

City of Prescott
Annual expenditure limitation report
Year ended June 30, 2019

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INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the accompanying Annual Expenditure Limitation Report of City of Prescott, Arizona for the year ended June 30, 2019. The City's management is responsible for presenting this report in accordance with the uniform expenditure reporting system as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

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

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

Henry + Horne, LLP

Tempe, Arizona
November 14, 2019

City of Prescott
 Annual expenditure limitation report—part I
 Year ended June 30, 2019

<u>1.</u> Economic Estimates Commission expenditure limitation	\$	<u>56,197,200</u>	
<u>2.</u> Voter-approved alternative expenditure limitation (approved August 29, 2017)		<u>191,270,765</u>	
<u>3.</u> Enter applicable amount from line 1 or line 2			\$ <u>191,270,765</u>
<u>4.</u> Amount subject to the expenditure limitation (total amount from part II, line C)	\$	<u>149,944,035</u>	
<u>8.</u> Subtotal			\$ <u>149,944,035</u>
<u>10.</u> Total adjusted amount subject to the expenditure limitation			\$ <u>149,944,035</u>
<u>11.</u> Amount under (in excess of) the expenditure limitation			\$ <u><u>41,326,730</u></u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of chief financial officer

Mark Woodfill

Name and title: Mark Woodfill

Telephone number: 928 777-1222

Date: 11/14/2019

See accompanying notes to report.

City of Prescott
 Annual expenditure limitation report—part II
 Year ended June 30, 2019

Description	<u>Governmental funds</u>	<u>Enterprise funds</u>	<u>Internal service funds</u>	<u>Total</u>
A. Amounts reported on the reconciliation, line D	\$ 76,048,960	\$ 67,419,216	\$ 6,475,859	\$ 149,944,035
B. Less exclusions claimed:				
16. Total exclusions claimed	-	-	-	-
C. Amounts subject to the expenditure limitation	<u>\$ 76,048,960</u>	<u>\$ 67,419,216</u>	<u>\$ 6,475,859</u>	<u>\$ 149,944,035</u>

See accompanying notes to report.

City of Prescott
Annual expenditure limitation report—reconciliation
Year ended June 30, 2019

Description	Governmental funds	Enterprise funds	Internal service funds	Total
<u>A.</u> Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 76,151,466	\$ 45,434,812	\$ 6,421,279	\$ 128,007,557
<u>B.</u> Subtractions:				
<u>1.</u> Items not requiring use of current financial resources:				
<u>a.</u> Depreciation		10,221,287	148,837	10,370,124
<u>b.</u> Loss on disposal of capital assets			-	-
<u>d.</u> Other postemployment benefits (OPEB) expense (Note 2)		41,139	9,975	51,114
<u>f.</u> Landfill closure and postclosure care costs (Note 3)		25,857		25,857
<u>g.</u> Pension expense (Note 4)		314,902	46,934	361,836
<u>3.</u> Required fees paid to the Arizona Department of Revenue	102,506			102,506
<u>6.</u> Total subtractions	<u>102,506</u>	<u>10,603,185</u>	<u>205,746</u>	<u>10,911,437</u>
<u>C.</u> Additions:				
<u>1.</u> Principal payments on long-term debt (Note 5)		4,784,822	-	4,784,822
<u>2.</u> Capital asset acquisitions		27,036,327	30,828	27,067,155
<u>3.</u> Amounts paid in the current year but reported as expenses in previous years:				
<u>a.</u> OPEB (Note 2)		10,823	3,066	13,889
<u>b.</u> Claims previously recognized as IBNR (Note 6)			17,631	17,631
<u>4.</u> Pension contributions paid in the current year (Note 4)		755,617	208,801	964,418
<u>5.</u> Total additions	-	<u>32,587,589</u>	<u>260,326</u>	<u>32,847,915</u>
<u>D.</u> Amounts reported on part II, line A	<u>\$ 76,048,960</u>	<u>\$ 67,419,216</u>	<u>\$ 6,475,859</u>	<u>\$ 149,944,035</u>

See accompanying notes to report.

City of Prescott
Notes to annual expenditure limitation report
Year ended June 30, 2019

Note 1 - Summary of significant accounting policies

The annual expenditure limitation report (AELR) is presented as prescribed by the uniform expenditure reporting system (UERS), as required by Arizona Revised Statutes §41-1279.07, and in accordance with the voter-approved alternative expenditure limitation adopted August 29, 2017, as authorized by the Arizona Constitution, Article IX, §20(9).

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

Note 2 The subtraction of \$51,114 for other posteemployment benefits expense consists of the amounts expensed in the current year but not yet paid in the enterprise/internal service funds. The addition of \$13,889 for other postemployment benefits paid in the current year, but reported as expenses in previous years in the enterprise/internal service funds.

Note 3 The subtraction of \$25,857 for landfill closure and postclosure care costs consists of that portion of the total estimated liability reported as expenses in the current year but not yet paid in the enterprise funds.

Note 4 The subtraction of \$361,836 for pension expense consists of the change in the net pension liability recognized in the current year in the enterprise/internal service funds. The addition of \$964,418 for pension contributions paid in the current year consists of the required pension contributions made to the Arizona State Retirement System and Public Safety Personnel Retirement System from the enterprise/internal service funds.

Note 5 The addition of \$4,784,822 for principal payments on long-term debt in the enterprise and internal service funds consists of:

<u>Type of Debt</u>	<u>Reference</u>	<u>Amount</u>
AZ WIFA	910097-08F	234,009
AZ WIFA	910122-10F	283,531
AZ WIFA	910147-11F	71,629
AZ WIFA	910148-11F	66,154
AZ WIFA	910151-11F	1,974,595
AZ WIFA	910170-18	505,628
AZ WIFA	920125-08F	491,084
AZ WIFA	920206-11F	46,319
AZ WIFA	920237-13F	605,521
AZ WIFA	92A166-10F	121,352
Prescott Municipal Property Corporation	MPC 2014	385,000
Total		<u>4,784,822</u>

City of Prescott
Notes to annual expenditure limitation report
Year ended June 30, 2019

Note 6 The addition of \$17,631 for claims adjustment in the current year, but reported as expenses incurred but not reported in previous years, consists of adjustment in the current year to claims recognized as an expense in previous years in the internal service fund.