

**CITY OF PRESCOTT
PRESCOTT, WISCONSIN**

**REQUIRED AUDIT COMMUNICATIONS
TO THE CITY COUNCIL**

Year Ended December 31, 2021

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

Year Ended December 31, 2021

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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, 2021. 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 December 15, 2021. 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. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2021. 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 (liability) and related 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 uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

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 September 21, 2022.

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

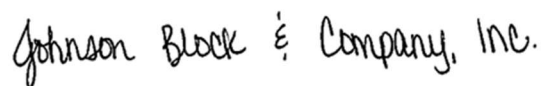
We applied certain limited procedures to management's discussion and analysis, the budgetary comparison information and the Wisconsin Retirement System schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries 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.
September 21, 2022



COMMUNICATION OF MATERIAL WEAKNESSES

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, 2021, 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.

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

Our consideration of internal control was for the limited purpose described in the 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. We consider the following deficiency in internal control to be a material weakness:

2021-1:

Condition: Material audit adjustments were required to adjust several account balances.

Criteria: Material adjusting journal entries not prepared by the City prior to the audit or not otherwise provided by the City are considered an internal control weakness.

Cause: There were several adjusting entries proposed and many were deemed material in relation to the financial statements.

Effect: Financial reports generated by the accounting system may not provide an accurate reflection of the City of Prescott's financial position or activities. Not reconciling accounts on a timely basis could lead to errors or other problems not being recognized and resolved in a timely manner.

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



Management Response: The City of Prescott will work to establish policies and procedures to reduce the number of adjusting journal entries proposed by the auditor.

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.
September 21, 2022



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, 2021, 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 September 21, 2022, 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 Matt, 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.
September 21, 2022

**CITY OF PRESCOTT
PRESCOTT, WISCONSIN
Year Ended December 31, 2021**

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. Customer billing and accounts receivable are processed through a billing system. These systems are responsible for recording and summarizing the vast majority of your financial statements.

Beyond the 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.

For the 2021 audit, we proposed adjustments and reclassifications to your records. The effect of these journal entries was considered to be material to the financial statements of the City of Prescott, Wisconsin. The proposed entries were accepted by the City of Prescott's management. All of these changes are reflected properly in your audited financial statements. Please see the attached journal entries in the appendix.

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.

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 2021 financial statements. See attached passed journal entries in appendix.

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 2021, total general fund expenditures were more than the budget.

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.

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.

Reconciliation and Recording of Activity in Tax Refund Account

The City was not accurately tracking the activity in the Tax Refund account; as such, cash reconciliations of the Tax Refund account were not completed accurately during the year and variances between the reconciliation and general ledger existed at yearend. All activity should be tracked and a reconciliation of the Tax Refund account should be performed on a monthly basis and all discrepancies investigated. We recommend that cash reconciliations be performed monthly and that they are printed and kept on file. Reconciliations should be reviewed by someone other than the person performing the reconciliation for completeness and accuracy.

Reconciliation of General Checking Account

During the audit, it was noted that the general checking account was not accurately reconciled to the general ledger. A reconciliation of the general ledger cash accounts to the bank accounts should be performed on a monthly basis, reviewed for accuracy, and all discrepancies investigated. Reconciliations should be reviewed by someone other than the person performing the reconciliation for completeness and accuracy.

Reconciliation of Accounts Payable

The City did not reconcile accounts payable during the year ending December 31, 2021. We recommend that the City reconcile these accounts to the general ledger on a regular basis during the year to ensure proper and timely recording.

GASB Statement No. 87 – Leases

The Governmental Accounting Standards Board issued Statement No. 87 (GASB 87), Leases, effective for fiscal years beginning after June 15, 2021. GASB 87 will significantly change the criteria and conditions for classifying leases. It includes guidance for both lessees and lessors and must be implemented for the year ended December 31, 2022.

GASB 87 defines a lease as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time. Examples of nonfinancial assets most commonly include buildings, land, vehicles, and equipment. New lease accounting will include any contracts that meet the GASB 87 definition of a lease, even if the contracts do not identify the agreements as leases. Applicable leases may include water tower/cell phone tower leases, electric pole rental, etc.

GASB 87 requires similar reporting of all leases entered into by the governmental unit. A lessee is required to recognize an asset and lease liability on the statement of net position. With each year of the lease, amortization and interest expense will be allocated to the statement of activities until the lease term is complete.

Leases that meet a "short-term" criteria will continue to be reported as expenses/expenditures by lessees based on the required payments in the lease contract. Short-term leases are defined as contracts with a maximum possible term of 12 months or less.

A listing of all contracts for consideration of meeting the definition of a lease needs to be started and continuously updated. The listing should include key terms of the contracts, including:

- Description of contract
- Underlying asset
- Contract term
- Options for extensions and terminations
- Service components, if any (portion of contract for services, not control of the assets, are expensed)
- Dollar amount of lease

We will continue requesting potential contracts that meet the definition of a lease and are available to assist with initial and annual journal entries related to implementation of this new standard.

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 1 – Adjusting Journal Entries

City of Prescott
For the Year Ended December 31, 2021

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1001			
To correct beginning fund balance.			
100-34000	FUND BALANCE	305.52	
601-27000	FUND BALANCE	88.21	
602-27500	FUND BALANCE	88.67	
603-34000	FUND BALANCE	29.55	
100-51-600-3-40	MAINTENANCE SUPPLIES		305.52
601-21-920-3-40	OTHER OPERATING EXPENSES		88.21
602-30-826-3-40	OPERATING EXPENSES		88.67
603-32-840-3-40	OPERATING SUPPLIES		29.55
Total		<u>511.95</u>	<u>511.95</u>
Adjusting Journal Entries JE # 1002			
To reclass tennis court repavement to expense account.			
100-55-250-8-22	TENNIS COURT	18,740.00	
100-48-600-0-00	PAYMENT IN LIEU OF PARKLAND		18,740.00
Total		<u>18,740.00</u>	<u>18,740.00</u>
Adjusting Journal Entries JE # 1003			
To clear out remaining tax roll balances before 2021 payable 2022 balances			
100-26100	DEFERRED TAXROLL REVENUES	897.07	
100-48-005-0-00	MISCELLANEOUS REVENUES	33.33	
800-11001	TREASURER'S CASH	33.33	
800-26001	SOLID WASTE FEE DUE COUNTY	171.60	
100-11001	TREASURER'S CASH		33.33
100-41-110-0-00	GENERAL PROPERTY TAXES		897.07
800-11200	TAXES RECEIVABLE		204.93
Total		<u>1,135.33</u>	<u>1,135.33</u>
Adjusting Journal Entries JE # 1004			
To gross up debt proceeds and issuance costs for the underwriter's discount			
326-52-340-3-53	DEBT ISSUANCE COSTS	17,807.16	
326-48-100-1-00	PROCEEDS FROM ISSUANCE OF DEBT		17,807.16
Total		<u>17,807.16</u>	<u>17,807.16</u>
Adjusting Journal Entries JE # 1005			
To record the land purchase and debt proceeds for the purchase of the Sears property			
326-55-100-2-00	LAND ACQUISITION	3,750,000.00	
326-48-100-1-00	PROCEEDS FROM ISSUANCE OF DEBT		3,750,000.00
Total		<u>3,750,000.00</u>	<u>3,750,000.00</u>
Adjusting Journal Entries JE # 1006			
To adjust utility accrued interest			
601-22700	ACCRUED INTEREST PAYABLE	3,444.00	
602-23700	ACCRUED INTEREST PAYABLE	49.00	
603-23700	ACCRUED INTEREST PAYABLE	1,581.00	
601-20-427-6-20	INTEREST ON OUTSTANDING DEBT		3,444.00
602-20-427-6-20	INTEREST ON OUTSTANDING DEBT		49.00
603-32-856-1-00	INTEREST EXPENSE		1,581.00
Total		<u>5,074.00</u>	<u>5,074.00</u>

City of Prescott
For the Year Ended December 31, 2021

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1007			
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 # 1008			
To move the principal payments for the utility portion of the 2020 bond to the proper account			
601-22610	Water 2020A GO Bond	15,000.00	
603-22700	Sewer 2020A GO BOND	5,000.00	
601-22600	2018 GO BONDS WATER		15,000.00
603-22650	2018 GO BONDS STORM		5,000.00
Total		<u>20,000.00</u>	<u>20,000.00</u>
Adjusting Journal Entries JE # 1009			
To clear out "cash clearing accounts"			
001-10200	UTILITY CASH CLEARING	7,555.72	
001-11001	CASH ALLOCATED TO OTHER FUNDS	449,964.65	
001-11110	CHECKING ACCOUNT - M&I		49.95
001-11111	BMO HARRIS BANK		457,470.42
Total		<u>457,520.37</u>	<u>457,520.37</u>
Adjusting Journal Entries JE # 1010			
To move affordable housing increment from TIF closeout to new fund number per discussion with client.			
210-11310	FNB Affordable Housing - TIF 3 Cash	310,042.15	
400-10-100-1-10	AFFORDABLE HOUSING FUND	309,926.00	
400-20-200-2-20	INTEREST EARNED	116.15	
210-10-100-1-10	Affordable Housing Increment - TIF 3		309,926.00
210-11001	Treasurers Cash		
210-20-200-2-20	Interest Earned		116.15
400-15000	AFFORDABLE HOUSING FUND		310,042.15
Total		<u>620,084.30</u>	<u>620,084.30</u>
Adjusting Journal Entries JE # 1011			
To move Food Shelf to own fund per discussion with client.			
100-11001	TREASURER'S CASH	55,586.92	
100-43-700-0-07	Food Shelf Grant Revenue	346,567.91	
211-11300	CDBG Grant Cash Account	1.00	
211-50-620-0-00	Food Shelf Expenses	402,154.83	
400-11001	TREASURER'S CASH	1.00	
100-50-620-0-00	FOOD SHELF GRANT EXPENSE		385,292.32
100-53-106-2-10	ENGINEERING COSTS (CEDAR)		16,862.51
211-11001	Treasurers Cash		1.00
211-11001	Treasurers Cash		55,586.92
211-43-800-0-00	CDBG Grant Food Pantry		346,567.91
400-16000	CDBG-CV GRANT ACCOUNT		1.00
Total		<u>804,311.66</u>	<u>804,311.66</u>

City of Prescott
For the Year Ended December 31, 2021

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1012			
To move ARPA funds to new account per discussion with client.			
212-11300	LGIP - ARPA	224,839.20	
400-10-200-2-20	American recovery act funds in	224,775.72	
400-20-200-2-20	INTEREST EARNED	63.48	
212-20-200-2-20	Interest Earned		63.48
212-26201	Deferred Revenue		224,775.72
400-11500	Recovery Act Funds		224,839.20
Total		<u>449,678.40</u>	<u>449,678.40</u>
Adjusting Journal Entries JE # 1013			
TIF 3 close out true up adjustment.			
300-11001	TREASURER'S CASH	86,868.71	
300-11310	TID #3 CASH - FNB	112,312.00	
300-26000	DEFERRED S.A. REVENUE	3,864.51	
300-26100	DEFERRED REVENUE TAXROLL	0.05	
300-26201	DEFERRED INT. ON SPEC. ASSESS.	59.58	
300-12600	SPEC. ASSESS. NOT ON TAX ROLL		2,947.62
300-12610	SPECIAL ASSESSMENTS		916.85
300-13116	INTEREST ON S.A. RECEIVABLE		59.58
300-15800	DUE FROM TAX AGENCY		0.05
300-49-400-0-00	TRANSFER OUT		280.75
300-58-580-6-10	PRINCIPAL ON BONDS TID #3		195,000.00
300-58-580-6-20	INTEREST ON BONDS TID #3		3,900.00
Total		<u>203,104.85</u>	<u>203,104.85</u>
Adjusting Journal Entries JE # 1014			
To record close out of TIF 3 on TIF 4 side of related items.			
325-12600	Speicals not on tax roll - TIF 3 closeout	2,947.62	
325-12610	Special Assessments - TIF 3 closeout	916.85	
325-13116	Interest on specials - TIF 3 closeout	59.58	
325-49-200-0-00	TRANSFER IN	280.75	
325-11001	TREASURER'S CASH		280.75
325-26201	Deferred Specials - TIF 3 closeout		3,924.05
Total		<u>4,204.80</u>	<u>4,204.80</u>
Adjusting Journal Entries JE # 1015			
To record TIF 3 debt payments coming out of general debt service after transfer per closeout entry.			
304-58-595-6-10	PRINCIPAL PAYMENTS	195,000.00	
304-58-595-6-20	INTEREST PAYMENTS	3,900.00	
304-11001	TREASURER'S CASH		198,900.00
Total		<u>198,900.00</u>	<u>198,900.00</u>
Adjusting Journal Entries JE # 1016			
To capitalize Storm capital expenses.			
603-11396	POWER OPERATED EQUIPMENT	5,985.00	
603-30-823-3-50	STORM REPAIR & MAINTENANCE		5,985.00
Total		<u>5,985.00</u>	<u>5,985.00</u>
Adjusting Journal Entries JE # 1017			
To book accounts payable for developer upgrade payment on infrastructure. Client to reverse amount booked in 2022 to fund 201 to TIF fund.			
326-56-700-0-00	DEVELOPER INCENTIVES	29,206.08	
326-21200	ACCOUNTS PAYABLE		29,206.08
Total		<u>29,206.08</u>	<u>29,206.08</u>

City of Prescott
For the Year Ended December 31, 2021

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1018			
To reclassify Hydrant purchase to capital account and reclassif purchase of flushing hydrant from stock - per disc with client.			
601-17380	HYDRANTS	1,200.00	
601-17380	HYDRANTS	7,300.00	
601-20-641-3-40	WATER DEPT. - SUPPLIES		1,200.00
601-20-641-3-40	WATER DEPT. - SUPPLIES		7,300.00
Total		<u>8,500.00</u>	<u>8,500.00</u>
Adjusting Journal Entries JE # 1019			
To record tax equivalent full amount net of amount forgiven per budget.			
100-11001	TREASURER'S CASH	42,604.10	
100-59-201-9-00	TRANSFER TO WATER - TAXES	79,121.90	
601-20-410-1-00	TAXES DUE TO GENERAL FUND	121,726.00	
100-41-312-0-00	PYMT IN LIEU OF TAXES-WATER		121,726.00
601-09-475-0-00	TRANSFER IN-FORGIVEN TAXES		79,121.90
601-11001	TREASURER'S CASH		42,604.10
Total		<u>243,452.00</u>	<u>243,452.00</u>
Adjusting Journal Entries JE # 1020			
To record repayment of TIF 5 advance			
100-11001	TREASURER'S CASH	166,000.00	
100-26207	DEFERRED REVENUE-TAXES TO TIF5	134,975.00	
100-26208	DEFERRED INTEREST REV (f/TIFs)	31,025.00	
326-23305	DUE TO GENERAL FUND	166,000.00	
326-58-290-0-00	INTEREST EXPENSE TO GF	31,025.00	
326-59-200-0-00	TRANSFER OUT	134,975.00	
100-15815	DUE FROM TIF #5		166,000.00
100-48-150-0-00	INTEREST INCOME TIF 2 ADVANCE		31,025.00
100-49-200-0-00	TRANSFER IN		134,975.00
326-11001	TREASURER'S CASH		166,000.00
326-15900	DEFERRED INTERST EXPENSE		31,025.00
326-15950	DEFERRED TAXES EXPENSE		134,975.00
Total		<u>664,000.00</u>	<u>664,000.00</u>
Adjusting Journal Entries JE # 1021			
To record interest on long-term advances with TIFs			
100-15815	DUE FROM TIF #5	31,025.00	
201-15100	DUE FROM OTHER FUNDS	2,250.00	
325-15910	DEFERRED INTEREST EXP - PIE	2,250.00	
326-15900	DEFERRED INTERST EXPENSE	31,025.00	
100-26208	DEFERRED INTEREST REV (f/TIFs)		31,025.00
201-26202	DEFERRED INTEREST ON ADVANCES		2,250.00
325-25325	DUE TO OTHER FUNDS		2,250.00
326-23305	DUE TO GENERAL FUND		31,025.00
Total		<u>66,550.00</u>	<u>66,550.00</u>
Adjusting Journal Entries JE # 1022			
To move the payment from the general fund to debt service for the EMS building debt to transfers			
100-59-222-0-00	CAPITAL TRANSFER TO OTHER FUND	14,384.16	
304-49-300-0-00	AMBULANCE RENT	14,384.16	
100-51-400-1-10	DEBT SERVICE RENT EXPENSE		14,384.16
304-49-200-0-00	TRANSFER IN		14,384.16
Total		<u>28,768.32</u>	<u>28,768.32</u>

City of Prescott
For the Year Ended December 31, 2021

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1023			
To reclassify cell tower lease payments.			
601-20-640-3-60	WATER TOWER REPAIR	6,700.00	
601-09-472-0-00	WATER TOWER REVENUE		6,700.00
Total		<u>6,700.00</u>	<u>6,700.00</u>
Adjusting Journal Entries JE # 1024			
To capitalize water and sewer equipment			
601-17700	SCADA EQUIPMENT	18,999.00	
602-10800	OTHER FIXED ASSETS SEWER	40,430.00	
601-20-605-3-41	WELLS - REPAIR & MAINT		18,999.00
602-30-826-3-50	REPAIRS & MAINTENANCE		40,430.00
Total		<u>59,429.00</u>	<u>59,429.00</u>
Adjusting Journal Entries JE # 1025			
To record receivable for lateral reimbursement for private lateral replaced. Palmetto development - Total Excavating.			
326-12610	SPECIAL ASSESSMENT RECEIVABLE	3,074.66	
326-56-700-0-00	DEVELOPER INCENTIVES		3,074.66
Total		<u>3,074.66</u>	<u>3,074.66</u>
Adjusting Journal Entries JE # 1026			
To reverse prior year accounts payable audit adjustments.			
100-21200	ACCOUNTS PAYABLE	30,543.55	
201-21200	ACCTS PAYABLE OTHER FUND	5,021.65	
326-21200	ACCOUNTS PAYABLE	3,548.26	
326-21200	ACCOUNTS PAYABLE	12,845.00	
602-21200	ACCOUNTS PAYABLE	9,276.19	
100-53-630-2-10	MONTHLY GARBAGE SERVICE		30,543.55
201-56-101-1-00	LAKE ST		5,021.65
326-55-100-7-00	PEARL ST PROJECT		3,548.26
326-56-700-0-00	DEVELOPER INCENTIVES		12,845.00
602-32-850-2-13	BIO SOLIDS PLANT EXPENSE		9,276.19
Total		<u>61,234.65</u>	<u>61,234.65</u>
Adjusting Journal Entries JE # 1027			
To correct reversal of waived special assessment.			
602-08-644-0-00	SPECIAL ASSESSMENT REVENUE	607.20	
602-11001	TREASURER'S CASH	607.20	
603-22700	Sewer 2020A GO BOND	607.20	
602-08-635-0-00	MISCELLANEOUS REVENUE		607.20
602-32-834-3-00	OPERATING EXPENSES		607.20
603-11001	TREASURER'S CASH - M & I		607.20
Total		<u>1,821.60</u>	<u>1,821.60</u>
Adjusting Journal Entries JE # 1028			
To reverse client entry to allocating engineering to parks.			
100-53-106-2-10	ENGINEERING COSTS (CEDAR)	10,000.00	
100-55-250-3-00	PARKS ENGINEERING		10,000.00
Total		<u>10,000.00</u>	<u>10,000.00</u>

City of Prescott
For the Year Ended December 31, 2021

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1029			
To record AR for CDBG grant for expenses posted to 2021 that were claimed for reimbursement.			
211-12300	GRANT RECEIVABLE	55,586.92	
211-43-800-0-00	CDBG Grant Food Pantry		55,586.92
Total		<u>55,586.92</u>	<u>55,586.92</u>
Adjusting Journal Entries JE # 1030			
To book additional accounts payable from 2021 subsequent disbursements			
100-51-430-3-40	ADMIN. STAFF-OPERATING SUPPLY	20.71	
100-51-430-3-40	ADMIN. STAFF-OPERATING SUPPLY	153.93	
100-51-430-3-40	ADMIN. STAFF-OPERATING SUPPLY	159.57	
100-51-430-3-40	ADMIN. STAFF-OPERATING SUPPLY	240.30	
100-52-120-3-31	TRAINING/ TRAVEL COSTS	4,361.09	
100-52-120-3-40	OPERATING EXPENSES	296.00	
100-53-105-3-50	SAFETY EQUIPMENT EXPENSE	1,189.93	
100-53-120-3-40	SHOP SUPPLIES	129.00	
100-53-120-3-40	SHOP SUPPLIES	167.98	
100-53-120-3-40	SHOP SUPPLIES	296.22	
100-53-120-3-40	SHOP SUPPLIES	655.64	
100-53-310-3-40	OPERATING SUPPLIES	379.53	
100-53-630-2-10	MONTHLY GARBAGE SERVICE	31,164.38	
101-52-220-3-91	VEHICLE MAINTENANCE	210.02	
202-55-110-3-10	OFFICE SUPPLIES	133.01	
202-55-110-3-10	OFFICE SUPPLIES	204.14	
202-55-110-3-22	SERIALS/ PERIODICALS	6.99	
202-55-110-3-22	SERIALS/ PERIODICALS	9.99	
202-55-110-3-41	PROGRAMMING EVENTS	5.19	
202-55-110-3-41	PROGRAMMING EVENTS	62.74	
301-52-340-3-40	OPERATING EXPENSES	202.79	
100-21200	ACCOUNTS PAYABLE		7,919.95
100-21200	ACCOUNTS PAYABLE		31,164.38
100-51-430-3-40	ADMIN. STAFF-OPERATING SUPPLY		129.95
101-21200	ACCOUNTS PAYABLE		210.02
202-21200	ACCOUNTS PAYABLE		420.19
202-55-110-3-10	OFFICE SUPPLIES		1.87
301-21200	ACCOUNTS PAYABLE		202.79
Total		<u>40,049.15</u>	<u>40,049.15</u>
Adjusting Journal Entries JE # 1031			
To move CDBG funds			
100-11001	TREASURER'S CASH	346,568.91	
211-11300	CDBG Grant Cash Account	346,568.91	
100-11302	TAX SETTLEMENT - FNB		346,568.91
211-11001	Treasurers Cash		346,568.91
Total		<u>693,137.82</u>	<u>693,137.82</u>
Adjusting Journal Entries JE # 1032			
To reclass special assessment payment to correct account.			
100-26200	DEFERRED SPECIAL ASSESSMENTS	3,747.08	
100-12615	ASSESSMENTS NOT ON TAX ROLL		3,747.08
Total		<u>3,747.08</u>	<u>3,747.08</u>

City of Prescott
For the Year Ended December 31, 2021

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1033			
To adjust fire call receivables and revenues to actual per ImageTrend reports			
101-13104	IMAGE TREND BILLING RECEIVABLE	34,000.60	
101-47-125-0-00	COLLECTION ADJUSTMENTS	8,420.00	
101-13104	IMAGE TREND BILLING RECEIVABLE		8,420.00
101-47-124-1-10	IMAGE TREND COLLECTIONS		34,000.60
Total		<u>42,420.60</u>	<u>42,420.60</u>
Adjusting Journal Entries JE # 1034			
To adjust court activity to actual for 2021			
100-13200	ALLOWANCE FOR COURT AR	1,533.33	
100-26206	DEFERRED REVENUE - COURT	1,301.59	
100-13109	COURT RECEIVABLES		2,834.92
Total		<u>2,834.92</u>	<u>2,834.92</u>
Adjusting Journal Entries JE # 1035			
To record current year pension activity-water			
601-18000	NET PENSION ASSET - WATER	29,858.00	
601-18100	DOR-EXPECT VS ACT EXPERIENCE		10,113.00
601-28100	DIR-PROJECTED VS ACTUAL EXPERI		2,621.00
601-39999	PENSION EXPENSE - WATER		7,444.00
601-39999	PENSION EXPENSE - WATER		9,680.00
Total		<u>29,858.00</u>	<u>29,858.00</u>
Adjusting Journal Entries JE # 1036			
To record Storm Water Depreciation Expense			
603-30-821-3-90	DEPRECIATON EXPENSE	67,336.90	
603-11200	ACCUMULATED DEPRECIATION		67,336.90
Total		<u>67,336.90</u>	<u>67,336.90</u>
Adjusting Journal Entries JE # 1037			
To record current year pension activity - sewer			
602-18000	NET PENSION ASSET - SEWER	36,055.00	
602-18100	DOR-EXPECT VS ACT EXPERIENCE		10,794.00
602-28100	DIR-PROJECTED VS ACTUAL EXPERI		4,646.00
602-39999	PENSION EXPENSE-SEWER		9,021.00
602-39999	PENSION EXPENSE-SEWER		11,594.00
Total		<u>36,055.00</u>	<u>36,055.00</u>
Adjusting Journal Entries JE # 1038			
To record current year pension activity - storm sewer			
603-18000	NET PENSION ASSET - STORM	6,063.00	
603-28100	DIR-PROJECTED VS ACTUAL EXPERI	4,662.00	
603-18100	DOR-EXPECT VS ACT EXPERIENCE		7,029.00
603-39999	PENSION EXPENSE - STORM		1,397.00
603-39999	PENSION EXPENSE - STORM		2,299.00
Total		<u>10,725.00</u>	<u>10,725.00</u>

City of Prescott
For the Year Ended December 31, 2021

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1039			
To clear out water, sewer, and storm water GASB 68 accounts and move to one account.			
601-18100	DOR-EXPECT VS ACT EXPERIENCE	55,399.31	
601-28000	DIR-CHNG IN PROPORTIONAL SHARE	211.00	
601-28200	DIR-Expect vs Act. Invest Earn	89,080.00	
602-18100	DOR-EXPECT VS ACT EXPERIENCE	65,590.03	
602-28000	DIR-CHNG IN PROPORTION SHARE	250.00	
602-28200	DIR-EXPECT VS ACT. INVEST EARN	105,469.00	
603-18100	DOR-EXPECT VS ACT EXPERIENCE	15,831.48	
603-28000	DIR-CHNG IN PROPORTION SHARE	60.00	
603-28200	DIR-EXPECT VS ACT. INVEST EARN	25,458.00	
601-18200	DOR-EXPECT VS ACT INVEST EARNI		45,433.00
601-18400	DOR-CONTRIB AFTER MEAS DATE		8,119.31
601-18500	DOR-CHNG OF ACTUARIAL ASSUMPTI		1,664.00
601-18600	DOR-CHG IN PROP ER CONTB.		183.00
601-28100	DIR-PROJECTED VS ACTUAL EXPERI		89,291.00
602-18200	DOR-EXPECT VS ACT INVEST EARNI		53,791.00
602-18400	DOR-CONTRIB AFTER MEAS DATE		9,613.03
602-18500	DOR-CHNG OF ACTUARIAL ASSUMPTI		1,970.00
602-18600	DOR-CHG IN PROP ER CONTB.		216.00
602-28100	DIR-PROJECTED VS ACTUAL EXPERI		105,719.00
603-18200	DOR-EXPECT VS ACT INVEST EARNI		12,984.00
603-18400	DOR-CONTRIB AFTER MEAS DATE		2,320.38
603-18500	DOR-CHNG OF ACTUARIAL ASSUMPTI		475.00
603-18600	DOR-CHG IN PROP ER CONTB.		52.00
603-28100	DIR-PROJECTED VS ACTUAL EXPERI		25,518.10
Total		<u>357,348.82</u>	<u>357,348.82</u>

Adjusting Journal Entries JE # 1040

DO NOT ENTER To record additional AP not posted to GL

100-51-430-3-40	ADMIN. STAFF-OPERATING SUPPLY	20.71	
100-51-430-3-40	ADMIN. STAFF-OPERATING SUPPLY	153.93	
100-51-430-3-40	ADMIN. STAFF-OPERATING SUPPLY	159.57	
100-51-430-3-40	ADMIN. STAFF-OPERATING SUPPLY	240.30	
100-51-524-2-11	GOODWILL/ EMPLOYEE RELATIONS	73.19	
100-52-120-3-31	TRAINING/ TRAVEL COSTS	4,361.09	
100-52-120-3-40	OPERATING EXPENSES	296.00	
100-53-105-3-50	SAFETY EQUIPMENT EXPENSE	750.00	
100-53-105-3-50	SAFETY EQUIPMENT EXPENSE	1,189.93	
100-53-120-3-40	SHOP SUPPLIES	129.00	
100-53-120-3-40	SHOP SUPPLIES	167.98	
100-53-120-3-40	SHOP SUPPLIES	296.22	
100-53-120-3-40	SHOP SUPPLIES	655.64	
100-53-310-3-40	OPERATING SUPPLIES	379.53	
101-52-220-9-90	LOSA PROGRAM	16,659.44	
301-53-139-8-10	CAPITAL EQUIPMENT	2,525.00	
100-21200	ACCOUNTS PAYABLE		8,873.09
101-21200	ACCOUNTS PAYABLE		16,659.44
301-21200	ACCOUNTS PAYABLE		2,525.00
Total		<u>28,057.53</u>	<u>28,057.53</u>

City of Prescott
For the Year Ended December 31, 2021

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1041			
To record client entry to set up new K-9 Fund			
100-43-700-1-00	K9 DONATIONS	75,300.00	
213-11001	Treasurers Cash	66,911.86	
213-50-000-0-00	K9 Program Expenditures	8,388.14	
100-11001	TREASURER'S CASH		66,911.86
100-52-120-3-45	K9 expenses		8,388.14
213-43-100-1-00	K9 Program Donations		75,300.00
Total		<u>150,600.00</u>	<u>150,600.00</u>
Adjusting Journal Entries JE # 1042			
To adjust compensated absences to actual per updates to schedule.			
601-20-605-1-20	WELLS - WAGES	249.45	
601-20-651-1-20	WATER MAINS - WAGES	1,008.96	
601-20-652-1-20	GENERAL REPAIR/MAINT. - WAGES	249.02	
601-21-920-1-10	ADMINISTRATION WAGES	1,224.67	
601-21-920-1-12	DPW DIRECTOR - WAGES	2,619.49	
602-30-826-1-20	MAINTENANCE - WAGES	1,500.53	
602-32-830-1-10	ADMINISTRATIVE - WAGES	1,224.67	
602-32-830-1-12	DPW DIRECTOR - WAGES	2,619.49	
603-30-821-1-20	STORM SEWER WAGES	483.49	
603-32-850-1-20	ADMIN WAGES - PWD, CITY ADMIN	881.14	
601-21-902-1-20	ACCOUNTING - WAGES		1,867.18
601-22800	ACCRUED VACATION AND SICK		3,484.41
602-23800	ACCRUED VACATION AND SICK		2,788.37
602-30-821-1-20	SEWER - WAGES		1,409.82
602-32-840-1-20	ACCOUNTING - WAGES		1,146.50
603-23710	ACCRUED VACATION & SICK		742.24
603-32-840-1-20	ACCOUNTING WAGES		622.39
Total		<u>12,060.91</u>	<u>12,060.91</u>
Adjusting Journal Entries JE # 1043			
To record utility developer contributions for Palmetto development additions.			
601-17331	CIAC TRANSMISSION&DIST. MAINS	163,738.26	
601-17351	CIAC SERVICES	117,428.71	
601-17381	CIAC HYDRANTS	41,196.89	
602-10343	COLLECTING MAINS	90,527.48	
602-10345	LATERALS	103,812.13	
603-14000	STORM SEWER ASSETS	144,199.36	
601-08-475-0-00	DEVELOPER CONTRIBUTIONS		322,363.86
602-09-644-0-00	CONTRIBUTIONS FOR ASSETS		194,339.61
603-08-650-0-00	CONTRIBUTIONS FOR ASSETS		144,199.36
Total		<u>660,902.83</u>	<u>660,902.83</u>
Adjusting Journal Entries JE # 1044			
To record water and sewer upgrade charges paid by City (TIF) but reimbursed by home owners.			
601-17351	CIAC SERVICES	6,005.00	
602-10345	LATERALS	6,840.00	
601-08-475-0-00	DEVELOPER CONTRIBUTIONS		6,005.00
602-09-644-0-00	CONTRIBUTIONS FOR ASSETS		6,840.00
Total		<u>12,845.00</u>	<u>12,845.00</u>

City of Prescott
For the Year Ended December 31, 2021

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1045			
To record water and sewer depreciation expense.			
601-20-400-1-00	DEPRECIATION EXPENSE	130,925.00	
601-20-400-2-00	DEPRECIATION EXP - CIAC	27,473.00	
602-20-550-1-00	DEPRECIATION EXPENSE	193,967.00	
601-17900	ACCUMULATED DEPRECIATION		130,925.00
601-17901	ACCUM. DEPRECIATION-CIAC		27,473.00
602-11000	ACCUMULATED DEPRECIATION		193,967.00
Total		<u>352,365.00</u>	<u>352,365.00</u>
Adjusting Journal Entries JE # 1046			
To record disposal of water and sewer assets.			
601-17900	ACCUMULATED DEPRECIATION	1,700.00	
602-11000	ACCUMULATED DEPRECIATION	18,294.00	
601-17360	METERS		200.00
601-17380	HYDRANTS		1,500.00
602-10200	NEW PLANT		13,416.00
602-10800	OTHER FIXED ASSETS SEWER		4,878.00
Total		<u>19,994.00</u>	<u>19,994.00</u>
Adjusting Journal Entries JE # 1047			
To record Joint Meter Allocation			
601-11001	TREASURER'S CASH	19,275.00	
602-20-550-1-00	DEPRECIATION EXPENSE	11,834.00	
602-30-828-1-00	METER MAINT EXPENSES	1,129.00	
602-30-828-1-00	METER MAINT EXPENSES	6,312.00	
601-09-474-0-00	OTHER WATER REVENUES		6,312.00
601-20-400-1-00	DEPRECIATION EXPENSE		11,834.00
601-20-410-1-00	TAXES DUE TO GENERAL FUND		1,129.00
602-11001	TREASURER'S CASH		19,275.00
Total		<u>38,550.00</u>	<u>38,550.00</u>
Adjusting Journal Entries JE # 1048			
To reclass river front engineering bill to correct account.			
325-55-100-4-00	RIVER FRONT EXPENSE	4,162.50	
325-53-138-1-50	TID #4 ENGINEERING EXPENSES		4,162.50
Total		<u>4,162.50</u>	<u>4,162.50</u>
Adjusting Journal Entries JE # 1049			
To record Fire Depr expense.			
101-52-200-8-30	DEPRECIATION EXPENSE	58,013.05	
101-16081	ACCUMULATED DEPRECIATION		58,013.05
Total		<u>58,013.05</u>	<u>58,013.05</u>

Appendix 2 – Passed Journal Entries

City of Prescott
For the Year Ended December 31, 2021

Account	Description	Debit	Credit
Proposed JE # 6001			
To record City's portionate share of ETF Life Insurance OPEB plan.			
100-34000	FUND BALANCE	95,798.84	
100-51-210-1-34	LIFE INSURANCE	10,164.07	
601-20-605-1-34	WELLS - LIFE INSURANCE	2,304.29	
601-21200	ACCOUNTS PAYABLE		8,987.93
601-27000	FUND BALANCE	6,683.64	
602-21200	ACCOUNTS PAYABLE		10,765.05
602-27500	FUND BALANCE	7,797.58	
602-30-821-1-34	SEWER - LIFE	2,967.47	
603-21200	ACCOUNTS PAYABLE		2,135.11
603-27500	FUND BALANCE	1,113.94	
603-30-821-1-34	LIFE INSURANCE	1,021.17	
Total		<u>127,851.00</u>	<u>21,888.09</u>
Proposed JE # 6002			
To true-up accounts payables to AP listing.			
100-51-420-3-10	OFFICE SUPPLIES	7,400.15	
100-21200	ACCOUNTS PAYABLE		7,400.15
Total		<u>7,400.15</u>	<u>7,400.15</u>
see AJE0			