

**CITY OF PRESCOTT
PRESCOTT, WISCONSIN**

**REQUIRED AUDIT COMMUNICATIONS
TO THE CITY COUNCIL**

Year Ended December 31, 2019

**Johnson Block & Company, Inc.
Certified Public Accountants
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**CITY OF PRESCOTT
PRESCOTT, WISCONSIN**

Year Ended December 31, 2019

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AUDIT MATTERS REQUIRING COMMUNICATION TO THE GOVERNING BODY

To the City Council
City of Prescott
Prescott, Wisconsin

We have audited the 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 for the year ended December 31, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 31, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Prescott are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the City implemented accounting policies and financial statement presentation changes by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 84, Fiduciary Activities, effective January 1, 2019. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City of Prescott's financial statements were:

Management's estimates of the depreciable lives of property and equipment are based on the expected use of the respective assets and management's experience with similar assets used by the City. Infrastructure acquired prior to 1999 was recorded as one unit. As described in Note 1.D.5 to the financial statements, this results in losses being reported when parts of the infrastructure are retired. The estimate of the current balance of accumulated depreciation appears to be reasonable, but this method does not allocate the cost of the older infrastructure uniformly among years.

Management's estimates for the accrued compensated absences are based on accumulated vacation and sick hours earned and the probability of an employee retiring with the City.



Management's estimate of the allowance for doubtful accounts is based on the analysis of past collections of old outstanding receivables and available resources for collections.

Management's estimates of the pension asset (liabilities) and deferred outflows and inflows of resources are based on various factors. These estimates were computed by the pension plan administrator. We evaluated the key factors and assumptions used to develop these amounts in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The information on page 8 summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following material misstatements detected as a result of audit procedures were corrected by management: See appendix for list of entries.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 26, 2020.



Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on these statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, the budgetary comparison information and the Wisconsin Retirement System schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the City Council and management of the City of Prescott and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
June 26, 2020



COMMUNICATION OF SIGNIFICANT DEFICIENCIES

To the City Council and Management
City of Prescott
Prescott, Wisconsin

In planning and performing our audit of the 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 as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the City of Prescott's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Prescott's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Prescott's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in internal control to be a significant deficiency:

Financial Reporting

Preparation of Financial Statements

A consequence of the size, combined with the specific expertise of your accounting and financial reporting department, is that management has elected to rely on the knowledge of its auditors to prepare its annual financial statements and related disclosures. Again, your City, like many others, has made the determination that because of the ever changing and numerous reporting requirements associated with preparing financial statements that are in conformity with accounting principles generally accepted in the United States of America, it is more cost advantageous to rely on the expertise of its outside auditors to assist in the preparation of its financial statements.

Preparation of the financial statements is considered a "non-audit" service, which requires that the City accept responsibility for the financial statements.



Internal controls over preparation of the financial statements, including footnote disclosures, should be in place to provide reasonable assurance that a misstatement in the financial statements would be prevented or detected. Because preparation of the financial statements is a non-audit service, the City should designate an individual(s) who possesses suitable skills, knowledge, or experience necessary to be able to review, understand and take responsibility for the financial statements.

Because management relies on the auditor to assist with the preparation of the financial statements, the City's system of internal control may not prevent, detect, or correct misstatements in the financial statements.

The auditor will continue to work with the City, providing information and training where needed, to make the City's personnel more knowledgeable about its responsibility for the financial statements.

Material Audit Adjustments

Proper financial closing and year end reconciliation procedures should be in place to identify and adjust the financial records to ensure the financial statements are fairly stated. During our audit procedures we proposed various audit adjustments, that, if not made, we feel would have resulted in the financial statements being materially misstated.

We recommend the City review the various year end processes and transactions necessary to close the financial records and establish written procedures to be followed.

In addition, we noted other matters involving the internal control and its operation that we have reported to management of the City of Prescott in a separate letter dated June 26, 2020.

This communication is intended solely for the information and use of management, City Council, and others within the administration, and is not intended to be and should not be used by anyone other than these specified parties.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
June 26, 2020



MANAGEMENT LETTER

To the City Council
City of Prescott
Prescott, Wisconsin

In planning and performing our audit of the financial statements of the City of Prescott for the year ended December 31, 2019, we considered the City's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of other matters that are opportunities for strengthening internal controls and operating efficiency. The following pages that accompany this letter summarize our comments and suggestions regarding those matters. This letter does not affect our report dated June 26, 2020, on the financial statements of the City of Prescott.

We would like to take this opportunity to acknowledge the many courtesies extended to us by the City's personnel during the course of our work. In particular, we would like to note the considerable assistance and cooperation provided to us by Jayne, Beth and the staff.

We shall be pleased to discuss any of the matters referred to in this letter. Should you desire assistance in implementing any of the following suggestions, we would welcome the opportunity of assisting you in these matters.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
June 26, 2020

**CITY OF PRESCOTT
PRESCOTT, WISCONSIN
Year Ended December 31, 2019**

ADJUSTING JOURNAL ENTRIES

We are frequently requested by our clients to discuss the overall condition of their accounting records and what our role is as your audit firm. We believe that these matters should be discussed at each audit. The following section describes your accounting process in general terms and the ways in which we work with your staff.

The City processes accounting transactions based on the type of transaction involved. Money coming in is processed using a cash receipt system. The payment of bills is done through an accounts payable system. Employees' salaries are paid using a payroll system. These three systems are responsible for recording and summarizing the vast majority of your financial transactions.

Beyond the three systems described in the preceding paragraph, another system is used to make corrections and to record non-cash transactions. This system involves preparing general journal entries. Journal entries provide the ability to make changes to the financial data entered in the other systems. As your auditor, our role is to substantiate year-end financial balances and information presented by your accounting personnel, and compare it to supporting information and outside confirmations. When information in your records does not agree with audit evidence, an adjusting entry is necessary to correct your records. Sometimes these entries are identified by your staff as they get ready for the audit. Other adjustments are prepared by us as we discover that your general ledger balances need to be changed to reflect the correct balances. Please see the attached journal entries in the appendix.

The proposed entries were accepted by the City's management. All of these changes are reflected properly in your audited financial statements. A copy of the adjusting entries has been provided to your staff and they have been posted to your 2019 general ledger.

Because we are providing assistance to your staff by proposing changes to correct your financial information, you should be aware of these processes. Many of our clients rely on us to make year-end adjustments as we have described. In many cases, we have the experience or expertise to compute, and identify, corrections to your records. We work with many clients on similar issues, so it may be more efficient for you to have us do some of the one-time adjustments, rather than your staff spending hours researching the proper adjustment.

Due to the technical nature of financial reporting and complying with financial reporting standards, most clients have their CPA firm prepare the year-end financial statements and note disclosures. We have provided these services to your City.

We are communicating this information to you to give you a better understanding of what we do and how the year end process works. Our job as auditors is to bring in an outside perspective and provide a level of comfort that your financial reporting system is materially correct and accurately reflects the financial activity for the year. However, in many cases, our services go beyond auditing. Our experience and training can provide a very cost-effective means of providing the year end accounting assistance that you need.

We hope that by providing this information on what we do, you will have a better understanding of our role, and the various ways that we work with your staff.

PASSED JOURNAL ENTRIES

Passed journal entries may occur due to transaction timing, industry practices or lack of overall significance. There were two passed journal entries not included in the 2019 financial statements. They are detailed below.

The City has decided to not accrue and disclose their proportionate share of the Retiree Life Insurance Plan liability. If accrued, the government-wide financial statements would have included the following:

- Retiree Life Insurance Liability \$78,081
- Deferred Outflows \$9,316
- Deferred Inflows \$40,164

The City recorded an accounts payable reversal twice in the General Fund of \$5,123. If adjusted, this would increase accounts payable and increase expenditures. Additionally, the City has understated accounts payable in the Fire Fund by \$2,539. If adjusted, this would increase accounts payable and increase expenses.

We agree with the City's determination that these are immaterial to the financial statements as a whole.

MANAGEMENT LETTER COMMENTS

Internal Accounting Controls

The size of your organization is small and the City does not have a complex structure. The small size of the City's office staff sometimes limits the extent of separation of duties. The City has implemented a number of compensating controls to compensate for its small size. We did note some areas where policies and/or procedures could be implemented.

- Implement procedures for reviewing and approving journal entries.
- Safeguards and procedures over cash type transactions. Consider formal written procedures regarding the collection, recording and deposit of cash.

To the extent possible, management and the council should be aware of the areas that lack segregation of duties and consider implementing additional controls or documenting processes and procedures to be followed.

Reconciliation of Special Assessments

Over the years the City has imposed various special assessments on property owners for improvements. These assessments can be paid in full or over time in installments and put on the annual tax roll to be paid as part of property owners tax bills. When payment is received it is important that the deposit be accounted for properly depending on what the assessment was for (sidewalk (capital), water or sewer). While the City has supporting documentation for the amounts assessed, put on the tax roll and paid, we recommend those records be reconciled to the financial general ledger on a regular basis to ensure the financial records reflect the actual activity.

Expenditures in Excess of Budgeted Amounts

As disclosed in the audit report, the City controls expenditures at the department level. For 2019, total general fund expenditures were more than the budget by \$506,651. Specifically, the following departments reported expenditures in excess of appropriations as follows: Public Safety (\$378,473) and Public Works (\$235,627).

The State statutes prohibit cities from spending more than has been budgeted. It is important that the budget be amended for any material changes to the expected expenditures and revenues as they come up throughout the year. We recommend the City review the budget to actual activity and determine if additional budget amendments are necessary through the end of the year.

The primary reason for the excess was the capital contribution payment for the City's portion of the Fire truck in 2019 as well as additional street maintenance costs. While these expenditures were earmarked as part of use of fund balance carryovers, we would still recommend that formal budget amendments be approved by the council to support the use of fund balance for expenditures not covered in the original budget.

Additionally, we noted use of contingency budget lines for additional expenditures that were not part of the original budget. We recommend when contingency funds are used, that formal budget amendments be made to reclassify the budgeted dollars to the appropriate line items and account for the actual costs in those line items.

CONCLUDING REMARKS

We would like to thank you for allowing us to serve you. We are committed to assisting you in the long-term financial success of the City of Prescott and our comments are intended to draw to your attention issues which need to be addressed by the City to meet its goals and responsibilities.

Any comments and suggestions in this communication are not intended to reflect in any way on the integrity or ability of the personnel of the City. They are made solely in the interest of establishing sound internal control practices required by changing professional standards. The City's staff is deeply committed to maintaining the financial reporting system so that informed decisions can be made. They were receptive to our comments and suggestions.

We will review the status of any comments during each audit engagement.

If you have any questions or comments regarding this communication or the financial statements, do not hesitate to contact us.

APPENDIX

City of Prescott
For the Year Ended December 31, 2019

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1001			
To record current year pension activity-water			
601-18200	DOR-EXPECT VS ACT INVEST EARNI	49,191.00	
601-18400	DOR-CONTRIB AFTER MEAS DATE	157.30	
601-18500	DOR-CHNG OF ACTUARIAL ASSUMPTI	286.00	
601-28200	DIR-Expect vs Act. Invest Earn	9,614.00	
601-39999	PENSION EXPENSE - WATER	14,957.27	
601-18000	NET PENSION ASSET - WATER		41,341.00
601-18100	DOR-EXPECT VS ACT EXPERIENCE		5,204.00
601-18600	DOR-CHG IN PROP ER CONTB.		30.00
601-28000	DIR-CHNG IN PROPORTIONAL SHARE		8.00
601-28100	DIR-PROJECTED VS ACTUAL EXPERI		20,942.00
601-39999	PENSION EXPENSE - WATER		6,680.57
Total		<u>74,205.57</u>	<u>74,205.57</u>
Adjusting Journal Entries JE # 1002			
To record current year pension activity - sewer			
602-18200	DOR-EXPECT VS ACT INVEST EARNI	34,721.00	
602-28000	DIR-CHNG IN PROPORTION SHARE	164.00	
602-28200	DIR-EXPECT VS ACT. INVEST EARN	28,727.00	
602-39999	PENSION EXPENSE-SEWER	20,222.69	
602-18000	NET PENSION ASSET - SEWER		44,883.00
602-18100	DOR-EXPECT VS ACT EXPERIENCE		15,114.00
602-18400	DOR-CONTRIB AFTER MEAS DATE		2,815.64
602-18500	DOR-CHNG OF ACTUARIAL ASSUMPTI		1,380.00
602-18600	DOR-CHG IN PROP ER CONTB.		89.00
602-28100	DIR-PROJECTED VS ACTUAL EXPERI		13,636.00
602-39999	PENSION EXPENSE-SEWER		5,917.05
Total		<u>83,834.69</u>	<u>83,834.69</u>
Adjusting Journal Entries JE # 1003			
To record current year pension activity - storm sewer			
603-18100	DOR-EXPECT VS ACT EXPERIENCE	397.00	
603-18200	DOR-EXPECT VS ACT INVEST EARNI	26,662.00	
603-18400	DOR-CONTRIB AFTER MEAS DATE	908.43	
603-18500	DOR-CHNG OF ACTUARIAL ASSUMPTI	600.00	
603-39999	PENSION EXPENSE - STORM	5,389.49	
603-18000	NET PENSION ASSET - STORM		17,990.00
603-18600	DOR-CHG IN PROP ER CONTB.		45.00
603-28000	DIR-CHNG IN PROPORTION SHARE		6.00
603-28100	DIR-PROJECTED VS ACTUAL EXPERI		11,673.00
603-28200	DIR-EXPECT VS ACT. INVEST EARN		960.00
603-39999	PENSION EXPENSE - STORM		3,282.92
Total		<u>33,956.92</u>	<u>33,956.92</u>
Adjusting Journal Entries JE # 1004			
To adjust bills paid and posted to equity accounts			
200-55-160-8-10	CAPITAL EQUIPMENT	1,100.00	
603-14000	STORM SEWER ASSETS	23,373.86	
200-34210	FUND BALANCE		1,100.00
603-07-631-0-00	FORFEITED DISCOUNTS/PENALTIES		832.50
603-34000	FUND BALANCE		22,541.36
Total		<u>24,473.86</u>	<u>24,473.86</u>

City of Prescott
For the Year Ended December 31, 2019

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1005			
To record AJE #1011 from prior year and correct fund balance			
601-27500	MISC. CREDITS TO SURPLUS	447.86	
602-27500	FUND BALANCE	50.00	
603-27500	FUND BALANCE	88.34	
601-22700	ACCRUED INTEREST PAYABLE		447.86
602-23700	ACCRUED INTEREST PAYABLE		50.00
603-23700	ACCRUED INTEREST PAYABLE		88.34
Total		<u>586.20</u>	<u>586.20</u>
Adjusting Journal Entries JE # 1006			
To reverse prior year A/P that is still showing as outstanding at the end of 2019			
100-21200	ACCOUNTS PAYABLE	20,102.33	
201-21200	ACCTS PAYABLE OTHER FUND	37,757.92	
326-21200	ACCOUNTS PAYABLE	12,615.19	
602-21200	ACCOUNTS PAYABLE	11,812.90	
602-21200	ACCOUNTS PAYABLE	11,840.98	
100-53-630-2-10	MONTHLY GARBAGE SERVICE		20,102.33
201-56-108-2-00	ALBERT ST.		25,863.50
201-60-300-1-00	PUBLIC WORKS		11,894.42
326-55-100-6-00	WATER LOOPING PROJECT		12,615.19
602-10200	NEW PLANT		11,812.90
602-32-850-2-13	BIO SOLIDS PLANT EXPENSE		11,840.98
Total		<u>94,129.32</u>	<u>94,129.32</u>
Adjusting Journal Entries JE # 1007			
To adjust utility accrued interest			
601-22700	ACCRUED INTEREST PAYABLE	2,591.89	
602-23700	ACCRUED INTEREST PAYABLE	55.04	
603-23700	ACCRUED INTEREST PAYABLE	1,395.54	
601-20-427-6-20	INTEREST ON OUTSTANDING DEBT		2,591.89
602-20-427-6-20	INTEREST ON OUTSTANDING DEBT		55.04
603-32-856-1-00	INTEREST EXPENSE		1,395.54
Total		<u>4,042.47</u>	<u>4,042.47</u>
Adjusting Journal Entries JE # 1008			
To record amortization of bond premium - water			
601-25100	UNAMORTIZED WATER PREMIUM	1,019.97	
601-09-429-0-00	WATER AMORTIZATION PREMIUM		1,019.97
Total		<u>1,019.97</u>	<u>1,019.97</u>
Adjusting Journal Entries JE # 1009			
To adjust Court AR to actual per aging report and record estimated allowance and deferred portions - allowance method per discussion with Administrator.			
100-13109	COURT RECEIVABLES	21,427.03	
100-26206	DEFERRED REVENUE - COURT	36,286.65	
100-13200	ALLOWANCE FOR COURT AR		57,713.68
Total		<u>57,713.68</u>	<u>57,713.68</u>

City of Prescott
For the Year Ended December 31, 2019

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1010			
To reverse the payment to Lexipol for police software - Reverse so expense shows in 2020 as an expense			
100-21200	ACCOUNTS PAYABLE	6,123.00	
100-52-100-3-20	SUBSCRIPTIONS/ DUES		6,123.00
Total		<u>6,123.00</u>	<u>6,123.00</u>
Adjusting Journal Entries JE # 1011			
To book additional 2019 accounts payable found during A/P search - Reverse			
100-53-630-2-10	MONTHLY GARBAGE SERVICE	29,464.04	
201-56-108-2-00	ALBERT ST.	20,502.15	
602-32-850-2-13	BIO SOLIDS PLANT EXPENSE	9,201.73	
602-32-850-7-10	Phosphorus variance	23,611.71	
100-21200	ACCOUNTS PAYABLE		29,464.04
201-21200	ACCTS PAYABLE OTHER FUND		20,502.15
602-21200	ACCOUNTS PAYABLE		32,813.44
Total		<u>82,779.63</u>	<u>82,779.63</u>
Adjusting Journal Entries JE # 1012			
To reclass interest expense to correct account			
601-20-427-6-20	INTEREST ON OUTSTANDING DEBT	1,765.63	
602-11001	TREASURER'S CASH	1,765.63	
601-11001	TREASURER'S CASH		1,765.63
602-20-427-6-20	INTEREST ON OUTSTANDING DEBT		1,765.63
Total		<u>3,531.26</u>	<u>3,531.26</u>
Adjusting Journal Entries JE # 1013			
To adjust Sewer Fund side of specials collected and Albert/College posted to general fund through 12/31/19.			
100-12615	ASSESSMENTS NOT ON TAX ROLL	9,628.56	
602-11001	TREASURER'S CASH	9,628.56	
100-11001	TREASURER'S CASH		9,628.56
602-12405	SPECIAL ASSESS NOT ON TAX ROLL		9,628.56
Total		<u>19,257.12</u>	<u>19,257.12</u>
Adjusting Journal Entries JE # 1014			
To true up specials rec'd in General fund through 12/31/19. Cash receipt activity not up to date with revenue recognized.			
100-26200	DEFERRED SPECIAL ASSESSMENTS	2,348.19	
100-42-900-0-00	SPECIAL ASSESS-OTHER		2,348.19
Total		<u>2,348.19</u>	<u>2,348.19</u>
Adjusting Journal Entries JE # 1015			
To reverse prior year grant receivable.			
326-48-100-0-05	GRANTS	244,304.38	
326-12620	GRANT RECEIVABLE		244,304.38
Total		<u>244,304.38</u>	<u>244,304.38</u>

City of Prescott
For the Year Ended December 31, 2019

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1016			
To adjust 2019 TIF increment on tax roll to agree to valuation calculation.			
300-26100	DEFERRED REVENUE TAXROLL	28,762.62	
325-26100	DEFERRED TAXROLL REVENUES	9,551.84	
326-26100	DEFERRED TAXROLL REVENUES	78,791.21	
800-25400	TAXES DUE TIF	28,762.62	
800-25404	DUE TO TIF #4	9,551.84	
800-25405	TAXES DUE TIF 5	78,791.21	
300-15800	DUE FROM TAX AGENCY		28,762.62
325-15800	DUE FROM TAX AGENCY		9,551.84
326-15800	DUE FROM TAX AGENCY		78,791.21
800-11200	TAXES RECEIVABLE		117,105.67
Total		<u>234,211.34</u>	<u>234,211.34</u>
Adjusting Journal Entries JE # 1017			
To clear out remaining tax roll balances before 2019 payable 2020 balances.			
100-11001	TREASURER'S CASH	3,089.41	
800-11112	TAX REFUND ACCOUNT	102.31	
800-11200	TAXES RECEIVABLE	3,548.68	
100-26100	DEFERRED TAXROLL REVENUES		1,539.26
100-48-005-0-00	MISCELLANEOUS REVENUES		1,550.15
800-11001	TREASURER'S CASH		3,089.41
800-26001	SOLID WASTE FEE DUE COUNTY		561.58
Total		<u>6,740.40</u>	<u>6,740.40</u>
Adjusting Journal Entries JE # 1018			
To book depreciation expense for the fire department			
101-52-200-8-30	DEPRECIATION EXPENSE	25,746.57	
101-16081	ACCUMULATED DEPRECIATION		25,746.57
Total		<u>25,746.57</u>	<u>25,746.57</u>
Adjusting Journal Entries JE # 1019			
To correct posting of special charges done backwards and other special charges from tax roll.			
100-12610	SPECIAL ASSESSMENTS	4,020.00	
101-13102	FIRE INSPECTIONS RECEIVABLE	963.00	
602-12400	SPECIAL ASSESSMENTS	1,013.29	
602-14513	DELINQUENT ACCOUNTS	3,643.70	
100-26200	DEFERRED SPECIAL ASSESSMENTS		4,020.00
101-26201	DEFERRED INSPECTIONS REVENUE		963.00
602-08-641-0-00	INTEREST & DIVIDEND INCOME		1,013.29
602-32-850-2-12	DNR SLUDGE TESTING FEES		3,298.00
602-32-850-3-12	POSTAGE		91.49
602-32-850-3-40	GENERAL OPERATING EXPENSES		254.21
Total		<u>9,639.99</u>	<u>9,639.99</u>
Adjusting Journal Entries JE # 1020			
To adjust specials on tax roll for payment rec'd on 2018 amount posted to revenue. Need to reduce receivable and deferral.			
100-26200	DEFERRED SPECIAL ASSESSMENTS	8,121.76	
100-12610	SPECIAL ASSESSMENTS		8,121.76
Total		<u>8,121.76</u>	<u>8,121.76</u>

City of Prescott
For the Year Ended December 31, 2019

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1021			
To book the utility portions of the Albert & College Street Phase II project as PPE			
201-11001	TREASURER'S CASH	329,872.92	
601-17330	TRANSMISSION & DISTRIB. MAINS	132,740.84	
601-17350	SERVICES	10,733.74	
601-17380	HYDRANTS	17,924.55	
602-10343	COLLECTING MAINS	45,242.80	
602-10345	LATERALS	9,088.43	
603-14000	STORM SEWER ASSETS	114,142.56	
201-56-108-2-00	ALBERT ST.		329,872.92
601-11001	TREASURER'S CASH		161,399.13
602-11001	TREASURER'S CASH		54,331.23
603-11001	TREASURER'S CASH - M & I		114,142.56
Total		<u>659,745.84</u>	<u>659,745.84</u>
Adjusting Journal Entries JE # 1022			
To record tax equivalent full amount net of amount forgiven per budget.			
100-11001	TREASURER'S CASH	39,630.85	
100-59-201-9-00	TRANSFER TO WATER - TAXES	73,600.15	
601-20-410-1-00	TAXES DUE TO GENERAL FUND	113,231.00	
100-41-312-0-00	PYMT IN LIEU OF TAXES-WATER		113,231.00
601-09-475-0-00	TRANSFER IN-FORGIVEN TAXES		73,600.15
601-11001	TREASURER'S CASH		39,630.85
Total		<u>226,462.00</u>	<u>226,462.00</u>
Adjusting Journal Entries JE # 1023			
Per Client - To record budget transfers for capital amounts paid by general fund.			
100-59-222-0-00	CAPITAL TRANSFER TO OTHER FUND	40,944.84	
201-11001	TREASURER'S CASH	40,944.84	
100-11001	TREASURER'S CASH		40,944.84
201-49-200-0-00	TRANSFER IN		40,944.84
Total		<u>81,889.68</u>	<u>81,889.68</u>
Adjusting Journal Entries JE # 1024			
To record interest on long term advances with TIFs.			
100-15815	DUE FROM TIF #5	26,045.11	
201-15100	DUE FROM OTHER FUNDS	2,437.50	
325-15910	DEFERRED INTEREST EXP - PIE	2,437.50	
326-15900	DEFERRED INTEREST EXPENSE	26,045.11	
100-26208	DEFERRED INTEREST REV (f/TIFs)		26,045.11
201-26202	DEFERRED INTEREST ON ADVANCES		2,437.50
325-25325	DUE TO OTHER FUNDS		2,437.50
326-23305	DUE TO GENERAL FUND		26,045.11
Total		<u>56,965.22</u>	<u>56,965.22</u>

City of Prescott
For the Year Ended December 31, 2019

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1025			
To record payments of excess TIF cash on long term advances per client.			
100-11001	TREASURER'S CASH	89,241.64	
100-26208	DEFERRED INTEREST REV (f/TIFs)	89,241.64	
325-23305	DUE TO GENERAL FUND	89,241.64	
325-58-290-0-00	INTEREST EXPENSE TO GF	89,241.64	
100-15810	DUE FROM TIF #4		89,241.64
100-48-100-0-00	INTEREST ON INVESTMENTS		89,241.64
325-11001	TREASURER'S CASH		89,241.64
325-15900	DEFERRED INTEREST EXPENSE		89,241.64
Total		<u>356,966.56</u>	<u>356,966.56</u>
Adjusting Journal Entries JE # 1026			
To book depreciation expense on the utilities			
601-20-400-1-00	DEPRECIATION EXPENSE	120,139.00	
601-20-400-2-00	DEPRECIATION EXP - CIAC	24,902.00	
602-20-550-1-00	DEPRECIATION EXPENSE	187,117.00	
603-30-821-3-90	DEPRECIATION EXPENSE	56,124.28	
601-17900	ACCUMULATED DEPRECIATION		120,139.00
601-17901	ACCUM. DEPRECIATION-CIAC		24,902.00
602-11000	ACCUMULATED DEPRECIATION		187,117.00
603-11200	ACCUMULATED DEPRECIATION		56,124.28
Total		<u>388,282.28</u>	<u>388,282.28</u>
Adjusting Journal Entries JE # 1027			
To record property, plant, and equipment retirements in the utilities			
601-17900	ACCUMULATED DEPRECIATION	7,428.00	
602-11000	ACCUMULATED DEPRECIATION	93,336.00	
601-17330	TRANSMISSION & DISTRIB. MAINS		5,640.00
601-17350	SERVICES		1,120.00
601-17360	METERS		168.00
601-17380	HYDRANTS		500.00
602-10100	PLANT IN SERVICE		90,000.00
602-10343	COLLECTING MAINS		3,336.00
Total		<u>100,764.00</u>	<u>100,764.00</u>
Adjusting Journal Entries JE # 1028			
To book the joint meter allocation			
601-11001	TREASURER'S CASH	19,470.00	
602-20-550-1-00	DEPRECIATION EXPENSE	11,238.00	
602-30-828-1-00	METER MAINT EXPENSES	1,115.00	
602-30-828-1-00	METER MAINT EXPENSES	7,117.00	
601-09-474-0-00	OTHER WATER REVENUES		7,117.00
601-20-400-1-00	DEPRECIATION EXPENSE		11,238.00
601-20-410-1-00	TAXES DUE TO GENERAL FUND		1,115.00
602-11001	TREASURER'S CASH		19,470.00
Total		<u>38,940.00</u>	<u>38,940.00</u>

City of Prescott
For the Year Ended December 31, 2019

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1029			
To adjust compensated absences to actual.			
601-21-920-1-12	DPW DIRECTOR - WAGES	16,752.74	
602-32-830-1-12	DPW DIRECTOR - WAGES	368.48	
603-32-850-1-20	ADMIN WAGES - PWD, CITY ADMIN	1,788.92	
601-22800	ACCRUED VACATION AND SICK		16,752.74
602-23800	ACCRUED VACATION AND SICK		368.48
603-23710	ACCRUED VACATION & SICK		1,788.92
Total		<u>18,910.14</u>	<u>18,910.14</u>
Adjusting Journal Entries JE # 1030			
To true up transfers from general fund to capital and fire.			
101-16090	CAPITAL ASSETS	272,117.00	
201-53-300-3-00	PUBLIC WORKS EQUIPMENT	164,165.50	
101-49-100-0-00	CAPITAL TRANSFER OTHER FUNDS		272,117.00
201-49-200-0-00	TRANSFER IN		164,165.50
Total		<u>436,282.50</u>	<u>436,282.50</u>
Adjusting Journal Entries JE # 1031			
To record a receivable and capital contributions from participating municipalities for the new fire truck and record remaining City general fund portion as accounts payable.			
100-59-222-0-00	CAPITAL TRANSFER TO OTHER FUND	94,643.37	
101-13101	OTHER RECEIVABLES	361,883.00	
100-21200	ACCOUNTS PAYABLE		94,643.37
101-48-421-0-00	OTHER FIRE DEPT. INCOME		267,239.63
101-49-100-0-00	CAPITAL TRANSFER OTHER FUNDS		94,643.37
Total		<u>456,526.37</u>	<u>456,526.37</u>
Adjusting Journal Entries JE # 1032			
To correct posting of april lottery credit posted to wrong fund.			
304-11001	TREASURER'S CASH	8,046.82	
325-15800	DUE FROM TAX AGENCY	8,046.82	
304-15800	DUE FROM TAX AGENCY		8,046.82
325-11001	TREASURER'S CASH		8,046.82
Total		<u>16,093.64</u>	<u>16,093.64</u>

City of Prescott
For the Year Ended December 31, 2019

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1033			
To record TIF increment sharing transfer per board approval in Oct. 2019.			
300-59-020-1-00	TRANSFER TO OTHER FUNDS	250,000.00	
325-11001	TREASURER'S CASH	250,000.00	
300-11001	TREASURER'S CASH		250,000.00
325-49-200-0-00	TRANSFER IN		250,000.00
Total		<u>500,000.00</u>	<u>500,000.00</u>
Adjusting Journal Entries JE # 1034			
Fire and EMS AR and Allowance yearend adjustment.			
101-13100	A/R LQ & WAUKESHA CO.	658.22	
101-13103	RECOVERY HUB ACCTS RECEIVABLE	11,136.50	
101-13150	ALLOWANCE/UNCOLLECTIBLE ACCTS	500.70	
101-52-220-4-00	WAUKESHA COLLECTION EXPENSE	2,236.31	
608-11410	ALLOWANCE FOR BAD DEBTS	3,274.51	
608-43-237-0-00	LIFEQUEST ADJUSTMENTS	699.41	
101-13151	RECOVERY HUB UNCOLLECTIBLE		3,668.70
101-47-124-1-00	RECOVERY HUB COLLECTIONS		2,236.31
101-47-125-0-00	COLLECTION ADJUSTMENTS		1,158.92
101-47-125-0-00	COLLECTION ADJUSTMENTS		7,467.80
608-11400	A/R LQ & WAUKESHA CO.		3,973.92
Total		<u>18,505.65</u>	<u>18,505.65</u>