



**CITY OF PRESCOTT**  
**FINANCIAL STATEMENTS WITH**  
**INDEPENDENT AUDITOR'S REPORT**  
**December 31, 2019**

**CITY OF PRESCOTT**

**Table of Contents**

**December 31, 2019**

---

	Page
INDEPENDENT AUDITOR’S REPORT .....	i–iii
MANAGEMENT’S DISCUSSION AND ANALYSIS .....	iv–xv
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Statements	
Statement of Net Position .....	1
Statement of Activities .....	2
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	3
Reconciliation of the Governmental Funds Balance Sheet to the	
Statement of Net Position .....	4
Statement of Revenues, Expenditures and Changes in	
Fund Balances – Governmental Funds.....	5
Reconciliation of the Statement of Revenues, Expenditures and Changes	
In Fund Balances of Governmental Funds to the Statement of Activities.....	6
Statement of Net Position – Proprietary Funds .....	7-8
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds .....	9
Statement of Cash Flows – Proprietary Funds .....	10-11
Statement of Net Position – Fiduciary Funds.....	12
Statement of Changes in Net Position – Fiduciary Funds .....	13
Notes to Financial Statements .....	14-51
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Revenues, Expenditures and Changes in Fund	
Balance – Budget and Actual – General Fund .....	52
Wisconsin Retirement System Schedules .....	53
Notes to Required Supplementary Information.....	54
<b>SUPPLEMENTARY INFORMATION</b>	
Detailed Schedule of Revenues, Expenditures and	
Changes in Fund Balance – Budget to Actual.....	55-58
Combining Balance Sheet – Non-Major Special Revenue Funds.....	59
Combining Statement of Revenues, Expenditures and Changes in	
Fund Balances – Non-Major Special Revenue Funds .....	60
Combining Balance Sheet – Non-Major Capital Projects Funds .....	61
Combining Statement of Revenues, Expenditures and Changes in	
Fund Balances – Non-Major Capital Projects Funds .....	62
Combining Balance Sheet – Non-Major Governmental Funds.....	63
Combining Statement of Revenues, Expenditures and Changes in	
Fund Balances – Non-Major Governmental Funds.....	64



## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Prescott  
Prescott, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Prescott, Wisconsin, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Prescott, Wisconsin, as of December 31, 2019, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, effective January 1, 2019, the City of Prescott, Wisconsin adopted the provisions of GASB Statement No. 84, Fiduciary Activities. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page iv through xiv, and budgetary comparison information on page 52, and the Wisconsin Retirement System schedules on pages 53 be presented to supplement the basic financial statements. Such information, 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.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Prescott, Wisconsin's basic financial statements as a whole. The supplementary information as described in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.



The supplementary 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. Such 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.  
June 26, 2020

## CITY OF PRESCOTT, WISCONSIN

### MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the financial performance of the City of Prescott is intended to provide an overview of the City's financial activities for the fiscal year ended December 31, 2019. Readers are encouraged to consider the information presented here in conjunction with additional information as furnished in the financial statements and footnotes, which begin on page 1.

#### FINANCIAL HIGHLIGHTS

- The City of Prescott has total assets and deferred outflows of \$42.6 million, liabilities of \$8.3 million and deferred inflows of \$4.4 million, resulting in net position of \$29.9 million at the end of 2019. Of the net position, \$22.6 million represents the City's investment in capital assets, net of related debt, \$847,954 is held for restricted purposes, and \$6.4 million is available to meet the City's ongoing obligations to its citizens and creditors.
- The City of Prescott has three tax incremental districts. TID #3 is designed to promote the location and expansion of industry and provide new public infrastructure in the north portion of the community. TID #4 is a blight elimination district designed to promote economic development and revitalize the down town. TID #5 was created in 2006 and is located at the northeastern edge of the community and will be used to provide new public infrastructure and to promote the location and expansion of industry and development of new commercial business.
- In 2019, the City of Prescott's General Fund decreased its unassigned fund balance by \$265,158 for a total of \$1.97 million. Unassigned fund balance may be used for any purpose for the respective fund.
- In taxable year 2019 the City of Prescott had a net new construction value of \$4,480,200, increasing the total equalized value by 1.221%.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This section serves as an introduction to the City of Prescott's basic financial statements. The basic financial statements for the City are comprised of three components:

- government-wide financial statements,
- fund financial statements, and
- notes to the basic financial statements.

This report also contains other supplementary information in addition to the basic financial statements.

## **Government-wide Financial Statements**

The two government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business entities. The *Statement of Net position* presents information on all of the City's assets and deferred outflows and liabilities and deferred inflows, with the difference between the two 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 is improving or deteriorating. The *Statement of Activities* presents information showing how the City'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 the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The City's overall financial position increased from 2018 to 2019 with the City's net position increasing by almost \$1.4 million. The government-wide financial statements can be found on pages 1-2 of this report.

Both of the government-wide financial statements distinguish those functions of the municipality that are principally supported by taxes and intergovernmental revenues, known as governmental activities, from other functions that are intended to recover all, or a significant portion, of their costs through user fees and services charges, called business-type activities. The governmental activities of the City of Prescott include general government, public safety, public works, health and human services, culture, education and recreation, conservation and development, and other miscellaneous activities. The business-type activities of the City include the water, sewer and storm water utilities.

In addition to these various direct operations of the City, or primary government, the government-wide financial statements also include financial information related to legally distinct entities for which the City has financial responsibility and accountability, known as component units. These component units are the Fire and EMS Association. These entities are described in Note 3I following the financial statements.

## **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 governmental entities, uses fund accounting to ensure and demonstrate compliance with various finance-related legal requirements. Some funds are required by law, while others are established internally to maintain control over a particular activity. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 statements, governmental fund financial statements focus on near-term inflows and outflows of current spendable resources, as well as balances of spendable resources that can be converted to cash and balances available at the end of the fiscal year for future spending. Such information may be useful in evaluating a government's near-term financing requirements.

Governmental funds include the General, Special Revenue, Capital Projects, and Debt Service funds. Of these, the General fund, TIF #5 Capital Projects fund, and Capital Improvements fund are shown as major funds and are presented in separate columns. Data from the other governmental funds are combined into a single column for aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. Reconciliations follow the *Balance Sheet-Governmental Funds* and *Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds*. The reconciliations show the adjustments that are needed to convert the governmental funds financial statements to the government-wide *Statement of Net position and Statement of Activities*.

## **Proprietary Funds**

Proprietary funds maintained by the City of Prescott include enterprise funds. Enterprise funds are used to report those functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for activities that provide supplies and services to the general public. Proprietary fund statements provide the same type of information as the government-wide financial statements, but in more detail. The City's fund financial statements present separate enterprise fund information for the Water, Sewer and Storm Water Utilities. The proprietary fund financial statements begin on page 7 of this report.

## **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City of Prescott uses a fiduciary fund to account for taxes collected for the benefit of overlapping tax jurisdictions and to account for funds raised by the Prescott Daze Committee. The fiduciary funds are not reflected in the government-wide financial statements because the resources of the fund are not available to support the programs of the City. The accounting for the fiduciary funds is similar to that used for proprietary funds. The fiduciary fund financial statement can be found on pages 12-13 of this report.



## **Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional detail that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 14 of this report.

## **Additional Supplementary Information**

Following the basic government-wide and fund financial statements and accompanying notes is the supplemental information. A schedule of revenues, expenditures, and changes in fund balance – budget and actual for the General fund, detailed budgetary comparison schedules for the General fund, and combining statements for the non-major governmental funds are included in the supplementary information.

## FINANCIAL ANALYSIS OF THE CITY OF PRESCOTT AS A WHOLE

The *Statement of Net position* for the City of Prescott is summarized in the table below. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's net position was \$29.8 million at the close of 2019. The majority of these net position reflect the City's investment in capital assets, including land, land improvements, buildings and improvements, machinery and equipment, infrastructure, and construction in progress, net of depreciation. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

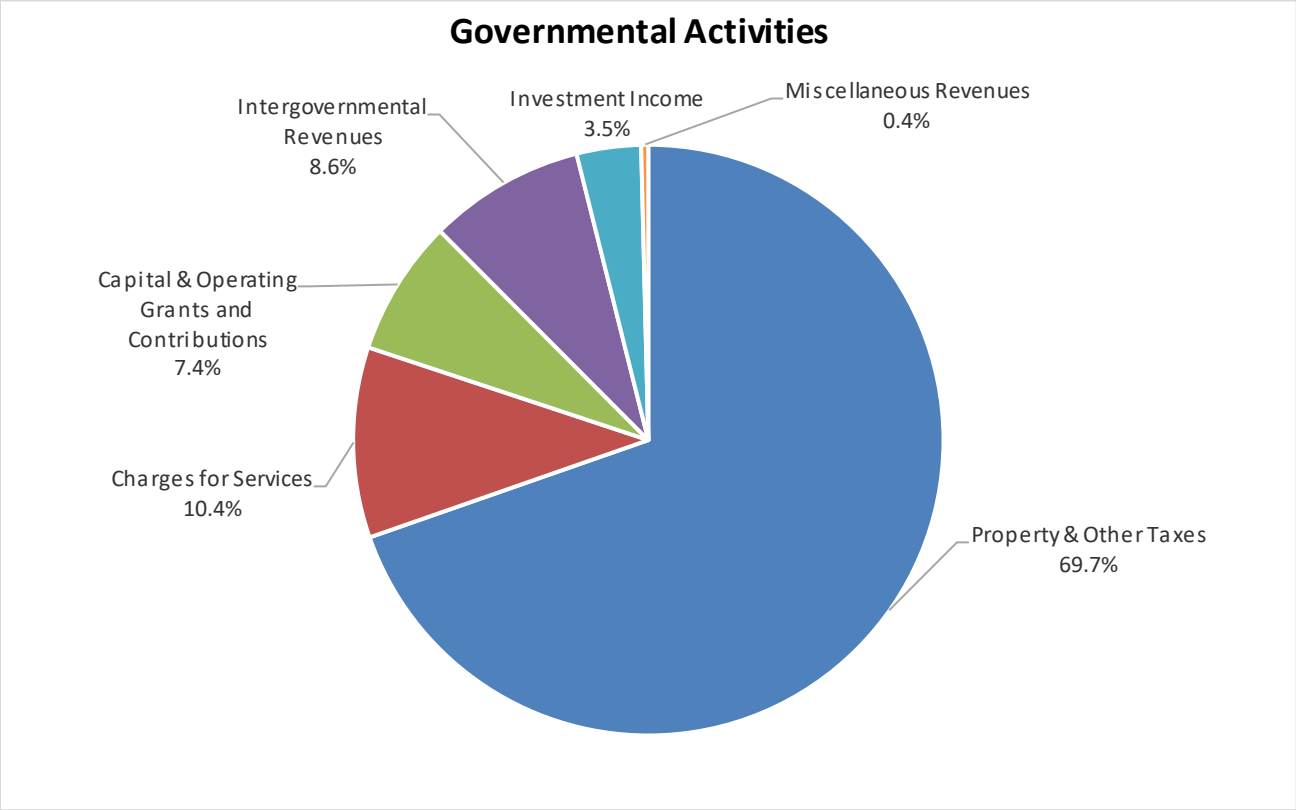
City of Prescott Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 8,595,782	\$ 9,037,421	\$ 3,572,137	\$ 3,090,583	\$ 12,167,919	\$ 12,128,004
Capital Assets	18,295,924	18,162,786	11,015,186	11,009,582	29,311,110	29,172,368
Total Assets	26,891,706	27,200,207	14,587,323	14,100,165	41,479,029	41,300,372
Deferred Outflows	930,248	508,728	148,297	90,418	1,078,545	599,146
Long-term Liabilities Outstanding	5,465,495	6,695,907	639,489	712,883	6,104,984	7,408,790
Other Liabilities	1,973,735	1,479,293	221,322	145,320	2,195,057	1,624,613
Total Liabilities	7,439,230	8,175,200	860,811	858,203	8,300,041	9,033,403
Deferred Inflows	4,331,717	4,303,068	76,488	98,135	4,408,205	4,401,203
Net Position:						
Net Investment in Capital Assets	12,360,659	11,249,708	10,246,073	10,122,474	22,606,732	21,372,182
Restricted	847,954	1,022,554	-	-	847,954	1,022,554
Unrestricted	2,842,394	2,958,405	3,552,248	3,111,771	6,394,642	6,070,176
Total Net Position	\$ 16,051,007	\$ 15,230,667	\$ 13,798,321	\$ 13,234,245	\$ 29,849,328	\$ 28,464,912
Total Net Position as a % of Total Liabilities and Deferred Inflows	136.4%	122.1%	1472.1%	1383.8%	234.9%	211.9%

\$847,954 of the City's net position represents resources that are subject to other restrictions as to how they may be used. Governmental activities have \$2.8 million of unrestricted net position to fund future activities. An additional \$3.6 million of unrestricted net position are related to the City's business-type activities and may not be used to fund governmental activities.

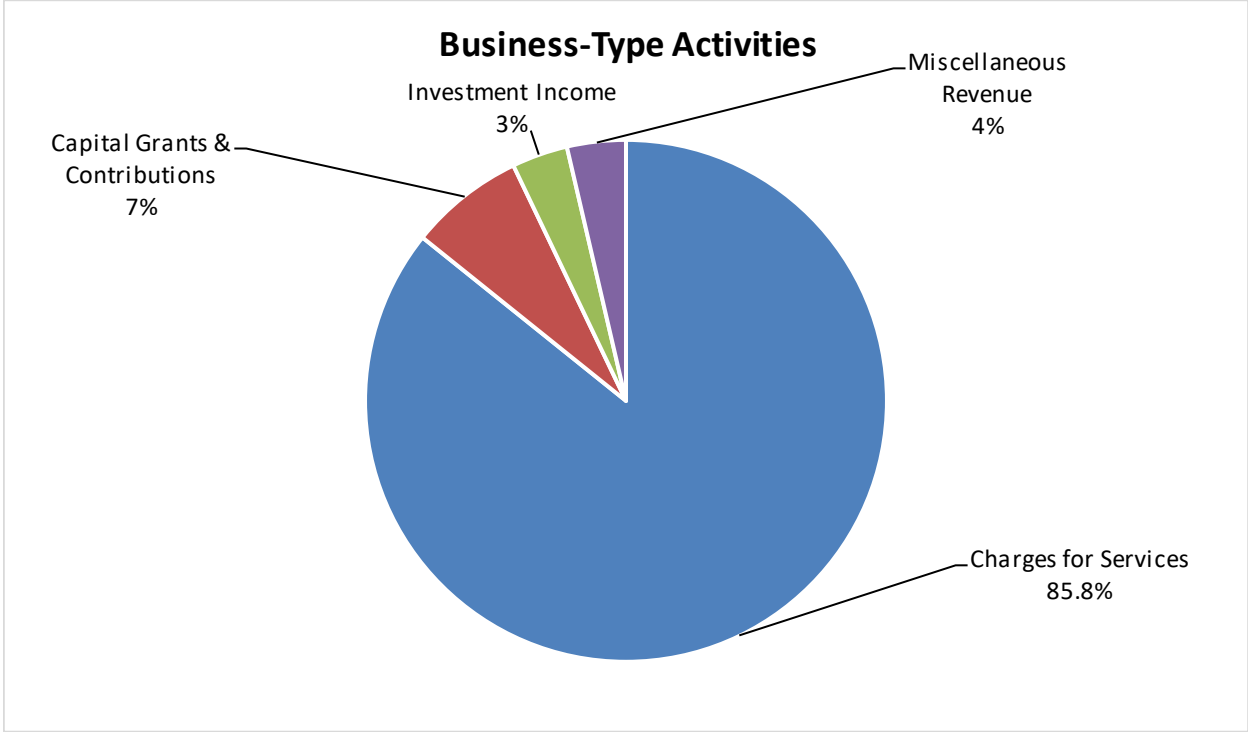
An examination of the *Statement of Activities* provides a concise picture of how the various activities of the City are funded. The following table summarizes the City's governmental and business-type activities.

City of Prescott's Change in Net Position						
	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for services	\$ 581,442	\$ 551,797	\$ 1,553,301	\$ 1,509,520	\$ 2,134,743	\$ 2,061,317
Operating grants and contributions	337,865	306,943	-	-	337,865	306,943
Capital grants and contributions	77,077	41,426	129,151	30,473	206,228	71,899
General Revenues:						
Property taxes	3,750,191	4,221,241	-	-	3,750,191	4,221,241
Other taxes	136,043	131,633	-	-	136,043	131,633
Intergovernmental revenues	477,664	411,582	-	-	477,664	411,582
Investment income	196,434	91,934	62,746	43,296	259,180	135,230
Miscellaneous	21,806	5,381	65,926	72,783	87,732	78,164
Gain (Loss) on disposal of assets	(1,636)	(80,838)	-	(128,988)	(1,636)	(209,826)
Total Revenues	5,576,886	5,681,099	1,811,124	1,527,084	7,388,010	7,208,183
Expenses:						
General Government	524,368	522,087	-	-	524,368	522,087
Public Safety	1,446,854	1,331,672	-	-	1,446,854	1,331,672
Public Works	1,469,288	1,795,798	-	-	1,469,288	1,795,798
Health & Human Services	400	1,512	-	-	400	1,512
Culture, Education and Recreation	504,726	486,310	-	-	504,726	486,310
Conservation and Development	95,811	111,417	-	-	95,811	111,417
Interest on long-term debt	274,739	219,519	-	-	274,739	219,519
Water Utility	-	-	558,821	503,916	558,821	503,916
Sewer Utility	-	-	610,738	693,994	610,738	693,994
Storm Water Utility	-	-	151,089	112,077	151,089	112,077
Total Expenses	4,316,186	4,468,315	1,320,648	1,309,987	5,636,834	5,778,302
Increase (decrease) in net position before transfers	1,260,700	1,212,784	490,476	217,097	1,751,176	1,429,881
Transfers	(440,360)	(173,942)	73,600	173,942	(366,760)	-
Change in Net Position	820,340	1,038,842	564,076	391,039	1,384,416	1,429,881
Net Position - January 1	15,230,667	14,191,825	13,234,245	12,843,206	28,464,912	27,035,031
Net Position - December 31	\$ 16,051,007	\$ 15,230,667	\$ 13,798,321	\$ 13,234,245	\$ 29,849,328	\$ 28,464,912

The chart below illustrates how governmental activities are funded. Real and personal property taxes provide about 69.7% of the revenue for governmental activities. Charges for Services provide 10.4% while Capital and Operating Grants comprise of 7.4% and Intergovernmental Revenues comprise of another 8.6% of the revenue. All other sources are equal to 3.9% of revenues.



Business-type activities depend on charges for services as their primary revenue sources. As indicated in the graph below, 85.8% of revenues are generated from user charges.



## FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

### Governmental Funds

The focus of the City's governmental funds is to provide information regarding near-term inflows, outflows, and spendable resources. Such information can be useful in assessing the City's financing requirements.

As of December 31, 2019, the City's *Balance Sheet - Governmental Funds* reported combined ending fund balances of \$4.2 million, a decrease of \$370,000. The decrease is primarily due to the use of assigned fund balance in the general fund as well as capital projects in the capital improvement fund. Of the ending fund balances total, \$86,226 is classified as non-spendable mainly for advances from the General Fund to other funds, \$1,161,937 is restricted for TIF 3, TIF 4, TIF 5, Debt Service, Library, and Impact Fees. \$63,348 is committed for the Cable Commission. \$900,000 is assigned for Capital Projects, accrued vacation and sick pay and Freedom Park. \$1,971,981 is unassigned fund balance.

The General fund is the primary operating fund used to account for the governmental operations of the City of Prescott. The largest revenue sources for the General fund are taxes and intergovernmental revenues, together accounting for 73% of revenues. Public Safety and Public Works are the primary operations of the General Fund. 53% of the General fund expenditures or nearly \$1.7 Million is allocated to the Public Safety sector. Another 29% of the General fund costs are derived from the operations of Public Works totaling \$926,000.

The General fund has a fund balance of \$2,861,000, a decrease of 500,000 from 2018. The unassigned portion of the fund balance of \$1.97 million, a decrease of \$265,000 from 2018, is available to be used for any purpose with no spending restraints. Such uses include one-time capital expenses, repayment of debt and covering budget short-falls.

The fund balance for TIF #5 is 149,000 an increase of \$220,000, mainly due to the tax increment being sufficient to cover expenditures.

The Capital Improvements fund has a fund balance of \$227,000, a decrease of \$350,000 from 2018.

The Non-major Governmental Funds column in the balance sheet includes various special revenue, debt service, and capital projects funds used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. In 2019 TIF 3, TIF 4, Debt Service, the Cable Fund, Library, Freedom Park and Impact Fees were classified as Non-Major funds. The total ending fund balance of these funds was \$950,000.

## **Proprietary Funds**

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in greater detail. The detail of the City's proprietary funds can be found from page 7 to page 11. The net position of the proprietary funds at the end of 2019 totaled \$13.8 million, an increase of \$560,000 from 2018.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

As shown in the *Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the General Fund* on page 52, the final 2019 General fund budgets authorized expenditures and other financing uses of \$2,720,290 funded by anticipated revenues and other financing sources of \$2,730,250.

The City ended the year with expenditures in excess of budgeted amount in the public safety and public works departments. Major components of the negative variance include the City's contribution to the fire district for a new fire truck. This was earmark in previous years in assigned fund balances. Public works expenditures included additional supplies and maintenance of roads.

## CAPITAL ASSETS AND DEBT

### Capital Assets

In accordance with the implementation requirements of GASB No. 34, the City has recorded historical costs and depreciation expense associated with all of its capital assets, including infrastructure. As summarized in the table below, the City's reported investment in capital assets for governmental and business-type activities as of December 31, 2019 totaled \$48.2 million. 63.7% of this total cost was related to governmental capital assets, with the city's street network comprising the most significant component. Total accumulated depreciation was calculated to be \$18.9 million, or approximately 39.2% of the historical asset cost. Net of accumulated depreciation, the city's investment in capital assets is \$29.3 million.

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
	Land and Improvements	\$ 3,039,664	\$ 3,024,516	\$ -	\$ -	\$ 3,039,664
Building and Improvements	5,380,407	5,380,407	-	-	5,380,407	5,380,407
Infrastructure	19,840,710	19,562,314	-	-	19,840,710	19,562,314
Machinery and Equipment	2,365,978	2,095,682	-	-	2,365,978	2,095,682
Water Utility	-	-	6,816,178	6,638,378	6,816,178	6,638,378
Sewer Utility	-	-	9,344,770	9,366,964	9,344,770	9,366,964
Storm Water Utility	-	-	1,343,957	1,206,441	1,343,957	1,206,441
Construction in Progress	71,037	-	-	-	71,037	-
Subtotal	30,697,796	30,062,919	17,504,905	17,211,783	48,202,701	47,274,702
Less: Accumulated Depreciation	(12,401,872)	(11,900,133)	(6,489,719)	(6,202,201)	(18,891,591)	(18,102,334)
Total	\$ 18,295,924	\$ 18,162,786	\$ 11,015,186	\$ 11,009,582	\$ 29,311,110	\$ 29,172,368

Additional information about the City's capital assets can be found in Note 3D of this report.



## Long-Term Debt

On December 31, 2019, the City had \$7.3 million of bond and long-term note principal outstanding, as summarized in the following table:

City of Prescott Notes and Bonds Outstanding						
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds & Notes	\$ 6,610,000	\$ 7,793,000	\$ 680,000	\$ 757,000	\$ 7,290,000	\$ 8,550,000
Total	\$ 6,610,000	\$ 7,793,000	\$ 680,000	\$ 757,000	\$ 7,290,000	\$ 8,550,000

Under Wisconsin State Statute Section 67.03(1), the outstanding general obligation long-term debt of a municipality may not exceed 5% of the equalized property value of all taxable property within the jurisdiction. Applicable debt of the City totaled \$7,425,000, which is 37.3% of the maximum legal limit. The Prescott Fire & Ambulance Association is responsible for \$135,000 of the total debt. In 2019, the City was given an Aa3 rating by Moody's Investor Service, which was no change from the Aa3 it was given in 2018. Additional information about the City's long-term debt can be found in Note 3F of this report.

### CURRENTLY KNOWN FACTS

In 2020 the City will begin the Lake St Projects. Total Construction & Engineering will cost around \$1,063,331 and will mainly be financed through a General Obligation Bond. The sewer portion of the project will be funded with funds from the Sewer Enterprise Fund.

In 2020 the City will begin the Pearl St Project. Total Construction & Engineering will cost around \$644,862 and will mainly be financed through a General Obligation Bond. The sewer portion of the project will be funded with funds from the Sewer Enterprise Fund.

### REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If anyone has any questions about this report or needs additional financial information about the City of Prescott, please contact the City Administrator at 800 Borner Street North, Prescott, Wisconsin, 54021. City staff can also be reached at (715) 262-5544.

## BASIC FINANCIAL STATEMENTS

**City of Prescott**  
**Statement of Net Position**  
**December 31, 2019**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Fire and EMS Association</b>
<b>ASSETS</b>				
Cash and Investments	\$ 5,427,154	\$ 3,062,787	\$ 8,489,941	\$ 109,202
Taxes Receivable	2,676,590	-	2,676,590	-
Special Assessments Receivable	128,949	46,825	175,774	-
Other Receivables	276,821	526,455	803,276	31,067
Internal Balances	82,993	(82,993)	-	-
Due from Other Governmental Agencies	-	-	-	361,883
Inventories and Prepaids	-	19,063	19,063	-
<b>Total Current Assets</b>	<b>8,592,507</b>	<b>3,572,137</b>	<b>12,164,644</b>	<b>502,152</b>
Restricted Assets:				
Restricted Cash and Investments	3,275	-	3,275	-
<b>Total Restricted Assets</b>	<b>3,275</b>	<b>-</b>	<b>3,275</b>	<b>-</b>
Capital Assets:				
Land and Construction in Progress	2,332,155	144,333	2,476,488	-
Other Capital Assets, Net of Depreciation	15,963,769	10,870,853	26,834,622	761,396
<b>Total Capital Assets</b>	<b>18,295,924</b>	<b>11,015,186</b>	<b>29,311,110</b>	<b>761,396</b>
<b>Total Assets</b>	<b>26,891,706</b>	<b>14,587,323</b>	<b>41,479,029</b>	<b>1,263,548</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Pension Outflows	930,248	148,297	1,078,545	-
<b>Total Deferred Pension Outflows</b>	<b>930,248</b>	<b>148,297</b>	<b>1,078,545</b>	<b>-</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 27,821,954</b>	<b>\$ 14,735,620</b>	<b>\$ 42,557,574</b>	<b>\$ 1,263,548</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 230,407	\$ 40,474	\$ 270,881	\$ 5,427
Accrued Liabilities	51,432	6,978	58,410	4,989
Accrued Interest	39,392	3,783	43,175	-
Net Pension Liability	344,603	54,888	399,491	-
Long-term liabilities				
Due Within One Year				
Bonds, Notes and Other	1,228,000	77,000	1,305,000	15,000
Compensated Absences	79,901	38,199	118,100	-
Due in More Than One Year				
Bonds, Notes and Other	5,416,680	609,120	6,025,800	120,000
Compensated Absences	48,815	30,369	79,184	-
<b>Total Liabilities</b>	<b>7,439,230</b>	<b>860,811</b>	<b>8,300,041</b>	<b>145,416</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Tax Levy	3,850,930	-	3,850,930	-
Deferred Pension Inflows	480,221	76,488	556,709	-
Other	566	-	566	582
<b>Total Deferred Inflows</b>	<b>4,331,717</b>	<b>76,488</b>	<b>4,408,205</b>	<b>582</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	12,360,659	10,246,073	22,606,732	626,396
Restricted:				
Debt Service	202,747	-	202,747	-
Impact Fees	3,275	-	3,275	-
Library	70,206	-	70,206	-
TIF #3	571,726	-	571,726	-
Unrestricted	2,842,394	3,552,248	6,394,642	491,154
<b>Total Net Position</b>	<b>16,051,007</b>	<b>13,798,321</b>	<b>29,849,328</b>	<b>1,117,550</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 27,821,954</b>	<b>\$ 14,735,620</b>	<b>\$ 42,557,574</b>	<b>\$ 1,263,548</b>

See accompanying notes to the basic financial statements

City of Prescott  
Statement of Activities  
For the Year Ended December 31, 2019

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Fire and EMS Association	
					Governmental Activities	Business-type Activities		Total
<b>Primary Government</b>								
Governmental Activities:								
General Government	\$ 524,368	\$ 80,626	\$ -	\$ -	\$ (443,742)	\$ -	\$ (443,742)	\$ -
Public Safety	1,446,854	65,750	20,749	-	(1,360,355)	-	(1,360,355)	-
Public Works	1,469,288	338,197	248,000	67,817	(815,274)	-	(815,274)	-
Health, Welfare and Sanitation	400	1,159	-	-	759	-	759	-
Culture and Recreation	504,726	89,910	69,116	9,260	(336,440)	-	(336,440)	-
Conservation and Development	95,811	5,800	-	-	(90,011)	-	(90,011)	-
Interest on Long-Term Debt	274,739	-	-	-	(274,739)	-	(274,739)	-
Total Governmental Activities	<u>4,316,186</u>	<u>581,442</u>	<u>337,865</u>	<u>77,077</u>	<u>(3,319,802)</u>		<u>(3,319,802)</u>	
Business-Type Activities:								
Water	558,821	486,681	-	1,590	-	(70,550)	(70,550)	-
Sewer	610,738	924,955	-	127,561	-	441,778	441,778	-
Storm Sewer	151,089	141,665	-	-	-	(9,424)	(9,424)	-
Total Business-Type Activities	<u>1,320,648</u>	<u>1,553,301</u>	<u>-</u>	<u>129,151</u>	<u>-</u>	<u>361,804</u>	<u>361,804</u>	
Total Primary Government	<u>\$ 5,636,834</u>	<u>\$ 2,134,743</u>	<u>\$ 337,865</u>	<u>\$ 206,228</u>	<u>(3,319,802)</u>	<u>361,804</u>	<u>(2,957,998)</u>	
<b>Component Unit</b>								
Fire and EMS Association	\$ 437,732	\$ 356,502	\$ 88,443	\$ 271,865				279,078
Total Component Unit	<u>\$ 437,732</u>	<u>\$ 356,502</u>	<u>\$ 88,443</u>	<u>\$ 271,865</u>				<u>279,078</u>
<b>General revenues:</b>								
Taxes:								
Property taxes, levied for general purposes					1,820,049	-	1,820,049	-
Property taxes, levied for debt service					391,857	-	391,857	-
Property taxes, tax increment					1,538,285	-	1,538,285	-
Other taxes					136,043	-	136,043	-
Grants and contributions not restricted to specific programs					477,664	-	477,664	-
Unrestricted investment earnings					196,434	62,746	259,180	-
Miscellaneous					21,806	65,926	87,732	-
Special item - gain (loss) on disposal of infrastructure and other assets					(1,636)	-	(1,636)	-
Transfers					(440,360)	73,600	(366,760)	366,760
Total general revenues, special items, and transfers					<u>4,140,142</u>	<u>202,272</u>	<u>4,342,414</u>	<u>366,760</u>
Change in net position					820,340	564,076	1,384,416	645,838
Net Position - Beginning					15,230,667	13,234,245	28,464,912	471,712
Net Position - Ending					<u>\$ 16,051,007</u>	<u>\$ 13,798,321</u>	<u>\$ 29,849,328</u>	<u>\$ 1,117,550</u>

See accompanying notes to the basic financial statements

**City of Prescott**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2019**

	<b>General Fund</b>	<b>TIF #5 Capital Projects Fund</b>	<b>Capital Improvements Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,235,820	\$ 450,129	\$ 341,754	\$ 1,399,451	\$ 5,427,154
Restricted Cash	-	-	-	3,275	3,275
Receivables:					
Taxes	906,892	669,692	265,746	831,027	2,673,357
Delinquent Personal Property Taxes	3,233	-	-	-	3,233
Special Assessments	125,025	-	-	3,924	128,949
Accounts	131,481	-	-	47	131,528
Other	144,817	-	-	476	145,293
Advances to Other Funds	1,097,113	-	88,313	-	1,185,426
Total Assets	<u>5,644,381</u>	<u>1,119,821</u>	<u>695,813</u>	<u>2,238,200</u>	<u>9,698,215</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Debt Service	-	1,014,120	-	13,313	1,027,433
Total Deferred Outflows of Resources	<u>-</u>	<u>1,014,120</u>	<u>-</u>	<u>13,313</u>	<u>1,027,433</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 5,644,381</u>	<u>\$ 2,133,941</u>	<u>\$ 695,813</u>	<u>\$ 2,251,513</u>	<u>\$ 10,725,648</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 145,191	\$ 6,000	\$ 72,447	\$ 6,769	\$ 230,407
Accrued Liabilities	40,275	-	-	4,691	44,966
Due to Other Governments	6,466	-	-	-	6,466
Advances Payable	-	1,014,120	-	88,313	1,102,433
Total Liabilities	<u>191,932</u>	<u>1,020,120</u>	<u>72,447</u>	<u>99,773</u>	<u>1,384,272</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Tax Levy	1,306,237	964,587	382,766	1,196,964	3,850,554
Special Assessments	126,480	-	-	3,924	130,404
Other	1,158,742	-	13,313	566	1,172,621
Total Deferred Inflows of Resources	<u>2,591,459</u>	<u>964,587</u>	<u>396,079</u>	<u>1,201,454</u>	<u>5,153,579</u>
<b>FUND BALANCES</b>					
Nonspendable	86,226	-	-	-	86,226
Restricted	-	149,234	152,862	859,841	1,161,937
Committed	-	-	-	63,348	63,348
Assigned	802,783	-	74,425	27,097	904,305
Unassigned	1,971,981	-	-	-	1,971,981
Total Fund Balances	<u>2,860,990</u>	<u>149,234</u>	<u>227,287</u>	<u>950,286</u>	<u>4,187,797</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,644,381</u>	<u>\$ 2,133,941</u>	<u>\$ 695,813</u>	<u>\$ 2,251,513</u>	<u>\$ 10,725,648</u>

See accompanying notes to the basic financial statements

**City of Prescott**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
December 31, 2019**

Total fund balance, governmental funds	\$	4,187,797
--	----	-----------

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		18,295,924
---	--	------------

Some receivables are fully accrued and recognized as revenue when the receivable is established for the governmental activities of the Statement of Net Position. They are reported as deferred inflows on the fund financial statements to the extent they are not available.

Special assessments	130,405	
Deferred court receivables	144,245	
		274,650

The net pension liability is not due and payable in the current period and, therefore, is not reported in the fund statements.

Net pension liability		(344,603)
-----------------------	--	-----------

Pension deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plans. These items are reflected in the Statement of Net Position and are being amortized with pension expense in the Statement of Activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and, therefore, are not reported in the fund statements.

Deferred outflows of resources		930,248
Deferred inflows of resources		(480,221)

Some liabilities, (such as Notes Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

General Obligation debt	(6,610,000)	
Unamortized debt discount and premium	(34,680)	
Compensated absences	(128,716)	
Accrued interest	(39,392)	
		(6,812,788)

Net Position of Governmental Activities in the Statement of Net Position	\$	16,051,007
--	----	------------

City of Prescott

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2019

	General Fund	TIF #5 Capital Projects Fund	Capital Improvements Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 1,411,957	\$ 824,490	\$ 227,769	\$ 1,308,788	\$ 3,773,004
Special Assessments	39,309	-	-	2,153	41,462
Intergovernmental	670,240	54,289	-	85,624	810,153
License and Permits	34,524	-	-	46,473	80,997
Fines, Forfeits and Penalties	102,037	-	-	-	102,037
Public Charges for Services	372,467	-	-	6,160	378,627
Interest Income	155,029	5,296	4,919	27,169	192,413
Miscellaneous Income	47,854	-	-	35,279	83,133
Total Revenues	<u>2,833,417</u>	<u>884,075</u>	<u>232,688</u>	<u>1,511,646</u>	<u>5,461,826</u>
<b>EXPENDITURES</b>					
Current:					
General Government	451,371	151	-	13,100	464,622
Public Safety	1,686,811	-	2,331	-	1,689,142
Public Works	926,067	-	15,148	-	941,215
Health and Human Services	400	-	-	-	400
Culture, Recreation and Education	102,337	-	145	314,833	417,315
Conservation and Development	315	18,380	-	8,293	26,988
Capital Outlay	-	15,553	771,657	62,678	849,888
Debt Service:					
Principal	-	539,000	-	644,000	1,183,000
Interest and Fiscal Charges	-	88,720	-	212,328	301,048
Total Expenditures	<u>3,167,301</u>	<u>661,804</u>	<u>789,281</u>	<u>1,255,232</u>	<u>5,873,618</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(333,884)</u>	<u>222,271</u>	<u>(556,593)</u>	<u>256,414</u>	<u>(411,792)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	113,231	-	205,110	250,000	568,341
Transfers Out	<u>(278,710)</u>	<u>-</u>	<u>-</u>	<u>(250,000)</u>	<u>(528,710)</u>
Total Other Financing Sources and Uses	<u>(165,479)</u>	<u>-</u>	<u>205,110</u>	<u>-</u>	<u>39,631</u>
Net Change in Fund Balances	(499,363)	222,271	(351,483)	256,414	(372,161)
Fund Balances (Deficit) - Beginning	3,360,353	(73,037)	578,770	693,872	4,559,958
Fund Balances - Ending	<u>\$ 2,860,990</u>	<u>\$ 149,234</u>	<u>\$ 227,287</u>	<u>\$ 950,286</u>	<u>\$ 4,187,797</u>

See accompanying notes to the basic financial statements

City of Prescott

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
For the Year Ended December 31, 2019**

Net change in fund balances - total governmental funds: \$ (372,161)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

Capital asset additions	882,285	
Depreciation expenses reported in the Statement of Activities	(708,500)	
Gain (Loss) on asset disposition	(40,647)	

Amount by which capital outlays are greater (less) than depreciation and loss on asset disposals in the current period.		133,138
---	--	---------

Compensated absences are reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the Statement of Net Position and does not affect the Statement of Activities.

Change in compensated absences		(25,738)
--------------------------------	--	----------

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds exceeded repayments.

The amount of long-term debt principal payments in the current year		1,183,000
---	--	-----------

In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the Statement of Activities, interest is reported as incurred.

Change in accrued interest on debt		15,812
------------------------------------	--	--------

In governmental funds, court penalties and fines are reported as revenue when measurable and available. In the Statements of Activities, this revenue is reported as revenue when earned.

		(36,287)
--	--	----------

In governmental funds, special assessments are reported as revenue when measurable and available. In the Statements of Activities, special assessment revenue is reported as revenue when earned.

Special assessments		40,765
---------------------	--	--------

Debt discounts and premiums are reported when paid on governmental fund statements but deferred and amortized on Statement of Activities.

		10,497
--	--	--------

Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between the net pension asset / liability from the prior year to the current year, with some adjustments.

Amount of current year required contributions into the defined benefit pension plan.	99,703	
Actuarially determined change in net pension asset / liability between years, with adjustments.	(228,389)	(128,686)

Change in net position of governmental activities		\$ 820,340
---	--	------------



**City of Prescott**

**Statement of Net Position  
Proprietary Funds  
December 31, 2019**

	<b>Enterprise Funds</b>			<b>Total</b>
	<b>Water</b>	<b>Sewer</b>	<b>Storm Water</b>	
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 701,942	\$ 2,360,845	\$ -	\$ 3,062,787
Receivables				
Accounts	161,434	318,600	46,421	526,455
Special Assessments	-	46,825	-	46,825
Due from Other Funds	-	60,242	-	60,242
Inventories	16,317	2,746	-	19,063
Total Current Assets	879,693	2,789,258	46,421	3,715,372
Capital Assets:				
Land	10,570	-	133,763	144,333
Plant in Service	6,805,608	9,344,770	1,210,194	17,360,572
Less Accumulated Depreciation	(2,290,847)	(4,003,113)	(195,759)	(6,489,719)
Net Capital Assets	4,525,331	5,341,657	1,148,198	11,015,186
Total Assets	5,405,024	8,130,915	1,194,619	14,730,558
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Pension Outflows	62,385	55,256	30,656	148,297
Total Deferred Outflows of Resources	62,385	55,256	30,656	148,297
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 5,467,409</b>	<b>\$ 8,186,171</b>	<b>\$ 1,225,275</b>	<b>\$ 14,878,855</b>

See accompanying notes to the basic financial statements

City of Prescott

Statement of Net Position  
Proprietary Funds  
December 31, 2019

	<u>Enterprise Funds</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Storm Water</u>	<u>Total</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 2,101	\$ 36,980	\$ 1,393	\$ 40,474
Accrued Liabilities	2,764	3,378	836	6,978
Due to Other Funds	-	-	60,242	60,242
Accrued Interest	1,168	196	2,419	3,783
Current Portion of Long Term Debt	35,000	15,000	27,000	77,000
Compensated Absences	16,793	17,947	3,459	38,199
Total Current Liabilities	<u>57,826</u>	<u>73,501</u>	<u>95,349</u>	<u>226,676</u>
Non-Current Liabilities:				
Long-Term Debt				
General Obligation (GO) Bonds	221,120	60,000	328,000	609,120
Total Long-Term Debt	<u>221,120</u>	<u>60,000</u>	<u>328,000</u>	<u>609,120</u>
Other Liabilities				
Net Pension Liability	23,090	20,451	11,347	54,888
Compensated Absences	13,682	14,678	2,009	30,369
Advances from Other Funds	82,993	-	-	82,993
Total Other Liabilities	<u>119,765</u>	<u>35,129</u>	<u>13,356</u>	<u>168,250</u>
Total Non-Current Liabilities	<u>340,885</u>	<u>95,129</u>	<u>341,356</u>	<u>777,370</u>
Total Liabilities	<u>398,711</u>	<u>168,630</u>	<u>436,705</u>	<u>1,004,046</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Pension Inflows	32,177	28,499	15,812	76,488
Total Deferred Inflows of Resources	<u>32,177</u>	<u>28,499</u>	<u>15,812</u>	<u>76,488</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	4,186,218	5,266,657	793,198	10,246,073
Unrestricted	850,303	2,722,385	(20,440)	3,552,248
Total Net Position	<u>5,036,521</u>	<u>7,989,042</u>	<u>772,758</u>	<u>13,798,321</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; NET POSITION</b>	<u>\$ 5,467,409</u>	<u>\$ 8,186,171</u>	<u>\$ 1,225,275</u>	<u>\$ 14,878,855</u>

City of Prescott

Statement of Revenues, Expenses and Changes in Net Position  
 Proprietary Funds  
 For the Year Ended December 31, 2019

	Enterprise Funds			Total
	Water	Sewer	Storm Water	
<b>REVENUES</b>				
Charges for Services	\$ 469,580	\$ 909,431	\$ 138,956	\$ 1,517,967
Other Operating Revenues	17,101	15,524	2,709	35,334
Total Operating Revenues	<u>486,681</u>	<u>924,955</u>	<u>141,665</u>	<u>1,553,301</u>
<b>OPERATING EXPENSES</b>				
Operation and Maintenance	302,935	410,660	85,475	799,070
Depreciation	133,803	198,355	56,124	388,282
Total Operating Expenses	<u>436,738</u>	<u>609,015</u>	<u>141,599</u>	<u>1,187,352</u>
Operating Income (Loss)	<u>49,943</u>	<u>315,940</u>	<u>66</u>	<u>365,949</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest and Investment Revenue	19,492	41,310	1,944	62,746
Miscellaneous Non-Operating Revenue	64,906	-	-	64,906
Interest Expense	(8,852)	(1,723)	(9,490)	(20,065)
Amortization Revenue (Expense)	1,020	-	-	1,020
Total Non-Operating Revenue (Expenses)	<u>76,566</u>	<u>39,587</u>	<u>(7,546)</u>	<u>108,607</u>
Income (Loss) Before Contributions and Transfers	<u>126,509</u>	<u>355,527</u>	<u>(7,480)</u>	<u>474,556</u>
Capital Contributions	1,590	90,250	-	91,840
Capital Contributions - Special Assessments	-	37,311	-	37,311
Transfers In	73,600	-	-	73,600
Transfers Out	(113,231)	-	-	(113,231)
Total Contributions and Transfers	<u>(38,041)</u>	<u>127,561</u>	<u>-</u>	<u>89,520</u>
Change in Net Position	88,468	483,088	(7,480)	564,076
Total Net Position - Beginning	4,948,053	7,505,954	780,238	13,234,245
Total Net Position - Ending	<u>\$ 5,036,521</u>	<u>\$ 7,989,042</u>	<u>\$ 772,758</u>	<u>\$ 13,798,321</u>

See accompanying notes to the basic financial statements

City of Prescott

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2019

	Enterprise Funds			Total
	Water	Sewer	Storm Water	
<u>Cash Flows From Operating Activities:</u>				
Receipts from customers	\$ 409,307	\$ 775,356	\$ 118,077	\$ 1,302,740
Other receipts	64,906	-	-	64,906
Payments (to) from other funds	-	-	60,242	60,242
Payments to suppliers	(127,926)	(352,902)	(11,485)	(492,313)
Payments to employees	(139,063)	(130,453)	(68,653)	(338,169)
Tax equivalent paid	(39,631)	-	-	(39,631)
Net cash provided (used) by operating activities	167,593	292,001	98,181	557,775
<u>Cash Flows From Capital and Related</u>				
<u>Financing Activities:</u>				
Acquisition and construction of plant assets	(185,228)	(71,142)	(137,515)	(393,885)
Advance from other funds for capital assets	(39,975)	-	-	(39,975)
Principal payments on long-term debt	(35,000)	(15,000)	(27,000)	(77,000)
Interest and fiscal charges	(11,443)	(1,777)	(10,888)	(24,108)
Contributions for plant in service	1,590	127,561	-	129,151
Net cash provided (used) for capital and related financing activities	(270,056)	39,642	(175,403)	(405,817)
<u>Cash Flows From Investing Activities:</u>				
Reinvestment in non-cash equivalents	(183,546)	-	-	(183,546)
Sale of non-cash equivalents	101,885	-	-	101,885
Interest on investments	12,628	34,873	1,944	49,445
Net cash provided (used) for investing activities	(69,033)	34,873	1,944	(32,216)
Net increase (decrease) in cash and equivalents	(171,496)	366,516	(75,278)	119,742
Cash and equivalents - beginning of year	480,069	1,444,512	75,278	1,999,859
Cash and equivalents - end of year	\$ 308,573	\$ 1,811,028	\$ -	\$ 2,119,601

See accompanying notes to the basic financial statements

City of Prescott

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2019

	Enterprise Funds			Total
	Water	Sewer	Storm Water	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 49,943	\$ 315,940	\$ 66	\$ 365,949
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Other revenues (expenses)	64,906	-	-	64,906
Tax equivalent transfer	(39,631)	-	-	(39,631)
Depreciation	145,041	187,117	56,124	388,282
Pension Expense	8,276	14,305	2,107	24,688
Changes in Assets and Liabilities:				
Receivables	(77,374)	(175,239)	(23,588)	(276,201)
Due to/from other funds	-	(60,242)	60,242	-
Accounts payable	1,949	13,125	1,353	16,427
Other accrued liabilities	14,483	(3,005)	1,877	13,355
Net cash provided (used) by operating activities	<u>\$ 167,593</u>	<u>\$ 292,001</u>	<u>\$ 98,181</u>	<u>\$ 557,775</u>
Reconciliation of cash and cash equivalents to balance sheet accounts				
Cash and investments	\$ 701,942	\$ 2,360,845	\$ -	\$ 3,062,787
Total Cash and Investments	701,942	2,360,845	-	3,062,787
less: non-cash equivalents	(393,369)	(549,817)	-	(943,186)
Cash and cash equivalents- End of year	<u>\$ 308,573</u>	<u>\$ 1,811,028</u>	<u>\$ -</u>	<u>\$ 2,119,601</u>

See accompanying notes to the basic financial statements

**City of Prescott**

**Statement of Net Position  
Fiduciary Funds  
December 31, 2019**

	<b>Custodial Funds</b>	
	<b>Prescott Daze</b>	<b>Tax Collection</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 31,123	\$ 1,748,357
Taxes Receivable	-	3,952,901
Total Assets	\$ 31,123	\$ 5,701,258
<b>LIABILITIES</b>		
Due to Other Governments	\$ -	\$ 5,701,258
Total Liabilities	-	5,701,258
<b>NET POSITION</b>		
Restricted	31,123	-
Total Net Position	31,123	-
Total Liabilities and Net Position	\$ 31,123	\$ 5,701,258

See accompanying notes to the basic financial statements

**City of Prescott**

**Statement of Changes in Net Position  
Fiduciary Funds  
For the Year Ended December 31, 2019**

	<b>Custodial Funds</b>	
	<b>Prescott Daze</b>	<b>Tax Collection</b>
<b>ADDITIONS</b>		
Property tax collections for other governments	\$ -	\$ 3,326,592
Charges for services	32,398	-
Total Additions	32,398	3,326,592
<b>DEDUCTIONS</b>		
Payments of taxes to other governments	-	3,326,592
Operating expenses	24,124	-
Total Deductions	24,124	3,326,592
 Net increase (decrease) in fiduciary net position	 8,274	 -
 Total Net Position - Beginning	 22,849	 -
Total Net Position - Ending	\$ 31,123	\$ -

See accompanying notes to the basic financial statements

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

---

**1. Summary of Significant Accounting Policies**

The accounting policies of the City of Prescott, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

**A. Reporting Entity**

This report includes all of the funds of the City of Prescott. The reporting entity for the City consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

**Discretely Presented Component Unit**

**Prescott Fire and EMS Association**

The government-wide financial statements include the Prescott Fire and EMS Association (Association) as a component unit. The Association is a legally separate organization. The board is appointed by the participating entities. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the Association, and also create a potential financial benefit to or burden on the City. As a component unit, the Association's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2019. The Association does not issue separate financial statements. See Note 3. I.



**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

---

**1. Summary of Significant Accounting Policies (Continued)**  
**B. Government-Wide and Fund Financial Statements**

**Government-Wide Financial Statements**

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. 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 as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

**Fund Financial Statements**

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows, liabilities, deferred inflows, net position/fund equity, revenues, and expenditure/expenses.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or proprietary fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and proprietary funds combined.
- c. In addition, any other governmental or proprietary fund that the City believes is particularly important to financial statement users may be reported as a major fund.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

---

- 1. Summary of Significant Accounting Policies (Continued)**
- B. Government-Wide and Fund Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

Governmental Funds

The City of Prescott reports the following major governmental funds:

**General Fund** – accounts for the City of Prescott’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

**TIF District #5 Capital Projects Fund** – used to account for expenditures outlined in the TIF project plan and related revenues and proceeds of long-term borrowing.

**Capital Improvements Fund** – used to account for financial resources used for the acquisition or construction of equipment and/or major capital facilities.

The City of Prescott reports the following non-major governmental funds:

**TIF Capital Project Funds** – used to account for expenditures outlined in the TIF project plan and related revenues and proceeds of long-term borrowing. The City currently has two non-major TIF capital project funds, the TIF District #3 Capital Projects Fund and TIF District #4 Capital Projects Fund.

**Debt Service Fund** – used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**Special Revenue Funds** – used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The City reports the following non-major special revenue funds: Cable TV, Library, Public Parks Impact Fees, Freedom Park.

Proprietary Funds

Proprietary funds are used to account or operations that a) are financed and operated in a manner where the intent is that costs of providing goods or services to the general public on an continuing basis be financed or recovered through user charges or b) where the government has decided that periodic determination of the revenues earned, and/or income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City reports the following proprietary funds:

**Water Utility – Major Fund** – accounts for the City of Prescott’s water utility.

**Sewer Utility – Major Fund** – accounts for the City of Prescott’s sewer utility.

**Storm Water Utility – Major Fund** – accounts for the City of Prescott’s storm water utility.

Fiduciary Funds

Fiduciary funds consist of pension (and other employee benefit) trust funds, private-purpose trust funds, investment trust funds, and custodial funds. Fiduciary funds should be used only to report resources held for individuals, private organizations, or other governments.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

---

- 1. Summary of Significant Accounting Policies (Continued)**
- B. Government-Wide and Fund Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

A fund is presented as a fiduciary fund when all of the following criteria are met: a) The government controls the assets that finance the activity, b) Assets are not generated from the government's own-source revenues or from government-mandated or voluntary nonexchange transactions, c) Assets are administered through a qualifying trust or the government does not have administrative involvement and the assets are not generated from the government's delivery of goods or services to the beneficiaries, or the assets are for the benefit of entities that are not part of the government's reporting entity. The City of Prescott reports the following fiduciary fund types:

Custodial Funds - used to account for assets held by the City of Prescott in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units (Tax Collection and Prescott Daze).

- C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**Government-Wide Financial Statements**

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflow. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City of Prescott's water and sewer utility and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Fund Financial Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City of Prescott considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

---

- 1. Summary of Significant Accounting Policies (Continued)**
- C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

**Fund Financial Statements (Continued)**

Intergovernmental aids and grants are recognized as revenues in the period the City of Prescott is entitled the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and deferred inflows. Amounts received prior to the entitlement period are also recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The City reports deferred inflows on its governmental funds balance sheet. Deferred inflows arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred inflows arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows also arise when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the deferred inflow is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Custodial funds follow the accrual basis of accounting, and do not have a measurement focus.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer utilities are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expense.

**All Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

---

**1. Summary of Significant Accounting Policies (Continued)**  
**D. Assets, Liabilities, Deferred Outflows and Inflows, and Net Position or Equity**

**1) Deposits and Investments**

For purposes of the statement of cash flows, the City of Prescott considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of City funds is restricted by state statutes. Available investments are limited to:

1. Deposits in any credit union, bank, savings bank, trust company or savings and loan which is authorized to transact business in this State;
2. Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government;
3. Bonds or securities of any county, drainage district, VTAE district, village, city, town or school district of this State;
4. Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's investor service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating;
5. Bonds or securities issued under the authority of the municipality;
6. The local government pooled-investment fund as established under WI Statute Section 25.50.
7. Agreements in which a public depository agrees to repay funds advanced to it by the City, plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government.
8. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
9. Repurchase agreements with public depositories, with certain conditions.
10. Bonds issued by the University of Wisconsin Hospital and Clinics Authority, and the Wisconsin Aerospace Authority.

The City's investment policy invests public funds to meet the daily needs of cash flow demands and maximize return with the highest security on investments of funds not immediately needed while conforming to state and local statutes.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances.

See Note 3. A. for further information.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

---

**1. Summary of Significant Accounting Policies (Continued)**  
**D. Assets, Liabilities, Deferred Outflows and Inflows, and Net Position or Equity**

**2) Receivables**

An allowance for doubtful accounts for the municipal court receivables has been established to provide an estimate of receivables that are expected to be uncollectible. These receivables are shown net of an allowance of \$102,847.

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the City, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying agency fund statement of net position.

Property tax calendar – 2019 tax roll:

Lien date and levy date	December, 2019
Tax bills mailed	December, 2019
Payment in full, or	January 31, 2020
First installment due	January 31, 2020
Second installment due	July 31, 2020
Personal property taxes in full	January 31, 2020
Tax sale – 2019 delinquent and real estate taxes	October, 2022

Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the City’s utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

**3) Inventories and Prepaid Items**

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

---

- 1. Summary of Significant Accounting Policies (Continued)**  
**D. Assets, Liabilities, Deferred Outflows and Inflows, and Net Position or Equity (Continued)**

**4) Restricted Assets**

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

**5) Capital Assets**

**Government-Wide Financial Statements**

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$5,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their acquisition value at the date of donation.

Prior to January 2004, infrastructure assets of governmental funds were not capitalized. The City has retroactively reported all infrastructure acquired by its governmental fund types. The original cost was estimated.

The estimated cost and accumulated depreciation of infrastructure built prior to 1999 was recorded as one unit in 2004. Streets were being depreciated over 35 years and only 15 years of depreciation was retroactively applied. Although many of these streets were much older than 15 years at the time of implementation, only 19 years of depreciation was recorded and can now be retired. As a result, the current year street retirements were under depreciated. Going forward, streets built prior to 1999 that are retired will result in a loss, but as these roads continue to depreciate the loss will decrease until all streets prior to 1999 have been retired.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. Net interest related to current year capital asset additions was not material. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

---

- 1. Summary of Significant Accounting Policies (Continued)**
- D. Assets, Liabilities, Deferred Outflows and Inflows, and Net Position or Equity (Continued)**
- 5) Capital Assets (Continued)**

**Government-Wide Financial Statements (Continued)**

The range of estimated useful lives by type of asset is as follows:

Buildings	15-75 Years
Land Improvements	15-30 Years
Machinery and Equipment	3-20 Years
Infrastructure	15-60 Years

**Fund Financial Statements**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

**6) Other Assets**

In governmental funds, debt discounts and premiums are recognized as expenditures/revenue in the current period. For the government-wide and the proprietary fund type financial statements, debt discounts and premiums are deferred and amortized over the term of the debt issue.

**7) Compensated Absences**

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2019 are determined on the basis of current salary rates and include salary related payments.

**8) Pensions**

For purposes of measuring the net pension liability (asset), deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported for WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.



**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

---

- 1. Summary of Significant Accounting Policies (Continued)**
- D. Assets, Liabilities, Deferred Outflows and Inflows, and Net Position or Equity (Continued)**

**9) Deferred Outflows and Inflows of Resources**

Deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

**10) Long-Term Obligations**

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bond payable, and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue. Gains or losses on prior refunding are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter.

**11) Claims and Judgments**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

---

- 1. Summary of Significant Accounting Policies (Continued)**
- D. Assets, Liabilities, Deferred Outflows and Inflows, and Net Position or Equity (Continued)**

**12) Equity Classifications**

**Government-Wide Financial Statements**

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less any unspent debt proceeds.
- b. Restricted net position – Consists of net position with constraints placed on its use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations or other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets”

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.

**Fund Financial Statements**

Governmental fund equity is classified as fund balance. In the fund financial statements, governmental fund balance is presented in five possible categories:

**Nonspendable** – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

**Restricted** – resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

**Committed** – resources which are subject to limitation the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

**Assigned** – resources neither restricted nor committed for which a government has a stated intended use as established by the City Council or a body or official to which the City Council has delegated the authority to assign amounts for specific purposes.

**Unassigned** – resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

---

- 1. Summary of Significant Accounting Policies (Continued)**  
**D. Assets, Liabilities, Deferred Outflows and Inflows, and Net Position or Equity (Continued)**

**12) Equity Classifications (Continued)**

When restricted and other fund balance resources are available for use, it is the City's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

**City's Policy**

**Minimum Fund Balance** - The unassigned fund balance of the general fund shall be maintained as of December 31 of each year as a minimum of 15% of the next year's general fund expenditures.

**Replenishment and Annual Review** - If it is anticipated at the completion of any fiscal year that the projected amount of unrestricted fund balance will be less than the minimum requirement, the City Administrator should prepare and submit in conjunction with the proposed budget, a plan for the expenditure reductions and/or revenue increases necessary to restore the minimum requirements in the subsequent budget year. Compliance with the provisions of this policy should be reviewed as part of the annual budget adoption process, or as stated within this policy.

**13) Basis for Existing Rates**

**Sewer Utility**

Current rates were approved by the City Council and were effective as of December 1, 2018.

An increase in rates of 5% has been approved to go into effect January 1, 2020.

**Water Utility**

Current water rates were authorized by the Public Service Commission with order 4850-WQ-105, which is effective for services rendered on or after September 1, 2015.

**Storm Water Utility**

On February 8, 2010, the City adopted Resolution 03-10 establishing a storm water utility. The utility was established to provide funding for operations, maintenance and improvements to its storm water system.

The utility rate charges are computed based on an equivalent runoff unit as defined in the storm water utility ordinance and will be \$11.30 per equivalent runoff unit per quarter. Current rates were approved by the City Council and were effective as of December 1, 2018.

An increase in rates of \$1.00 per resident equal unit has been approved to go into effect January 1, 2020.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

---

**1. Summary of Significant Accounting Policies (Continued)**  
**E. Change in Accounting Principle**

Effective January 1, 2019, the City adopted provisions of GASB Statement No. 84, Fiduciary Activities. GASB No. 84 on Fiduciary Activities establishes general criteria for determining what activities should be reported in the fiduciary funds and requires the recognition of a liability when an event has occurred that requires the disbursement of fiduciary resources. Implementation of GASB No. 84, Fiduciary Activities, replaces Agency Fund types with Custodial Funds for the accumulation of assets for entities outside the government's reporting entity. Unlike Agency Funds, Custodial Funds present a statement of net position and a statement of changes in net position. The statement of changes in fiduciary net position reports additions and deductions for taxes collected and distributed on behalf of or to other governments.

**2. Stewardship, Compliance, and Accountability**  
**A. Budgetary Information**

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1. C.

A budget has been adopted for the general fund, special revenue funds, the debt service fund, and capital projects funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

The City Council may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action. Appropriations lapse at year end unless specifically carried over. Budgets are adopted at the department level of expenditure.

The City controls expenditures at the departmental level. The detail of those items can be found in the City's year-end budget to actual report.

**B. Limitations on the City Tax Levy**

The State has passed current legislation that limits the City's future tax levies. Generally, the City is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the City's equalized value due to new construction, or 0% for the 2018-2019 tax year. Changes in debt service from one year to the next are generally exempt from this limit.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**3. Detailed Notes On All Funds**  
**A. Deposits and Investments**

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion in this pool is displayed on the statement of net position and balance sheet as cash and investments. In addition, investments are separately held by several of the City's funds.

The City of Prescott's cash and investments at year end were comprised of the following:

	Carrying Value	Bank Balance	Associated Risk
Deposits	\$ 8,469,212	\$ 8,996,666	Custodial Credit Risk
Certificates of Deposit	1,330,844	1,330,486	Interest rate risk
LGIP	581,467	581,467	Credit risk, interest rate risk
Petty cash	375	-	N/A
Less: Fire/EMS commingled cash	(109,202)	-	
<b>Total Cash and Investments</b>	<b>\$ 10,272,696</b>	<b>\$ 10,908,619</b>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 8,489,941		
Restricted cash and investments	3,275		
Per statement of net position			
Prescott Daze	31,123		
Tax Collection	1,748,357		
<b>Total Cash and Investments</b>	<b>\$ 10,272,696</b>		

**Custodial Credit Risk**

**Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to the City. This risk applies when the City has deposits that are not covered by depository insurance and are uncollateralized.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for demand deposits and \$250,000 for time and savings deposits. Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing the amounts collateralized.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

---

**3. Detailed Notes On All Funds (Continued)**  
**A. Deposits and Investments (Continued)**

**Custodial Credit Risk (Continued)**

As of December 31, 2019, the City had \$10,327,152 on deposit with financial institutions. Of this amount the City had deposits in excess of federal deposit insurance limits that were exposed to custodial credit risk as follows:

Insured by Federal and State Deposit Insurance	\$ 4,075,584
Collateralized – held by Financial Institution	5,154,904
Uninsured and Uncollateralized	<u>1,096,663</u>
Total	<u><u>\$ 10,327,152</u></u>

Fluctuating cash flows during the year due to tax collections, receipt of state aids and proceeds from borrowing may have resulted in temporary balances during the year exceeding uninsured amounts at the balance sheet date.

**Investments**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The City's investment policy requires all investments to be fully insured or collateralized.

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations.

The City held investments in the local government investment pool, an external pool which is not rated.

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater sensitivity its fair value has to changes in market interest rates.

SWIB may invest in obligations of the U.S. Treasury and its agencies, Commercial Paper, Bank Time Deposits/Certificates of Deposit, Bankers' Acceptances, Asset Backed Securities and Repurchase Agreements secured by the U.S. Government or its agencies and other instruments authorized under State Investment Fund investment guidelines.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**3. Detailed Notes On All Funds (Continued)**  
**A. Deposits and Investments (Continued)**

**Interest Rate Risk (Continued)**

The Wisconsin Local Government Investment Pool is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board (SWIB). The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The investment in the LGIP was not rated as of December 31, 2019. The SIF reports the fair value of its underlying assets annually. All investments are valued at amortized cost by the SIF for purposes of calculating earnings to each participant. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributions include interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and investment expenses. This method does not distribute to participants any unrealized gains or losses generated by the pool's investments. Detailed information about the SIF is available in separately issued financial statements available at <https://doa.wi.gov/Pages/StateFinances/LGIP.aspx>. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2019, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements. Information on derivatives was not available to the City.

Investment allocation in the LGIP as of December 31, 2019 was: 88.05% in U.S. Government Securities, 2.70% in Certificates of Deposit, Bankers' Acceptances and Time Deposits, and 9.25% in Commercial Paper and Corporate Notes. The Wisconsin State Treasurer updates the investment allocations on a monthly basis. As of December 31, 2019, the City's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1 year	1 - 5 Years	More Than 5
External Investment Pools	\$ 581,467	\$ 581,467	\$ -	\$ -
Certificates of Deposit	1,330,486	642,680	687,806	-
Total	<u>\$ 1,911,953</u>	<u>\$ 1,224,147</u>	<u>\$ 687,806</u>	<u>\$ -</u>

**Cash Equivalents vs. Non-Cash Equivalents**

The following is a schedule of cash and non-cash equivalents for the purposes of the statement of cash flows:

	Water	Sewer	Storm Water	Total
Cash	\$ 701,942	\$ 2,360,845	\$ -	\$ 3,062,787
Total	<u>\$ 701,942</u>	<u>\$ 2,360,845</u>	<u>\$ -</u>	<u>\$ 3,062,787</u>
Cash & Cash Equivalents	\$ 308,573	\$ 1,811,028	\$ -	\$ 2,119,601
Non-Cash Equivalents	393,369	549,817	-	943,186
Total	<u>\$ 701,942</u>	<u>\$ 2,360,845</u>	<u>\$ -</u>	<u>\$ 3,062,787</u>

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**3. Detailed Notes On All Funds (Continued)**  
**B. Receivables and Deferred Inflows**

All of the City's receivables are expected to be collected within one year except for \$112,779 in the general fund, \$2,948 in TIF #3, and \$43,563 in the sewer utility.

At the end of the current fiscal year, the various components of deferred inflows reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes receivable	\$ -	\$ 3,850,554	\$ 3,850,554
Special assessments not yet due	130,405	-	130,405
Other			
Court Receivable	144,245	-	144,245
Interest - Debt Service - TIF Advances	212,732	-	212,732
Principal - Debt Service - TIF Advances	801,388	-	801,388
Interest - Advance	13,313	-	13,313
Other miscellaneous revenues	-	942	942
Subtotal Other	<u>1,171,678</u>	<u>942</u>	<u>1,172,620</u>
Total Deferred Inflows			
For Governmental Funds	<u>\$ 1,302,083</u>	<u>\$ 3,851,496</u>	<u>\$ 5,153,579</u>

**C. Restricted Assets**

The following represent the balances of the restricted assets.

Impact Fee Accounts

The City has received impact fees which must be spent in accordance with the local ordinance and state statutes. Any unspent funds must be refunded to the current property owner.

Following is a list of restricted assets discussed above at December 31, 2019:

	<u>Restricted</u>	<u>Liabilities</u>	<u>Restricted</u>
	<u>Assets</u>	<u>Payable from</u>	<u>Net Position</u>
		<u>Restricted Assets</u>	
Impact Fee Accounts	\$ 3,275	\$ -	\$ 3,275
Totals	<u>\$ 3,275</u>	<u>\$ -</u>	<u>\$ 3,275</u>



**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**3. Detailed Notes On All Funds (Continued)**

**D. Capital Assets**

Capital asset activity for the year ended December 31, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets not being depreciated				
Construction in progress	\$ -	\$ 71,037	\$ -	\$ 71,037
Land	2,261,118	-	-	2,261,118
Total Capital Assets				
Not Being Depreciated	<u>2,261,118</u>	<u>71,037</u>	<u>-</u>	<u>2,332,155</u>
Capital Assets being depreciated				
Land improvements	763,398	15,148	-	778,546
Buildings	5,380,407	-	-	5,380,407
Machinery and equipment	2,095,682	380,119	109,823	2,365,978
Infrastructure	<u>19,562,314</u>	<u>415,981</u>	<u>137,585</u>	<u>19,840,710</u>
Total Capital Assets				
Being Depreciated	<u>27,801,801</u>	<u>811,248</u>	<u>247,408</u>	<u>28,365,641</u>
Accumulated depreciation for				
Land improvements	(417,642)	(32,869)	-	(450,511)
Buildings	(1,443,748)	(111,815)	-	(1,555,563)
Machinery and equipment	(1,448,759)	(113,119)	103,444	(1,458,434)
Infrastructure	<u>(8,589,984)</u>	<u>(450,697)</u>	<u>103,317</u>	<u>(8,937,364)</u>
Total Accumulated Depreciation	<u>(11,900,133)</u>	<u>(708,500)</u>	<u>206,761</u>	<u>(12,401,872)</u>
Capital Assets,				
Net of Depreciation	<u>\$ 18,162,786</u>	<u>\$ 173,785</u>	<u>\$ 40,647</u>	<u>\$ 18,295,924</u>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General government	\$ 44,105
Public safety	61,685
Public works	529,876
Culture, recreation and education	72,834
Total Governmental Activities Depreciation Expense	<u>\$ 708,500</u>

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**3. Detailed Notes On All Funds (Continued)**  
**D. Capital Assets (Continued)**

Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 10,570	\$ -	\$ -	\$ 10,570
Total Capital Assets Not Being Depreciated	10,570	-	-	10,570
Capital assets being depreciated				
Source of supply	324,637	18,189	-	342,826
Pumping	459,661	-	-	459,661
Water treatment	26,800	-	-	26,800
Transmission and distribution	5,553,644	167,039	7,428	5,713,255
Administrative and general assets	263,066	-	-	263,066
Total Capital Assets Being Depreciated	6,627,808	185,228	7,428	6,805,608
Total Capital Assets	6,638,378	185,228	7,428	6,816,178
Less: Accumulated depreciation	(2,153,234)	(145,041)	7,428	(2,290,847)
Net Water Plant	\$ 4,485,144	\$ 40,187	\$ -	\$ 4,525,331

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**3. Detailed Notes On All Funds (Continued)**  
**D. Capital Assets (Continued)**

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer</u>				
Capital assets being depreciated				
Plant	\$ 1,933,501	\$ -	\$ 90,000	\$ 1,843,501
New Plant	5,599,960	16,811	-	5,616,771
Collecting Mains	1,493,571	45,243	3,336	1,535,478
Laterals	283,252	9,088	-	292,340
General	56,680	-	-	56,680
Total Capital Assets				
Being Depreciated	9,366,964	71,142	93,336	9,344,770
Total Capital Assets	9,366,964	71,142	93,336	9,344,770
Less: Accumulated depreciation	(3,909,332)	(187,117)	93,336	(4,003,113)
Net Sewer Plant	<u>\$ 5,457,632</u>	<u>\$ (115,975)</u>	<u>\$ -</u>	<u>\$ 5,341,657</u>
	Beginning Balance	Additions	Deletions	Ending Balance
<u>Storm Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 133,763	\$ -	\$ -	\$ 133,763
Total Capital Assets Not Being Depreciated	133,763	-	-	133,763
Capital assets being depreciated				
Plant	940,131	137,516	-	1,077,647
Equipment	132,547	-	-	132,547
Total Capital Assets				
Being Depreciated	1,072,678	137,516	-	1,210,194
Total Capital Assets	1,206,441	137,516	-	1,343,957
Less: Accumulated depreciation	(139,635)	(56,124)	-	(195,759)
Net Storm Water Plant	<u>\$ 1,066,806</u>	<u>\$ 81,392</u>	<u>\$ -</u>	<u>\$ 1,148,198</u>

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**3. Detailed Notes On All Funds (Continued)**  
**D. Capital Assets (Continued)**

Depreciation expense was charged to functions as follows:

Business-type Activities	
Water	\$ 133,803
Sewer	198,355
Storm Water	56,124
Total Business-type Activities	
Depreciation Expense	\$ 388,282

Depreciation expense charged is differently from additions to accumulated depreciation because of joint metering, salvage cost of removal and cost associated with the disposal of assets.

**E. Interfund Receivables/Payables, Advances and Transfers**

Amounts due from the TIFs are not expected to be paid in one year. The balances are expected to be paid when increments become available. These amounts are shown in the general fund as deferred inflows. Balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

For the Statement of Activities, interfund balances which are owed within the governmental or business-type activities are netted and eliminated.

Individual long-term advances at December 31, 2019 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Water Fund	\$ 82,993	Capital Purchase
General Fund	TIF #5	1,014,120	Debt Payments
Capital Improvements	TIF #4	88,313	Capital Purchase
Total Advances		\$ 1,185,426	
Less: Fund eliminations		(1,102,433)	
Total - Government-Wide Statement of Activities		\$ 82,993	

Capital Purchase Advance

In 2017, General Fund advanced \$200,000 to the Water Fund to cover the capital purchase of new meters. The advance was set up for repayment to the General Fund over 5 years with a 2.5% interest rate. The current balance outstanding is \$82,993.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**3. Detailed Notes On All Funds (Continued)**  
**E. Interfund Receivables/Payables, Advances and Transfers (Continued)**

The repayment schedule is as follows:

Year	Principal	Interest	Total
2020	\$ 40,981	\$ 1,820	\$ 42,801
2021	42,012	789	42,801
Total	\$ 82,993	\$ 2,609	\$ 85,602

TIF #4 and #5 Cash Flow and Debt Payment Advances

Due to insufficient tax increment in the TIF Districts in previous years, the general fund has covered principal and interest payments and operating shortfalls for #4 and #5. Interest is charged and added to the balance of the advance annually. There is currently no set repayment plan in place. Advances are expected to be repaid in future years when there is sufficient increment. During 2019, TIF #4 was able to pay off the remaining advance payable to the general fund which totaled \$89,242.

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Per Government- Wide Statements	Per Fund Statements	Principal Purpose
General Fund	Water Utility		\$ 113,231	Tax Equivalent
Capital Improvements	General Fund	Eliminated	205,110	Capital Purchase
TIF #4	TIF #3	Eliminated	250,000	Increment Sharing
Subtotal Governmental Funds - Transfer In			568,341	
Less: Tax Equivalent Net of Amount Forgiven			(39,631)	
Subtotal Governmental Funds - Transfer Out			\$ 528,710	
Water Utility	General Fund	\$ 73,600	\$ 73,600	Property tax forgiven
General Fund	Water Utility	-	(113,231)	Tax Equivalent
Subtotal Proprietary Funds			\$ (39,631)	
General Fund	Fire - Component Unit	\$ 366,760		Capital Contribution
Total Transfers - Government-Wide Statement of Activities		\$ 440,360		

For the Statement of Activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget required to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**3. Detailed Notes On All Funds (Continued)**  
**F. Long-Term Obligations**

Long-term obligations activity for the year ended December 31, 2019 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>	Amounts Due Within <u>One Year</u>
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds, Notes and Other Payables					
General Obligation Debt	\$ 7,793,000	\$ -	\$ 1,183,000	\$ 6,610,000	\$ 1,228,000
Add/(Subtract) Deferred Amounts For:					
(Discounts)/Premiums	<u>45,177</u>	<u>-</u>	<u>10,497</u>	<u>34,680</u>	<u>-</u>
Sub-Total	<u>7,838,177</u>	<u>-</u>	<u>1,193,497</u>	<u>6,644,680</u>	<u>1,228,000</u>
Other Liabilities					
Vested Compensated Absences	<u>102,978</u>	<u>25,738</u>	<u>-</u>	<u>128,716</u>	<u>79,901</u>
Total Other Liabilities	<u>102,978</u>	<u>25,738</u>	<u>-</u>	<u>128,716</u>	<u>79,901</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 7,941,155</u>	<u>\$ 25,738</u>	<u>\$ 1,193,497</u>	<u>\$ 6,773,396</u>	<u>\$ 1,307,901</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and Notes Payable					
General Obligation Debt	\$ 757,000	\$ -	\$ 77,000	\$ 680,000	\$ 77,000
Add/(Subtract) Deferred Amounts For:					
(Discounts)/Premiums	<u>7,140</u>	<u>-</u>	<u>1,020</u>	<u>6,120</u>	<u>-</u>
Sub-Total	<u>764,140</u>	<u>-</u>	<u>78,020</u>	<u>686,120</u>	<u>77,000</u>
Other Liabilities					
Vested Compensated Absences	<u>49,658</u>	<u>18,910</u>	<u>-</u>	<u>68,568</u>	<u>38,199</u>
Total Other Liabilities	<u>49,658</u>	<u>18,910</u>	<u>-</u>	<u>68,568</u>	<u>38,199</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 813,798</u>	<u>\$ 18,910</u>	<u>\$ 78,020</u>	<u>\$ 754,688</u>	<u>\$ 115,199</u>
<b>COMPONENT UNIT</b>					
Bonds and Notes Payable					
General Obligation Debt	\$ 150,000	\$ -	\$ 15,000	\$ 135,000	\$ 15,000
Sub-Total	<u>150,000</u>	<u>-</u>	<u>15,000</u>	<u>135,000</u>	<u>15,000</u>
Total Component Unit Long-Term Liabilities	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 135,000</u>	<u>\$ 15,000</u>

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**3. Detailed Notes On All Funds (Continued)**  
**F. Long-Term Obligations (Continued)**

**General Obligation Debt**

All general obligation notes and bonds payable are backed by the full faith and credit of the City. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund and TIF capital project funds. Business-type activities debt is payable by revenues from user fees of those funds, or if the revenues are not sufficient, by future tax levies.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed five percent of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2019, was \$19,922,695. Total general obligation debt outstanding at year end was \$7,425,000.

<u>Governmental Activities General Obligation Debt</u>	<u>Date Of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2019</u>
Refunding Bonds Payable	2010	2026	1.5-5.25%	\$ 1,500,000	\$ 775,000
Refunding Bonds Payable	2012	2030	2.0-2.5%	3,375,000	1,780,000
Bonds Payable	2014	2023	1.9-2.05%	840,000	840,000
Bonds Payable	2014	2021	1.2-2.6%	1,755,000	525,000
Bonds Payable	2015	2026	2.0-2.375%	3,100,000	1,585,000
Bonds Payable	2018	2038	3.0-4.0%	1,135,000	1,105,000
Total Governmental Activities -- General Obligation Debt					<u><u>\$ 6,610,000</u></u>

<u>Business-type Activities General Obligation Debt</u>	<u>Date Of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2019</u>
Refunding Bonds Payable	2012	2030	2.0-2.5%	\$ 310,000	\$ 190,000
Bonds Payable	2015	2026	2.0-2.375%	655,000	270,000
Bonds Payable	2018	2038	3.0-4.0%	235,000	220,000
Total Business-type Activities -- General Obligation Debt					<u><u>\$ 680,000</u></u>

<u>Component Unit General Obligation Debt</u>	<u>Date Of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2019</u>
Refunding Bonds Payable	2012	2028	2.0-2.5%	\$ 210,000	\$ 135,000
Total Component Unit -- General Obligation Debt					<u><u>\$ 135,000</u></u>

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**3. Detailed Notes On All Funds (Continued)**  
**F. Long-Term Obligations (Continued)**

**General Obligation Debt (Continued)**

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2020	\$ 1,228,000	\$ 169,575	\$ 77,000	\$ 17,029
2021	1,167,000	140,313	78,000	15,179
2022	942,000	112,860	78,000	13,319
2023	667,000	90,358	73,000	11,509
2024	496,000	74,250	74,000	9,739
2025-2029	1,380,000	191,693	210,000	26,185
2030-2034	435,000	77,868	50,000	9,758
2035-2038	295,000	20,620	40,000	2,715
Totals	<u>\$ 6,610,000</u>	<u>\$ 877,537</u>	<u>\$ 680,000</u>	<u>\$ 105,433</u>

Years	Component Unit General Obligation Debt	
	Principal	Interest
2020	\$ 15,000	\$ 2,700
2021	15,000	2,400
2022	15,000	2,100
2023	15,000	1,800
2024	15,000	1,500
2025-2028	60,000	2,812
Total	<u>\$ 135,000</u>	<u>\$ 13,312</u>

**Other Debt Information**

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.



**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**3. Detailed Notes On All Funds (Continued)**  
**G. Lease Disclosures**

**Lessor – Operating Leases**

The City is lessor on a 12-year lease with up to three, six year extensions, ending December 31, 2030 for leasing riverfront property. The terms of the lease provide for annual lease payments with provisions for lease payment increases. The rent received per this agreement in 2019 was \$7,200.

The City is party as lessor and/or lessee on various other leases renegotiated annually. The other leases in whole and individually are not material to the financial statements of the City. Other rental income received totaled \$25,037 in 2019.

**H. Fund Balances/Net Position**

In accordance with the City’s policy and GASB 54, fund balances reported on the fund financial statements at December 31, 2019 include the following:

**Nonspendable Fund Balance**

General Fund

Delinquent Personal Property Taxes	\$ 3,233
Advances to Other Funds	82,993
Total Nonspendable Fund Balance	\$ 86,226

**Restricted Fund Balance**

TIF District #3

Debt Service	\$ 418,864
--------------	------------

TIF District #4

Debt Service	164,749
--------------	---------

TIF District #5

Debt Service	149,234
--------------	---------

Debt Service Fund

Future Debt Service	202,747
---------------------	---------

Impact Fee Funds

Public Parks Impact Fees	3,275
--------------------------	-------

Capital Improvements

City Land	152,862
-----------	---------

Library Fund

Library Expenditures	70,206
----------------------	--------

Total Restricted Fund Balance	\$ 1,161,937
-------------------------------	--------------

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

---

**3. Detailed Notes On All Funds (Continued)**  
**H. Fund Balances/Net Position (Continued)**

**Committed Fund Balance**

Cable TV Fund

Cable Commission Expenditures	\$ 63,348
Total Committed Fund Balance	\$ 63,348

**Assigned Fund Balance**

General Fund

Freedom Park AC Unit Purchase	\$ 3,500
Vacation and Sick Leave	119,283
Pearl Street Project	680,000
	802,783

Capital Improvements

Capital Purchases	38,000
Walking Trail	15,000
Retaining Wall Replacement Program	10,000
Future Capital Improvements	11,425
	74,425

Freedom Park

Future Capital Improvements	27,097
-----------------------------	--------

Total Assigned Fund Balance	\$ 904,305
-----------------------------	------------

**Unassigned Fund Balance**

General Fund

Total Unassigned Fund Balance	\$ 1,971,981
-------------------------------	--------------

Total Fund Balance	\$ 4,187,797
--------------------	--------------

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**3. Detailed Notes On All Funds (Continued)**  
**H. Fund Balances/Net Position (Continued)**

**Governmental Activities**

Net position reported on the government-wide statement of net position at December 31, 2019 includes the following:

Capital Assets	\$ 18,295,924
Less: Long-term debt outstanding	(6,610,000)
Plus: Bonds not used for governmental capital assets	709,415
Plus: Unamortized debt discount (premium)	(34,680)
Total Net Investment in Capital Assets	12,360,659
Restricted	
Debt service	202,747
Impact fees	3,275
Library	70,206
TIF #3	571,726
Total Restricted	847,954
Unrestricted	2,842,394
Total Governmental Activities Net Position	\$ 16,051,007

**Business-Type Activities**

Capital Assets	\$ 11,015,186
Less: related long-term debt outstanding	(680,000)
Less: related advances payable	(82,993)
Plus: unamortized debt discount (premium)	(6,120)
Net Investment in Capital Assets	10,246,073
Unrestricted	3,552,248
Total Business-Type Activities Net Position	\$ 13,798,321

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**3. Detailed Notes On All Funds (Continued)**  
**I. Component Unit**

**Prescott Fire and EMS Association**

This report contains the Prescott Fire and EMS Association (Association), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

Basis of Accounting/Measurement Focus

The Association follows the full accrual basis of accounting and the flow of economic resources measurement focus.

Deposits and Investments

As of December 31, 2019, the Association's carrying amount of deposits was \$84,203 and is part of the City's commingled cash. See Note 3. A.

At year end, the Association also had separate deposits in the amount of \$24,999, which was exposed to custodial credit risk.

Receivables

Accounts receivable for the Fire and EMS of \$55,077 and \$74,845, respectively, are shown net of an allowance of \$37,183 and \$61,672, respectively.

Capital Assets

	Beginning Balance	Additions	Adjustments/ Deletions	Ending Balance
Equipment in Progress	\$ -	\$ 272,117	\$ -	\$ 272,117
Equipment	724,462	50,084	-	774,546
Total Assets Being Depreciated	724,462	322,201	-	1,046,663
Less: Accumulated Depreciation	(259,521)	(25,746)	-	(285,267)
Assets Net of Depreciation	<u>\$ 464,941</u>	<u>\$ 347,947</u>	<u>\$ -</u>	<u>\$ 761,396</u>

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**3. Detailed Notes On All Funds (Continued)**  
**I. Component Unit (Continued)**

**Prescott Fire and EMS Association (Continued)**

Long-Term Obligations

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
General Obligation Debt	\$ 150,000	\$ -	\$ 15,000	\$ 135,000	\$ 15,000
Total	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 135,000</u>	<u>\$ 15,000</u>

Interfund Agreement with General Fund

The City has approved a resolution authorizing interfund borrowing between the General Fund and the Prescott Fire and EMS Association to cover cash shortfalls as needed. An interest rate of 2.5% is applied to any balance borrowed. As of December 31, 2019, there was no interfund borrowing outstanding.

Payments for Services

The City of Prescott makes yearly payments to the Fire and EMS Association for services rendered. Contributions to the Fire and EMS in 2019 were \$87,564 and \$95,992, respectively.

Net Position

Net Investment in Capital Assets

Capital Assets, Net	\$ 761,396
Less: Long-Term Debt	135,000
Total	<u>\$ 626,396</u>

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

---

**3. Detailed Notes On All Funds (Continued)**  
**I. Component Unit (Continued)**

**Prescott Fire and EMS Association (Continued)**

Employee Retirement System

Eligible employees of the Association participate in the Wisconsin Retirement System. Wage and contribution total are included as part of the City's totals in Note 4A.

Contracted Ambulance Services

In November 2014, the Prescott Fire and EMS Association entered into an agreement with the City of River Falls for additional ambulance services for the calendar year starting in 2015. As part of this agreement the Association has agreed to donate an ambulance, one defibrillator/monitor and two power cots to the City of River Falls. All EMS district assets have been removed from the financial statements.

The Association agrees to pay the City of River Falls an annual per capita rate of \$18 during the initial term of the contract. Contract renewals for a successive two-year period after the initial term of the contract may include an increase per capita rate no greater than 10%.

As a result of this agreement, starting in 2015, the Association no longer recognizes payroll expenses and user fees in the form of charges for services. The City of River Falls assumes the day to day management of EMS services including staffing and collections.

**4. Other Information**  
**A. Employees' Retirement System**

*Plan Description.* The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

*Vesting.* For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

---

**4. Other Information (Continued)**  
**A. Employees' Retirement System (Continued)**

**Benefits Provided.** Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

**Post-Retirement Adjustments.** The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2009	(2.1%)	(42%)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

---

**4. Other Information (Continued)**  
**A. Employees' Retirement System (Continued)**

*Contributions.* Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$115,616 in contributions from the employer.

Contribution rates as of December 31, 2019 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives, and elected officials)	6.55%	6.55%
Protective with social security	6.55%	10.55%
Protective without social security	6.55%	14.95%

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At December 31, 2019, the City reported a liability of \$399,491 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the City's proportion was 0.01122897%, which was an increase of 0.00022045% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized pension expense of \$267,189.



**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**4. Other Information (Continued)**  
**A. Employees' Retirement System (Continued)**

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 311,143	\$ (549,989)
Changes of assumptions	67,339	-
Net difference between projected and actual earnings on pension plan investments	583,430	-
Changes in proportion and difference between Employer contributions and proportionate share of contributions	1,849	(6,720)
Employer contributions subsequent to the measurement date	115,584	-
Total	\$ 1,079,345	\$ (556,709)

\$114,784 reported as deferred outflows related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<b>Year Ended December 31:</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2020	\$ 146,517
2021	35,911
2022	65,345
2023	159,279
<b>Total</b>	<b>\$ 407,052</b>

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

---

**4. Other Information (Continued)**  
**A. Employees' Retirement System (Continued)**

**Actuarial Assumptions.** The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset):	December 31, 2018
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-Retirement Adjustments*	1.9%

\* *No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

**Long-term Expected Return on Plan Assets.** The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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 and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**4. Other Information (Continued)**  
**A. Employees' Retirement System (Continued)**

Asset Allocation Targets and Expected Returns  
As of December 31, 2018

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	49.0%	8.1%	5.5%
Fixed Income	24.5%	4.0%	1.5%
Inflation Sensitive Assets	15.5%	3.8%	1.3%
Real Estate	9.0%	6.5%	3.9%
Private Equity/Debt	8.0%	9.4%	6.7%
Multi-Asset	4.0%	6.7%	4.1%
Total Core Fund	<u>110.0%</u>	7.3%	4.7%
<u>Variable Fund Asset Class</u>			
US Equities	70.0%	7.6%	5.0%
International Equities	30.0%	8.5%	5.9%
Total Variable Fund	<u>100.0%</u>	8.0%	5.4%

Note: New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

**Single Discount Rate.** A single discount rate of 7.00% was used to measure the Total Pension Liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single 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 actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**4. Other Information (Continued)**  
**A. Employees' Retirement System (Continued)**

*Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<b>1% Decrease to Discount Rate (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1% Increase to Discount Rate (8.0%)</b>
City's proportionate share of the net pension liability (asset)	\$ 1,587,621	\$ 399,491	\$ (483,975)

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

*Allocation of Pension Plan.* Pension amounts are allocated between the Proprietary Funds and the General Fund based on the percentage of required contributions of each fund to the whole.

**B. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

**C. Commitments and Contingencies**

From time to time, the City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the city attorney that the likelihood is remote that such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

Funding for the operating budget of the City comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the City. Those aid and grant programs are dependent of continued approval and funding by the Wisconsin governor and legislature, through their budget process.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

---

**4. Other Information (Continued)**  
**D. Subsequent Events and Commitments**

Construction Contracts

In 2020, the City approved the following contract agreements:

- Lake Street Construction Project - \$945,330
- Pearl Street Construction Project - \$552,660
- Design and Construction Engineering for Riverfront Improvements - \$154,000

Grant Awards

In 2020 the City was awarded WI DOT Multimodal Local Supplement grant in the amount of \$600,000. These grant funds will be reimbursed for the costs of a riverfront improvement project. The total cost of the project is approximately \$1,250,000.

Developers Agreement

In December 2019, the City approved a developer agreement that included a \$250,000 incentive payment to be paid to the developer for the cost of site improvements. As of December 31, 2019, the conditions of the agreement were not met and no liability is recorded in the financial statements. The City anticipates making this payment in 2020. This agreement also specifies developer guarantee payments for any shortfall in the improved assessed value for real-estate taxes to be collected. If required, these guaranteed payments are to be made to the City annually beginning 2021 through 2016.

In 2020, the City approved a second developer agreement that includes a \$25,000 incentive payment to be paid to the developer for the cost of site improvements. This incentive is expected to be paid from TIF #4. The City anticipates making this payment in 2020.

Subsequent Debt Issued

In April 2020, the City approved a resolution for issuing \$1,975,000 in General Obligation Street Improvement Bonds to finance projects disclosed above.

TIF District Extension

Under Wisconsin Statutes, Section 66.1105(6)(g) a municipality may approve a resolution to extend the life of a TIF district by one year for the purpose of collecting tax increment dollars to be used towards affordable housing. In May 2020, the Council approved a resolution to keep TID #3 open for one additional year for funds for affordable housing.

COVID-19

The recent spread of the COVID-19 coronavirus has created economic uncertainty internationally. The potential of COVID-19 having a financial and economic impact on the City is a possibility, although no such impact is known at this time.

**E. Effect of New Accounting Standards on Current Period Financial Statements**

GASB has adopted GASB Statement No. 87, Leases. When this becomes effective, application of this standard may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

City of Prescott

Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
General Fund  
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,412,607	\$ 1,412,607	\$ 1,411,957	\$ (650)
Special Assessment Revenue	29,800	29,800	39,309	9,509
Intergovernmental	666,176	666,176	670,240	4,064
License and Permits	32,675	32,675	34,524	1,849
Fines, Forfeits and Penalties	85,000	85,000	102,037	17,037
Public Charges for Services	315,350	315,350	372,467	57,117
Interest Income	42,000	42,000	155,029	113,029
Miscellaneous Income	30,642	30,642	47,854	17,212
Total Revenues	<u>2,614,250</u>	<u>2,614,250</u>	<u>2,833,417</u>	<u>219,167</u>
<b>EXPENDITURES</b>				
Current:				
General Government	534,867	534,867	451,371	83,496
Public Safety	1,308,338	1,308,338	1,686,811	(378,473)
Public Works	690,440	690,440	926,067	(235,627)
Health and Human Services	2,000	2,000	400	1,600
Culture, Recreation and Education	124,700	124,700	102,337	22,363
Conservation and Development	305	305	315	(10)
Total Expenditures	<u>2,660,650</u>	<u>2,660,650</u>	<u>3,167,301</u>	<u>(506,651)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(46,400)</u>	<u>(46,400)</u>	<u>(333,884)</u>	<u>(287,484)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (including tax equivalent)	116,000	116,000	113,231	(2,769)
Transfers Out	<u>(60,320)</u>	<u>(60,320)</u>	<u>(278,710)</u>	<u>(218,390)</u>
Total Other Financing Sources and Uses	<u>55,680</u>	<u>55,680</u>	<u>(165,479)</u>	<u>(221,159)</u>
Net Change in Fund Balances	9,280	9,280	(499,363)	(508,643)
Fund Balances - Beginning	<u>3,360,353</u>	<u>3,360,353</u>	<u>3,360,353</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 3,369,633</u>	<u>\$ 3,369,633</u>	<u>\$ 2,860,990</u>	<u>\$ (508,643)</u>

See accompanying notes to the required supplementary information

**City of Prescott**

**Wisconsin Retirement System Schedules  
December 31, 2019**

**Schedule of Proportionate Share of the Net Pension Liability (Asset)  
As of the Measurement Date**

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2018	0.01122897%	\$ 399,491	\$ 1,390,335	28.73%	96.45%
2017	0.01100852%	(326,856)	1,359,538	(24.04%)	102.93%
2016	0.01109887%	91,481	1,391,666	6.57%	99.12%
2015	0.01078579%	175,267	1,306,225	13.42%	98.20%
2014	0.01073715%	(263,661)	1,375,745	(19.16%)	102.74%

**Schedule of City's Contributions  
For the Year Ended  
December 31, 2019**

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2019	\$ 114,784	\$ (114,784)	\$ -	\$ 1,462,546	7.85%
2018	116,827	(116,827)	-	1,390,335	8.40%
2017	114,082	(114,082)	-	1,359,538	8.39%
2016	109,446	(109,446)	-	1,391,666	7.86%
2015	101,889	(101,889)	-	1,306,225	7.80%



**CITY OF PRESCOTT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended December 31, 2019**

---

**1. Notes to Budgetary Comparison Schedule**

**A. Basis of Accounting**

The General Fund budgetary comparison schedule has been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America. See Note 2(A) in the notes to the financial statements for more information on the City's budgetary information.

The City controls expenditures at the department level. Some individual line items experienced expenditures, which exceeded appropriations.

**B. Excess of Actual Expenditures over Budget in General Fund**

The following expenditure function had an excess of actual expenditure over budget for the year ended December 31, 2019:

	<u>Excess Expenditures</u>
Public Safety	\$ 378,473
Public Works	235,627
Conservation and Development	10

**2. Notes to Wisconsin Retirement System Schedules**

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 5 preceding years.

**Change of Benefit Terms**

There were no changes of benefit terms for any participating employer in WRS.

**Changes of Assumptions**

Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

SUPPLEMENTARY INFORMATION

**CITY OF PRESCOTT**

**Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (with variances)  
General Fund  
For the Year Ended December 31, 2019**

	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>TAXES</b>				
Property taxes	\$ 1,389,307	\$ 1,389,307	\$ 1,389,145	\$ (162)
Mobile home taxes	15,500	15,500	15,012	(488)
Payments in lieu of taxes	7,800	7,800	7,800	-
<b>TOTALS</b>	<b>1,412,607</b>	<b>1,412,607</b>	<b>1,411,957</b>	<b>(650)</b>
<b>SPECIAL ASSESSMENTS</b>				
Special assessments	22,300	22,300	35,287	12,987
Interest on special assessments	7,500	7,500	4,022	(3,478)
<b>TOTALS</b>	<b>29,800</b>	<b>29,800</b>	<b>39,309</b>	<b>9,509</b>
<b>INTERGOVERNMENTAL REVENUES</b>				
State shared revenues	367,623	367,623	367,846	223
State aid - law enforcement	1,600	1,600	-	(1,600)
State aid - fire dues	14,500	14,500	15,374	874
State aid - exempt computer	1,200	1,200	1,328	128
State aid - general transportation aids	243,561	243,561	243,449	(112)
State aid - personal property aid	37,692	37,692	37,692	-
Other state grants	-	-	4,551	4,551
<b>TOTALS</b>	<b>666,176</b>	<b>666,176</b>	<b>670,240</b>	<b>4,064</b>
<b>LICENSES AND PERMITS</b>				
Liquor and malt beverage licenses	11,000	11,000	10,505	(495)
Operator's licenses	4,000	4,000	4,715	715
Cigarette licenses	1,000	1,000	1,000	-
Animal licenses	1,600	1,600	1,159	(441)
Mobile home park licenses	225	225	225	-
Building permits	10,000	10,000	12,555	2,555
Zoning permits and fees	-	-	500	500
Other regulatory permits and fees	3,000	3,000	1,960	(1,040)
Golf cart permits	450	450	540	90
Compost site permits	1,400	1,400	1,365	(35)
<b>TOTALS</b>	<b>32,675</b>	<b>32,675</b>	<b>34,524</b>	<b>1,849</b>
<b>FINES, FORFEITURES AND PENALTIES</b>				
Court penalties and costs	85,000	85,000	102,037	17,037
<b>TOTALS</b>	<b>85,000</b>	<b>85,000</b>	<b>102,037</b>	<b>17,037</b>

**CITY OF PRESCOTT**

**Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (with variances)  
General Fund  
For the Year Ended December 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>PUBLIC CHARGES FOR SERVICES</b>				
Publication fees	\$ 250	\$ 250	\$ 220	\$ (30)
Law enforcement fees	5,100	5,100	5,375	275
Refuse and garbage collection	272,000	272,000	330,135	58,135
Boat launch fees	38,000	38,000	36,737	(1,263)
TOTALS	<u>315,350</u>	<u>315,350</u>	<u>372,467</u>	<u>57,117</u>
<b>INVESTMENT INCOME</b>				
Interest on investments	42,000	42,000	155,029	113,029
TOTALS	<u>42,000</u>	<u>42,000</u>	<u>155,029</u>	<u>113,029</u>
<b>MISCELLANEOUS</b>				
Rent of municipal property	25,082	25,082	25,037	(45)
Insurance recoveries	-	-	10,451	10,451
Miscellaneous	5,560	5,560	12,366	6,806
TOTALS	<u>30,642</u>	<u>30,642</u>	<u>47,854</u>	<u>17,212</u>
<b>TOTAL REVENUES</b>	<u>2,614,250</u>	<u>2,614,250</u>	<u>2,833,417</u>	<u>219,167</u>

**CITY OF PRESCOTT**

**Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (with variances)  
General Fund  
For the Year Ended December 31, 2019**

	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>GENERAL GOVERNMENT</b>				
Council	\$ 27,390	\$ 27,390	\$ 31,141	\$ (3,751)
Mayor	10,770	10,770	10,654	116
Municipal court	50,035	50,035	54,199	(4,164)
Administrator	82,425	82,425	81,948	477
Finance	89,390	89,390	72,357	17,033
Treasurer	62,215	62,215	54,796	7,419
Employee relations	14,625	14,625	14,248	377
Elections	4,200	4,200	2,507	1,693
Assessment of property	11,000	11,000	13,131	(2,131)
Independent auditing	24,600	24,600	29,229	(4,629)
Legal	26,505	26,505	19,147	7,358
Municipal buildings	27,070	27,070	19,102	7,968
Property and liability insurance	13,200	13,200	10,268	2,932
Other general government	2,000	2,000	3,356	(1,356)
Contingency	89,442	89,442	35,288	54,154
<b>TOTALS</b>	<b>534,867</b>	<b>534,867</b>	<b>451,371</b>	<b>83,496</b>
<b>PUBLIC SAFETY</b>				
Police	1,110,282	1,110,282	1,116,571	(6,289)
Public fire protection	102,064	102,064	474,248	(372,184)
Ambulance	95,992	95,992	95,992	-
<b>TOTALS</b>	<b>1,308,338</b>	<b>1,308,338</b>	<b>1,686,811</b>	<b>(378,473)</b>
<b>PUBLIC WORKS</b>				
Administration	104,245	104,245	102,015	2,230
Engineering	2,000	2,000	1,108	892
Public works shop and garage	31,620	31,620	58,047	(26,427)
Street maintenance	127,465	127,465	283,901	(156,436)
Snow and ice control	38,655	38,655	54,681	(16,026)
Street lighting	49,500	49,500	45,862	3,638
Street machinery	61,840	61,840	50,473	11,367
Tree and brush control	17,185	17,185	16,195	990
Refuse and garbage collection/Recycling	257,930	257,930	313,785	(55,855)
<b>TOTAL</b>	<b>690,440</b>	<b>690,440</b>	<b>926,067</b>	<b>(235,627)</b>
<b>HEALTH AND HUMAN SERVICES</b>				
Animal control	2,000	2,000	400	1,600
<b>TOTALS</b>	<b>2,000</b>	<b>2,000</b>	<b>400</b>	<b>1,600</b>

**CITY OF PRESCOTT**

**Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (with variances)  
General Fund  
For the Year Ended December 31, 2019**

	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>CULTURE, RECREATION AND EDUCATION</b>				
Swimming	\$ 11,490	\$ 11,490	\$ 1,167	\$ 10,323
Boat launch and docks	4,500	4,500	2,660	1,840
Cemetery	7,000	7,000	6,991	9
Ice rinks	1,760	1,760	791	969
Parks	99,950	99,950	89,935	10,015
Flooding	-	-	793	(793)
TOTALS	<u>124,700</u>	<u>124,700</u>	<u>102,337</u>	<u>22,363</u>
<b>CONSERVATION AND DEVELOPMENT</b>				
Economic Development	305	305	315	(10)
	<u>305</u>	<u>305</u>	<u>315</u>	<u>(10)</u>
<b>TOTAL EXPENDITURES</b>	<u>2,660,650</u>	<u>2,660,650</u>	<u>3,167,301</u>	<u>(506,651)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(46,400)</u>	<u>(46,400)</u>	<u>(333,884)</u>	<u>(287,484)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (including tax equivalent)	116,000	116,000	113,231	(2,769)
Transfers Out	(60,320)	(60,320)	(278,710)	(218,390)
Total Other Financing Sources and Uses	<u>55,680</u>	<u>55,680</u>	<u>(165,479)</u>	<u>(221,159)</u>
Net Change in Fund Balances	9,280	9,280	(499,363)	(508,643)
Fund Balances - Beginning	3,360,353	3,360,353	3,360,353	-
Fund Balances - Ending	<u>\$ 3,369,633</u>	<u>\$ 3,369,633</u>	<u>\$ 2,860,990</u>	<u>\$ (508,643)</u>

**City of Prescott**  
**Combining Balance Sheet**  
**Non-Major Special Revenue Funds**  
**December 31, 2019**

	<b>Public Parks Impact Fees</b>	<b>Cable TV Fund</b>	<b>Library Fund</b>	<b>Freedom Park Fund</b>	<b>Non-Major Special Revenue Funds</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ -	\$ 63,399	\$ 129,312	\$ 36,746	\$ 229,457
Restricted Cash	3,275	-	-	-	3,275
Receivables:					
Taxes	-	-	122,582	18,450	141,032
Accounts	-	47	-	-	47
Other	-	-	476	-	476
Total Assets	<u>\$ 3,275</u>	<u>\$ 63,446</u>	<u>\$ 252,370</u>	<u>\$ 55,196</u>	<u>\$ 374,287</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ -	\$ 47	\$ 1,009	\$ 1,513	\$ 2,569
Accrued Liabilities	-	-	4,080	11	4,091
Total Liabilities	<u>-</u>	<u>47</u>	<u>5,089</u>	<u>1,524</u>	<u>6,660</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Tax Levy	-	-	176,560	26,575	203,135
Other	-	51	515	-	566
Total Deferred Inflows of Resources	<u>-</u>	<u>51</u>	<u>177,075</u>	<u>26,575</u>	<u>203,701</u>
<b>FUND BALANCES</b>					
Restricted	3,275	-	70,206	-	73,481
Committed	-	63,348	-	-	63,348
Assigned	-	-	-	27,097	27,097
Total Fund Balances	<u>3,275</u>	<u>63,348</u>	<u>70,206</u>	<u>27,097</u>	<u>163,926</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,275</u>	<u>\$ 63,446</u>	<u>\$ 252,370</u>	<u>\$ 55,196</u>	<u>\$ 374,287</u>

**City of Prescott**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Special Revenue Funds  
For the Year Ended December 31, 2019**

	<b>Public Parks Impact Fees</b>	<b>Cable TV Fund</b>	<b>Library Fund</b>	<b>Freedom Park Fund</b>	<b>Non-Major Special Revenue Funds</b>
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ 176,560	\$ 26,575	\$ 203,135
Intergovernmental	-	-	69,116	-	69,116
License and Permits	-	46,473	-	-	46,473
Public Charges for Services	-	-	6,160	-	6,160
Interest Income	-	791	-	-	791
Miscellaneous Income	-	1,800	7,460	-	9,260
Total Revenues	<u>-</u>	<u>49,064</u>	<u>259,296</u>	<u>26,575</u>	<u>334,935</u>
<b>EXPENDITURES</b>					
Current:					
General Government	-	-	-	9,000	9,000
Culture, Recreation and Education	-	49,183	247,109	18,541	314,833
Capital Outlay	-	1,100	-	-	1,100
Total Expenditures	<u>-</u>	<u>50,283</u>	<u>247,109</u>	<u>27,541</u>	<u>324,933</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(1,219)</u>	<u>12,187</u>	<u>(966)</u>	<u>10,002</u>
Net Change in Fund Balances	-	(1,219)	12,187	(966)	10,002
Fund Balances - Beginning	3,275	64,567	58,019	28,063	153,924
Fund Balances - Ending	<u>\$ 3,275</u>	<u>\$ 63,348</u>	<u>\$ 70,206</u>	<u>\$ 27,097</u>	<u>\$ 163,926</u>



**City of Prescott**  
**Combining Balance Sheet**  
**Non-Major Capital Projects Funds**  
**December 31, 2019**

	<b>TIF #3 Capital Projects Fund</b>	<b>TIF #4 Capital Projects Fund</b>	<b>Non-Major Capital Project Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 508,937	\$ 352,459	\$ 861,396
Receivables:			
Taxes	204,553	245,059	449,612
Special Assessments	3,924	-	3,924
Total Assets	<u>717,414</u>	<u>597,518</u>	<u>1,314,932</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Debt Service	-	13,313	13,313
Total Deferred Outflows of Resources	<u>-</u>	<u>13,313</u>	<u>13,313</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 717,414</u>	<u>\$ 610,831</u>	<u>\$ 1,328,245</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ 4,200	\$ 4,200
Accrued Liabilities	-	600	600
Advances Payable	-	88,313	88,313
Total Liabilities	<u>-</u>	<u>93,113</u>	<u>93,113</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Tax Levy	294,626	352,969	647,595
Special Assessments	3,924	-	3,924
Total Deferred Inflows of Resources	<u>298,550</u>	<u>352,969</u>	<u>651,519</u>
<b>FUND BALANCES</b>			
Restricted	418,864	164,749	583,613
Total Fund Balances	<u>418,864</u>	<u>164,749</u>	<u>583,613</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 717,414</u>	<u>\$ 610,831</u>	<u>\$ 1,328,245</u>

**City of Prescott**

**Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances**

**Non-Major Capital Project Funds  
For the Year Ended December 31, 2019**

	<b>TIF #3 Capital Projects Fund</b>	<b>TIF #4 Capital Projects Fund</b>	<b>Non-Major Capital Projects Funds</b>
<b>REVENUES</b>			
Taxes	\$ 313,809	\$ 399,987	\$ 713,796
Special Assessment Revenue	2,153	-	2,153
Intergovernmental	10,388	6,120	16,508
Interest Income	15,014	1,499	16,513
Miscellaneous Income	-	11,635	11,635
Total Revenues	341,364	419,241	760,605
<b>EXPENDITURES</b>			
Current:			
General Government	3,950	150	4,100
Conservation and Development	-	8,293	8,293
Capital Outlay	-	61,578	61,578
Debt Service:			
Principal Repayment	195,000	70,000	265,000
Interest and Fiscal Charges	12,012	96,021	108,033
Total Expenditures	210,962	236,042	447,004
Excess (Deficiency) of Revenues Over Expenditures	130,402	183,199	313,601
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	250,000	250,000
Transfers Out	(250,000)	-	(250,000)
Total Other Financing Sources and Uses	(250,000)	250,000	-
Net Change in Fund Balances	(119,598)	433,199	313,601
Fund Balances - Beginning	538,462	(268,450)	270,012
Fund Balances - Ending	\$ 418,864	\$ 164,749	\$ 583,613

City of Prescott

Combining Balance Sheet  
Non-Major Governmental Funds  
December 31, 2019

	<u>Non-Major Special Revenue Funds</u>	<u>Non-Major Capital Project Funds</u>	<u>Non-Major Debt Service Fund</u>	<u>Non-Major Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 229,457	\$ 861,396	\$ 308,598	\$ 1,399,451
Restricted Cash	3,275	-	-	3,275
Receivables:				
Taxes	141,032	449,612	240,383	831,027
Special Assessments	-	3,924	-	3,924
Accounts	47	-	-	47
Other	476	-	-	476
Total Assets	<u>374,287</u>	<u>1,314,932</u>	<u>548,981</u>	<u>2,238,200</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Debt Service	-	13,313	-	13,313
Total Deferred Outflows	<u>-</u>	<u>13,313</u>	<u>-</u>	<u>13,313</u>
 Total Assets and Deferred Outflows of Resources	 <u>\$ 374,287</u>	 <u>\$ 1,328,245</u>	 <u>\$ 548,981</u>	 <u>\$ 2,251,513</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 2,569	\$ 4,200	\$ -	\$ 6,769
Accrued Liabilities	4,091	600	-	4,691
Advances Payable	-	88,313	-	88,313
Total Liabilities	<u>6,660</u>	<u>93,113</u>	<u>-</u>	<u>99,773</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Tax Levy	203,135	647,595	346,234	1,196,964
Deferred Special Assessments	-	3,924	-	3,924
Other	566	-	-	566
Total Deferred Inflows of Resources	<u>203,701</u>	<u>651,519</u>	<u>346,234</u>	<u>1,201,454</u>
<b>FUND BALANCES</b>				
Restricted	73,481	583,613	202,747	859,841
Committed	63,348	-	-	63,348
Assigned	27,097	-	-	27,097
Total Fund Balances	<u>163,926</u>	<u>583,613</u>	<u>202,747</u>	<u>950,286</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 374,287</u>	<u>\$ 1,328,245</u>	<u>\$ 548,981</u>	<u>\$ 2,251,513</u>

City of Prescott

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Non-Major Governmental Funds  
 For the Year Ended December 31, 2019

	Non-Major Special Revenue Funds	Non-Major Capital Project Funds	Non-Major Debt Service Fund	Non-Major Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 203,135	\$ 713,796	\$ 391,857	\$ 1,308,788
Special Assessment Revenue	-	2,153	-	2,153
Intergovernmental	69,116	16,508	-	85,624
License and Permits	46,473	-	-	46,473
Public Charges for Services	6,160	-	-	6,160
Interest Income	791	16,513	9,865	27,169
Miscellaneous Income	9,260	11,635	14,384	35,279
Total Revenues	<u>334,935</u>	<u>760,605</u>	<u>416,106</u>	<u>1,511,646</u>
<b>EXPENDITURES</b>				
Current:				
General Government	9,000	4,100	-	13,100
Culture, Recreation and Education	314,833	-	-	314,833
Conservation and Development	-	8,293	-	8,293
Capital Outlay	1,100	61,578	-	62,678
Debt Service:				
Principal Repayment	-	265,000	379,000	644,000
Interest Expense	-	108,033	104,295	212,328
Total Expenditures	<u>324,933</u>	<u>447,004</u>	<u>483,295</u>	<u>1,255,232</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>10,002</u>	<u>313,601</u>	<u>(67,189)</u>	<u>256,414</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	250,000	-	250,000
Transfers Out	-	(250,000)	-	(250,000)
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>SPECIAL ITEM</b>				
Proceeds from Sale of Capital Assets	-	-	-	-
Net Change in Fund Balances	10,002	313,601	(67,189)	256,414
Fund Balances - Beginning	153,924	270,012	269,936	693,872
Fund Balances - Ending	<u>\$ 163,926</u>	<u>\$ 583,613</u>	<u>\$ 202,747</u>	<u>\$ 950,286</u>