



JOHNSON BLOCK

CPAs

CITY OF PRESCOTT
FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT

December 31, 2020

CITY OF PRESCOTT

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December 31, 2020

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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, 2020, 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, 2020, 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.

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 iii through xiii, and budgetary comparison information and the Wisconsin Retirement System schedules on pages 53-55 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.
July 21, 2021

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, 2020. 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 \$45.3 million, liabilities of \$8.5 million and deferred inflows of \$5.0 million, resulting in net position of \$31.8 million at the end of 2020. Of the net position, \$23.3 million represents the City's investment in capital assets, net of related debt, \$1.4 million is held for restricted purposes, and \$7.1 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 2020, the City of Prescott's General Fund increased its unassigned fund balance by \$817,870 for a total of \$2.79 million. Unassigned fund balance may be used for any purpose for the respective fund.
- In taxable year 2020 the City of Prescott had a net new construction value of \$2,356,300, increasing the total equalized value by 0.59%.

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 2019 to 2020 with the City's net position increasing by almost \$2.0 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 3J 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 \$31.8 million at the close of 2020. 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.

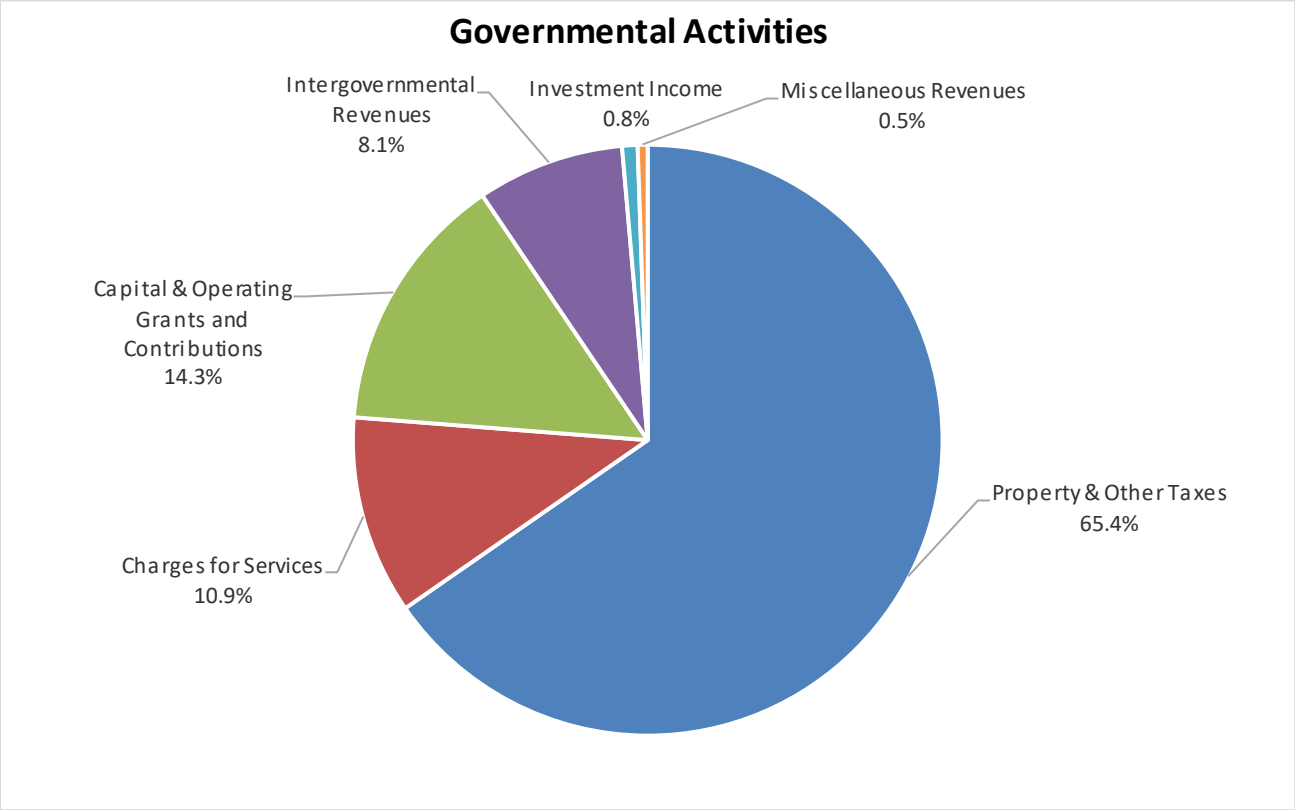
City of Prescott Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 9,933,226	\$ 8,595,782	\$ 4,392,143	\$ 3,572,137	\$ 14,325,369	\$ 12,167,919
Capital Assets	18,359,043	18,295,924	11,764,875	11,015,186	30,123,918	29,311,110
Total Assets	28,292,269	26,891,706	16,157,018	14,587,323	44,449,287	41,479,029
Deferred Outflows	738,128	930,248	124,706	148,297	862,834	1,078,545
Long-term Liabilities Outstanding	5,534,238	5,465,495	1,156,390	639,489	6,690,628	6,104,984
Other Liabilities	1,647,646	1,973,735	201,458	221,322	1,849,104	2,195,057
Total Liabilities	7,181,884	7,439,230	1,357,848	860,811	8,539,732	8,300,041
Deferred Inflows	4,806,467	4,331,717	158,410	76,488	4,964,877	4,408,205
Net Position:						
Net Investment in Capital Assets	12,695,078	12,360,659	10,564,893	10,246,073	23,259,971	22,606,732
Restricted	1,409,234	847,954	-	-	1,409,234	847,954
Unrestricted	2,937,734	2,842,394	4,200,573	3,552,248	7,138,307	6,394,642
Total Net Position	\$ 17,042,046	\$ 16,051,007	\$ 14,765,466	\$ 13,798,321	\$ 31,807,512	\$ 29,849,328
Total Net Position as a % of Total Liabilities and Deferred Inflows	142.2%	136.4%	973.8%	1472.1%	235.5%	234.9%

\$1.4 million of the City's net position represents resources that are subject to other restrictions as to how they may be used. Governmental activities have \$2.9 million of unrestricted net position to fund future activities. An additional \$4.2 million of unrestricted net position are related to the City's business-type activities and may not be used to fund governmental activities.

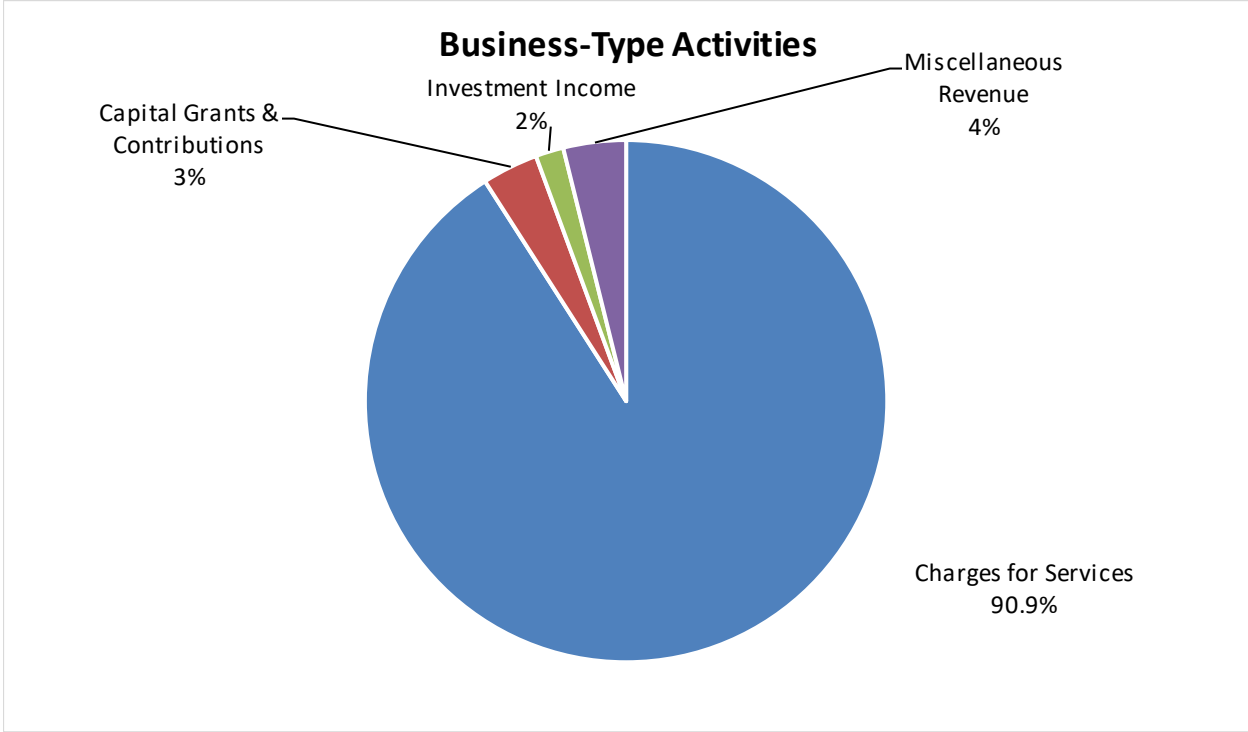
An examination of the *Statement of Activities* provides a concise picture of how the various activities of the City are funded. The following table summarizes the City's governmental and business-type activities.

City of Prescott's Change in Net Position						
	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for services	\$ 667,861	\$ 581,442	\$ 1,651,874	\$ 1,553,301	\$ 2,319,735	\$ 2,134,743
Operating grants and contributions	459,584	337,865	-	-	459,584	337,865
Capital grants and contributions	418,444	77,077	62,958	129,151	481,402	206,228
General Revenues:						
Property taxes	3,850,554	3,750,191	-	-	3,850,554	3,750,191
Other taxes	164,188	136,043	-	-	164,188	136,043
Intergovernmental revenues	496,140	477,664	-	-	496,140	477,664
Investment income	51,706	196,434	31,395	62,746	83,101	259,180
Miscellaneous	33,615	21,806	70,449	65,926	104,064	87,732
Gain (Loss) on disposal of assets	(123,249)	(1,636)	(7,404)	-	(130,653)	(1,636)
Total Revenues	6,018,843	5,576,886	1,809,272	1,811,124	7,828,115	7,388,010
Expenses:						
General Government	579,799	524,368	-	-	579,799	524,368
Public Safety	1,442,597	1,446,854	-	-	1,442,597	1,446,854
Public Works	1,254,445	1,469,288	-	-	1,254,445	1,469,288
Health & Human Services	1,168	400	-	-	1,168	400
Culture, Education and Recreation	581,858	504,726	-	-	581,858	504,726
Conservation and Development	417,121	95,811	-	-	417,121	95,811
Interest on long-term debt	196,235	274,739	-	-	196,235	274,739
Water Utility	-	-	584,702	558,821	584,702	558,821
Sewer Utility	-	-	661,674	610,738	661,674	610,738
Storm Water Utility	-	-	150,332	151,089	150,332	151,089
Total Expenses	4,473,223	4,316,186	1,396,708	1,320,648	5,869,931	5,636,834
Increase (decrease) in net position before transfers	1,545,620	1,260,700	412,564	490,476	1,958,184	1,751,176
Transfers	(554,581)	(440,360)	554,581	73,600	-	(366,760)
Change in Net Position	991,039	820,340	967,145	564,076	1,958,184	1,384,416
Net Position - January 1	16,051,007	15,230,667	13,798,321	13,234,245	29,849,328	28,464,912
Net Position - December 31	\$ 17,042,046	\$ 16,051,007	\$ 14,765,466	\$ 13,798,321	\$ 31,807,512	\$ 29,849,328

The chart below illustrates how governmental activities are funded. Real and personal property taxes provide about 65.4% of the revenue for governmental activities. Charges for Services provide 10.9% while Capital and Operating Grants comprise of 14.3% and Intergovernmental Revenues comprise of another 8.1% of the revenue. All other sources are equal to 1.3% of revenues.



Business-type activities depend on charges for services as their primary revenue sources. As indicated in the graph below, 90.9% 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, 2020, the City's *Balance Sheet - Governmental Funds* reported combined ending fund balances of \$5.3 million, an increase of \$1.1 million. The increase is primarily due to proceeds from long-term debt in the TIF 5 capital projects fund and capital improvements fund. Of the ending fund balances total, \$46,233 is classified as non-spendable mainly for advances from the General Fund to other funds or for prepaid items, \$1,554,085 is restricted for TIF 3, TIF 4, TIF 5, Debt Service, Capital Improvements, Library, and Impact Fees. \$68,592 is committed for the Cable Commission. \$846,575 is assigned for Capital Projects, accrued vacation and sick pay and Freedom Park. \$2,789,851 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 75% of revenues. Public Safety and Public Works are the primary operations of the General Fund. 50% of the General fund expenditures or nearly \$1.4 Million is allocated to the Public Safety sector. Another 25% of the General fund costs are derived from the operations of Public Works totaling \$702,000.

The General fund has a fund balance of \$2,982,000, an increase of \$121,000 from 2019. The unassigned portion of the fund balance of \$2.79 million, an increase of \$818,000 from 2019, 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 \$223,000 an increase of \$74,000, mainly due to the tax increment and long-term debt proceeds being sufficient to cover expenditures.

The Capital Improvements fund has a fund balance of \$922,000, an increase of \$695,000 from 2019, mainly due to long-term debt proceeds being sufficient to cover expenditures.

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 2020, TIF 3, TIF 4, Debt Service, the Cable TV Fund, Library, Freedom Park, Public Water Impact Fees, Municipal Building Impact Fees, Public Streets Impact Fees, and Public Parks Impact Fees were classified as Non-Major funds. The total ending fund balance of these funds was \$1.2 million.

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 2020 totaled \$14.8 million, an increase of \$1.0 million from 2019.

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 53, the final 2020 General fund budgets authorized expenditures and other financing uses of \$2,785,421 funded by anticipated revenues and other financing sources of \$2,710,921.

The City ended the year with expenditures in excess of budgeted amount in the public safety department, public works department, conservation and development, and capital outlay. Major components of the negative variance include additional and unbudgeted expenses related to COVID-19.

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, 2020 totaled \$49.7 million. 62.6% 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 \$19.6 million, or approximately 39.4% of the historical asset cost. Net of accumulated depreciation, the City's investment in capital assets is \$30.1 million.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
	Land and Improvements	\$ 3,052,164	\$ 3,039,664	\$ -	\$ -	\$ 3,052,164
Building and Improvements	5,357,907	5,380,407	-	-	5,357,907	5,380,407
Infrastructure	20,246,367	19,840,710	-	-	20,246,367	19,840,710
Machinery and Equipment	2,459,982	2,365,978	-	-	2,459,982	2,365,978
Water Utility	-	-	7,431,364	6,816,178	7,431,364	6,816,178
Sewer Utility	-	-	9,586,729	9,344,770	9,586,729	9,344,770
Storm Water Utility	-	-	1,573,256	1,343,957	1,573,256	1,343,957
Construction in Progress	41,731	71,037	-	-	41,731	71,037
Subtotal	31,158,151	30,697,796	18,591,349	17,504,905	49,749,500	48,202,701
Less: Accumulated Depreciation	(12,799,108)	(12,401,872)	(6,826,474)	(6,489,719)	(19,625,582)	(18,891,591)
Total	\$ 18,359,043	\$ 18,295,924	\$ 11,764,875	\$ 11,015,186	\$ 30,123,918	\$ 29,311,110

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

Long-Term Debt

On December 31, 2020, the City had \$8.0 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	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds & Notes	\$ 6,747,000	\$ 6,610,000	\$ 1,213,000	\$ 680,000	\$ 7,960,000	\$ 7,290,000
Total	\$ 6,747,000	\$ 6,610,000	\$ 1,213,000	\$ 680,000	\$ 7,960,000	\$ 7,290,000

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 \$8,080,000, which is 39.4% of the maximum legal limit. The Prescott Fire & Ambulance Association is responsible for \$120,000 of the total debt. In 2020, the City was given an Aa3 rating by Moody's Investor Service, which was no change from the Aa3 it was given in 2019. Additional information about the City's long-term debt can be found in Note 3F of this report.

CURRENTLY KNOWN FACTS

In 2021, the City acquired land within a half-mile of TIF 5 for \$3,750,360. The land will be used for future development. The purchase was financed with a short-term general obligation note which will be refinanced with \$4,465,000 taxable general obligation refunding notes in July 2021.

In 2021, the City will begin the Courtesy Dock and Ramp Project for \$390,000.

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 Clerk/Treasurer 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, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Fire and EMS Association
ASSETS				
Cash and Investments	\$ 6,297,040	\$ 3,848,966	\$ 10,146,006	\$ 103,455
Taxes Receivable	2,777,427	-	2,777,427	-
Special Assessments Receivable	91,832	28,256	120,088	-
Other Receivables, Net of Allowance for Doubtful Accounts	256,620	428,286	684,906	12,297
Internal Balances	42,012	(42,012)	-	-
Inventories and Prepaids	571	15,787	16,358	-
Total Current Assets	<u>9,465,502</u>	<u>4,279,283</u>	<u>13,744,785</u>	<u>115,752</u>
Restricted Assets:				
Restricted Cash and Investments	155,619	60,130	215,749	-
Net Pension Asset	312,105	52,730	364,835	-
Total Restricted Assets	<u>467,724</u>	<u>112,860</u>	<u>580,584</u>	<u>-</u>
Capital Assets:				
Land and Construction in Progress	2,302,849	144,333	2,447,182	-
Other Capital Assets, Net of Depreciation	16,056,194	11,620,542	27,676,736	1,109,109
Total Capital Assets	<u>18,359,043</u>	<u>11,764,875</u>	<u>30,123,918</u>	<u>1,109,109</u>
Total Assets	<u>28,292,269</u>	<u>16,157,018</u>	<u>44,449,287</u>	<u>1,224,861</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Outflows	738,128	124,706	862,834	-
Total Deferred Outflows of Resources	<u>738,128</u>	<u>124,706</u>	<u>862,834</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 29,030,397</u>	<u>\$ 16,281,724</u>	<u>\$ 45,312,121</u>	<u>\$ 1,224,861</u>
LIABILITIES				
Accounts Payable	\$ 140,646	\$ 28,973	\$ 169,619	\$ 2,309
Accrued Liabilities	52,188	28,710	80,898	4,639
Accrued Interest	51,933	11,288	63,221	-
Due to Other Governmental Agencies	6,460	-	6,460	-
Long-term Liabilities				
Due Within One Year				
Bonds	1,302,000	98,000	1,400,000	15,000
Compensated Absences	94,419	34,487	128,906	-
Due in More Than One Year				
Bonds	5,470,806	1,120,100	6,590,906	105,000
Compensated Absences	63,432	36,290	99,722	-
Total Liabilities	<u>7,181,884</u>	<u>1,357,848</u>	<u>8,539,732</u>	<u>126,948</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Tax Levy	3,867,691	-	3,867,691	-
Deferred Pension Inflows	937,625	158,410	1,096,035	-
Other	1,151	-	1,151	120
Total Deferred Inflows of Resources	<u>4,806,467</u>	<u>158,410</u>	<u>4,964,877</u>	<u>120</u>
NET POSITION				
Net Investment in Capital Assets	12,695,078	10,564,893	23,259,971	989,109
Restricted:				
Debt Service	84,655	-	84,655	-
Impact Fees	10,768	-	10,768	-
Library	76,463	-	76,463	-
TIF #3	282,226	-	282,226	-
TIF #4	627,713	-	627,713	-
TIF #5	174,547	-	174,547	-
Land Purchase	152,862	-	152,862	-
Unrestricted	2,937,734	4,200,573	7,138,307	108,684
Total Net Position	<u>17,042,046</u>	<u>14,765,466</u>	<u>31,807,512</u>	<u>1,097,793</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 29,030,397</u>	<u>\$ 16,281,724</u>	<u>\$ 45,312,121</u>	<u>\$ 1,224,861</u>

See accompanying notes to the basic financial statements

City of Prescott
Statement of Activities
For the Year Ended December 31, 2020

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							Component Unit
	Program Revenue				Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental Activities:								
General Government	\$ 579,799	\$ 80,487	\$ -	\$ 700	\$ (498,612)	\$ -	\$ (498,612)	\$ -
Public Safety	1,442,597	93,567	30,852	-	(1,318,178)	-	(1,318,178)	-
Public Works	1,254,445	376,008	355,549	414,719	(108,169)	-	(108,169)	-
Health, Welfare and Sanitation	1,168	1,339	-	-	171	-	171	-
Culture and Recreation	581,858	110,694	73,183	3,025	(394,956)	-	(394,956)	-
Conservation and Development	417,121	5,766	-	-	(411,355)	-	(411,355)	-
Interest on Long-Term Debt	196,235	-	-	-	(196,235)	-	(196,235)	-
Total Governmental Activities	<u>4,473,223</u>	<u>667,861</u>	<u>459,584</u>	<u>418,444</u>	<u>(2,927,334)</u>		<u>(2,927,334)</u>	<u>-</u>
Business-Type Activities:								
Water	584,702	505,382	-	1,258	-	(78,062)	(78,062)	-
Sewer	661,674	988,029	-	61,700	-	388,055	388,055	-
Storm Sewer	150,332	158,463	-	-	-	8,131	8,131	-
Total Business-Type Activities	<u>1,396,708</u>	<u>1,651,874</u>	<u>-</u>	<u>62,958</u>	<u>-</u>	<u>318,124</u>	<u>318,124</u>	<u>-</u>
Total Primary Government	<u>\$ 5,869,931</u>	<u>\$ 2,319,735</u>	<u>\$ 459,584</u>	<u>\$ 481,402</u>	<u>(2,927,334)</u>	<u>318,124</u>	<u>(2,609,210)</u>	<u>-</u>
Component Unit								
Fire and EMS Association	\$ 571,851	\$ 444,514	\$ 96,239	\$ 11,300				(19,798)
Total Component Unit	<u>\$ 571,851</u>	<u>\$ 444,514</u>	<u>\$ 96,239</u>	<u>\$ 11,300</u>				<u>(19,798)</u>
General revenues:								
Taxes:								
Property taxes, levied for general purposes					1,772,202	-	1,772,202	-
Property taxes, levied for debt service					466,170	-	466,170	-
Property taxes, tax increment					1,612,182	-	1,612,182	-
Other taxes					164,188	-	164,188	-
Grants and contributions not restricted to specific programs					496,140	-	496,140	-
Unrestricted investment earnings					51,706	31,395	83,101	41
Miscellaneous					33,615	70,449	104,064	-
Special item - gain (loss) on disposal of infrastructure and other assets					(123,249)	(7,404)	(130,653)	-
Transfers					(554,581)	554,581	-	-
Total general revenues, special items, and transfers					<u>3,918,373</u>	<u>649,021</u>	<u>4,567,394</u>	<u>41</u>
Change in net position					991,039	967,145	1,958,184	(19,757)
Net Position - Beginning					16,051,007	13,798,321	29,849,328	1,117,550
Net Position - Ending					<u>\$ 17,042,046</u>	<u>\$ 14,765,466</u>	<u>\$ 31,807,512</u>	<u>\$ 1,097,793</u>

See accompanying notes to the basic financial statements

City of Prescott
Balance Sheet
Governmental Funds
December 31, 2020

	<u>General Fund</u>	<u>TIF #5 Capital Projects Fund</u>	<u>Capital Improvements Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 3,335,175	\$ 478,167	\$ 841,928	\$ 1,641,770	\$ 6,297,040
Restricted Cash	-	48,300	96,551	10,768	155,619
Receivables:					
Taxes	973,965	699,648	107,197	992,967	2,773,777
Delinquent Personal Property Taxes	3,650	-	-	-	3,650
Special Assessments	87,908	-	-	3,924	91,832
Accounts	104,239	-	-	47	104,286
Other, Net of Allowance for Doubtful Accounts	151,858	-	-	476	152,334
Prepaid Expenses	571	-	-	-	571
Advances to Other Funds	1,076,167	-	90,188	-	1,166,355
Total Assets	<u>5,733,533</u>	<u>1,226,115</u>	<u>1,135,864</u>	<u>2,649,952</u>	<u>10,745,464</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Debt Service	-	1,034,155	-	15,188	1,049,343
Total Deferred Outflows of Resources	<u>-</u>	<u>1,034,155</u>	<u>-</u>	<u>15,188</u>	<u>1,049,343</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 5,733,533</u>	<u>\$ 2,260,270</u>	<u>\$ 1,135,864</u>	<u>\$ 2,665,140</u>	<u>\$ 11,794,807</u>
LIABILITIES					
Accounts Payable	\$ 62,376	\$ 27,695	\$ 49,223	\$ 1,352	\$ 140,646
Accrued Liabilities	46,151	-	-	6,037	52,188
Due to Other Governments	6,460	-	-	-	6,460
Advances Payable	-	1,034,155	-	90,188	1,124,343
Total Liabilities	<u>114,987</u>	<u>1,061,850</u>	<u>49,223</u>	<u>97,577</u>	<u>1,323,637</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Tax Levy	1,358,074	975,573	149,473	1,384,571	3,867,691
Deferred Special Assessments	91,866	-	-	3,924	95,790
Other	1,186,599	-	15,188	566	1,202,353
Total Deferred Inflows of Resources	<u>2,636,539</u>	<u>975,573</u>	<u>164,661</u>	<u>1,389,061</u>	<u>5,165,834</u>
FUND BALANCES					
Nonspendable	46,233	-	-	-	46,233
Restricted	-	222,847	249,413	1,081,825	1,554,085
Committed	-	-	-	68,592	68,592
Assigned	145,923	-	672,567	28,085	846,575
Unassigned (Deficit)	2,789,851	-	-	-	2,789,851
Total Fund Balances	<u>2,982,007</u>	<u>222,847</u>	<u>921,980</u>	<u>1,178,502</u>	<u>5,305,336</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,733,533</u>	<u>\$ 2,260,270</u>	<u>\$ 1,135,864</u>	<u>\$ 2,665,140</u>	<u>\$ 11,794,807</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, 2020**

Total fund balance, governmental funds	\$	5,305,336
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>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.</p>		
		18,359,043
<p>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.</p>		
Special assessments	95,791	
Deferred court receivables	151,858	
		247,649
<p>The net pension asset is not a current financial resource and is, therefore, not reported in the fund statements</p>		
		312,105
<p>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.</p>		
Deferred outflows of resources		738,128
Deferred inflows of resources		(937,625)
<p>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.</p>		
General obligation debt	(6,747,000)	
Unamortized debt discount and premium	(25,806)	
Compensated absences	(157,851)	
Accrued interest	(51,933)	
		(6,982,590)
Net Position of Governmental Activities in the Statement of Net Position	\$	17,042,046

See accompanying notes to the basic financial statements

City of Prescott

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2020

	General Fund	TIF #5 Capital Projects Fund	Capital Improvements Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 1,356,001	\$ 964,587	\$ 262,830	\$ 1,316,900	\$ 3,900,318
Special Assessments	45,821	-	-	-	45,821
Intergovernmental	779,600	70,331	410,898	100,585	1,361,414
License and Permits	33,282	-	-	42,158	75,440
Fines, Forfeits and Penalties	85,954	-	-	-	85,954
Public Charges for Services	445,683	-	-	1,193	446,876
Interest Income	33,059	2,053	2,740	10,379	48,231
Miscellaneous Income	59,980	-	-	30,799	90,779
Total Revenues	<u>2,839,380</u>	<u>1,036,971</u>	<u>676,468</u>	<u>1,502,014</u>	<u>6,054,833</u>
EXPENDITURES					
Current:					
General Government	500,622	150	-	9,300	510,072
Public Safety	1,379,378	-	38,931	-	1,418,309
Public Works	702,463	-	-	-	702,463
Health and Human Services	1,168	-	-	-	1,168
Culture, Recreation and Education	176,598	-	21,576	306,120	504,294
Conservation and Development	315	363,124	-	67,115	430,554
Capital Outlay	483	671,708	668,385	9,598	1,350,174
Debt Service:					
Principal	-	554,000	-	793,926	1,347,926
Interest and Fiscal Charges	-	100,642	-	104,809	205,451
Total Expenditures	<u>2,761,027</u>	<u>1,689,624</u>	<u>728,892</u>	<u>1,290,868</u>	<u>6,470,411</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>78,353</u>	<u>(652,653)</u>	<u>(52,424)</u>	<u>211,146</u>	<u>(415,578)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from Long-Term Debt	-	720,000	764,936	-	1,484,936
Premium on Issuance of Debt	-	22,392	-	8,310	30,702
Other Uses	-	-	(17,819)	-	(17,819)
Transfers In	117,040	-	-	258,760	375,800
Transfers Out	(74,376)	(16,126)	-	(250,000)	(340,502)
Total Other Financing Sources and Uses	<u>42,664</u>	<u>726,266</u>	<u>747,117</u>	<u>17,070</u>	<u>1,533,117</u>
Net Change in Fund Balances	121,017	73,613	694,693	228,216	1,117,539
Fund Balances - Beginning	2,860,990	149,234	227,287	950,286	4,187,797
Fund Balances - Ending	<u>\$ 2,982,007</u>	<u>\$ 222,847</u>	<u>\$ 921,980</u>	<u>\$ 1,178,502</u>	<u>\$ 5,305,336</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, 2020**

Net change in fund balances - total governmental funds: \$ 1,117,539

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	919,635	
Depreciation expenses reported in the Statement of Activities	(733,092)	
Gain (Loss) on asset disposition	(123,424)	
Amount by which capital outlays are greater (less) than depreciation and loss on asset disposals in the current period.		63,119

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		(29,135)
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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.

Debt proceeds for the year		(1,484,926)
The amount of long-term debt principal payments in the current year		1,347,926

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		(12,541)
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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.

		7,613
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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		(34,615)
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Debt discounts and premiums are reported when paid on governmental fund statements but deferred and amortized on Statement of Activities.

		8,874
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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.	119,490	
Actuarially determined change in net pension asset / liability between years, with adjustments.	(112,305)	7,185

Change in net position of governmental activities	\$ 991,039	
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City of Prescott

**Statement of Net Position
Proprietary Funds
December 31, 2020**

	Enterprise Funds			Total
	Water	Sewer	Storm Water	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 913,722	\$ 2,935,244	\$ -	\$ 3,848,966
Receivables				
Accounts	124,374	260,034	43,878	428,286
Special Assessments	-	28,256	-	28,256
Due from Other Funds	-	26,111	-	26,111
Inventories	13,041	2,746	-	15,787
Total Current Assets	1,051,137	3,252,391	43,878	4,347,406
Restricted Assets:				
Restricted Cash	60,130	-	-	60,130
Net Pension Asset	21,350	25,278	6,102	52,730
Total Restricted Assets	81,480	25,278	6,102	112,860
Capital Assets:				
Land	10,570	-	133,763	144,333
Plant in Service	7,420,794	9,586,729	1,439,493	18,447,016
Less Accumulated Depreciation	(2,401,276)	(4,168,993)	(256,205)	(6,826,474)
Net Capital Assets	5,030,088	5,417,736	1,317,051	11,764,875
Total Assets	6,162,705	8,695,405	1,367,031	16,225,141
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Outflows	50,494	59,783	14,429	124,706
Total Deferred Outflows of Resources	50,494	59,783	14,429	124,706
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 6,213,199	\$ 8,755,188	\$ 1,381,460	\$ 16,349,847

See accompanying notes to the basic financial statements

City of Prescott

Statement of Net Position
Proprietary Funds
December 31, 2020

	Enterprise Funds			
	Water	Sewer	Storm Water	Total
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 1,737	\$ 26,072	\$ 1,164	\$ 28,973
Accrued Liabilities	22,479	5,007	1,224	28,710
Due to Other Funds	-	-	26,111	26,111
Accrued Interest	6,479	148	4,661	11,288
Current Portion of Long Term Debt	50,000	15,000	33,000	98,000
Compensated Absences	15,160	16,364	2,963	34,487
Total Current Liabilities	<u>95,855</u>	<u>62,591</u>	<u>69,123</u>	<u>227,569</u>
Non-Current Liabilities:				
Long-Term Debt				
General Obligation (GO) Bonds	595,100	45,000	480,000	1,120,100
Total Long-Term Debt	<u>595,100</u>	<u>45,000</u>	<u>480,000</u>	<u>1,120,100</u>
Other Liabilities				
Compensated Absences	16,417	17,460	2,413	36,290
Advances from Other Funds	42,012	-	-	42,012
Total Other Liabilities	<u>58,429</u>	<u>17,460</u>	<u>2,413</u>	<u>78,302</u>
Total Non-Current Liabilities	<u>653,529</u>	<u>62,460</u>	<u>482,413</u>	<u>1,198,402</u>
Total Liabilities	<u>749,384</u>	<u>125,051</u>	<u>551,536</u>	<u>1,425,971</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Inflows	64,139	75,941	18,330	158,410
Total Deferred Inflows of Resources	<u>64,139</u>	<u>75,941</u>	<u>18,330</u>	<u>158,410</u>
NET POSITION				
Net Investment in Capital Assets	4,403,106	5,357,736	804,051	10,564,893
Unrestricted	996,570	3,196,460	7,543	4,200,573
Total Net Position	<u>5,399,676</u>	<u>8,554,196</u>	<u>811,594</u>	<u>14,765,466</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 6,213,199</u>	<u>\$ 8,755,188</u>	<u>\$ 1,381,460</u>	<u>\$ 16,349,847</u>

See accompanying notes to the basic financial statements

City of Prescott

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Funds
 For the Year Ended December 31, 2020

	Enterprise Funds			
	Water	Sewer	Storm Water	Total
REVENUES				
Charges for Services	\$ 492,117	\$ 979,588	\$ 154,785	\$ 1,626,490
Other Operating Revenues	14,524	70,141	3,678	88,343
Total Operating Revenues	<u>506,641</u>	<u>1,049,729</u>	<u>158,463</u>	<u>1,714,833</u>
OPERATING EXPENSES				
Operation and Maintenance	303,116	470,793	70,572	844,481
Depreciation	138,895	200,699	62,119	401,713
Total Operating Expenses	<u>442,011</u>	<u>671,492</u>	<u>132,691</u>	<u>1,246,194</u>
Operating Income (Loss)	<u>64,630</u>	<u>378,237</u>	<u>25,772</u>	<u>468,639</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and Investment Revenue	9,569	20,386	1,435	31,390
Miscellaneous Non-Operating Revenue	66,906	5,535	2,630	75,071
Interest Expense	(28,266)	(1,432)	(17,640)	(47,338)
Gain (Loss) on Sale of Assets	1,118	(7,788)	(734)	(7,404)
Amortization Revenue (Expense)	6,630	-	-	6,630
Total Non-Operating Revenues (Expenses)	<u>55,957</u>	<u>16,701</u>	<u>(14,309)</u>	<u>58,349</u>
Income (Loss) Before Contributions and Transfers	<u>120,587</u>	<u>394,938</u>	<u>11,463</u>	<u>526,988</u>
Capital Contributions - TIF Contributions	282,616	165,466	27,373	475,455
Transfers In	74,376	4,750	-	79,126
Transfers Out	(114,424)	-	-	(114,424)
Total Contributions and Transfers	<u>242,568</u>	<u>170,216</u>	<u>27,373</u>	<u>440,157</u>
Change in Net Position	363,155	565,154	38,836	967,145
Total Net Position - Beginning	5,036,521	7,989,042	772,758	13,798,321
Total Net Position - Ending	<u>\$ 5,399,676</u>	<u>\$ 8,554,196</u>	<u>\$ 811,594</u>	<u>\$ 14,765,466</u>

See accompanying notes to the basic financial statements

City of Prescott

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020

	Enterprise Funds			Total
	Water	Sewer	Storm Water	
<u>Cash Flows From Operating Activities:</u>				
Receipts from customers	\$ 543,701	\$ 1,108,295	\$ 161,006	\$ 1,813,002
Other receipts	66,906	-	-	66,906
Payments (to) from other funds	-	-	(34,131)	(34,131)
Payments to suppliers	(119,762)	(241,132)	(18,425)	(379,319)
Payments to employees	(143,217)	(193,704)	(48,153)	(385,074)
Tax equivalent paid	(40,048)	-	-	(40,048)
Net cash provided (used) by operating activities	<u>307,580</u>	<u>673,459</u>	<u>60,297</u>	<u>1,041,336</u>
<u>Cash Flows From Capital and Related</u>				
<u>Financing Activities:</u>				
Acquisition and construction of plant assets	(371,302)	(108,833)	(204,334)	(684,469)
Proceeds from long-term debt	425,000	-	185,000	610,000
Advance from other funds for capital assets	(40,981)	-	-	(40,981)
Principal payments on long-term debt	(35,000)	(15,000)	(27,000)	(77,000)
Interest and fiscal charges	(22,956)	(1,480)	(15,398)	(39,834)
Loss on disposal	-	1,117	-	1,117
Net cash provided (used) for capital and related financing activities	<u>(45,239)</u>	<u>(124,196)</u>	<u>(61,732)</u>	<u>(231,167)</u>
<u>Cash Flows From Non-Capital and Related</u>				
<u>Financing Activities:</u>				
Municipal contributions	-	4,750	-	4,750
Net cash provided (used) for non-capital and related financing activities	<u>-</u>	<u>4,750</u>	<u>-</u>	<u>4,750</u>
<u>Cash Flows From Investing Activities:</u>				
Reinvestment in non-cash equivalents	-	(67,629)	-	(67,629)
Sale of non-cash equivalents	-	66,202	-	66,202
Interest on investments	4,459	11,912	1,435	17,806
Net cash provided (used) for investing activities	<u>4,459</u>	<u>10,485</u>	<u>1,435</u>	<u>16,379</u>
Net increase (decrease) in cash and equivalents	266,800	564,498	-	831,298
Cash and equivalents - beginning of year	308,573	1,811,028	-	2,119,601
Cash and equivalents - end of year	<u>\$ 575,373</u>	<u>\$ 2,375,526</u>	<u>\$ -</u>	<u>\$ 2,950,899</u>

See accompanying notes to the basic financial statements

City of Prescott

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020

	Enterprise Funds			Total
	Water	Sewer	Storm Water	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 64,630	\$ 378,237	\$ 25,772	\$ 468,639
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Other revenues (expenses)	66,906	5,535	2,630	75,071
Tax equivalent transfer	(40,048)	-	-	(40,048)
Amortization	5,610	-	-	5,610
Depreciation	150,279	189,315	62,119	401,713
Pension Expense	(587)	(2,814)	1,297	(2,104)
Changes in Assets and Liabilities:				
Receivables	37,060	77,135	2,543	116,738
Due to/from other funds	-	34,131	(34,131)	-
Inventories	3,276	-	-	3,276
Accounts payable	(363)	(10,908)	(229)	(11,500)
Other accrued liabilities	20,817	2,828	296	23,941
Net cash provided (used) by operating activities	<u>\$ 307,580</u>	<u>\$ 673,459</u>	<u>\$ 60,297</u>	<u>\$ 1,041,336</u>
Reconciliation of cash and cash equivalents to balance sheet accounts				
Cash and investments	\$ 913,722	\$ 2,935,244	\$ -	\$ 3,848,966
Restricted cash	60,130	-	-	60,130
Total Cash and Investments	973,852	2,935,244	-	3,909,096
less: non-cash equivalents	(398,479)	(559,718)	-	(958,197)
Cash and cash equivalents- End of year	<u>\$ 575,373</u>	<u>\$ 2,375,526</u>	<u>\$ -</u>	<u>\$ 2,950,899</u>
<u>Non-cash capital and related financing activities:</u>				
Contributed capital	\$ 282,616	\$ 165,466	\$ 27,373	\$ 475,455
Plant additions	(282,616)	(165,466)	(27,373)	(475,455)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

City of Prescott

**Statement of Net Position
Fiduciary Funds
December 31, 2020**

	Custodial Funds		
	Municipal Court	Prescott Daze	Tax Collection
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 24,512	\$ 1,620,191
Taxes Receivable	-	-	4,109,725
Other Receivables	106,153	-	-
Total Assets	\$ 106,153	\$ 24,512	\$ 5,729,916
LIABILITIES			
Due to Other Governments	\$ 106,153	\$ -	\$ 5,729,916
Total Liabilities	106,153	-	5,729,916
NET POSITION			
Restricted	-	24,512	-
Total Net Position	-	24,512	-
Total Liabilities and Net Position	\$ 106,153	\$ 24,512	\$ 5,729,916

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, 2020**

	Custodial Funds		
	Municipal Court	Prescott Daze	Tax Collection
ADDITIONS			
Property tax collections for other governments	\$ 31,127	\$ -	\$ 3,495,238
Charges for services	-	250	-
Total Additions	31,127	250	3,495,238
DEDUCTIONS			
Payments of taxes to other governments	31,127	-	3,495,238
Operating expenses	-	6,861	-
Total Deductions	31,127	6,861	3,495,238
Net increase (decrease) in fiduciary net position	-	(6,611)	-
Total Net Position - Beginning	-	31,123	-
Total Net Position - Ending	\$ -	\$ 24,512	\$ -

See accompanying notes to the basic financial statements

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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, 2020. The Association does not issue separate financial statements. See Note 3.J.

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

- 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, 2020

- 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, Public Streets Impact Fees, Municipal Building Impact Fees, Public Water Impact Fees, and 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, 2020

- 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, Prescott Daze, and Municipal Court).

- 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, 2020

- 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, 2020

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, 2020

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

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 \$109,879.

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 – 2020 tax roll:

Lien date and levy date	December, 2020
Tax bills mailed	December, 2020
Payment in full, or	January 31, 2021
First installment due	January 31, 2021
Second installment due	July 31, 2021
Personal property taxes in full	January 31, 2021
Tax sale – 2020 delinquent and real estate taxes	October, 2023

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, 2020

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, 2020

- 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, 2020 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, 2020

- 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, 2020

- 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, 2020

- 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 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.

The Public Service Commission authorized an increase in rates that goes into effect January 1, 2021.

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 are \$13.30 per equivalent runoff unit per quarter. Current rates were approved by the City Council and were effective as of September 1, 2020.

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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 2019-2020 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, 2020

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	\$ 9,685,162	\$ 9,897,020	Custodial Credit Risk
Certificates of Deposit	1,661,139	1,661,139	Interest rate risk
LGIP	763,237	763,237	Credit risk, interest rate risk
Petty cash	375	-	N/A
Less: Fire/EMS commingled cash	(103,455)	-	
Total Cash and Investments	\$ 12,006,458	\$ 12,321,396	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 10,146,006		
Restricted cash and investments	215,749		
Per fiduciary statement of net position			
Prescott Daze	24,512		
Tax Collection	1,620,191		
Total Cash and Investments	\$ 12,006,458		

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, 2020

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

Custodial Credit Risk (Continued)

As of December 31, 2020, the City had \$11,558,159 on deposit with financial institutions. Of this amount the City had deposits in excess of federal and state deposit insurance limits that were exposed to custodial credit risk as follows:

Collateralized – held by Financial Institution	\$ 7,921,854
Uninsured and Uncollateralized	<u>58,578</u>
Total	<u><u>\$ 7,980,432</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, 2020

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, 2020. 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, 2020, 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, 2020 was: 86.76% in U.S. Government Securities, 2.39% in Certificates of Deposit, Bankers' Acceptances and Time Deposits, and 10.85% in Commercial Paper and Corporate Notes. The Wisconsin State Treasurer updates the investment allocations on a monthly basis. As of December 31, 2020, 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	\$ 763,237	\$ 763,237	\$ -	\$ -
Certificates of Deposit	1,661,139	210,981	1,450,158	-
Total	\$ 2,424,376	\$ 974,218	\$ 1,450,158	\$ -

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	\$ 913,722	\$2,935,244	\$ -	\$3,848,966
Restricted Cash	60,130	-	-	60,130
Total	\$ 973,852	\$2,935,244	\$ -	\$3,909,096
Cash & Cash Equivalents	\$ 575,373	\$2,375,526	\$ -	\$2,950,899
Non-Cash Equivalents	398,479	559,718	-	958,197
Total	\$ 973,852	\$2,935,244	\$ -	\$3,909,096

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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 \$72,707 in the general fund, \$2,948 in TIF #3, and \$23,329 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:

	Unavailable	Unearned	Total
Property taxes receivable	\$ -	\$ 3,867,691	\$ 3,867,691
Special assessments not yet due	95,790	-	95,790
Other			
Court Receivable	151,858	-	151,858
Interest - Debt Service - TIF Advances	232,767	-	232,767
Principal - Debt Service - TIF Advances	801,389	-	801,389
Interest - Advance	15,188	-	15,188
Other miscellaneous revenues	-	1,151	1,151
Subtotal Other	1,201,202	1,151	1,202,353
Total Deferred Inflows			
For Governmental Funds	\$ 1,296,992	\$ 3,868,842	\$ 5,165,834

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.

Unspent Bond Proceeds

The City issued debt during the year ended 2020 for street and other capital projects. As of December 31, 2020, not all proceeds had been spent.

Following is a list of restricted assets discussed above at December 31, 2020:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Impact Fee Accounts	\$ 10,768	\$ -	\$ 10,768
Unspent Bond Proceeds	204,981	(204,981)	-
Totals	\$ 215,749	\$ (204,981)	\$ 10,768

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets not being depreciated				
Construction in progress	\$ 71,037	\$ 41,731	\$ 71,037	\$ 41,731
Land	2,261,118	-	-	2,261,118
Total Capital Assets Not Being Depreciated	<u>2,332,155</u>	<u>41,731</u>	<u>71,037</u>	<u>2,302,849</u>
Capital Assets being depreciated				
Land improvements	778,546	12,500	-	791,046
Buildings	5,380,407	-	22,500	5,357,907
Machinery and equipment	2,365,978	132,174	38,170	2,459,982
Infrastructure	19,840,710	804,267	398,610	20,246,367
Total Capital Assets Being Depreciated	<u>28,365,641</u>	<u>948,941</u>	<u>459,280</u>	<u>28,855,302</u>
Accumulated depreciation for				
Land improvements	(450,511)	(33,560)	-	(484,071)
Buildings	(1,555,563)	(111,758)	16,875	(1,650,446)
Machinery and equipment	(1,458,434)	(132,448)	8,297	(1,582,585)
Infrastructure	(8,937,364)	(455,326)	310,684	(9,082,006)
Total Accumulated Depreciation	<u>(12,401,872)</u>	<u>(733,092)</u>	<u>335,856</u>	<u>(12,799,108)</u>
Capital Assets, Net of Depreciation	<u>\$ 18,295,924</u>	<u>\$ 257,580</u>	<u>\$ 194,461</u>	<u>\$ 18,359,043</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 44,105
Public safety	67,760
Public works	548,122
Culture, recreation and education	73,105
Total Governmental Activities Depreciation Expense	<u>\$ 733,092</u>

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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

Business-type Activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 10,570	\$ -	\$ -	\$ 10,570
Total Capital Assets Not Being Depreciated	<u>10,570</u>	<u>-</u>	<u>-</u>	<u>10,570</u>
Capital assets being depreciated				
Source of supply	342,826	-	-	342,826
Pumping	459,661	-	-	459,661
Water treatment	26,800	-	-	26,800
Transmission and distribution	5,713,255	651,777	26,680	6,338,352
Administrative and general assets	263,066	3,259	13,170	253,155
Total Capital Assets Being Depreciated	<u>6,805,608</u>	<u>655,036</u>	<u>39,850</u>	<u>7,420,794</u>
Total Capital Assets	<u>6,816,178</u>	<u>655,036</u>	<u>39,850</u>	<u>7,431,364</u>
Less: Accumulated depreciation	<u>(2,290,847)</u>	<u>(150,279)</u>	<u>39,850</u>	<u>(2,401,276)</u>
Net Water Plant	<u>\$ 4,525,331</u>	<u>\$ 504,757</u>	<u>\$ -</u>	<u>\$ 5,030,088</u>

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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	\$ 1,843,501	\$ -	\$ -	\$ 1,843,501
New Plant	5,616,771	25,110	18,875	5,623,006
Collecting Mains	1,535,478	211,096	-	1,746,574
Laterals	292,340	34,836	6,880	320,296
General	56,680	3,257	6,585	53,352
Total Capital Assets Being Depreciated	9,344,770	274,299	32,340	9,586,729
Total Capital Assets	9,344,770	274,299	32,340	9,586,729
Less: Accumulated depreciation	(4,003,113)	(189,315)	23,435	(4,168,993)
Net Sewer Plant	\$ 5,341,657	\$ 84,984	\$ 8,905	\$ 5,417,736
	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	1,077,647	231,707	-	1,309,354
Equipment	132,547	-	2,408	130,139
Total Capital Assets Being Depreciated	1,210,194	231,707	2,408	1,439,493
Total Capital Assets	1,343,957	231,707	2,408	1,573,256
Less: Accumulated depreciation	(195,759)	(62,119)	1,673	(256,205)
Net Storm Water Plant	\$ 1,148,198	\$ 169,588	\$ 735	\$ 1,317,051

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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

Depreciation expense was charged to functions as follows:

Business-type Activities	
Water	\$ 138,895
Sewer	200,699
Storm Water	<u>62,119</u>
Total Business-type Activities	
Depreciation Expense	<u><u>\$ 401,713</u></u>

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.

At December 31, 2020, the Storm Water Fund owed \$26,111 to the Sewer Fund for a deficit cash balance.

Individual long-term advances at December 31, 2020 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Water Fund	\$ 42,012	Capital Purchase
General Fund	TIF #5	1,034,155	Debt Payments
Capital Improvements	TIF #4	<u>90,188</u>	Capital Purchase
Total Advances		<u>\$ 1,166,355</u>	
Less: Fund eliminations		<u>(1,124,343)</u>	
Total - Government-Wide Statement of Activities		<u><u>\$ 42,012</u></u>	

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 \$42,012.

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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
2021	\$ 42,012	\$ 789	\$ 42,801
Total	\$ 42,012	\$ 789	\$ 42,801

TIF #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 #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.

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		\$ 114,424	Tax Equivalent
TIF #4	TIF #3	Eliminated	250,000	Increment Sharing
General Fund	TIF #5	Eliminated	2,616	Impact Fees
Water Impact Fees	TIF #5	Eliminated	2,000	Impact Fees
Municipal Impact Fees	TIF #5	Eliminated	2,800	Impact Fees
Streets Impact Fees	TIF #5	Eliminated	1,160	Impact Fees
Parks Impact Fees	TIF #5	Eliminated	2,800	Impact Fees
Subtotal Governmental Funds - Transfer In			375,800	
Less: Net Transfers to Proprietary Funds			(35,298)	
Subtotal Governmental Funds - Transfer Out			\$ 340,502	
Water Utility	TIF #5	\$ 282,616	\$ 282,616	Contributed Capital
Sewer Utility	TIF #5	165,466	165,466	Contributed Capital
Sewer Utility	TIF #5	4,750	4,750	Contributed Capital
Storm Water Utility	TIF #5	27,373	27,373	Contributed Capital
Water Utility	General Fund	74,376	74,376	Property Tax Forgiven
General Fund	Water Utility	-	(114,424)	Tax Equivalent
Subtotal Proprietary Funds		\$ 554,581	\$ 440,157	
Total Transfers - Government-Wide Statement of Activities		\$ 554,581		

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, 2020

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

Short-term debt activity consisted of the following for the year ended December 31, 2020:

	Balance 1/1/2020	Additions	Retirements	Balance 12/31/2020
Promissory note, issued September 10, 2020, interest at 4.00% due December 9, 2020.	\$ -	\$ 119,936	\$ 119,936	\$ -
Total	\$ -	\$ 119,936	\$ 119,936	\$ -

Total interest expense on the short-term note for the year totaled \$1,036. The note was issued for cash flow purposes for capital improvements and capital purchases.

G. Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable					
General Obligation Debt	\$ 6,610,000	\$ 1,365,000	\$ 1,228,000	\$ 6,747,000	\$ 1,302,000
Notes from Direct Borrowing	-	119,926	119,926	-	-
Add/(Subtract) Deferred Amounts For:					
(Discounts)/Premiums	34,680	-	8,874	25,806	-
Sub-Total	<u>6,644,680</u>	<u>1,484,926</u>	<u>1,356,800</u>	<u>6,772,806</u>	<u>1,302,000</u>
Other Liabilities					
Vested Compensated Absences	128,716	29,135	-	157,851	94,419
Total Governmental Activities Long-Term Liabilities	<u>\$ 6,773,396</u>	<u>\$ 1,514,061</u>	<u>\$ 1,356,800</u>	<u>\$ 6,930,657</u>	<u>\$ 1,396,419</u>
BUSINESS-TYPE ACTIVITIES					
Bonds Payable					
General Obligation Debt	\$ 680,000	\$ 610,000	\$ 77,000	\$ 1,213,000	\$ 98,000
Add/(Subtract) Deferred Amounts For:					
(Discounts)/Premiums	6,120	-	1,020	5,100	-
Sub-Total	<u>686,120</u>	<u>610,000</u>	<u>78,020</u>	<u>1,218,100</u>	<u>98,000</u>
Other Liabilities					
Vested Compensated Absences	68,568	2,209	-	70,777	34,487
Total Business-type Activities Long-Term Liabilities	<u>\$ 754,688</u>	<u>\$ 612,209</u>	<u>\$ 78,020</u>	<u>\$ 1,288,877</u>	<u>\$ 132,487</u>
COMPONENT UNIT					
Bonds and Notes Payable					
General Obligation Debt	\$ 135,000	\$ -	\$ 15,000	\$ 120,000	\$ 15,000
Total Component Unit Long-Term Liabilities	<u>\$ 135,000</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 120,000</u>	<u>\$ 15,000</u>

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

3. Detailed Notes On All Funds (Continued)
G. 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, 2020, was \$20,532,425. Total general obligation debt outstanding at year end was \$8,080,000.

<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 12/31/2020</u>
Refunding Bonds Payable	2010	2026	1.5-5.25%	\$ 1,500,000	\$ 680,000
Refunding Bonds Payable	2012	2030	2.0-2.5%	3,375,000	1,527,000
Bonds Payable	2014	2023	1.9-2.05%	840,000	840,000
Bonds Payable	2014	2021	1.2-2.6%	1,755,000	100,000
Bonds Payable	2015	2026	2.0-2.375%	3,100,000	1,170,000
Bonds Payable	2018	2038	3.0-4.0%	1,135,000	1,065,000
Bonds Payable	2020	2040	2.0-2.25%	1,365,000	1,365,000
Total Governmental Activities -- General Obligation Debt					<u><u>\$ 6,747,000</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 12/31/2020</u>
Refunding Bonds Payable	2012	2030	2.0-2.5%	\$ 310,000	\$ 173,000
Bonds Payable	2015	2026	2.0-2.375%	655,000	225,000
Bonds Payable	2018	2038	3.0-4.0%	235,000	205,000
Bonds Payable	2020	2040	2.0-2.25%	610,000	610,000
Total Business-type Activities -- General Obligation Debt					<u><u>\$ 1,213,000</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 12/31/2020</u>
Refunding Bonds Payable	2012	2028	2.0-2.5%	\$ 210,000	\$ 120,000
Total Component Unit -- General Obligation Debt					<u><u>\$ 120,000</u></u>

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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

General Obligation Debt (Continued)

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,302,000	\$ 178,356	\$ 98,000	\$ 32,568
2022	1,062,000	138,054	103,000	25,669
2023	797,000	113,151	98,000	23,359
2024	626,000	94,444	104,000	21,089
2025	596,000	77,249	104,000	18,709
2026-2030	1,454,000	206,434	311,000	65,456
2031-2035	500,000	97,651	190,000	37,988
2036-2040	410,000	23,696	205,000	12,905
Totals	<u>\$ 6,747,000</u>	<u>\$ 929,035</u>	<u>\$ 1,213,000</u>	<u>\$ 237,743</u>

<u>Years</u>	<u>Component Unit General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 15,000	\$ 2,400
2022	15,000	2,100
2023	15,000	1,800
2024	15,000	1,500
2025	15,000	1,200
2026-2028	45,000	1,612
Total	<u>\$ 120,000</u>	<u>\$ 10,612</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.

H. 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 2020 was \$7,200.

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

3. Detailed Notes On All Funds (Continued)

H. Lease Disclosures (Continued)

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 \$26,200 in 2020.

I. 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, 2020 include the following:

Nonspendable Fund Balance

<u>General Fund</u>	
Delinquent Personal Property Taxes	\$ 3,650
Prepaid Expenses	571
Advances to Other Funds	42,012
Total Nonspendable Fund Balance	\$ 46,233

Restricted Fund Balance

<u>TIF District #3</u>	
Debt Service	\$ 282,226
<u>TIF District #4</u>	
Debt Service	627,713
<u>TIF District #5</u>	
Unspent Bond Proceeds	48,300
Capital Projects	174,547
Total TIF District #5	222,847
<u>Debt Service Fund</u>	
Future Debt Service	84,655
<u>Impact Fee Funds</u>	
Public Water Impact Fees	2,500
Municipal Building Impact Fees	3,500
Public Streets Impact Fees	1,450
Public Parks Impact Fees	3,318
Total Impact Fee Funds	10,768
<u>Capital Improvements</u>	
City Land	152,862
Unspent Bond Proceeds	96,551
Total Capital Improvements	249,413
<u>Library Fund</u>	
Library Expenditures	76,463
Total Restricted Fund Balance	\$ 1,554,085

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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

Committed Fund Balance

<u>Cable TV Fund</u>	
Cable Commission Expenditures	\$ 68,592
Total Committed Fund Balance	<u>\$ 68,592</u>

Assigned Fund Balance

<u>General Fund</u>	
Vacation and Sick Leave	\$ 145,923
<u>Capital Improvements</u>	
Retaining Wall Replacement Program	10,000
Future Capital Improvements	<u>662,567</u>
Total Capital Improvements	<u>672,567</u>
<u>Freedom Park</u>	
Future Capital Improvements	<u>28,085</u>
Total Assigned Fund Balance	<u>\$ 846,575</u>

Unassigned Fund Balance

<u>General Fund</u>	\$ 2,789,851
Total Unassigned Fund Balance	<u>\$ 2,789,851</u>
Total Fund Balance	<u>\$ 5,305,336</u>

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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

Governmental Activities

Net position reported on the government-wide statement of net position at December 31, 2020 includes the following:

Capital Assets	\$ 18,359,043
Less: Long-term debt outstanding	(6,747,000)
Plus: Bonds not used for governmental capital assets	963,990
Plus: Unspent capital related debt proceeds	144,851
Plus: Unamortized debt discount (premium)	(25,806)
Total Net Investment in Capital Assets	12,695,078
Restricted	
Debt service	84,655
Impact fees	10,768
Library	76,463
TIF #3	282,226
TIF #4	627,713
TIF #5	174,547
Land purchase	152,862
Total Restricted	1,409,234
Unrestricted	2,937,734
Total Governmental Activities Net Position	\$ 17,042,046

Business-Type Activities

Capital Assets	\$ 11,764,875
Less: Related long-term debt outstanding	(1,213,000)
Less: Related advances payable	(42,012)
Plus: Unspent bond proceeds	60,130
Plus: Unamortized debt discount (premium)	(5,100)
Net Investment in Capital Assets	10,564,893
Unrestricted	4,200,573
Total Business-Type Activities Net Position	\$ 14,765,466

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

3. Detailed Notes On All Funds (Continued)
J. 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, 2020, the Association's carrying amount of deposits was \$82,894 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 \$20,561, which was exposed to custodial credit risk.

Receivables

Accounts receivable for Fire and EMS at December 31, 2020 were \$12,297 and \$0, respectively.

Capital Assets

	Beginning Balance	Additions	Adjustments/ Deletions	Ending Balance
Equipment in Progress	\$ 272,117	\$ -	\$ 272,117	\$ -
Equipment	774,546	663,589	12,561	1,425,574
Total Assets Being Depreciated	1,046,663	663,589	284,678	1,425,574
Less: Accumulated Depreciation	(285,267)	(42,503)	11,305	(316,465)
Assets Net of Depreciation	<u>\$ 761,396</u>	<u>\$ 706,092</u>	<u>\$ 273,373</u>	<u>\$ 1,109,109</u>

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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

Prescott Fire and EMS Association (Continued)

Long-Term Obligations

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
General Obligation Debt	\$ 135,000	\$ -	\$ 15,000	\$ 120,000	\$ 15,000
Total	<u>\$ 135,000</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 120,000</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, 2020, 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 2020 were \$106,253 and \$129,636, respectively.

Net Position

Net Investment in Capital Assets

Capital Assets, Net	\$ 1,109,109
Less: Long-Term Debt	<u>120,000</u>
Total	<u>\$ 989,109</u>

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

3. Detailed Notes On All Funds (Continued)
J. 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 totals 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 assets have been removed from the financial statements.

The Association agreed 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, expected to work at least 1,200 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 WRS Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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, 2020

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>
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. 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 \$120,725 in contributions from the employer.

Contribution rates as of December 31, 2020 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives, and elected officials)	6.75%	6.75%
Protective with social security	6.75%	11.65%
Protective without social security	6.75%	16.25%

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

At December 31, 2020, the City reported a liability (asset) of (\$364,835) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. 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 (asset) was based on a projection of the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was 0.01131464%, which was an increase of 0.00008567% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized pension expense of \$135,621.

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 692,542	\$ (346,569)
Changes of assumptions	28,430	-
Net difference between projected and actual earnings on pension plan investments	-	(745,853)
Changes in proportion and difference between Employer contributions and proportionate share of contributions	3,119	(3,613)
Employer contributions subsequent to the measurement date	138,744	-
Total	\$ 862,834	\$ (1,096,035)

\$138,744 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Net Deferred Outflows (Inflows) of Resources
2021	\$ (111,462)
2022	(81,816)
2023	12,838
2024	(191,504)
Thereafter	-
Total	\$ (371,944)

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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

Actuarial Assumptions. The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset):	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair 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. The total pension liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 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 geometric real rates of return for each major asset class are summarized in the following table:

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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

Asset Allocation Targets and Expected Returns
As of December 31, 2019

<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	8.0	5.1
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9.0	6.3	3.5
Private Equity/Debt	8.0	10.6	7.6
Multi-Asset	4.0	6.9	4.0
Total Core Fund	110.0	7.5	4.6
<u>Variable Fund Asset Class</u>			
US Equities	70.0	7.5	4.6
International Equities	30.0	8.2	5.3
Total Variable Fund	100.0	7.8	4.9

Note: New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%
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 for the current and 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 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). 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, 2020

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%, 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%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
City's proportionate share of the net pension liability (asset)	\$ 939,516	\$ (364,835)	\$ (1,339,989)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Allocation of Pension Plan

Pension amounts are allocated between the Proprietary Funds and the Governmental Activities 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, 2020

4. Other Information (Continued)
C. Commitments and Contingencies (Continued)

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. The City made this payment in 2020 from TIF #5. 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 2026.

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. The conditions for this payment were not met by the developer as of December 31, 2020.

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 Board approved a resolution to keep TID #3 open for one additional year for funds for affordable housing. During 2021, TID #3 was terminated.

D. Subsequent Events

Debt Issuance & Land Acquisition

Subsequent to year end but prior to the issuance of this report, the City issued a short-term GO Promissory Note of \$3,750,000 to finance the acquisition of land within a half-mile of TIF District No. 5. Interest rate is 3.75% with principal and interest due in a single payment on April 1, 2022. Additionally, the City approved issuance of \$4,465,000 Taxable General Obligation Refunding Notes in July 2021 to refund the short-term 2021 GO Promissory Note of \$3,750,000 and the 2010 Refunding Bonds of \$595,000. Interest rate is 4.5% to 5.25%. Principal is due annually beginning March 1, 2022 through March 1, 2030. Interest is due semi-annually beginning March 1, 2022 through March 1, 2030.

The City finalized the purchase of land within a half-mile of TIF District No. 5 on June 18, 2021 for \$3,750,360. The land will be used for future development.

TIF District Extension

During May 2021, the City approved a three-year extension to the maximum life of TIF District No. 5 under the Technical College Extension.

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

4. Other Information (Continued)
D. Subsequent Events (Continued)

Contract Agreements

In 2021, the City approved the following contract agreements:

- Courtesy Dock and Ramp Project - \$390,000
- Water Tower Cleaning, Maintenance, and Painting - \$368,950

Grant Awards

In 2021, the City was awarded a Community Development Block Grant (CDBG) in the amount of \$944,600. These grant funds will be used for the purchase of the pantry building and remodel.

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, 2020

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,329,537	\$ 1,329,537	\$ 1,356,001	\$ 26,464
Special Assessment Revenue	29,800	29,800	45,821	16,021
Intergovernmental	695,768	695,768	779,600	83,832
License and Permits	29,275	29,275	33,282	4,007
Fines, Forfeits and Penalties	85,000	85,000	85,954	954
Public Charges for Services	355,981	355,981	445,683	89,702
Interest Income	45,000	45,000	33,059	(11,941)
Miscellaneous Income	30,560	30,560	59,980	29,420
Total Revenues	<u>2,600,921</u>	<u>2,600,921</u>	<u>2,839,380</u>	<u>238,459</u>
EXPENDITURES				
Current:				
General Government	531,079	531,079	500,622	30,457
Public Safety	1,331,876	1,331,876	1,379,378	(47,502)
Public Works	671,547	671,547	702,463	(30,916)
Health and Human Services	2,000	2,000	1,168	832
Culture, Recreation and Education	188,294	188,294	176,598	11,696
Conservation and Development	305	305	315	(10)
Capital Outlay	-	-	483	(483)
Total Expenditures	<u>2,725,101</u>	<u>2,725,101</u>	<u>2,761,027</u>	<u>(35,926)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(124,180)</u>	<u>(124,180)</u>	<u>78,353</u>	<u>202,533</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (including tax equivalent)	110,000	110,000	117,040	7,040
Transfers Out	<u>(60,320)</u>	<u>(60,320)</u>	<u>(74,376)</u>	<u>(14,056)</u>
Total Other Financing Sources and Uses	<u>49,680</u>	<u>49,680</u>	<u>42,664</u>	<u>(7,016)</u>
Net Change in Fund Balance	(74,500)	(74,500)	121,017	195,517
Fund Balance - Beginning	2,860,990	2,860,990	2,860,990	-
Fund Balance - Ending	<u>\$ 2,786,490</u>	<u>\$ 2,786,490</u>	<u>\$ 2,982,007</u>	<u>\$ 195,517</u>

See accompanying notes to the required supplementary information

City of Prescott

**Wisconsin Retirement System Schedules
December 31, 2020**

**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	Collective 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)
2019	(0.01131464%)	\$ (364,835)	\$ 1,462,617	(24.94%)	102.96%
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, 2020**

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
2020	\$ 137,691	\$ (137,691)	\$ -	\$ 1,535,914	8.96%
2019	114,784	(114,784)	-	1,462,617	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, 2020

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 functions had an excess of actual expenditures over budget for the year ended December 31, 2020:

	<u>Excess Expenditures</u>
Current:	
Public Safety	\$ 47,502
Public Works	30,916
Conservation and Development	10
Capital Outlay	483

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 4 preceding years.

Change of Benefit Terms

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

Changes of Assumptions

No significant changes in assumptions were noted from the prior year.

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, 2020**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
TAXES				
Property taxes	\$ 1,306,237	\$ 1,306,237	\$ 1,306,237	\$ -
Mobile home taxes	15,500	15,500	14,064	(1,436)
Payments in lieu of taxes	7,800	7,800	35,700	27,900
TOTALS	<u>1,329,537</u>	<u>1,329,537</u>	<u>1,356,001</u>	<u>26,464</u>
SPECIAL ASSESSMENTS				
Special assessments	22,300	22,300	42,346	20,046
Interest on special assessments	7,500	7,500	3,475	(4,025)
TOTALS	<u>29,800</u>	<u>29,800</u>	<u>45,821</u>	<u>16,021</u>
INTERGOVERNMENTAL REVENUES				
State shared revenues	366,683	366,683	367,262	579
State aid - law enforcement	1,600	1,600	4,778	3,178
State aid - fire dues	14,500	14,500	16,082	1,582
State aid - exempt computer	1,328	1,328	1,328	-
State aid - general transportation aids	279,967	279,967	279,967	-
State aid - personal property aid	31,690	31,690	31,690	-
Other state grants	-	-	78,493	78,493
TOTALS	<u>695,768</u>	<u>695,768</u>	<u>779,600</u>	<u>83,832</u>
LICENSES AND PERMITS				
Liquor and malt beverage licenses	11,000	11,000	10,060	(940)
Operator's licenses	2,000	2,000	2,500	500
Cigarette licenses	1,000	1,000	700	(300)
Animal licenses	1,200	1,200	1,339	139
Mobile home park licenses	225	225	-	(225)
Building permits	10,000	10,000	12,420	2,420
Other regulatory permits and fees	2,000	2,000	4,093	2,093
Golf cart permits	450	450	1,105	655
Compost site permits	1,400	1,400	1,065	(335)
TOTALS	<u>29,275</u>	<u>29,275</u>	<u>33,282</u>	<u>4,007</u>
FINES, FORFEITS AND PENALTIES				
Court penalties and costs	85,000	85,000	85,454	454
Other revenues	-	-	500	500
TOTALS	<u>85,000</u>	<u>85,000</u>	<u>85,954</u>	<u>954</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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
PUBLIC CHARGES FOR SERVICES				
Publication fees	\$ 250	\$ 250	\$ 240	\$ (10)
Law enforcement fees	10,000	10,000	9,992	(8)
Refuse and garbage collection	307,731	307,731	373,998	66,267
Boat launch fees	38,000	38,000	61,453	23,453
TOTALS	<u>355,981</u>	<u>355,981</u>	<u>445,683</u>	<u>89,702</u>
INVESTMENT INCOME				
Interest on investments	45,000	45,000	33,059	(11,941)
TOTALS	<u>45,000</u>	<u>45,000</u>	<u>33,059</u>	<u>(11,941)</u>
MISCELLANEOUS INCOME				
Rent of municipal property	25,000	25,000	26,200	1,200
Insurance recoveries	-	-	29,429	29,429
Miscellaneous	5,560	5,560	4,351	(1,209)
TOTALS	<u>30,560</u>	<u>30,560</u>	<u>59,980</u>	<u>29,420</u>
TOTAL REVENUES	<u>2,600,921</u>	<u>2,600,921</u>	<u>2,839,380</u>	<u>238,459</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, 2020**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
GENERAL GOVERNMENT				
Council	\$ 27,390	\$ 27,390	\$ 28,546	\$ (1,156)
Mayor	10,770	10,770	9,834	936
Municipal court	50,538	50,538	51,086	(548)
Administrator	83,490	83,490	84,482	(992)
Finance	92,341	92,341	71,114	21,227
Treasurer	66,260	66,260	61,128	5,132
Employee relations	14,625	14,625	12,659	1,966
Elections	6,801	6,801	6,426	375
Assessment of property	11,200	11,200	10,043	1,157
Independent auditing	30,100	30,100	28,574	1,526
Legal	20,600	20,600	21,612	(1,012)
Municipal buildings	27,357	27,357	31,277	(3,920)
Property and liability insurance	13,300	13,300	10,573	2,727
Coronavirus emergency expense	-	-	68,046	(68,046)
Other general government	2,000	2,000	5,222	(3,222)
Contingency	74,307	74,307	-	74,307
TOTALS	531,079	531,079	500,622	30,457
PUBLIC SAFETY				
Police	1,093,975	1,093,975	1,127,407	(33,432)
Public fire protection	108,265	108,265	122,335	(14,070)
Ambulance	129,636	129,636	129,636	-
TOTALS	1,331,876	1,331,876	1,379,378	(47,502)
PUBLIC WORKS				
Administration	32,205	32,205	30,840	1,365
Engineering	2,000	2,000	4,567	(2,567)
Public works shop and garage	49,403	49,403	45,371	4,032
Street maintenance	192,007	192,007	161,142	30,865
Snow and ice control	44,930	44,930	43,649	1,281
Street lighting	49,000	49,000	46,142	2,858
Tree and brush control	3,600	3,600	1,642	1,958
Refuse and garbage collection/Recycling	298,402	298,402	369,110	(70,708)
TOTAL	671,547	671,547	702,463	(30,916)
HEALTH AND HUMAN SERVICES				
Animal control	2,000	2,000	1,168	832
TOTALS	2,000	2,000	1,168	832

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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CULTURE, RECREATION AND EDUCATION				
Swimming	\$ 12,431	\$ 12,431	\$ 1,123	\$ 11,308
Boat launch and docks	4,500	4,500	6,688	(2,188)
Cemetery	7,000	7,000	6,314	686
Ice rinks	1,760	1,760	245	1,515
Parks	162,603	162,603	162,228	375
TOTALS	<u>188,294</u>	<u>188,294</u>	<u>176,598</u>	<u>11,696</u>
CONSERVATION AND DEVELOPMENT				
Economic Development	305	305	315	(10)
CAPITAL OUTLAY				
Capital Outlay	-	-	483	(483)
TOTAL EXPENDITURES	<u>2,725,101</u>	<u>2,725,101</u>	<u>2,761,027</u>	<u>(35,926)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(124,180)</u>	<u>(124,180)</u>	<u>78,353</u>	<u>202,533</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (including tax equivalent)	110,000	110,000	117,040	7,040
Transfers Out	(60,320)	(60,320)	(74,376)	(14,056)
Total Other Financing Sources and Uses	<u>49,680</u>	<u>49,680</u>	<u>42,664</u>	<u>(7,016)</u>
Net Change in Fund Balance	(74,500)	(74,500)	121,017	195,517
Fund Balance - Beginning	2,860,990	2,860,990	2,860,990	-
Fund Balance - Ending	<u>\$ 2,786,490</u>	<u>\$ 2,786,490</u>	<u>\$ 2,982,007</u>	<u>\$ 195,517</u>

City of Prescott
Combining Balance Sheet
Non-Major Special Revenue Funds
December 31, 2020

	<u>Public Water Impact Fees</u>	<u>Municipal Building Impact Fees</u>	<u>Public Streets Impact Fees</u>	<u>Public Parks Impact Fees</u>	<u>Cable TV Fund</u>	<u>Library Fund</u>	<u>Freedom Park Fund</u>	<u>Non-Major Special Revenue Funds</u>
ASSETS								
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ 68,607	\$ 133,528	\$ 45,744	\$ 247,879
Restricted Cash	2,500	3,500	1,450	3,318	-	-	-	10,768
Receivables:								
Taxes	-	-	-	-	-	129,627	42,560	172,187
Accounts	-	-	-	-	47	-	-	47
Other	-	-	-	-	-	476	-	476
Total Assets	<u>\$ 2,500</u>	<u>\$ 3,500</u>	<u>\$ 1,450</u>	<u>\$ 3,318</u>	<u>\$ 68,654</u>	<u>\$ 263,631</u>	<u>\$ 88,304</u>	<u>\$ 431,357</u>
LIABILITIES								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 11	\$ 481	\$ 860	\$ 1,352
Accrued Liabilities	-	-	-	-	-	5,423	14	5,437
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11</u>	<u>5,904</u>	<u>874</u>	<u>6,789</u>
DEFERRED INFLOWS OF RESOURCES								
Deferred Tax Levy	-	-	-	-	-	180,749	59,345	240,094
Other	-	-	-	-	51	515	-	566
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51</u>	<u>181,264</u>	<u>59,345</u>	<u>240,660</u>
FUND BALANCES								
Restricted	2,500	3,500	1,450	3,318	-	76,463	-	87,231
Committed	-	-	-	-	68,592	-	-	68,592
Assigned	-	-	-	-	-	-	28,085	28,085
Total Fund Balances	<u>2,500</u>	<u>3,500</u>	<u>1,450</u>	<u>3,318</u>	<u>68,592</u>	<u>76,463</u>	<u>28,085</u>	<u>183,908</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,500</u>	<u>\$ 3,500</u>	<u>\$ 1,450</u>	<u>\$ 3,318</u>	<u>\$ 68,654</u>	<u>\$ 263,631</u>	<u>\$ 88,304</u>	<u>\$ 431,357</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, 2020**

	Public Water Impact Fees	Municipal Building Impact Fees	Public Streets Impact Fees	Public Parks Impact Fees	Cable TV Fund	Library Fund	Freedom Park Fund	Non-Major Special Revenue Funds
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 176,560	\$ 26,575	\$ 203,135
Intergovernmental	-	-	-	-	4,785	73,183	-	77,968
License and Permits	-	-	-	-	42,158	-	-	42,158
Public Charges for Services	-	-	-	-	-	1,193	-	1,193
Interest Income	-	-	-	-	537	-	-	537
Miscellaneous Income	500	700	290	-	600	2,424	-	4,514
Total Revenues	<u>500</u>	<u>700</u>	<u>290</u>	<u>-</u>	<u>48,080</u>	<u>253,360</u>	<u>26,575</u>	<u>329,505</u>
EXPENDITURES								
Current:								
General Government	-	-	-	-	-	-	9,000	9,000
Culture, Recreation and Education	-	-	-	2,757	39,673	247,103	16,587	306,120
Capital Outlay	-	-	-	-	3,163	-	-	3,163
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,757</u>	<u>42,836</u>	<u>247,103</u>	<u>25,587</u>	<u>318,283</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>500</u>	<u>700</u>	<u>290</u>	<u>(2,757)</u>	<u>5,244</u>	<u>6,257</u>	<u>988</u>	<u>11,222</u>
OTHER FINANCING SOURCES (USES)								
Transfers In	2,000	2,800	1,160	2,800	-	-	-	8,760
Total Other Financing Sources and Uses	<u>2,000</u>	<u>2,800</u>	<u>1,160</u>	<u>2,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,760</u>
Net Change in Fund Balances	2,500	3,500	1,450	43	5,244	6,257	988	19,982
Fund Balances - Beginning	-	-	-	3,275	63,348	70,206	27,097	163,926
Fund Balances - Ending	<u>\$ 2,500</u>	<u>\$ 3,500</u>	<u>\$ 1,450</u>	<u>\$ 3,318</u>	<u>\$ 68,592</u>	<u>\$ 76,463</u>	<u>\$ 28,085</u>	<u>\$ 183,908</u>

City of Prescott
Combining Balance Sheet
Non-Major Capital Projects Funds
December 31, 2020

	TIF #3 Capital Projects Fund	TIF #4 Capital Projects Fund	Non-Major Capital Project Funds
ASSETS			
Cash and Cash Equivalents	\$ 369,884	\$ 817,527	\$ 1,187,411
Receivables:			
Taxes	222,268	289,606	511,874
Special Assessments	3,924	-	3,924
Total Assets	<u>596,076</u>	<u>1,107,133</u>	<u>1,703,209</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Debt Service	-	15,188	15,188
Total Deferred Outflows of Resources	<u>-</u>	<u>15,188</u>	<u>15,188</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 596,076</u>	<u>\$ 1,122,321</u>	<u>\$ 1,718,397</u>
LIABILITIES			
Accrued Liabilities	\$ -	\$ 600	\$ 600
Advances Payable	-	90,188	90,188
Total Liabilities	<u>-</u>	<u>90,788</u>	<u>90,788</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Tax Levy	309,926	403,820	713,746
Deferred Special Assessments	3,924	-	3,924
Total Deferred Inflows of Resources	<u>313,850</u>	<u>403,820</u>	<u>717,670</u>
FUND BALANCES			
Restricted	282,226	627,713	909,939
Total Fund Balances	<u>282,226</u>	<u>627,713</u>	<u>909,939</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 596,076</u>	<u>\$ 1,122,321</u>	<u>\$ 1,718,397</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, 2020**

	TIF #3 Capital Projects Fund	TIF #4 Capital Projects Fund	Non-Major Capital Projects Funds
REVENUES			
Taxes	\$ 294,626	\$ 352,969	\$ 647,595
Intergovernmental	21,708	909	22,617
Interest Income	5,290	1,233	6,523
Miscellaneous Income	-	11,901	11,901
Total Revenues	<u>321,624</u>	<u>367,012</u>	<u>688,636</u>
EXPENDITURES			
Current:			
General Government	150	150	300
Conservation and Development	-	67,115	67,115
Capital Outlay	-	6,435	6,435
Debt Service:			
Principal Repayment	200,000	75,000	275,000
Interest and Fiscal Charges	8,112	5,348	13,460
Total Expenditures	<u>208,262</u>	<u>154,048</u>	<u>362,310</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>113,362</u>	<u>212,964</u>	<u>326,326</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	250,000	250,000
Transfers Out	<u>(250,000)</u>	<u>-</u>	<u>(250,000)</u>
Total Other Financing Sources and Uses	<u>(250,000)</u>	<u>250,000</u>	<u>-</u>
Net Change in Fund Balances	(136,638)	462,964	326,326
Fund Balances - Beginning	418,864	164,749	583,613
Fund Balances - Ending	<u>\$ 282,226</u>	<u>\$ 627,713</u>	<u>\$ 909,939</u>

City of Prescott

Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2020

	<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>
ASSETS				
Cash and Cash Equivalents	\$ 247,879	\$ 1,187,411	\$ 206,480	\$ 1,641,770
Restricted Cash	10,768	-	-	10,768
Receivables:				
Taxes	172,187	511,874	308,906	992,967
Special Assessments	-	3,924	-	3,924
Accounts	47	-	-	47
Other	476	-	-	476
Total Assets	<u>431,357</u>	<u>1,703,209</u>	<u>515,386</u>	<u>2,649,952</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Debt Service	-	15,188	-	15,188
Total Deferred Outflows of Resources	<u>-</u>	<u>15,188</u>	<u>-</u>	<u>15,188</u>
 Total Assets and Deferred Outflows of Resources	 <u>\$ 431,357</u>	 <u>\$ 1,718,397</u>	 <u>\$ 515,386</u>	 <u>\$ 2,665,140</u>
LIABILITIES				
Accounts Payable	\$ 1,352	\$ -	\$ -	\$ 1,352
Accrued Liabilities	5,437	600	-	6,037
Advances Payable	-	90,188	-	90,188
Total Liabilities	<u>6,789</u>	<u>90,788</u>	<u>-</u>	<u>97,577</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Tax Levy	240,094	713,746	430,731	1,384,571
Deferred Special Assessments	-	3,924	-	3,924
Other	566	-	-	566
Total Deferred Inflows of Resources	<u>240,660</u>	<u>717,670</u>	<u>430,731</u>	<u>1,389,061</u>
FUND BALANCES				
Restricted	87,231	909,939	84,655	1,081,825
Committed	68,592	-	-	68,592
Assigned	28,085	-	-	28,085
Total Fund Balances	<u>183,908</u>	<u>909,939</u>	<u>84,655</u>	<u>1,178,502</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 431,357</u>	 <u>\$ 1,718,397</u>	 <u>\$ 515,386</u>	 <u>\$ 2,665,140</u>

City of Prescott

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-Major Governmental Funds
 For the Year Ended December 31, 2020

	Non-Major Special Revenue Funds	Non-Major Capital Project Funds	Non-Major Debt Service Fund	Non-Major Governmental Funds
REVENUES				
Taxes	\$ 203,135	\$ 647,595	\$ 466,170	\$ 1,316,900
Intergovernmental	77,968	22,617	-	100,585
License and Permits	42,158	-	-	42,158
Public Charges for Services	1,193	-	-	1,193
Interest Income	537	6,523	3,319	10,379
Miscellaneous Income	4,514	11,901	14,384	30,799
Total Revenues	<u>329,505</u>	<u>688,636</u>	<u>483,873</u>	<u>1,502,014</u>
EXPENDITURES				
Current:				
General Government	9,000	300	-	9,300
Culture, Recreation and Education	306,120	-	-	306,120
Conservation and Development	-	67,115	-	67,115
Capital Outlay	3,163	6,435	-	9,598
Debt Service:				
Principal Repayment	-	275,000	518,926	793,926
Interest Expense	-	13,460	91,349	104,809
Total Expenditures	<u>318,283</u>	<u>362,310</u>	<u>610,275</u>	<u>1,290,868</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>11,222</u>	<u>326,326</u>	<u>(126,402)</u>	<u>211,146</u>
OTHER FINANCING SOURCES (USES)				
Premium on Issuance of Debt	-	-	8,310	8,310
Transfers In	8,760	250,000	-	258,760
Transfers Out	-	(250,000)	-	(250,000)
Total Other Financing Sources and Uses	<u>8,760</u>	<u>-</u>	<u>8,310</u>	<u>17,070</u>
Net Change in Fund Balances	19,982	326,326	(118,092)	228,216
Fund Balances - Beginning	163,926	583,613	202,747	950,286
Fund Balances - Ending	<u>\$ 183,908</u>	<u>\$ 909,939</u>	<u>\$ 84,655</u>	<u>\$ 1,178,502</u>