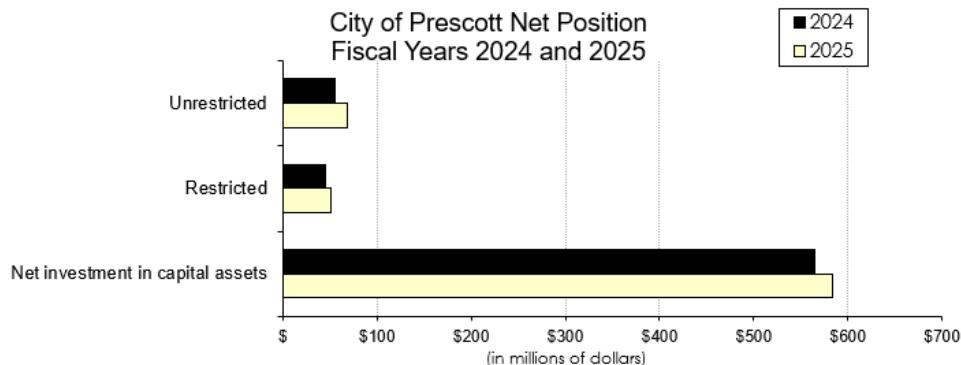
Rounding adjustments result in small differences when compared to financial statements.

Governmental activities had a current year increase in assets of \$19 million from increases in cash and investments. Long-term liabilities decreased by \$2.9 million primarily from a decrease in net pension liability relating to the Public Safety Personnel Retirement System (PSPRS).

Business-type activities had a current year increase in assets of \$25 million primarily from the construction of infrastructure and an increase in cash and investments. Liabilities decreased by \$1.1 million related to financing of infrastructure projects.

By far, the largest portion of the City of Prescott's net position, \$582.9 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, \$51.7 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 \$69.0 million, a increase of \$14.2 million from the prior year.



The City of Prescott's overall net position increased \$39 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)		Business-type Activities		Total Government	
	Governmental Activities		Business-type Activities		Total Government	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services and other	\$ 9.2	\$ 8.0	\$ 64.3	\$ 57.8	\$ 73.5	\$ 65.8
Operating grants & contributions	3.6	3.7	.3	1.2	3.9	4.9
Capital grants & contributions	7.0	9.3	16.5	4.6	23.5	13.9
Total program revenues	<u>19.8</u>	<u>21.0</u>	<u>81.1</u>	<u>63.6</u>	<u>100.9</u>	<u>84.6</u>
General revenues						
Taxes	61.7	57.6	-	-	61.7	57.6
Intergovernmental	21.7	23.7	-	-	21.7	23.7
Interest & investment income	5.6	5.4	1.8	0.7	7.4	6.1
Miscellaneous	0.2	0.1	0.7	-	0.9	0.1
Total general revenues	<u>89.2</u>	<u>86.8</u>	<u>2.5</u>	<u>0.7</u>	<u>91.7</u>	<u>87.5</u>
Total revenues	<u>109.0</u>	<u>107.8</u>	<u>83.6</u>	<u>64.3</u>	<u>192.6</u>	<u>172.1</u>
Expenses						
General government	5.8	4.3	-	-	5.8	4.3
Community services	2.8	2.4	-	-	2.8	2.4
Culture and recreation	10.7	10.3	-	-	10.7	10.3
Police and court	24.3	22.0	-	-	24.3	22.0
Fire	17.9	15.4	-	-	17.9	15.4
Public works	29.4	26.2	-	-	29.4	26.2
Interest on long-term debt	0.3	0.3	-	-	0.3	0.3
Airport	-	-	6.9	5.9	6.9	5.9
Golf course	-	-	5.3	5.6	5.3	5.6
Solid waste/transfer station	-	-	13.9	12.7	13.9	12.7
Wastewater	-	-	17.0	16.3	17.0	16.3
Water	-	-	19.7	19.5	19.7	19.5
Total Expenses	<u>91.2</u>	<u>80.9</u>	<u>62.8</u>	<u>60.0</u>	<u>154.0</u>	<u>140.9</u>
Increase (decrease) before transfers	<u>17.8</u>	<u>26.9</u>	<u>20.8</u>	<u>4.3</u>	<u>38.6</u>	<u>31.2</u>
Transfers	<u>(6.0)</u>	<u>(0.4)</u>	<u>6.0</u>	<u>0.4</u>	<u>-</u>	<u>-</u>
Change in net position	<u>11.8</u>	<u>26.5</u>	<u>26.8</u>	<u>4.7</u>	<u>38.6</u>	<u>31.2</u>
Beginning net position	<u>330.1</u>	<u>303.5</u>	<u>334.6</u>	<u>329.8</u>	<u>664.7</u>	<u>633.3</u>
Ending net position	<u>\$ 341.9</u>	<u>\$ 330.0</u>	<u>\$ 361.4</u>	<u>\$ 334.5</u>	<u>\$ 703.3</u>	<u>\$ 664.5</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 \$11.8 million from the prior year ending balance of \$330.1 million.

Revenues from grants and contributions decreased by \$2.4 million, mainly from the previous year's grants related to the purchase of Glassford Hill which the City received partnership revenue to offset the purchase from Arizona State and Yavapai County and other county partnering on flood control projects. Charges for services increased by \$1.2 million from an increase in building permit activities and joint dispatch partnering revenue. Tax revenues increased by \$4.1 million from an increase in the local portion of the transaction privilege tax rate from 2.00% to 2.95% on April 1, 2025. This 0.95% tax is the result of the voter approval of Proposition 478, which created this dedicated tax for increasing public safety service levels.

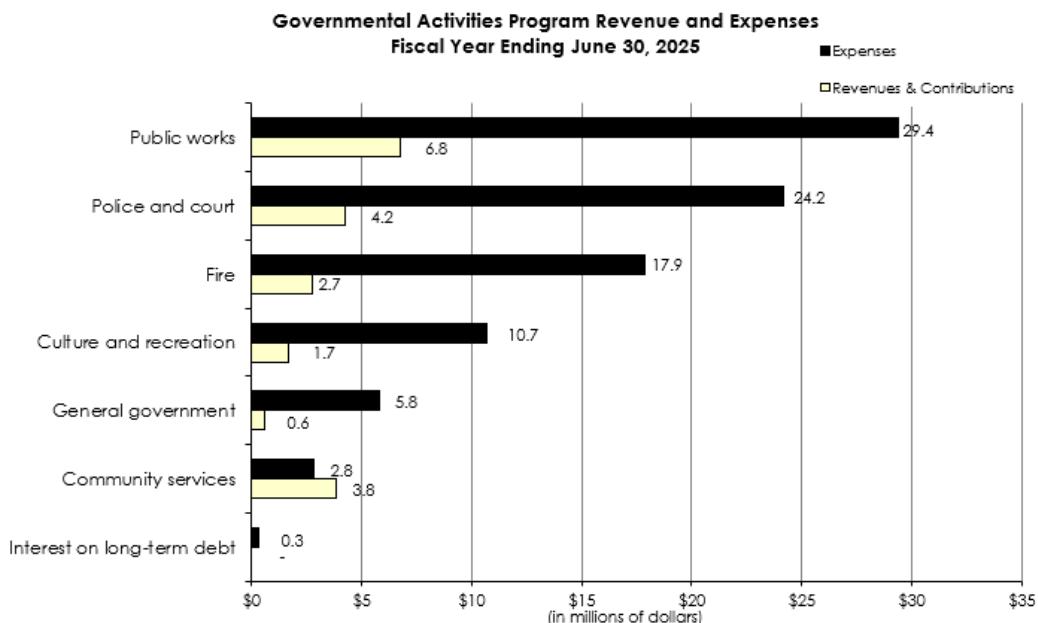
Intergovernmental revenues decreased by \$2 million with increased state shared revenue amounts, especially state shared income tax. Pursuant to State statute, the State's four personal income tax rate categories are being consolidated into a single flat rate of 2.5% over a three-year period beginning after December 31, 2021. In order to partially mitigate impacts of the expected reduction in State-shared income taxes distributed to cities and towns in Arizona, State statutes were modified to increase, beginning in fiscal year 2023-24, the percentage of Arizona State income taxes distributed to cities and towns from 15% to 18%. As the flat tax takes effect, the revenue is expected to decrease and level out. There were also smaller increases in other categories of state shared revenue. Interest and investment income was up \$200,000 from the prior year because of an increase in cash.

Expenses in governmental activities increased by \$10.3 million. Across the City functions in fiscal year 2025, the City has increased personnel wages to adjust for the cost of living totaling 5.2% plus up to 1% for merit-based increases.

Public safety departments increased expenditures in fiscal year 2025 as follows: police and court increased by \$2.3 million and fire department increased by \$2.5 million. This is mainly a result of increases to staffing and operational increases related to the dedicated sales tax proposition 478. Also, both departments had an increase in pension expense adjustments a result of the slowing of extra contributions from the dedicated sales tax proposition 443. As wages increase at a higher pace than the actuarially assumed wage increase rate, the pension expense adjustment also increases.

General government increased by \$1.5 million as a result of the previously mentioned citywide cost of living increases, increased maintenance spending on City facilities, and the recording of the new accounting standard for compensated absences. Public works expenses increased as a result of a significant increase in spending on street and road maintenance.

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 \$361.5 million. The growth is the result of increased activities and rate adjustments in the water, wastewater, and solid waste activities.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

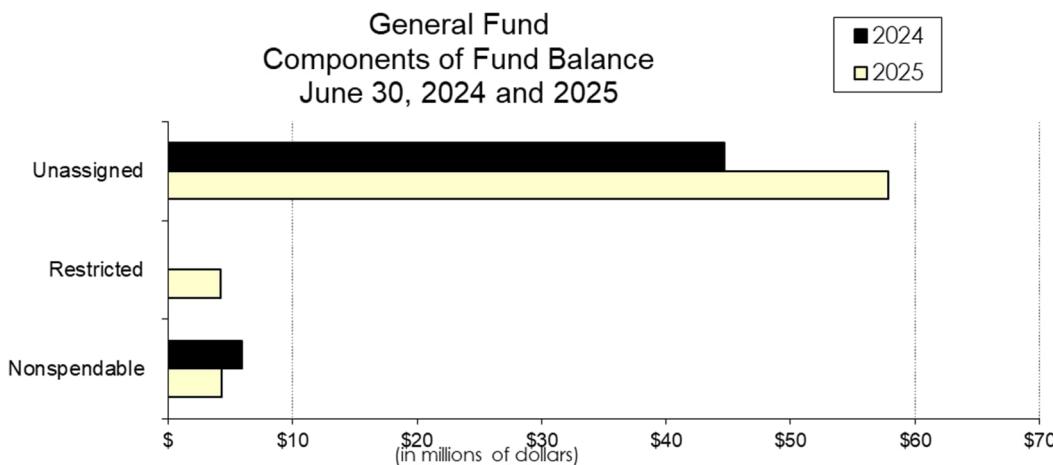
Governmental Funds

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

At June 30, 2025, the City of Prescott's governmental funds reported combined fund balances of \$105.4 million, an increase of \$16.9 million in comparison with the prior year. Of this amount, \$58.2 million or 55%, 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, \$3.9 million; or (2) restricted for purposes, \$43.3 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 \$57.9 million, while total fund balance increased to \$66.3 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 102% of total general fund expenditures, while total fund balance represents 117% of that same amount.



The fund balance of the City of Prescott's general fund increased by \$15.8 million during the current fiscal year. This increase was the repayment by grant funds of purchased airport land totaling \$6.2 million, a new voter approved dedicated sales tax for public safety services shown in the restricted fund balance, a substantial interest and investment income, as well as an increase in charges for services.

The streets special revenue fund, a major fund, had a \$0.4 million decrease in fund balance during the current fiscal year which put the overall fund balance at \$29.3 million. The decrease in fund balance is the result of the progress or completion of large public works capital projects including the Street Maintenance building, pavement preservation and reconstruction.

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 end were as follows: the water fund increased \$9.8 million to \$193.1 million, the wastewater fund increased by \$4.1 million to \$77.2 million, the airport fund increased by \$12.8 million to \$83.0 million, the solid waste fund increased by \$0.1 million to \$2.7 million, and the golf course fund increased by \$0.1 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. The airport fund net position increase was the result of an asset transfer from the general fund totaling \$8 million, and other land acquisitions of \$4.3 million.

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 58-60.

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

Revenues:

- Taxes exceeded budget by \$2 million which was the result of conservatively budgeting this revenue source.
- Intergovernmental revenues exceeded budget by \$0.2 million which was the result of better than projected shared revenue from Vehicle License Tax and State Sales Tax.
- Charges for services exceeded budget by \$1.8 million mainly from higher than projected building permit plan checks and inspection services.
- Interest and investment income exceeded budget by \$3.0 million was a result of continued higher investment returns, and using conservative estimates in this category so we are not relying on returns to fund operations.

- Miscellaneous revenue was budgeted as a contingency for potential debt issuances for land purchases that did not happen.

Expenditures:

- Budget and Finance was above budget by \$0.04 million as a result of the recording of subscription-based IT arrangements for budgeting software.
- Non-departmental was under budget for contingencies relating to the land purchases that were not needed.
- Recreation services & facilities was below budget by \$0.7 million because of a delay in completing capital projects, including the new pavement preservation and white spar trail head.
- Police was below budget by \$4.4 million which was the result of personnel vacancies, and a delay in completion of the projects identified in the dedicated tax proposal.
- Fire was below budget by \$10.7 million which was the result of a delay in completion of the projects identified in the dedicated tax proposal.

Other financing sources (Uses)

- Transfers in were above budget because the accounting for the land transfer to the airport was recorded with the \$6 million grant share transferred into the general fund.
- Transfers out were below budget 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, 2025, the City of Prescott had invested \$704.9 million in capital assets net of accumulated depreciation as reflected in the following table, which represents a net increase of \$18.3 million.

The following table reconciles the changes in capital assets.

**Change in Capital Assets
(in millions)**

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Beginning Balance	\$ 262.6	\$ 250.6	\$ 424.0	\$ 403.4	686.6	\$ 654.0
Transfers	(8.1)	-	8.1	-	-	-
Increases	21.2	26.5	26.2	34.0	47.4	60.5
Decreases	-	(1.4)	(0.2)	(0.3)	(0.2)	(1.7)
Depreciation	(14.8)	(13.1)	(14.1)	(13.1)	(28.9)	(26.2)
Ending Balance	<u>\$ 260.9</u>	<u>\$ 262.6</u>	<u>\$ 444.0</u>	<u>\$ 424.0</u>	<u>\$ 704.9</u>	<u>\$ 686.6</u>

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

The City of Prescott increased its assets by \$47.4 million in capital expenditures. Major capital asset events during the fiscal year include the following:

- \$6.0 million for city-wide vehicle replacements and equipment purchases
- \$6.0 million for the purchase of land around the airport for protection purposes
- \$4.7 million towards the Street Maintenance Administration building
- \$3.9 million for production well work and other water main upgrades
- \$3.7 million towards transfer station improvements
- \$3.4 million towards a multiyear water meter replacement project
- \$3.0 million for various wastewater improvement projects
- \$2.8 million continuing the new City Hall improvement project.
- \$2.1 million additional for the water production and intermediate pump station project
- \$1.8 million for payments towards new refuse trucks with some in the process of being built
- \$1.7 million for continuing various airport improvements
- \$1.7 million for intersection improvements
- \$1.3 million towards new fire engines
- \$0.7 million for Penn Ave/East Drive Pavement Reconstruction

- \$0.5 million for the purchase of building/structure at the airport
- \$0.5 million towards recreation facility enhancements
- \$0.3 million towards fire station improvements

Debt Administration

As of year-end, the City of Prescott had \$158.3 million in long-term debt outstanding compared to \$162.3 million last year.

	Outstanding Long-Term Debt at Year End							
	Governmental Activities		Business-type Activities		Total			
	2025	2024	2025	2024	2025	2024	2025	2024
Pledged Excise Tax Bonds	\$ 7.4	\$ 9.1	\$ -	\$ -	\$ 7.4	\$ 9.1	\$ -	\$ 6.6
Municipal Property Corporation	-	-	-	6.6	-	-	-	6.6
City bonds payable	-	-	6.2	-	-	6.2	-	-
Leases payable	-	0.2	-	-	-	-	-	0.2
Subscriptions liability	1.7	0.7	0.1	-	-	1.8	-	0.7
Loans WIFA	-	-	98.8	100.0	98.8	100.0	-	-
Claims Payable	0.1	0.1	-	-	-	0.1	-	0.1
Landfill post-closure costs	-	-	1.9	1.9	-	1.9	-	1.9
Compensated absences	6.3	4.4	1.3	1.0	-	7.6	-	5.4
Net pension & OPEB liability	24.1	28.0	10.4	10.3	-	34.5	-	38.3
Total	\$ 39.6	\$ 42.5	\$ 118.7	\$ 119.8	\$ 158.3	\$ 162.3	-	-

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 excise tax bonds have been assigned ratings of "Aa2" by Moody's Investor Services and "AA+" by Standard & Poor's Ratings Services.

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, 2025, the City is well within its debt limits, having \$197.9 million in borrowing capacity in the 20 percent category, and \$59.4 million in borrowing capacity in the 6 percent category. The City also has a \$2.4 million margin available for Highway User Tax Bonds which represents 50 percent of the Highway User revenue received in fiscal year 2025.

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 seems to be stagnant and facing uncertainties. Economic activity in the City levelled off during FY25. The continued State Legislature restrictions on the City's tax base and increased regional competition have also had an impact. Following is the projected changes in the tax revenues.

The projected fiscal year 2026 City share of State Income Tax is 6% lower than the fiscal year 2025 actuals. This decrease was anticipated, as fiscal years 2024 and 2025 included a one-time increase in distributions implemented by the State to help offset the transition to the 2.5% flat income tax which occurred before it went into effect. There is a projected increase of 0.4% in the City's share of the State Sales Tax and a 2.1% decrease 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 general and streets fund sales tax revenues were projected to decrease by 6.5% in fiscal year 2026 when compared to fiscal year 2025 actuals. This also takes into consideration the state prohibition on local transaction privilege tax for residential rentals starting January 1, 2025. This is expected to decrease revenues by \$2.2 million per year, \$1.1 million in the general fund and \$1.1 million in the streets fund. However, proposition 478 was approved by voters and became effective April 1, 2025. The proposition increases the local transaction privilege tax by 0.95% dedicated to public safety and will add \$22.3 million of tax collections to the general fund, although restricted for public safety only. The City's primary property tax revenue for fiscal year 2025 is projected at \$2,304,514. Prescott's net assessed value for 2025 of \$989,486,553 increased by 6% from the prior year and represents 24.6% 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 2026 budget totals \$303,746,162 which represents a 9.0% overall increase from the prior year. The budget increase is primarily attributable to an increase in capital projects with the public safety proposition approval, cost of goods and services, and personnel wage cost of living increases. The \$145,732,441 operating budget primarily supports delivery of day-to-day services, and is an increase of 6.9% 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 2026 is \$148,013,721 which is a 21.2% decrease from fiscal year 2025. 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 N Montezuma Street
Prescott, Arizona 86301
(928) 777-1408
Or visit our website at: www.prescott-az.gov



BASIC FINANCIAL STATEMENTS

CITY OF PRESCOTT, ARIZONA
 Statement of Net Position
 June 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 101,616,412	\$ 31,201,966	\$ 132,818,378
Receivables (net)	10,129,712	12,321,991	22,451,703
Lease receivable	2,627,547	-	2,627,547
Internal balances	8,806,197	(8,806,197)	-
Prepaid Expenses	75,622	-	75,622
Inventories	472,122	720,502	1,192,624
Restricted cash and investments	489,620	7,638,515	8,128,135
OPEB asset	1,207,291	413,554	1,620,845
Capital assets, not being depreciated/amortized	107,254,207	173,401,693	280,655,900
Capital assets, being depreciated/amortized,net	153,618,076	270,650,463	424,268,539
Total assets	386,296,806	487,542,487	873,839,293
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions and OPEB	13,606,238	2,615,192	16,221,430
Total deferred outflows of resources	13,606,238	2,615,192	16,221,430
LIABILITIES			
Accounts payable	8,324,546	6,876,271	15,200,817
Accrued expenses	1,365,925	1,618,854	2,984,779
Deposits	2,764,111	624,340	3,388,451
Advanced revenues	-	43,295	43,295
Noncurrent liabilities			
Due within 1 year	4,923,704	8,363,913	13,287,617
Due in more than 1 year	34,663,335	110,304,847	144,968,182
Total liabilities	52,041,621	127,831,520	179,873,141
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions and OPEB	3,552,808	816,164	4,368,972
Deferred inflows related to leases	2,290,948	-	2,290,948
Total deferred inflows of resources	5,843,756	816,164	6,659,920
NET POSITION			
Net investment in capital assets	249,000,146	333,852,280	582,852,426
Restricted for:			
Public Safety	4,202,689	-	4,202,689
Streets privilege tax activities	29,285,988	-	29,285,988
Capital projects	6,967,335	-	6,967,335
Transient occupancy tax	521,430	-	521,430
Debt service	-	6,294,123	6,294,123
Grants and donations	2,303,997	-	2,303,997
Insurance bond	489,620	-	489,620
OPEB assets	1,207,291	413,554	1,620,845
Unrestricted	48,039,171	20,950,038	68,989,209
Total net position	\$ 342,017,667	\$ 361,509,995	\$ 703,527,662

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, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services, Fees, Fines, and Forfeitures		Operating	Capital	Primary Government			
				Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities		
								Total	
Primary Government									
Governmental activities:									
General government	\$ 5,771,276	\$ 530,204	\$ 45,791	\$ -	\$ (5,195,281)	\$ -	\$ -	\$ (5,195,281)	
Community services	2,835,360	3,463,092	375,073	-	1,002,805	-	-	1,002,805	
Culture and recreation	10,658,675	1,261,027	170,506	255,804	(8,971,338)	-	-	(8,971,338)	
Police and court	24,154,198	2,858,910	1,146,274	227,981	(19,921,033)	-	-	(19,921,033)	
Fire	17,879,695	706,470	1,837,726	186,519	(15,148,980)	-	-	(15,148,980)	
Public works	29,405,346	414,346	-	6,369,068	(22,621,932)	-	-	(22,621,932)	
Interest on long-term debt	312,926	-	-	-	(312,926)	-	-	(312,926)	
Total governmental	91,017,476	9,234,049	3,575,370	7,039,372	(71,168,685)	-	-	(71,168,685)	
Business-type activities:									
Airport	6,859,171	2,761,129	217,601	9,906,965	-	6,026,524	-	6,026,524	
Golf course	5,188,362	4,765,573	-	-	-	(422,789)	-	(422,789)	
Solid waste	13,871,761	13,822,563	-	-	-	(49,198)	-	(49,198)	
Wastewater	16,983,263	19,754,930	-	1,259,783	-	4,031,450	-	4,031,450	
Water	19,744,557	23,203,660	68,085	5,321,102	-	8,848,290	-	8,848,290	
Total business-type activities	62,647,114	64,307,855	285,686	16,487,850	-	18,434,277	-	18,434,277	
Total primary government	\$ 153,664,590	\$ 73,541,904	\$ 3,861,056	\$ 23,527,222	\$ (71,168,685)	\$ 18,434,277	\$ -	\$ (52,734,408)	
General revenues:									
Property taxes, levied for general purposes					2,262,343	-	-	2,262,343	
Utility franchise taxes					1,942,109	-	-	1,942,109	
City privilege and use tax, general purposes					25,138,909	9,883	-	25,148,792	
City privilege tax, major street program					25,132,164	-	-	25,132,164	
City privilege and use tax, public safety					5,570,177	-	-	5,570,177	
City privilege tax, PSPRS Liability					43,199	-	-	43,199	
Transient lodging tax					1,577,627	-	-	1,577,627	
Intergovernmental revenues - unrestricted					21,677,019	-	-	21,677,019	
Interest and investment income					5,575,688	1,819,076	-	7,394,764	
Miscellaneous					182,175	668,465	-	850,640	
Transfers (Contributed Capital)					(5,971,450)	5,971,450	-	-	
Total general revenues and transfers					83,129,960	8,468,874	-	91,598,834	
Change in net position					11,961,275	26,903,151	-	38,864,426	
Net position - beginning					330,056,392	334,606,844	-	664,663,236	
Net position - ending					\$ 342,017,667	\$ 361,509,995	\$ -	\$ 703,527,662	

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

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

CITY OF PRESCOTT, ARIZONA

Balance Sheet

Governmental Funds

June 30, 2025

	Major Funds			
			Nonmajor Governmental Funds	Total Governmental Funds
	General	Streets Fund		
ASSETS				
Cash and short-term investments	\$ 56,990,836	\$ 31,429,998	\$ 9,730,622	\$ 98,151,456
Accounts receivable (net)	5,483,685	2,961,117	143,938	8,588,740
Property taxes receivable	65,334	-	-	65,334
Lease receivable	2,627,547	-	-	2,627,547
Due from other funds	6,174,039	-	-	6,174,039
Interest receivable	244,765	1,145	-	245,910
Intergovernmental receivable	540,044	483,154	200,073	1,223,271
Prepaid items	75,622	-	-	75,622
Advances to other funds	3,849,856	-	-	3,849,856
Total assets	<u>\$ 76,051,728</u>	<u>\$ 34,875,414</u>	<u>\$ 10,074,633</u>	<u>\$ 121,001,775</u>
LIABILITIES				
Accounts payable	\$ 2,270,947	\$ 5,480,619	\$ 193,148	\$ 7,944,714
Accrued expenditures	1,139,810	108,807	30,839	1,279,456
Interfund payable	1,217,698	-	-	1,217,698
Deposits returnable	2,764,111	-	-	2,764,111
Total liabilities	<u>7,392,566</u>	<u>5,589,426</u>	<u>223,987</u>	<u>13,205,979</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	21,743	-	57,884	79,627
Related to leases	2,290,946	-	-	2,290,946
Total deferred inflows of resources	<u>2,312,689</u>	<u>-</u>	<u>57,884</u>	<u>2,370,573</u>
FUND BALANCES				
Nonspendable	4,262,077	-	-	4,262,077
Restricted	4,202,689	29,285,988	9,792,762	43,281,439
Unassigned	57,881,707	-	-	57,881,707
Total fund balances	<u>66,346,473</u>	<u>29,285,988</u>	<u>9,792,762</u>	<u>105,425,223</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 76,051,728</u>	<u>\$ 34,875,414</u>	<u>\$ 10,074,633</u>	<u>\$ 121,001,775</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, 2025

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

Total fund balances - governmental funds \$ 105,425,223

Capital assets used in governmental activities are not financial resources and,
therefore are not reported in the funds:

Capital assets	\$ 570,762,029
Less: accumulated depreciation/amortization:	<u>(313,886,251)</u>
	256,875,778

Some receivables are not available to pay for current-period expenditures
and, therefore, are reported as unavailable revenue in the funds

Unavailable grant revenue	57,884
Deferred property tax revenue	<u>21,743</u>
	79,627

Net pension assets held in trust for future benefits are not available for
City operations and, therefore, are not reported in the funds.

OPEB assets	1,103,936
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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	(7,345,000)
Compensated absences	(5,816,922)
Pension and OPEB liability	(21,457,301)
Financed purchase arrangements	(24,121)
Leases & software subscriptions payable	<u>(1,723,848)</u>
	(36,367,192)

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	13,100,052
Deferred inflows relating to pensions and OPEB	<u>(3,340,440)</u>
	9,759,612

Internal service funds are used by management to charge central garage, engineering and
insurance costs to individual funds. The assets and liabilities of the internal service funds
are included in the governmental activities in the statement of net position. 5,140,683

Net position of governmental activities \$ 342,017,667

CITY OF PRESCOTT, ARIZONA

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the year ended June 30, 2025

	Major Funds			
			Nonmajor Governmental Funds	Total Governmental Funds
	General	Streets Fund		
Revenues				
Taxes	\$ 34,911,773	\$ 25,132,163	\$ 1,620,825	\$ 61,664,761
Intergovernmental revenues	22,097,973	5,748,745	2,203,456	30,050,174
Licenses and permits	177,143	59,472	989,823	1,226,438
Fines and forfeitures	345,742	-	-	345,742
Gifts and donations	-	-	588,778	588,778
Charges for services	7,845,255	354,874	-	8,200,129
Interest and investment income	3,303,581	1,678,224	414,091	5,395,896
Miscellaneous	172,159	52,084	44,284	268,527
Total revenues	68,853,626	33,025,562	5,861,257	107,740,445
Expenditures				
Current operating				
General government	1,905,920	-	1,782,537	3,688,457
Community services	2,390,775	-	377,891	2,768,666
Culture and recreation	8,273,887	349,831	535,891	9,159,609
Police and court	20,127,783	-	1,072,993	21,200,776
Fire	13,577,350	-	207,519	13,784,869
Public works	-	19,577,637	20,939	19,598,576
Capital outlay				
General government	4,442,442	-	-	4,442,442
Culture and recreation	938,541	200,711	3,801	1,143,053
Police and court	1,879,987	-	236,517	2,116,504
Fire	2,093,381	-	-	2,093,381
Public works	-	10,875,041	36,822	10,911,863
Debt service - principal	785,309	1,767,004	-	2,552,313
Debt service - interest	101,119	211,808	-	312,927
Total expenditures	56,516,494	32,982,032	4,274,910	93,773,436
Excess (deficiency) of revenues over (under) expenditures	12,337,132	43,530	1,586,347	13,967,009
Other Financing Sources (Uses)				
Sale of capital assets	112,662	-	8,960	121,622
Subscription-based IT arrangement(s)	1,648,034	-	-	1,648,034
Transfers in	7,578,340	-	174,871	7,753,211
Transfers out	(5,999,651)	(430,071)	(121,276)	(6,550,998)
Total other financing sources (uses)	3,339,385	(430,071)	62,555	2,971,869
Net change in fund balances	15,676,517	(386,541)	1,648,902	16,938,878
Fund Balances - beginning	50,669,956	29,672,529	8,143,860	88,486,345
Fund balances - ending	\$ 66,346,473	\$ 29,285,988	\$ 9,792,762	\$ 105,425,223

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, 2025

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

Net change in fund balances - total governmental funds	\$ 16,938,878
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Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those costs over the lives of the assets. This is the amount by which depreciation exceeded capital outlays in the current period.

Expenditures for capital assets	\$ 19,059,210
Expenditures for intangible right to use assets	1,648,033
Less: current year depreciation/amortization	<u>(14,507,105)</u>
	6,200,138

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

Donation of capital assets	174,145
Asset transfer	(8,081,924)
Asset disposals and trade-ins	<u>(1,110)</u>
	(7,908,889)

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

Property taxes	1,764
Grant Revenues	<u>(564,851)</u>
	(563,087)

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	(1,648,034)
Principal and subscription payments	<u>2,552,313</u>
	904,279

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	(1,641,982)
Compensated absences	<u>(1,716,851)</u>
	(3,358,833)

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

(251,211)

Change in net position of governmental activities	<u>\$ 11,961,275</u>
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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, 2025

ASSETS	Business-type Activities - Enterprise Funds						Governmental Activities-Internal Service Funds	
	Major Funds							
	Water	Waste Water	Airport	Solid Waste	Golf Course (Nonmajor)	Totals		
Current Assets								
Cash and cash equivalents	\$ 21,566,621	\$ 8,483,848	\$ -	\$ 966,393	\$ 185,104	\$ 31,201,966	\$ 3,464,956	
Accounts receivable (net)	2,729,180	1,897,820	216,180	684,924	79	5,528,183	4,045	
Interfund receivable	800,720	-	-	-	-	800,720	-	
Interest receivable	463	-	-	-	-	463	2,412	
Grant receivable	1,966,748	-	4,826,597	-	-	6,793,345	-	
Inventory at cost	599,177	-	-	-	121,325	720,502	472,122	
Total current assets	27,662,909	10,381,668	5,042,777	1,651,317	306,508	45,045,179	3,943,535	
Noncurrent Assets								
Restricted cash and cash equivalents	1,265,920	5,028,203	-	1,344,392	-	7,638,515	489,620	
Interfund receivable	416,978	-	-	-	-	416,978	-	
OPEB assets	130,032	113,387	62,528	107,607	-	413,554	103,355	
Capital assets								
Land	26,368,695	1,125,638	15,426,198	112,858	1,963,553	44,996,942	13,191	
Construction in process	93,055,196	13,778,369	21,099,591	471,595	-	128,404,751	-	
Buildings	2,225,658	6,332,957	24,547,595	2,421,983	960,464	36,488,657	5,276,345	
Improvements other than buildings	201,637,145	162,486,148	60,349,649	1,822,792	6,005,828	432,301,562	49,023	
Machinery and equipment	4,977,661	5,430,540	2,078,207	12,702,060	3,302,737	28,491,205	2,273,618	
Intangibles	-	-	-	72,513	-	72,513	-	
Less accumulated depreciation/amortization	(91,356,246)	(82,876,160)	(38,312,750)	(7,117,066)	(7,041,252)	(226,703,474)	(3,615,677)	
Total noncurrent assets	238,721,039	111,419,082	85,251,018	11,938,734	5,191,330	452,521,203	4,589,475	
Total assets	266,383,948	121,800,750	90,293,795	13,590,051	5,497,838	497,566,382	8,533,010	
Deferred Outflows of Resources								
Deferred outflows related to pensions and OPEB	723,472	312,132	590,247	989,341	-	2,615,192	506,186	
LIABILITIES								
Current Liabilities								
Accounts payable	2,249,148	1,991,571	772,717	1,147,239	715,596	6,876,271	379,832	
Accrued expenses	849,567	629,177	50,661	89,449	-	1,618,854	86,469	
Claims payable	-	-	-	-	-	-	18,098	
Interfund payables	-	-	4,780,307	1,393,732	-	6,174,039	-	
Customer deposits	609,542	-	14,798	-	-	624,340	-	
Compensated absences	224,645	121,991	65,963	172,028	-	584,627	178,453	
Loans and bonds payable	3,644,851	3,842,797	-	-	-	7,487,648	-	
Subscriptions liability	-	-	-	16,914	-	16,914	-	
Landfill closure costs	-	-	-	274,724	-	274,724	-	
Advanced revenue	-	-	-	-	43,295	43,295	-	
Total current liabilities	7,577,753	6,585,536	5,684,446	3,094,086	758,891	23,700,712	662,852	
Noncurrent Liabilities								
Claims payable	-	-	-	-	-	-	54,452	
Interfund payable	-	-	-	3,849,856	-	3,849,856	-	
Compensated absences	279,677	132,382	62,144	244,661	-	718,864	275,888	
Loans and bonds payable	62,532,201	35,021,788	-	-	-	97,553,989	-	
Subscriptions liability	-	-	-	16,645	-	16,645	-	
Landfill closure/postclosure cost	-	-	-	1,648,343	-	1,648,343	-	
Pension and OPEB liability	3,388,021	2,953,246	1,222,007	2,803,732	-	10,367,006	2,692,954	
Total noncurrent liabilities	66,199,899	38,107,416	1,284,151	8,563,237	-	114,154,703	3,023,294	
Total liabilities	73,777,652	44,692,952	6,968,597	11,657,323	758,891	137,855,415	3,686,146	
Deferred Inflows of Resources								
Deferred inflows related to pensions and OPEB	267,181	232,911	94,968	221,104	-	816,164	212,367	
NET POSITION								
Net investment in capital assets	169,165,896	66,113,009	83,551,805	9,830,239	5,191,331	333,852,280	3,952,629	
Restricted for:								
Debt service	1,265,920	5,028,203	-	-	-	6,294,123	-	
Insurance bond	-	-	-	-	-	-	489,620	
OPEB assets	130,032	113,387	62,528	107,607	-	413,554	103,355	
Unrestricted	22,500,739	5,932,420	206,144	(7,236,881)	(452,384)	20,950,038	595,079	
Total net position	\$ 193,062,587	\$ 77,187,019	\$ 83,820,477	\$ 2,700,965	\$ 4,738,947	\$ 361,509,995	\$ 5,140,683	

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, 2025

	Business-type Activities						Governmental Activities-Internal Service Funds	
	Enterprise Funds							
	Major Funds							
	Water	Waste Water	Airport	Solid Waste	Golf Course (Non-major)	Totals		
Operating Revenues								
Water sales	\$ 22,339,135	\$ -	\$ -	\$ -	\$ -	\$ 22,339,135	\$ -	
Water connection fees	317,820	-	-	-	-	317,820	-	
Aquifer protection fee	290,704	-	-	-	-	290,704	-	
Water agreement partnering	75,400	-	-	-	-	75,400	-	
Wastewater service fees	-	18,817,641	-	-	-	18,817,641	-	
Effluent sales	-	897,864	-	-	-	897,864	-	
Airport Rentals	-	-	2,270,914	-	-	2,270,914	-	
Airport Fees	-	-	362,482	-	-	362,482	-	
Refuse collection fees	-	-	-	9,238,980	-	9,238,980	-	
Tipping fees	-	-	-	4,155,465	-	4,155,465	-	
Recycling revenue	-	-	-	273,111	-	273,111	-	
Landfill closure fee	-	-	-	147,990	-	147,990	-	
Golf course green fees	-	-	-	-	2,125,980	2,125,980	-	
Restaurant sales	-	-	-	-	1,459,897	1,459,897	-	
Golf course rentals	-	-	-	-	902,676	902,676	-	
Golf pro-shop sales	-	-	-	-	268,387	268,387	-	
Charges for services	-	-	-	-	-	-	8,264,834	
Miscellaneous	731,984	39,425	137,616	7,017	8,633	924,675	28,625	
Total operating revenues	23,755,043	19,754,930	2,771,012	13,822,563	4,765,573	64,869,121	8,293,459	
Operating Expenses								
Personnel services	4,687,081	4,014,259	2,296,588	3,801,892	2,084,023	16,883,843	3,708,073	
Supplies	808,211	1,207,226	148,407	866,844	1,641,905	4,672,593	1,746,097	
Other services and charges	7,029,046	5,989,393	2,064,363	8,085,345	999,734	24,167,881	3,909,252	
Depreciation/amortization	5,590,366	4,718,232	2,349,813	985,524	462,701	14,106,636	272,104	
Total operating expenses	18,114,704	15,929,110	6,859,171	13,739,605	5,188,363	59,830,953	9,635,526	
Operating income (loss)	5,640,339	3,825,820	(4,088,159)	82,958	(422,790)	5,038,168	(1,342,067)	
Non-Operating Revenues (Expenses)								
Debt service interest	(1,629,851)	(1,054,152)	-	(132,157)	-	(2,816,160)	-	
Interest and investment income	1,165,110	615,496	-	38,470	-	1,819,076	179,793	
Net gain (loss) on disposal of assets	(86,322)	5,454	-	190,840	7,110	117,082	2,802	
Total non-operating revenues (expenses)	(551,063)	(433,202)	-	97,153	7,110	(880,002)	182,595	
Income (loss) before contributions and transfers	5,089,276	3,392,618	(4,088,159)	180,111	(415,680)	4,158,166	(1,159,472)	
Grant contributions	2,356,690	-	8,234,567	-	-	10,591,257	-	
Capital contributions	3,032,496	1,259,783	1,890,000	-	-	6,182,279	-	
Capital contributions from governmental activities	-	-	8,081,924	-	-	8,081,924	-	
Transfers in	-	-	4,860,098	36,276	516,593	5,412,967	908,262	
Transfers out	(672,248)	(540,807)	(6,178,947)	(131,439)	-	(7,523,441)	-	
Change in net position	9,806,214	4,111,594	12,799,483	84,948	100,913	26,903,152	(251,210)	
Total net position - beginning	183,256,373	73,075,425	71,020,994	2,616,017	4,638,034	334,606,843	5,391,893	
Total net position - ending	\$ 193,062,587	\$ 77,187,019	\$ 83,820,477	\$ 2,700,965	\$ 4,738,947	\$ 361,509,995	\$ 5,140,683	

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, 2025

	Business-type Activities - Enterprise Funds						Governmental Activities-Internal Service Funds	
	Major Funds			Golf Course (Non-major)			Totals	Service Funds
	Water	Waste-water	Airport	Solid Waste	(Non-major)			
Cash flows from operating activities:								
Cash received from customers	\$ 23,621,371	\$ 19,488,937	\$ 2,820,726	\$ 13,817,970	\$ 4,786,983	\$ 64,535,987	\$ 8,296,074	
Cash payments to employees for services	(4,539,948)	(4,017,364)	(2,608,724)	(3,674,164)	(2,084,023)	(16,924,223)	(3,567,941)	
Cash payments to suppliers for goods and services	(7,939,397)	(6,750,332)	(2,261,929)	(8,915,240)	(2,477,944)	(28,344,842)	(5,855,635)	
Net cash provided by (used for) operating activities	11,142,026	8,721,241	(2,049,927)	1,228,566	225,016	19,266,922	(1,127,502)	
Cash flows from noncapital financing activities:								
Receipts (payments) under interfund loan arrangement	788,843	-	3,696,325	-	-	4,485,168	(135,408)	
Transfers in	-	-	4,860,098	36,276	516,593	5,412,967	908,262	
Transfers out	(672,248)	(540,807)	(6,178,947)	(131,439)	-	(7,523,441)	-	
Net cash provided by (used for) noncapital financing activity	116,595	(540,807)	2,377,476	(95,163)	516,593	2,374,694	772,854	
Cash flows from capital and related financing activities:								
Acquisition and construction of capital assets	(12,500,507)	(3,308,499)	(5,522,507)	(3,091,222)	(563,615)	(24,986,350)	(279,308)	
Contributed from capital grant	1,124,962	-	5,194,958	-	-	6,319,920	-	
Contributed from customers	3,032,496	1,259,783	-	-	-	4,292,279	-	
Interest paid on debt	(1,098,186)	(1,104,004)	-	(132,157)	-	(2,334,347)	-	
Principal paid on debt	(9,688,493)	(3,732,606)	-	(16,422)	-	(13,437,521)	-	
Proceeds from debt issues	10,917,829	406,033	-	-	-	11,323,862	-	
Proceeds from sales of capital assets	2,727	5,454	-	36,170	7,110	51,461	2,802	
Receipts (payments) under interfund loan arrangement	-	-	-	582,157	-	582,157	-	
Net cash provided by (used for) capital and related financing activities	(8,209,172)	(6,473,839)	(327,549)	(2,621,474)	(556,505)	(18,188,539)	(276,506)	
Cash flows from investing activities:								
Interest on investments	1,164,646	615,497	-	38,470	-	1,818,613	179,793	
Net cash provided by (used for) investing activities	1,164,646	615,497	-	38,470	-	1,818,613	179,793	
Net increase (decrease) in cash and cash equivalents	4,214,095	2,322,092	-	(1,449,601)	185,104	5,271,690	(451,361)	
Cash and cash equivalents at July 1	18,618,446	11,189,959	-	3,760,385	-	33,568,790	4,405,937	
Cash and cash equivalents at June 30	\$ 22,832,541	\$ 13,512,051	\$ -	\$ 2,310,784	\$ 185,104	\$ 38,840,480	\$ 3,954,576	

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, 2025

	Business-type Activities - Enterprise Funds						Governmental Activities-Internal Service Funds	
	Major Funds							
	Water	Waste-water	Airport	Solid Waste	Golf Course (Non-major)	Totals		
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:								
Operating income (loss)	\$ 5,640,339	\$ 3,825,820	\$ (4,088,159)	\$ 82,958	\$ (422,790)	\$ 5,038,168	\$ (1,342,067)	
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:								
Depreciation/amortization	5,590,366	4,718,232	2,349,813	985,524	462,701	14,106,636	272,104	
Bad debts expense	-	6,947	-	7	-	6,954	-	
Increase (decrease) in:								
Accounts payable	(42,874)	437,640	(47,959)	(13,055)	176,482	510,234	(283,673)	
Compensated absences	160,775	4,777	52,457	135,345	-	353,354	151,013	
Customer deposits	57,500	-	(1,200)	-	-	56,300	-	
Salary & benefits payable	19,129	22,192	8,450	19,194	-	68,965	14,872	
Net pension/OPEB liabilities	36,553	21,009	(173,189)	233,156	-	117,529	225,800	
Claims payable	-	-	-	-	-	-	950	
Post closure landfill liability	-	-	-	49,996	-	49,996	-	
Deferred inflows of resources to pensions/OPEB	(140,066)	(111,133)	(218,113)	(322,815)	-	(792,127)	80,263	
(Increase) decrease in:								
Accounts receivable	(139,789)	(265,993)	49,714	(4,593)	21,410	(339,251)	2,615	
OPEB assets	(16,609)	(14,153)	(11,345)	(20,612)	-	(62,719)	(19,860)	
Inventory	(111,022)	-	-	-	(12,787)	(123,809)	82,435	
Outflows of resources to pensions/OPEB	87,724	75,903	29,604	83,461	-	276,692	(311,954)	
Total adjustments	5,501,687	4,895,421	2,038,232	1,145,608	647,806	14,228,754	214,565	
Net cash provided by (used for) operating activities	\$ 11,142,026	\$ 8,721,241	\$ (2,049,927)	\$ 1,228,566	\$ 225,016	\$ 19,266,922	\$ (1,127,502)	

Reconciliation of Cash, Cash Equivalents and Investments to the Statement of Net Position:

Cash and cash equivalents at June 30, unrestricted	\$ 21,566,621	\$ 8,483,848	\$ -	\$ 966,392	\$ 185,104	\$ 31,201,965	\$ 3,464,956
Cash and cash equivalents at June 30, restricted	1,265,920	5,028,203	-	1,344,392	-	7,638,515	489,620
Total	\$ 22,832,541	\$ 13,512,051	\$ -	\$ 2,310,784	\$ 185,104	\$ 38,840,480	\$ 3,954,576

Schedule of non-cash capital and related financing activities:

Contributions of capital assets	\$ -	\$ -	\$ 1,890,000	\$ -	\$ -	\$ -	\$ -
Transfer of assets from governmental activities	-	-	8,081,924	-	-	-	-
Loss on capital assets	890,458	-	-	65,331	-	-	-
Premium amortization	133,020	-	-	-	-	-	-

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, 2025

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, 2025, the City implemented the provisions of GASB Statement No. 101 *Compensated Absences*, GASB 102 *Certain Risk Disclosures*. A larger amount of compensated absence liability was recorded with an offsetting impact to current year expenses.

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 final financing with MPC was refunded and it was dissolved during fiscal year 2025.

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 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 the 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.

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 4.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 are 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:

Asset Class	Capitalization Threshold	Useful Life Ranges
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

Compensated absences payable consists of leave that more likely than not will be used for time off or otherwise paid or settled. The types of leave liability includes exempt (from overtime) position leave, comp time, paid time off, sick time for temporary employees, and grandfathered leave banks for some employees such as vacation, sick time and retirement bonus. For the current amounts paid or used within one-year, a first-in, first-out flow assumption is used.

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. Prepaid items are classified as nonspendable fund balance because they are not available for current expenditure.
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 public safety privilege (sales) tax initiative to be used on public safety only > 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, by resolution, ordinance, or other and does not lapse at year-end. This same level of formal action by the City Council is needed to rescind the commitments.
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:

	Nonmajor Governmental				
	General	Streets	Funds	Total	
Nonspendable:					
Internal loans - long-term portion	\$ 3,849,856	\$ -	\$ -	\$ 3,849,856	
Prepaid items	75,622	-	-	75,622	
Total Nonspendable	<u>\$ 3,925,478</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,925,478</u>	
Restricted:					
Streets activity	\$ -	\$ 29,285,988	\$ -	\$ 29,285,988	
Public Safety	4,202,689	-	-	4,202,689	
Capital expenditure	-	-	6,967,335	6,967,335	
Transient lodging tax activity	-	-	521,430	521,430	
Donated/Grant purposes	-	-	2,303,997	2,303,997	
Total Restricted	<u>\$ 4,202,689</u>	<u>\$ 29,285,988</u>	<u>\$ 9,792,762</u>	<u>\$ 43,281,439</u>	

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.

The Net Investment in Capital Assets on the Statement of Net Position are calculated as follows:

	Governmental Activities	Business-type Activities
Net Investment in Capital Asset:		
Net carrying value of capital assets and right-to-use assets	\$ 260,872,283	\$ 444,052,156
Less capital related:		
Debt/borrowings liability	(7,345,000)	(105,041,636)
Financed purchase arrangements liability	(24,123)	-
Subscription liability	(1,723,848)	(33,559)
Accounts payable and retainage	(2,779,166)	(5,124,681)
	<u>\$ 249,000,146</u>	<u>\$ 333,852,280</u>

N. Leases and subscription-based information technology arrangements

Leases

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 incremental borrowing rate is based on estimates for borrowings for terms based on market assumptions. The lease term includes the non-cancellable 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 noncancelable 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 it 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.

O. Prepaid Items

Prepaid items consist of payments made to vendors for services that will benefit periods subsequent to the end of the fiscal year. Prepaid items are recorded at cost. The government uses the consumption method to account for prepaid items, whereby the cost is recorded as an expense/expenditure in the period in which the related benefits are received.

In the governmental funds, amounts reported as prepaid items are classified as nonspendable fund balance because they are not available for current expenditure. In the government-wide and proprietary fund statements, prepaid items are reported as current assets.

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.

Budget amendments were done by Council on December 10, 2025, June 10, 2025, and September 23, 2025.

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.

C. Deficit fund balances or net position

At June 30, 2025, the following nonmajor funds reported deficits in fund balance or net position:

Fund	Deficit
Proprietary funds:	
Internal Service Fund:	(\$1,221,143)
Engineering Services	

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 which have investments held separately by a trustee. The City also maintains petty cash for use in daily operations that total \$14,535.

Deposits

At June 30, 2025, the carrying amount of the City's deposits was \$16,748,720 and the bank balance was \$17,241,320. The difference represents outstanding checks, deposits in transit and other reconciling items. Of the bank balance, \$919,927 was on deposit with the bank, \$16,321,393 held in an overnight sweep arrangement. The latter amount is also shown below as an investment.

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, 2025, 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 102% 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, 2025, was 1.65.

Credit Risk

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

overseen by the State of Arizona. The separately issued financial statements for the LGIP can be found on the Arizona State Treasurer's Office website <https://www.aztreasury.gov/annual-audit-reports>.

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 mutual funds. These investments represent 36.0 percent, 24.7 percent, 27.7 percent, and 11.6 percent respectively, of the City's total investments.

Investments

The City's investments at June 30, 2025, categorized within the fair value hierarchy established by generally accepted accounting principles are summarized as follows (modified duration is in years):

Investment Type	Fair Value	Rating Moody	Modified Duration
External investment pools measured at fair value			
State Treasurer's 7 Pool (LGIP-7)	\$ 25,142,874	Not Rated	0.07
State Treasurer's 700 Pool (LGIP-700)	13,678,465	Not Rated	2.01
U.S. Agency Mutual Fund (overnight sweep)	16,321,393	Not Rated	0.00
Total investments measured at fair value	<u>\$ 55,142,733</u>	Not Rated	
Fair valued measured at significant other observable inputs (Level 2)			
U.S. Treasury Note	\$ 34,771,430	AA+	1.69
U.S. Agency Mortgage Backed Securities	50,590,489	AA+	2.85
Total investments by fair value level 2	<u>\$ 85,361,919</u>		
Total Fair Value	<u>\$ 140,504,651</u>		
Portfolio Modified Duration			1.65

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

B. Receivables, Advanced Revenue and Deferred Inflows of Resources

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

	Streets		Nonmajor	Internal		Total
	General	Fund	Governmental Funds	Service Funds		
Receivables:						
Accounts	\$ 5,483,685	\$ 2,962,314	\$ 143,938	\$ 4,045	\$ 8,593,982	
Allowance	-	(1,197)	-	-	(1,197)	
Accounts (net)	5,483,685	2,961,117	143,938	4,045	8,592,785	
Property Taxes	65,334	-	-	-	65,334	
Interest	244,765	1,145	-	2,412	248,322	
Intergovernmental	540,044	483,154	200,073	-	1,223,271	
Total	\$ 6,333,828	\$ 3,445,416	\$ 344,011	\$ 6,457	\$ 10,129,712	

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

	Water	Waste	Airport	Solid	Golf	Total
	Water			Waste	Course	
Receivables:						
Accounts	\$ 2,861,290	\$ 1,988,025	\$ 216,180	\$ 730,196	\$ 79	\$ 5,795,770
Allowance	(132,110)	(90,205)	-	(45,272)	-	(267,587)
Accounts (net)	2,729,180	1,897,820	216,180	684,924	79	5,528,183
Interest	463	-	-	-	-	463
Intergovernmental	1,966,748	-	4,826,597	-	-	6,793,345
Total	\$ 4,696,391	\$ 1,897,820	\$ 5,042,777	\$ 684,924	\$ 79	\$ 12,321,991

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

	Unavailable	Unearned
Delinquent property taxes receivable General Fund	\$ 21,743	\$ -
Grant drawdowns prior to meeting eligibility requirements	57,884	-
Total	\$ 79,627	\$ -

Lease receivables

The City leases buildings and land to third parties under the provisions of various lease agreements; including ground space to wireless carriers. During the fiscal year ended June 30, 2025, the City recognized total lease-related revenues of \$209,140.

The discount rate used is the incremental borrowing rate ranging from 3% to 6% depending on the term of the lease agreement. The maturities range from two years to twenty-five years.

Certain regulated leases

The City has several airport leases that are not included in receivables because they are exempt as regulated leases. Instead, these are recognized as revenue based on the provisions of the lease. 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 \$927,847.

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

Year Ending June 30,	Airport long- term bare ground and facility leases
2026	\$ 972,493
2027	1,001,667
2028	1,006,712
2029	1,085,505
2030	1,107,550
2031-2035	5,524,569
2036-2040	5,720,756
2041-2045	5,877,859
2046-2050	5,996,449
2051-2055	5,695,750
2056-2060	3,761,263
2061-2065	3,197,948
2066-2070	2,730,611
Total	\$ 43,679,132

C. Capital Assets

Capital assets activity for governmental activities for the year ended June 30, 2025, was as follows:

Description	Beginning				Ending
	restated	Transfers	Increases	Decreases	
Land	\$ 100,969,817	\$(8,081,924)	\$ 185,301	\$ -	\$ 93,073,194
Construction in progress	21,106,133	(18,911,922)	11,326,802	-	13,521,013
Artwork, historical treasures, similar assets	660,000	-	-	-	660,000
Total not being depreciated/amortized	122,735,950	(26,993,846)	11,512,103	-	107,254,207
Buildings	47,440,551	5,501,632	2,510,476	-	55,452,659
Improvements other than buildings	50,953,894	4,649,808	254,029	(1,110)	55,856,621
Machinery and equipment	38,832,083	1,527,518	4,121,077	(929,207)	43,551,471
Infrastructure	305,247,062	7,232,964	1,116,394		313,596,420
Intangibles:					
Right-to-use subscription assets	1,216,339		1,648,034	(201,544)	2,662,829
Right-to-use lease assets (equipment)	737,329	-	-	(737,329)	-
Total assets being depreciated/amortized	444,427,258	18,911,922	9,650,010	(1,869,190)	471,120,000
Accumulated depreciation					
Buildings	(22,379,850)	-	(1,103,827)	-	(23,483,677)
Improvements other than buildings	(23,536,557)	-	(1,485,315)	-	(25,021,872)
Machinery and equipment	(22,418,841)	-	(2,615,850)	929,207	(24,105,484)
Infrastructure	(235,220,759)	-	(8,750,926)	-	(243,971,685)
Total accumulated depreciation	(303,556,007)	-	(13,955,918)	929,207	(316,582,718)
Accumulated amortization					
Right-to-use subscription assets	(481,793)	-	(638,957)	201,544	(919,206)
Right-to-use lease assets (equipment)	(552,997)	-	(184,332)	737,329	-
Total accumulated amortization	(1,034,790)	-	(823,289)	938,873	(919,206)
Governmental activities capital assets net	\$ 262,572,411	\$(8,081,924)	\$ 6,382,906	\$ (1,110)	\$ 260,872,283

Asset transfer of \$8,081,924 was made from the governmental fund to the airport fund.

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)	\$ 1,913,258
Community services	29,078
Culture and recreation	1,103,645
Police and Court	1,367,763
Fire	808,313
Public works	9,557,151
Total depreciation/amortization for governmental activities	\$ 14,779,208

Capital assets activity for business-type activities for the year ended June 30, 2025, was as follows:

Description	Beginning				Ending
	Balance	Transfer	Increases	Decreases	Balance
Land	\$ 30,915,205	\$ 8,081,924	\$ 5,999,812	\$ -	\$ 44,996,941
Construction in progress	125,279,851	(12,961,160)	16,086,061	-	128,404,752
Total not being depreciated/amortized	156,195,056	(4,879,236)	22,085,873	-	173,401,693
Buildings	32,467,095	3,529,563	492,000		36,488,658
Improvements other than buildings	424,304,682	6,986,592	1,010,288		432,301,562
Machinery and equipment	24,910,251	2,445,005	2,622,030	(1,486,084)	28,491,202
Intangibles:					
Right-to-use subscription assets	72,513	-	-	-	72,513
Total assets being depreciated/amortized	481,754,541	12,961,160	4,124,318	(1,486,084)	497,353,935
Accumulated depreciation					
Buildings	(14,270,501)	-	(652,004)	-	(14,922,505)
Improvements other than buildings	(185,177,784)	-	(11,468,180)	-	(196,645,964)
Machinery and equipment	(14,462,128)		(1,968,043)	1,331,705	(15,098,466)
Total accumulated depreciation	(213,910,413)	-	(14,088,227)	1,331,705	(226,666,935)
Accumulated amortization					
Right-to-use subscription assets	(18,128)	-	(18,409)	-	(36,537)
Total accumulated amortization	(18,128)	-	(18,409)	-	(36,537)
Business activities capital assets net	\$ 424,021,056	\$ 8,081,924	\$ 12,103,555	\$ (154,379)	\$ 444,052,156

Asset transfer of \$8,081,924 was made from the governmental fund to the airport fund.

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

Water	\$ 5,590,366
Wastewater	4,718,232
Airport	2,349,813
Solid waste	985,524
Golf Course	462,701
Total depreciation/amortization for business-type activities	<u>\$ 14,106,636</u>

D. Interfund Receivables, Payables and Transfers

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

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

Fund	Reason	Interfund Payables			Interfund Receivables		
		General Fund	Water Fund	Total	General Fund	Water Fund	
General Fund	Building purchase	\$ -	\$ 1,217,698	\$ 1,217,698			
Solid Waste Fund	Equipment purchases	5,243,588	-	5,243,588			
Airport Fund	Delayed grant reimbursements	3,850,259	-	3,850,259			
Airport Fund	Land purchases	930,048	-	930,048			
Total		\$ 10,023,895	\$ 1,217,698	\$ 11,241,593			

The interfund balances at June 30, 2025 are either short-term loans (under 12 months) to cover temporary cash deficits, or long-term structured internal loans. During fiscal year 2021, the water fund has advanced the general fund a structured loan to purchase the new City Hall for \$7,551,220 to be repaid over 10 years with 1.5% interest. Of the \$1,217,698 outstanding, \$800,720 will be repaid in the next year and \$416,978 is longer term. The general fund has advanced the solid waste fund structured loans to purchase equipment and other capital needs

established at five-year loans at a rate of 3%. Of the \$5,243,588 outstanding, \$1,393,732 of the total to be paid in the next year, and \$3,849,856 is longer term. For the Airport Fund, these are expected to be short-term in nature due to delayed grant reimbursements and an advance land purchase. Land purchased by the Airport Fund during fiscal year 2025 is intended for future grant reimbursement. Since the grant application had not yet been submitted at the time of purchase, the transaction is recorded as an internal loan until the grant process is completed.

Transfers are used to fund capital projects, transfer capital assets, 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
	Governmental		General		Streets		Nonmajor		Waste	Solid	
	Activitites	General Fund	General Fund	Streets Fund	Governmental Fund	Water Fund	Water Fund	Waste Fund	Airport Fund		
Governmental											
General Fund	\$ -	\$ -	\$ 262,879	\$ 85,000	\$ 525,758	\$ 394,317	\$ 131,439	\$ 6,178,947	\$	7,578,340	
Nonmajor	-	154,169	20,702	-	-	-	-	-	-	174,871	
Enterprise											
Airport	8,081,924	4,860,098	-	-	-	-	-	-	-	12,942,022	
Solid Waste	-	-	-	36,276	-	-	-	-	-	36,276	
Golf Course	-	516,593	-	-	-	-	-	-	-	516,593	
Internal Service											
Engineering	-	-	146,490	-	146,490	146,490	-	-	-	439,470	
Facilities	-	468,791	-	-	-	-	-	-	-	468,791	
Total	\$ 8,081,924	\$ 5,999,651	\$ 430,071	\$ 121,276	\$ 672,248	\$ 540,807	\$ 131,439	\$ 6,178,947	\$	22,156,364	

Note: The Governmental Activities Transfer in is reported as Capital Contributions in the Airport Fund Statement and included as a transfer for governmentwide Statement of Activities.

F. Long-Term Debt

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. During fiscal year 2025, the MPC's last remaining bond was refunded under a bond directly as the City of Prescott. The MPC was subsequently dissolved.

Following are the pledged revenues compared to debt service for fiscal year ending June 30, 2025:

Pledged Revenues:	
City Privilege and Use Taxes	\$ 30,709,086
State-Shared Revenue	21,677,019
Franchise Taxes	1,942,109
Licenses and Permits	177,143
Charges for Services	7,845,256
Fines and Forfeitures	345,742
Total Pledged Revenues	\$ 62,696,355
Fiscal Year 2025 Debt Service	\$ 2,285,000
Debts Service Coverage	27

The City has the following pledged excise tax bonds:

In October 2024, City series 2024 bonds were issued in the face amount of \$5,875,000 at a premium of \$1,017,343. Proceeds of the bonds were used to refund the MPC series 2014 refunding bonds which were used to acquire the City's portion of the Big Chino Water Ranch. The issue matures in ten (10) years and was issued with an interest rate of 3.36 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%	\$ 7,345,000
	Governmental Activities			7,345,000
Water	Big Chino Water Ranch	City 2024	3.36%	\$ 5,325,000
	Business-type Activities			5,325,000
				<u>\$ 12,670,000</u>

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

Year Ending June 30,	Governmental Activities			Business-type Activities				Premium	Net
	Principal	Interest		Principal	Interest	Amortization	Interest		
2026	\$ 1,775,000	\$ 168,935		\$ 470,000	\$ 266,250	\$ (165,665)	\$ 100,585		
2027	1,820,000	128,110		510,000	242,750	(151,043)	91,707		
2028	1,855,000	86,250		530,000	217,250	(135,176)	82,074		
2029	1,895,000	43,585		560,000	190,750	(118,687)	72,063		
2030	-	-		590,000	162,750	(101,265)	61,485		
2031-2034	-	-		2,665,000	341,500	(212,486)	129,014		
	<u>\$ 7,345,000</u>	<u>\$ 426,880</u>		<u>\$ 5,325,000</u>	<u>\$ 1,421,250</u>	<u>\$ (884,322)</u>	<u>\$ 536,928</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, 2025, the debt service of these loans were \$9,146,361 and the net revenues available for debt service were \$21,555,363 providing a debt coverage ratio of 236 percent which is above the 120 percent debt covenant.

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, 2025	
Drinking Water Projects								
920125-08	\$ 9,854,000	8/24/2007	7/1/2027	\$ 9,854,000	3.640%	Water Main Imp	\$ 1,961,921	
92A166-10	8,998,096	7/31/2009	7/1/2029	2,759,551	3.143%	Zone 39 Imp	794,426	
920206-11	1,060,000	12/3/2010	7/1/2030	1,018,796	3.152%	Water Main Imp	373,734	
920237-13	15,921,582	1/25/2013	7/1/2032	15,921,582	2.800%	Water Main Imp	6,486,583	
920297-20	25,000,000	8/30/2019	7/1/2049	25,000,000	1.590%	Intermediate Pump	21,609,848	
920351-23	34,000,000	9/27/2022	7/1/2052	In Progress	2.992%	Intermediate Pump	28,741,217	
920369-25	9,987,500	5/2/2025	7/1/2049	In Progress	3.897%	Zone 41 Tank Imp	-	
Total Drinking Water Projects							59,967,729	
Clean Water Projects								
910097-08	4,703,000	8/24/2007	7/1/2027	4,703,000	3.868%	Sewer Mains Imp	951,515	
910122-10	6,573,506	7/31/2009	7/1/2029	6,054,763	3.143%	Sewer Mains Imp	1,874,675	
910147-11	2,070,000	12/3/2010	7/1/2030	1,574,593	3.152%	Sewer Mains Imp	540,522	
910148-11	1,635,870	12/3/2010	7/1/2030	1,480,944	3.152%	Sundog WWTP Imp	533,770	
910151-11	45,802,753	6/10/2011	7/1/2031	43,202,549	2.950%	Airport WWTP	18,516,797	
910170-18	21,600,000	2/2/2018	7/1/1947	In Progress	2.328%	Sundog Trunk Mair	16,447,305	
Total Clean Water Projects							38,864,584	
Total							\$ 98,832,313	

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 June 30,	Principal	Interest
2026	\$ 6,851,983	\$ 2,846,250
2027	7,307,489	2,633,751
2028	7,519,988	2,414,831
2029	6,694,740	2,228,076
2030	6,873,559	2,036,187
2031-2035	22,061,744	8,096,256
2036-2040	15,353,250	6,084,232
2041-2045	17,419,906	3,960,092
2046-2050	17,751,248	1,592,686
2051-2054	4,681,380	142,819
Subtotal	\$ 112,515,287	\$ 32,035,180
Amount not drawn on in-progress projects	(13,682,974)	
Total balances	\$ 98,832,313	

Changes in Long-Term Liabilities

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

	Current				
	Additional		Maturities,		Amounts Due Within One Year
	Beginning Balance	Obligations, and Net Increases	Retirements, and Net Decreases	Ending Balance	
Governmental Activities:					
City pledged excise tax bonds	\$ 9,080,000	\$ -	\$ 1,735,000	\$ 7,345,000	\$ 1,775,000
Financed purchases	47,544	-	23,421	24,123	24,123
Leases payable	205,655	-	205,655	-	-
Subscriptions liability	664,051	1,648,034	588,237	1,723,848	559,007
Claims payable	71,600	950	-	72,550	18,098
Compensated absences	4,403,397	1,867,866	-	6,271,263	2,547,476
Net pension & OPEB liability	27,985,391	-	3,835,136	24,150,255	-
Governmental activity long-term liabilities	<u>\$ 42,457,638</u>	<u>\$ 3,516,850</u>	<u>\$ 6,387,449</u>	<u>\$ 39,587,039</u>	<u>\$4,923,704</u>
Business-type Activities:					
Loans and bonds payable:					
Municipal Property Corporation bonds payable (MPC 2014)	\$ 6,210,000	\$ -	\$ 6,210,000	\$ -	\$ -
MPC 2014 unamortized premium	424,885	-	424,885	-	-
City bonds payable	-	5,875,000	550,000	5,325,000	470,000
City bonds unamortized premium	-	1,017,343	133,020	884,323	165,665
WIFA loans payable	100,044,552	5,448,860	6,661,098	98,832,314	6,851,983
Total loans and bonds payable	106,679,437	12,341,203	13,979,003	105,041,637	7,487,648
Landfill closure/post closure costs	1,873,071	49,996	-	1,923,067	274,724
Subscriptions liability	49,980	-	16,421	33,559	16,914
Compensated absences	950,135	353,356	-	1,303,491	584,627
Net pension & OPEB liability	10,249,476	117,530	-	10,367,006	-
Business-type activity long-term liabilities	<u>\$119,802,099</u>	<u>\$12,862,085</u>	<u>\$13,995,424</u>	<u>\$118,668,760</u>	<u>\$8,363,913</u>

Net pension & OPEB liability are liquidated in the General fund, Streets 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 directed by voter approved initiative 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, 2025. The discount rate used for this five-year agreement is the City's estimated incremental borrowing rate at 3%.

Governmental Activities			
Year Ending	Principal	Interest	
June 30, 2026	24,123	723	
	\$ 24,123	\$ 723	

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	\$ 2,735,342
Less: accumulated amortization	<u>(955,743)</u>
Carrying value	<u>\$ 1,779,599</u>

The following schedule details the minimum subscription payments to maturity for the City's subscriptions liability at June 30, 2025:

Year Ending	Governmental Activities		Business-type Activities		Total	
	June 30,	Principal	Interest	Principal	Interest	Principal
2026	\$ 559,007	\$ 51,692	\$ 16,914	\$ 1,030	\$ 575,921	\$ 52,722
2027	555,423	34,946	16,645	499	572,068	35,445
2028	308,249	18,283	-	-	308,249	18,283
2029	269,730	9,035	-	-	269,730	9,035
2030	31,439	943	-	-	31,439	943
	<u>\$ 1,723,848</u>	<u>\$ 114,899</u>	<u>\$ 33,559</u>	<u>\$ 1,529</u>	<u>\$ 1,757,407</u>	<u>\$ 116,428</u>

Variable and Other Payments

From time to time, the City's leases and SBITAs include variable payments and other payments, such as termination penalties, that are not included in the lease/subscription liabilities because they are either not fixed in substance (variable) or the City is not reasonably certain the other payments will be required. The City recognized an insignificant amount of expenses related to these variable and other payments and they have not been further disclosed or included in the measurement of the lease/subscription liabilities.

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, 2025, the City is well within its debt limits, having \$197.9 million in borrowing capacity in the 20 percent category, and \$59.4 million in borrowing capacity in the 6 percent category. The City also has a \$2.4 million margin available for Highway User Tax Bonds which represents 50 percent of the Highway User revenue received in fiscal year 2025.

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.

The claims liability of \$72,550 for general self-insurance reported in the risk management fund at June 30, 2025, 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, 2023 to June 30, 2025:

Liability balance, June 30, 2023	\$ 183,224
Claims and changes in estimates	(99,290)
Claims payments	<u>(12,334)</u>
Liability balance, June 30, 2024	71,600
Claims and changes in estimates	19,048
Claims payments	<u>(18,098)</u>
Liability balance, June 30, 2025	<u><u>\$ 72,550</u></u>

Of the amount shown above, \$18,098 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, 2025, 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 twenty five-year cooperative effort during which hydrogeologic monitoring will be enhanced and a groundwater flow model will be created specific to the sub-basin developed. The total cost of

this cooperative work was originally estimated at \$5.5 million, with the City of Prescott share \$1.9 million. To date a system of monitoring wells and stations has been constructed through the Big Chino Sub-basin and a base groundwater model is approaching completion. Subsequent evaluation of the complete groundwater model may indicate the need for other monitoring locations to provide additional data points to aid the model. Although future costs above \$5.5 million are not known at this time, \$500,000 to \$1,000,000 in additional funds maybe be needed above the original amount to complete the efforts. The City would be responsible for 35% of any additional funding. 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 coordinated efforts of water users in the Prescott AMA to obtain a more sustainable rate of pumping within the Little Chino and Aqua Fria aquifers.

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, 2025, the City reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-Type Activities	Total
Pension and OPEB liabilities	\$ 24,150,255	\$ 10,367,006	\$ 34,517,261
OPEB asset	1,207,291	413,554	1,620,845
Deferred outflows of resources	13,606,238	2,615,192	16,221,430
Deferred inflows of resources	3,552,808	816,164	4,368,972
Pension and OPEB expense	8,006,135	1,144,908	9,151,043

The City reported \$4,727,143 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.

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

Initial membership date		
	Before July 1, 2011	On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years and age 62 5 years and age 50* any years and age 65	30 years and age 55 25 years and age 60 10 years and age 62 5 years and age 50* any years and age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*With actuarially reduced benefits

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is

responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

Contributions – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2025, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.27 percent (12.12 percent for retirement and 0.15 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 12.27 percent (12.05 percent for retirement, 0.07 percent for health insurance premium benefit, and 0.15 percent for long-term disability) of the active members' annual covered payroll. In addition, the City was required by statute to contribute at the actuarially determined rate of 10.19 percent (10.14 percent for retirement and 0.05 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, 2025, were \$3,687,907, \$21,424, and \$45,907 respectively.

During fiscal year 2025, the City paid for ASRS pension and OPEB contributions as follows: 47.6 percent from the General Fund, 42.5 percent from major funds, and 10 percent from other funds.

Liability – At June 30, 2025, the City reported the following asset and liabilities for the proportionate share of ASRS' net pension/OPEB asset or liability.

ASRS	Net Pension/OPEB (Asset) Liability
Pension	\$ 32,265,435
Health insurance premium benefit	(1,238,547)
Long-term disability	5,301

The net asset and net liability were measured as of June 30, 2024. 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, 2023, to the measurement date of June 30, 2024.

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, 2024. The City's proportions measured as of June 30, 2024, and the change from its proportions measured as of June 30, 2023, were:

ASRS	Proportion June 30, 2024	Increase (Decrease) from June 30, 2023
Pension	0.20164%	0.00867%
Health insurance premium benefit	0.20498%	0.00910%
Long-term disability	0.20334%	0.00922%

Expense – For the year ended June 30, 2025, the City recognized the following pension and OPEB expense.

ASRS	Pension/OPEB Expense
Pension	\$ 3,605,754
Health insurance premium benefit	(182,828)
Long-term disability	23,716

Deferred Outflows/Inflows of Resources – At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Health Insurance					
	Pension		Premium Benefit		Long-term Disability	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,801,026	\$ -	\$ 35,842	\$ 299,061	\$ 19,490	\$ 14,116
Changes of assumptions	-	-	-	12,847	3,835	31,733
Differences between projected and actual investment earnings	-	2,060,501	-	85,138	-	5,790
Changes in proportion and differences between City contributions and proportionate share of contributions	1,134,938	-	1,044	32,538	3,382	3,164
City contributions subsequent to the measurement date	3,687,907	-	21,424	-	45,908	-
Total	\$ 6,623,871	\$ 2,060,501	\$ 58,310	\$ 429,584	\$ 72,615	\$ 54,803

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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in pension expense as follows:

Year ending June 30	Pension	Health Insurance Premium Benefit	Long-Term Disability
2026	\$ (242,588)	\$ (237,020)	\$ (9,333)
2027	2,017,758	(60,058)	(1,356)
2028	(521,581)	(59,836)	(8,790)
2029	(378,126)	(29,311)	(8,156)
2030	-	(6,473)	(3,178)
Thereafter	-	-	2,717

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

Actuarial valuation date	June 30, 2023
Actuarial roll forward date	June 30, 2024
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 rend rate	Not applicable

Actuarial assumptions used in the June 30, 2023, 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 Allocation	Expected Geometric Real Rate of Return
Public Equity	44%	4.48%
Fixed income - credit	23%	4.40%
Real estate	17%	6.05%
Private Equity	10%	6.11%
Fixed income - interest rate sensitive	6%	-0.45%
Total	100%	

Discount Rate – At June 30, 2024 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	Discount Rate	Increase
Net pension liability	(6.0%)	(7.0%)	(8.0%)
Net insurance premium benefit liability (asset)	\$ 49,404,979	\$ 32,265,435	\$ 17,981,122
Net long-term disability liability	900,415	(1,238,547)	(1,526,026)
	18,238	5,301	(7,426)

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

Public Safety Personnel Retirement System

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

The PSPRS issues a publicly available financial report that includes their financial statements and required supplementary information. The report is available on the PSPRS Web site at www.psprs.com.

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

	Initial membership date	
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017
Retirement and Disability		
Years of service and age required to receive benefit	20 years of service, any age 15 years of service age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percent		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor Benefit		
Retired Members	80% to 100% of retired member's pension benefit	
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents.

Employees Covered by Benefit Terms – At June 30, 2024, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Police		PSPRS Fire	
	Pension	Health	Pension	Health
Inactive employees or beneficiaries currently receiving benefits	72	72	79	79
Inactive employees entitled to but not yet receiving benefits	13	3	16	9
Active employees	37	37	33	33
Total	122	112	128	121

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, 2025, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Police	PSPRS Fire
Active members pension	7.65% - 11.65%	7.65% - 11.65%
City		
Pension	10.97%	19.00%
Health insurance premium benefit	0.86%	0.00%
City Total	11.83%	19.00%

In addition, the City was required by statute to contribute at the actuarially determined rate of 8.00 percent for both PSPRS Police and 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, 2025, were:

	PSPRS Police	PSPRS Fire
Pension contributions made	\$ 1,593,034	\$ 2,592,437
Health Insurance premium benefit		
OPEB contributions made	54,732	-

During fiscal year 2025, the City paid for PSPRS pension and OPEB contributions as follows: 94.3 percent from the General Fund, 1.9 percent from major funds, and 3.8 percent from non-major funds.

Liability – At June 30, 2025, the City reported the following assets and liabilities:

	Net Pension Liability	Net OPEB (Asset) Liability
PSPRS Police	\$ 644,558	\$ 215,621
PSPRS Fire	1,386,346	(382,298)

The net assets and net liabilities were measured as of June 30, 2024, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date.

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

Actuarial valuation date	June 30, 2024
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, 2024, 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:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. public equity	24%	3.62%
International public equity	16%	4.47%
Global private equity	27%	7.05%
Core bonds	6%	2.44%
Private credit	20%	6.24%
Diversifying strategies	5%	3.15%
Cash - Mellon	2%	0.89%
Total	100%	

Discount Rate – At June 30, 2024, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Changes in the Net Pension/OPEB Liability

PSPRS Police Pension	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2024	\$ 69,758,105	\$ 68,098,853	\$ 1,659,252
Changes for the year:			
Service cost	776,658	-	776,658
Interest on the total pension liability	4,920,735	-	4,920,735
Differences between expected and actual experience in the measurement of the pension liability	1,685,955	-	1,685,955
Changes of assumptions	-	-	-
Changes of Benefit terms	-	-	-
Contributions-employer	-	1,320,683	(1,320,683)
Contributions-employee	-	318,330	(318,330)
Net investment income	-	6,792,003	(6,792,003)
Benefit payments, including refunds of employee contributions	(4,382,448)	(4,382,448)	-
Pension plan administrative expense		(32,974)	32,974
Other changes	-	-	-
Net changes	3,000,900	4,015,594	(1,014,694)
Balance at June 30, 2025	\$ 72,759,005	\$ 72,114,447	\$ 644,558

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, 2024	\$ 1,160,166	\$ 879,672	\$ 280,494
Changes for the year:			
Service cost	15,433	-	15,433
Interest on the total OPEB liability	81,833	-	81,833
Differences between expected and actual experience in the measurement of the OPEB liability	(20,765)	-	(20,765)
Changes of assumptions	-	-	-
Changes of Benefit terms	-	-	-
Contributions-employer	-	56,285	(56,285)
Contributions-employee	-	-	-
Net investment income	-	85,457	(85,457)
Benefit payments, including refunds of employee contributions	(78,069)	(78,069)	-
OPEB plan administrative expense	-	(368)	368
Other changes	-	-	-
Net changes	(1,568)	63,305	(64,873)
Balance at June 30, 2025	\$ 1,158,598	\$ 942,977	\$ 215,621

PSPRS Fire Pension

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2024	\$ 89,753,069	\$ 84,708,718	\$ 5,044,351
Changes for the year:			
Service cost	854,205	-	854,205
Interest on the total pension liability	6,323,155	-	6,323,155
Differences between expected and actual experience in the measurement of the pension liability	2,194,817	-	2,194,817
Changes of assumptions	-	-	-
Changes of Benefit terms	-	-	-
Contributions-employer	-	4,083,518	(4,083,518)
Contributions-employee	-	365,135	(365,135)
Contributions-non-employer	-	-	-
Net investment income	-	8,614,234	(8,614,234)
Benefit payments, including refunds of employee contributions	(5,571,353)	(5,571,353)	-
Pension plan administrative expense	-	(32,705)	32,705
Other changes	-	-	-
Net changes	<u>3,800,824</u>	<u>7,458,829</u>	<u>(3,658,005)</u>
Balance at June 30, 2025	<u>\$ 93,553,893</u>	<u>\$ 92,167,547</u>	<u>\$ 1,386,346</u>

PSPRS Fire Health Insurance

Premium Benefit

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB (Asset) (a) - (b)
Balances at June 30, 2024	\$ 1,102,711	\$ 1,354,981	\$ (252,270)
Changes for the year:			
Service cost	15,970	-	15,970
Interest on the total OPEB liability	78,489	-	78,489
Differences between expected and actual experience in the measurement of the OPEB liability	(88,811)	-	(88,811)
Changes of assumptions	-	-	-
Changes of Benefit terms	-	-	-
Contributions-employer	-	823	(823)
Contributions-employee	-	-	-
Net investment income	-	135,316	(135,316)
Benefit payments, including refunds of employee contributions	(57,104)	(57,104)	-
OPEB plan administrative expense	-	(463)	463
Other changes	-	-	-
Net changes	<u>(51,456)</u>	<u>78,572</u>	<u>(130,028)</u>
Balance at June 30, 2025	<u>\$ 1,051,255</u>	<u>\$ 1,433,553</u>	<u>\$ (382,298)</u>

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:

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
PSPRS Police			
Net pension liability	\$ 10,043,369	\$ 644,558	\$ (7,060,974)
Net OPEB liability	332,047	215,621	116,883
PSPRS Fire			
Net pension liability	\$ 13,416,151	\$ 1,386,346	\$ (8,455,014)
Net OPEB (asset) liability	(273,325)	(382,298)	(474,621)

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, 2025, the City recognized \$2,398,216 PSPRS Police and \$3,306,184 for PSPRS Fire in pension and OPEB expense.

Deferred Outflows/Inflows of Resources – At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

PSPRS Police	Health Insurance			
	Pension		Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,992,198	\$ -	\$ 12,245	\$ 32,545
Changes of assumptions or other inputs	-	-	2,888	-
Net difference between projected and actual earnings on plan investments	-	688,267	-	8,486
City contributions subsequent to the measurement date	1,593,034	-	54,732	-
Total	\$ 3,585,232	\$ 688,267	\$ 69,865	\$ 41,031

PSPRS Fire	Health Insurance			
	Pension		Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,880,454	\$ -	\$ 8,777	\$ 69,006
Changes of assumptions or other inputs	323,880	-	5,990	-
Net difference between projected and actual earnings on plan investments	-	1,006,603	-	19,177
City contributions subsequent to the measurement date	2,592,437	-	-	-
Total	\$ 5,796,771	\$ 1,006,603	\$ 14,767	\$ 88,183

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, 2026. 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
2026	\$ 679,110	\$ (24,697)	\$ 1,389,410	\$ (44,203)
2027	1,466,791	8,370	1,892,723	(12,046)
2028	(444,203)	(4,987)	(573,042)	(9,207)
2029	(397,767)	(4,584)	(511,360)	(7,960)
2030	-	-	-	-
Total	\$ 1,303,931	\$ (25,898)	\$ 2,197,731	\$ (73,416)

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 \$1,923,067 reported in the solid waste enterprise fund as landfill closure and post-closure care liability at June 30, 2025, 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 \$3.1M for various road projects, \$10M for various water and sewer infrastructure, \$1.5M for buildings and \$1.3M for various airport infrastructure.

N. Other Disclosures

After the June 30, 2025, reporting date, the following significant subsequent events occurred:

- Settlement of the sale of Old City Hall, located at 201 S Cortez Street, on September 29, 2025 for \$2,200,000

REQUIRED SUPPLEMENTARY INFORMATION



REQUIRED SUPPLEMENTARY INFORMATION

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

GOVERNMENTAL MAJOR FUNDS

General Fund

Special Revenue Funds

- Streets Fund

CITY OF PRESCOTT, ARIZONA

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

General Fund

For the year ended June 30, 2025

	Budget		Actual Amounts	Variance With Final Budget
	Original	Final		
			Budget Basis	Positive (Negative)
Revenues				
Taxes	\$ 27,562,210	\$ 32,891,710	\$ 34,911,773	\$ 2,020,063
Intergovernmental revenues	21,841,298	21,841,298	22,097,973	256,675
Licenses and permits	139,100	139,100	177,143	38,043
Fines and forfeitures	289,300	289,300	345,742	56,442
Charges for services	6,023,916	6,023,916	7,845,255	1,821,339
Interest and investment income	350,500	350,500	3,303,581	2,953,081
Miscellaneous	25,241,754	19,912,254	172,159	(19,740,095)
Total revenues	<u>81,448,078</u>	<u>81,448,078</u>	<u>68,853,626</u>	<u>(12,594,452)</u>
Expenditures				
General government:				
City Council	96,229	101,229	99,250	1,979
City Clerk	177,817	182,817	170,601	12,216
City Manager	602,811	1,900,511	1,853,891	46,620
Legal	423,865	423,865	398,252	25,613
Budget & Finance	566,360	1,101,360	1,139,534	(38,174)
Non-departmental	30,987,857	18,324,433	3,235,853	15,088,580
Community services	2,449,422	2,449,422	2,390,775	58,647
Culture and recreation:				
Recreation Services & Facilities	6,911,735	6,834,235	6,122,803	711,432
Library	3,154,351	3,154,351	3,089,625	64,726
Police and court:				
Police	19,444,734	23,107,868	19,063,216	4,044,652
City Court	794,657	845,657	844,950	707
Regional Communications	2,316,402	2,396,402	2,384,959	11,443
Fire	20,141,641	26,510,231	15,722,785	10,787,446
Total expenditures	<u>88,067,881</u>	<u>87,332,381</u>	<u>56,516,494</u>	<u>30,815,887</u>
Excess of revenues over expenditures	<u>(6,619,803)</u>	<u>(5,884,303)</u>	<u>12,337,132</u>	<u>18,221,435</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	-	112,662	112,662
Subscription-based IT arrangement(s)	-	-	1,648,034	1,648,034
Transfers in	1,841,999	1,841,999	7,578,340	5,736,341
Transfers out	(9,241,586)	(9,241,586)	(5,999,651)	3,241,935
Total other financing sources and uses	<u>(7,399,587)</u>	<u>(7,399,587)</u>	<u>3,339,385</u>	<u>10,738,972</u>
Net change in fund balances	<u>(14,019,390)</u>	<u>(13,283,890)</u>	<u>15,676,517</u>	<u>28,960,407</u>
Fund balance - beginning	<u>50,669,956</u>	<u>50,669,956</u>	<u>50,669,956</u>	<u>-</u>
Fund balance - ending	<u>\$ 36,650,566</u>	<u>\$ 37,386,066</u>	<u>\$ 66,346,473</u>	<u>\$ 28,960,407</u>

CITY OF PRESCOTT, ARIZONA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Streets Fund
 For the year ended June 30, 2025

	Budget		Actual Amounts Budget Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 23,500,000	\$ 23,500,000	\$ 25,132,163	\$ 1,632,163
Intergovernmental revenues	5,468,238	5,468,238	5,748,745	280,507
Licenses and permits	85,000	85,000	59,472	(25,528)
Charges for services	360,000	360,000	354,874	(5,126)
Interest and investment income	-	-	1,678,224	1,678,224
Miscellaneous	50,000	50,000	52,084	2,084
Total revenues	<u>29,463,238</u>	<u>29,463,238</u>	<u>33,025,562</u>	<u>3,562,324</u>
Expenditures				
Culture and recreation:				
Recreation Services	586,462	586,462	550,542	35,920
Public works	<u>35,123,194</u>	<u>35,123,194</u>	<u>30,452,678</u>	<u>4,670,516</u>
Total current	<u>35,709,656</u>	<u>35,709,656</u>	<u>31,003,220</u>	<u>4,706,436</u>
Debt service				
Principal	1,735,000	1,735,000	1,767,004	(32,004)
Interest	<u>208,840</u>	<u>208,840</u>	<u>211,808</u>	<u>(2,968)</u>
Total debt service	<u>1,943,840</u>	<u>1,943,840</u>	<u>1,978,812</u>	<u>(34,972)</u>
Total expenditures	<u>37,653,496</u>	<u>37,653,496</u>	<u>32,982,032</u>	<u>4,671,464</u>
Excess (deficiency) of revenues over expenditures	<u>(8,190,258)</u>	<u>(8,190,258)</u>	<u>43,530</u>	<u>8,233,788</u>
Other Financing Sources (Uses)				
Transfers out	<u>(668,370)</u>	<u>(668,370)</u>	<u>(430,071)</u>	<u>238,299</u>
Total other financing sources and uses	<u>(668,370)</u>	<u>(668,370)</u>	<u>(430,071)</u>	<u>238,299</u>
Net change in fund balances	<u>(8,858,628)</u>	<u>(8,858,628)</u>	<u>(386,541)</u>	<u>8,472,087</u>
Fund balance - beginning	<u>29,672,529</u>	<u>29,672,529</u>	<u>29,672,529</u>	<u>-</u>
Fund balance - ending	<u>\$ 20,813,901</u>	<u>\$ 20,813,901</u>	<u>\$ 29,285,988</u>	<u>\$ 8,472,087</u>

REQUIRED SUPPLEMENTARY INFORMATION

PENSION / OTHER POST EMPLOYMENT BENEFITS (OPEB) SCHEDULES

- Schedule of Proportionate Share of the Net Pension/OPEB Liability Cost-Sharing Plan
- Schedule of Net Pension Liability and Related Ratios Agent Pension Plan
- Schedule of Pension/OPEB Contributions Arizona State Retirement System
- Schedule of Pension Contributions Public Safety Personnel Retirement System
- Schedule of OPEB Contributions Public Safety Personnel Retirement System
- Notes to the Pension Plan Schedule

CITY OF PRESCOTT, ARIZONA**Required Supplementary Information****Schedule of Proportionate Share of the Net Pension/OPEB Liability Cost-Sharing Pension Plan**

Last ten fiscal years

Arizona State Retirement System - Pension

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a % of Covered Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
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%
2024	2023	0.192970%	31,225,334	25,450,239	122.69%	75.47%
2025	2024	0.201640%	32,265,435	28,364,917	113.75%	76.93%

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

Fiscal Year	Measurement Date	Proportion of the Net OPEB (asset)	Proportionate Share of the Net OPEB Asset	Covered Payroll	Proportionate Share of the OPEB (asset) as a % of Covered Payroll	Plan Fiduciary Net Position as a % of the Total OPEB liability
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%
2024	2023	0.195880%	1,057,610	25,450,239	4.16%	134.37%
2025	2024	0.204980%	1,238,547	28,364,917	4.37%	137.51%

Information for Fiscal Years 2016 and 2017 are not available. GASB 75 became effective for fiscal year 2018.

CITY OF PRESCOTT, ARIZONA**Required Supplementary Information****Schedule of Proportionate Share of the Net Pension/OPEB Liability Cost-Sharing Pension Plan**

Last ten fiscal years

Arizona State Retirement System - Long-term disability

Fiscal Year	Measurement Date	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a % of Covered Payroll	Plan Fiduciary Net Position as a % of the Total OPEB Liability
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%
2024	2023	0.194120%	25,437	25,450,239	0.10%	93.70%
2025	2024	0.203340%	5,301	28,364,917	0.02%	98.77%

Information for Fiscal Years 2016 and 2017 are not available. GASB 75 became effective for fiscal year 2018.

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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Measurement Date	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability										
Service cost	\$ 760,856	\$ 674,016	\$ 916,086	\$ 847,589	\$ 815,876	\$ 763,124	\$ 715,449	\$ 714,349	\$ 739,616	\$ 776,658
Interest on the total pension liability	3,574,096	3,655,069	3,596,513	3,873,924	4,039,286	4,213,804	4,364,045	4,427,353	4,630,999	4,920,735
Benefit changes	-	270,640	710,592	-	-	-	-	-	-	-
Difference between expected and actual experience	(245,221)	(1,980,003)	753,906	688,135	470,762	685,088	(728,521)	1,110,691	2,604,683	1,685,955
Assumption changes	-	1,780,963	1,801,640	-	1,504,791	-	-	930,831	-	-
Benefit payments, including refunds of employee contributions	(2,982,010)	(3,047,609)	(3,211,594)	(3,483,733)	(3,650,477)	(3,628,659)	(3,483,833)	(3,481,455)	(3,594,012)	(4,382,448)
Net change in total pension liability	1,107,721	1,353,076	4,567,143	1,925,915	3,180,238	2,033,357	867,140	3,701,769	4,381,286	3,000,900
Total pension liability - beginning	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	69,758,105
Total pension liability - ending	\$ 47,748,181	\$ 49,101,257	\$ 53,668,400	\$ 55,594,315	\$ 58,774,553	\$ 60,807,910	\$ 61,675,050	\$ 65,376,819	\$ 69,758,105	\$ 72,759,005
Plan Fiduciary Net Position										
Employer contributions	\$ 2,003,868	\$ 2,119,598	\$ 3,003,310	\$ 13,155,670	\$ 10,177,689	\$ 9,736,179	\$ 9,931,396	\$ 11,225,966	\$ 4,990,595	\$ 1,320,683
Employee contributions	488,411	465,547	467,056	401,946	303,791	352,012	327,035	360,072	355,325	318,330
Pension plan net investment income	425,319	65,838	1,293,200	1,234,804	1,388,439	422,242	11,293,825	(2,366,704)	4,732,460	6,792,003
Benefit payments, including refunds of employee contributions	(2,982,010)	(3,047,609)	(3,211,594)	(3,483,733)	(3,650,477)	(3,628,659)	(3,483,833)	(3,481,455)	(3,594,012)	(4,382,448)
Pension plan administrative expense	(10,753)	(9,873)	(11,843)	(19,493)	(25,128)	(42,713)	(53,305)	(42,709)	(26,841)	(32,974)
Other	(135,289)	(371,875)	(41,510)	(670,231)	(37,380)	2	-	-	-	-
Net change in plan fiduciary net position	(210,454)	(778,374)	1,498,619	10,618,963	8,156,934	6,839,063	18,015,118	5,695,170	6,457,527	4,015,594
Plan fiduciary net position - beginning	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	68,098,853
Plan fiduciary net position - ending	\$ 11,595,833	\$ 10,817,459	\$ 12,316,078	\$ 22,935,041	\$ 31,091,975	\$ 37,931,038	\$ 55,946,156	\$ 61,641,326	\$ 68,098,853	\$ 72,114,447
Net pension liability	36,152,348	38,283,798	41,352,322	32,659,274	27,682,578	22,876,872	5,728,894	3,735,493	1,659,252	644,558
Plan fiduciary net position as a percentage of total pension liability	24.29%	22.03%	22.95%	41.25%	52.90%	62.38%	90.71%	94.29%	97.62%	99.11%
Covered valuation payroll	\$ 3,868,068	\$ 3,558,688	\$ 4,087,846	\$ 4,306,853	\$ 3,905,240	\$ 3,710,528	\$ 3,548,568	\$ 3,677,680	\$ 3,923,144	\$ 4,008,362
Net pension liability as a percentage of covered valuation payroll	934.64%	1075.78%	1011.59%	758.31%	708.86%	616.54%	161.44%	101.57%	42.29%	16.08%

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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Measurement Date	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability										
Service cost	\$ -	\$ -	\$ 16,760	\$ 13,782	\$ 12,921	\$ 17,227	\$ 16,784	\$ 16,728	\$ 15,351	\$ 15,433
Interest on the total pension liability	-	-	81,693	84,789	86,582	76,792	83,277	80,115	84,209	81,833
Benefit changes	-	-	2,240	-	-	-	-	-	-	-
Difference between expected and actual experience	-	-	39,212	(8,976)	(174,745)	88,328	(59,072)	48,980	(56,103)	(20,765)
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)	(75,006)	(78,069)
Net change in total pension liability	-	-	59,745	18,913	(131,646)	100,326	(34,698)	64,577	(31,549)	(1,568)
Total OPEB liability - beginning	-	-	1,114,498	1,174,243	1,193,156	1,061,510	1,161,836	1,127,138	1,191,715	1,160,166
Total OPEB liability - ending	\$ -	\$ -	\$ 1,174,243	\$ 1,193,156	\$ 1,061,510	\$ 1,161,836	\$ 1,127,138	\$ 1,191,715	\$ 1,160,166	\$ 1,158,598
Plan Fiduciary Net Position										
Employer contributions	\$ -	\$ -	\$ 31,909	\$ 7,567	\$ 38,931	\$ 38,051	\$ 28,732	\$ 44,454	\$ 45,984	\$ 56,285
Employee contributions	-	-	-	-	-	-	-	-	-	-
Pension plan net investment income	-	-	84,355	52,313	40,668	9,744	202,443	(35,199)	61,950	85,457
Benefit payments, including refunds of employee contributions	-	-	(67,273)	(70,682)	(72,087)	(82,021)	(75,687)	(92,798)	(75,006)	(78,069)
Pension plan administrative expense	-	-	(747)	(796)	(702)	(792)	(832)	(627)	(369)	(368)
Other	-	-	-	-	37,380	-	-	-	-	-
Net change in plan fiduciary net position	-	-	48,244	(11,598)	44,190	(35,018)	154,656	(84,170)	32,559	63,305
Plan fiduciary net position - beginning	-	-	730,809	779,053	767,455	811,645	776,627	931,283	847,113	879,672
Plan fiduciary net position - ending	\$ -	\$ -	\$ 779,053	\$ 767,455	\$ 811,645	\$ 776,627	\$ 931,283	\$ 847,113	\$ 879,672	\$ 942,977
Net OPEB liability (asset)	-	-	395,190	425,701	249,865	385,209	195,855	344,602	280,494	215,621
Plan fiduciary net position as a percentage of total OPEB liability										
Covered valuation payroll	0.00%	0.00%	66.35%	64.32%	76.46%	66.84%	82.62%	71.08%	75.82%	81.39%
Net pension liability as a percentage of covered valuation payroll	0.00%	0.00%	9.67%	9.88%	6.40%	10.38%	5.52%	9.37%	7.15%	5.38%

Information for Fiscal Years 2016 and 2017 are not available. GASB 75 became effective for fiscal year 2018.

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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Measurement Date	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability										
Service cost	\$ 679,818	\$ 661,270	\$ 933,842	\$ 958,337	\$ 983,851	\$ 871,779	\$ 887,657	\$ 822,818	\$ 841,342	\$ 854,205
Interest on the total pension liability	4,004,260	4,282,907	4,585,721	4,915,237	5,168,881	5,322,085	5,610,942	5,692,703	5,998,246	6,323,155
Benefit changes	-	2,913,669	535,460	-	-	-	-	-	-	-
Difference between expected and actual experience	2,459,470	241,942	806,142	989,314	(180,259)	1,827,292	(1,014,673)	2,085,333	2,687,728	2,194,817
Assumption changes	-	2,197,261	2,470,820	-	1,290,375	-	-	1,295,520	-	-
Benefit payments, including refunds of employee contributions	(3,656,019)	(3,513,248)	(4,186,168)	(3,943,953)	(3,935,936)	(4,254,564)	(3,905,605)	(4,692,557)	(4,483,752)	(5,571,353)
Net change in total pension liability	3,487,529	6,783,801	5,145,817	2,918,935	3,326,912	3,766,592	1,578,321	5,203,817	5,043,564	3,800,824
Total pension liability - beginning	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	89,753,069
Total pension liability - ending	\$ 55,985,310	\$ 62,769,111	\$ 67,914,928	\$ 70,833,863	\$ 74,160,775	\$ 77,927,367	\$ 79,505,688	\$ 84,709,505	\$ 89,753,069	\$ 93,553,893
Plan Fiduciary Net Position										
Employer contributions	\$ 3,083,074	\$ 3,381,603	\$ 4,072,538	\$ 14,734,656	\$ 10,143,085	\$ 11,073,920	\$ 11,442,997	\$ 9,572,702	\$ 6,783,384	\$ 4,083,518
Employee contributions	463,343	441,178	479,574	423,220	369,128	373,160	379,453	349,289	454,255	365,135
Non-employee contributions	-	-	-	-	2,210,887	-	-	-	-	-
Pension plan net investment income	619,579	103,026	2,141,106	1,823,608	2,026,440	588,418	15,226,754	(3,079,476)	5,885,867	8,614,234
Benefit payments, including refunds of employee contributions	(3,656,019)	(3,513,248)	(4,186,168)	(3,943,953)	(3,935,936)	(4,254,564)	(3,905,605)	(4,692,557)	(4,483,752)	(5,571,353)
Pension plan administrative expense	(16,431)	(15,225)	(19,345)	(30,955)	(36,218)	(47,996)	(71,936)	(55,589)	(26,288)	(32,705)
Other	191,490	(91,593)	230	(553,570)	-	3	-	-	(5,605)	-
Net change in plan fiduciary net position	685,036	305,741	2,487,935	12,453,006	10,777,386	7,732,941	23,071,663	2,094,369	8,607,861	7,458,829
Plan fiduciary net position - beginning	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	84,708,718
Plan fiduciary net position - ending	\$ 17,177,816	\$ 17,483,557	\$ 19,971,492	\$ 32,424,498	\$ 43,201,884	\$ 50,934,825	\$ 74,006,488	\$ 76,100,857	\$ 84,708,718	\$ 92,167,547
Net pension liability	38,807,494	45,285,554	47,943,436	38,409,365	30,958,891	26,992,542	5,499,200	8,608,648	5,044,351	1,386,346
Plan fiduciary net position as a percentage of total pension liability	30.68%	27.85%	29.41%	45.78%	58.25%	65.36%	93.08%	89.84%	94.38%	98.52%
Covered valuation payroll	\$ 3,486,702	\$ 3,541,885	\$ 4,141,207	\$ 4,503,465	\$ 4,113,300	\$ 4,242,052	\$ 3,827,890	\$ 3,837,168	\$ 3,838,402	\$ 3,526,080
Net pension liability as a percentage of covered valuation payroll	1113.01%	1278.57%	1157.72%	852.88%	752.65%	636.31%	143.66%	224.35%	131.42%	39.32%

CITY OF PRESCOTT, ARIZONA

Required Supplementary Information

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

Last ten fiscal years

Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Measurement Date	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability										
Service cost	\$ -	\$ -	\$ 13,666	\$ 13,961	\$ 13,510	\$ 19,188	\$ 19,243	\$ 17,271	\$ 16,876	\$ 15,970
Interest on the total pension liability	-	-	69,766	70,198	75,563	74,289	75,813	71,979	77,274	78,489
Benefit changes	-	-	3,187	-	-	-	-	-	-	-
Difference between expected and actual experience	-	-	(13,231)	40,961	(63,521)	(1,033)	(84,924)	35,108	(19,597)	(88,811)
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)	(56,445)	(57,104)
Net change in total pension liability	-	-	18,469	69,682	(24,664)	33,144	(46,323)	83,410	18,108	(51,456)
Total OPEB liability - beginning	-	-	950,885	969,354	1,039,036	1,014,372	1,047,516	1,001,193	1,084,603	1,102,711
Total OPEB liability - ending	\$ -	\$ -	\$ 969,354	\$ 1,039,036	\$ 1,014,372	\$ 1,047,516	\$ 1,001,193	\$ 1,084,603	\$ 1,102,711	\$ 1,051,255
Plan Fiduciary Net Position										
Employer contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,642	\$ 2,617	\$ -	\$ -	\$ 823
Employee contributions	-	-	-	-	-	-	-	-	-	-
Pension plan net investment income	-	-	127,852	80,779	63,783	14,990	318,166	(55,968)	98,735	135,316
Benefit payments, including refunds of employee contributions	-	-	(55,015)	(55,438)	(62,855)	(59,300)	(56,455)	(64,907)	(56,445)	(57,104)
Pension plan administrative expense	-	-	(1,132)	(1,229)	(1,101)	(1,219)	(1,308)	(996)	(466)	(463)
Other	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	-	-	71,705	24,112	(173)	(32,887)	263,020	(121,871)	41,824	78,572
Plan fiduciary net position - beginning	-	-	1,109,251	1,180,956	1,205,068	1,204,895	1,172,008	1,435,028	1,313,157	1,354,981
Plan fiduciary net position - ending	\$ -	\$ -	\$ 1,180,956	\$ 1,205,068	\$ 1,204,895	\$ 1,172,008	\$ 1,435,028	\$ 1,313,157	\$ 1,354,981	\$ 1,433,553
Net pension liability	-	-	(211,602)	(166,032)	(190,523)	(124,492)	(433,835)	(228,554)	(252,270)	(382,298)
Plan fiduciary net position as a percentage of total OPEB liability										
Covered valuation payroll	0.00%	0.00%	121.83%	115.98%	118.78%	111.88%	143.33%	121.07%	122.88%	136.37%
Net OPEB liability as a percentage of covered valuation payroll	0.00%	0.00%	-5.11%	-3.69%	-4.63%	-2.93%	-11.33%	-5.95%	-6.57%	-10.84%

Information for Fiscal Years 2016 and 2017 are not available. GASB 75 became effective for fiscal year 2018.

CITY OF PRESCOTT, ARIZONA**Required Supplementary Information****Schedule of Pension/OPEB Contributions Arizona State Retirement System**

Last ten fiscal years

Arizona State Retirement System - Pension

Fiscal Year	Statutorily Required Contribution	Contributions Made	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Payroll
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%
2024	3,412,300	3,412,300	-	28,364,917	12.03%
2025	3,687,907	3,687,907	-	30,605,033	12.05%

CITY OF PRESCOTT, ARIZONA**Required Supplementary Information****Schedule of Pension/OPEB Contributions Arizona State Retirement System**

Last ten fiscal years

Arizona State Retirement System - Health insurance premium benefit

Fiscal Year	Statutorily Required Contribution	Contributions Made	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Payroll
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%
2024	32,449	32,449	-	28,364,917	0.11%
2025	21,424	21,424	-	30,605,033	0.07%

Information for Fiscal Years 2016 and 2017 are not available. GASB 75 became effective for fiscal year 2018.

CITY OF PRESCOTT, ARIZONA**Required Supplementary Information****Schedule of Pension/OPEB Contributions Arizona State Retirement System**

Last ten fiscal years

Arizona State Retirement System - Long-term disability

Fiscal Year	Statutorily Required Contribution	Contributions Made	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Payroll
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%
2024	41,299	41,299	-	28,364,917	0.15%
2025	45,907	45,907	-	30,605,033	0.15%

Information for Fiscal Years 2016 and 2017 are not available. GASB 75 became 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

PSPRS - Pension Police

Fiscal Year	Statutorily Required Contribution	Contributions Made	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Payroll
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	1,643,442	5,132,788	(3,489,346)	3,923,144	130.83%
2024	524,294	1,522,273	(997,979)	4,008,362	37.98%
2025	698,156	1,593,034	(894,878)	6,364,230	25.03%

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

Last ten fiscal years

PSPRS - OPEB Police

Fiscal Year	Statutorily Required Contribution	Contributions Made	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Payroll
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	37,662	54,266	(16,604)	3,923,144	1.38%
2024	40,484	45,014	(4,530)	4,008,362	1.12%
2025	54,732	54,732	-	6,364,230	0.86%

Information for Fiscal Years 2016 and 2017 is not available. GASB 75 became effective for fiscal year 2018.

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

Last ten fiscal years

PSPRS - Pension Fire

Fiscal Year	Statutorily Required		Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Payroll	
	Contribution	Contributions Made			Payroll	Percentage of Payroll
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	1,334,612	6,890,378	(5,555,766)	3,838,402		179.51%
2024	844,849	4,588,006	(3,743,157)	3,526,080		130.12%
2025	1,115,145	2,592,437	(1,477,292)	5,869,183		44.17%

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

Last ten fiscal years

PSPRS - OPEB Fire

Fiscal Year	Statutorily Required Contribution	Contributions Made	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Payroll
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	-	-	-	3,838,402	0.00%
2024	705	596	109	3,526,080	0.02%
2025	1,174	-	1,174	5,869,183	0.00%

Information for Fiscal Years 2016 and 2017 is not available. GASB 75 became effective for fiscal year 2018.

CITY OF PRESCOTT, ARIZONA
Required Supplementary Information
Notes to the Pension Plan Schedule
June 30, 2025

NOTE 1 ACTUARILY 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 2022 actuarial valuation	15 years for underfunded 17 years for overfunded
Asset valuation method	7-year smoothed fair value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	In the 2022 actuarial valuation, the investment rate of return was decreased from 7.3% to 7.2%. 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 2022 actuarial valuation, wage growth was changed from 3.5% to a range of 3.0 – 6.25% for PSPRS. 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.

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 was sunset December 31, 2022.

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.

CITY OF PRESCOTT, ARIZONA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds						Capital Projects Funds		Total Nonmajor Governmental Funds					
	PSPRS		Transient		Miscellaneous		Acker	Impact						
	Dedicated	Tax	Lodging	Tax	Grants	Gift Trust	Trust	Fees						
ASSETS														
Cash and short-term investments	\$	-	\$	421,561	\$	1,520,830	\$	265,677	\$	557,011	\$	6,965,543	\$	9,730,622
Accounts receivable (net)		-		142,094		-		-		-		1,844		143,938
Interest receivable		-		-		-		-		-		-		-
Intergovernmental receivable		-		-		200,073		-		-		-		200,073
Total assets	\$	-	\$	563,655	\$	1,720,903	\$	265,677	\$	557,011	\$	6,967,387	\$	10,074,633
LIABILITIES														
Accounts payable	\$	-	\$	32,825	\$	159,270	\$	1,001	\$	-	\$	52	\$	193,148
Accrued expenditures		-		9,400		21,073		366		-		-		30,839
Total liabilities		-		42,225		180,343		1,367		-		52		223,987
DEFERRED INFLOWS OF RESOURCES														
Unavailable revenue		-		-		57,884		-		-		-		57,884
Total deferred inflows of resources		-		-		57,884		-		-		-		57,884
FUND BALANCES														
Restricted		-		521,430		1,482,676		264,310		557,011		6,967,335		9,792,762
Total fund balances		-		521,430		1,482,676		264,310		557,011		6,967,335		9,792,762
Total liabilities, deferred inflows of resources and fund balances	\$	-	\$	563,655	\$	1,720,903	\$	265,677	\$	557,011	\$	6,967,387	\$	10,074,633

CITY OF PRESCOTT, ARIZONA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2025

	Special Revenue Funds					Capital Projects Funds	Total Nonmajor Governmental Funds		
	PSPRS		Miscellaneous		Impact Fees				
	Dedicated Tax	Transient Lodging	Grants	Gift Trust	Acker Trust				
Revenues									
Taxes	\$ 43,199	\$ 1,577,626	\$ -	\$ -	\$ -	\$ -	\$ 1,620,825		
Intergovernmental revenues	-	-	2,203,456	-	-	-	2,203,456		
Licenses and permits	-	-	-	-	-	989,823	989,823		
Gifts and donations	-	-	412,408	176,370	-	-	588,778		
Investment earnings (losses)	1,020	20,848	8,806	-	34,341	349,076	414,091		
Miscellaneous	-	-	18,346	4,700	-	21,238	44,284		
Total revenues	44,219	1,598,474	2,643,016	181,070	34,341	1,360,137	5,861,257		
Expenditures									
Current operating									
General government	-	1,734,779	38,058	9,700	-	-	1,782,537		
Community services	-	-	377,891	-	-	-	377,891		
Culture and recreation	-	55,593	403,551	63,916	12,831	-	535,891		
Police and court	58,878	-	913,180	100,705	-	230	1,072,993		
Fire	-	-	207,289	-	-	230	207,519		
Public Works	-	-	20,702	-	-	237	20,939		
Capital outlay									
Culture and recreation	-	-	-	3,801	-	-	3,801		
Police and court	-	-	127,477	-	-	109,040	236,517		
Public works	-	-	-	-	-	36,822	36,822		
Total expenditures	58,878	1,790,372	2,088,148	178,122	12,831	146,559	4,274,910		
Excess (deficiency) of revenues over (under) expenditures	(14,659)	(191,898)	554,868	2,948	21,510	1,213,578	1,586,347		
Other Financing Sources (Uses)									
Sale of capital assets	-	-	8,960	-	-	-	8,960		
Transfers in	-	-	174,871	-	-	-	174,871		
Transfers out	-	(121,276)	-	-	-	-	(121,276)		
Total other financing sources (uses)	-	(121,276)	183,831	-	-	-	62,555		
Net change in fund balance	(14,659)	(313,174)	738,699	2,948	21,510	1,213,578	1,648,902		
Fund balances - beginning	14,659	834,604	743,977	261,362	535,501	5,753,757	8,143,860		
Fund balance - ending	\$ -	\$ 521,430	\$ 1,482,676	\$ 264,310	\$ 557,011	\$ 6,967,335	\$ 9,792,762		



SUPPLEMENTARY INFORMATION

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

GOVERNMENTAL FUNDS

Special Revenue Funds

- PSPRS Dedicated Tax Fund
- Transient lodging tax
- Grants
- Miscellaneous gift trust
- Acker trust

Capital Project Funds

- Impact fees

CITY OF PRESCOTT, ARIZONA

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

PSPRS Dedicated Tax Special Revenue Fund

For the year ended June 30, 2025

	Budget		Actual Amounts	Variance With Final Budget
	Original	Final		
			Budget	Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ 43,199	\$ 43,199
Interest and investment income	-	-	1,020	1,020
Total revenues	-	-	44,219	44,219
Expenditures				
Police and court	-	50,000	58,878	(8,878)
Fire	-	50,000	-	50,000
Total expenditures	-	100,000	58,878	41,122
Excess (deficiency) of revenues over expenditures	-	(100,000)	(14,659)	85,341
Net change in fund balances	-	(100,000)	(14,659)	85,341
Fund balance - beginning	14,659	14,659	14,659	-
Fund balance - ending	\$ 14,659	\$ (85,341)	\$ -	\$ 85,341

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, 2025

	Budget		Actual	Variance With
	Original	Final	Budget	Final Budget
			Basis	Positive
Revenues				
Taxes - transient lodging tax	\$ 1,500,000	\$ 1,500,000	\$ 1,577,626	\$ 77,626
Investment income	-	-	20,848	20,848
Total revenues	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,598,474</u>	<u>98,474</u>
Expenditures				
General Government:				
City Manager	1,595,040	1,852,440	1,734,779	117,661
Culture and recreation:				
Recreation Services	50,000	55,600	55,593	7
Total expenditures	<u>1,645,040</u>	<u>1,908,040</u>	<u>1,790,372</u>	<u>117,668</u>
Excess (deficiency) of revenues over expenditures	(145,040)	(408,040)	(191,898)	216,142
OTHER FINANCING SOURCES (USES)				
Transfers out	(171,276)	(171,276)	(121,276)	50,000
Total other financing sources (uses)	<u>(171,276)</u>	<u>(171,276)</u>	<u>(121,276)</u>	<u>50,000</u>
Net change in fund balances	(316,316)	(579,316)	(313,174)	266,142
Fund balance - beginning	834,604	834,604	834,604	-
Fund balance - ending	<u>\$ 518,288</u>	<u>\$ 255,288</u>	<u>\$ 521,430</u>	<u>\$ 266,142</u>

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, 2025

	Budget		Actual	Variance With
	Original	Final	Budget	Final Budget
			Basis	Positive
Revenues				
Intergovernmental revenues	\$ 9,632,625	\$ 9,632,625	\$ 2,203,456	\$ (7,429,169)
Gifts and donations	536,940	536,940	412,408	(124,532)
Interest and investment income	-	-	8,806	8,806
Miscellaneous	66,150	66,150	18,346	(47,804)
Total revenues	<u>10,235,715</u>	<u>10,235,715</u>	<u>2,643,016</u>	<u>(7,592,699)</u>
Expenditures				
General government:				
City Manager	75,000	75,000	38,058	36,942
Non Departmental	4,200,000	4,131,000	-	4,131,000
Community services	925,840	925,840	377,891	547,949
Culture and recreation:				
Recreation Services	1,630,377	1,630,377	360,868	1,269,509
Library	-	44,000	42,683	1,317
Police and court:				
Police	1,775,320	1,775,320	1,037,619	737,701
City Court	51,100	56,100	3,038	53,062
Fire	1,325,226	1,325,226	207,289	1,117,937
Public Works	1,471,970	1,271,970	20,702	1,251,268
Total expenditures	<u>11,454,833</u>	<u>11,234,833</u>	<u>2,088,148</u>	<u>9,146,685</u>
Excess (deficiency) of revenues over expenditures	<u>(1,219,118)</u>	<u>(999,118)</u>	<u>554,868</u>	<u>(16,739,384)</u>
Other Financing Sources (Uses)				
Transfers in	876,081	876,081	174,871	(701,210)
Sale of capital assets	-	-	8,960	8,960
Total other financing sources (uses)	<u>876,081</u>	<u>876,081</u>	<u>183,831</u>	<u>(692,250)</u>
Net change in fund balances	<u>(343,037)</u>	<u>(123,037)</u>	<u>738,699</u>	<u>861,736</u>
Fund balance - beginning	743,977	743,977	743,977	-
Fund balance - ending	<u>\$ 400,940</u>	<u>\$ 620,940</u>	<u>\$ 1,482,676</u>	<u>\$ 861,736</u>

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, 2025

	Budget		Actual	Variance With
	Original	Final	Basis	Final Budget
				Positive
Revenues				(Negative)
Gifts and donations	\$ 119,800	\$ 119,800	\$ 176,370	\$ 56,570
Miscellaneous	-	-	4,700	4,700
Total revenues	<u>119,800</u>	<u>119,800</u>	<u>181,070</u>	<u>61,270</u>
Expenditures				
General government:				
City Council	2,745	2,745	-	2,745
City Manager	16,842	16,842	9,700	7,142
Culture and recreation:				
Recreation Services	19,089	36,589	29,432	7,157
Library	96,008	96,008	38,287	57,721
Police and court:				
Police	153,342	153,342	100,703	52,639
Fire	13,688	13,688	-	13,688
Total expenditures	<u>301,714</u>	<u>319,214</u>	<u>178,122</u>	<u>141,092</u>
Excess (deficiency) of revenues over expenditures	<u>(181,914)</u>	<u>(199,414)</u>	<u>2,948</u>	<u>(79,822)</u>
Net change in fund balances	<u>(181,914)</u>	<u>(199,414)</u>	<u>2,948</u>	<u>202,362</u>
Fund balance - beginning	261,362	261,362	261,362	-
Fund balance - ending	<u>\$ 79,448</u>	<u>\$ 61,948</u>	<u>\$ 264,310</u>	<u>\$ 202,362</u>

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, 2025

	Budget		Actual Amounts	Variance With Final Budget
	Original	Final		
			Budget Basis	Positive (Negative)
Revenues				
Interest and investment income	\$ 14,500	\$ 14,500	\$ 34,341	\$ 19,841
Total revenues	<u>14,500</u>	<u>14,500</u>	<u>34,341</u>	<u>19,841</u>
Expenditures				
Culture and recreation:				
Recreation Services	14,500	14,500	12,831	1,669
Total expenditures	<u>14,500</u>	<u>14,500</u>	<u>12,831</u>	<u>1,669</u>
Excess (deficiency) of revenues over expenditures	-	-	21,510	21,510
Fund balance - beginning	535,501	535,501	535,501	-
Fund balance - ending	<u>\$ 535,501</u>	<u>\$ 535,501</u>	<u>\$ 557,011</u>	<u>\$ 21,510</u>

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, 2025

	Budget		Actual	Variance With
	Original	Final	Budget	Final Budget
			Basis	Positive
Revenues				
Licenses and permits - impact fees	\$ 660,000	\$ 660,000	\$ 989,823	\$ 329,823
Interest and investment income	23,500	23,500	349,076	325,576
Miscellaneous	20,000	20,000	21,238	1,238
Total revenues	<u>703,500</u>	<u>703,500</u>	<u>1,360,137</u>	<u>656,637</u>
Expenditures				
Police and Court	-	110,230	109,270	960
Fire	-	230	230	-
Public Works	<u>97,592</u>	<u>97,132</u>	<u>37,059</u>	<u>60,073</u>
Total expenditures	<u>97,592</u>	<u>207,592</u>	<u>146,559</u>	<u>61,033</u>
Excess (deficiency) of revenues over expenditures	<u>605,908</u>	<u>495,908</u>	<u>1,213,578</u>	<u>717,670</u>
Net change in fund balances	<u>605,908</u>	<u>495,908</u>	<u>1,213,578</u>	<u>717,670</u>
Fund balance - beginning	<u>5,753,757</u>	<u>5,753,757</u>	<u>5,753,757</u>	-
Fund balance - ending	<u>\$ 6,359,665</u>	<u>\$ 6,249,665</u>	<u>\$ 6,967,335</u>	<u>\$ 717,670</u>



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, 2025

	Fleet Maintenance	Risk Management	Engineering Services	Facilities Maintenance	Totals
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 373,104	\$ 2,705,210	\$ -	\$ 386,642	\$ 3,464,956
Accounts receivable (net)	3,096	-	-	949	4,045
Interest receivable	-	1,016	1,396	-	2,412
Inventory at cost	472,122	-	-	-	472,122
Total current assets	848,322	2,706,226	1,396	387,591	3,943,535
Noncurrent Assets					
Restricted cash and cash equivalents	-	489,620	-	-	489,620
OPEB assets	29,074	2,683	52,785	18,813	103,355
Land and construction in process	13,191	-	-	-	13,191
Buildings	5,259,219	-	-	17,126	5,276,345
Improvements other than buildings	12,473	-	36,550	-	49,023
Machinery and equipment	767,169	-	698,613	807,836	2,273,618
Less accumulated depreciation	(2,995,468)	-	(372,821)	(247,388)	(3,615,677)
Total noncurrent assets	3,085,658	492,303	415,127	596,387	4,589,475
Total assets	3,933,980	3,198,529	416,523	983,978	8,533,010
Deferred Outflows of Resources					
Deferred outflows related to pensions and OPEB	153,201	37,453	194,165	121,367	506,186
LIABILITIES					
Current Liabilities					
Accounts payable	51,243	152,743	37,961	137,885	379,832
Accrued expenses	24,400	2,298	39,823	19,948	86,469
Claims payable	-	18,098	-	-	18,098
Interfund payable	-	-	-	-	-
Compensated absences	45,988	3,808	100,977	27,680	178,453
Total current liabilities	121,631	176,947	178,761	185,513	662,852
Noncurrent Liabilities					
Claims payable	-	54,452	-	-	54,452
Compensated absences	73,094	1,835	169,268	31,691	275,888
Pension/OPEB liability	757,533	69,909	1,375,342	490,170	2,692,954
Total noncurrent liabilities	830,627	126,196	1,544,610	521,861	3,023,294
Total liabilities	952,258	303,143	1,723,371	707,374	3,686,146
Deferred Inflows of Resources					
Deferred inflows related to pensions and OPEB	59,739	5,513	108,460	38,655	212,367
NET POSITION					
Net investment in capital assets	3,056,854	-	362,341	533,434	3,952,629
Restricted for:					
Insurance bond	-	489,620	-	-	489,620
OPEB assets	29,074	2,683	52,785	18,813	103,355
Unrestricted	(10,744)	2,435,023	(1,636,269)	(192,931)	595,079
Total net position	\$ 3,075,184	\$ 2,927,326	\$ (1,221,143)	\$ 359,316	\$ 5,140,683

CITY OF PRESCOTT, ARIZONA
 Combining Statement of Revenues, Expenses and Changes in Net Position
 Internal Service Funds
 For the year ended June 30, 2025

	<u>Fleet</u> <u>Maintenance</u>	<u>Risk</u> <u>Management</u>	<u>Engineering</u> <u>Services</u>	<u>Facilities</u> <u>Maintenance</u>	<u>Total</u>
Operating Revenues					
Charges for services	\$ 2,899,024	\$ 1,200,000	\$ 1,847,613	\$ 2,317,515	\$ 8,264,152
Miscellaneous	466	2,002	-	26,839	29,307
Total operating revenues	<u>2,899,490</u>	<u>1,202,002</u>	<u>1,847,613</u>	<u>2,344,354</u>	<u>8,293,459</u>
Operating Expenses					
Personnel services	1,036,737	100,740	1,857,134	713,462	3,708,073
Supplies	1,395,157	-	21,340	329,600	1,746,097
Other services and charges	772,201	1,228,140	248,015	1,660,896	3,909,252
Depreciation	148,860	-	43,739	79,505	272,104
Total operating expenses	<u>3,352,955</u>	<u>1,328,880</u>	<u>2,170,228</u>	<u>2,783,463</u>	<u>9,635,526</u>
Operating income (loss)	<u>(453,465)</u>	<u>(126,878)</u>	<u>(322,615)</u>	<u>(439,109)</u>	<u>(1,342,067)</u>
Non-operating Revenues (Expenses)					
Interest and investment income	17,346	153,284	-	9,163	179,793
Net gain (loss) on disposal of assets	457	-	1,396	949	2,802
Total non-operating revenues	<u>17,803</u>	<u>153,284</u>	<u>1,396</u>	<u>10,112</u>	<u>182,595</u>
Income (loss) before transfers	<u>(435,662)</u>	<u>26,406</u>	<u>(321,219)</u>	<u>(428,997)</u>	<u>(1,159,472)</u>
Transfers in	-	-	439,471	468,791	908,262
Change in net position	<u>(435,662)</u>	<u>26,406</u>	<u>118,252</u>	<u>39,794</u>	<u>(251,210)</u>
Total net position - beginning	<u>3,510,846</u>	<u>2,900,920</u>	<u>(1,339,395)</u>	<u>319,522</u>	<u>5,391,893</u>
Total net position - ending	<u>\$ 3,075,184</u>	<u>\$ 2,927,326</u>	<u>\$ (1,221,143)</u>	<u>\$ 359,316</u>	<u>\$ 5,140,683</u>

CITY OF PRESCOTT, ARIZONA
 Combining Statement of Cash Flows
 Internal Service Funds
 For the year ended June 30, 2025

	<u>Fleet Maintenance</u>	<u>Risk Management</u>	<u>Engineering Services</u>	<u>Facilities Maintenance</u>	<u>Total</u>
Cash Flows from Operating Activities:					
Cash received from customers	\$ 2,898,265	\$ 1,202,001	\$ 1,846,218	\$ 2,349,590	\$ 8,296,074
Cash payments to employees for services	(999,988)	(95,316)	(1,774,792)	(697,845)	(3,567,941)
Cash payments to suppliers for goods and services	(2,137,105)	(1,078,999)	(242,601)	(2,396,930)	(5,855,635)
Net cash provided by (used for) operating activities	<u>(238,828)</u>	<u>27,686</u>	<u>(171,175)</u>	<u>(745,185)</u>	<u>(1,127,502)</u>
Cash Flows from Noncapital Financing Activities:					
Payments under interfund loan arrangement	-	-	(135,408)	-	(135,408)
Transfers in	-	-	439,471	468,791	908,262
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>-</u>	<u>304,063</u>	<u>468,791</u>	<u>772,854</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(85,799)	-	(134,284)	(59,225)	(279,308)
Proceeds from sales of capital assets	457	-	1,396	949	2,802
Net cash provided by (used for) capital and related financing activities	<u>(85,342)</u>	<u>-</u>	<u>(132,888)</u>	<u>(58,276)</u>	<u>(276,506)</u>
Cash Flows from Investing Activities:					
Interest on investments	17,346	153,284	-	9,163	179,793
Net cash provided by (used for) investing activities	<u>17,346</u>	<u>153,284</u>	<u>-</u>	<u>9,163</u>	<u>179,793</u>
Net increase (decrease) in cash and cash equivalents	(306,824)	180,970	-	(325,507)	(451,361)
Cash and cash equivalents - beginning	679,928	3,013,860	-	712,149	4,405,937
Cash and cash equivalents - ending	<u>\$ 373,104</u>	<u>\$ 3,194,830</u>	<u>\$ -</u>	<u>\$ 386,642</u>	<u>\$ 3,954,576</u>

Internal Service Funds

For the year ended June 30, 2025

	<u>Fleet Maintenance</u>	<u>Risk Management</u>	<u>Engineering Services</u>	<u>Facilities Maintenance</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:					
Operating income (loss)					
	\$ (453,465)	\$ (126,878)	\$ (322,615)	\$ (439,109)	\$ (1,342,067)
Adjustments to reconcile operating income activities:					
Depreciation/amortization	148,860	-	43,739	79,505	272,104
Increase (decrease) in:					
Accounts payable	(52,182)	148,190	26,754	(406,435)	(283,673)
Compensated absences	40,203	5,643	91,964	13,203	151,013
Salaries & benefits payable	3,790	449	3,531	7,102	14,872
Net pension/OPEB liabilities	5,900	28,495	123,078	68,327	225,800
Claims payable	-	950	-	-	950
Deferred inflows of resources to pensions/OPEB	19,493	3,296	41,407	16,067	80,263
(Increase) decrease in:					
Accounts receivable	(1,225)	-	(1,396)	5,236	2,615
OPEB assets	(3,637)	(1,282)	(10,405)	(4,536)	(19,860)
Inventory	82,435	-	-	-	82,435
Deferred outflows of resources to pensions/OPEB	(29,000)	(31,177)	(167,232)	(84,545)	(311,954)
Total adjustments	214,637	154,564	151,440	(306,076)	214,565
Net cash provided by (used for) operating activities	\$ (238,828)	\$ 27,686	\$ (171,175)	\$ (745,185)	\$ (1,127,502)
Reconciliation of Cash, Cash Equivalents and Investments to the Statement of Net Position:					
Cash and cash equivalents at June 30, unrestricted	\$ 373,104	\$ 2,705,210	\$ -	\$ 386,642	\$ 3,464,956
Cash and cash equivalents at June 30, restricted	-	489,620	-	-	489,620
Total	\$ 373,104	\$ 3,194,830	\$ -	\$ 386,642	\$ 3,954,576



OTHER SUPPLEMENTARY INFORMATION

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

June 30, 2025

	Refunding MPC 2010 and 2011 Road Imp		Refunding MPC 2014 Big Chino Ranch		Total Bonds	
	City Series 2019		City Series 2024		Payable	
Interest rates		2.30%		3.36%		N/A
Issue date		11/5/2019		10/9/2024		N/A
Final maturity		7/1/2029		7/1/2034		N/A
Authorized	\$	16,495,000	\$	5,875,000	\$	22,370,000
Issued		16,495,000		5,875,000		22,370,000
Retired		9,150,000		550,000		9,700,000
Outstanding		7,345,000		5,325,000		12,670,000
Principal retirement:						
2026	\$	1,775,000	\$	470,000	\$	2,245,000
2027		1,820,000		510,000		2,330,000
2028		1,855,000		530,000		2,385,000
2029		1,895,000		560,000		2,455,000
2030		-		590,000		590,000
2031		-		615,000		615,000
2032		-		650,000		650,000
2033		-		685,000		685,000
2034		-		715,000		715,000

CITY OF PRESCOTT, ARIZONA

Schedule of Loans Payable From Water Infrastructure Finance Authority Drinking Water

June 30, 2025

	Drinking Water Loan	Total						
	920125-08	92A166-10	920206-11	920237-13	920297-20	920351-23	920369-25	Payable
Interest rates	3.64%	3.143%	3.152%	2.800%	1.590%	2.992%	3.897%	N/A
Issue date	8/24/2007	7/31/2009	12/3/2010	1/25/2013	8/30/2019	10/21/2022	5/2/2025	N/A
Final maturity date	7/1/2027	7/1/2029	7/1/2030	7/1/2032	7/1/2049	7/1/2052	7/1/2049	N/A
Authorized	\$ 9,854,000	\$ 8,998,096	\$ 1,060,000	\$ 15,921,582	\$ 25,000,000	\$ 34,000,000	\$ 11,000,000	\$ 105,833,678
Issued to date	9,854,000	6,759,551	1,018,796	15,921,582	25,000,000	31,660,818	-	58,105,340
Final amount issued	9,854,000	2,759,551	1,018,796	15,921,582	25,000,000	In Progress	In Progress	54,553,929
Retired	7,892,079	1,965,125	645,061	6,952,209	3,390,152	1,387,101	-	22,231,727
Forgivable Prin. (1)	-	4,000,000	-	2,034,200	-	1,532,500	1,012,500	6,034,200
Outstanding	1,961,921	794,426	373,735	6,486,584	21,609,848	31,080,399	9,987,500	62,565,860
Principal retirement:								
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	258,946	3,351,197
2028	677,490	160,319	61,244	776,368	733,493	768,852	269,037	3,177,766
2029		165,357	63,174	798,106	745,155	791,857	279,522	2,563,649
2030		162,618	65,165	820,453	757,003	815,549	290,415	2,620,788
2031			67,222	843,425	769,040	839,950	301,732	2,519,637
2032				867,041	781,267	865,081	313,491	2,513,390
2033				891,319	793,690	890,965	325,707	2,575,973
2034					806,309	917,622	338,400	1,723,931
2035					819,130	945,078	351,587	1,764,207
2036					832,154	973,354	365,289	1,805,508
2037					845,385	1,002,477	379,524	1,847,862
2038					858,827	1,032,471	394,314	1,891,298
2039					872,482	1,063,363	409,681	1,935,845
2040					886,354	1,095,178	425,646	1,981,533
2041					900,447	1,127,946	442,233	2,028,394
2042					914,764	1,161,694	459,467	2,076,459
2043					929,309	1,196,452	477,373	2,125,761
2044					944,085	1,232,250	495,976	2,176,335
2045					959,096	1,269,119	515,304	2,228,215
2046					974,346	1,307,091	535,385	2,281,437
2047					989,838	1,346,199	556,249	2,336,037
2048					1,005,576	1,386,478	577,926	2,392,054
2049					1,021,565	1,427,961	600,448	2,449,526
2050					1,037,808	1,470,686	623,848	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, 2025

	Clean Water Loan	Total					
	910097-08	910122-10	910147-11	910148-11	910151-11	910170-18	Payable
Interest rates	3.868%	3.143%	3.152%	3.152%	2.950%	2.328%	N/A
Issue date	8/24/2007	7/31/2009	12/3/2010	12/3/2010	6/10/2011	2/2/2018	N/A
Final maturity date	7/1/2027	7/1/2029	7/1/2030	7/1/2030	7/1/2031	7/1/2047	N/A
Authorized	\$ 4,703,000	\$ 6,573,506	\$ 2,070,000	\$ 1,635,870	\$ 45,802,753	\$ 21,600,000	\$ 82,385,129
Issued to date	4,703,000	6,054,763	1,574,593	1,480,944	43,202,549	20,243,708	77,259,557
Final amount issued	4,703,000	6,054,763	1,574,593	1,480,944	43,202,549	In Progress	57,015,849
Retired	3,751,485	4,180,088	1,034,071	947,174	24,685,752	3,796,403	38,394,973
Outstanding	951,515	1,874,675	540,522	533,770	18,516,797	17,803,597	40,220,876
Principal retirement:							
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	329,282	374,576	94,708	87,469	2,565,164	621,987	4,073,186
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			66,525	96,004	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)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net investment in capital assets	\$ 224.6	\$ 218.5	\$ 217.8	\$ 212.4	\$ 212.9	\$ 221.0	\$ 226.3	\$ 236.6	\$ 251.9	\$ 249.2
Restricted	29.8	28.8	22.4	21.6	25.0	26.7	37.7	33.5	39.2	45.0
Unrestricted (1)	(45.8)	(50.2)	(47.2)	(39.5)	(19.0)	(8.7)	14.0	33.4	38.9	47.8
Total governmental activities net position	<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>	<u>\$ 330.0</u>	<u>\$ 342.0</u>
Business-type activities										
Net investment in capital assets	\$ 200.8	\$ 205.4	\$ 214.2	\$ 235.7	\$ 249.7	\$ 272.1	\$ 285.2	\$ 294.7	\$ 312.4	\$ 333.9
Restricted	4.2	4.2	4.2	5.4	5.7	5.7	5.6	6.0	6.3	6.7
Unrestricted	36.7	37.3	31.4	24.5	22.1	25.5	23.5	29.1	15.9	20.9
Total business-type activities net position	<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>	<u>\$ 334.6</u>	<u>\$ 361.5</u>
Primary government										
Net investment in capital assets	\$ 425.4	\$ 423.9	\$ 432.0	\$ 448.1	\$ 462.6	\$ 493.1	\$ 511.5	\$ 531.3	\$ 564.3	\$ 583.1
Restricted	34.0	33.0	26.6	27.0	30.7	32.4	43.3	39.5	45.5	51.7
Unrestricted	(9.1)	(12.9)	(15.8)	(15.0)	3.1	16.8	37.5	62.5	54.8	68.7
Total primary government net position	<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>	<u>\$ 664.6</u>	<u>\$ 703.5</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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental Activities:										
General government	\$ 3,240,569	\$ 3,081,490	\$ 3,944,215	\$ 4,289,197	\$ 3,410,472	\$ 3,761,866	\$ 2,825,022	\$ 2,413,430	\$ 4,321,445	\$ 5,771,276
Community services	1,236,820	1,228,456	1,759,576	1,611,676	2,201,955	1,988,531	2,197,838	1,927,792	2,366,817	2,835,360
Culture and recreation	6,153,765	6,089,922	6,249,360	6,167,870	6,452,930	7,037,892	8,078,046	10,314,766	10,300,736	10,658,675
Public Safety										
Police and court	16,073,185	18,153,154	19,139,502	17,980,857	17,362,154	17,428,952	16,279,735	18,560,517	21,948,292	24,154,198
Fire	11,272,081	15,539,380	15,192,681	15,484,595	14,707,712	14,776,911	11,506,046	13,448,598	15,381,038	17,879,695
Total public safety	<u>27,345,266</u>	<u>33,692,534</u>	<u>34,332,183</u>	<u>33,465,452</u>	<u>32,069,866</u>	<u>32,205,863</u>	<u>27,785,781</u>	<u>32,009,115</u>	<u>37,329,330</u>	<u>42,033,893</u>
Public Works	25,819,639	26,317,285	27,557,742	26,461,574	20,095,513	28,090,776	23,541,467	27,121,648	26,158,801	29,405,346
Interest on long-term debt	1,272,222	1,186,103	1,161,187	953,192	847,598	366,764	440,955	383,161	340,074	312,926
Total governmental activities expenses	<u>65,068,281</u>	<u>71,595,790</u>	<u>75,004,263</u>	<u>72,948,961</u>	<u>65,078,334</u>	<u>73,451,692</u>	<u>64,869,109</u>	<u>74,169,912</u>	<u>80,817,203</u>	<u>91,017,476</u>
Business-type Activities:										
Airport	3,541,616	3,934,185	2,971,060	3,453,560	3,731,374	3,903,423	4,948,610	6,185,059	5,930,888	6,859,171
Golf course	3,309,236	3,435,819	3,751,836	3,552,540	3,507,889	4,030,717	4,333,116	4,742,657	5,454,533	5,188,362
Solid waste	6,581,629	6,828,050	7,442,224	8,009,195	9,176,178	9,168,409	10,196,410	11,427,394	12,745,855	13,871,761
Wastewater	9,258,176	11,802,061	12,052,482	12,685,059	13,164,253	13,123,990	17,055,924	14,787,745	16,322,540	16,983,263
Water	<u>11,744,868</u>	<u>13,748,516</u>	<u>18,309,187</u>	<u>17,734,458</u>	<u>15,465,281</u>	<u>13,883,582</u>	<u>15,136,117</u>	<u>17,092,071</u>	<u>19,514,824</u>	<u>19,744,557</u>
Total business-type activities expenses	<u>34,435,525</u>	<u>39,748,631</u>	<u>44,526,789</u>	<u>45,434,812</u>	<u>45,044,975</u>	<u>44,110,121</u>	<u>51,670,177</u>	<u>54,234,926</u>	<u>59,968,640</u>	<u>62,647,114</u>
Total primary government expenses	\$ 99,503,806	\$ 111,344,421	\$ 119,531,052	\$ 118,383,773	\$ 110,123,309	\$ 117,561,813	\$ 116,539,286	\$ 128,404,838	\$ 140,785,843	\$ 153,664,590

Source: City of Prescott finance department

CITY OF PRESCOTT, ARIZONA

Table IIb

Statistical Section - Financial Trends

Changes in Net Position

Last ten fiscal years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Program Revenue										
Governmental Activities:										
Charges for services:										
General government	\$ 735,720	\$ 800,475	\$ 797,880	\$ 777,961	\$ 613,141	\$ 772,674	\$ 433,967	\$ 531,888	\$ 919,334	\$ 530,204
Community services	995,517	1,370,988	1,758,784	2,370,200	1,748,669	1,916,127	1,758,965	1,402,264	2,143,998	3,463,092
Culture and recreation	1,261,550	1,173,288	1,217,718	1,212,532	1,210,555	1,389,908	1,930,765	1,823,979	1,326,989	1,261,027
Public Safety										
Police and court	1,715,026	1,850,751	2,244,530	2,091,425	2,072,543	1,776,418	2,001,019	2,056,346	2,407,922	2,858,910
Fire	494,525	521,278	608,700	717,080	567,014	553,447	644,384	905,171	748,779	706,470
Total public safety	2,209,551	2,372,029	2,853,230	2,808,505	2,639,557	2,329,865	2,645,403	2,961,517	3,156,701	3,565,380
Public Works	299,689	339,572	542,572	573,523	605,604	535,850	496,827	460,467	410,623	414,346
Operating grants and contributions	2,317,210	2,407,360	3,238,848	3,518,508	7,722,653	2,687,048	8,760,596	2,771,616	3,670,228	3,575,370
Capital grants and contributions	7,883,087	4,371,497	4,535,775	4,691,437	5,563,961	7,362,472	7,238,336	7,170,139	9,323,064	7,039,372
Total governmental activities program revenues	15,702,324	12,835,209	14,944,807	15,952,666	20,104,140	16,993,944	23,264,859	17,121,870	20,950,937	19,848,791
Business-type Activities:										
Charges for services:										
Airport	1,507,454	1,577,243	1,592,809	1,777,842	1,805,512	1,799,706	2,189,369	2,322,232	2,751,886	2,761,129
Golf course	2,974,233	3,028,095	3,250,977	3,064,988	3,079,801	3,835,811	4,049,452	4,072,732	4,609,719	4,765,573
Solid waste	6,526,367	6,851,894	7,418,624	7,629,522	8,321,194	9,004,387	10,473,844	11,430,410	12,627,509	13,822,563
Wastewater	12,033,828	12,519,169	13,278,162	13,464,624	13,876,793	14,687,964	15,770,688	16,301,903	16,942,672	19,754,930
Water	16,256,300	16,506,762	17,144,790	16,337,690	17,808,035	20,220,085	19,603,597	18,582,990	20,886,595	23,203,660
Operating grants and contributions	44,409.00	61,719	54,735	12,767	8,847	17,065	0	857,072	1,157,698	285,686
Capital grants and contributions	7,214,646	3,532,405	3,674,056	9,917,272	9,712,870	16,786,287	9,286,476	13,255,520	4,639,078	16,487,850
Total business-type activities program revenues	46,557,237	44,077,287	46,414,153	52,204,705	54,613,052	66,351,305	61,373,426	66,822,859	63,615,157	81,081,391
Total primary government revenues	\$62,259,561	\$56,912,496	\$61,358,960	\$68,157,371	\$74,717,192	\$83,345,249	\$84,638,285	\$83,944,729	\$84,566,094	\$100,930,182
Net (Expense)/Revenue										
Governmental activities	\$ (49,365,957)	\$ (58,760,581)	\$ (60,059,456)	\$ (56,996,295)	\$ (44,974,194)	\$ (56,457,748)	\$ (41,604,250)	\$ (57,048,042)	\$ (59,866,266)	\$ (71,168,685)
Business-type activities	12,121,712	4,328,656	1,887,364	6,769,893	9,568,077	22,241,184	9,703,249	12,587,933	3,646,517	18,434,277
Total primary government net expense	\$ (37,244,245)	\$ (54,431,925)	\$ (58,172,092)	\$ (50,226,402)	\$ (35,406,117)	\$ (34,216,564)	\$ (31,901,001)	\$ (44,460,109)	\$ (56,219,749)	\$ (52,734,408)

Source: City of Prescott finance department

CITY OF PRESCOTT, ARIZONA

Table IIc

Statistical Section - Financial Trends

Changes in Net Position

Last ten fiscal years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental revenues and other changes in net position										
Governmental Activities:										
Taxes:										
Property taxes, levied for general purposes	\$ 1,591,445	\$ 1,685,234	\$ 1,715,552	\$ 1,745,030	\$ 1,790,080	\$ 1,816,650	\$ 1,870,610	\$ 1,898,631	\$ 2,224,987	\$ 2,262,343
Property taxes, levied for debt service	74,227	41,354	292	-	-	-	-	-	-	-
Utility franchise taxes	1,670,671	1,665,913	1,700,323	1,733,973	1,676,450	1,719,356	1,815,127	1,875,549	1,913,984	1,942,109
City privilege and use tax, general purpose:	15,312,068	15,948,794	16,552,306	17,044,348	18,558,077	21,393,939	22,969,062	24,645,613	25,857,889	25,138,909
City privilege and use tax, streets	14,787,422	15,234,578	16,554,480	17,049,785	18,548,467	21,393,939	22,969,062	24,645,041	25,857,895	25,132,164
City privilege and use tax,public safety	-	-	-	-	-	-	-	-	-	5,570,177
City privilege and use tax, PSPRS (1)	-	-	6,073,292	12,756,096	13,907,410	16,042,564	17,192,733	9,373,373	99,979	43,199
Transient lodging tax	797,442	881,415	996,909	1,036,558	946,471	1,228,519	1,642,696	1,624,385	1,608,014	1,577,627
Intergovernmental revenues - unrestricted	11,073,408	11,646,297	12,239,198	12,493,510	13,159,562	15,343,621	16,096,913	19,621,093	23,696,739	21,677,019
Interest and investment income	863,901	188,419	199,306	1,775,145	1,596,864	6,406	(3,715,894)	828,513	5,436,769	5,575,688
Miscellaneous	53,486	230,224	249,623	69,683	38,586	589,051	952,006	129,337	129,961	182,175
Transfers	(769,711)	(281,766)	(353,938)	(7,092,724)	(939,731)	(2,924,393)	(1,250,887)	(2,063,396)	(420,705)	(5,971,450)
Total governmental activities	45,454,359	47,240,462	55,927,343	58,611,404	69,282,236	76,609,652	80,541,428	82,578,139	86,405,512	83,129,960
Business-type Activities:										
Taxes city privilege aviation fuel tax	2,428.00	3,431.00	4,166	8,677	8,740	12,300	13,441	9,945	11,333	9,883
Interest and investment income	712,155	76,833	235,209	1,767,738	1,049,667	886	(115,770)	424,736	708,812	1,819,076
Miscellaneous	206,701	456,874	458,534	119,910	354,987	690,360	142,306	346,125	49,298	668,465
Transfers	769,711	281,766	353,938	7,092,724	939,731	2,924,393	1,250,887	2,063,396	420,705	5,971,450
Total business-type activities	1,690,995	818,904	1,051,847	8,989,049	2,353,125	3,627,939	1,290,864	2,844,202	1,190,148	8,468,874
Total primary government	\$ 47,145,354	\$ 48,059,366	\$ 56,979,190	\$ 67,600,453	\$ 71,635,361	\$ 80,237,591	\$ 81,832,292	\$ 85,422,341	\$ 87,595,660	\$ 91,598,834
Change in net position										
Governmental activities	\$ (3,911,598)	\$ (11,520,119)	\$ (4,132,113)	\$ 1,615,109	\$ 24,308,042	\$ 20,151,904	\$ 38,937,178	\$ 25,530,097	\$ 26,539,246	\$ 11,961,275
Business-type activities	13,812,707	5,147,560	2,939,211	15,758,942	11,921,202	25,869,123	10,994,113	15,432,135	4,836,665	26,903,151
Total primary government	\$ 9,901,109	\$ (6,372,559)	\$ (1,192,902)	\$ 17,374,051	\$ 36,229,244	\$ 46,021,027	\$ 49,931,291	\$ 40,962,232	\$ 31,375,911	\$ 38,864,426

Source: City of Prescott finance department

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

CITY OF PRESCOTT, ARIZONA

Table III

Statistical Section - Financial Trends

Governmental Activities Revenues and Change in Net Position

Last ten fiscal years

Governmental activities:

Fiscal Year	Program Revenues				General Revenues					Total Program & General Revenue	Total Net Revenue/ Change in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Taxes	Intergovernmental	Interest & Investment Income	Transfers, Gain(loss) & Miscellaneous	Total		
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
2024	7,957,645	3,670,228	9,323,064	20,950,937	57,562,748	23,696,739	5,436,769	(290,744)	86,405,512	107,356,449	26,539,246
2025	9,234,049	3,575,370	7,039,372	19,848,791	61,666,528	21,677,019	5,575,688	(5,789,275)	83,129,960	102,978,751	11,961,275

Source: City of Prescott finance department

These amounts are presented on the accrual basis of accounting.

CITY OF PRESCOTT, ARIZONA

Table IV

Statistical Section - Financial Trends

Business-type Activities Revenues and Change in Net Position

Last ten fiscal years

Business-type activities:

Fiscal Year	Program Revenues										General Revenues				Total Program and General Revenue	Total Net Revenue/Change in Net Position		
	Charges for Services					Operating/ Capital Grants and Contributions					Intergovernmental, Transfers, Gains (losses) and Miscellaneous							
	Water	Waste Water	Golf	Airport	Solid Waste		Total	Taxes	Interest		Total							
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	1,690,995	48,248,232	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	818,904	44,896,191	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	1,051,847	47,466,000	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	8,989,049	61,193,754	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	2,353,125	56,966,177	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	3,627,939	69,979,244	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	1,290,864	62,664,290	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	2,844,202	69,667,061	15,432,135					
2024	20,886,595	16,942,672	4,609,719	2,751,886	12,627,509	5,796,776	63,615,157	11,333	708,812	470,003	1,190,148	64,805,305	4,836,665					
2025	23,203,660	19,754,930	4,765,573	2,761,129	13,822,563	16,773,536	81,081,391	9,883	1,819,076	6,639,915	8,468,874	89,550,265	26,903,151					

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

Primary government activities:												
Fiscal Year	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			
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	14,621,476	68,170,138	51,365,790	12,493,510	3,542,883	189,593	67,591,776	135,761,914	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	
2024	72,265,500	4,827,926	13,962,142	91,055,568	57,574,081	23,696,739	6,145,581	179,259	87,595,660	178,651,228	31,375,911	
2025	73,541,904	3,861,056	23,527,222	100,930,182	61,676,411	21,677,019	7,394,764	850,640	91,598,834	192,529,016	38,864,426	

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
General government	\$ 838,720	\$ 896,123	\$ 873,816	\$ 901,174	\$ 781,235	\$ 1,243,964	\$ 844,807	\$ 679,249	\$ 986,544	\$ 575,995
Community services	1,138,737	1,520,046	2,049,066	2,559,918	2,181,659	2,206,061	2,181,619	1,554,681	2,377,911	3,838,165
Culture and recreation	1,429,393	1,434,318	1,437,906	1,274,067	1,514,515	1,973,057	2,228,162	1,926,221	4,117,500	1,687,337
Police and court	2,179,769	2,233,158	2,562,387	2,550,935	5,650,087	2,639,416	6,285,751	3,061,117	3,826,106	4,233,165
Fire	2,202,158	2,018,469	2,983,928	3,313,116	4,085,210	2,218,449	5,197,431	2,599,102	3,009,709	2,730,715
Public works	7,654,459	4,486,102	4,803,133	5,131,690	5,817,443	6,705,286	6,527,089	7,301,500	6,633,167	6,783,414
Total governmental activities program revenues	\$ 15,443,236	\$ 12,588,216	\$ 14,710,236	\$ 15,730,900	\$ 20,030,149	\$ 16,986,233	\$ 23,264,859	\$ 17,121,870	\$ 20,950,937	\$ 19,848,791

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)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Excess of revenues over expenditures	\$ 5.0	\$ 1.8	\$ (8.2)	\$ 4.6	\$ 9.7	\$ 1.2	\$ 3.6	\$ 12.6	\$ 9.7	\$ 12.3
Other Financing Sources (Uses)										
Financed purchase agreements	-	-	-	-	-	-	0.1	-	-	-
Subscription-based IT arrangement(s)	-	-	-	-	-	-	-	0.3	0.8	1.7
Transfers in	0.1	-	0.1	-	-	-	0.4	1.5	1.1	7.8
Transfers out	(0.9)	(0.3)	(1.2)	(7.1)	(1.0)	(3.7)	(1.7)	(3.5)	(2.4)	(6.5)
Total other financing sources (uses)	(0.8)	(0.3)	(1.1)	(7.1)	(1.0)	(3.7)	(1.2)	(1.7)	(0.5)	3.0
Net change in fund balance	4.2	1.5	(9.3)	(2.5)	8.7	(2.5)	2.4	10.9	9.2	15.3
Beginning fund balance	28.0	32.2	33.7	24.4	21.8	30.6	28.1	30.5	41.5	50.7
Prior period adjustment	-	-	-	-	-	-	-	-	-	-
Beginning fund balance - as restated	28.0	32.2	33.7	24.4	21.8	30.6	28.1	30.5	41.5	50.7
Ending fund balance	32.2	33.7	24.4	21.9	30.5	28.1	30.5	41.4	50.7	66.0
Committed	0.9	0.6	-	-	-	-	-	-	-	4.2
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	26.1	28.3	19.1	19.6	21.5	20.9	22.8	38.8	47.2	58.2
Nonspendable	5.2	4.8	5.3	2.2	9.1	7.2	7.7	2.7	3.5	3.9
Total general fund balance	<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>	<u>\$ 50.7</u>	<u>\$ 66.3</u>
All Other Governmental Funds										
Excess (deficiency) of revenues over expenditures	\$ 3.5	\$ (0.4)	\$ (6.4)	\$ (0.7)	\$ 3.2	\$ 1.1	\$ 8.5	\$ (3.4)	\$ 5.0	\$ 1.6
Other Financing Sources (Uses)										
Subscription-based IT arrangement(s)	-	-	-	-	-	-	-	-	0.1	-
Bond issuances	-	0.9	-	-	16.5	-	-	-	-	-
Payment to refunded bond escrow	-	(1.5)	-	-	(16.4)	-	-	-	-	-
Transfers in	0.2	0.2	-	0.2	0.9	2.4	0.2	1.9	1.2	0.2
Transfers out	(0.2)	(0.2)	(0.1)	(0.2)	(0.9)	(1.6)	(0.2)	(1.9)	(0.3)	(0.5)
Total other financing sources (uses)	-	(0.6)	(0.1)	-	0.1	0.8	-	-	0.9	(0.3)
Net change in fund balance	3.5	(1.0)	(6.5)	(0.7)	3.3	1.9	8.5	(3.4)	5.9	1.3
Beginning fund balance	26.3	29.8	28.8	22.3	21.6	24.9	26.8	35.3	31.9	37.8
Ending fund balance	<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>	<u>\$ 37.8</u>	<u>\$ 39.1</u>
Restricted	<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>	<u>\$ 37.8</u>	<u>\$ 39.1</u>
Total all other governmental funds fund balance	<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>	<u>\$ 37.8</u>	<u>\$ 39.1</u>
Total general and other governmental funds - fund balance	<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>	<u>\$ 88.5</u>	<u>\$ 105.4</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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Taxes	\$34,235,213	\$35,459,505	\$43,594,411	\$51,360,418	\$ 55,423,333	\$ 63,611,623	\$ 68,454,723	\$ 64,068,685	\$ 57,559,812	\$ 61,664,761
Intergovernmental revenues	19,187,327	17,501,787	18,070,956	18,919,660	24,957,827	22,391,980	26,369,727	29,698,154	34,455,414	30,050,174
Licenses and permits	771,439	952,186	1,272,267	1,576,808	1,588,538	2,240,981	2,065,193	1,433,569	2,108,640	1,226,438
Fines and forfeitures	411,391	411,686	328,688	298,994	268,284	248,068	263,395	266,666	288,470	345,742
Gifts and donations	153,676	100,067	177,031	208,965	239,558	653,518	441,501	383,448	631,408	588,778
Charges for services	3,702,629	4,145,152	5,101,677	5,285,757	4,765,439	4,883,798	5,564,730	5,455,097	5,828,378	8,200,129
Interest and investment income	863,901	188,442	186,962	1,676,572	1,501,528	5,655	(3,515,477)	796,582	5,360,578	5,395,896
Miscellaneous and Grant Contributions	750,415	896,698	1,401,723	740,570	398,647	856,193	2,549,424	960,094	939,407	268,527
Total revenues	60,075,991	59,655,523	70,133,715	80,067,744	89,143,154	94,891,816	102,193,216	103,062,295	107,172,107	107,740,445
Expenditures										
General government	2,537,707	2,605,467	2,868,973	3,276,113	2,480,025	2,937,898	2,614,337	2,625,251	3,193,777	3,688,457
Community services	1,218,725	1,238,854	1,779,740	1,760,707	2,182,554	2,189,594	2,267,747	1,874,113	2,273,537	2,768,666
Culture and recreation	5,354,507	5,180,566	5,472,944	5,544,951	5,630,875	6,225,373	6,911,828	7,374,284	8,993,566	9,159,609
Police and court	13,559,843	15,632,551	25,583,717	16,520,675	22,690,786	23,186,786	25,786,549	20,707,856	19,057,612	21,200,776
Fire	8,980,303	10,265,589	20,660,011	17,118,491	18,549,577	18,654,884	18,277,251	16,535,213	14,489,857	13,784,869
Public works	10,728,885	12,742,406	13,857,214	21,454,861	11,411,904	19,275,800	14,705,073	16,956,942	15,826,034	19,598,576
Capital outlay	6,116,694	7,933,528	11,987,628	8,035,128	10,936,866	18,103,456	17,494,493	25,339,059	25,964,285	20,707,243
Debt service - principal	1,841,044	1,635,044	1,588,469	1,487,348	1,939,189	1,755,687	1,663,772	2,008,753	2,348,145	2,552,313
Debt service - interest	1,272,222	1,186,103	1,020,831	953,192	389,547	373,640	421,664	383,161	340,074	312,927
Total expenditures	51,609,930	58,420,108	84,819,527	76,151,466	76,211,323	92,703,118	90,142,714	93,804,632	92,486,887	93,773,436
Excess of Revenues over (under)										
Expenditures	8,466,061	1,235,415	(14,685,812)	3,916,278	12,931,831	2,188,698	12,050,502	9,257,663	14,685,220	13,967,009
Other Financing Sources (Uses)										
Gain (Loss) on disposal of assets	-	-	-	-	-	-	-	-	-	121,622
Financed purchase agreements	-	-	-	-	-	-	115,881	-	-	-
Subscription-based IT arrangement(s)	-	-	-	-	-	-	-	319,539	896,800	1,648,034
Bond issuances	-	930,000	-	-	16,495,000	-	-	-	-	-
Payment to refunded bond escrow	-	(1,405,000)	-	-	(16,404,948)	-	-	-	-	-
Transfers in	199,994	262,673	104,009	230,139	946,822	2,433,429	594,880	3,376,253	2,266,190	7,753,211
Transfers out	(969,705)	(544,439)	(1,244,624)	(7,322,863)	(1,886,553)	(5,357,822)	(1,845,767)	(5,386,496)	(2,686,895)	(6,550,998)
Total other financing sources (uses)	(769,711)	(756,766)	(1,140,615)	(7,092,724)	(849,679)	(2,924,393)	(1,135,006)	(1,690,704)	476,095	2,971,869
Net change in fund balances	\$ 7,696,350	\$ 478,649	#####	\$ (3,176,446)	\$ 12,082,152	\$ (735,695)	\$ 10,915,496	\$ 7,566,959	\$ 15,161,315	\$ 16,938,878
Debt service as a percentage of noncapital expenditures	6.8%	5.6%	3.6%	3.6%	3.6%	2.9%	2.9%	3.5%	4.0%	3.9%

Source: City of Prescott finance department

CITY OF PRESCOTT, ARIZONA

Table IX

Statistical Section - Financial Trends

General Government Expenditures by Function

Last ten fiscal years

Fiscal Year	General Government	Community Services	Culture & Recreation	Public Safety			Subtotal Current Expenditures	Capital Outlay	Debt Service		Total
				Police & Courts	Fire	Public Works			Principal	Interest	
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
2024	3,193,777	2,273,537	8,993,566	19,057,612	14,489,857	15,826,034	63,834,383	25,964,285	2,348,145	340,074	92,486,887
2025	3,688,457	2,768,666	9,159,609	21,200,776	13,784,869	19,598,576	70,200,953	20,707,243	2,552,313	312,927	93,773,436

Source: City of Prescott finance department

CITY OF PRESCOTT, ARIZONA

Table X

Statistical Section - Financial Trends
General Government Revenues by Sources
Last ten fiscal years

Fiscal Year	Taxes	Inter-Governmental Revenues	Licenses & Permits	Fines & Forfeitures	Gifts & Donations	Charges for Services	Interest Income	Miscellaneous	Total
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
2024	57,559,812	34,455,414	2,108,640	288,470	631,408	5,828,378	5,360,578	939,407	107,172,107
2025	61,664,761	30,050,174	1,226,438	345,742	588,778	8,200,129	5,395,896	268,527	107,740,445

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>
2016	P/S	25,790,405	582,607,100	12,829,766	621,227,271	18.9%	1.0219
2017	P/S	23,317,710	532,808,895	14,446,729	570,573,334	-8.2%	7.8942
2018	P/S	23,640,708	566,952,688	15,565,894	606,159,290	6.2%	7.9288
2019	P/S	23,980,646	607,707,445	15,960,911	647,649,002	6.8%	7.8596
2020	P/S	24,858,551	648,699,431	17,441,756	690,999,738	6.7%	7.5832
2021	P/S	25,722,615	693,234,070	16,553,800	735,510,485	6.4%	7.2706
2022	P/S	26,829,940	745,001,182	16,316,340	788,147,462	7.2%	6.5735
2023	P/S	28,740,104	840,887,790	14,175,623	883,803,517	12.1%	6.3881
2024	P/S	29,683,246	892,224,225	13,796,184	935,703,655	5.9%	6.3382
2025	P/S	30,515,233	948,667,633	10,303,687	989,486,553	5.7%	6.1124

Source: Yavapai County Assessor NAV Reports

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

Real estate and improvements are combined in the valuation.

CITY OF PRESCOTT, ARIZONA

Table XII

Statistical Section - Revenue Capacity

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

Last ten fiscal years

Fiscal Year		City of Prescott	High School & Elementary	Community College	Yavapai County	State of Arizona	Total
			Tax Rates (per \$1,000 Assessed Valuation)				
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
2024	P	0.2520	2.3541	1.5084	1.7148	-	5.8293
	S	-	0.1109	-	0.3980	-	0.5089
2025	P	0.2423	2.2812	1.4956	1.6443	-	5.6634
	S	-	0.0665	-	0.3825	-	0.4490
		Tax Levies					
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
2024	P	2,227,185	28,861,739	53,650,100	60,990,002	-	145,729,026
	S	-	1,359,656	-	13,528,288	-	14,887,944
2025	P	2,267,210	29,662,870	56,930,800	62,592,371	-	151,453,251
	S	-	864,712	-	13,906,602	-	14,771,314

The portion of the 2024-25 levies paid by City of Prescott property owners is reflected below:

Amount	P	\$ 2,267,210	\$ 13,267,802	\$ 13,989,045	\$ 15,380,207	\$ 44,904,264
	S	-	386,774	-	3,417,132	3,803,906
Percent	P	100%	44.7%	24.6%	24.6%	32.3%
	S	100%	44.7%	24.6%	24.6%	24.0%

Source: Yavapai County Board of Supervisors

CITY OF PRESCOTT, ARIZONA

Table XIII

Statistical Section - Revenue Capacity

Principal Property Taxpayers

Current fiscal year and ten years ago

Taxpayer	Type of Business	2024/2025				2015/2016			
		Assessed		As a % of City's Total Secondary		Assessed		As a % of City's Total Secondary	
		Valuation	Rank	Valuation	Rank	Valuation	Rank	Valuation	Rank
Arizona Public Service	Electric utility	\$ 20,939,770	1	2.1%		\$ 12,666,713	1	2.0%	
Unisource Energy Corporation	Gas utility	7,252,235	2	0.7%		6,176,471	3	1.0%	
Touchmark at the Ranch LLC	Retirement Home	5,810,189	3	0.6%		-	-	-	-
Wal-Mart	Shopping Center	3,826,157	4	0.4%		1,858,669	6	0.3%	
KW PRS LLC	Realty	3,571,556	5	0.4%		-	-	-	-
Sturm Ruger	Manufacturing	3,440,583	6	0.3%		7,910,038	2	1.3%	
LFRV LLC (Las Fuentes)	Commercial rental	3,067,814	7	0.3%		1,975,270	5	0.3%	
Findlay Family Properties	Shopping Center	2,865,491	8	0.3%		-	-	-	-
SRZ Yuma LLC	Gas utility	2,289,061	9	0.2%		1,670,967	9	0.3%	
Casa Prescott 25 LLC	Realty	1,941,277	10	0.2%		-	-	-	-
TWC II Prescott Mall LLC	Shopping center	-	-	-		3,666,912	4	0.6%	
Qwest Corporation / US West	Telecommunications	-	-	-		1,852,965	7	0.3%	
Lowes	Retail	-	-	-		1,675,651	8	0.3%	
Wal-Mart Stores Inc. 5303	Shopping Center	-	-	-		1,593,547	10	0.3%	
Total		<u>\$ 55,004,133</u>		<u>5.5%</u>		<u>\$ 41,047,203</u>		<u>6.4%</u>	

Source: Yavapai County assessor's office

CITY OF PRESCOTT, ARIZONA

Table XIV

Statistical Section - Revenue Capacity

Property Tax Levies and Collections

Last ten fiscal years

Fiscal Year	Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent		Total Collections	Total As Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes As Percent of Current Levy
				Tax Collections	Delinquent				
2016	1,671,518	1,652,907	98.9%	18,492		1,671,399	100.0%	119	0.0%
2017	1,725,903	1,597,136	92.5%	128,619		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%
2024	2,227,185	2,201,728	98.9%	-		2,201,728	98.9%	25,457	1.1%
2025	2,267,210	2,241,120	98.8%	-		2,241,120	98.8%	26,090	1.2%

Source: Yavapai County treasurer's office

Penalties are not recorded in the above collection figures.

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

CITY OF PRESCOTT, ARIZONA

Table XV

Statistical Section - Revenue Capacity Property Tax Information

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

Fiscal Year	Total		General Property <u>Taxes</u>	General Privilege and Use Taxes	Additional 1% Privilege <u>Tax (1)</u>	Additional .75% Privilege <u>Tax (2)</u>	Franchise <u>Taxes</u>	Transient Lodging <u>Tax (3)</u>	Public Safety PSTI <u>Tax (4)</u>
	Tax	Per Capita							
	Total <u>Taxes</u>								
2016	835	34,234,664	1,667,061	15,312,068	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	919	37,677,570	1,869,386	16,556,472	16,554,480	-	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	1,349	64,218,402	2,044,496	24,655,558	24,645,041	9,373,373	1,875,549	1,624,385	-
2024	1,208	57,685,653	2,336,559	25,869,222	25,857,895	99,979	1,913,984	1,608,014	-
2025	1,279	61,676,411	2,262,343	25,148,792	25,132,164	43,199	1,942,109	1,577,627	5,570,177

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.

(4) Voters approved an additional 0.95% privilege tax taking effect April 1, 2025 for the sole purpose of improving public safety services in within the City.

This rate will reduce to 0.75% by December 31, 2035.

CITY OF PRESCOTT, ARIZONA

Table XVII

Statistical Section - Revenue Capacity

Privilege Tax - Taxable Sales by Category

Last ten fiscal years (in thousands of dollars)

<u>Fiscal year</u>	<u>Construction</u>	<u>Restaurant Bar</u>	<u>Tangible Per. Prop. Rental</u>	<u>Commercial Rental</u>	<u>Hotel Motel</u>	<u>Residential Rental</u>	<u>Retail Sales</u>	<u>Utilities</u>	<u>Use Tax</u>	<u>All Other</u>	<u>Total</u>	<u>Tax Rate</u>	<u>Top 10 as % of Total</u>
2016	113,863	109,257	26,097	53,736	27,352	73,062	906,798	79,062	27,861	47,200	1,464,288	2%	31%
2017	154,329	115,038	26,928	55,929	30,076	71,168	935,603	78,471	34,724	43,837	1,546,102	2%	37%
2018	152,583	118,459	28,954	57,561	34,312	65,154	987,548	82,217	44,893	39,189	1,610,871	2.75%	36%
2019	182,470	123,374	31,943	57,750	35,885	69,224	1,031,233	81,899	51,972	38,599	1,704,350	2.75%	32%
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%	40%
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	167,415	157,349	41,566	69,790	56,713	100,848	1,478,705	89,827	48,078	34,531	2,244,823	2.75%	33%
2023	190,755	173,705	43,236	77,629	55,947	112,637	1,519,912	96,868	58,836	35,441	2,364,966	2%	33%
2024	193,292	183,112	44,248	81,685	55,975	119,165	1,583,747	101,031	83,342	35,575	2,481,173	2%	32%
2025	223,869	183,107	49,910	87,681	53,957	64,430	1,600,293	108,216	73,360	34,339	2,479,160	2.95%	32%

Source: City of Prescott Finance Department

CITY OF PRESCOTT, ARIZONA

Table XVIII

Statistical Section - Revenue Capacity

Privilege Tax Overlapping Rates

Last ten fiscal years

Fiscal Year	Prescott	Prescott	Prescott	Yavapai	State of	Public Safety	Total	Transient
	Privilege	Privilege	Privilege	County	Arizona			
	Tax	Tax - Roads &	Tax	Privilege	Privilege	PSTI	Privilege	Lodging
General	Open Space (1)	PSPRS (2)		Tax (3)	Tax (4)	Tax (6)	Tax	Tax (5)
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%
2024	1.00%	1.00%	0.00%	0.75%	5.60%	-	8.35%	3.00%
2025	1.00%	1.00%	0.00%	0.75%	5.60%	0.95%	9.30%	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.

(6) Voters approved an additional 0.95% privilege tax taking effect April 1, 2025 for the sole purpose of improving public safety services in within the City.

This rate will reduce to 0.75% by December 31, 2035.

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							Adjusted Total Debt Total Personal Income
	Community			Pledged							Municipal			Total		Adjusted		
	General Obligation Bonds	Facilities District Bonds (1)	Lease Contracts	Purchase Lease Payble	Subscriptions Liability	Excise Tax Bonds	Special Assessment Bonds	Subscriptions Liability	Properties Corporation Bonds	MPC 2014 Unamortized Premium	Loans Payable (2)	Primary Government	Debt Per Capita	Debt Per Capita (1)	Total Personal Income	Total Personal Income		
	Bonds	Bonds (1)	Contracts	Payble	Liability	Bonds	Bonds	Liability	Bonds	Premium	Payable (2)	Government	Capita	Capita (1)	Income	Income		
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	0.83%	0.83%		
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	-	5,911	70,282	405,321	182,081	10,785,000	-	-	6,685,000	495,034	91,789,257	110,417,886	2,320	2,319	0.93%	0.93%		
2024	-	-	47,544	205,656	664,051	9,080,000	-	49,980	6,210,000	424,885	100,044,552	116,726,667	2,444	2,444	0.92%	0.92%		
2025	-	-	24,123	-	559,007	7,345,000	-	16,914	-	-	98,832,314	106,777,358	2,214	2,214	0.77%	0.77%		

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>
2016	621,227,271	180,000	-	180,000	0.0%	4
2017	570,573,334	-	-	-	0.1%	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	883,803,517	-	-	-	0.0%	0
2024	935,703,655	-	-	-	0.0%	0
2025	989,486,553	-	-	-	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

Fiscal Year	Water Revenue Bond (3)							<u>Coverage</u>	
	Net Revenue			Debt Service					
	Operating Revenues (1)	Operating Expenses (2)	Available for Debt Service	Principal	Interest	Total			
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	10,869,621	7,952,493	2,110,470	828,645	2,939,115	270.57%		
2024	21,247,705	12,847,488	8,400,217	2,850,103	1,210,431	4,060,534	206.87%		
2025	24,920,153	12,524,338	12,395,815	2,928,493	1,431,110	4,359,603	284.33%		
Wastewater Revenue Bond (3)									
Fiscal Year	Net Revenue			Debt Service				<u>Coverage</u>	
	Operating Revenues (1)	Operating Expenses (2)	Available for Debt Service	Principal	Interest	Total			
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%		
2024	17,257,909	10,525,599	6,732,310	3,625,619	1,153,285	4,778,905	140.88%		
2025	20,370,426	11,210,878	9,159,548	3,732,606	1,054,152	4,786,758	191.35%		

Source: City of Prescott finance department

(1) Total revenue including interest income.

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

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

CITY OF PRESCOTT, ARIZONA
 Table XXII
 Statistical Section - Debt Capacity
 Direct and Overlapping Debt
 June 30, 2025

	<u>Net Bonds Outstanding</u>	Percentage <u>Applicable to Prescott (1)</u>	Amount <u>Applicable to Prescott</u>
<u>Direct Debt</u>			
General obligation bonds - payable from property taxes	\$ -	100.0%	\$ -
Municipal property corporation bonds - payable from sales tax	9,080,000	100.0%	9,080,000
Special assessment bonds - payable from assessed properties	-	100.0%	-
Lease payable - payable from general revenues	205,656	100.0%	205,656
Lease purchase contracts - payable from general revenues	47,544	100.0%	47,544
 Total direct debt			 <u>9,333,199</u>
 <u>Overlapping Debt</u>			
Yavapai County	-	23.2%	-
Yavapai Community College District	2,360,000	23.2%	548,380
Prescott Unified School District	6,080,000	42.3%	<u>2,571,685</u>
Total overlapping debt			<u>3,120,065</u>
Total direct & overlapping debt			<u>\$ 12,453,264</u>

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

<u>Taxing District</u>	Total	Valuation	Percent
	<u>Assessed Valuation</u>	in <u>Prescott</u>	in <u>Prescott</u>
Yavapai County	\$ 4,026,883,941	\$ 935,703,655	23.2%
Yavapai Community College District	4,026,883,941	935,703,655	23.2%
Prescott Unified School District	2,212,198,482	935,703,655	42.3%

Source: Yavapai County assessor's office and finance department

CITY OF PRESCOTT, ARIZONA

Table XXIII

Statistical Section - Debt Capacity

Legal Debt Margins

June 30, 2025

	<u>General Obligation Bonds</u>	
	All Others	Water & Wastewater
	6% (1)	20% (2)
<u>Legal Debt Limitation</u>		
(2024-25 secondary assessed valuation \$935,703,655)	\$ 59,369,193	\$ 197,897,311
<u>Outstanding Debt</u>		
Municipal facilities	-	-
Total outstanding debt	-	-
Total margin available	\$ 59,369,193	\$ 197,897,311
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 2024-25	\$ 4,858,745
Percent of margin	50%
Highway user margin	2,429,373
Bond principal due FY 2024-25	-
Bond interest due FY 2024-25	-
Margin available	\$ 2,429,373
Total debt service applicable to the margin as a percentage of the margin	n/a

CITY OF PRESCOTT, ARIZONA

Table XXIV

Statistical Section - Debt Capacity

Legal Debt Margins

Last ten fiscal years (in thousands of dollars)

Legal Debt Limitation or Margin	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Obligation Bonds 6% limit (1)	\$ 32,918	\$ 34,234	\$ 34,721	\$ 37,058	\$ 39,433	\$ 41,574	\$ 41,574	\$ 50,117	\$ 56,142	\$ 59,369
Outstanding debt subject to limit	-	-	-	-	-	-	-	-	-	-
Total margin available	\$ 32,918	\$ 34,234	\$ 34,721	\$ 37,058	\$ 39,433	\$ 41,574	\$ 41,574	\$ 50,117	\$ 56,142	\$ 59,369
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%
Water & Wastewater 20% limit (2)	\$109,726	\$114,115	\$115,736	\$123,528	\$131,443	\$138,581	\$138,581	\$167,056	\$187,141	\$197,897
Outstanding debt subject to limit	355	180	180	-	-	-	-	-	-	-
Total margin available	\$ 109,371	\$ 113,935	\$ 115,556	\$ 123,528	\$ 131,443	\$ 138,581	\$ 138,581	\$ 167,056	\$ 187,141	\$ 197,897
Total debt applicable to the limit as a percentage of the debt limit	0.3%	0.2%	0.2%	n/a	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Highway User Margin 50% limit (3)	\$ 1,618	\$ 1,735	\$ 1,773	\$ 1,874	\$ 2,104	\$ 2,131	\$ 2,131	\$ 2,335	\$ 2,406	\$ 2,429
Bond principal due	-	-	-	-	-	-	-	-	-	-
Bond interest due	-	-	-	-	-	-	-	-	-	-
Margin available	\$ 1,618	\$ 1,735	\$ 1,773	\$ 1,874	\$ 2,104	\$ 2,131	\$ 2,131	\$ 2,335	\$ 2,406	\$ 2,429
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		Debt Service		CFD Assessments		Debt Service		Excise Tax		Debt Service	
	Collected	Principal	Interest	Coverage	Collected	Principal	Interest	Coverage	Collected	Principal	Interest	Coverage
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
2024	-	-	-	-	6,166	5,995	172	1.00	58,499,685	2,180,000	572,205	21.26
2025	-	-	-	-	-	-	-	-	62,696,355	6,760,000	363,985	8.80

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

Year	Population (1)	Personal	Per	Annual Unemployment	School Enrollment (4)
		Income (thousands of dollars) (2)	Capita Personal Income (2)		
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	50,645	4.1%	3,812
2022	47,603	12,739,608	51,921	3.5%	3,827
2023	47,757	13,926,821	55,913	3.6%	3,819
2024	48,224	N/A	N/A	3.3%	3,887

(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>Employer</u>	<u>Type of Business</u>	2024/25			2015/16				
		Number of Employees	Rank	As a % of City's Total		Number of Employees	Rank	As a % of City's Total	
				Employment				Employment	
Yavapai County	Government	2,035	1	11.8%		1,414	1	8.3%	
Yavapai Regional Medical Center	Hospital	2,081	2	12.1%		1,083	3	6.3%	
Veteran's Administration Medical Center	Hospital	1,100	3	6.4%		1,094	2	6.4%	
Yavapai College	College	998	4	5.8%		413	8	2.4%	
Embry-Riddle Aeronautical University	College	620	5	3.6%		375	9	2.2%	
City of Prescott	Government	576	6	3.3%		508	7	3.0%	
Prescott Unified School District	Public Schools	424	7	2.5%		770	4	4.5%	
HOAMCO	Management	383	8	2.2%		-	-	-	
West Yavapai Guidance Clinic	Healthcare	350	9	2.0%		-	-	-	
Yavapai Gaming Agency	Casino	300	10	1.7%		294	10	1.7%	
Wal-Mart Stores	Retail	-	-			585	5	3.4%	
Sturm Ruger	Manufacturing	-	-			579	6	3.4%	
		<u><u>8,867</u></u>		<u><u>47.1%</u></u>		<u><u>7,115</u></u>		<u><u>41.6%</u></u>	

The 2024/2025 total City employment was 17,228 based on U.S. Census Bureau 2022 ACS 1-Year Supplemental Estimates

The 2015/2016 total City employment was 17,085 based on U.S. Census Bureau County Business Patterns information for 2014.

CITY OF PRESCOTT, ARIZONA

Table XXVIII

Statistical Section - Operating Information

City Employees by Function/Program

Last ten fiscal years

Function/ Program	Full-time Equivalent Employees at June 30									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government (2)	39	52	56	51	53	53	56	56	59	60
Administrative Services	1	2	-	-	-	-	-	-	-	-
Budget and Finance (2)	22	10	15	16	16	16	16	17	17	17
Community Development	11	11	13	15	15	16	14	16	18	19
Cultural & Recreation	42	42	43	43	43	45	45	55	51	55
Police	95	91	83	83	87	90	92	100	107	107
Regional Communications (1)	33	30	30	30	30	30	29	35	35	35
Fire	68	65	68	65	65	65	70	79	80	81
Fleet Services	9	9	9	9	9	10	10	11	11	11
Self Insurance	-	-	-	-	-	-	-	-	-	-
Facilities Maintenance	6	6	7	8	8	7	7	8	7	7
Engineering	17	24	23	23	20	18	18	18	16	17
Utilities	80	75	69	69	71	74	74	74	76	76
Solid Waste	28	27	28	29	30	31	31	32	38	42
Airport	11	11	9	9	9	11	12	12	12	12
Golf Course	9	9	9	9	9	8	8	-	-	-
Street Maintenance	36	37	36	36	35	35	37	37	38	38
Total	506	501	497	494	498	508	518	548	565	576
Number of citizens per employee	81	82	82	87	85	90	90	87	84	83

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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Community Development										
Building permits issued	2,010	2,309	2,399	1,906	1,684	2,212	1,994	2,020	1,789	1,806
Permit valuations (in millions)	166	139	182	235	205	219	225	186	210	157
Cultural & Recreation										
Library circulation	772,629	731,830	760,350	783,371	649,615	575,299	701,167	726,000	725,039	694,531
Library visits	428,948	414,137	440,868	431,868	316,131	145,495	286,783	287,971	321,417	328,204
Library resources available (4)	168,606	163,876	149,105	140,912	138,222	167,322	163,053	657,877	718,712	682,262
New cards issued	4,667	4,324	4,187	4,033	3,245	2,413	4,062	3,935	4,076	4,063
Golf Rounds	69,741	72,303	79,969	71,579	78,002	90,434	83,468	77,342	86,259	86,452
Police (Calendar Year)										
Calls for service	24,979	24,136	23,879	22,909	20,310	19,752	19,873	19,053	18,713	18,814
Part 1 crimes (1)	1,235	1,098	1,066	1,045	842	779	-	-	-	-
Part 2 crimes (2)	3,420	3,024	3,196	3,402	2,811	2,508	-	-	-	-
Group A (5)										
Offenses	-	-	-	-	-	-	1,952	2,861	2,686	2,387
Group B (6)	-	-	-	-	-	-	439	443	494	556
Fire										
Calls for service	8,014	8,619	7,694	7,207	8,723	9,533	11,105	10,916	11,193	10,528
Water										
Connections	23,465	23,907	24,214	24,997	25,198	25,412	26,185	26,535	26,759	27,120
Wastewater										
Connections	19,000	19,390	19,969	19,992	20,497	20,873	21,254	21,500	21,721	21,898
Solid Waste										
Residential accounts	18,086	18,516	17,407	19,318	20,486	22,678	20,224	24,318	24,408	20,097
Commercial accounts	1,544	1,538	1,692	1,335	1,379	1,351	1,549	1,715	1,868	1,155
Tons collected	62,729	67,319	34,063	33,561	33,466	33,865	33,555	33,637	32,712	33,717
Transfer Station										
Transactions per year	79,183	78,439	82,953	81,477	95,508	98,002	104,640	97,154	94,937	94,712
Tons per year	64,389	62,815	64,088	75,113	80,063	84,443	82,404	82,798	79,771	89,144
Airport										
Commercial aircraft landings	1,968	2,327	1,788	591	685	923	831	718	671	673
Passengers	3,302	3,454	4,631	22,301	20,070	32,646	25,770	25,866	25,723	25,561
FAA traffic count	291,170	254,342	250,900	224,991	209,123	296,210	311,012	313,653	349,444	384,730
Public Works										
Cold mix repairs(lbs)	176,874	195,032	91,878	156,723	34,348	29,760	87,580	90,900	60,000	60,000
Hot Mix repairs (3)	1,302	261,696	82,948	103,236	103,616	95,341	107,702	132,637	4,478	40,147

(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 FY23, 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: Group 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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General Government										
Area square miles	42	42	45	45	45	46	46	50	50	50
Cultural and Recreation										
Parks	21	21	22	22	21	21	22	23	23	23
Park & Open Space (acres)(1)	990	990	998	2,353	2,353	2,828	3,604	3,687	3,687	3,687
Miles of trails	76	76	102	108	106	112	122	140	140	140
Open space - public (acres)	1,200	1,200	1,386	-	-	-	0	0	0	0
Lakes - 4 -(acres)	-	-	-	562	562	562	572	572	572	572
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	5	5	5	5	5	5	5	5	5	5
Water										
Miles of water mains	526	526	526	546	551	563	602	608	612	619
Wastewater										
Miles of sanitary sewers	375	375	375	385	389	400	410	412	414	416
Solid Waste										
Collection trucks	18	15	15	20	20	20	22	22	26	26
Airport										
Total based aircraft	292	338	273	335	357	365	364	328	389	414
Golf Course										
Holes	36	36	36	36	36	36	36	36	36	36
Public Works										
Streets (paved miles)	302	339	348	357	367	371	379	379	381	378

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

Source: City of Prescott departments.



COMPLIANCE REPORTING

**Report on Internal Control
Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
With Government Auditing Standards**

Independent Auditors' Report

To the Honorable Mayor and Council of
City of Prescott

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Prescott (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 19, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is fluid and cursive, with "Baker Tilly" on the top line and "US, LLP" on the bottom line.

Tempe, Arizona
December 19, 2025