

City of Prescott
Annual expenditure limitation report
Year ended June 30, 2020

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Independent Accountants' Report on AELR

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

We have examined the accompanying Annual Expenditure Limitation Report of the City of Prescott, Arizona, for the year ended June 30, 2020, and the related notes to the report. The City of Prescott, Arizona's management is responsible for presenting this report in accordance with the uniform expenditure reporting system as described in note 1. Our responsibility is to express an opinion on this report based on our examination.

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

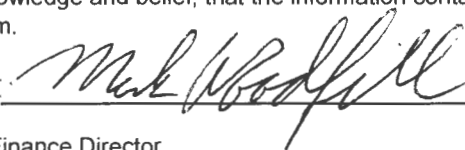
In our opinion, the annual expenditure limitation report referred to above is presented in accordance with the uniform expenditure reporting system as described in Note 1 in all material respects.

HintonBurdick, PLLC
HintonBurdick, PLLC
November 12, 2020

City of Prescott
 Annual expenditure limitation report—part I
 Year ended June 30, 2020

1. Economic Estimates Commission expenditure limitation	\$	<u>58,381,593</u>	
2. Voter-approved alternative expenditure limitation (approved August 20,2017)		<u>220,068,922</u>	
3. Enter applicable amount from line 1 or line 2			\$ <u>220,068,922</u>
4. Amount subject to the expenditure limitation (total amount from part II, line C)	\$	<u>159,361,934</u>	
8. Subtotal			\$ <u>159,361,934</u>
10. Total adjusted amount subject to the expenditure limitation			\$ <u>159,361,934</u>
11. Amount under (in excess of) the expenditure limitation			\$ <u><u>60,706,988</u></u>

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

Signature of chief financial officer: 

Name and title: Mark Woodfill, Finance Director

Telephone number: 928 777-1222 Date: 11/30/20

See accompanying notes to report.

City of Prescott
 Annual expenditure limitation report—part II
 Year ended June 30, 2020

Description	Governmental funds	Enterprise funds	Internal service funds	Total
A. Amounts reported on the reconciliation, line D	\$ 92,502,993	\$ 60,682,348	\$ 6,176,593	\$ 159,361,934
B. Less exclusions claimed:				
<u>16.</u> Total exclusions claimed	-	-	-	-
C. Amounts subject to the expenditure limitation	\$ 92,502,993	\$ 60,682,348	\$ 6,176,593	\$ 159,361,934

See accompanying notes to report.

City of Prescott
Annual expenditure limitation report—reconciliation
Year ended June 30, 2020

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	\$ 92,616,271	\$ 45,044,975	\$ 6,150,485	\$ 143,811,731
<u>B.</u> Subtractions:				
<u>1.</u> Items not requiring use of current financial resources:				
<u>a.</u> Depreciation		10,608,611	151,121	10,759,732
<u>d.</u> Pension and other postemployment benefits (OPEB) expense (Note 2)		1,014,709	52,887	1,067,596
<u>f.</u> Landfill closure and postclosure care costs and pollution remediation (Note 3)		8,110		8,110
<u>3.</u> Required fees paid to the Arizona Department of Revenue	113,278			113,278
<u>6.</u> Total subtractions	<u>113,278</u>	<u>11,631,430</u>	<u>204,008</u>	<u>11,948,716</u>
<u>C.</u> Additions:				
<u>1.</u> Principal payments on long-term debt (Note 4)		4,927,252	-	4,927,252
<u>2.</u> Capital asset acquisitions		21,324,276	6,738	21,331,014
<u>3.</u> Amounts paid in the current year but reported as expenses in previous years:				
<u>a.</u> Claims previously recognized as IBNR (Note 5)			170,491	170,491
<u>b.</u> Landfill closure and postclosure care costs and pollution remediation (Note 6)		4,394		4,394
<u>4.</u> Pension and OPEB contributions paid in the current year (Note 2)		1,012,881	52,887	1,065,768
<u>5.</u> Total additions	-	<u>27,268,803</u>	<u>230,116</u>	<u>27,498,919</u>
<u>D.</u> Amounts reported on part II, line A	<u>\$ 92,502,993</u>	<u>\$ 60,682,348</u>	<u>\$ 6,176,593</u>	<u>\$ 159,361,934</u>

See accompanying notes to report.

City of Prescott
Notes to annual expenditure limitation report
Year ended June 30, 2020

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 \$1,067,596 subtraction for pension and other post employment benefit (OPEB) expense consists of changes in the net pension and OPEB liabilities, changes in deferred outflows related to pensions and OPEB, and changes in deferred inflows related to pensions and OPEB, recognized in the current year in the enterprise/internal service funds. The \$1,065,768 addition for pension and OPEB contributions paid in the current year consists of the required pension and OPEB contributions made to the Arizona State Retirement System from the enterprise/internal service funds.

Note 3 The subtraction of \$8,110 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 addition of \$4,927,252 for principal payments on long-term debt in the enterprise and internal service funds consists of:

Type of Debt	Reference	Amount
AZ WIFA	910097-08F	\$ 243,060
AZ WIFA	910122-10F	292,441
AZ WIFA	910147-11F	73,887
AZ WIFA	910148-11F	68,239
AZ WIFA	910151-11F	2,032,846
AZ WIFA	910170-18	517,399
AZ WIFA	920125-08F	508,960
AZ WIFA	920206-11F	47,779
AZ WIFA	920237-13F	622,476
AZ WIFA	920297-20	-
AZ WIFA	92A166-10F	125,165
Prescott Municipal Property Corporation	MPC 2014	395,000
Total		<u>\$ 4,927,252</u>

Note 5 The addition of \$170,491 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.

Note 6 The addition of \$4,394 for landfill closure and postclosure care costs adjustment in the current year, but reported as expenses in previous years, consists of adjustment in the current year to estimates reported as expenses in previous years in the enterprise funds.