



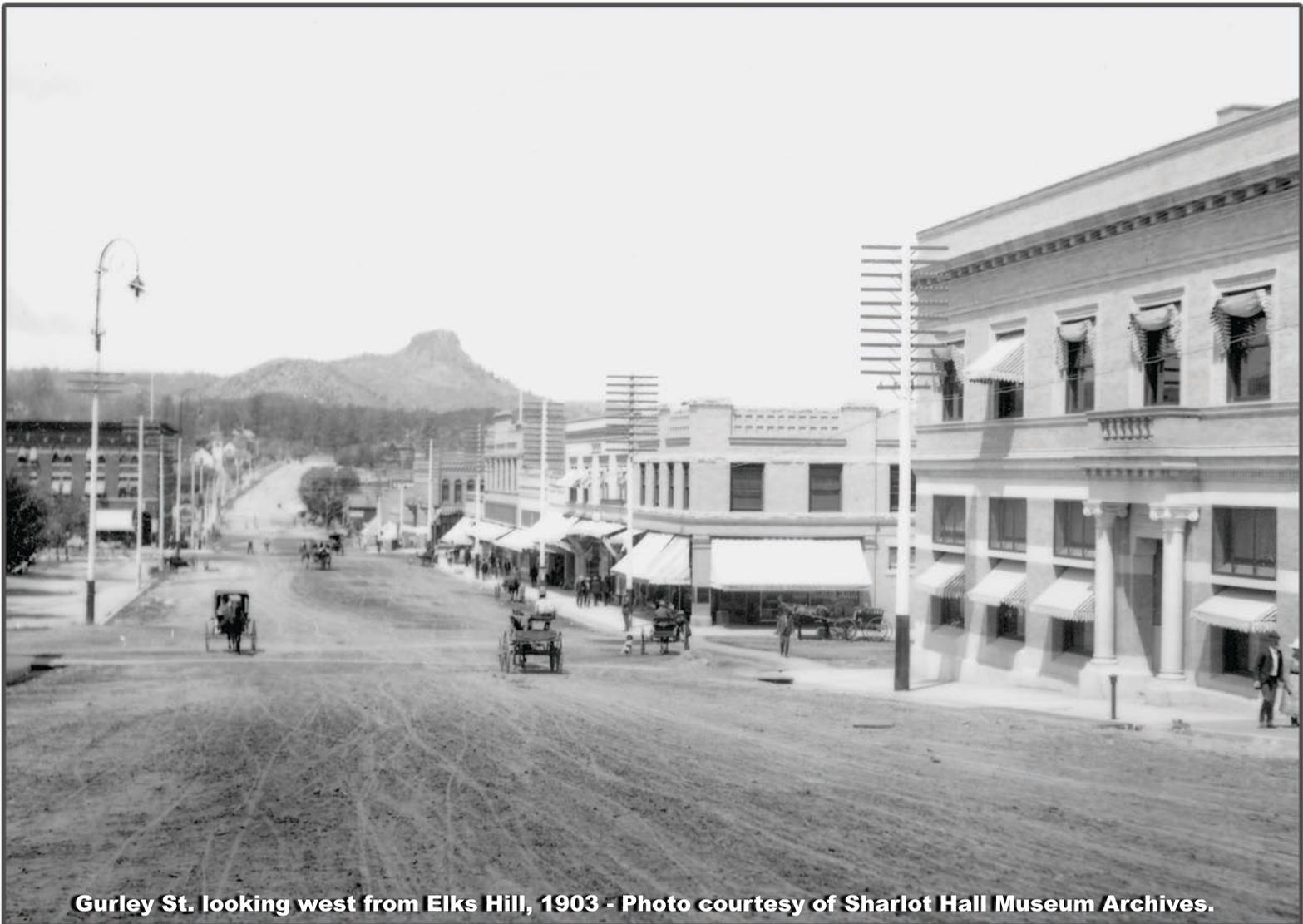
CITY OF **PRESCOTT**
ARIZONA
Everybody's Hometown



Founded in 1864 as the First Territorial Capital of Arizona.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2012



Gurley St. looking west from Elks Hill, 1903 - Photo courtesy of Sharlot Hall Museum Archives.



CITY OF PRESCOTT, ARIZONA

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Prepared by
Mark Woodfill
Budget and Finance Department
City of Prescott

CITY OF PRESCOTT, ARIZONA
Comprehensive Annual Financial Report
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For the year ended June 30, 2012

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INTRODUCTORY SECTION







CITY OF PRESCOTT
201 South Cortez
Prescott, Arizona 86303

November 23, 2012

To the Honorable Mayor, City Council and Citizens of the City of Prescott:

The finance department is pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Prescott, Arizona (City) for the fiscal year ended June 30, 2012. Management assumes full responsibility for the completeness and reliability of all information presented in this report, based upon a broad framework of internal control that it established for this purpose. Because the cost of internal controls should not outweigh their anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

Henry & Horne, LLP has issued an unqualified opinion on the City of Prescott, Arizona's financial statements for the year ended June 30, 2012. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

This report presents the financial position of the City as of June 30, 2012 and the results of its operations and cash flows for its proprietary fund types for the year then ended. The financial statements and supporting schedules have been prepared in accordance with generally accepted accounting principles. We believe the data, as presented, are accurate in all material respects and are presented in a manner designed to fairly set forth the financial position and results of operations of the various funds of the City.

REPORTING ENTITY

For financial reporting purposes the City is a primary government. The citizens in a general election elect its governing council. This report includes all organizations and activities for which the elected officials exercise financial control. The City has three component units: two Hassayampa Community Facilities Districts and the City of Prescott Municipal Property Corporation. The City interacts or contracts with various other governmental entities but is not financially accountable for those entities.

CITY OF PRESCOTT PROFILE

Known as "Everybody's Hometown" Prescott is home to the downtown Courthouse Plaza, famous Whiskey Row, World's Oldest Rodeo, Prescott Fine Arts Association, Sharlot Hall Museum, Phippen Art Museum, Folk Arts Fair, Frontier Days, and Territorial Days. It has been officially designated as "Arizona's Christmas City" by the State of Arizona.

The Courthouse Plaza, located in the center of the downtown and framed by towering elms, is the focal point for myriad activities, including crafts fairs, antique shows and art shows. The plaza and Yavapai County Courthouse are well-known throughout Arizona as symbolizing the quintessential mid-western downtown square.

The City is the largest in Yavapai County and the base of county government operations. Located in the mountains of north central Arizona approximately 95 miles northwest of Phoenix (the State capitol) and 90 miles southwest of Flagstaff, the City borders the Prescott National Forest to the south and west. The average elevation is 5,400 feet. The local climate is mild, with average high temperatures ranging from fifty degrees to ninety degrees and the average precipitation recorded at 19.8 inches, most of which is rain. Prescott and the neighboring towns of Chino Valley, Prescott Valley and newly incorporated Dewey-Humboldt form what is known locally as the Quad-City area.

LOCAL ECONOMY

Although small in population, 39,843, the City is not dependent on any one company or industry for economic vitality. The region is diverse in nature and benefits from the following industries:

Education

Embry Riddle Aeronautical University
Yavapai College
Prescott College
Northern Arizona University Extension

Medical

Yavapai Regional Medical Center
Veteran's Administration Hospital

Manufacturing

Sturm Ruger and Company
Fortner Aerospace
Cobham Avionics
Pure Wafer
Zila Pharmaceuticals

Retail

Prescott Gateway Mall
Wide assortment of automobile dealers
Costco
Wal-Mart
Lowe's

Tourism

Ernest A. Love Field – Prescott Airport
Variety of accommodations and restaurants
Multiple golf, hiking and camping areas
Numerous lakes and aquatic recreation sites
Various cultural and entertainment venues

Prescott is the center for trade in the region, and as a result has grown into a community with a robust, diverse economy, which includes government, education, health care, manufacturing and tourism. Here is a brief overview of those sectors:

1. Government: Prescott is the Yavapai County seat, and as a result, is home to a majority of the county offices and court-related businesses. Several state and federal offices also call Prescott home as Prescott's convenient location allows them to serve the northern and central regions of Arizona.
2. Education: In addition to ERAU, Prescott is home to higher education institutions such as Yavapai College, Prescott College and Northern Arizona University Distance Learning Center. Prescott's K-12 offerings include public, private and charter schools.
Health care: The VA Medical Center and Yavapai Regional Medical Center's main campus are both located in Prescott, as well as the bulk of related health care providers, (i.e., doctors, specialists, outpatient surgery centers and labs).
3. Manufacturing: Prescott's growing base of prime companies includes international manufacturers in the fields of aerospace, bioscience, guns and after-market vehicle accessories.
4. Tourism: Historical assets and outdoor recreation make Prescott a destination for visitors. Comfortable summer temperatures combine with signature events to create a perfect getaway for those from hotter parts of the state. Prescott's main tourist markets are the Phoenix and Tucson metro areas, California, Canada and Germany.

Each of these industries creates employment as well as opportunities for new business and entrepreneurial ventures, and Prescott recognizes the valuable contributions that our business community makes. For this reason, we strive to maintain Prescott as pro-business. We do this by being highly responsive to the needs of our business community, implementing best practices and availing businesses to tools and resources to foster success.

LONG-TERM FINANCIAL PLANNING

Each year the City of Prescott evaluates its current financial condition with existing programs, assesses future financial capacity, and integrates short and long-term plans, City Council goals, objectives, and financial policies into its decision-making process.

The City has adapted to reduced revenues while still preserving critical services. We aligned our spending decisions with citizen priorities as determined by Council and streamlined our processes to create a structurally balanced financial framework that will allow us to respond to the changing economy.

The Fiscal Year 2013 Budget totals \$160,059,296.00, which represents a 1.6% decrease from the prior year level, primarily attributable to completion of funded projects in the City's aggressive infrastructure rehabilitation and replacement programs. The \$76,731,340 Operating Budget primarily supports delivery of day to day core services, and is an increase of 0.7% over last year. The five year Capital Improvement Program (CIP) totals \$97,413,565 with the Capital Budget for FY13 totaling \$83,327,956.

As evidenced by the following highlights, the City continues to provide high levels of service to Prescott residents, businesses, and visitors, and realize many successes in our competitive commercial environment despite the budget challenges arising from external economic factors and the municipal revenue structure of the state.

Financial Sustainability

- Secured and opened high profile businesses including Trader Joe's, Natural Grocers by Vitamin Shoppe, Cal Ranch Stores, Five Guys Burgers, House of Bread, Manzanita Outdoor, and expansion of Davidson's/Proforce (law enforcement product distribution)
- Hosted various commercial film shorts and including Toyota Prius, History Channel "Back in My Day," Koppen Clothing, CenturyLink, and MTV "Made"
- Updated employee benefits, reducing long-term financial liability and increasing productivity
- Collected \$657,744 in fees through field and desk audits (income which otherwise would be unrealized)

Public Safety

- Crime Prevention implemented a home security survey program providing on-site home surveys and suggestions for improving home security
- Police officers responded to 46,145 incidents; 30,544 of which were dispatched calls for service
- Secured grant funding to support 13 DUI Taskforce details, two weeks of enhanced enforcement for "Click it or Ticket," and six speed and aggressive driver enforcement details
- Volunteers donated a total of 11,290 hours, including 8,994 by Citizens on Patrol
- Biannual audit by DPS for ACJIS confirmed the Police Department was 100% in compliance with state and federal mandates
- Recognition by the National Association of Town Watch for the annual National Night Out, placing 15th in the Country for cities with a population of 15,000-49,999
- Prescott Regional Communications Center (PRCC) answered 299,203 inbound calls to the Center and dispatched over 70,400 calls for service to participating jurisdictions
- Fire Department obtained two wildland fuels reduction grants for bark beetle and Title III Hazardous Fuels programs
- Wildland Fire Crews completed 166 detailed home assessments, treated 5 homes for defensible space, completed 614 Red-Zone home assessments, 652 chip jobs for home owners, 52 vegetation inspections for new construction, and 10 acres of fuel reduction on City of Prescott open space, treating a total of 521.5 acres within the Prescott Basin

Completed Major Capital Improvements

- Small Water Main Upgrades
- Old North Reservoir Replacement
- Willow Creek 14" Water Main Replacement
- Concrete Dam Repairs
- Airport Recovery Well #3 drilling and equipping
- Chino Valley Well Site Landscaping and Improvements
- Meadowbrook Water Main Replacement
- Penn Alley Sewer Rehabilitation
- Williamson Valley Road Reconstruction
- Hornet Drive Pavement Reconstruction
- Cliffrose/Blackhawk Drainage Improvements

Streets

- Responded to 18 emergency storm events (3,043 man-hours)
- Maintained 596 lane-miles of paved streets
- Replaced and repaired 1,320 traffic control and street signs
- Annual chipseal and pavement repair program treated 10 lane-miles generally within the Southview, Copper Canyon, and Sandretto Hills subdivisions

Community Development

- Continued the productive Preliminary Application Conference process facilitating and shortening the development review process
- Implemented 8 neighborhood enhancements reducing blight (60 tons of waste removed)
- Organized and guided the Council-appointed General Plan Committee

Elks Opera House

- Implemented a Bulk Rental Contract, providing discounts to renters who book 10 or more events in a 12 month period; the three contracts in effect provide for the hosting of 30 events per year
- Increased the number of events by 48% over the prior year, with a total of 58 hosted

Parks & Recreation

- Partnered with the Prescott Mountain Bike Alliance for construction of the popular Granite Creek Park Pump Track
- Completed the 2+ mile Centennial Trail and parking lot on the west side of Prescott through recently acquired open space, with extensive volunteer participation
- Realized construction of the half-mile North Shore Trail via a license agreement with the private property owner, completing the five mile loop trail around Watson Lake
- Increased camping sites at Watson Lake from 23 to 34 within the existing budget, providing additional capacity for the public and enhancing revenue generation

Library

- Delivered 282 library programs for adults with attendance of 7,748 and youth services programming that reached 16,914 children up to age 18
- The library gate count was 509,236; 673,559 physical items and 28,727 electronic items were checked out
- The "Ask a Librarian" desk fielded over 132,000 questions during the year and public computers were signed on to 112,886 times

Antelope Hills Golf Course

- Deployed a new fleet of electric golf carts at a one-time cost of \$495,000, anticipated to return \$400,000 in revenue annually, with additional benefits of reduced maintenance and fuel savings
- During the first nine months of operation, the remodeled Centennial Center generated positive cash flow as an additional asset for major tournaments, and other community and private events

Energy and Environment

- Lighting retrofits were accomplished, qualifying the City for APS rebates, at the Granite Street parking garage, Public Works, Fleet Maintenance, Police Department, Facilities Management, and Engineering Services buildings, estimated to produce annual energy savings of 33%
- Light timers were installed on all Parks and Recreation fields to reduce energy consumption
- Solid Waste removed 187 tons of trash from neighborhoods during the Annual Spring Cleanup

Public Information

- More than 50,000 impressions on social media accounts (Facebook, Twitter, and YouTube)
- National Merit Telly and Emmy Award nomination for "Live+Work+Play Prescott" video
- Honored by Governor's Office as a "Tourism Champion of the Year" for the Centennial Best Fest

Utility Systems (Water and Wastewater)

- Funding of \$510,000 granted by Yavapai County Flood Control District for updating flood studies and maps
- 1,170,000 feet (221+ miles) of sewer main cleaned and condition assessed for preventive maintenance
- Responded to and performed 9860 Blue Stakes (marking of water and sewer facilities)
- Improved solids (sludge) processing operations reducing weekend/holiday operations at wastewater treatment plants

Facilities and Vehicle/Equipment Fleet

- Rodeo Grounds "Grandstands Project" completed restoring bleachers to original configuration, improving ingress and egress for public, and improving subsurface drainage
- Participated in the annual Solid Waste Association of North America competition for refuse truck mechanics, with two personnel placing second and third in the state

Tourism

- Transient Occupancy Bed) Tax revenue increased 10.4% and occupancy was up 5.4%
- Revenue per Available Room (RevPAR) increased 8.8%
- Average Daily Rate (ADR) increased 3.2%
- The Tourism website attracted 122,000 visitors and a new mobile version of the website was launched
- Partnered with Yavapai-Prescott Indian Tribe through a \$10,000 grant for tourism marketing
- Over \$6 million in media coverage value was realized by Prescott without purchase
- Representation was provided at five major trade/consumer/media shows

Our long-term planning focuses on services that deliver outcomes important to the quality of life in Prescott. It maintains programs that keep our community safe, support strategic economic development, encourage tourism, improve traffic flow, and keep our streets clean. The end result of the annual budgetary process appropriately balances income and expenditures to effectively and efficiently provide services responsive to our citizens' needs.

DEBT ADMINISTRATION

The City has a formal Debt Policy and issues debt for the purpose of acquiring or constructing capital projects including buildings, machinery, equipment, furniture and fixtures. These needs are addressed through the budget process.

The City's general obligation bonds have been assigned ratings of "Aa3" by Moody's Investor Services (Moody's), "AA-" by Standard & Poor's Ratings Services (S&P) and "AA-" by Fitch Ratings (Fitch).

The City's excise tax bonds have been assigned ratings of "A1," "AA" and "AA-" by Moody's, S&P and Fitch, respectively.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Prescott for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the 30th consecutive year that the City has achieved this prestigious award.

In order to be awarded a certificate of achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A certificate of achievement is valid for a period of one year only. We believe that our current comprehensive annual report continues to meet the certificate of achievement program's requirements, and we are submitting it to GFOA.

The City of Prescott received the Distinguished Budget Presentation Award from the GFOA for our conformity in the budget presentation for the fiscal year beginning July 1, 2011. We believe that our current budget continues to conform to the program requirements and expect to receive this award for the fiscal year beginning July 1, 2012.

Independent Audit

In accordance with the City Charter and Arizona law, the City's financial records are subject to an annual audit by an independent certified public accountant. The audit is conducted in accordance with generally accepted auditing standards. The auditor determines whether the City followed generally accepted accounting and reporting principles. Henry & Horne, LLP conducted the audit for fiscal year ending June 30, 2012. The audit opinion is located in the financial section of the report.

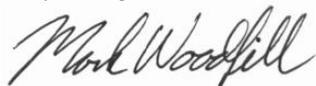
The City is also required to undergo a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

Acknowledgments

The preparation of the Comprehensive Annual Financial Report was a collaborative undertaking of the finance department. Each member has our appreciation for the assistance provided in the preparation of this document. We also recognize the efforts of other departments who provided data that helped to make the report more meaningful.

In closing, we acknowledge the City Council and the City Manager for their continued support and direction.

Respectfully submitted,



Mark Woodfill, CPA
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Prescott
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danison

President

Jeffrey R. Emer

Executive Director

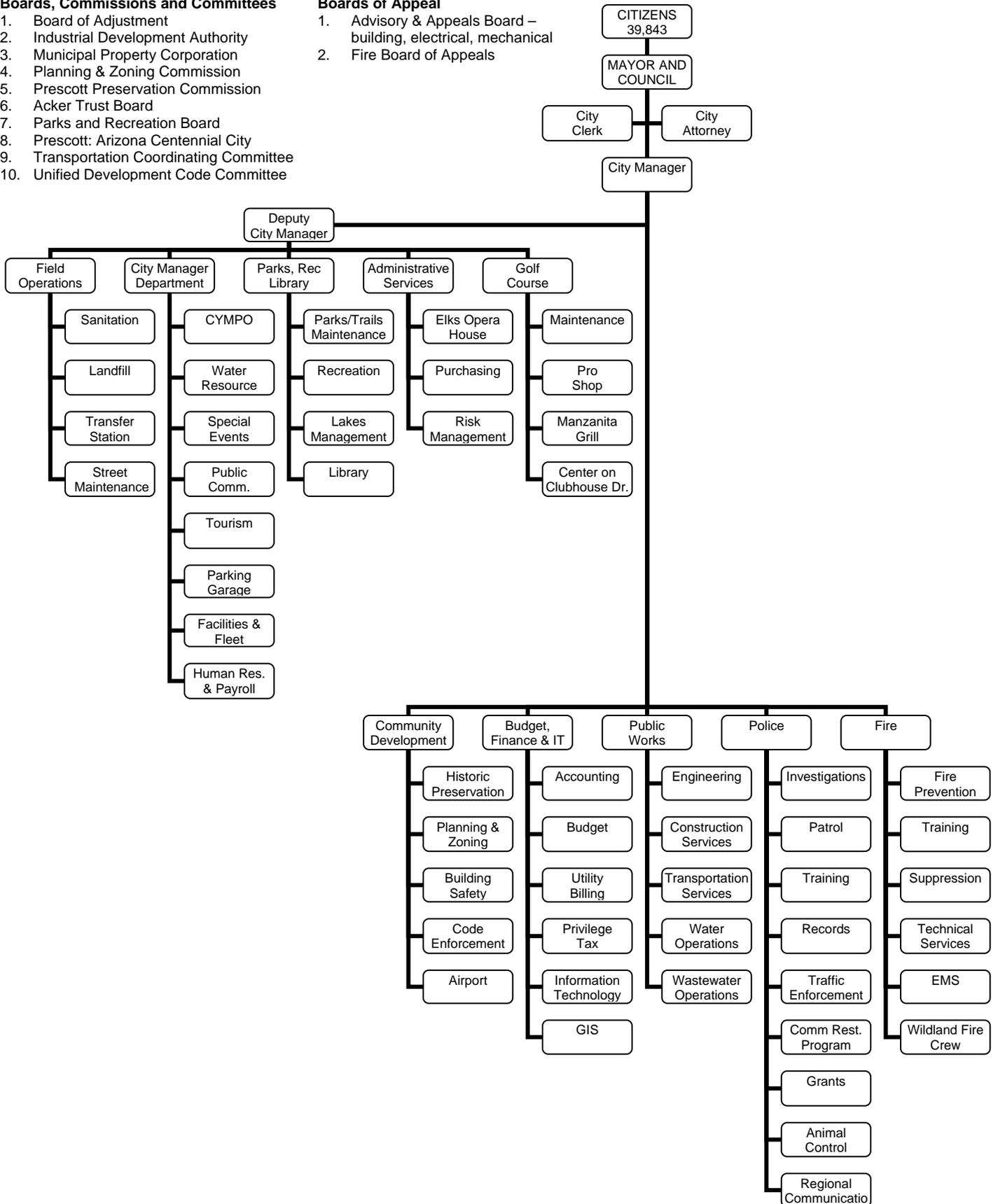
ORGANIZATIONAL CHART

Boards, Commissions and Committees

1. Board of Adjustment
2. Industrial Development Authority
3. Municipal Property Corporation
4. Planning & Zoning Commission
5. Prescott Preservation Commission
6. Acker Trust Board
7. Parks and Recreation Board
8. Prescott: Arizona Centennial City
9. Transportation Coordinating Committee
10. Unified Development Code Committee

Boards of Appeal

1. Advisory & Appeals Board – building, electrical, mechanical
2. Fire Board of Appeals



CITY OF PRESCOTT, ARIZONA

June 30, 2012

ELECTED OFFICIALS

Marlin Kuykendall, Mayor

Council

Charlie Arnold

Len Scamardo

Jim Lamerson

Alan Carlow

Chris Kuknyo

Steve Blair

Appointed Officials

Craig McConnell	City Manager
G. Eugene Neil	Interim City Attorney
Lynn Mulhall	City Clerk
Arthur Markham	City Magistrate

Mailing Address

201 South Cortez
Prescott, AZ 86303

www.prescott-az.gov

FINANCIAL SECTION







HENRY & HORNE, LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Council
City of Prescott
Prescott, Arizona

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Prescott, Arizona, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, each major fund, and the aggregate remaining fund information of the City of Prescott, Arizona, as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Streets and Open Space Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In connection with our audit, nothing came to our attention that caused us to believe that the City of Prescott failed to use highway user revenue fund monies received by the City of Prescott pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2 and any other dedicated state transportation revenues received by the City of Prescott solely for the authorized transportation purposes. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

Tempe
2055 E. Warner Road
Suite 101
Tempe, AZ 85284-3487
(480) 839-4900
Fax (480) 839-1749

Scottsdale
7098 E. Cochise Road
Suite 100
Scottsdale, AZ 85253-4517
(480) 483-1170
Fax (480) 483-7126

Casa Grande
1115 E. Cottonwood Lane
Suite 100
Casa Grande, AZ 85122-2950
(520) 836-8201
Fax (520) 426-9432

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2012 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Prescott, Arizona's financial statements as a whole. The introductory section, the Combining and Individual Fund Statements and Schedules, the accompanying financial information listed as other supplementary information in the financial section, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The Combining and Individual Fund Statements and Schedules and the financial information listed as other supplementary information in the financial section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Henry + Horne LLP

Casa Grande, Arizona
November 23, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis presents the highlights of financial activities and financial position for the City of Prescott. The analysis focuses on significant financial issues, debt administration, capital assets, major financial activities and resulting changes in financial position, budget changes and variances from the budget, specific issues related to funds, and the economic factors affecting the City.

Management's Discussion and Analysis focuses on current year activities and resulting changes. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this discussion and analysis.

FINANCIAL HIGHLIGHTS

The assets of the City of Prescott exceeded its liabilities at the close of the most recent fiscal year by \$293.1 million. Of this amount \$20.7 million may be used to meet the City's ongoing obligations to citizens and creditors. The City's total net assets increased by \$3.8 million during fiscal year 2012, this increase was due in part to increased tax collections of \$1.7 million and increased charges for services of \$2.4 million.

The City's governmental funds reported a combined ending fund balance \$41.1 million a reduction of \$3.8 million from the previous year. Approximately 25% or \$10.3 million is unassigned and available for spending at the government's discretion this is approximately 37% of the general funds current year expenditures. The City's long-term debt went down \$3.3 million during the current year.

Overall City program expenses had a minor decrease of \$.8 million or .9%.

REPORT LAYOUT

This annual financial report consists of several sections. When taken as a whole they provide a detailed financial look at the City. The report includes the following:

- **Management's Discussion and Analysis.** This section of the report provides financial highlights, overview and economic factors impacting the City.
- **Basic Financial Statements.** Includes Statement of Net Assets, Statement of Activities, Fund financial statements and the Notes to the Financial Statements. Statements of Net Assets and Activities focus on an entity-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the City. The City's component units, the Hassayampa Communities Facilities Districts #1 and #2 (CFD's) are included within the governmental activities and the Municipal Property Corporation (MPC) is included within the business-type activities.
 - The Statement of Net Assets presents the resources available for future operations. This statement provides a snapshot view of the assets the community owns, the liabilities it owes and the net difference. The net difference or net assets provide a measure of the City's financial strength, or financial position. Over time, increases or decreases in net assets are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the City's privilege tax or property tax base or the condition of roads, parks and libraries to accurately assess the overall health of the City. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts.
 - The Statement of Activities presents the gross and net costs of City programs and the extent to which such programs rely on general tax and other revenues. This Statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
 - Fund financial statements present separately the major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City's major governmental funds are reported in a separate column and the remaining funds are combined into a column titled "Other Governmental Funds." Budgetary comparison statements are presented for the General Fund and the Streets and Open Space Special Revenue Fund.
 - The Notes to the Financial Statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition.

- **Other Supplementary Information.** Users wanting additional information on non-major funds can find it in the Combining Statements of Non-major Funds and/or the Supplementary Information-Budgetary Comparison sections of the report. Components within this section include:
 - Combining Statements - Major funds are included in the Basic Financial Statements, whereas non-major funds are presented here.
 - Budgetary Comparisons - Budgetary information for all governmental funds, except those presented within the Basic Financial Statements, are presented here.
 - Other Financial Schedules complete the Financial Section of the report.
- **Statistical Section.** Information is presented for five categories – financial trend, revenue capacity, debt capacity, demographic, and economic and operating.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

A condensed version of the Statement of Net Assets at June 30, 2012 and June 30, 2011 follows:

City of Prescott's Net Assets

(in millions)

	Governmental Activities		Business-type Activities		Total Government	
	2012	2011	2012	2011	2012	2011
Cash and investments	\$ 43.8	\$ 49.8	\$ 34.8	\$ 33.7	\$ 78.6	\$ 83.5
Other assets	15.9	15.0	(1.7)	(.1)	14.2	14.9
Capital assets	279.9	282.9	226.3	220.1	506.2	503.1
Total assets	339.6	347.8	259.4	253.8	599.0	601.6
Long-term liabilities	37.1	39.4	37.4	38.4	74.5	77.8
Other liabilities	9.5	11.3	5.4	6.7	14.9	17.9
Total liabilities	46.6	50.7	42.8	45.1	89.4	95.7
Net assets:						
Invested in capital assets, net of debt	244.2	252.0	186.6	181.2	430.8	433.3
Restricted for:						
Streets & Open Space	17.1	21.7	-	-	17.1	21.7
Capital projects	4.0	3.8	-	3.5	4.0	7.3
Transient occupancy tax	.2	.3	-	-	.2	.3
Landfill closure	-	-	1.1	1.1	1.1	1.1
Debt service	5.7	6.3	.6	1.2	6.3	7.5
Grants and donations	1.2	1.2	-	-	1.2	1.2
Unrestricted	20.7	11.8	28.1	21.6	48.8	33.4
Total net assets	\$293.1	\$297.1	\$216.4	\$208.7	\$509.5	\$505.9

Rounding adjustments result in small differences when compared to financial statements.

Governmental Activities

During fiscal year 2012 the balance of net assets decreased by \$4 million primarily due to reduction in long-term liabilities with the regularly scheduled retirement of debt and recognition of current year depreciation on capital assets.

Business-type Activities

During fiscal year 2012 the balance of net assets increased by \$7.7 million due in part to the increase in water and wastewater user rates to fund needed capital improvements as well as capital improvement at the airport which are funded through grants.

The City's overall financial position has improved with unrestricted net assets of both the governmental and business-type activities increasing \$15.4 million as funds become available for needed capital improvement projects.

There are restrictions on \$28.2 million of net assets for governmental activities and an additional \$1.7 million in restricted net assets of business-type activities. The restrictions represent legal or contractual obligations on how the assets may be expended. Within the governmental activities category are taxes and other collections limited to specific transportation and open space projects, unspent bond proceeds and the repayment of debt. Within the business-type activities are capital projects, bond proceeds and debt service reserves.

STATEMENT OF ACTIVITIES

A summary of the Statement of Activities for the year ended June 30, 2012 and June 30, 2011 follows:

City of Prescott's Changes in Net Assets

(in millions)

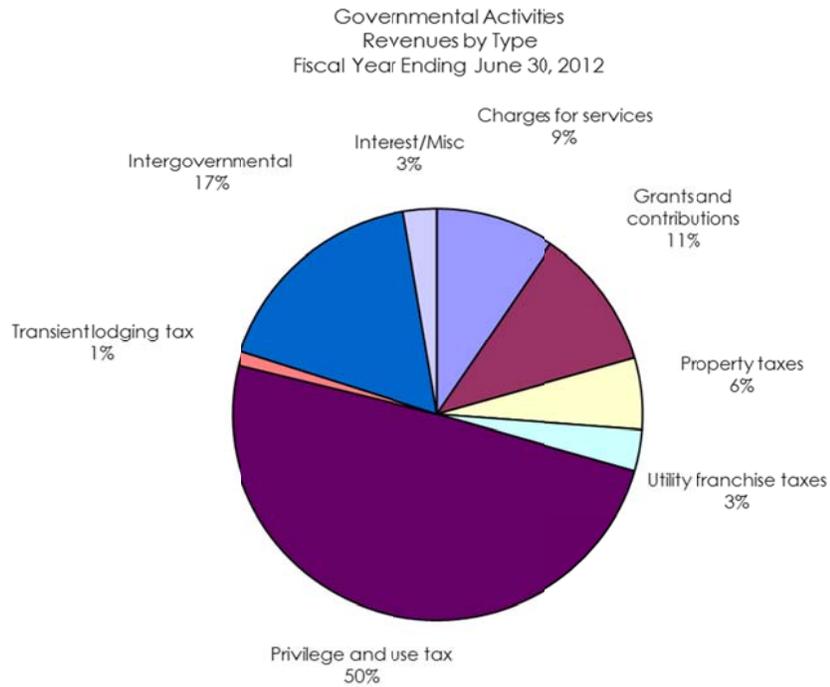
	Governmental Activities		Business-type Activities		Total Government	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues						
Charges for services and other	\$ 4.7	\$ 4.8	\$ 34.5	\$ 32.0	\$ 39.2	\$ 36.8
Operating grants & contributions	2.5	3.0	-	-	2.5	3.0
Capital grants & contributions	3.1	4.4	4.3	2.2	7.4	6.6
Total program revenues	10.3	12.2	38.8	34.2	49.1	46.4
General revenues						
Taxes	29.7	28.0	-	-	29.7	28.0
Intergovernmental	8.7	9.4	-	-	8.7	9.4
Interest & investment income	.8	1.2	.6	.6	1.4	1.8
Miscellaneous	.5	.5	.3	.5	.8	1.0
Total general revenues	39.7	39.1	.9	1.1	40.6	40.2
Total revenues	50.0	51.3	39.7	35.3	89.7	86.6
Expenses						
General government	3.8	4.8	-	-	3.8	4.8
Community services	1.6	1.8	-	-	1.6	1.8
Culture and recreation	6.1	5.7	-	-	6.1	5.7
Police and court	12.9	12.7	-	-	12.9	12.7
Fire	7.6	7.0	-	-	7.6	7.0
Public works	20.2	20.1	-	-	20.2	20.1
Interest on long-term debt	1.8	1.5	-	-	1.8	1.5
Airport	-	-	1.9	2.1	1.9	2.1
Golf course	-	-	3.0	3.1	3.0	3.1
Parking garage	-	-	.2	.2	.2	.2
Solid waste/transfer station	-	-	8.4	8.2	8.4	8.2
Wastewater	-	-	7.6	7.3	7.6	7.3
Water	-	-	10.9	12.3	10.9	12.3
Total Expenses	54.0	53.6	32.0	33.2	86.0	86.8
Increase (decrease) before transfers	(4.0)	(2.3)	7.7	2.1	3.7	(.2)
transfers	-	(2.5)	-	2.5	-	-
Change in net assets	(4.0)	(4.8)	7.7	4.6	3.7	(.2)
Beginning net assets	297.1	302.0	208.7	204.1	505.8	506.1
Ending net assets	\$293.1	\$297.2	\$216.4	\$208.7	\$509.5	\$505.9

Rounding adjustments result in small differences when compared to financial statements.

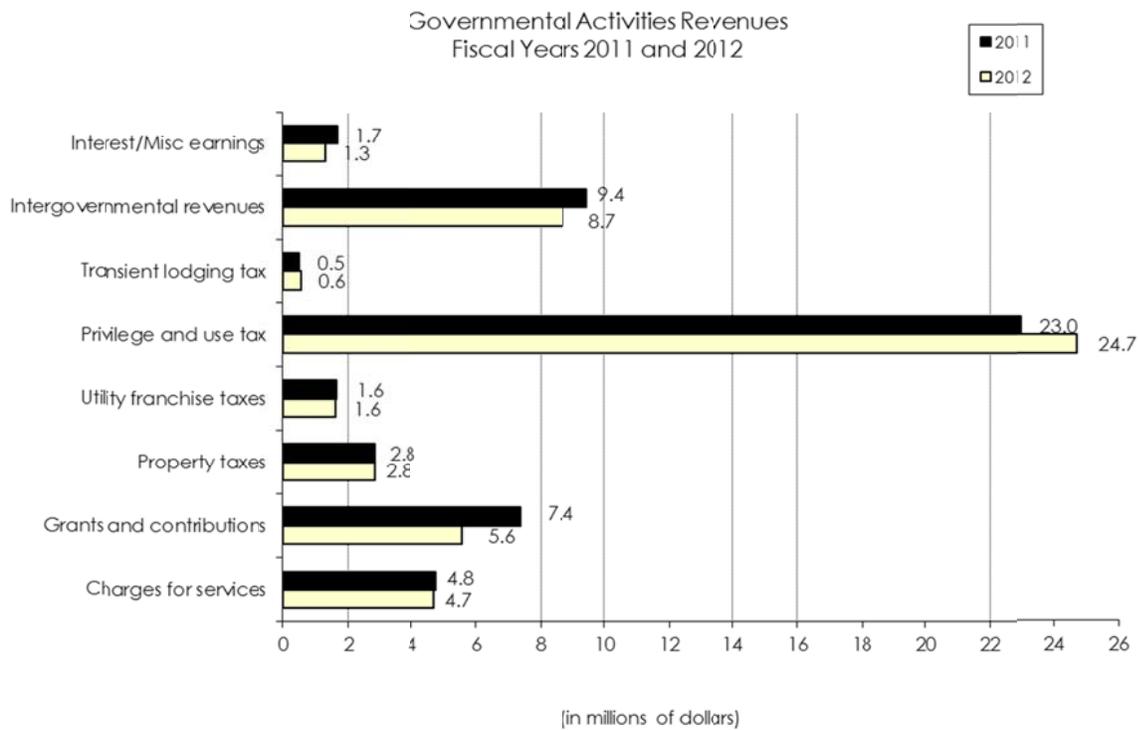
Governmental Activities

The cost of all governmental activities this year was \$54 million. \$4.7 million of this cost was paid for by those who directly benefited from or contributed to the programs, \$5.5 million was subsidized by grants received from other governmental organizations or developers for both capital and operating activities, and \$29.7 million was financed through general City taxes. Other governmental revenues, including intergovernmental revenues and interest, amounted to \$10 million and \$4.1 million came from prior year net assets.

The following shows the breakdown of governmental activities revenue.



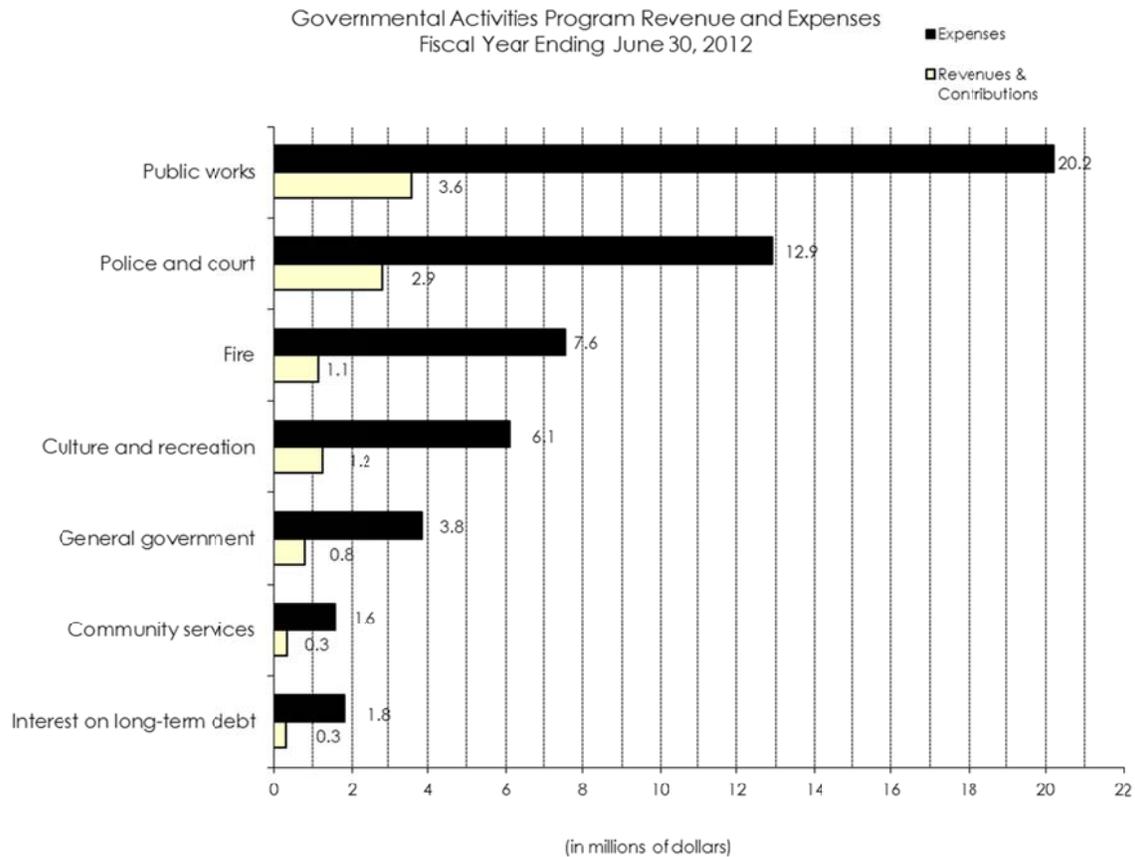
The graph below compares the governmental revenues from fiscal year 2012 to fiscal year 2011.



Total governmental activities revenues decreased by \$1.4 million or 2.7% from the previous year. Key factors in this change include:

- Taxes increased \$1.7 million or 6%, as a result of increasing economic activity.
- Intergovernmental revenues were down \$.7 million or 7.4% due to lower state shared revenues.
- Reduction in grants and contribution of \$1.9 million or 25.7% due to granting cycles and the availability of grants.

All governmental programs use general revenues to support their functions. Some programs such as police and fire are dependent on general revenues to fund operations. The following chart compares the expenses and revenues for each of the City's programs and shows the extent of each program's dependence on general revenues for support in the current year.



Governmental program expenses increased slightly to \$54 million as compared to the prior year at \$53.6 million.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$41.1 million, a decrease of \$3.8 million in comparison to the combined ending fund balances for fiscal year 2011.

Approximately \$10.3 million of the total for fiscal year 2012 represents unassigned fund balance, which is available for spending at the City's discretion. The remaining fund balance is not available for new spending because it has already been committed, assigned, restricted or is designated nonspendable for specific purposes; examples are impact fees and trust accounts.

Revenues for governmental functions overall totaled approximately \$51.0 million in fiscal year 2012, a decrease of less than .4% under the previous year total of \$51.2 million. In fiscal year 2012, expenditures for governmental functions totaled \$54.8 million, a decrease of 1.8% (\$1 million) under the fiscal year 2011 total of \$55.8 million.

In the fiscal year ended June 30, 2012 expenditures for governmental functions exceeded revenues by \$3.7 million or 7.4%. In 2011, governmental functions expenditures exceeded revenues by approximately \$4.6 million or 8.9%. The decrease in both years reflects stagnant revenues and spending of fund balance on anticipated projects.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$10.3 million, while the total fund balance was \$17.7 million. The unreserved and total balances for the General Fund at the end of fiscal year 2011 were \$11.6 million and \$17.2 million, respectively. The city also has \$0 of its fund balance as assigned, \$1.1 million as committed, \$6.2 million as nonspendable, and \$0 as restricted.

The following factors represent the reasons behind significant changes in the general fund:

- Taxes increased by \$1.7 million or 6% from the previous year mainly from improvement in the local economy provided an increase in privilege (sales) tax collections.
- Intergovernmental revenues decreased by \$.7 million or 7.4% from the previous year.
- General Fund expenditures decreased by \$3 million or 10.7% from the prior year and were under budget by \$2.1 million or 7%.

Unassigned fund balance of \$10.3 million represents 37% percent of the total General Fund expenditures of \$28.1 million in fiscal year 2012. In fiscal year 2011, the unassigned fund balance of \$11.6 million represented 37.3% percent of the total General Fund expenditures of \$31.1 million.

Overall, the General Fund's performance resulted in revenue over expenditures in the fiscal year of \$.6 million. In the prior year expenditures exceeded revenues by \$2.3 million. These was a result of improved local economy and continued reduction in general fund expenditures.

The Streets and Open Space fund expenditures exceeded revenues by \$4.7 million during the year. In the prior year expenditures exceeded revenues by \$2.5 million. This was the result of spending of fund balance for planned capital projects.

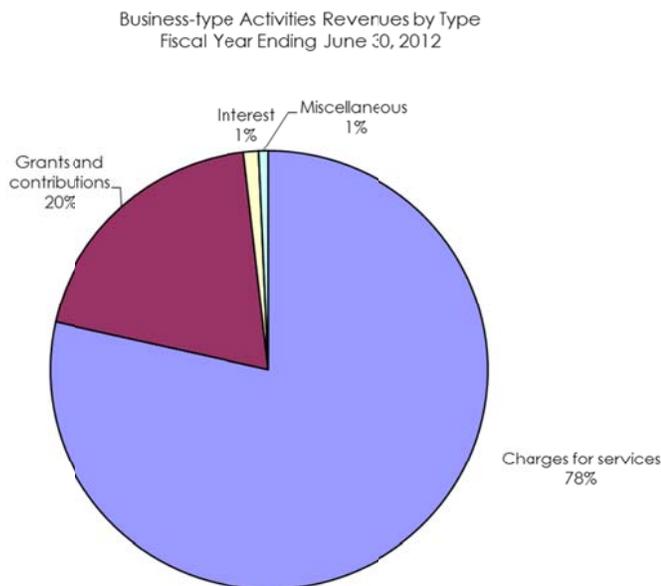
Other individual governmental funds had no unusual fluctuations which warrant explanation.

Business-type Activities

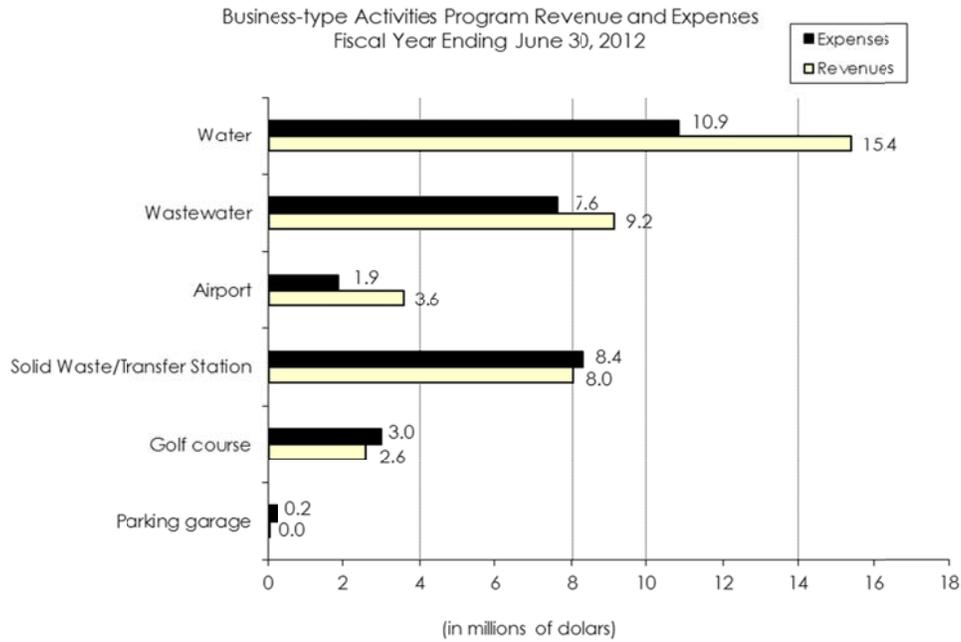
The cost of providing all business-type activities this year was \$32 million. Of this cost, \$34.5 million was paid by users, \$4.3 million was subsidized by contributions and grants received from other governmental organizations and developers for capital activities. Investment earnings of \$.6 million, miscellaneous income of \$.3 million and a transfer out of \$2.5 million resulted in an overall increase in net assets of \$7.7 million.

Business-type activities revenue increased by \$4.4 million compared to the previous year due to user charges increasing, and developer contributions and grants being increased for fiscal year 2012 compared to fiscal year 2011.

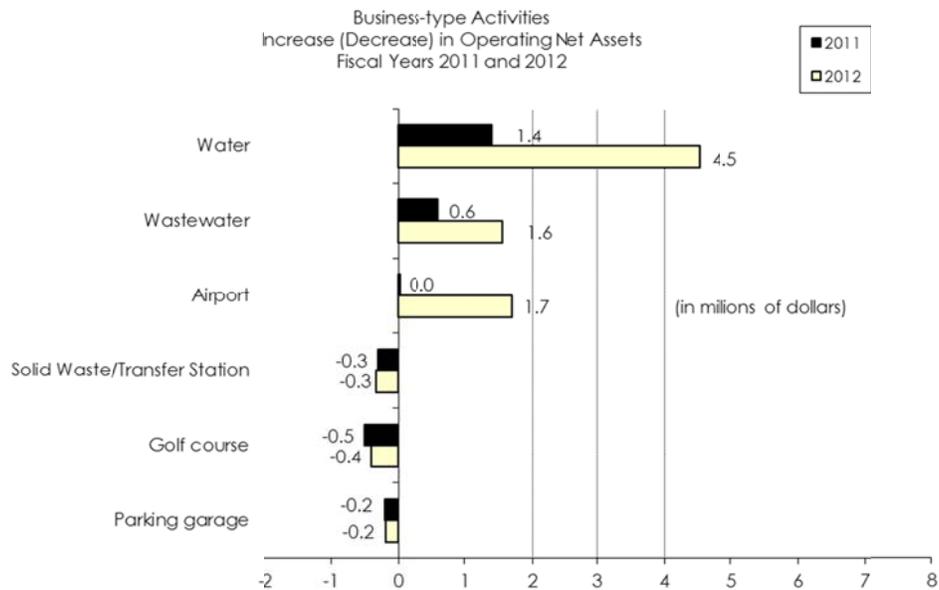
The chart below shows the breakdown of business-type activities revenue.



The City's business-type programs include the following: water, wastewater, golf course, airport, solid waste/transfer station and parking garage. The chart below shows the revenue and expenses for each business-type program and the extent of each program's dependence on general revenues for support in the current year.



The chart below compares the business-type activities increase (decrease) in net assets before transfers for fiscal year 2012 and 2011.



The business-type changes in operating net assets were the result of the following factors:

- Water revenue increased by 8.7% when compared to the prior year. This occurred because of an increase in the rates associated with water accounts. There is another scheduled increase both to the base rate and to the rate per gallon to occur in early calendar year 2013.
- The Wastewater Fund reflects revenue exceeding expense by \$1.6 million as a new rate structure was adopted in early calendar year 2012. There is another scheduled increase due to occur in early calendar year 2013.
- The golf course registered an operating loss of \$0.4 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2012 the City had invested \$506.2 million in capital assets net of accumulated depreciation as reflected in the following table, which represents a net increase (additions, deductions and depreciation) of \$3.1 million.

The following table reconciles the changes in capital assets.

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Beginning Balance	\$ 283.0	\$ 286.7	\$ 220.1	\$ 215.8	\$ 503.1	\$ 502.5
Additions	31.5	12.6	17.0	12.8	48.5	25.4
Deduction	(21.0)	(4.1)	(3.9)	(0.7)	(24.9)	(4.8)
Depreciation	(13.6)	(12.2)	(6.9)	(7.8)	(20.5)	(20.0)
Ending Balance	\$ 279.9	\$ 283.0	\$ 226.3	\$ 220.1	\$ 506.2	\$ 503.1

See Section 1H and 3C in the Notes to the Financial Statements for further information on the City of Prescott's capital assets.

Debt Administration

As of year-end, the City had \$80.7 million in long-term debt outstanding compared to \$82.9 million last year.

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$ 2.2	\$ 3.6	\$ -	\$ -	\$ 2.2	\$ 3.6
Municipal Property Corporation	29.1	34.7	12.3	11.4	41.4	46.1
Special Assessments	1.1	1.4	-	-	1.1	1.4
Community Facilities District	3.3	3.8	-	-	3.3	3.8
Loans WIFA	-	-	24.7	22.3	24.7	22.3
Loans other	-	-	-	-	-	-
Lease Purchase	0.1	0.1	0.5	0.9	0.6	1.0
Claims Payable	2.2	2.6	-	-	2.2	2.6
Landfill post-closure costs	-	-	1.1	1.1	-	1.1
Compensated absences	4.3	0.1	0.9	0.9	5.2	1.0
Total	\$ 42.3	\$ 46.3	\$ 39.5	\$ 36.6	\$ 80.7	\$ 82.9

See Section 1J, 3E and 3F in the Notes to the Financial Statements for further information on the City of Prescott's long-term debt.

The City's general obligation bonds have been assigned ratings of "Aa3" by Moody's Investor Services (Moody's), "AA-" by Standard & Poor's Ratings Services (S&P) and "AA-" by Fitch Ratings (Fitch).

The City's excise tax bonds are rated by Moody's, S&P and Fitch who have assigned the underlying ratings of "A1", "AA" and "AA-", respectively.

Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, wastewater, lighting, parks, open space and recreational purposes may not exceed 20% of a City's net secondary assessed valuation. Outstanding general obligation bonded debt for other general municipal purposes may not exceed 6% of a City's net secondary assessed valuation. As of June 30, 2012, the City is well within its debt limits, having \$125.0 million in borrowing capacity in the 20% category, and \$38.2 million in borrowing capacity in the 6% category. The City also has a \$1.3 million margin available for Highway User Tax Bonds which represents 50% of the Highway User revenue received in fiscal year 2012.

ECONOMIC FACTORS

Many financial issues are being faced by the City of Prescott in Fiscal Year 2012-2013. The economic downturn that is being felt in many communities has affected many revenue sources that contribute to the operations of the City of Prescott. The impact of these revenues is reflected below.

The City's share of the State Income Tax is up 21.0% over FY2012 estimated endings. State Income Tax is based on tax collections that were received by the State of Arizona two years ago. This significant increase reflects the beginning of the slow recovery in the economic climate. This, along with a 10.5% increase projected in the City's share of the State Sales Tax and a 2.1% lower State Vehicle License Tax contribution, will affect how the City will maintain basic service levels in the general fund service areas.

Sales tax revenues are estimated to increase 4.8% in FY2013 when compared to FY2012 revised estimates. The Prescott economy has been showing signs of recovery in fiscal 2012. Housing inventory has been dropping and values have shown some signs of stabilizing. Permits for single-family homes increased 111.1% in FY12 compared with FY11. New commercial permits are also up, the value of those permits increased over 2011 and 2012. Overall, new commercial permits gained from 9 in FY11 to 12 in FY12.

The highly anticipated Trader Joe's opened on the 7.5 acre site at the Shops at Gateway, along with Five Guys Burgers, House of Bread and Fresh Vitamins. New retailer Natural Grocers by Vitamin Shoppe broke ground at The Shops at the Boulders and Manzanita Outdoors located in the Depot Marketplace. New Prescott restaurants include Arturo's Mexican Restaurant and Prescott Station. Prescott Lakes Golf Course opened their new dining room and clubhouse. There has also been growth in the manufacturing/industrial sector. Davidson's, a gun wholesaler, has grown their operations in Prescott by expanding into a larger building near the airport. Cobham, PLC, an international aerospace manufacturer, relocated its slip ring manufacturing division to Prescott from France adding 8 new jobs.

Our property tax revenue is \$2,680,831 (Primary \$1,095,856, Secondary \$1,584,975). Prescott's net assessed value for 2012 of \$554,022,335 represents 23.0% of Yavapai County's net assessed values.

All fund balance reserves have been maintained at the levels required by the policy and there are no plans to reduce or utilize any of the reserves.

NEXT YEAR'S BUDGETS AND RATES

The FY 2013 Budget was formulated based on feedback from Mayor and Council through its goals, policies, and guidelines, input from various advisory committees, 2003 General Plan, community input (from individuals, neighborhood groups and service clubs), downtown groups, as well as corridor and area plans.

The following goals were affirmed by Council through actions and discussions at their meetings throughout the year:

Stronger Local Economy and Expanded Tax Base

- Seek additional quality jobs that pay family wages
- Diversify the City's economic base to be less retail dependent
- Develop our airport as an "economic engine"
- Continue as the regional retail center
- Make land available for developing business/commercial sites

Better Mobility through Improved Roads and Transportation System

- Improve the condition and quality of streets
- Pave all streets and alleys
- Expand air service to alternative hubs

- Promotion of an efficient and effective Municipal Planning Organization
- Add sidewalks to all major arterials

Managed Growth for a Balanced Community

- Expand affordable (workforce) housing units
- Annexation areas should be well-planned with mixed and balanced uses
- Preserve Prescott's historic charm and character
- Growth paying for growth
- Development consistent with Land Development Code

Polished City – Beautiful and Clean

- Cleaner and well-maintained streets, alleys and rights-of-way
- Reduce the amount of blighted homes and buildings
- Effective solid waste collection and management
- Redevelopment of older commercial centers
- Well-maintained parks and recreational areas

First Class Utility System

- Water supply for the next 100 years
- Sewers for all residences and businesses
- Well-maintained water treatment and distribution system
- Well-maintained wastewater collection and treatment facility
- Effective storm water management system

Alive Downtown

- Cleaner downtown with improved infrastructure
- More commercial offices with people working downtown
- More activity venues for attracting residents and events
- More people living downtown
- More evening activities with businesses open beyond 5:30

The FY2012-13 Budget consists of two different components – the operating budget and the capital budget. The operating budget is \$76,731,340 representing a 0.7% increase from FY2011-12. The operating budget is comprised of the costs to continue operations from year to year without any capital expenditures. It encompasses all the basic services provided to Prescott's residents: police and fire protection, parks and recreation, library services, water, wastewater, solid waste collection including recycling, streets maintenance, planning and zoning, building inspection, economic development, and administrative services. The operating budget has been prepared without an increase in taxes.

The second component, the capital budget, is set at \$83,327,956, a 3.6% increase from FY2012-13. It includes projects and new programs that are included in the five-year plan and considered affordable within current revenue sources or planned debt issuance. Capital budgets tend to rise and fall each year depending on the timing of projects – especially if a city, such as Prescott, is primarily on a “pay-as-you-go” program.

With a few modifications, the capital investments included in the FY2012-13 budget are part of the Five-year Capital Improvement Plan adopted during the budget process.

Water Fund

The major funding allocation in the Water Fund is \$3,500,000 for the design and construction of a new 3,250,000 million gallon reservoir to replace the existing tank in the same location. The water storage capacity this reservoir will provide is critical to meet growing peak demands in both this and adjacent pressure zones.

Other notable projects in the Water Fund include:

- \$2,500,000 for the completion of the second production/recovery well within the Airport area and follow with siting and developing of additional wells.
- Funding for New Thumb Butte Reservoir in the amount of \$2,103,650. This project is to locate and purchase land and install a new 1.25 million gallon water reservoir located near the Thumb Butte Road area.
- Allocation in the amount of \$1,410,750 for the Copper Basin Reservoir project.

Each year the City plans several ongoing capital projects such as replacement of undersized water service lines, the small reservoir maintenance program, meter replacement program, or fire hydrant upgrades along with miscellaneous equipment replacements.

Wastewater Fund

Within the Wastewater Fund, the largest allocations are as follows:

- Airport Phase 1 (\$18,000,000) is part of a multi-phased construction project for new improvements to upgrade the Airport Wastewater Treatment Plant to 3.75MG capacity.
- Sundog Filter Replacement/Denitrification (\$1,000,000) - Tertiary filters are at capacity and have partially failed requiring major system repairs and well as additional structural components to remain in service and provide for additional capacity.
- An allocation for the Cliff Rose Lift Station Upgrade (\$875,000) to design and construct a major upgrade to the lift station located east of the SR89 and Rosser Street intersection.

Like the Water Department, the Wastewater Department each year plans several ongoing capital projects such as recharge cell cleaning at the Wastewater Treatment Plant, lift station rehabilitation, manhole rehabilitation, etc. Equipment purchases are minimal in this fund.

Solid Waste/Transfer Station Fund

Several capital expenditures are planned in this fund for FY2012-2013. The following is a list of the equipment/capital projects that will be funded:

Automated Side Loader
 Paving at the Transfer Station
 Repair Transfer Station Floor
 Inert Debris Recycling
 Household Hazardous Waste Day
 Welding Shop at Transfer Station
 Big Belly Solar Compactors
 Recycle Education & Outreach (REO)
 Assembly and Training Room Modification
 Work Lights at the Transfer Station

Airport Fund

Infrastructure projects totaling nearly \$7.7 million are grant funded for FY2012-2013 with the City's share of these grants being \$236,422.

Golf Course

There are no capital items budgeted in the Golf Course Fund in FY2012-2013.

Streets and Open Space Fund

Street maintenance operations continue to be funded at a level of \$7.7 million. Maintenance operations include snow removal, striping (in-house and contractual), signage, signal maintenance, installation of new street lights including maintenance through Arizona Public Service, drainage improvements, trash and weed removal, crack sealing, pothole patching, unpaved road grading, and electricity for the street light system and traffic signals.

Included in the FY2012-2013 budget is \$500,000 for potential open space purchases. Also in this fund is nearly \$27.0 million in street projects; the largest of which is the Senator Highway Reconstruction project with \$4.4 million budgeted. Other notable projects are the Park Avenue Reconstruction project (\$2,257,616) and an amped up Pavement Maintenance and Rehabilitation Program budget at \$4,372,630.

General Fund

These are the departments/division providing basic services (administration, city court, legal department, parks programs and maintenance, library services, building inspection, planning and zoning, code enforcement, economic development, police, fire, finance, etc.). All have been funded to provide quality service at the levels currently offered to Prescott residents.

Notable capital outlay in the General Fund for FY2012-2013 includes: \$143,685 as a carryover for completion of the radio infrastructure project, remodel at 215 N McCormick for the Fire Administration offices (\$95,850), and the planned purchase of an Email Archiving System in the amount of \$75,000.

FUTURE ISSUES

Despite our concerted efforts to address funding of the City's short and long-term operational and capital needs, significant challenges remain which will not be overcome in their entirety by turnarounds in the national and state economies:

- Census driven impacts to revenues collected and shared by the State
- Reduction and elimination of grants providing important supplemental funding of public safety programs
- Local economic development and competition
- Shifting of financial costs from the State to municipalities
- Increases in employee insurance and retirement costs
- Increases in utility and fuel costs

- Compliance with more extensive, costly federal and state regulations
- Funding deferred replacement of vehicles and equipment, adequate maintenance of facilities, and necessary training

These items will require in-depth scrutiny and new approaches to assure that mandated responsibilities are successfully met.

FINANCIAL CONTACT

This financial report is designed to present a general overview of the City's finances and to demonstrate the City's accountability. To ask questions, share observations or provide suggestions about the report, contact:

City of Prescott
Finance Department
201 South Cortez
Prescott, Arizona 86303
928.777.1112
Or visit our website at: www.prescott-az.gov

BASIC FINANCIAL STATEMENTS

CITY OF PRESCOTT, ARIZONA

Statement of Net Assets

June 30, 2012

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and investments	\$ 38,975,279	\$ 33,175,479	\$ 72,150,758
Receivables (net)	9,430,479	3,935,359	13,365,838
Internal balances	6,236,862	(6,236,862)	-
Inventories	253,702	569,092	822,794
Restricted cash and investments	4,873,024	1,589,203	6,462,227
Capital assets			
Land	73,847,261	29,565,613	103,412,874
Construction in progress	9,402,403	24,264,716	33,667,119
Other capital assets (net of accumulated depreciation)	196,687,223	172,470,719	369,157,942
Total assets	<u>339,706,233</u>	<u>259,333,319</u>	<u>599,039,552</u>
LIABILITIES			
Accounts payable	2,946,338	1,701,331	4,647,669
Accrued expenses	1,113,503	1,182,464	2,295,967
Deposits	129,038	337,417	466,455
Unearned revenue	180,000	58,448	238,448
Bonds and other debt due within one year	5,100,782	2,126,271	7,227,053
Bonds and other debt - long term	37,118,746	37,420,900	74,539,646
Total liabilities	<u>46,588,407</u>	<u>42,826,831</u>	<u>89,415,238</u>
NET ASSETS			
Invested in capital assets, net of related debt	244,242,307	186,617,823	430,860,130
Restricted for:			
Streets and open space privilege tax activities	17,120,404	-	17,120,404
Capital projects	3,961,201	-	3,961,201
Transient occupancy tax	214,577	-	214,577
Landfill closure	-	1,141,319	1,141,319
Debt service	5,703,102	643,207	6,346,309
Grants and donations	1,189,043	-	1,189,043
Unrestricted	20,687,192	28,104,139	48,791,331
Total net assets	<u>\$ 293,117,826</u>	<u>\$ 216,506,488</u>	<u>\$ 509,624,314</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PRESCOTT, ARIZONA
Statement of Activities
For the year ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services, Fees, Fines, and Forfeitures	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary Government							
<i>Governmental activities:</i>							
General government	\$ 3,845,602	\$ 364,375	\$ 37,638	\$ 83,280	\$ (3,360,309)	\$ -	\$ (3,360,309)
Community services	1,575,162	523,237	77,070	58,816	(916,039)	-	(916,039)
Culture and recreation	6,087,787	1,216,202	19,872	7,971	(4,843,742)	-	(4,843,742)
Police and court	12,922,445	1,784,691	956,021	117,157	(10,064,576)	-	(10,064,576)
Fire	7,570,584	473,685	413,758	247,857	(6,435,284)	-	(6,435,284)
Public works	20,201,958	343,828	697,921	2,552,565	(16,607,644)	-	(16,607,644)
Interest on long-term debt	1,801,417	-	308,973	-	(1,492,444)	-	(1,492,444)
Total governmental	54,004,955	4,706,018	2,511,253	3,067,646	(43,720,038)	-	(43,720,038)
<i>Business-type activities:</i>							
Airport	1,879,071	1,305,057	-	2,278,687	-	1,704,673	1,704,673
Golf course	3,015,435	2,604,899	-	-	-	(410,536)	(410,536)
Parking garage	235,347	42,973	-	-	-	(192,374)	(192,374)
Solid waste/transfer station	8,364,648	8,034,858	-	-	-	(329,790)	(329,790)
Wastewater	7,618,029	8,899,845	-	280,314	-	1,562,130	1,562,130
Water	10,860,729	13,658,884	-	1,726,112	-	4,524,267	4,524,267
Total business-type activities	31,973,259	34,546,516	-	4,285,113	-	6,858,370	6,858,370
Total primary government	\$ 85,978,214	\$ 39,252,534	\$ 2,511,253	\$ 7,352,759	(43,720,038)	6,858,370	(36,861,668)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					1,252,755	-	1,252,755
Property taxes, levied for debt service					1,568,599	-	1,568,599
Utility franchise taxes					1,624,459	-	1,624,459
City privilege and use tax, general purposes					12,593,700	-	12,593,700
City privilege tax, major street and open space program					12,131,870	-	12,131,870
Transient lodging tax					554,396	-	554,396
Intergovernmental revenues - unrestricted					8,709,498	-	8,709,498
Interest and investment income					805,723	551,910	1,357,633
Miscellaneous					500,110	342,380	842,490
Transfers					(12,940)	12,940	-
Total general revenues and transfers					39,728,170	907,230	40,635,400
Change in net assets					(3,991,868)	7,765,600	3,773,732
Net assets - beginning					297,109,694	208,740,888	505,850,582
Net assets - ending					\$ 293,117,826	\$ 216,506,488	\$ 509,624,314

The notes to the financial statements are an integral part of this statement.



FUND FINANCIAL STATEMENTS

Major Governmental Funds

GENERAL FUND

The general fund is established to account for the revenues and expenditures necessary to carry out the basic activities of the City such as culture and recreation, general government, police and fire protection.

Principal sources of revenue are privilege (sales) tax, property tax, state and county shared revenue, licenses and permits and charges for various services.

Funds are expended primarily for day-to-day operating expenses and equipment. Capital expenditures for large-scale public improvements, such as buildings, parks or streets, are accounted for elsewhere in capital projects, special revenue or enterprise funds.

SPECIAL REVENUE FUNDS

Streets and Open Space

This fund is used to account for the additional 1% privilege tax which is limited to street improvements and maintenance and/or open space acquisition. This 1% tax will sunset in December 2015 but the voters extended the tax starting in January 2016 for street improvements and maintenance at 0.75%. The highway user revenues are also reported in this fund.

DEBT SERVICE FUNDS

Community Facilities Districts

This fund is used to account for the special assessments and the principal and interest expenditures of the debt issued by the districts. Although these bonds are not obligations of the City, generally accepted accounting principles indicate that the bonds be disclosed herein.

CITY OF PRESCOTT, ARIZONA
Balance Sheet
Governmental Funds
June 30, 2012

	Major Funds				
	General	Streets and Open Space	Community Facilities Districts Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and short-term investments	\$ 10,181,952	\$ 14,990,384	\$ 393,435	\$ 5,242,720	\$ 30,808,491
Restricted cash and investments	-	2,855,457	551,474	-	3,406,931
Accounts receivable (net)	2,434,140	1,272,622	-	107,952	3,814,714
Property taxes receivable	51,647	-	-	68,166	119,813
Special assessments receivable	-	-	3,291,045	1,080,442	4,371,487
Interfund receivables	6,236,862	-	-	-	6,236,862
Interest receivable	45,658	-	-	-	45,658
Intergovernmental receivable	431,033	262,781	-	384,993	1,078,807
Total assets	<u>\$ 19,381,292</u>	<u>\$ 19,381,244</u>	<u>\$ 4,235,954</u>	<u>\$ 6,884,273</u>	<u>\$ 49,882,763</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 383,043	\$ 2,215,095	\$ -	\$ 36,252	\$ 2,634,390
Accrued expenditures	1,011,784	41,894	-	16,052	1,069,730
Deposits returnable	129,038	-	-	-	129,038
Unearned revenue	180,000	-	-	-	180,000
Deferred revenue	26,183	3,851	3,291,045	1,440,295	4,761,374
Total liabilities	<u>1,730,048</u>	<u>2,260,840</u>	<u>3,291,045</u>	<u>1,492,599</u>	<u>8,774,532</u>
Fund Balance					
Nonspendable	6,236,862	-	-	-	6,236,862
Restricted	-	17,120,404	944,909	5,391,674	23,456,987
Committed	1,068,662	-	-	-	1,068,662
Unassigned	10,345,720	-	-	-	10,345,720
Total fund balances	<u>17,651,244</u>	<u>17,120,404</u>	<u>944,909</u>	<u>5,391,674</u>	<u>41,108,231</u>
Total liabilities and fund balances	<u>\$ 19,381,292</u>	<u>\$ 19,381,244</u>	<u>\$ 4,235,954</u>	<u>\$ 6,884,273</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds:		407,553,866
Less: accumulated depreciation:		(135,421,428)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Deferred grant revenue	\$ 327,972	
Deferred special assessment revenue	4,371,487	
Deferred property tax revenue	61,915	4,761,374
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds and leases payable	(31,495,320)	
Compensated absences	(3,836,517)	(35,331,837)
Internal service funds are used by management to charge central garage, engineering and insurance costs to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.		10,447,620
Net assets of governmental activities		<u>\$ 293,117,826</u>

CITY OF PRESCOTT, ARIZONA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2012

	Major Funds				
	General	Streets and Open Space	Community Facilities Districts Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 15,470,913	\$ 12,131,870	\$ -	\$ 2,139,069	\$ 29,741,852
Intergovernmental revenues	10,737,798	2,939,651	-	1,776,876	15,454,325
Licenses and permits	453,130	-	-	412,074	865,204
Fines and forfeitures	624,584	-	-	-	624,584
Gifts and donations	-	-	-	297,616	297,616
Charges for services	818,586	262,996	-	-	1,081,582
Grant Contributions	-	413,863	-	-	413,863
Interest and investment income	147,731	208,586	309,467	139,939	805,723
Miscellaneous	463,733	352,812	469,605	460,092	1,746,242
Total revenues	<u>28,716,475</u>	<u>16,309,778</u>	<u>779,072</u>	<u>5,225,666</u>	<u>51,030,991</u>
Expenditures					
Current operating					
General government	2,556,835	-	11,220	524,057	3,092,112
Community services	1,386,493	-	-	141,559	1,528,052
Culture and recreation	4,823,015	-	-	238,460	5,061,475
Police and court	11,842,795	-	-	944,653	12,787,448
Fire	6,815,621	-	-	515,618	7,331,239
Public works	-	9,621,114	-	-	9,621,114
Capital outlay					
General government	163,077	-	-	-	163,077
Community services	-	-	-	137,437	137,437
Culture and recreation	34,861	67,286	-	133,231	235,378
Police and court	282,477	-	-	77,417	359,894
Fire	144,998	-	-	204,413	349,411
Public works	-	8,996,963	-	-	8,996,963
Debt service - principal	51,448	1,042,000	465,000	1,755,044	3,313,492
Debt service - interest	3,901	1,295,006	285,294	217,216	1,801,417
Total expenditures	<u>28,105,521</u>	<u>21,022,369</u>	<u>761,514</u>	<u>4,889,105</u>	<u>54,778,509</u>
Excess (deficiency) of revenues over (under) expenditures	<u>610,954</u>	<u>(4,712,591)</u>	<u>17,558</u>	<u>336,561</u>	<u>(3,747,518)</u>
Other Financing Sources (Uses)					
Transfers in	-	84,597	291,308	86,772	462,677
Transfers out	(166,309)	-	-	(309,308)	(475,617)
Total other financing sources (uses)	<u>(166,309)</u>	<u>84,597</u>	<u>291,308</u>	<u>(222,536)</u>	<u>(12,940)</u>
Net change in fund balances	444,645	(4,627,994)	308,866	114,025	(3,760,458)
Fund balance - beginning	17,206,599	21,748,398	636,043	5,277,649	44,868,689
Fund balance - ending	<u>\$ 17,651,244</u>	<u>\$ 17,120,404</u>	<u>\$ 944,909</u>	<u>\$ 5,391,674</u>	<u>\$ 41,108,231</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PRESCOTT, ARIZONA

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities**

For the year ended June 30, 2012

Net change in fund balances - total governmental funds \$ (3,760,458)

*Amounts reported for governmental activities in the
statement of activities are different because:*

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those costs over the lives of the assets. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for capital assets	\$ 10,242,160	
Less: current year depreciation	<u>12,924,740</u>	(2,682,580)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	(16,074)	
Assessments receivable	(784,014)	
Grant Revenues	<u>(207,597)</u>	(1,007,685)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This is the amount by which principal retirement exceeded debt proceeds in the current period.

3,313,492

The net revenues of certain activities of internal service funds is reported with governmental activities.

2,528

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

142,835

Change in net assets of governmental activities \$ (3,991,868)

CITY OF PRESCOTT, ARIZONA

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

General Fund

For the year ended June 30, 2012

	Budget		Actual	Variance With
	Original	Final	Amounts	Final Budget
			Budget	Positive
			Basis	(Negative)
Revenues				
Taxes	\$ 14,915,625	\$ 14,915,625	\$ 15,470,913	\$ 555,288
Intergovernmental revenues	10,686,576	10,686,576	10,737,798	51,222
Licenses and permits	305,600	305,600	453,130	147,530
Fines and forfeitures	535,250	535,250	624,584	89,334
Charges for services	770,350	770,350	818,586	48,236
Interest and investment income	324,520	324,520	147,731	(176,789)
Miscellaneous	277,450	277,450	463,733	186,283
Total revenues	<u>27,815,371</u>	<u>27,815,371</u>	<u>28,716,475</u>	<u>901,104</u>
Expenditures				
Current				
General government	3,321,844	3,321,844	2,556,835	765,009
Community services	1,494,238	1,494,238	1,386,493	107,745
Culture and recreation	5,129,710	5,129,710	4,823,015	306,695
Police and court	12,194,694	12,194,694	11,842,795	351,899
Fire	6,865,659	6,865,659	6,815,621	50,038
Total expenditures	<u>29,006,145</u>	<u>29,006,145</u>	<u>27,424,759</u>	<u>1,581,386</u>
Capital outlay				
General government	474,163	474,163	163,077	311,086
Culture and recreation	25,000	25,000	34,861	(9,861)
Police and court	526,790	526,790	282,477	244,313
Fire	145,040	145,040	144,998	42
Total capital outlay	<u>1,170,993</u>	<u>1,170,993</u>	<u>625,413</u>	<u>545,580</u>
Debt service				
Principal	51,448	51,448	51,448	-
Interest	3,901	3,901	3,901	-
Total debt service	<u>55,349</u>	<u>55,349</u>	<u>55,349</u>	<u>-</u>
Total expenditures	<u>30,232,487</u>	<u>30,232,487</u>	<u>28,105,521</u>	<u>2,126,966</u>
Excess of revenues over expenditures	<u>(2,417,116)</u>	<u>(2,417,116)</u>	<u>610,954</u>	<u>3,028,070</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	(707,868)	(707,868)	(166,309)	541,559
Total other financing sources and uses	<u>(707,868)</u>	<u>(707,868)</u>	<u>(166,309)</u>	<u>541,559</u>
Net change in fund balances	<u>(3,124,984)</u>	<u>(3,124,984)</u>	<u>444,645</u>	<u>3,569,629</u>
Fund balance - beginning	17,206,599	17,206,599	17,206,599	-
Fund balance - ending	<u>\$ 14,081,615</u>	<u>\$ 14,081,615</u>	<u>\$ 17,651,244</u>	<u>\$ 3,569,629</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PRESCOTT, ARIZONA
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Streets and Open Space Fund
For the year ended June 30, 2012

	Budget		Actual Amounts Budget Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 11,545,000	\$ 11,545,000	\$ 12,131,870	\$ 586,870
Intergovernmental revenues	4,760,494	4,760,494	2,939,651	(1,820,843)
Charges for services	227,135	227,135	262,996	35,861
Grant contributions	680,000	680,000	413,863	(266,137)
Interest and investment income	50,000	50,000	208,586	158,586
Miscellaneous	561,877	561,877	352,812	(209,065)
Total revenues	<u>17,824,506</u>	<u>17,824,506</u>	<u>16,309,778</u>	<u>(1,514,728)</u>
Expenditures				
Current				
Public works	6,783,017	6,783,017	9,621,114	(2,838,097)
Total current	<u>6,783,017</u>	<u>6,783,017</u>	<u>9,621,114</u>	<u>(2,838,097)</u>
Capital outlay				
Culture and recreation	500,000	500,000	67,286	432,714
Public works	26,214,525	26,214,525	8,996,963	17,217,562
Total capital outlay	<u>26,714,525</u>	<u>26,714,525</u>	<u>9,064,249</u>	<u>17,650,276</u>
Debt service				
Principal	1,140,000	1,140,000	1,042,000	98,000
Interest	1,212,781	1,212,781	1,295,006	(82,225)
Total debt service	<u>2,352,781</u>	<u>2,352,781</u>	<u>2,337,006</u>	<u>15,775</u>
Total expenditures	<u>35,850,323</u>	<u>35,850,323</u>	<u>21,022,369</u>	<u>14,827,954</u>
Excess (deficiency) of revenues over expenditures	<u>(18,025,817)</u>	<u>(18,025,817)</u>	<u>(4,712,591)</u>	<u>13,313,226</u>
Other Financing Sources (Uses)				
Transfers in	247,350	247,350	84,597	(162,753)
Transfers out	-	-	-	-
Total other financing sources and uses	<u>247,350</u>	<u>247,350</u>	<u>84,597</u>	<u>(162,753)</u>
Net change in fund balances	<u>(17,778,467)</u>	<u>(17,778,467)</u>	<u>(4,627,994)</u>	<u>13,150,473</u>
Fund balance - beginning	21,748,398	21,748,398	21,748,398	-
Fund balance - ending	<u>\$ 3,969,931</u>	<u>\$ 3,969,931</u>	<u>\$ 17,120,404</u>	<u>\$ 13,150,473</u>

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

Proprietary Funds

The City has six enterprise funds. Enterprise funds are used to account for the acquisition, operation and maintenance of water, wastewater, golf course, airport, solid waste, regional transfer station and parking garage facilities. These funds are entirely or predominately self-supported through user charges to the customers. Funds included are:

- **Water**
- **Wastewater**
- **Golf course**
- **Airport**
- **Solid waste/transfer station**
- **Parking garage**

The City has four internal service funds. Internal service funds are used to account for services and commodities furnished by one department to other departments in the City on a cost reimbursement basis. Funds included are:

- **Fleet Maintenance**
- **Risk Management**
- **Engineering Services**
- **Facilities Maintenance**

CITY OF PRESCOTT, ARIZONA
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-type Activities - Enterprise Funds						Governmental Activities- Internal Service Funds
	Major Funds					Totals	
	Water	Waste Water	Airport	Solid Waste/ Transfer Station	Nonmajor Funds		
ASSETS							
Current Assets							
Cash and cash equivalents	\$ 22,047,578	\$ 5,040,903	\$ -	\$ 6,086,998	\$ -	\$ 33,175,479	\$ 8,166,788
Accounts receivable (net)	2,066,743	864,106	156,959	272,632	6,839	3,367,279	-
Grant receivable	-	-	568,080	-	-	568,080	-
Inventory at cost	510,422	-	-	-	58,670	569,092	253,702
Total current assets	24,624,743	5,905,009	725,039	6,359,630	65,509	37,679,930	8,420,490
Noncurrent Assets							
Restricted cash and cash equivalents							
Restricted cash	-	698,089	-	891,114	-	1,589,203	1,466,093
Total restricted assets	-	698,089	-	891,114	-	1,589,203	1,466,093
Capital assets							
Land	25,920,595	435,901	1,143,261	102,302	1,963,554	29,565,613	13,191
Construction in process	17,351,218	3,840,515	3,072,983	-	-	24,264,716	-
Buildings	2,278,437	5,760,829	4,563,482	1,453,005	7,027,258	21,083,011	5,259,218
Improvements other than buildings	115,897,108	80,815,447	34,801,541	950,138	5,650,170	238,114,404	49,023
Machinery and equipment	5,198,430	2,748,468	438,784	6,240,451	1,975,081	16,601,214	6,198,781
Less accumulated depreciation	(41,493,489)	(33,551,881)	(17,614,219)	(5,483,970)	(5,184,351)	(103,327,910)	(3,715,764)
Total capital assets (net of accumulated depreciation)	125,152,299	60,049,279	26,405,832	3,261,926	11,431,712	226,301,048	7,804,449
Total noncurrent assets	125,152,299	60,747,368	26,405,832	4,153,040	11,431,712	227,890,251	9,270,542
Total assets	\$ 149,777,042	\$ 66,652,377	\$ 27,130,871	\$ 10,512,670	\$ 11,497,221	\$ 265,570,181	\$ 17,691,032
LIABILITIES							
Current Liabilities							
Accounts payable	\$ 638,080	\$ 718,172	\$ 86,020	\$ 231,550	\$ 27,509	\$ 1,701,331	\$ 311,948
Accrued expenses	811,075	263,750	17,409	30,549	59,681	1,182,464	43,773
Claims payable	-	-	-	-	-	-	703,343
Interfund payables	136,630	243,370	523,996	-	-	903,996	-
Deposits returnable	-	-	18,698	-	-	18,698	-
Customer water deposits	318,719	-	-	-	-	318,719	-
Deferred revenue - current	-	-	11,527	-	46,921	58,448	-
Compensated absences - current	-	89,381	-	-	-	89,381	203,883
Loans payable - current	595,800	563,901	317,590	-	5,508	1,482,799	-
Bonds - current	295,000	-	-	61,003	122,000	478,003	203,997
Landfill closure costs - current	-	-	-	76,088	-	76,088	-
Total current liabilities	2,795,304	1,878,574	975,240	399,190	261,619	6,309,927	1,466,944
Noncurrent Liabilities							
Claims payable	-	-	-	-	-	-	1,532,649
Compensated absences	347,668	142,036	61,925	155,601	84,571	791,801	248,557
Loans payable	10,728,950	12,828,859	145,909	-	1,412	23,705,130	-
Bonds payable	10,410,000	-	-	1,194,738	254,000	11,858,738	3,995,262
Interfund payable	580,915	1,035,265	-	-	3,716,686	5,332,866	-
Landfill closure/postclosure cost	-	-	-	1,065,231	-	1,065,231	-
Total noncurrent liabilities	22,067,533	14,006,160	207,834	2,415,570	4,056,669	42,753,766	5,776,468
Total liabilities	24,862,837	15,884,734	1,183,074	2,814,760	4,318,288	49,063,693	7,243,412
NET ASSETS							
Invested in capital assets, net of related debt	102,405,004	45,432,766	25,942,332	2,006,185	10,831,536	186,617,823	3,605,190
Restricted for debt service	-	643,207	-	-	-	643,207	-
Restricted for landfill closure	-	-	-	1,141,319	-	1,141,319	-
Unrestricted	22,509,201	4,691,670	5,465	4,550,406	(3,652,603)	28,104,139	6,842,430
Total net assets	\$ 124,914,205	\$ 50,767,643	\$ 25,947,797	\$ 7,697,910	\$ 7,178,933	\$ 216,506,488	\$ 10,447,620

The notes to the financial statements are an integral part of this statement.

CITY OF PRESCOTT, ARIZONA
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the year ended June 30, 2012

	Business-type Activities						Governmental Activities- Internal Service Funds
	Enterprise Funds						
	Major Funds					Totals	
Water	Waste Water	Airport	Solid Waste/ Transfer Station	Nonmajor Funds			
Operating Revenues							
Water sales	\$ 11,901,210	\$ -	\$ -	\$ -	\$ -	\$ 11,901,210	\$ -
Water connection fees	173,589	-	-	-	-	173,589	-
Alternative water source fees	1,578,390	-	-	-	-	1,578,390	-
Wastewater service fees	-	8,232,761	-	-	-	8,232,761	-
Effluent sales	-	667,084	-	-	-	667,084	-
Golf course green fees	-	-	-	-	1,111,201	1,111,201	-
Restaurant sales	-	-	-	-	759,300	759,300	-
Golf course rentals	-	-	-	-	571,745	571,745	-
Golf pro-shop sales	-	-	-	-	163,415	163,415	-
Fuel sales and flowage fees	-	-	114,868	-	-	114,868	-
Tie down and hangar rentals	-	-	1,190,189	-	-	1,190,189	-
Refuse collection fees	-	-	-	4,921,039	-	4,921,039	-
Tipping fees	-	-	-	2,735,739	-	2,735,739	-
Charges for services	-	-	-	-	-	-	4,724,473
Other services	-	-	-	-	42,973	42,973	2,111,700
Miscellaneous	55,220	146,219	129,849	383,343	5,829	720,460	9
Total operating revenues	13,708,409	9,046,064	1,434,906	8,040,121	2,654,463	34,883,963	6,836,182
Operating Expenses							
Personnel services	2,725,980	2,282,229	504,808	1,721,220	1,413,800	8,648,037	2,510,435
Supplies	571,198	431,182	85,788	585,099	616,201	2,289,468	800,667
Other services and charges	4,050,078	2,199,353	276,160	5,295,615	760,353	12,581,559	2,156,800
Depreciation	2,559,873	2,240,443	980,548	705,732	444,172	6,930,768	704,363
Claims expense	-	-	-	-	-	-	600,298
Total operating expenses	9,907,129	7,153,207	1,847,304	8,307,666	3,234,526	30,449,832	6,772,563
Operating income (loss)	3,801,280	1,892,857	(412,398)	(267,545)	(580,063)	4,434,131	63,619
Non-Operating Revenues (Expenses)							
Interest and investment income	396,179	53,470	-	102,261	-	551,910	136,074
Interest expense	(953,600)	(464,822)	(31,767)	(56,983)	(16,255)	(1,523,427)	(190,554)
Net gain (loss) on disposal of assets	5,695	-	-	-	(762)	4,933	(6,611)
Total non-operating revenues (expenses)	(551,726)	(411,352)	(31,767)	45,278	(17,017)	(966,584)	(61,091)
Income (loss) before contributions and transfers	3,249,554	1,481,505	(444,165)	(222,267)	(597,080)	3,467,547	2,528
Grant contributions	-	-	2,278,687	-	-	2,278,687	-
Capital contributions	1,726,112	280,314	-	-	-	2,006,426	-
Transfers in	-	-	79,537	-	18,000	97,537	-
Transfers out	-	-	-	(84,597)	-	(84,597)	-
Change in net assets	4,975,666	1,761,819	1,914,059	(306,864)	(579,080)	7,765,600	2,528
Total net assets - beginning	119,938,539	49,005,824	24,033,738	8,004,774	7,758,013	208,740,888	10,445,092
Total net assets - ending	\$ 124,914,205	\$ 50,767,643	\$ 25,947,797	\$ 7,697,910	\$ 7,178,933	\$ 216,506,488	\$ 10,447,620

The notes to the financial statements are an integral part of this statement.

CITY OF PRESCOTT, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2012

	Business-type Activities - Enterprise Funds			
	Major Funds			
	Water	Waste- water	Airport	Solid Waste/ Transfer Station
Cash flows from operating activities:				
Cash received from customers	\$ 13,261,535	\$ 8,961,476	\$ 1,422,827	\$ 8,083,389
Cash payments to employees for services	(2,784,212)	(2,414,330)	(513,508)	(1,811,127)
Cash payments to suppliers for goods and services	(5,069,272)	(2,707,777)	(361,092)	(5,941,028)
Net cash provided by (used for) operating activities	<u>5,408,051</u>	<u>3,839,369</u>	<u>548,227</u>	<u>331,234</u>
Cash flows from noncapital financing activities:				
Receipts (payments) under interfund loan arrangement	-	-	321,650	-
Transfers in	-	-	79,537	-
Transfers out	-	-	-	(84,597)
Net cash provided by (used for) noncapital financing activity	<u>-</u>	<u>-</u>	<u>401,187</u>	<u>(84,597)</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(7,352,560)	(2,889,327)	(2,460,761)	(410,597)
Contributed from capital grant	-	-	1,845,782	-
Contributed from customers	1,726,111	280,314	-	-
Interest paid on capital financing	(939,753)	(434,105)	(31,767)	(56,982)
Principal paid on capital financing	(2,136,790)	(2,614,943)	(302,668)	(59,852)
Proceeds from debt issues	1,190,788	4,667,122	-	-
Proceeds/payments from sales of capital assets	-	-	-	-
Net cash provided by (used for) capital and related financing activities	<u>(7,512,204)</u>	<u>(990,939)</u>	<u>(949,414)</u>	<u>(527,431)</u>
Cash flows from investing activities:				
Interest on investments	396,179	53,469	-	102,261
Net cash provided by (used for) investing activities	<u>396,179</u>	<u>53,469</u>	<u>-</u>	<u>102,261</u>
Net increase (decrease) in cash and cash equivalents	(1,707,974)	2,901,899	-	(178,533)
Cash and cash equivalents at July 1	23,755,552	2,837,093	-	7,156,645
Cash and cash equivalents at June 30	<u>\$ 22,047,578</u>	<u>\$ 5,738,992</u>	<u>\$ -</u>	<u>\$ 6,978,112</u>
Reconciliation to statement of net assets:				
Cash and cash equivalents at June 30, unrestricted	\$ 22,047,578	\$ 5,040,903	\$ -	\$ 6,086,998
Cash and cash equivalents at June 30, restricted	-	698,089	-	891,114
Total	<u>\$ 22,047,578</u>	<u>\$ 5,738,992</u>	<u>\$ -</u>	<u>\$ 6,978,112</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 3,801,280	\$ 1,892,857	\$ (412,398)	\$ (267,545)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	2,559,873	2,240,443	980,548	705,732
Changes in assets and liabilities:				
Increase (decrease) in accounts payable	(418,464)	(79,054)	857	(60,314)
Increase (decrease) in compensated absences	48,523	(63,096)	861	(38,726)
(Increase) decrease in accounts receivable	(446,875)	(84,589)	(12,080)	43,268
Increase (decrease) in claims payable	-	-	-	-
(Increase) decrease in inventory	(29,531)	-	-	-
Increase (decrease) salary & benefits payable	(106,755)	(67,192)	(9,561)	(51,181)
Total adjustments	<u>1,606,771</u>	<u>1,946,512</u>	<u>960,625</u>	<u>598,779</u>
Net cash provided by operating activities	<u>\$ 5,408,051</u>	<u>\$ 3,839,369</u>	<u>\$ 548,227</u>	<u>\$ 331,234</u>

The notes to the financial statements are an integral part of this statement.

Nonmajor Funds	Totals	Governmental Activities- Internal Service Funds
\$ 2,649,150	\$ 34,378,377	\$ 6,838,382
(1,452,586)	(8,975,763)	(2,591,099)
(1,389,303)	(15,468,472)	(4,104,302)
(192,739)	9,934,142	142,981
318,876	640,526	-
18,000	97,537	-
-	(84,597)	-
336,876	653,466	-
-	(13,113,245)	(381,641)
-	1,845,782	-
-	2,006,425	-
(16,255)	(1,478,862)	(190,554)
(127,882)	(5,242,135)	(200,148)
-	5,857,910	-
-	-	(6,611)
(144,137)	(10,124,125)	(778,954)
-	551,909	136,075
-	551,909	136,075
-	1,015,392	(499,898)
-	33,749,290	10,132,779
\$ -	\$ 34,764,682	\$ 9,632,881
\$ -	\$ 33,175,479	\$ 8,166,788
-	1,589,203	1,466,093
\$ -	\$ 34,764,682	\$ 9,632,881
\$ (580,063)	\$ 4,434,131	\$ 63,619
444,172	6,930,768	704,363
-	-	-
(1,447)	(558,422)	(137,628)
7,633	(44,805)	(2,501)
(5,312)	(505,588)	2,201
-	-	(398,496)
(11,302)	(40,833)	(10,415)
(46,420)	(281,109)	(78,162)
387,324	5,500,011	79,362
\$ (192,739)	\$ 9,934,142	\$ 142,981

The notes to the financial statements are an integral part of this statement.



Fiduciary Funds

Fiduciary funds are used to account for assets held by a governmental unit in a trustee capacity for others. The City maintains one agency fund.

County Justice Court Agency

Accounts for the cash collection of the County Justice and Juvenile Courts. These clearing accounts are offset by an equal liability. There is no measurement of the results of operations.

CITY OF PRESCOTT, ARIZONA
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Agency County Justice Court
ASSETS	
Cash and short-term investments	\$ 141,223
Total assets	<u>\$ 141,223</u>
LIABILITIES	
Due to other governments	\$ 141,223
Total liabilities	<u>\$ 141,223</u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF PRESCOTT, ARIZONA
Notes to the Financial Statements
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City of Prescott, Arizona was incorporated in 1883. The City presently operates under a Charter that was adopted in 1958. The Charter provides for a Council/City Manager form of government. The City Manager administers policies and coordinates the activities of the City. The City provides basic government services to its citizens including roads, water, wastewater, solid waste, parks and recreation facilities, police and fire.

The accounting policies of the City conform to U.S. generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant accounting policies.

The accompanying financial statements include the City of Prescott (the primary government) and its component units collectively referred to as "the financial reporting entity." The component units discussed below have been blended into the City's reporting entity because of the significance of their operational or financial relationship with the City.

The Municipal Property Corporation (MPC) is a non-profit corporation organized under the laws of the State of Arizona to assist the City in the acquisition and financing of municipal projects and facilities. The MPC is governed by a board of directors who are responsible for approving the corporation's bond sales. Bond sales must also be approved by the City Council. Although it is legally separate from the City, the MPC is reported as if it is part of the primary government within the proprietary funds because its sole purpose is to finance municipal facilities for the City.

The Hassayampa Community Facilities District #1 and #2 were formed by petition to the City Council in 1996 and 2000. The districts' purposes are to improve public infrastructure in a specified land area. As special purpose districts and separate political subdivisions under the Arizona Constitution, the districts can levy assessments and issue bonds independently of the City. Property owners in the designated area are levied an assessment for the costs of operating the Districts. The City Council serves as the board of directors. The City has no liability for the district's debt. For financial reporting purposes, the districts transactions are combined together and included as if they were part of the City's operations. The activities of the districts are reflected in the capital projects and debt service funds.

Separate financial statements of the Community Facilities Districts may be obtained at the City's finance department, 201 South Cortez Street, Prescott, Arizona 86303.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset with program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

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 enterprise funds are reported in separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and trust fund financial statements. Agency funds do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 31 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting; however, debt service expenditures, as well as expenditures related to vacation, sick leave, claims, and judgments, are recorded only when payment is due.

Property taxes, other local taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental funds:

The General Fund is the primary operating fund of the City. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Streets and Open Space special revenue fund is used to account for street improvements and maintenance and/or open space acquisition. The sources of funding are revenues from the States Highway User Revenue Fund and the additional 1% privilege tax which the voters passed and are limited to road construction and maintenance and/or open space acquisition. The additional privilege tax will sunset in December 2015 and in 2010, voters approved a 0.75% privilege tax for street improvements effective January 1, 2016 to sunset December 31, 2035.

The Community Facilities District debt service fund accounts for the special assessments of the districts and the principal and interest expenditures of debt issued by the district.

The City reports the following major proprietary funds:

The Water Utility, Wastewater Utility, Airport and Solid Waste Funds account for the operating revenues and expenses of the City's water utility system, wastewater utility system, airport and sanitation services respectively.

Additionally, the City reports the following fund types:

Special revenue funds are used to account for the proceeds of specific revenues sources that are legally restricted to expenditures for specified purposes.

Capital project funds are used to account for financial resources that are restricted to expenditures for capital outlays.

Debt service fund accounts for the accumulation of resources and payment of principal and interest on general obligation and special assessment debt.

Internal service funds account for services provided by central garage, general self-insurances, engineering services and facilities maintenance to other departments or units of the City, on a cost-reimbursement basis.

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and, therefore, cannot be used to support the City's own programs. The City reports an agency fund that accounts for Yavapai County Justice Court activities as a fiduciary fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

In general, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments-in-lieu of taxes, indirect costs and franchise fees and other charges between the City's Water and Sewer Utility Fund, Airport Fund, and Solid Waste Fund, because elimination of these charges would distort the direct costs and program revenues reported in the statement of activities.

Amounts reported as 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 instead as general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges for customer services including: water, sewer, airport, solid waste fees, vehicle purchase/maintenance amounts and risk management charges. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

D. Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Funds are invested primarily with the Arizona State Treasurer's Local Government Investment Pool (LGIP), securities of the U.S. government, agencies of the U.S. government, and other investments. Investments are stated at fair value. The LGIP is overseen by the State of Arizona. The reported value of the LGIP is the same as the face value of the pool shares less a reserve for potential losses.

Income earned or losses arising from the investment of pooled cash are allocated on a monthly basis to the individual funds based on average daily balance. Note 3a provides detailed information on cash and investments.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "due to/due from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/due from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All accounts and property tax receivables are shown net of an allowance for bad debts. The City's property tax is levied each year on or before the third Monday in August based on the previous January 1 full cash value as determined by the Yavapai County Assessor. Levies are due and payable in two installments, on September 1 and March 1 and become delinquent on the first business day of November and May, respectively. A lien attaches to the property on the first day of January preceding the assessment and levy of taxes. Yavapai County, at no charge to the taxing entities, bills and collects all property taxes. Public auctions of properties which have delinquent real estate taxes are held in February following the May 1 date upon which the second half taxes become delinquent.

Property taxes levied for the current operation and maintenance expenses on residential property are limited to one percent of the primary full cash value of such property. In addition, taxes levied for the current operation and maintenance expenses on all types of property are limited to a maximum increase of two percent over the prior year's levy, adjusted for new construction and annexations.

Property taxes levied to pay principal and interest on bonded indebtedness are not limited.

F. Inventories

Inventories are valued at cost using a first-in, first-out (FIFO) basis and charged to expense as used.

G. Restricted Assets

Assets whose use is restricted for construction, debt service or any other agreement are segregated on the government-wide statement of net assets and the proprietary fund statement of net assets.

H. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, curbs and gutters, streets and sidewalks etc.) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In the governmental fund statements, capital assets are charged to expenditures when purchased, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair value as of the date of the donation.

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more, and an estimated useful life of greater than five years. Additions or improvements and other capital outlay that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred.

Depreciation on exhaustible assets is recorded as an allocated expense in the statement of activities with accumulated depreciation reflected in the statement of net assets and is provided on the straight-line basis, less substantiated salvage value if any, over the following estimated useful lives:

Buildings and structures	40 years
Improvements other than buildings	40 years
Machinery and equipment	5-10 years
Infrastructure	20 years

Depreciation on property, plant, and equipment acquired by intergovernmental grants restricted to capital acquisitions is recognized through current operating expenses. Amortization on assets being lease/purchased is included with depreciation. Gains or losses from sales or retirements of capital assets are included in operations of the current period in the government-wide and proprietary financial statements.

I. Compensated Absences

The City's personnel ordinance provides full-time employees with vacation leave, sick leave, and a retirement bonus if certain conditions are met.

Vacation Leave - All permanent full-time employees of the City are entitled to 12 days of vacation each year during the first three years of service increasing to 15 days for three to ten years of service, 18 days for ten to fifteen years of service, and 20 days for fifteen or more years of service. Vacation can be carried over from year to year with a maximum of 25 days vacation time to be accrued for less than ten years of service increasing to 30 days for ten or more years. At termination of employment, an employee is paid for any accumulated (vested) vacation time.

Sick Leave - City employees accumulate sick leave with full pay at the rate of one working day for each month of paid service. Employees can have unlimited accrual of sick leave time. Upon termination, an employee will be paid for 1/3 of all sick leave accrued above the number of working hours in one month, not to exceed four months. However, when an employee retires they are paid 1/2 of all sick leave up to a limit and are not subject to the one-month floor.

Retirement Bonus - Employees with ten or more years of service with the City of Prescott that are eligible to retire under the Arizona State Retirement System or Public Safety Personnel Retirement System receive a three month salary retirement bonus.

J. Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are treated as period costs in the year of issue and shown as other financing uses.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Employee Pension Plans

The City of Prescott's permanent full-time employees belong to statewide government retirement systems. The police and fire personnel, except clerical and other support services, belong to the Arizona Public Safety Personnel Retirement System, which is an agent, multiple-employer public employee retirement plan. All other covered employees belong to the Arizona State Retirement System, which is a cost-sharing, multiple-employer retirement plan.

L. Use of Estimates

In preparing the City of Prescott's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

M. Reclassification of Certain Amounts

Certain amounts presented in the prior year data have been reclassified in order to be consistent with current year's presentation.

N. Fund Balances

In the governmental fund financial statements fund balance is reported in five classifications.

- Nonspendable Inventories represent fund balance amounts that are not in spendable form.
Interfund loan balances to other funds are not in a spendable form.
- Restricted Restricted by state statute is a portion of fund balance that is restricted for use on street construction and maintenance by legislation. Restricted by city ordinances is a portion of fund balance which restrict:
 - > a portion of the privilege (sales) tax to road projects or open space acquisitions
 - > the transient tax to tourist promotion and recreational purposes
 - > impact fees to growth related capital improvementsRestricted by creditors through debt covenants.
Restricted by grantors and contributors.
- Committed Committed is that portion of fund balance that has been approved by the highest level of formal action of the City Council and does not lapse at year-end. The City, by resolution, has committed fund balances for compensated absences and capital improvement projects.
- Assigned Assigned for Subsequent year's expenditures is the portion of fund balance that has been approved by formal action of the City Council for appropriation in future budget. A

modification to this amount requires action by the City Council; however this approval lapses at year end.

Unassigned Fund balance that has not been reported in any other classification.

At year-end fund balance had the following restriction:

	General	Streets and Open Space	CFD Debt Service	Nonmajor Governmental Funds	Total
Nonspendable - internal loans	\$6,236,862	\$ -	\$ -	\$ -	\$ 6,236,862
Restricted:					
Streets and open space activity	-	17,120,404	-	-	17,120,404
Debt Service	-	-	944,909	350,974	1,295,883
Capital expenditure	-	-	-	3,961,201	3,961,201
Donated/Grant Purposes	-	-	-	864,922	864,922
Transient lodging tax activity	-	-	-	214,577	214,577
Total Restricted	\$ -	\$ 17,120,404	\$ 944,909	\$ 5,391,674	\$ 23,456,987
Committed:					
Capital & economic dev.	1,042,474	-	-	-	1,042,474
Peavine Trail	26,188	-	-	-	26,188
Total Committed	\$ 1,068,662	\$ -	\$ -	\$ -	\$ 1,068,662

The City has a revenue spending policy that provides policy for programs with multiple revenue sources. The City will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-city funds, city funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The finance director has the authority to deviate from this policy if it is in the best interest of the City.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- The City Council formally adopts the budget and legally allocates, or appropriates available monies for the general fund, special revenue funds, debt service funds, capital projects funds, enterprise funds and internal service funds. Therefore, these funds have appropriated budgets, and budget to actual information is presented.
- Prior to May 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing July 1 of each year. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings on the budget are held each year in accordance with legal requirements in order to obtain citizen comments.
- State law requires that on, or before, the third Monday in July of each fiscal year, the City Council must adopt a tentative budget. Once this tentative budget has been adopted, the expenditures may not be increased upon final adoption; however, they may be decreased. The tentative budget must also be published once per week for two consecutive weeks prior to final adoption. Final adoption must take place on or before the second Monday in August.
- The level of control for each legally adopted annual budget is at the department level. The maximum legal expenditure permitted for the fiscal year is the total budget as adopted. The City Manager may transfer any unencumbered appropriation from one expenditure category to another within a department. Only the Council may transfer any unencumbered appropriation balance, or portion thereof, from one department to another.

- Formal budgetary integration is employed as a management control device through line item levels during the fiscal year for the general, special revenue, debt service, capital projects, enterprise and internal service funds. The budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP) with the major differences being: 1) accrued compensated absences are not recognized as expenditures for budgetary purposes, 2) capital outlays for proprietary funds are treated as expenditures, 3) debt service principal payments are treated as expenditures for proprietary funds, 4) capital grants in enterprise funds are budgeted as revenue, and 5) depreciation is not budgeted as an expenditure.

All appropriations and encumbrances unexpended at year-end lapse and are not available in the following year. Budgets for all funds are adopted in accordance with the requirements of the Arizona Constitution, Arizona Revised Statutes and the Prescott City Charter. There was one amendment to the budget after final adoption; resulting in the following general fund appropriation transfers:

<u>To:</u>	<u>From:</u>	<u>Amount</u>
Miscellaneous Gift Fund	Grants Fund	\$ 205,000
Total appropriation transfers		<u>\$ 205,000</u>

B. Budget Basis of Accounting

The City of Prescott's budget is adopted on a basis other than generally accepted accounting principles. The results of operations which provide a meaningful comparison of actual results with the budget are presented in the fund financial statements - statement of revenues, expenditures and changes in fund balances - budget and actual – for the general fund and major special revenue funds.

3. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds except for a portion of the Municipal Property Corporation and Community Facilities Districts Funds which have investments held separately by a trustee. The City also maintains petty cash for use in daily operations that totals \$10,836.

Deposits

At June 30, 2012, the carrying amount of the City's deposits was \$5,362,496 and the bank balance was \$5,485,222. The difference represents outstanding checks, deposits in transit and other reconciling items. \$5,340,896 of the bank balance is also shown in the US Government Mutual Fund Account due to an overnight sweep agreement. The Hassayampa Community Facilities Districts had cash held by fiscal agents amounting to \$551,474 at June 30, 2012 which is invested in a US Government Mutual Fund.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2012, the City's deposits were covered by federal depository insurance or by collateral held by the City's agent or pledging financial institution's trust department or agent in the name of the City, and thus had no deposits that were exposed to custodial credit risk. The City's investment policy requires collateralization of not less than 102% of the market value of investments less any FDIC coverage and requires a third-party custodian to verify collateral deposits prior to the City making payment for any investment requiring collateralization.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the City's investment portfolio to maturities of seven years or less. While the portfolio is managed to achieve a two-year dollar weighted maturity, the maximum dollar weighted average maturity authorized by the investment policy is four years. As reflected below, the modified duration of the City's investment portfolio on June 30, 2012 was 1.62.

Credit Risk

The City is authorized by city code, resolution and Trust Agreements to invest idle funds in obligations of the United States Government or its agencies, collateralized mortgage obligations and pass-through securities, federally insured certificates of deposit in eligible depositories, fully collateralized repurchase agreements, mutual funds consisting of the foregoing and the State Treasurer's Local Government Investment Pool (LGIP). Investments in the LGIP are not rated by a nationally recognized statistical rating organization. The LGIP is overseen by the State of Arizona.

Concentration of Credit Risk

There are no limits on the amounts that the City may invest in any one issuer or institution. More than five percent (5%) of the City's investments are in mortgage securities backed by U.S. Government Agency, mutual funds investing in U.S. Government securities and the State Treasurer's Local Government Investment Pool. These investments represent 47%, 12% and 41% respectively, of the City's total investments.

Investments

The City's investments at June 30, 2012 are summarized as follows (modified duration is in years):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u> <u>Moody</u>	<u>Modified</u> <u>Duration</u>
State Treasurer's 7 Pool (LGIP-7)	\$ 12,064,853	Not Rated	0.07
State Treasurer's 700 Pool (LGIP-700)	20,285,060	Not Rated	0.93
U.S. Government Mutual Fund	9,587,736	Aaa	0.14
U.S. Agency Mortgage Backed Securities	36,784,123	Aaa	2.90
Total Fair Value	<u>\$ 78,721,772</u>		
Portfolio Modified Duration			1.62

B. Receivables and Deferred Revenue

Receivables at year-end for the City's major governmental funds and nonmajor governmental funds in the aggregate, net of applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Streets and</u> <u>Open Space</u>	<u>Community</u> <u>Facilities</u> <u>District Debt</u> <u>Service</u>	<u>Nonmajor</u> <u>Funds</u>	<u>Total</u>
Receivables:					
Accounts (net)	\$ 2,434,140	\$ 1,272,622	\$ -	\$ 107,952	\$ 3,814,714
Interest	45,658	-	-	-	45,658
Property Taxes	51,647	-	-	68,166	119,813
Special Assessments	-	-	3,291,045	1,080,442	4,371,487
Intergovernmental	431,033	262,781	-	384,993	1,078,807
Total	<u>\$ 2,962,478</u>	<u>\$ 1,535,403</u>	<u>\$ 3,291,045</u>	<u>\$ 1,641,553</u>	<u>\$ 9,430,479</u>

Receivables at year-end for the City's major enterprise funds and nonmajor enterprise funds in the aggregate, net of applicable allowances for uncollectible accounts are as follows:

	Water	Waste- water	Airport	Solid Waste	Nonmajor Funds	Total
Receivables:						
Accounts (net)	\$ 2,066,743	\$ 864,106	\$ 156,959	\$ 272,632	\$ 6,839	\$ 3,367,279
Intergovernmental	-	-	568,080	-	-	568,080
Total	\$ 2,066,743	\$ 864,106	\$ 725,039	\$ 272,632	\$ 6,839	\$ 3,935,359

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable General Fund	\$ 26,183	\$ -
Delinquent property taxes receivable Debt Service Fund	35,732	-
Special assessments not yet due (Debt Service Fund)	1,080,442	-
Community facilities districts assessments not yet due	3,291,045	-
Unearned rents and deposits General Fund	-	180,000
Grant drawdowns prior to meeting eligibility requirements	327,972	-
Total	\$4,761,374	\$ 180,000

C. Capital Assets

Capital assets activity for governmental activities for the year ended June 30, 2012 was as follows:

Description	Beginning			Ending
	Balance	Increases	Decreases	Balance
Land and construction in progress	\$ 103,909,419	\$ 282,384	\$ 20,942,139	\$ 83,249,664
Total non-depreciable	103,909,419	282,384	20,942,139	83,249,664
Buildings	30,686,487	538,901	-	31,225,388
Improvements other than buildings	33,226,659	923,038	-	34,149,697
Machinery and equipment	23,709,637	523,489	28,314	24,204,812
Infrastructure	216,934,799	29,309,719	-	246,244,518
Total depreciable	304,557,582	31,295,147	28,314	335,824,415
Accumulated depreciation				
Buildings	(9,826,215)	(733,256)	-	(10,559,471)
Improvements other than buildings	(10,024,427)	(919,356)	-	(10,943,783)
Machinery and equipment	(14,392,313)	(1,335,218)	(19,370)	(15,708,161)
Infrastructure	(91,281,857)	(10,643,920)	-	(101,925,777)
Total accumulated depreciation	(125,524,812)	(13,631,750)	(19,370)	(139,137,192)
Governmental activities capital assets net	\$ 282,942,189	\$ 17,945,781	\$ 20,951,083	\$ 279,936,887

Depreciation expense for governmental activities reported in the statement of activities is charged to functions as follows:

General government (including internal service funds)	\$	1,327,885
Community services		39,926
Culture and recreation		990,950
Public safety - police		310,792
Public safety - fire		192,726
Public works		10,769,471
Total depreciation for governmental activities	\$	<u>13,631,750</u>

Capital assets activity for business-type activities for the year ended June 30, 2012 was as follows:

Description	Beginning			Ending
	Balance	Increases	Decreases	Balance
Land and construction in progress	\$ 57,592,905	\$ 182,675	\$ 3,945,250	\$ 53,830,330
Total non-depreciable	57,592,905	182,675	3,945,250	53,830,330
Buildings	20,781,914	301,097	-	21,083,011
Improvements other than buildings	221,944,584	16,169,820	-	238,114,404
Machinery and equipment	16,192,115	410,599	1,500	16,601,214
Total depreciable	258,918,613	16,881,516	1,500	275,798,629
Accumulated depreciation				
Buildings	(8,813,840)	(765,367)		(9,579,207)
Improvements other than buildings	(76,405,762)	(5,318,273)		(81,724,035)
Machinery and equipment	(11,178,278)	(847,128)	(737)	(12,024,669)
Total accumulated depreciation	(96,397,880)	(6,930,768)	(737)	(103,327,911)
Business activities capital assets net	\$ 220,113,638	\$ 10,133,423	\$ 3,946,013	\$ 226,301,048

Depreciation expense for business-type activities is charged to functions as follows:

Water	\$	2,559,873
Wastewater		2,240,443
Airport		980,548
Solid waste		705,732
Golf Course		285,863
Parking garage		158,309
Total depreciation for business-type activities	\$	<u>6,930,768</u>

D. Interfund Receivables, Payables and Transfers

The water and wastewater enterprise funds have established an internal payable from the general fund allowing them to payoff outstanding debt. This receivable will be repaid to the general fund over the remaining term of the external debt that was paid off. As of the end of the fiscal year the water and wastewater funds owed the general fund \$717,545 and \$1,278,635 respectively.

Interfund receivables and payable are also recorded when funds overdraw their share of pooled cash. As of the end of the fiscal year the general fund has established the following receivables for the indicated reason:

- \$3,663,907 to golf course to cover cumulative operating deficits.
- \$523,996 to airport fund from the delay of grant reimbursements to cover project cost.
- \$52,779 to parking garage fund to cover cumulative operating deficits.

The composition of interfund balances as of June 30, 2012 is as follows:

	Interfund Receivables	Interfund Payables
General fund	\$ 6,236,862	\$ -
Water enterprise fund	-	717,545
Wastewater enterprise fund	-	1,278,635
Airport enterprise fund	-	523,996
Nonmajor enterprise fund-Golf course	-	3,663,907
Nonmajor enterprise fund-Parking garage	-	52,779
Total	<u>\$ 6,236,862</u>	<u>\$ 6,236,862</u>

Transfers are used to fund capital projects, reallocate special revenue funds to operating divisions and to cover the City's share of grants. Transfers as of June 30, 2012 were as follows:

	Transfers Out			
	Governmental		Enterprise	Total
	General		Fund Solid	
Transfer In	Fund	Nonmajor	Waste	Transfers In
Governmental				
Streets & Open Space	\$ -	\$ -	\$ 84,597	\$ 84,597
CFD Debt Service	-	291,308	-	291,308
Nonmajor	86,772	-	-	86,772
Enterprise				
Airport	79,537	-	-	79,537
Nonmajor	-	18,000	-	18,000
Total Transfers Out	<u>\$ 166,309</u>	<u>\$ 309,308</u>	<u>\$ 84,597</u>	

E. Leases

Capital Leases

The City has entered into several lease/purchase contracts for purchase of equipment and other improvements. These are included as loans payable in the accompanying financial statements. A summary of capitalized assets is as follows:

	Capital Equipment
Business-type activities	
Water	\$ 244,273
Golf course	25,682
Airport	3,186,406
Less accumulated amortization	<u>(889,644)</u>
	2,566,717
Governmental activities	226,521
Less accumulated amortization	<u>(19,575)</u>
	<u>\$ 2,773,663</u>

Following is a schedule of the future minimum lease payments under the above capital leases and the present value of net minimum lease payments at June 30, 2012:

Year Ending June 30	Business-type	Governmental	Total
	Activity	Activity	
2013	374,589	53,593	428,182
2014	160,526	13,744	174,270
Total minimum lease payments	535,115	67,337	602,452
less: amounts representing interest	(21,203)	(1,851)	(23,054)
Present value at June 30, 2011	\$ 513,912	\$ 65,486	\$ 579,398

F. Long-Term Debt

General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the City, and are repaid through the City's levying of property taxes. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds were issued in 1998 to acquire Willow and Watson Lakes real property and water rights, to make improvements to the lakes, and to refund \$2,395,000 in general obligation bonds issued in 1989. These fifteen (15) year term bonds were issued with an interest rate of 4.34% and a final maturity date in 2013.

In May 2007 an additional \$1,510,000 in general obligation bonds were issued. The bonds mature in July 2017. The bonds were issued to make the final phase improvements to Willow and Watson Lakes. The City has no remaining authorized but unissued general obligation bond authority.

The balance outstanding at June 30, 2012 was as follows:

Purpose	Interest Rate	Amount
Governmental activities (1998 issue)	4.34%	\$ 1,335,000
Governmental activities (2007 issue)	3.83%	835,000
		<u>\$ 2,170,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending	Principal	Interest
June 30,		
2013	1,490,000	93,475
2014	160,000	27,200
2015	165,000	20,800
2016	175,000	14,200
2017	180,000	7,200
	<u>\$ 2,170,000</u>	<u>\$ 162,875</u>

Special Assessment Bonds and Notes

The City has established several Municipal Improvement Districts (MID's) to finance capital improvements in specific areas through the sale of special assessment bonds or a note payable. Project costs are assessed to each property owner benefiting from the improvement, with payments then used to pay debt service on the bonds or notes. In the event a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received.

The outstanding balance of the various improvement district bonds is reflected below:

<u>Issue</u>	<u>District</u>	<u>Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
2001	162	1,920,000	1/1/2015	5.10%	\$ 505,000
2001	163	2,470,000	1/1/2015	4.60%	525,000
2004	164	95,840	1/1/2022	2.54%	49,984
					<u>\$ 1,079,984</u>

Annual debt service requirement to maturity for special assessment bonds in the City's governmental activities is as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
<u>June 30,</u>		
2013	340,044	43,091
2014	350,044	26,489
2015	355,044	9,504
2016	5,044	880
2017	5,044	742
2018-2022	24,764	1,851
	<u>\$ 1,079,984</u>	<u>\$ 82,557</u>

Community Facilities District Bonds

Community Facilities District bonds are issued by Community Facilities Districts (CFD), which are special purpose districts created specifically to acquire and improve public infrastructure in specified land areas. Assessments are levied against property owners in the district to pay all the costs of the district. The City has no liability for Community Facilities District bonds. The following districts have been established and have issued bonds:

- Hassayampa CFD, \$7,315,000 special assessment lien bonds issued on November 1, 1996, the bonds carry an interest rate of 7.75% with final maturity in July 2021. The balance of these bonds at June 30, 2012 was \$2,860,000.
- Hassayampa CFD Number 2, \$1,240,000 special assessment lien bonds issued on February 1, 2000, the bonds carry an interest rate of 7.5% with a final maturity in July 2024. The balance of these bonds at June 30, 2012 was \$455,000.

Annual debt service requirements to maturity for Community Facilities District Bonds are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
<u>June 30,</u>		
2013	\$ 255,000	\$ 255,775
2014	275,000	236,075
2015	295,000	214,825
2016	320,000	192,038
2017	345,000	167,312
2018-2022	1,725,000	392,338
2023-2024	100,000	11,250
	<u>\$ 3,315,000</u>	<u>\$ 1,469,613</u>

Municipal Property Corporation Bonds

The Municipal Property Corporation (MPC) is a non-profit corporation created by the City to finance construction or acquisition of municipal buildings and improvements on land owned by the City.

The MPC issues its own bonds. Under various agreements, the City makes lease payments, which approximate the amount of debt service payable by the corporation. The City has collateralized the contracts payable to the MPC with a first lien pledge of all excise taxes and state shared revenues.

The MPC retains legal title to the properties until the contracts with the City are paid in full while the City retains sole right to the use of the facilities and is responsible for all operating and maintenance costs.

Following are the pledged revenues compared to debt service for fiscal year ending June 30, 2012:

Pledged Revenues:	
City Privilege and Use Taxes	\$ 12,593,700
State-Shared Revenue	8,709,498
Franchise Taxes	1,624,459
Licenses and Permits	453,130
Charges for Services	818,586
Fines and Forfeitures	624,584
Total Pledged Revenues	<u>\$ 24,823,957</u>
Fiscal Year 2012 Debt Service	\$ 4,801,252
Debts Service Coverage	5

The MPC has the following outstanding bonds:

In December 2004, series 2004G bonds were issued in the amount of \$16,875,000. \$12,525,000 of this amount was issued to acquire the City's portion of the Big Chino Water Ranch; this portion of the issue matures in thirty (30) years and was issued with an interest rate of 4.62% and a final maturity date in 2034. The remaining portion, \$4,350,000 represents refunding bonds issued to refund a 1993 issue. This portion of the issue matured in 2010.

In March 2007, series 2007 bonds were issued in the amount of \$6,625,000. Proceeds of the bonds will be used to pay for the expansion of the City's central garage (\$5,100,000) and the expansion of the City's solid waste transfer station (\$1,525,000). The issue matures in twenty (20) years and was issued with interest rates ranging between 3.625% and 5.00% or an average rate of 4.35% and a final maturity date in 2027.

In February 2010, series 2010 taxable revenue bonds (Qualified Build America Bonds) were issued in the amount of \$18,250,000. Proceeds of the bonds will be used to pay for the State Route 89A/Granite Dells Parkway interchange. The issue matures in twenty (20) years and was issued with interest rates ranging from 1.247% to 6.245% or an average rate of 5.53% and a final maturity date in 2029. The federal government provides an interest subsidy for each debt service payment which represents a reduction in interest cost for the City; the total subsidy is \$3,985,167 over the 20 year term. The present value benefit to the City compared to issuing tax-exempt bonds amounted to \$1,324,570.

In May 2011, series 2011 bonds were issued in the amount of \$8,910,000. Proceeds of the bonds will be used to pay for the widening and improvement of the Williamson Valley Road (\$8,415,000) and acquire certain capital equipment for the City's golf course (\$495,000). The issue matures in twenty (20) years and was issued with an interest rate of 4.18% and a final maturity date in 2031.

The MPC bonds are recorded in and paid out of revenues of the following funds:

Serviced by		Interest		
Fund	Reason for Financing	Issue	Rate	Amount
Streets and	Road improvements	2010	5.53%	\$ 16,725,000
Open Space	Road improvements	2011	4.21%	8,138,000
Central Garage	Facility expansion	2007	4.35%	4,199,259
	Governmental Activities			<u>29,062,259</u>
Water	Big Chino Water Ranch	2004G	4.62%	10,705,000
Solid Waste	Transfer station expansion	2007	4.35%	1,255,741
Golf Course	Equipment	2011	2.50%	376,000
	Business-type Activities			<u>12,336,741</u>
				<u><u>\$ 41,399,000</u></u>

Annual debt service requirements to maturity for MPC bonds are as follows:

Year Ending June 30,	Interest			
	Principal	Interest	Subsidy	Net
2013	\$ 1,745,000	\$ 1,963,921	\$ (303,812)	\$ 1,660,109
2014	1,801,000	1,907,276	(297,226)	1,610,050
2015	1,857,000	1,841,384	(288,424)	1,552,960
2016	1,786,000	1,770,617	(277,992)	1,492,625
2017	1,840,000	1,695,698	(265,298)	1,430,400
2018-2022	10,332,000	7,147,928	(1,100,174)	6,047,754
2023-2027	12,591,000	4,415,074	(632,436)	3,782,638
2028-2032	7,952,000	1,342,938	(83,166)	1,259,772
2033-2034	1,495,000	113,000	-	113,000
	<u>\$ 41,399,000</u>	<u>\$ 22,197,836</u>	<u>\$ (3,248,528)</u>	<u>\$ 18,949,308</u>

Water Infrastructure Finance Authority of Arizona Loans

The Water Infrastructure Finance Authority of Arizona (WIFA) is an independent agency of the state of Arizona that is authorized to finance the construction, rehabilitation and/or improvement of drinking water, wastewater, wastewater reclamation, and other water quality facilities/projects. Generally, WIFA offers borrowers below market interest on loans for up to one hundred percent of eligible project costs.

The drinking water loans are recorded in and paid out of revenues of Water Fund while the Clean Water loans are recorded in and paid out of revenues of Wastewater Fund. The loans are secured by a pledge of the net revenues of the respective Water and Wastewater Funds. For the fiscal year ended June 30, 2012, the net revenues available for service of this debt were \$10,494,453. The principal and interest paid on this debt in fiscal year 2012 was \$1,870,159.

The City has one other outstanding WIFA loan which is reflected in the Special Assessment Bonds and Notes section above for District 164 because this loan is repaid by participants of the improvement district.

The balances of the City's WIFA loans at June 30, 2012 are as follows:

WIFA #	Amount Authorized	Date of Auth.	Maturity Date	Final Amount Borrowed	Interest Rate	Project	Balance June 30
Drinking Water Projects							
920125-08	\$ 9,854,000	8/24/2007	7/1/2027	In Progress	3.640%	Water Main Imp	\$ 7,792,107
92A166-09	8,998,096	7/31/2009	7/1/2029	In Progress	3.143%	Zone 39 Imp	2,387,135
92A154-10	3,591,880	7/31/2009	7/1/2029	157,681	3.143%	Water Mains Airport	100,859
920206-11	1,060,000	12/3/2010	7/1/2030	In Progress	3.152%	Water Main Imp	979,954
Total Drinking Water Projects							<u>11,260,055</u>
Clean Water Projects							
910097-08	4,703,000	8/24/2007	7/1/2027	4,703,000	3.868%	Sewer Mains Imp	4,024,403
910122-10	6,573,506	7/31/2009	7/1/2029	6,054,763	3.143%	Sewer Mains Imp	5,585,335
910147-11	2,070,000	12/3/2010	7/1/2030	In Progress	3.152%	Sewer Mains Imp	1,498,740
910148-11	1,635,870	12/3/2010	7/1/2030	In Progress	3.152%	Sundog WWTP Imp	-
910151-11	45,802,753	6/10/2011	7/1/2031	In Progress	2.950%	Airport WWTP	2,284,281
Total Clean Water Projects							<u>13,392,759</u>
Total							<u><u>\$24,652,814</u></u>

Annual debt service requirements to maturity for WIFA loans are as follows:

Year Ending	June 30,	
	Principal	Interest
2013	\$ 1,017,555	\$ 838,556
2014	1,124,185	803,386
2015	1,162,681	764,936
2016	1,202,507	725,158
2017	1,243,707	684,007
2018-2022	6,888,129	2,751,221
2023-2027	8,154,058	1,486,756
2028-2031	3,859,992	235,143
	<u>\$ 24,652,814</u>	<u>\$ 8,289,163</u>

Changes in Long-Term Liabilities

The following table reflects the changes in long-term liabilities reported in the government-wide financial statements:

	Beginning Balance	Additional Obligations, and Net Increases	Current Maturities, Retirements, and Net Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bond payable:					
General obligation	\$ 3,595,000	\$ -	\$ 1,425,000	\$ 2,170,000	\$ 1,490,000
Municipal Property Corporation	30,304,407	-	1,242,148	29,062,259	1,266,997
Special assessments	1,410,029	-	330,045	1,079,984	340,044
Community Facilities Districts	3,780,000	-	465,000	3,315,000	255,000
Total bonds payable	39,089,436	-	3,462,193	35,627,243	3,352,041
Lease purchase contracts	118,784	-	51,448	67,336	53,593
Claims payable	2,630,805	595,441	990,254	2,235,992	703,343
Compensated absences	4,431,792	468,965	611,800	4,288,957	991,805
Governmental activity long-term liabilities	<u>\$ 46,270,817</u>	<u>\$ 1,064,406</u>	<u>\$ 5,115,695</u>	<u>\$ 42,219,528</u>	<u>\$ 5,100,782</u>

Business-type Activities:					
Municipal Property Corporation bonds payable	\$ 15,755,593	\$ -	\$ 3,418,852	\$ 12,336,741	\$ 478,003
Loans payable:					
WIFA	22,253,387	3,496,729	1,097,302	24,652,814	1,108,210
Lease purchase contracts	896,095	-	360,980	535,115	374,589
Landfill closure/postclosure costs	1,144,346	-	3,027	1,141,319	76,088
Compensated absences	950,197	73,604	142,619	881,182	89,381
Business-type activity long-term liabilities	<u>\$ 40,999,618</u>	<u>\$ 3,570,333</u>	<u>\$ 5,022,780</u>	<u>\$ 39,547,171</u>	<u>\$ 2,126,271</u>

Legal Debt Margins

Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, wastewater, lighting, parks, open space and recreational purposes may not exceed 20% of a City's net secondary assessed valuation. Outstanding general obligation bonded debt for other general municipal purposes may not exceed 6% of a City's net secondary assessed valuation. As of June 30, 2012, the City is well within its debt limits, having \$125 million in borrowing capacity in the 20% category, and \$38.2 million in borrowing capacity in the 6% category. The City also has a \$1.3 million margin available for Highway User Tax Bonds which represents 50% of the Highway User revenue received in fiscal year 2012.

G. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's risk management activities are recorded in the general self-insurance fund. The purpose of this fund is to administer the City's property liability and workers' compensation insurance programs on a cost reimbursement basis. This fund accounts for the risk financing activities of the City but does not constitute a transfer of risk from the City.

Under this program, the fund provides coverage for up to a maximum of \$500,000 for each worker's compensation claim and \$500,000 for each general liability claim. The City purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss.

Significant losses are covered by commercial insurance. There have been no other significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Claims Liabilities

The City records an estimated liability for indemnity based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses), and an estimate for claims incurred but not reported (IBNRs) based on historical experience. Claims liabilities include specific, incremental claim adjustment expenses, allocated loss adjustment expenses, and are reduced for estimated recoveries on unsettled claims such as salvage, or subrogation. Workers' compensation unpaid claims liabilities are discounted at 6 percent.

Unpaid Claims Liabilities

The claims liability of \$2,235,992 for general self-insurance reported in the fund at June 30, 2012 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The following represents the changes in approximate aggregate liabilities for the City from June 30, 2010 to June 30, 2012:

Liability balance, June 30, 2010	\$ 2,022,625
Claims and changes in estimates	1,876,907
Claims payments	<u>(1,268,727)</u>
Liability balance, June 30, 2011	2,630,805
Claims and changes in estimates	595,441
Claims payments	<u>(990,254)</u>
Liability balance, June 30, 2011	<u>\$ 2,235,992</u>

Of the amount shown above, \$703,343 is due within one year and classified as a current liability.

H. Litigation

The City is a defendant in several lawsuits. The City Attorney estimates that any potential claims against the City not covered by insurance resulting from such lawsuits would not materially affect the financial position of the City.

In management's opinion, all other claims or litigation pending at June 30, 2012, which could have a significant effect on the financial position of the City have been provided for in the accounts.

I. Contingent Liabilities

The City is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. Management intends to vigorously contest these matters and does not believe their ultimate resolution will have a material effect upon the City's financial position, results of operations or cash flows.

The City's economic development department has several negotiations in progress that could result in future liabilities to the City.

The City participates in a number of Federal and State assisted grant programs that are subject to financial and compliance audits. Audits for these programs may be conducted at a future date, and the City expects the amount, if any, of the expenditures that may be disallowed by the granting agency to be immaterial.

J. Intergovernmental Agreements

The City has an intergovernmental agreement with the Town of Prescott Valley to share costs for development of groundwater located in the Big Chino Sub-basin beneath the Big Chino Water Ranch for municipal supply purposes. The agreement provides the City with 54.1% and the Town of Prescott Valley with 45.9% of groundwater planned to be imported via this project.

In late 2004 the City acquired 4,500 deeded acres, along with a leasehold interest in 2,000 acres of state land that were a portion of the JWK Ranch. The property was later renamed the Big Chino Water Ranch. It is through this project that the City will implement the right, granted by the Arizona Legislature, to transport groundwater from the Big Chino Sub-basin into the Prescott Active Management Area (AMA).

On October 12, 2007, the City's Application for Modification of Designation of Assured Water Supply was submitted to the Arizona Department of Water Resources (ADWR). The application requested that ADWR permanently reserve for Prescott a total of 14,000 acre-feet per year (af/yr) of groundwater in the Big Chino Sub-basin pursuant to statutory rights granted to Prescott in 1991 in Arizona Revised Statutes, Title 45 § 555. Prescott also sought ADWR confirmation of current legal availability to the City of 9,571 af/yr of groundwater from the Big Chino Sub-basin for assured water supply purposes.

In November 2008, ADWR issued a preliminary decision and order finding that the City's application satisfied all of the requirements for a Designation of Assured Water Supply. More specifically, ADWR determined that the City has the right to withdraw 8,068 af/yr of groundwater from the Big Chino Sub-basin and transport it for use within the Prescott AMA. ADWR's preliminary decision and order further confirmed that the groundwater to be transported from the Big Chino Sub-basin is physically, continuously and legally available for at least 100 years, and is consistent with the long-term water management goals of all the state's AMAs, which is to ensure the sustainability of AMA groundwater supplies. The preliminary decision and order was subjected to an administrative hearing in 2009, and then subsequently challenged by various parties in litigation.

In February 2010 the City entered into an Agreement in Principle with Salt River Project and the Town of Prescott Valley for the purpose of mutually addressing issues associated with the withdrawal and importation of water from the Big Chino Sub-basin. This document contemplated several more detailed future agreements addressing groundwater modeling, monitoring, and measures for mitigating effects of groundwater pumping, if any, pursuant to ARS § 45-555(E); settlement of litigation among the parties; and mutual recognition of water rights. A technical amendment to ARS § 45-555(E) was subsequently passed by the legislature and signed into law, consistent with the Agreement in Principle, providing certain clarifications and specifying a base importation quantity of 8,068 af/yr.

All litigation regarding the November 2008 ADWR preliminary decision and order was cleared in 2011, upholding the City's position, enabling issuance of the final ADWR determination of said allowable volume of imported water available to the communities from the Big Chino Sub-basin. Development of the well field, transmission pipelines, pump stations, reservoirs and other required infrastructure were previously estimated to cost \$133 million. Funding for construction of the pipeline and ancillary facilities necessary to convey water from the Big Chino Sub-basin into the Prescott AMA is not contained in the City's FY 11-FY 18 Capital Improvement Program. The target year for delivery of the water will be determined by future demand for additional water supplies driven by new development, and the Prescott AMA mandate to reach safe-yield by 2025.

K. Retirement and Pension Plans

Plan Descriptions:

The City contributes to the two plans described below. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor and health insurance premium benefits.

The Arizona State Retirement System (ASRS) administers a cost-sharing multiple-employer defined benefit pension plan that covers general employees of the City. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The Arizona Public Safety Personnel Retirement System (PSPRS) is an agent, multiple-employer defined benefit pension plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The PSPRS, acting as a common investment and administrative agent, is governed by a five-member board, known as the Fund Manager, and 162 local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report may be obtained by writing or calling the applicable plan.

ASRS
330 North Central
Phoenix, AZ 85012-0250
(800) 621-3778

PSPRS
3010 East Camelback Road Suite 200
Phoenix, AZ 85016
(602) 255-5575

Funding Policy:

The Arizona State Legislature establishes and may amend active plan members' and the City's contribution rate.

Cost-sharing plan - For the year ended June 30, 2012, active ASRS members were required to contribute at the actuarially determined rate of 10.74% (10.5% retirement and .24% long-term disability) and the City was required by statute to contribute at the actuarially determined rate of 10.74% (10.5% retirement and .24% long-term disability) of the members' annual covered payroll. The City's contribution to ASRS for the years ended June 30, 2012, 2011 and 2010 were \$2,034,754, \$1,909,881 and \$1,851,131, respectively, which were equal to the required contributions.

Agent plans - For the year ended June 30, 2012, active PSPRS members were required by statute to contribute 8.65% of the members' annual covered payroll, and the City was required to contribute at the actuarially determined rate of 34.58% for police and 29.72% for fire. The health insurance premium portion of the contribution rates were actuarially set at 1.86% of covered payroll for police and 1.53% of covered payroll for fire.

Annual Pension Cost:

The City's pension cost for the two agent plans for the year ended June 30, 2012 were:

	PSPRS Total	PSPRS Pension	PSPRS Health Insurance
Contribution rates			
Police	34.58%	32.72%	1.86%
Fire	29.72%	28.19%	1.53%
Annual pension cost			
Police	\$ 1,443,047	1,365,428	77,619
Fire	1,024,804	972,047	52,757
Contributions made			
Police	\$ 1,443,047	\$ 1,365,428	\$ 77,619
Fire	1,024,804	972,047	52,757

A summary of actuarial methods and assumptions from the June 30, 2010 actuarial report and related information follows.

Actuarial cost method	Projected unit credit
Amortization method	Level percent-of-pay closed
Remaining amortization period	26 years for underfunded 20 years for overfunded
Asset valuation method	7 year smoothed market
Actuarial assumptions	
Investment rate of return	8.50%
Projected salary increases	5.5%-8.5%
Payroll growth	5.50%
Cost-of-living adjustments	None

Trend Information

Information for the agent plans as of the most recent actuarial valuations follows:

Fiscal Year Ended June30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Police Pension			
2008	\$ 983,494	100%	\$ -
2009	1,118,352	100%	-
2010	1,145,564	100%	-
Police Health Insurance			
2008	\$ 22,931	100%	\$ -
2009	22,252	100%	-
2010	64,624	100%	-
Fire Pension			
2008	\$ 909,547	100%	\$ -
2009	1,025,074	100%	-
2010	891,551	100%	-
Fire Health Insurance			
2008	\$ 18,070	100%	\$ -
2009	17,783	100%	-
2010	48,567	100%	-

An analysis of funding progress for each of the Arizona Public Safety Personnel Retirement System agent plans as of the most recent actuarial valuation follows. For this valuation, fiscal years prior to 2008 (which were prior to the implementation of GASB Statement Nos. 43 and 45), the pension and health insurance benefit amounts were aggregated. In fiscal year 2008, GASB Statement Nos. 43 and 45 measurements are made and reported; these benefits are disaggregated and reported separately.

Valuation Date June 30,	(1) Valuation Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Percent Funded (1)/(2)	(4) Unfunded AAL (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded/(Overfunded) AAL as a Percentage of Covered Payroll (4)/(5)
Police						
2003	\$ 13,421,537	\$ 17,507,107	76.7%	\$ 4,085,570	\$ 3,224,009	126.7%
2004	13,166,987	18,892,985	69.7%	5,725,998	2,958,970	193.5%
2005	13,093,401	22,338,111	58.6%	9,244,710	3,256,530	283.9%
2006	13,235,811	25,407,296	52.1%	12,171,485	3,923,713	310.2%
2007	12,680,522	27,409,378	46.3%	14,728,856	4,294,056	343.0%
2008	12,812,487	27,027,889	47.4%	14,215,402	4,296,379	330.9%
2009	13,831,966	29,115,046	47.5%	15,283,080	4,220,965	362.1%
2010	14,304,965	31,301,514	45.7%	16,996,549	3,979,459	427.1%
Fire						
2003	\$ 18,500,014	\$ 19,967,900	92.6%	\$ 1,467,886	\$ 2,727,989	53.8%
2004	18,403,108	22,002,449	83.6%	3,599,341	2,922,346	123.2%
2005	18,547,038	24,917,704	74.4%	6,370,666	3,165,228	201.3%
2006	18,334,323	27,586,727	66.5%	9,252,404	3,474,512	266.3%
2007	18,277,316	30,982,052	59.0%	12,704,736	3,709,276	342.5%
2008	17,937,835	30,883,588	58.1%	12,945,753	4,320,143	299.7%
2009	18,741,981	31,054,176	60.4%	12,312,195	4,080,036	301.8%
2010	19,118,127	32,796,075	58.3%	13,677,948	4,001,892	341.8%

The Following information is presented concerning the post-retirement health insurance subsidy measurements under GASB Statement No. 45.

Actuarial Accrued Liability

Valuation Date	(1) Valuation Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Percent Funded (1)/(2)	(4) Unfunded AAL (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded/(Overfunded) AAL as a Percentage of Covered Payroll (4)/(5)
Police						
2006	\$ -	\$ 979,168	0.0%	\$ 979,168	\$ 3,923,713	24.96%
2007	-	1,051,252	0.0%	1,051,252	4,294,056	24.48%
2008	-	923,699	0.0%	923,699	4,296,379	21.50%
2009	-	835,891	0.0%	835,891	4,220,965	19.80%
2010	-	937,625	0.0%	937,625	3,979,459	23.56%
Fire						
2006	\$ -	\$ 894,902	0.0%	\$ 894,902	\$ 3,474,512	25.76%
2007	-	902,019	0.0%	902,019	3,709,276	24.32%
2008	-	900,425	0.0%	900,425	4,320,143	20.84%
2009	-	731,571	0.0%	731,571	4,080,036	17.93%
2010	-	793,901	0.0%	793,901	4,001,892	19.84%

Annual Required Contribution

Valuation Date	Fiscal Year Ended	(1) Normal Cost	(2) Actuarial Accrued Liability	(3) Total (1)+(2)	(4) Dollar Amount
Police					
2006	2008	0.43%	1.15%	1.58%	\$ 67,883
2007	2009	0.63%	1.15%	1.78%	76,476
2008	2010	0.54%	1.04%	1.58%	67,883
2009	2011	0.64%	0.97%	1.61%	75,638
2010	2012	0.67%	1.19%	1.86%	82,384
Fire					
2006	2008	0.44%	1.19%	1.63%	\$ 70,418
2007	2009	0.54%	1.15%	1.69%	73,010
2008	2010	0.45%	1.01%	1.46%	63,074
2009	2011	0.53%	0.87%	1.40%	63,577
2010	2012	0.53%	1.00%	1.53%	68,149

L. Landfill Closure and Post-closure Care Cost

State and federal laws and regulations required the City to place a final cover on its Sundog Ranch Road landfill site when it stopped accepting waste in 1999; additionally, the City is required to perform certain maintenance and monitoring functions at the site for thirty years after closure. The City stopped receiving waste at its landfill and received a small landfill exemption from the EPA in fiscal year 1998 and started installing the final cover in fiscal year 1999. The final phase of the landfill closure was completed during the year. The \$1,141,319 reported in the solid waste enterprise fund as landfill closure and post-closure care liability at June 30, 2012, represents the total amount of estimated cost of closure and post-closure care. Actual costs may be higher or lower due to inflation, changes in technology, or changes in regulations.

The post-closure care costs are paid for by landfill closure surcharge fees imposed on each solid waste user.

M. Commitments and Future Obligations

The City has entered into several agreements whereby it will reimburse businesses for development fees or the construction costs of certain public infrastructure improvements. The City became liable for the reimbursements when construction was complete. The funding source for the reimbursements will come from new tax revenues generated by the businesses. The City's maximum remaining liability under these agreements at year-end is \$1.8 million.

The City also has remaining construction commitments totaling \$6.7 million for various road projects, \$4.6 million for various water and sewer infrastructure, and \$8.8 million for airport improvements at year-end.



COMBINING STATEMENTS

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for revenues derived from specific taxes or other earmarked revenue sources. These funds are usually required by statute, charter provision or ordinance to finance particular functions or activities. The nonmajor special revenue funds of the City of Prescott are listed below.

Transient Lodging Tax Fund

This fund receives and expends tax revenues charged on transient lodging activity within the City. Revenues are to be used for the promotion of tourism and development of recreational facilities within the City.

Grants Fund

This represents a group of funds, which expends grant monies received by the City for various projects. Grant funds must be used for the stated purpose of the grant and must meet grantor expenditure guidelines.

Miscellaneous Gift Trust Fund

This fund accounts for miscellaneous gifts and donations to the City.

Acker Trust Fund

Accounts for the assets willed to the City by J.S. Acker. Revenue from investments and land sales are to be expended for cultural and recreational purposes only.

CAPITAL PROJECT FUNDS

Capital project funds are established to record financial resources that are restricted to expenditure for capital outlays.

Impact Fees Fund

This fund is used to account for impact fees charged to new residential construction to cover the cost of new capital facilities required to serve this new development.

Community Facilities Districts Fund

This fund is used to account for the expenditures of debt issued by the Community Facilities Districts.

DEBT SERVICE FUNDS

Debt service funds are established to record the accumulation of resources for, and the payment of long-term debt principal and interest not serviced by other funds.

City of Prescott

This fund accounts for the accumulation of resources and payment of principal and interest on general obligation and special assessment long-term debt.

CITY OF PRESCOTT, ARIZONA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue Funds				Capital Projects Fund		Debt Service	Total
	Transient	Grants	Miscellaneous	Acker	Community	Impact	City of Prescott	Nonmajor Governmental Funds
	Lodging Tax		Gift Trust	Trust	Facilities Districts	Fees		
ASSETS								
Cash and short-term investments	\$ 126,502	\$ 44,649	\$ 208,720	\$ 584,585	\$ 773,332	\$ 3,185,802	\$ 319,130	\$ 5,242,720
Accounts receivable (net)	105,882	-	-	-	-	2,070	-	107,952
Property taxes receivable	-	-	-	-	-	-	68,166	68,166
Special assessments receivable	-	-	-	-	-	-	1,080,442	1,080,442
Intergovernmental receivable	-	384,993	-	-	-	-	-	384,993
Total assets	<u>\$ 232,384</u>	<u>\$ 429,642</u>	<u>\$ 208,720</u>	<u>\$ 584,585</u>	<u>\$ 773,332</u>	<u>\$ 3,187,872</u>	<u>\$ 1,467,738</u>	<u>\$ 6,884,273</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 15,096	\$ 19,597	\$ 966	\$ -	\$ -	\$ 3	\$ 590	\$ 36,252
Accrued expenditures	2,711	13,341	-	-	-	-	-	16,052
Deferred revenue	-	324,121	-	-	-	-	1,116,174	1,440,295
Total liabilities	<u>17,807</u>	<u>357,059</u>	<u>966</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>1,116,764</u>	<u>1,492,599</u>
Fund Balances								
Restricted	214,577	72,583	207,754	584,585	773,332	3,187,869	350,974	5,391,674
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>214,577</u>	<u>72,583</u>	<u>207,754</u>	<u>584,585</u>	<u>773,332</u>	<u>3,187,869</u>	<u>350,974</u>	<u>5,391,674</u>
Total liabilities and fund balances	<u>\$ 232,384</u>	<u>\$ 429,642</u>	<u>\$ 208,720</u>	<u>\$ 584,585</u>	<u>\$ 773,332</u>	<u>\$ 3,187,872</u>	<u>\$ 1,467,738</u>	<u>\$ 6,884,273</u>

CITY OF PRESCOTT, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2012

Revenues	Special Revenue Funds				Capital Projects Fund		Debt Service	Total
	Transient Lodging Tax	Grants	Miscellaneous		Community		City of Prescott	Other Governmental Funds
			Gift Trust	Acker Trust	Facilities Districts	Impact Fees		
Taxes	\$ 554,396	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,584,673	\$ 2,139,069
Intergovernmental revenues	-	1,776,876	-	-	-	-	-	1,776,876
Licenses and permits	-	-	-	-	-	412,074	-	412,074
Gifts and donations	-	-	297,616	-	-	-	-	297,616
Interest and investment income	2,029	275	-	9,212	-	53,189	75,234	139,939
Miscellaneous	106,044	-	-	-	-	24,004	330,044	460,092
Total revenues	662,469	1,777,151	297,616	9,212	-	489,267	1,989,951	5,225,666
Expenditures								
Current operating								
General government	500,654	-	23,403	-	-	-	-	524,057
Community services	-	135,559	6,000	-	-	-	-	141,559
Culture and recreation	187,018	12,393	29,549	9,500	-	-	-	238,460
Police and court	-	912,049	32,604	-	-	-	-	944,653
Fire	-	514,998	620	-	-	-	-	515,618
Capital outlay								
General government	-	-	-	-	-	-	-	-
Community services	-	137,437	-	-	-	-	-	137,437
Culture and recreation	-	-	2,993	-	-	130,238	-	133,231
Police and court	-	77,417	-	-	-	-	-	77,417
Fire	-	837	203,576	-	-	-	-	204,413
Debt service - principal	-	-	-	-	-	-	1,755,044	1,755,044
Debt service - interest	-	-	-	-	-	-	217,216	217,216
Total expenditures	687,672	1,790,690	298,745	9,500	-	130,238	1,972,260	4,889,105
Excess (deficiency) of revenues over (under) expenditures	(25,203)	(13,539)	(1,129)	(288)	-	359,029	17,691	336,561
Other Financing Sources (Uses)								
Transfers in	-	86,772	-	-	-	-	-	86,772
Transfers out	(18,000)	-	-	-	(198,120)	-	(93,188)	(309,308)
Total other financing sources (uses)	(18,000)	86,772	-	-	(198,120)	-	(93,188)	(222,536)
Net change in fund balance	(43,203)	73,233	(1,129)	(288)	(198,120)	359,029	(75,497)	114,025
Fund balance - beginning	257,780	(650)	208,883	584,873	971,452	2,828,840	426,471	5,277,649
Fund balance - ending	\$ 214,577	\$ 72,583	\$ 207,754	\$ 584,585	\$ 773,332	\$ 3,187,869	\$ 350,974	\$ 5,391,674



SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

GOVERNMENTAL FUNDS

Special Revenue Funds

- Transient lodging tax
- Grants
- Miscellaneous gift trust
- Acker trust

Capital Project Funds

- Community Facilities Districts
- Impact fees

Debt Service Funds

- City of Prescott
- Community Facilities Districts

CITY OF PRESCOTT, ARIZONA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Transient Lodging Tax Special Revenue Fund

For the year ended June 30, 2012

	Budget		Actual	Variance With
	Original	Final	Amounts Budget Basis	Final Budget Positive (Negative)
Revenues				
Taxes - transient lodging tax	\$ 526,624	\$ 526,624	\$ 554,396	\$ 27,772
Investment income	1,500	1,500	2,029	529
Miscellaneous	123,500	123,500	106,044	(17,456)
Total revenues	<u>651,624</u>	<u>651,624</u>	<u>662,469</u>	<u>10,845</u>
Expenditures				
Current operating				
General Government	544,525	544,525	500,654	43,871
Culture and recreation	235,943	235,943	187,018	48,925
Capital outlay	-	-	-	-
Total expenditures	<u>780,468</u>	<u>780,468</u>	<u>687,672</u>	<u>92,796</u>
Excess (deficiency) of revenues over expenditures	(128,844)	(128,844)	(25,203)	103,641
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(67,355)	(67,355)	(18,000)	(49,355)
Total other financing sources (uses)	<u>(67,355)</u>	<u>(67,355)</u>	<u>(18,000)</u>	<u>(49,355)</u>
Net change in fund balances	(196,199)	(196,199)	(43,203)	54,286
Fund balance - beginning	257,780	257,780	257,780	-
Fund balance - ending	<u>\$ 61,581</u>	<u>\$ 61,581</u>	<u>\$ 214,577</u>	<u>\$ 54,286</u>

CITY OF PRESCOTT, ARIZONA

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Grants Special Revenue Fund**

For the year ended June 30, 2012

	Budget		Actual	Variance With
	Original	Final	Amounts Budget Basis	Final Budget Positive (Negative)
Revenues				
Intergovernmental revenues	\$ 5,435,280	\$ 5,435,280	\$ 1,776,876	\$ (3,658,404)
Interest and investment income	-	-	275	275
Miscellaneous	-	-	-	-
Total revenues	<u>5,435,280</u>	<u>5,435,280</u>	<u>1,777,151</u>	<u>(3,658,129)</u>
Expenditures				
Current				
Community services	545,460	545,460	135,559	409,901
Culture and recreation	50,400	50,400	12,393	38,007
Police and court	2,264,439	2,264,439	912,049	1,352,390
Fire	1,644,553	1,644,553	514,998	1,129,555
Total current	<u>4,504,852</u>	<u>4,504,852</u>	<u>1,574,999</u>	<u>2,929,853</u>
Capital outlay				
Community services	265,340	265,340	137,437	127,903
Police and court	132,099	132,099	77,417	54,682
Fire	1,143,981	938,981	837	938,144
Total capital outlay	<u>1,541,420</u>	<u>1,336,420</u>	<u>215,691</u>	<u>1,120,729</u>
Total expenditures	<u>6,046,272</u>	<u>5,841,272</u>	<u>1,790,690</u>	<u>4,050,582</u>
Excess (deficiency) of revenues over expenditures	<u>(610,992)</u>	<u>(405,992)</u>	<u>(13,539)</u>	<u>392,453</u>
Other Financing Sources (Uses)				
Transfers in	473,815	473,815	86,772	(387,043)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>473,815</u>	<u>473,815</u>	<u>86,772</u>	<u>(387,043)</u>
Net change in fund balances	<u>(137,177)</u>	<u>67,823</u>	<u>73,233</u>	<u>5,410</u>
Fund balance - beginning	(650)	(650)	(650)	-
Fund balance - ending	<u>\$ (137,827)</u>	<u>\$ 67,173</u>	<u>\$ 72,583</u>	<u>\$ 5,410</u>

CITY OF PRESCOTT, ARIZONA

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Miscellaneous Gift Trust Special Revenue Fund**

For the year ended June 30, 2012

	Budget		Actual	Variance With
	Original	Final	Amounts Budget Basis	Final Budget Positive (Negative)
Revenues				
Gifts and donations	\$ 9,600	\$ 9,600	\$ 297,616	\$ 288,016
Total revenues	9,600	9,600	297,616	288,016
Expenditures				
Current				
General government	174,447	174,447	23,403	151,044
Community services	9,600	9,600	6,000	3,600
Culture and recreation	9,435	9,435	29,549	(20,114)
Police and court	-	-	32,604	(32,604)
Fire	-	-	620	(620)
Total current	193,482	193,482	92,176	101,306
Capital outlay				
Fire	-	205,000	2,993	202,007
Total capital outlay	-	205,000	2,993	202,007
Total expenditures	193,482	398,482	95,169	303,313
Excess (deficiency) of revenues over expenditures	(183,882)	(388,882)	202,447	591,329
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(183,882)	(388,882)	202,447	591,329
Fund balance - beginning	208,883	208,883	208,883	-
Fund balance - ending	\$ 25,001	\$ (179,999)	\$ 411,330	\$ 591,329

CITY OF PRESCOTT, ARIZONA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Acker Trust Special Revenue Fund

For the year ended June 30, 2012

	Budget		Actual Amounts Budget Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and investment income	\$ 10,000	\$ 10,000	\$ 9,212	\$ (788)
Total revenues	10,000	10,000	9,212	(788)
Expenditures				
Culture and recreation	10,000	10,000	9,500	500
Total expenditures	10,000	10,000	9,500	500
Excess (deficiency) of revenues over expenditures	-	-	(288)	(288)
Fund balance - beginning	584,873	584,873	584,873	-
Fund balance - ending	\$ 584,873	\$ 584,873	\$ 584,585	\$ (288)

CITY OF PRESCOTT, ARIZONA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Community Facilities Districts Capital Projects Fund

For the year ended June 30, 2012

	Budget		Actual	Variance With
	Original	Final	Amounts Budget Basis	Final Budget Positive (Negative)
Revenues				
Interest and investment income	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	(198,120)	(198,120)
Total other financing sources (uses)	-	-	(198,120)	(198,120)
Net change in fund balances	-	-	(198,120)	(198,120)
Fund balance - beginning	971,452	971,452	971,452	-
Fund balance - ending	\$ 971,452	\$ 971,452	\$ 773,332	\$ (198,120)

CITY OF PRESCOTT, ARIZONA

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Impact Fees Fund Capital Project Fund**

For the year ended June 30, 2012

	Budget		Actual	Variance With
	Original	Final	Amounts Budget Basis	Final Budget Positive (Negative)
Revenues				
Licenses and permits - impact fees	\$ 564,725	\$ 564,725	\$ 412,074	\$ (152,651)
Interest and investment income	54,200	54,200	53,189	(1,011)
Miscellaneous	22,510	22,510	24,004	1,494
Total revenues	<u>641,435</u>	<u>641,435</u>	<u>489,267</u>	<u>(152,168)</u>
Expenditures				
Capital outlay				
Culture and recreation	825,000	825,000	130,238	694,762
Public Works	50,000	50,000	-	50,000
Total capital outlay	<u>875,000</u>	<u>875,000</u>	<u>130,238</u>	<u>744,762</u>
Total expenditures	<u>875,000</u>	<u>875,000</u>	<u>130,238</u>	<u>744,762</u>
Excess (deficiency) of revenues over expenditures	<u>(233,565)</u>	<u>(233,565)</u>	<u>359,029</u>	<u>592,594</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(233,565)</u>	<u>(233,565)</u>	<u>359,029</u>	<u>592,594</u>
Fund balance - beginning	<u>2,828,840</u>	<u>2,828,840</u>	<u>2,828,840</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,595,275</u>	<u>\$ 2,595,275</u>	<u>\$ 3,187,869</u>	<u>\$ 592,594</u>

CITY OF PRESCOTT, ARIZONA

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
City of Prescott Debt Service Fund**

For the year ended June 30, 2012

	Budget		Actual	Variance With
	Original	Final	Amounts Budget Basis	Final Budget Positive (Negative)
Revenues				
Property tax revenue	\$ 1,583,350	\$ 1,583,350	\$ 1,584,673	\$ 1,323
Interest and investment income	74,065	74,065	75,234	1,169
Miscellaneous	1,360,044	1,360,044	330,044	(1,030,000)
Total revenues	<u>3,017,459</u>	<u>3,017,459</u>	<u>1,989,951</u>	<u>(1,027,508)</u>
Expenditures				
Debt service				
Principal	2,785,044	2,785,044	1,755,044	1,030,000
Interest	218,165	218,165	217,216	949
Total expenditures	<u>3,003,209</u>	<u>3,003,209</u>	<u>1,972,260</u>	<u>1,030,949</u>
Excess (deficiency) of revenues over expenditures	14,250	14,250	17,691	3,441
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	(93,188)	(93,188)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(93,188)</u>	<u>(93,188)</u>
Net change in fund balances	14,250	14,250	(75,497)	(89,747)
Fund balance - beginning	426,471	426,471	426,471	-
Fund balance - ending	<u>\$ 440,721</u>	<u>\$ 440,721</u>	<u>\$ 350,974</u>	<u>\$ (89,747)</u>

CITY OF PRESCOTT, ARIZONA

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Community Facilities Districts Debt Service Fund**

For the year ended June 30, 2012

	Budget		Actual	Variance With
	Original	Final	Amounts Budget Basis	Final Budget Positive (Negative)
Revenues				
Interest and investment income	\$ 291,763	\$ 291,763	\$ 309,467	\$ 17,704
Miscellaneous	710,000	710,000	469,605	(240,395)
Total revenues	<u>1,001,763</u>	<u>1,001,763</u>	<u>779,072</u>	<u>(222,691)</u>
Expenditures				
Current				
General government	60,000	60,000	11,220	48,780
Debt Service				
Principal	650,000	650,000	465,000	185,000
Interest	291,763	291,763	285,294	6,469
Total expenditures	<u>1,001,763</u>	<u>1,001,763</u>	<u>761,514</u>	<u>240,249</u>
Excess (deficiency) of revenues over expenditures	-	-	17,558	17,558
Other Financing Sources (Uses)				
Transfers in	-	-	291,308	291,308
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>291,308</u>	<u>291,308</u>
Net change in fund balances	-	-	308,866	308,866
Fund balance - beginning	636,043	636,043	636,043	-
Fund balance - ending	<u>\$ 636,043</u>	<u>\$ 636,043</u>	<u>\$ 944,909</u>	<u>\$ 308,866</u>



COMBINING STATEMENTS Nonmajor Proprietary Funds

ENTERPRISE FUNDS

Parking garage

This fund accounts for the activity related to the operation of the parking garage.

Golf course

This fund accounts for the activity related to the operation of the golf course and the Manzanita Grille restaurant.

CITY OF PRESCOTT, ARIZONA
Combining Statement of Net Assets
Nonmajor Proprietary Funds
June 30, 2012

	<u>Golf Course</u>	<u>Parking Garage</u>	<u>Totals</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable (net)	6,119	720	6,839
Inventory (at cost)	58,670	-	58,670
Total current assets	<u>64,789</u>	<u>720</u>	<u>65,509</u>
Noncurrent Assets			
Capital Assets			
Land and construction in process	1,963,554	-	1,963,554
Buildings	694,879	6,332,379	7,027,258
Improvements other than buildings	5,650,170	-	5,650,170
Machinery and equipment	1,975,081	-	1,975,081
Less accumulated depreciation	<u>(4,234,494)</u>	<u>(949,857)</u>	<u>(5,184,351)</u>
Total capital assets (net of accumulated depreciation)	<u>6,049,190</u>	<u>5,382,522</u>	<u>11,431,712</u>
Total assets	<u>6,113,979</u>	<u>5,383,242</u>	<u>11,497,221</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 25,915	\$ 1,594	\$ 27,509
Accrued expenses	59,427	254	59,681
Deferred revenue - current	46,921	-	46,921
Compensated absences - current	-	-	-
Loans payable - current	5,508	-	5,508
Bonds payable - current	122,000	-	122,000
Total current liabilities	<u>259,771</u>	<u>1,848</u>	<u>261,619</u>
Noncurrent Liabilities			
Compensated absences	84,571	-	84,571
Loans payable	1,412	-	1,412
Bond payable	254,000	-	254,000
Interfund payable	3,663,907	52,779	3,716,686
Total noncurrent liabilities	<u>4,003,890</u>	<u>52,779</u>	<u>4,056,669</u>
Total liabilities	<u>4,263,661</u>	<u>54,627</u>	<u>4,318,288</u>
NET ASSETS			
Invested in capital assets, net of related debt	5,449,014	5,382,522	10,831,536
Unrestricted	<u>(3,598,696)</u>	<u>(53,907)</u>	<u>(3,652,603)</u>
Total net assets	<u>\$ 1,850,318</u>	<u>\$ 5,328,615</u>	<u>\$ 7,178,933</u>

CITY OF PRESCOTT, ARIZONA
Combining Statement of Revenues, Expenses and Changes in Net Assets
Nonmajor Proprietary Funds
For the year ended June 30, 2012

	<u>Golf Course</u>	<u>Parking Garage</u>	<u>Totals</u>
Operating Revenues			
Golf course green fees	\$ 1,111,201	\$ -	\$ 1,111,201
Restaurant sales	759,300	-	759,300
Golf course rentals	571,745	-	571,745
Golf pro-shop sales	163,415	-	163,415
Other services	-	42,973	42,973
Miscellaneous	5,829	-	5,829
Total operating revenues	<u>2,611,490</u>	<u>42,973</u>	<u>2,654,463</u>
Operating Expenses			
Personnel services	1,393,131	20,669	1,413,800
Supplies	612,031	4,170	616,201
Other services and charges	708,154	52,199	760,353
Depreciation	285,863	158,309	444,172
Total operating expenses	<u>2,999,179</u>	<u>235,347</u>	<u>3,234,526</u>
Operating income (loss)	<u>(387,689)</u>	<u>(192,374)</u>	<u>(580,063)</u>
Non-Operating Revenues (Expenses)			
Interest and investment income	-	-	-
Interest expense	(16,255)	-	(16,255)
Net gain (loss) on disposal of assets	(762)	-	(762)
Total non-operating Revenues (expenses)	<u>(17,017)</u>	<u>-</u>	<u>(17,017)</u>
Income (loss) before contributions and transfers	(404,706)	(192,374)	(597,080)
Transfers In	-	18,000	18,000
Change in net assets	<u>(404,706)</u>	<u>(174,374)</u>	<u>(579,080)</u>
Total net assets - beginning	2,255,024	5,502,989	7,758,013
Total net assets - ending	<u>\$ 1,850,318</u>	<u>\$ 5,328,615</u>	<u>\$ 7,178,933</u>

CITY OF PRESCOTT, ARIZONA
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the year ended June 30, 2012

	<u>Golf Course</u>	<u>Parking Garage</u>	<u>Totals</u>
Cash flows from operating activities:			
Cash received from customers	\$ 2,606,415	\$ 42,735	\$ 2,649,150
Cash payments to employees for services	(1,430,835)	(21,751)	(1,452,586)
Cash payments to suppliers for goods and services	(1,333,462)	(55,841)	(1,389,303)
Net cash provided by (used for) operating activities	<u>(157,882)</u>	<u>(34,857)</u>	<u>(192,739)</u>
Cash flows from noncapital financing activities:			
Receipt (payment) under interfund loan arrangement	302,019	16,857	318,876
Transfers in	-	18,000	18,000
Net cash provided by (used for) noncapital financing activity	<u>302,019</u>	<u>34,857</u>	<u>336,876</u>
Cash flows from capital and related financing activities:			
Interest paid on capital financing	(16,255)	-	(16,255)
Principal paid on capital financing	(127,882)	-	(127,882)
Net cash provided by (used for) capital and related financing activities	<u>(144,137)</u>	<u>-</u>	<u>(144,137)</u>
Net increase (decrease) in cash and cash equivalents	-	-	-
Cash and cash equivalents at July 1	-	-	-
Cash and cash equivalents at June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	<u>\$ (387,689)</u>	<u>\$ (192,374)</u>	<u>\$ (580,063)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	285,863	158,309	444,172
Changes in assets and liabilities:			
Increase (decrease) in accounts payable	(1,975)	528	(1,447)
Increase (decrease) in compensated absences	7,633	-	7,633
(Increase) decrease in accounts receivable	(5,075)	(237)	(5,312)
(Increase) decrease in inventory	(11,302)	-	(11,302)
Increase (decrease) salary & benefits payable	(45,337)	(1,083)	(46,420)
Total adjustments	<u>229,807</u>	<u>157,517</u>	<u>387,324</u>
Net cash provided by operating activities	<u>\$ (157,882)</u>	<u>\$ (34,857)</u>	<u>\$ (192,739)</u>

COMBINING STATEMENTS

Internal Service Funds

Internal service funds are used to account for services and commodities furnished by one department to other departments of the City on a cost reimbursement basis. Funds included are:

Fleet Maintenance

To account for the cost of operating a maintenance facility for automotive and other equipment used by various departments. These costs, including depreciation, are billed to the various using departments. The various user departments who acquire automotive and other equipment are responsible for replacement costs.

Risk Management

To account for the costs, both direct and indirect, of maintaining comprehensive property damage and general liability and workers' compensation insurance coverage. Revenue to this fund is derived from charges to City departments.

Engineering Services

To account for the costs, both direct and indirect, of the engineering department which does work for other departments of the City. Revenue to this fund is derived from charges to City departments based on the work performed for the department.

Facilities Maintenance

To provide maintenance and custodial service to all City owned facilities. Revenue to this fund is derived from charges to participating City departments.

CITY OF PRESCOTT, ARIZONA
Combining Statement of Net Assets
Internal Service Funds
June 30, 2012

ASSETS	Fleet	Risk	Engineering	Facilities	Totals
	<u>Maintenance</u>	<u>Management</u>	<u>Services</u>	<u>Maintenance</u>	
Current Assets					
Cash and cash equivalents	\$ 5,725,558	\$ 1,538,942	\$ 613,332	\$ 288,956	\$ 8,166,788
Accounts receivable (net)	-	-	-	-	-
Inventory at cost	253,702	-	-	-	253,702
Total current assets	<u>5,979,260</u>	<u>1,538,942</u>	<u>613,332</u>	<u>288,956</u>	<u>8,420,490</u>
Noncurrent Assets					
Restricted cash and cash equivalents					
Restricted cash	-	1,466,093	-	-	1,466,093
Total restricted assets	<u>-</u>	<u>1,466,093</u>	<u>-</u>	<u>-</u>	<u>1,466,093</u>
Capital Assets					
Land and construction in process	13,191	-	-	-	13,191
Buildings	5,259,218	-	-	-	5,259,218
Improvements other than buildings	12,473	-	36,550	-	49,023
Machinery and equipment	5,816,595	-	302,521	79,665	6,198,781
Total capital assets	<u>11,101,477</u>	<u>-</u>	<u>339,071</u>	<u>79,665</u>	<u>11,520,213</u>
Less accumulated depreciation	(3,405,202)	-	(259,326)	(51,236)	(3,715,764)
Net capital assets	<u>7,696,275</u>	<u>-</u>	<u>79,745</u>	<u>28,429</u>	<u>7,804,449</u>
Total assets	<u>13,675,535</u>	<u>3,005,035</u>	<u>693,077</u>	<u>317,385</u>	<u>17,691,032</u>
LIABILITIES					
Current Liabilities					
Accounts payable	275,318	24,009	4,250	8,371	311,948
Accrued expenses	12,173	-	24,452	7,148	43,773
Claims payable	-	703,343	-	-	703,343
Compensated absences - current	55,863	-	148,020	-	203,883
Bonds and assessments - current	203,997	-	-	-	203,997
Total current liabilities	<u>547,351</u>	<u>727,352</u>	<u>176,722</u>	<u>15,519</u>	<u>1,466,944</u>
Noncurrent Liabilities					
Claims payable	-	1,532,649	-	-	1,532,649
Compensated absences	67,568	17,635	107,770	55,584	248,557
Bonds and assessments payable	3,995,262	-	-	-	3,995,262
Total noncurrent liabilities	<u>4,062,830</u>	<u>1,550,284</u>	<u>107,770</u>	<u>55,584</u>	<u>5,776,468</u>
Total liabilities	<u>4,610,181</u>	<u>2,277,636</u>	<u>284,492</u>	<u>71,103</u>	<u>7,243,412</u>
Net Assets					
Invested in capital assets, net of related debt	3,497,016	-	79,745	28,429	3,605,190
Unrestricted	5,568,338	727,399	328,840	217,853	6,842,430
Total net assets	<u>\$ 9,065,354</u>	<u>\$ 727,399</u>	<u>\$ 408,585</u>	<u>\$ 246,282</u>	<u>\$ 10,447,620</u>

CITY OF PRESCOTT, ARIZONA
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
For the year ended June 30, 2012

	<u>Fleet Maintenance</u>	<u>Risk Management</u>	<u>Engineering Services</u>	<u>Facilities Maintenance</u>	<u>Total</u>
Operating Revenues					
Charges for services	\$ 1,821,958	\$ -	\$ 1,853,595	\$ 1,048,920	\$ 4,724,473
Other services	-	2,111,700	-	-	2,111,700
Miscellaneous	-	-	9	-	9
Total operating revenues	<u>1,821,958</u>	<u>2,111,700</u>	<u>1,853,604</u>	<u>1,048,920</u>	<u>6,836,182</u>
Operating Expenses					
Personnel services	628,639	243,097	1,295,090	343,609	2,510,435
Supplies	689,463	1,218	33,869	76,117	800,667
Other services and charges	375,727	964,883	262,377	553,813	2,156,800
Claims expense	-	600,298	-	-	600,298
Depreciation	679,543	-	18,641	6,179	704,363
Total operating expenses	<u>2,373,372</u>	<u>1,809,496</u>	<u>1,609,977</u>	<u>979,718</u>	<u>6,772,563</u>
Operating income (loss)	<u>(551,414)</u>	<u>302,204</u>	<u>243,627</u>	<u>69,202</u>	<u>63,619</u>
Non-operating Revenues (Expenses)					
Interest and investment income	94,672	31,791	6,280	3,331	136,074
Net gain (loss) on disposal of assets	(6,611)	-	-	-	(6,611)
Debt service interest	(190,554)	-	-	-	(190,554)
Total non-operating revenues	<u>(102,493)</u>	<u>31,791</u>	<u>6,280</u>	<u>3,331</u>	<u>(61,091)</u>
Income (loss) before transfers	<u>(653,907)</u>	<u>333,995</u>	<u>249,907</u>	<u>72,533</u>	<u>2,528</u>
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net assets	<u>(653,907)</u>	<u>333,995</u>	<u>249,907</u>	<u>72,533</u>	<u>2,528</u>
Total net assets - beginning	<u>9,719,261</u>	<u>393,404</u>	<u>158,678</u>	<u>173,749</u>	<u>10,445,092</u>
Total net assets - ending	<u>\$ 9,065,354</u>	<u>\$ 727,399</u>	<u>\$ 408,585</u>	<u>\$ 246,282</u>	<u>\$10,447,620</u>

CITY OF PRESCOTT, ARIZONA
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2012

	Fleet Maintenance	Risk Management	Engineering Services	Facilities Maintenance	Total
Cash Flows from Operating Activities:					
Cash received from customers	\$ 1,824,159	\$ 2,111,700	\$ 1,853,603	\$ 1,048,920	\$ 6,838,382
Cash payments to employees for services	(642,891)	(247,270)	(1,353,740)	(347,198)	(2,591,099)
Cash payments to suppliers for goods and services	(1,192,931)	(1,964,895)	(295,923)	(650,553)	(4,104,302)
Net cash provided by (used for) operating activities	<u>1,181,268</u>	<u>1,864,430</u>	<u>499,863</u>	<u>701,722</u>	<u>4,247,283</u>
Cash Flows from Noncapital Financing Activities:					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(381,641)	-	-	-	(381,641)
Interest paid on capital financing	(190,554)	-	-	-	(190,554)
Principal paid on capital financing	(200,148)	-	-	-	(200,148)
Proceeds from sales of capital assets	(6,611)	-	-	-	(6,611)
Net cash provided by (used for) capital and related financing activities	<u>(778,954)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(778,954)</u>
Cash Flows from Investing Activities:					
Interest on investments	94,672	31,791	6,281	3,331	136,075
Net cash provided by (used for) investing activities	<u>94,672</u>	<u>31,791</u>	<u>6,281</u>	<u>3,331</u>	<u>136,075</u>
Net increase (decrease) in cash and cash equivalents	496,986	1,896,221	506,144	705,053	3,604,404
Cash and cash equivalents - beginning	6,421,503	3,073,709	403,111	234,456	10,132,779
Cash and cash equivalents - ending	<u>\$ 6,918,489</u>	<u>\$ 4,969,930</u>	<u>\$ 909,255</u>	<u>\$ 939,509</u>	<u>\$ 13,737,183</u>
Reconciliation to statement of net assets					
Cash and cash equivalents at June 30, unrestricted	\$ 5,725,558	\$ 1,538,942	\$ 613,332	\$ 288,956	\$ 8,166,788
Cash and cash equivalents at June 30, restricted	-	1,466,093	-	-	1,466,093
Total	<u>\$ 5,725,558</u>	<u>\$ 3,005,035</u>	<u>\$ 613,332</u>	<u>\$ 288,956</u>	<u>\$ 9,632,881</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:					
Operating income (loss)	\$ (551,414)	\$ 302,204	\$ 243,627	\$ 69,202	\$ 63,619
Adjustments to reconcile operating income activities:					
Depreciation	679,543	-	18,641	6,179	704,363
Change in assets and liabilities:					
Increase (decrease) in accounts payable	(117,327)	-	322	(20,623)	(137,628)
Increase (decrease) in compensated absences	3,688	-	(12,471)	6,282	(2,501)
(Increase) decrease in customer receivable	2,201	-	-	-	2,201
Increase (decrease) in claims payable	-	(398,496)	-	-	(398,496)
(Increase) decrease in inventory	(10,415)	-	-	-	(10,415)
Increase (decrease) in salaries & benefits payable	(17,939)	(4,173)	(46,179)	(9,871)	(78,162)
Total adjustments	<u>539,751</u>	<u>(402,669)</u>	<u>(39,687)</u>	<u>(18,033)</u>	<u>79,362</u>
Net cash provided by (used for) operating activities	<u>\$ (11,663)</u>	<u>\$ (100,465)</u>	<u>\$ 203,940</u>	<u>\$ 51,169</u>	<u>\$ 142,981</u>

Fiduciary Funds

Fiduciary funds are used to account for assets held by a governmental unit in a trustee capacity for others. The City maintains one agency fund.

County Justice Court Agency

Accounts for the cash collection of the County Justice and Juvenile Courts. These clearing accounts are offset by an equal liability. There is no measurement of the results of operations.

CITY OF PRESCOTT, ARIZONA
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the year ended June 30, 2012

	Agency Funds			
	County Justice Court			
	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
ASSETS				
Cash and short-term investments	\$ 124,925	\$ 1,951,277	\$ 1,934,979	\$ 141,223
Total assets				
LIABILITIES				
Due to other governments	\$ 124,925	\$ 1,951,277	\$ 1,934,979	\$ 141,223
Total liabilities	\$ 124,925	\$ 1,951,277	\$ 1,934,979	\$ 141,223

OTHER SUPPLEMENTARY INFORMATION

CITY OF PRESCOTT, ARIZONA
Schedule of General Obligation Bonds Payable
June 30, 2012

	Refunding & Municipal Facilities Bond Series 1998	Municipal Facilities Bond Series 2007	Total General Obligation Bonds
Interest rates	4.34%	3.83%	N/A
Issue date	12/1/1998	5/8/2007	N/A
Final maturity date	7/1/2013	7/1/2017	N/A
Authorized	\$ 15,895,000	\$ 1,510,000	\$ 17,405,000
Issued	15,895,000	1,510,000	17,405,000
Retired	14,560,000	675,000	15,235,000
Outstanding	1,335,000	835,000	2,170,000
Principal retirement:			
2013	1,335,000	155,000	1,490,000
2014	-	160,000	160,000
2015	-	165,000	165,000
2016	-	175,000	175,000
2017	-	180,000	180,000

CITY OF PRESCOTT, ARIZONA

Schedule of Bonds Payable to the City of Prescott's Municipal Property Corporation

June 30, 2012

	Big Chino Ranch	Central Garage & Transfer Station	89A and Granite Dells Parkway Taxable Revenue Bonds (1)	Williamson Valley Rd & Golf Course Equipment	Total Bonds Payable
	Series 2004-G	Series 2007	Series 2010	Series 2011	
Interest rates	4.62%	4.35% avg.	1.27% - 6.245%	4.18%	N/A
Issue date	12/29/2004	5/8/2007	2/18/2010	5/12/2011	N/A
Final maturity	7/1/2034	7/1/2027	7/1/2029	7/1/2031	N/A
Authorized	\$ 12,525,000	\$ 6,625,000	\$ 18,250,000	\$ 8,910,000	\$ 46,310,000
Issued	12,525,000	6,625,000	18,250,000	8,910,000	46,310,000
Retired	1,820,000	1,170,000	1,525,000	396,000	4,515,000
Outstanding	10,705,000	5,455,000	16,725,000	8,514,000	32,885,000
Principal retirement:					
2013	295,000	265,000	775,000	410,000	1,745,000
2014	310,000	280,000	785,000	426,000	1,801,000
2015	320,000	290,000	805,000	442,000	1,857,000
2016	335,000	300,000	825,000	326,000	1,786,000
2017	345,000	310,000	845,000	340,000	1,840,000
2018	360,000	325,000	870,000	354,000	1,909,000
2019	375,000	340,000	900,000	369,000	1,984,000
2020	395,000	355,000	930,000	385,000	2,065,000
2021	415,000	370,000	960,000	401,000	2,146,000
2022	430,000	390,000	990,000	418,000	2,228,000
2023	450,000	410,000	1,025,000	435,000	2,320,000
2024	470,000	430,000	1,065,000	453,000	2,418,000
2025	495,000	450,000	1,100,000	473,000	2,518,000
2026	515,000	460,000	1,140,000	492,000	2,607,000
2027	545,000	480,000	1,190,000	513,000	2,728,000
2028	570,000	-	1,235,000	535,000	2,340,000
2029	600,000	-	1,285,000	557,000	2,442,000
2030	630,000	-	-	580,000	1,210,000
2031	660,000	-	-	605,000	1,265,000
2032	695,000	-	-	-	695,000
2033	730,000	-	-	-	730,000
2034	765,000	-	-	-	765,000

1. The Series 2010 Municipal Properties Corporation Bonds are taxable revenue bonds that are qualified Build America Bonds. The federal government will provide a subsidy totaling \$3,985,167 over the term of the bonds reducing the City's interest obligation from \$11,386,190 to \$7,401,024 over the term of the issue. In FY 10, \$115,374 in subsidy payments were received.

CITY OF PRESCOTT, ARIZONA
Schedule of Special Assessment Bonds Payable
June 30, 2012

	Imp. District #162	Imp. District #163	Imp. District #164	Total Imp. District
Interest rates	5.10%	4.60%	2- 3.082%	N/A
Issue date	9/1/2000	2/1/2001	10/1/2003	N/A
Final maturity date	9/1/2015	2/1/2016	1/1/2022	N/A
Authorized	\$ 1,920,000	\$ 2,470,000	\$ 95,840	\$ 4,485,840
Issued	1,920,000	2,470,000	95,840	4,485,840
Retired	1,415,000	1,945,000	45,855	3,405,855
Outstanding	505,000	525,000	49,985	1,079,985
Principal retirement:				
2013	160,000	175,000	5,044	340,044
2014	170,000	175,000	5,044	350,044
2015	175,000	175,000	5,045	355,045
2016	-	-	5,044	5,044
2017	-	-	5,044	5,044
2018	-	-	5,044	5,044
2019	-	-	5,044	5,044
2020	-	-	5,044	5,044
2021	-	-	5,044	5,044
2022	-	-	4,588	4,588

CITY OF PRESCOTT, ARIZONA
Schedule of Community Facilities Districts Bonds Payable
June 30, 2011

	Hassayampa #1 Community Facilities Bonds <u>Series 1996</u>	Hassayampa #2 Community Facilities Bonds <u>Series 2000</u>	Total Community Facilities <u>Bonds</u>
Interest rates	7.75%	7.50%	N/A
Issue date	11/1/1996	2/1/2000	N/A
Final maturity date	7/1/2021	7/1/2024	N/A
Authorized	\$ 7,315,000	\$ 1,240,000	\$ 8,555,000
Issued	7,315,000	1,240,000	8,555,000
Retired	4,455,000	785,000	5,240,000
Outstanding	2,860,000	455,000	3,315,000
Principal retirement:			
2013	230,000	25,000	255,000
2014	250,000	25,000	275,000
2015	265,000	30,000	295,000
2016	290,000	30,000	320,000
2017	310,000	35,000	345,000
2018	335,000	35,000	370,000
2019	365,000	40,000	405,000
2020	390,000	40,000	430,000
2021	425,000	45,000	470,000
2022	-	50,000	50,000
2023	-	50,000	50,000
2024	-	50,000	50,000

CITY OF PRESCOTT, ARIZONA

Schedule of Loans Payable From Water Infrastructure Finance Authority

June 30, 2012

	Clean Water Loan 910097-08	Clean Water Loan 910122-10	Clean Water Loan 910147-11	Clean Water Loan 910148-11	Clean Water Loan 910151-11	Drinking Water Loan 920125-08	Drinking Water Loan 92A154-10	Drinking Water Loan 92A166-09	Drinking Water Loan 920206-11	Total Payable
Interest rates	3.868%	3.143%	3.152%	3.152%	2.950%	3.64%	3.143%	3.143%	3.152%	N/A
Issue date	8/24/2007	7/31/2009	12/3/2010	12/3/2010	6/10/2011	8/24/2007	7/31/2009	7/31/2009	12/3/2010	N/A
Final maturity date	7/1/2027	7/1/2029	7/1/2030	7/1/2030	7/1/2031	7/1/2027	7/1/2029	7/1/2029	7/1/2030	N/A
Authorized	\$ 4,703,000	\$ 6,573,506	\$ 2,070,000	\$ 1,635,870	\$ 45,802,753	\$ 9,854,000	\$ 3,591,880	\$ 8,998,096	\$ 1,060,000	84,289,105
Issued to date	4,702,999	6,054,763	1,574,593	5,063	2,284,281	7,792,107	2,208,401	6,759,551	1,018,796	31,381,758
Final amount issued	4,702,999	6,054,763	1,574,593	In Progress	In Progress	In Progress	157,681	2,759,551	1,018,796	
Retired	678,596	469,428	75,853	5,063	-	-	56,822	372,416	38,842	1,658,178
ARRA Forgivable Principal (1)	-	-	-	-	-	-	2,050,720	4,000,000	-	6,050,720
Outstanding	4,024,403	5,585,335	1,498,740	-	2,284,281	7,792,107	100,859	2,387,135	979,954	24,652,814
Principal retirement:										
2013	186,363	235,492	80,212	-	-	367,449	4,252	105,337	38,450	1,017,555
2014	193,571	242,892	61,334	-	97,559	380,824	4,386	103,958	39,662	1,124,185
2015	201,057	250,525	63,267	-	100,485	394,686	4,524	107,225	40,912	1,162,681
2016	208,833	258,398	65,261	-	103,500	409,053	4,666	110,594	42,202	1,202,507
2017	216,910	266,518	67,318	-	106,605	423,942	4,813	114,070	43,532	1,243,707
2018	225,299	274,893	69,440	-	109,803	439,374	4,964	117,654	44,904	1,286,331
2019	234,012	283,531	71,629	-	113,097	455,367	5,120	121,352	46,319	1,330,427
2020	243,062	292,441	73,887	-	116,490	471,942	5,281	125,165	47,779	1,376,048
2021	252,463	301,631	76,216	-	119,985	489,121	5,447	129,098	49,285	1,423,246
2022	262,227	311,110	78,618	-	123,584	506,925	5,618	133,155	50,839	1,472,076
2023	272,369	320,887	81,096	-	127,292	525,377	5,794	137,340	52,441	1,522,596
2024	282,902	330,971	83,652	-	131,111	544,501	5,977	141,656	54,094	1,574,864
2025	293,844	341,371	86,289	-	135,044	564,320	6,164	146,107	55,799	1,628,939
2026	305,208	352,099	89,009	-	139,095	584,862	6,358	150,698	57,558	1,684,887
2027	317,012	363,164	91,814	-	143,268	606,151	6,558	155,434	59,372	1,742,773
2028	329,272	374,576	94,708	-	147,566	628,213	6,764	160,319	61,244	1,802,661
2029	-	386,347	97,693	-	151,993	-	6,977	165,357	63,174	871,541
2030	-	398,488	100,773	-	156,553	-	7,196	162,618	65,165	890,793
2031	-	-	66,526	-	161,251	-	-	-	67,219	294,996

(1) The American Recovery and Reinvestment Act of 2009 provided funding on two loans payable.

STATISTICAL SECTION





STATISTICAL SECTION

Statistical section information is presented for five categories - financial trends information, revenue capacity information, debt capacity information, demographic and economic information, and operating information.

Financial trends information is intended to assist users in understanding and assessing how the City's financial position has changed over time.

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the City's ability to generate its own-source revenues.

Debt capacity information is intended to assist users in understanding and assessing the City's debt burden and its ability to issue additional debt.

Demographic and economic information is intended:

- ◆ to assist users in understanding the socioeconomic environment within which the City operates and
- ◆ to provide information that facilitates comparisons of financial statement information over time and among governments.

Operating information is intended to provide contextual information about the City's operations and resources to assist readers in using financial statement information to understand and assess the City's economic condition.

CITY OF PRESCOTT, ARIZONA

Table I

Statistical Section - Financial Trends

Net Assets by Component

Last ten fiscal years (in millions of dollars)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities										
Invested in capital assets, net of related debt	\$151.8	\$163.0	\$177.9	\$184.8	\$203.7	\$257.6	\$266.1	\$256.8	\$252.0	\$244.2
Restricted	43.7	45.4	43.9	50.2	31.4	22.0	14.5	26.8	33.3	28.2
Unrestricted	6.5	7.7	8.9	11.6	33.3	18.9	21.3	18.2	11.8	20.7
Total governmental activities net assets	<u>202.0</u>	<u>216.1</u>	<u>230.7</u>	<u>246.1</u>	<u>268.4</u>	<u>298.5</u>	<u>301.9</u>	<u>301.8</u>	<u>297.1</u>	<u>293.1</u>
Business-type activities										
Invested in capital assets, net of related debt	110.0	115.9	129.6	148.8	162.0	170.1	179.7	180.2	181.2	186.6
Restricted	4.9	4.5	7.1	7.6	9.4	11.0	10.3	3.3	5.9	1.8
Unrestricted	11.8	14.2	15.4	14.2	10.6	12.0	8.4	20.6	21.6	28.1
Total business-type activities net assets	<u>126.7</u>	<u>134.6</u>	<u>152.1</u>	<u>170.6</u>	<u>182.0</u>	<u>193.1</u>	<u>198.4</u>	<u>204.1</u>	<u>208.7</u>	<u>216.5</u>
Primary government										
Invested in capital assets, net of related debt	261.8	278.9	307.5	333.6	365.7	427.7	445.8	437.0	433.2	430.8
Restricted	48.6	49.9	51.0	57.8	40.8	33.0	24.8	30.1	39.2	30.0
Unrestricted	18.3	21.9	24.3	25.8	43.9	30.9	29.7	38.8	33.4	48.8
Total primary government net assets	<u>\$328.7</u>	<u>\$350.7</u>	<u>\$382.8</u>	<u>\$417.2</u>	<u>\$450.4</u>	<u>\$491.6</u>	<u>\$500.3</u>	<u>\$505.9</u>	<u>\$505.8</u>	<u>\$509.6</u>

Source: City of Prescott finance department

CITY OF PRESCOTT, ARIZONA

Table IIa

Statistical Section - Financial Trends

Changes in Net Assets

Last ten fiscal years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental Activities:										
General government	\$ 3,798,901	\$ 5,552,612	\$ 5,903,541	\$ 6,086,650	\$ 4,422,607	\$ 2,795,027	\$ 4,729,659	\$ 5,270,318	\$ 4,751,361	\$ 3,845,602
Community services	2,083,451	2,147,067	2,504,447	2,409,814	3,215,988	2,753,553	2,496,954	1,581,189	1,828,771	1,575,162
Culture and recreation	4,724,473	5,412,480	5,323,256	6,177,208	6,688,038	7,423,431	7,128,215	6,755,821	5,695,054	6,087,787
Public Safety										
Police and court	7,774,898	8,154,036	8,888,639	10,615,068	11,871,859	12,708,979	11,577,275	13,199,261	12,701,709	12,922,445
Fire	5,410,325	5,883,210	6,221,770	7,069,541	7,392,504	8,154,199	8,136,035	8,283,157	7,033,768	7,570,584
Total public safety	<u>13,185,223</u>	<u>14,037,246</u>	<u>15,110,409</u>	<u>17,684,609</u>	<u>19,264,363</u>	<u>20,863,178</u>	<u>19,713,310</u>	<u>21,482,418</u>	<u>19,735,477</u>	<u>20,493,029</u>
Public Works	10,859,477	11,131,614	10,964,098	14,483,522	16,078,254	16,900,857	17,504,910	17,159,687	20,078,009	20,201,958
Interest on long-term debt	1,359,238	1,263,727	1,161,057	1,087,363	1,003,567	1,195,481	1,055,002	945,490	1,516,480	1,801,417
Total governmental activities expenses	<u>36,010,763</u>	<u>39,544,746</u>	<u>40,966,808</u>	<u>47,929,166</u>	<u>50,672,817</u>	<u>51,931,527</u>	<u>52,628,050</u>	<u>53,194,923</u>	<u>53,605,152</u>	<u>54,004,955</u>
Business-type Activities:										
Airport	3,649,511	3,619,357	4,324,540	5,052,283	4,716,619	4,101,413	2,106,018	2,667,588	2,143,260	1,879,071
Golf course	2,031,656	2,147,973	1,971,548	2,629,179	3,219,774	3,539,999	3,027,055	3,177,877	3,118,481	3,015,435
Parking garage	660	400	-	102,270	251,831	250,970	244,877	233,647	240,892	235,347
Solid waste/transfer station	6,678,760	7,392,151	8,490,009	8,637,308	9,063,406	9,253,640	8,432,884	8,565,248	8,183,227	8,364,648
Wastewater	4,754,234	4,660,494	5,801,765	6,100,960	6,363,510	7,415,592	7,070,036	7,240,349	7,268,274	7,618,029
Water	6,634,008	6,958,715	7,384,458	8,163,189	9,910,947	10,251,868	10,398,324	11,730,387	12,327,147	10,860,729
Total business-type activities expenses	<u>23,748,829</u>	<u>24,779,090</u>	<u>27,972,320</u>	<u>30,685,189</u>	<u>33,526,087</u>	<u>34,813,482</u>	<u>31,279,194</u>	<u>33,615,096</u>	<u>33,281,281</u>	<u>31,973,259</u>
Total primary government expenses	<u>\$59,759,592</u>	<u>\$64,323,836</u>	<u>\$68,939,128</u>	<u>\$78,614,355</u>	<u>\$84,198,904</u>	<u>\$86,745,009</u>	<u>\$83,907,244</u>	<u>\$86,810,019</u>	<u>\$86,886,433</u>	<u>\$85,978,214</u>

Source: City of Prescott finance department

CITY OF PRESCOTT, ARIZONA

Table IIb

Statistical Section - Financial Trends

Changes in Net Assets

Last ten fiscal years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Program Revenue										
Governmental Activities:										
Charges for services:										
General government (1)	\$ 1,365,986	\$ 1,328,746	\$ 1,709,487	\$ 1,704,995	\$ 373,184	\$ 424,522	\$ 287,233	\$ 275,792	\$ 399,268	\$ 364,375
Community services (1)	303,604	316,299	386,522	329,140	1,012,016	759,032	557,381	451,277	406,925	523,237
Culture and recreation	1,501,425	1,219,762	1,474,204	1,342,645	1,106,163	828,718	676,388	1,336,685	1,386,960	1,216,202
Public Safety										
Police and court	677,483	873,926	1,075,633	1,637,260	1,735,625	1,810,533	2,029,268	1,862,438	1,783,712	1,784,691
Fire	669,730	746,516	542,502	542,641	593,633	653,650	393,231	517,585	502,926	473,685
Total public safety	1,347,213	1,620,442	1,618,135	2,179,901	2,329,258	2,464,183	2,422,499	2,380,023	2,286,638	2,258,376
Public Works	601,140	618,700	680,346	750,987	451,537	314,725	270,456	343,168	305,655	343,828
Operating grants and contributions	3,960,189	4,879,585	4,841,655	4,536,312	5,110,022	5,320,140	4,680,179	5,419,640	2,958,436	2,511,253
Capital grants and contributions	2,575,571	6,296,262	2,761,682	13,509,535	10,003,889	12,437,202	2,009,069	1,788,843	4,429,608	3,067,646
Total governmental activities program revenues	11,655,128	16,279,796	13,472,031	24,353,515	20,386,069	22,548,522	10,903,205	11,995,428	12,173,490	10,284,917
Business-type Activities:										
Charges for services:										
Airport	2,997,688	3,226,483	3,834,834	4,472,618	4,127,668	3,350,194	1,312,884	1,270,370	1,372,979	1,305,057
Golf course	2,149,134	2,162,487	2,218,301	2,570,842	3,382,094	3,257,411	2,981,108	2,666,753	2,580,592	2,604,899
Parking garage (2)	-	-	-	64,632	58,527	58,072	48,063	52,731	39,331	42,973
Solid waste/transfer station	7,274,181	7,825,675	8,533,710	9,519,355	9,699,398	9,207,131	8,930,779	8,402,515	7,887,491	8,034,858
Wastewater	3,908,024	3,894,327	4,146,635	4,139,815	4,406,795	4,485,370	5,836,923	6,555,018	7,625,038	8,899,845
Water	6,991,854	7,133,069	8,667,426	9,472,952	9,439,229	12,371,505	11,833,103	11,206,436	12,525,849	13,658,884
Operating grants and contributions	-	-	-	-	-	-	-	195,055	48,852	0
Capital grants and contributions	4,116,293	7,731,228	15,913,794	11,398,193	11,426,649	11,443,754	3,995,467	7,637,797	2,231,217	4,285,113
Total business-type activities program revenues	27,437,174	31,973,269	43,314,700	41,638,407	42,540,360	44,173,437	34,938,327	37,986,675	34,311,349	38,831,629
Total primary government revenues	\$39,092,302	\$48,253,065	\$56,786,731	\$65,991,922	\$62,926,429	\$66,721,959	\$45,841,532	\$49,982,103	\$46,484,839	\$49,116,546
Net (Expense)/Revenue										
Governmental activities	\$ (24,355,635)	\$ (23,264,950)	\$ (27,494,777)	\$ (23,575,651)	\$ (30,286,748)	\$ (29,383,005)	\$ (41,724,845)	\$ (41,199,495)	\$ (41,431,662)	\$ (43,720,038)
Business-type activities	3,688,345	7,194,179	15,342,380	10,953,218	9,014,273	9,359,955	3,659,133	4,371,579	1,030,068	6,858,370
Total primary government net expense	\$ (20,667,290)	\$ (16,070,771)	\$ (12,152,397)	\$ (12,622,433)	\$ (21,272,475)	\$ (20,023,050)	\$ (38,065,712)	\$ (36,827,916)	\$ (40,401,594)	\$ (36,861,668)

Source: City of Prescott finance department

(1) Charges for various permits and inspections were moved from general government to community services in fiscal year 2007.

(2) Parking garage opened in fiscal year 2006.

CITY OF PRESCOTT, ARIZONA
Table IIc
Statistical Section - Financial Trends
Changes in Net Assets
Last ten fiscal years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental revenues and other changes in net assets										
Governmental Activities:										
Taxes:										
Property taxes, levied for general purposes	\$ 826,858	\$ 898,810	\$ 1,003,217	\$ 1,044,116	\$ 1,121,323	\$ 1,156,383	\$ 1,211,716	\$ 1,227,325	\$ 1,257,419	\$ 1,252,755
Property taxes, levied for debt service	1,680,721	1,676,385	1,688,385	1,690,354	1,708,876	1,909,468	1,935,447	1,627,818	1,552,902	1,568,599
Utility franchise taxes	1,020,608	1,147,098	1,235,890	1,369,307	1,488,072	1,563,883	1,567,388	1,644,977	1,637,128	1,624,459
City privilege and use tax, general purposes	10,126,355	11,835,113	13,215,116	15,129,080	15,810,057	14,975,742	12,794,026	12,177,884	11,763,668	12,593,700
City privilege and use tax, major street and open space program	9,872,177	11,517,650	12,918,249	14,731,785	15,333,864	14,365,539	12,157,858	11,711,274	11,237,566	12,131,870
Transient lodging tax	301,900	326,387	359,928	417,001	437,770	529,488	558,806	462,709	509,488	554,396
Intergovernmental revenues - unrestricted	8,840,065	8,416,354	8,816,640	10,124,341	11,614,540	12,528,123	12,205,058	10,564,433	9,441,614	8,709,498
Interest and investment income	1,425,352	935,209	2,036,084	1,790,200	3,728,455	3,015,995	2,070,231	1,359,253	1,165,562	805,723
Gain (loss) on sale of property (1)	-	-	-	-	-	8,595,744	164,217	(1,152,911)	-	-
Miscellaneous	595,506	636,217	1,317,671	818,055	875,139	546,570	618,265	965,685	498,367	500,110
Transfers	(54,356)	(25,072)	(350,377)	(6,345,662)	(83,037)	300,237	(67,811)	388,326	(2,538,596)	(12,940)
Total governmental activities	34,635,186	37,364,151	42,240,803	40,768,577	52,035,059	59,487,172	45,215,201	40,976,773	36,525,118	39,728,170
Business-type Activities:										
Interest and investment income	436,335	103,650	715,632	676,194	1,691,475	1,846,596	1,296,043	992,399	559,838	551,910
Intergovernmental revenues - unrestricted	-	-	-	-	-	-	-	176,755	-	-
Gain (loss) on sale of property	-	-	-	-	-	(921,677)	-	(359)	-	-
Miscellaneous	607,466	597,869	1,022,528	839,545	636,048	732,782	598,764	566,141	513,120	342,380
Transfers	54,356	25,072	350,377	6,345,662	83,037	(300,237)	67,811	(388,326)	2,538,596	12,940
Total business-type activities	1,098,157	726,591	2,088,537	7,861,401	2,410,560	1,357,464	1,962,618	1,346,610	3,611,554	907,230
Total primary government	\$35,733,343	\$38,090,742	\$44,329,340	\$48,629,978	\$54,445,619	\$60,844,636	\$47,177,819	\$42,323,383	\$40,136,672	\$40,635,400
Change in net assets										
Governmental activities	\$ 10,279,551	\$ 14,099,201	\$ 14,746,026	\$ 17,192,926	\$ 21,748,311	\$ 30,104,167	\$ 3,490,356	\$ (222,722)	\$ (4,906,544)	\$ (3,991,868)
Business-type activities	4,786,502	7,920,770	17,430,917	18,814,619	11,424,833	10,717,419	5,621,751	5,718,189	4,641,622	7,765,600
Total primary government	\$ 15,066,053	\$ 22,019,971	\$ 32,176,943	\$ 36,007,545	\$ 33,173,144	\$ 40,821,586	\$ 9,112,107	\$ 5,495,467	\$ (264,922)	\$ 3,773,732

Source: City of Prescott finance department

(1) The majority of the gain reflected in 2008 resulted from the land trade with Yavapai County, whereby the City acquired the rodeo grounds property in exchange for City property located near Sundog Ranch road and Prescott Lakes parkway.

CITY OF PRESCOTT, ARIZONA

Table III

Statistical Section - Financial Trends

Governmental Activities Revenues and Change in Net Assets

Last ten fiscal years

Fiscal Year	Governmental activities:											
	Program Revenues				General Revenues						Total Program & General Revenue	Total Net Revenue/Change in Net Assets
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Taxes	Intergovernmental	Interest & Investment Income	Transfers, Gain(loss) & Miscellaneous	Total			
2003	\$ 5,119,368	\$ 3,960,189	\$ 2,575,571	\$ 11,655,128	\$ 23,828,619	\$ 8,840,065	\$ 1,425,352	\$ 595,506	\$ 34,689,542	\$ 46,344,670	\$ 10,279,551	
2004	5,103,949	4,879,585	6,296,262	16,279,796	27,401,443	8,416,354	935,209	636,217	37,389,223	53,669,019	14,099,201	
2005	5,868,694	4,841,655	2,761,682	13,472,031	30,420,785	8,816,640	2,036,084	1,317,671	42,591,180	56,063,211	14,746,026	
2006	6,307,668	4,536,312	13,509,535	24,353,515	34,381,643	10,124,341	1,790,200	818,055	47,114,239	71,467,754	17,192,926	
2007	5,272,158	5,110,022	10,003,889	20,386,069	35,899,962	11,614,540	3,728,455	875,139	52,118,096	72,504,165	21,748,311	
2008	4,791,180	5,320,140	12,437,202	22,548,522	34,500,503	12,528,123	3,015,997	9,442,551	59,487,174	82,035,696	30,104,167	
2009	4,213,957	4,680,179	2,009,069	10,903,205	30,225,241	12,205,058	2,070,231	714,671	45,215,201	56,118,406	3,490,356	
2010	4,786,945	5,419,640	1,788,843	11,995,428	28,851,987	10,564,433	1,360,706	199,647	40,976,773	52,972,201	(222,722)	
2011	4,785,446	2,958,436	4,429,608	12,173,490	27,958,171	9,441,614	1,165,562	(2,040,229)	36,525,118	48,698,608	(4,906,544)	
2012	4,706,018	2,511,253	3,067,646	10,284,917	29,725,779	8,709,498	805,723	487,170	39,728,170	50,013,087	(3,991,868)	

Source: City of Prescott finance department

These amounts are presented on the accrual basis of accounting.

CITY OF PRESCOTT, ARIZONA

Table IV

Statistical Section - Financial Trends

Business-type Activities Revenues and Change in Net Assets

Last ten fiscal years

Fiscal Year	Business-type activities:													
	Program Revenues							General Revenues					Total Program and General Revenue	Total Net Revenue/Change in Net Assets
	Charges for Services				Solid Waste/Transfer Station	Parking Garage	Operating/Capital Grants and Contributions	Total	Interest	Intergovernmental, Transfers, Gains (losses) and Miscellaneous		Total		
	Water	Waste Water	Golf	Airport						Intergovernmental, Transfers, Gains (losses) and Miscellaneous	Total			
2003	\$ 6,991,854	\$ 3,908,024	\$ 2,149,134	\$ 2,997,688	\$ 7,274,181	\$ -	\$ 4,116,293	\$ 27,437,174	\$ 436,335	\$ 607,466	\$ 1,043,801	\$ 28,480,975	\$ 4,786,502	
2004	7,133,069	3,894,327	2,162,487	3,226,483	7,825,675	-	7,731,228	31,973,269	103,650	597,869	701,519	32,674,788	7,920,770	
2005	8,667,426	4,146,635	2,218,301	3,834,834	8,533,710	-	15,913,794	43,314,700	715,632	1,022,528	1,738,160	45,052,860	17,430,917	
2006	9,472,952	4,139,815	2,570,842	4,472,618	9,519,355	64,632	11,398,193	41,638,407	676,194	839,545	1,515,739	43,154,146	18,814,619	
2007	9,439,229	4,406,795	3,382,094	4,127,668	9,699,398	58,527	11,426,649	42,540,360	1,691,475	636,048	2,327,523	44,867,883	11,424,833	
2008	12,371,505	4,485,370	3,257,411	3,350,194	9,207,131	58,072	11,443,754	44,173,437	1,846,596	(489,132)	1,357,464	45,530,901	10,717,419	
2009	11,833,103	5,836,923	2,981,108	1,312,884	8,930,779	48,063	3,995,467	34,938,327	1,296,043	666,575	1,962,618	36,900,945	5,621,751	
2010	11,206,436	6,555,018	2,666,753	1,270,370	8,402,515	52,731	7,832,852	37,986,675	992,399	354,211	1,346,610	39,333,285	5,718,189	
2011	12,525,849	7,625,038	2,580,592	1,372,979	7,887,491	39,331	2,280,069	34,311,349	559,838	2,538,596	3,098,434	37,409,783	4,641,622	
2012	13,658,884	8,899,845	2,604,899	1,305,057	8,034,858	42,973	4,285,113	38,831,629	551,910	355,320	907,230	39,738,859	7,765,600	

Source: City of Prescott finance department

These amounts are presented on the accrual basis of accounting.

CITY OF PRESCOTT, ARIZONA

Table V

Statistical Section - Financial Trends

Total Primary Government Activities Revenues and Change in Net Assets

Last ten fiscal years

Fiscal Year	Primary government activities:										
	Program Revenues				General Revenues					Total Program and General Revenue	Total Net Revenue/Change in Net Assets
	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total	Taxes	Intergovernmental	Interest	Transfers, Gains(loss) & Miscellaneous	Total		
2003	\$ 28,440,249	\$ 3,960,189	\$ 6,691,864	\$ 39,092,302	\$ 23,828,619	\$ 8,840,065	\$ 1,861,687	\$ 1,202,972	\$ 35,733,343	\$ 74,825,645	\$ 15,066,053
2004	29,345,990	4,879,585	14,027,490	48,253,065	27,401,443	8,416,354	1,038,859	1,234,086	38,090,742	86,343,807	22,019,971
2005	33,269,600	4,841,655	18,675,476	56,786,731	30,420,785	8,816,640	2,751,716	2,340,199	44,329,340	101,116,071	32,176,943
2006	36,547,882	4,536,312	24,907,728	65,991,922	34,381,643	10,124,341	2,466,394	1,657,600	48,629,978	114,621,900	36,007,545
2007	36,385,869	5,110,022	21,430,538	62,926,429	35,899,962	11,614,540	5,419,930	1,511,187	54,445,619	117,372,048	33,173,144
2008	37,520,863	5,320,140	23,880,956	66,721,959	34,500,503	12,528,123	4,862,591	8,953,419	60,844,636	127,566,595	40,821,586
2009	35,156,817	4,680,179	6,004,536	45,841,532	30,225,241	12,205,058	3,366,274	1,381,246	47,177,819	93,019,351	9,112,107
2010	34,940,768	5,614,695	9,426,640	49,982,103	28,851,987	10,741,188	2,353,105	377,103	42,323,383	92,305,486	5,495,467
2011	36,816,726	3,007,288	6,660,825	46,484,839	27,958,171	9,441,614	1,725,400	1,011,487	40,136,672	86,621,511	(264,922)
2012	39,252,534	2,511,253	7,352,759	49,116,546	29,725,779	8,709,498	1,357,633	842,490	40,635,400	89,751,946	3,773,732

Source: City of Prescott finance department

These amounts are presented on the accrual basis of accounting.

CITY OF PRESCOTT, ARIZONA

Table VI

Statistical Section - Financial Trends

Governmental Activities Program Revenues by Function/Program

Last ten fiscal years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
General government	\$1,365,986	\$1,328,746	\$1,716,487	\$1,724,058	\$397,959	\$507,384	\$619,226	\$528,659	\$552,880	\$485,293
Community services	960,756	410,900	607,916	885,113	2,230,826	1,054,549	650,134	470,216	830,706	659,123
Culture and recreation	1,515,797	2,352,876	2,748,219	2,653,076	1,865,462	1,062,952	677,148	1,360,533	1,456,329	1,244,045
Police and court	1,438,315	1,607,611	1,331,412	2,075,968	2,172,971	2,102,735	2,284,453	2,226,109	2,373,641	2,857,869
Fire	851,011	1,074,515	725,709	767,928	894,621	914,572	641,707	1,160,531	1,081,826	1,135,300
Public works	5,523,263	9,505,148	6,342,288	16,247,372	12,824,230	16,906,330	6,030,537	6,249,380	5,565,818	3,594,314
Total governmental activities program revenues	<u>\$11,655,128</u>	<u>\$16,279,796</u>	<u>\$13,472,031</u>	<u>\$24,353,515</u>	<u>\$20,386,069</u>	<u>\$22,548,522</u>	<u>\$10,903,205</u>	<u>\$11,995,428</u>	<u>\$11,861,200</u>	<u>\$9,975,944</u>

Source: City of Prescott finance department

CITY OF PRESCOTT, ARIZONA

Table VII

Statistical Section - Financial Trends

Changes in Fund Balances, Governmental Funds

Last ten fiscal years (in millions of dollars)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Excess of revenues over expenditures	\$ 3.6	\$ 3.6	\$ 5.2	\$ 5.6	\$ 5.6	\$ 2.4	\$ 0.9	\$ (2.5)	\$ (2.4)	\$ 0.6
Other Financing Sources (Uses)										
Debt proceeds	-	-	-	0.7	-	-	0.3	-	-	-
Transfers in	-	-	-	-	-	-	-	1.2	0.1	-
Transfers out	(0.7)	(3.1)	(3.5)	(4.4)	(6.5)	(2.0)	(1.5)	(0.3)	(0.1)	(0.2)
Total other financing sources (uses)	(0.7)	(3.1)	(3.5)	(3.7)	(6.5)	(2.0)	(1.2)	0.9	-	(0.2)
Net change in fund balance	2.9	0.5	1.7	1.9	(0.9)	0.4	(0.3)	(1.6)	(2.4)	0.4
Beginning fund balance (1)	4.9	7.8	8.3	10.0	12.7	11.7	12.1	21.2	19.6	17.2
Prior period adjustment	-	-	-	0.8	-	-	-	-	-	-
Beginning fund balance - as restated	4.9	7.8	8.3	10.8	12.7	11.7	12.1	21.2	19.6	17.2
Ending fund balance	7.8	8.3	10.0	12.7	11.8	12.1	11.8	19.6	17.2	17.6
Committed	-	-	-	-	-	-	-	8.4	1.7	1.1
Assigned	-	-	-	-	-	-	-	0.3	-	-
Unassigned	-	-	-	-	-	-	-	10.8	11.5	10.3
Restricted	3.2	2.8	3.2	2.1	1.4	1.8	4.3	-	-	-
Nonspendable	4.6	5.5	6.8	10.6	10.2	10.3	7.5	-	4.0	6.2
Total general fund balance	\$ 7.8	\$ 8.3	\$ 10.0	\$ 12.7	\$ 11.6	\$ 12.1	\$ 11.9	\$ 19.5	\$ 17.2	\$ 17.6
All Other Governmental Funds										
Excess (deficiency) of revenues over expenditures	\$ 4.8	\$ (0.3)	\$ (3.9)	\$ 0.4	\$ (7.5)	\$ (12.8)	\$ (9.4)	\$ (4.9)	\$ (2.2)	\$ (4.3)
Other Financing Sources (Uses)										
Bond issuances	-	-	-	-	1.5	-	-	18.3	8.4	-
Transfers in	1.8	3.9	3.8	6.8	8.4	3.4	3.0	1.1	1.5	0.4
Transfers out	(1.1)	(1.0)	(1.0)	(2.5)	(1.9)	(1.5)	(1.7)	(1.6)	(1.3)	(0.3)
Total other financing sources (uses)	0.7	2.9	2.8	4.3	8.0	1.9	1.3	17.8	8.6	0.1
Net change in fund balance	5.5	2.6	(1.1)	4.7	0.5	(10.9)	(8.1)	12.9	6.4	(4.2)
Beginning fund balance	24.2	29.7	32.3	31.3	36.0	36.5	25.6	8.2	21.3	27.7
Ending fund balance	29.7	32.3	31.3	36.0	36.5	25.6	17.5	21.1	27.7	23.5
Restricted	-	-	-	-	-	-	-	21.1	27.7	23.5
Reserved for dedicated purposes	0.5	0.5	0.5	0.5	0.5	1.8	4.2	-	-	-
Unreserved, reported in:										
Special revenue funds	26.2	29.3	29.2	34.1	33.3	21.5	11.4	-	-	-
Debt service funds	1.4	1.4	1.7	1.7	2.0	1.7	1.7	-	-	-
Capital projects funds	1.6	1.1	(0.1)	(0.3)	0.7	0.6	0.2	-	-	-
Total all other governmental funds fund balance	\$29.7	\$32.3	\$31.3	\$36.0	\$36.5	\$25.6	\$17.5	\$21.1	\$27.7	\$23.5
Total general and other governmental funds - fund balance	\$37.5	\$40.6	\$41.3	\$48.7	\$48.1	\$37.7	\$29.4	\$40.6	\$44.9	\$41.1

Source: City of Prescott finance department

These amounts are presented on the accrual basis of accounting.

(1) The Capital improvement Fund was merged into the general fund in FY 2010.

CITY OF PRESCOTT, ARIZONA

Table VIII

Statistical Section - Financial Trends

Changes in Fund Balances of Governmental Funds

Last ten fiscal years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	\$ 23,845,928	\$ 27,418,458	\$ 30,433,859	\$ 34,401,134	\$ 35,899,318	\$ 34,475,231	\$ 30,205,330	\$ 28,859,997	\$ 27,982,207	\$ 29,741,852
Intergovernmental revenues	13,514,966	14,104,448	15,154,725	15,381,132	17,738,746	18,442,502	17,021,795	19,891,545	16,935,187	15,454,325
Licenses and permits	3,170,195	2,615,347	3,661,079	3,892,462	1,537,880	1,142,050	810,813	1,090,967	916,094	865,204
Fines and forfeitures	512,835	727,368	907,993	1,480,324	1,534,587	1,719,170	1,967,588	646,737	620,248	624,584
Gifts and donations	38,857	233,426	91,205	102,716	51,284	59,882	170,124	65,517	141,516	297,616
Charges for services	1,436,338	1,761,234	1,299,622	1,334,862	2,199,691	1,929,959	1,435,556	886,019	1,006,051	1,081,582
Interest and investment income	1,383,229	925,387	1,944,433	1,690,663	3,431,739	2,644,168	1,723,524	1,359,253	992,908	805,723
Miscellaneous and Grant Contributions	1,167,515	1,273,092	1,980,566	2,138,267	1,283,031	1,634,095	1,155,665	1,532,879	2,615,094	2,160,105
Total revenues	45,069,863	49,058,760	55,473,482	60,421,560	63,676,276	62,047,057	54,490,395	54,332,914	51,209,305	51,030,991
Expenditures										
General government	3,112,805	3,664,500	4,639,844	5,911,150	5,677,646	6,193,642	5,351,470	5,599,470	3,729,333	3,092,112
Community services	1,921,862	2,152,142	2,314,246	2,190,852	2,641,295	2,926,188	2,685,629	1,532,576	1,541,414	1,528,052
Culture and recreation	4,152,052	4,125,700	4,735,603	5,607,706	6,038,931	6,257,768	6,065,515	5,399,324	4,960,428	5,061,475
Police and court	7,328,394	7,873,737	8,516,869	10,336,021	11,672,399	12,533,337	12,578,003	12,627,274	12,155,729	12,787,448
Fire	5,098,237	5,358,362	5,817,037	6,413,599	7,091,353	7,931,941	7,874,563	7,891,239	7,344,850	7,331,239
Public works	2,691,222	2,934,571	3,145,141	3,650,496	3,986,169	3,606,011	3,371,896	4,275,139	8,873,762	9,621,114
Capital outlay	9,193,799	16,399,864	22,109,095	17,074,369	25,464,042	29,327,591	21,813,447	21,263,084	12,652,069	10,242,160
Debt service - principal	1,843,153	1,952,003	1,720,051	2,159,211	2,000,304	2,670,861	2,460,953	2,060,069	3,061,623	3,313,492
Debt service - interest	1,358,938	1,263,420	1,160,334	1,084,915	1,000,152	959,565	840,589	1,057,525	1,516,480	1,801,417
Total expenditures	36,700,462	45,724,299	54,158,220	54,428,319	65,572,291	72,406,904	63,042,065	61,705,700	55,835,688	54,778,509
Excess of Revenues over (under) Expenditures	8,369,401	3,334,461	1,315,262	5,993,241	(1,896,015)	(10,359,847)	(8,551,670)	(7,372,786)	(4,626,383)	(3,747,518)
Other Financing Sources (Uses)										
Bond issuances					1,524,974	-	-	18,250,000	8,415,000	-
Capital leases				734,000	-	-	250,000	-	-	-
Transfers in	1,763,447	3,933,148	3,856,870	6,830,592	8,362,823	3,362,326	3,044,736	2,324,239	1,591,004	462,677
Transfers out	(1,817,802)	(4,095,060)	(4,537,747)	(6,935,525)	(8,431,257)	(3,558,529)	(3,112,547)	(1,935,913)	(1,383,133)	(475,617)
Total other financing sources (uses)	(54,355)	(161,912)	(680,877)	629,067	1,456,540	(196,203)	182,189	18,638,326	8,622,871	(12,940)
Net change in fund balances	\$ 8,315,046	\$ 3,172,549	\$ 634,385	\$ 6,622,308	\$ (439,475)	\$ (10,556,050)	\$ (8,369,481)	\$ 11,265,540	\$ 3,996,488	\$ (3,760,458)
Debt service as a percentage of noncapital expenditures	11.6%	11.0%	9.0%	8.7%	7.5%	8.4%	8.0%	7.2%	10.4%	11.5%

Source: City of Prescott finance department

CITY OF PRESCOTT, ARIZONA

Table IX

Statistical Section - Financial Trends

General Government Expenditures by Function

Last ten fiscal years

Fiscal Year	General Government	Community Services	Culture & Recreation	Public Safety			Public Works	Subtotal Current Expenditures	Capital Outlay	Debt Service		Total
				Police & Courts	Fire					Principal	Interest	
2003	\$ 3,112,805	\$ 1,921,862	\$ 4,152,052	\$ 7,328,394	\$ 5,098,237	\$ 2,691,222	\$ 24,304,572	\$ 9,193,799	\$ 1,843,153	\$ 1,358,938	\$ 36,700,462	
2004	3,664,500	2,152,142	4,125,700	7,873,737	5,358,362	2,934,571	26,109,012	16,399,864	1,952,003	1,263,420	45,724,299	
2005	4,639,844	2,314,246	4,735,603	8,516,869	5,817,037	3,145,141	29,168,740	22,109,095	1,720,051	1,160,334	54,158,220	
2006	5,911,150	2,190,852	5,607,706	10,336,021	6,413,599	3,650,496	34,109,824	17,074,369	2,159,211	1,084,915	54,428,319	
2007	5,677,646	2,641,295	6,038,931	11,672,399	7,091,353	3,986,169	37,107,793	25,464,042	2,000,304	1,000,152	65,572,291	
2008	6,193,642	2,926,188	6,257,768	12,533,337	7,931,941	3,606,011	39,448,887	29,327,591	2,670,861	959,565	72,406,904	
2009	5,351,470	2,685,629	6,065,515	12,578,003	7,874,563	3,371,896	37,927,076	21,813,447	2,460,953	840,589	63,042,065	
2010	5,599,470	1,532,576	5,399,324	12,627,274	7,891,239	4,275,139	37,325,022	21,263,084	2,060,069	1,057,525	61,705,700	
2011	3,729,333	1,541,414	4,960,428	12,155,729	7,344,850	8,873,762	38,605,516	12,652,069	3,061,623	1,516,480	55,835,688	
2012	3,092,112	1,528,052	5,061,475	12,787,448	7,331,239	9,621,114	39,421,440	10,242,160	3,313,492	1,801,417	54,778,509	

Source: City of Prescott finance department

In fiscal year 2003, the public safety activity was expanded to show the police/court and fire activities separately. Police and fire activity were previously reported as public safety, court activity was presented as part of general government.

CITY OF PRESCOTT, ARIZONA

Table X

Statistical Section - Financial Trends

General Government Revenues by Sources

Last ten fiscal years

Fiscal Year	Taxes	Inter-Governmental Revenues	Licenses & Permits	Fines & Forfeitures	Gifts & Donations	Charges for Services	Interest Income	Miscellaneous	Total
2003	\$ 23,845,928	\$ 13,514,966	\$ 3,170,195	\$ 512,835	\$ 38,857	\$ 1,436,338	\$ 1,383,229	\$ 1,167,515	\$ 45,069,863
2004	27,418,458	14,104,448	2,615,347	727,368	233,426	1,761,234	925,387	1,273,092	49,058,760
2005	30,433,859	15,154,725	3,661,079	907,993	91,205	1,299,622	1,944,433	1,980,566	55,473,482
2006	34,401,134	15,381,132	3,892,462	1,480,324	102,716	1,334,862	1,690,663	2,138,267	60,421,560
2007	35,899,318	17,738,746	1,537,880	1,534,587	51,284	2,199,691	3,431,739	1,283,031	63,676,276
2008	34,475,231	18,442,502	1,142,050	1,719,170	59,882	1,929,959	2,644,168	1,634,095	62,047,057
2009	30,205,330	17,021,795	810,813	1,967,588	170,124	1,435,556	1,723,524	1,155,665	54,490,395
2010	28,859,997	19,891,545	1,090,967	646,737	65,517	886,019	1,359,253	1,532,879	54,332,914
2011	27,982,207	16,935,187	916,094	620,248	141,516	1,006,051	992,908	2,615,094	51,209,305
2012	29,741,852	15,454,325	865,204	624,584	297,616	1,081,582	805,723	2,160,105	51,030,991

Source: City of Prescott finance department

CITY OF PRESCOTT, ARIZONA

Table XI

Statistical Section - Revenue Capacity

Assessed and Estimated Actual Value of Taxable Property

Last ten fiscal years

Fiscal Year		Real Estate	Real Improvements	Personal Property	Utilities	Gross Valuations	Less Exemptions	Net Assessed Valuation	Percent of Increase	Estimated Actual Value	Total Direct Tax Rate
2003	P	\$ -	\$ 325,807,051	\$ 16,215,575	\$ 22,171,331	\$ 364,193,957	\$ 23,875,505	\$ 340,318,452	9.0%	\$ 2,740,841,490	7.5540
	S	131,615,879	209,475,582	16,230,175	22,171,331	379,492,967	25,227,311	354,265,656	8.7%	2,847,617,642	1.6541
2004	P	-	369,580,785	15,003,540	24,730,430	409,314,755	24,574,660	384,740,095	13.1%	3,059,452,688	7.6004
	S	159,328,874	239,175,556	15,003,540	24,730,430	438,238,400	26,873,584	411,364,816	16.1%	3,232,742,974	1.4420
2005	P	-	409,982,059	14,665,909	20,921,184	445,569,152	25,723,206	419,845,946	9.1%	3,366,027,959	7.4160
	S	174,363,451	265,094,752	14,670,567	20,921,184	475,049,954	27,239,856	447,810,098	8.9%	3,548,266,877	0.9915
2006	P	-	454,345,973	16,408,454	21,047,306	491,801,733	24,805,656	466,996,077	11.2%	3,744,454,238	7.0503
	S	181,287,420	304,464,222	16,408,431	21,047,306	523,207,379	25,981,170	497,226,209	11.0%	3,974,902,455	0.7977
2007	P	-	506,912,059	13,598,953	22,706,169	543,217,181	25,815,170	517,402,011	10.8%	4,201,772,704	6.4839
	S	187,957,316	354,231,282	13,598,953	22,706,169	578,493,720	26,650,444	551,843,276	11.0%	4,476,798,800	1.1965
2008	P	-	571,868,029	16,970,497	22,767,721	611,606,247	28,490,607	583,115,640	12.7%	4,797,789,129	6.0288
	S	219,399,458	413,148,579	16,969,721	22,767,721	672,285,479	29,819,385	642,466,094	16.4%	5,300,660,392	1.0640
2009	P	-	654,867,092	16,367,533	23,305,137	694,539,762	33,730,647	660,809,115	13.3%	5,540,509,813	5.4988
	S	307,050,409	505,741,499	16,367,533	23,305,137	852,464,578	42,469,747	809,994,831	26.1%	6,859,468,102	0.7770
2010	P	-	726,770,248	16,276,082	22,619,985	765,666,315	36,429,750	729,236,565	10.4%	6,181,460,471	5.4988
	S	330,556,261	495,997,159	16,643,501	22,043,150	865,240,071	43,072,587	822,167,484	1.5%	6,962,286,690	0.7770
2011	P	-	720,781,610	14,473,173	23,223,763	758,478,546	37,708,006	720,770,540	-1.2%	6,127,994,926	5.4297
	S	305,431,469	450,225,263	14,840,592	23,223,763	793,721,087	41,955,157	751,765,930	-8.6%	6,339,804,602	1.0590
2012	P	-	641,108,704	3,936,824	17,382,366	662,427,894	36,712,730	625,715,164	-13.2%	\$ 5,298,881,730	6.1085
	S	240,175,287	413,608,409	3,936,824	17,382,365	675,102,885	39,184,533	635,918,352	-15.4%	5,368,864,589	1.2506

Source: Yavapai County assessor

Under Arizona law, there are two primary valuation bases: Primary (P) and Secondary (S). The primary (limited) assessed valuation is used when levying for maintenance and operation of cities, counties, school districts, community college districts, and the state. The secondary (full cash) assessed valuation is used when levying for debt retirement, voter-approved budget overrides, and maintenance and operation of special service districts.

Real estate and improvements are combined in the primary valuation.

CITY OF PRESCOTT, ARIZONA

Table XII

Statistical Section - Revenue Capacity

Property Tax Rates and Tax Levies - All Direct and Overlapping Governments

Last ten fiscal years

Fiscal Year		City of Prescott	High School & Elementary	Community College	Yavapai County	State of Arizona	Total
Tax Rates (per \$1,000 Assessed Valuation)							
2003	P	\$ 0.2522	\$ 3.6222	\$ 1.5835	\$ 2.0961	\$ -	\$ 7.5298
	S	0.4707	0.3583	0.3954	0.4297	-	1.7228
2004	P	0.2415	3.6392	1.5672	2.1525	-	7.5540
	S	0.4072	0.2935	0.3106	0.4307	-	1.6541
2005	P	0.2383	3.4583	1.5626	2.1568	-	7.6004
	S	0.3763	0.2857	0.2888	0.4069	-	1.4420
2006	P	0.2245	3.1992	1.4900	2.1366	-	7.4160
	S	0.3413	0.2687	0.2614	0.4034	-	0.9915
2007	P	0.2182	3.1797	1.4308	1.6552	-	7.0503
	S	0.3093	0.2709	0.2265	0.3898	-	0.7977
2008	P	0.1991	2.9608	1.3397	1.5292	-	6.4839
	S	0.2982	0.2262	0.1828	0.3568	-	1.1965
2009	P	0.1839	2.7477	1.1989	1.3683	-	6.0288
	S	0.2396	0.0504	0.1405	0.3465	-	1.0640
2010	P	0.1695	2.7202	1.1250	1.6148	-	5.4988
	S	0.2002	0.2496	0.1367	0.3479	-	0.7770
2011	P	0.1737	2.3426	1.2046	1.7088	-	5.4297
	S	0.2093	0.2939	0.1563	0.3995	-	1.0590
2012	P	0.1978	2.6269	1.4274	1.8564	-	6.1085
	S	0.2455	0.3283	0.1901	0.4867	-	1.2506
Tax Levies							
2003	P	\$ 858,120	\$ 16,979,781	\$ 21,980,482	\$ 29,096,384	\$ -	\$ 62,998,698
	S	1,667,615	1,768,595	5,735,780	5,845,096	-	14,310,793
2004	P	929,147	18,984,254	23,771,406	32,649,944	-	68,914,767
	S	1,674,875	1,637,296	4,977,303	6,503,406	-	15,017,086
2005	P	1,000,493	19,589,747	26,189,637	36,148,695	-	76,334,751
	S	1,685,025	1,723,513	5,155,584	6,889,175	-	14,792,880
2006	P	1,048,406	20,179,874	27,980,856	40,122,659	-	82,928,572
	S	1,697,025	1,820,494	5,282,090	7,723,835	-	15,453,297
2007	P	1,128,971	22,288,632	30,414,662	35,184,002	-	89,331,795
	S	1,706,825	2,042,582	5,214,983	8,504,423	-	16,523,444
2008	P	1,160,983	23,746,861	33,094,152	37,775,306	-	89,016,267
	S	1,915,789	2,049,261	5,214,651	9,738,414	-	17,468,813
2009	P	1,214,192	25,284,657	35,424,260	40,429,914	-	95,777,302
	S	1,939,408	588,540	5,264,245	12,399,561	-	18,918,115
2010	P	1,235,701	28,074,489	36,833,381	52,869,817	-	102,353,023
	S	1,646,680	2,990,278	5,228,333	12,313,942	-	20,191,754
2011	P	1,251,978	24,171,890	38,397,561	54,469,023	-	118,290,452
	S	1,573,160	3,176,332	5,235,677	12,745,719	-	22,730,888
2012	P	1,255,878	23,434,254	38,714,700	50,348,871	-	113,753,703
	S	1,583,350	2,966,960	5,234,100	12,658,691	-	22,443,101
The portion of the 2011-12 levies paid by City of Prescott property owners is reflected below:							
Amount	P	\$ 1,251,978	\$ 16,884,870	\$ 8,682,450	\$ 12,316,527	\$ -	\$ 39,135,825
	S	1,573,160	2,209,308	1,174,887	2,860,142	-	7,817,497
Percent	P	100%	69.9%	22.6%	22.6%	-	33.1%
	S	100%	69.6%	22.4%	22.4%	-	34.4%

Source: Yavapai County Board of Supervisors

CITY OF PRESCOTT, ARIZONA

Table XIII

Statistical Section - Revenue Capacity

Principal Property Taxpayers

Current fiscal year and ten years ago

Taxpayer	Type of Business	2011/2012			2002/2003		
		Assessed Valuation	Rank	As a % of City's Total Secondary Assessed Valuation	Assessed Valuation	Rank	As a % of City's Total Secondary Assessed Valuation
Arizona Public Service	Electric utility	\$ 12,883,708	1	2.0%	\$ 9,317,987	1	2.6%
TWC II Prescott Mall LLC	Shopping center	5,897,740	2	0.9%	7,201,387	4	2.0%
Unisource Energy Corporation	Gas utility	4,995,904	3	0.8%	7,827,558	2	2.2%
Qwest Corporation / US West	Telecommunications	3,397,200	4	0.5%	7,295,642	3	2.1%
Sturm Ruger	Manufacturing	2,726,480	5	0.4%			
LFRV LLC (Las Fuentes)	Commercial rental	2,455,615	6	0.4%	1,821,892	9	0.5%
Cable One	Cable Utility	2,347,685	7	0.4%			
Bonanza LLC - Ponderosa Plaza	Shopping center	1,939,378	8	0.3%	2,564,385	5	0.7%
Wal-Mart	Shopping Center	1,873,532	9	0.3%			
Lowes	Retail	1,675,158	10	0.3%			
Costco	Retail				1,895,159	8	0.5%
West Gold Office Building	Commercial rental				2,216,048	6	0.6%
Hassayampa Village Community LLC					2,137,200	7	0.6%
Total		<u>\$ 40,192,400</u>		<u>6.3%</u>	<u>\$ 40,140,058</u>		<u>11.2%</u>

Source: Yavapai County assessor's office

CITY OF PRESCOTT, ARIZONA

Table XIV

Statistical Section - Revenue Capacity

Property Tax Levies and Collections

Last ten fiscal years

<u>Fiscal Year</u>	<u>Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Collections</u>	<u>Total Collections As Percent of Current Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes As Percent of Current Levy</u>
2003	\$ 2,515,494	\$ 2,438,466	96.9%	\$ 76,772	\$ 2,515,238	100.0%	\$ 256	0.0%
2004	2,603,994	2,522,356	96.9%	81,186	2,603,542	100.0%	452	0.0%
2005	2,692,936	2,625,544	97.5%	66,928	2,692,472	100.0%	464	0.0%
2006	2,730,617	2,681,168	98.2%	49,022	2,730,190	100.0%	427	0.0%
2007	2,829,552	2,779,196	98.2%	49,771	2,828,967	100.0%	585	0.0%
2008	3,060,145	2,984,844	97.5%	74,922	3,059,766	100.0%	379	0.0%
2009	3,142,012	3,053,820	97.2%	86,046	3,139,866	99.9%	2,146	0.1%
2010	2,873,003	2,783,920	96.9%	87,036	2,870,956	99.9%	2,047	0.1%
2011	2,814,320	2,731,911	97.1%	79,478	2,811,389	99.9%	2,931	0.1%
2012	2,839,228	2,768,468	97.5%	-	2,768,468	97.5%	70,760	2.5%

Source: Yavapai County treasurer's office

Penalties are not recorded in the above collection figures.

The City tax rate is set before the final assessed valuation is known. Levies shown here are the product of the tax rate times the actual valuation; consequently, they may differ slightly from the estimated levies shown in the budget for each of these years.

CITY OF PRESCOTT, ARIZONA

Table XV

Statistical Section - Revenue Capacity

Property Tax Information

Tax Rate Limitation

The state constitution and state law specify a property tax limitation system. The system consists of two levies, a limited levy known as the primary tax levy and an unlimited levy referred to as the secondary property tax levy. The primary levy is limited to an increase of 2% over the previous year's maximum allowable primary levy plus an increased dollar amount for property not taxed the previous year including new construction and annexed properties. The primary tax from all taxing jurisdictions for homeowners may not exceed 1% of the home's market value. The secondary property tax allows a city to levy property tax for the purpose of retiring the principal and interest on bonded indebtedness. Further, the actual full cash value of property is used to determine this tax rate.

Assessments

Since 1950-51, Yavapai County has assessed and collected all city property taxes at no charge to the City. Prior to that time, City taxes were separately billed by the City tax collector. Remittances are made periodically as collections accrue.

Taxes Due

First installment due September 1; second installment due March 1.

Payable

City property taxes are payable at the office of the Yavapai County Treasurer. The first installment can be paid on the first day of September through the first day of November. The second installment can be paid on the first day of March through the first day of May. The first installment becomes delinquent on the first day of November at 5:00 p.m. The second installment becomes delinquent on the first day of May at 5:00 p.m. Interest at the rate of 16% per annum attaches on first and second installments following their delinquent dates.

Tax Sales

The sales of delinquent real estate taxes begin on a date not earlier than February 1 nor later than March 1 following the May 1 date upon which the second installment becomes delinquent. The sales are made at public auctions in the office of the County Treasurer. Tax bills are sold to the highest bidder who offers to pay the accumulated amount of tax and to charge thereon the lowest rate of interest. The maximum amount of interest provided by law is 10% per annum. The purchaser of this tax sale is given a Certificate of Purchase for each parcel of real estate concerned.

Tax Deed

Five years subsequent to the annual tax sale, a holder of a Certificate of Purchase which has not been redeemed may demand of the Yavapai County Treasurer a County Treasurer's Deed. However, at the end of three full years, a holder of a Certificate of Purchase may institute a quiet title action and the court will instruct the County Treasurer to issue a County Treasurer's Deed if the suit is successful.

Redemption

Redemption may be made by the delinquent property owner or any interested party by payment in full of all accumulated charges at any time before the issuance of the tax deed. Payment may be made to the Yavapai County Treasurer.

CITY OF PRESCOTT, ARIZONA

Table XVI

Statistical Section - Revenue Capacity

Tax Revenues by Source

Last ten fiscal years

<u>Fiscal Year</u>	<u>Total Tax Per Capita</u>	<u>Total Taxes</u>	<u>General Property Taxes</u>	<u>General Privilege and Use Taxes</u>	<u>Additional 1% Privilege Tax (1)</u>	<u>Franchise Taxes</u>	<u>Transient Lodging Tax (2)</u>
2003	656 \$	23,845,928 \$	2,524,888 \$	10,126,355 \$	9,872,177 \$	1,020,608 \$	301,900 \$
2004	718 \$	27,418,458 \$	2,592,210 \$	11,835,113 \$	11,517,650 \$	1,147,098 \$	326,387 \$
2005	757	30,433,859	2,704,676	13,215,116	12,918,249	1,235,890	359,928
2006	838	34,401,134	2,753,961	15,129,080	14,731,785	1,369,307	417,001
2007	853	35,899,318	2,829,555	15,810,057	15,333,864	1,488,072	437,770
2008	798	34,475,231	3,040,579	14,975,742	14,365,539	1,563,883	529,488
2009	698	30,205,330	3,127,252	12,794,026	12,157,858	1,567,388	558,806
2010	724	28,851,987	2,855,143	12,177,884	11,711,274	1,644,977	462,709
2011	702	27,958,171	2,810,321	11,763,668	11,237,566	1,637,128	509,488
2012	707	28,157,180	1,252,755	12,593,700	12,131,870	1,624,459	554,396

Source: City of Prescott finance department

(1) Voters approved an additional 1% privilege tax in 1995 for street improvements to sunset December 31, 2005. In May 2000, the voters expanded the use of funds to include open space acquisition while extending the sunset to December 31, 2015. In 2010, voters approved a 0.75% privilege tax for street improvements effective January 1, 2016 to sunset December 31, 2035.

(2) Proceeds from this tax are used for the promotion of tourism and development of recreational facilities within the City.

CITY OF PRESCOTT, ARIZONA

Table XVII

Statistical Section - Revenue Capacity

Privilege Tax - Taxable Sales by Category

Last ten fiscal years (in thousands of dollars)

Fiscal year	<i>Advertising</i>	<i>Construction</i>	<i>Job Printing Publishing</i>	<i>Restaurant/Bar</i>	<i>Tangible Per. Prop Rental</i>	<i>Commercial Rental</i>	<i>Hotel/Motel</i>	<i>Residential Rental</i>	<i>Retail Sales</i>	<i>Utilities</i>	<i>Use Tax</i>	<i>Telecommunication</i>	<i>All Other</i>	<i>Total</i>	<i>Tax Rate</i>	<i>Top 10 as % of Total</i>
2003	\$ 14,444	\$ 141,187	\$ 7,439	\$ 62,094	\$ 22,062	\$ 42,409	\$ 15,683	\$ 39,222	\$ 549,835	\$ 44,767	\$ 18,072	\$ 28,040	\$ 3,418	\$ 988,671	2%	28%
2004	13,741	169,412	7,619	65,403	30,336	45,870	16,446	37,610	654,152	48,284	19,423	27,507	3,091	1,138,894	2%	29%
2005	14,567	201,828	8,843	74,788	35,992	49,402	18,279	38,301	777,883	52,458	15,714	23,533	1,963	1,313,551	2%	28%
2006	22,359	224,132	8,708	85,369	35,841	52,739	20,883	43,331	884,079	55,709	24,727	23,850	1,783	1,483,509	2%	28%
2007	24,174	232,580	8,912	87,175	52,698	60,276	22,775	44,425	902,862	65,436	26,452	27,146	2,150	1,557,061	2%	27%
2008	22,164	194,250	7,333	85,531	41,970	63,746	26,256	46,664	858,798	72,091	33,010	27,158	2,211	1,481,181	2%	33%
2009	14,894	123,930	6,336	82,290	29,174	65,905	18,922	59,513	755,815	72,460	18,500	20,270	2,962	1,270,972	2%	35%
2010	11,934	84,957	5,371	82,302	26,949	60,565	16,540	51,181	699,443	68,393	23,527	23,467	2,114	1,156,743	2%	37%
2011	11,712	85,033	5,218	83,810	24,427	60,073	17,398	52,753	689,692	72,393	29,122	23,692	1,669	1,156,991	2%	38%
2012	14,293	96,741	5,257	90,623	21,326	60,932	18,917	55,111	739,549	74,535	29,009	23,272	1,282	1,230,846	2%	36%

Top 10 Taxpayers

<u>FY 2012</u>	<u>FY 2002</u>
Arizona Public Service	Albertson's Food Center
Best Buy	Arizona Public Service
Costco	Costco Wholesale
Fry's Food & Drug	Galpin Ford Incorporated
Lamb Chevrolet	Lamb Chevrolet
Lowe's	Safeway Stores, Inc.
Safeway	Sears Roebuck and Co.
Tim's Buick Pontiac Toyota	Smith's Food & Drug
UNS Gas, Inc.	Tim's Buick-Pontiac
Wal-Mart	York Motor Car Co, Inc.
Percent of Total Privilege Tax Collected: 37%	Percent of Total Privilege Tax Collected: 28%

Source: City of Prescott Finance Department

CITY OF PRESCOTT, ARIZONA

Table XVIII

Statistical Section - Revenue Capacity

Privilege Tax Overlapping Rates

Last ten fiscal years

<u>Fiscal Year</u>	<u>Prescott Privilege Tax General</u>	<u>Prescott Privilege Tax - Roads & Open Space (1)</u>	<u>Yavapai County Privilege Tax (3)</u>	<u>State of Arizona Privilege Tax (4)</u>	<u>Total Privilege Tax</u>	<u>Transient Lodging Tax (2)</u>
2003	1.00%	1.00%	0.75%	5.60%	8.35%	2.00%
2004	1.00%	1.00%	0.75%	5.60%	8.35%	2.00%
2005	1.00%	1.00%	0.75%	5.60%	8.35%	2.00%
2006	1.00%	1.00%	0.75%	5.60%	8.35%	2.00%
2007	1.00%	1.00%	0.75%	5.60%	8.35%	2.00%
2008	1.00%	1.00%	0.75%	5.60%	8.35%	3.00%
2009	1.00%	1.00%	0.75%	5.60%	8.35%	3.00%
2010	1.00%	1.00%	0.75%	6.60%	9.35%	3.00%
2011	1.00%	1.00%	0.75%	6.60%	9.35%	3.00%
2012	1.00%	1.00%	0.75%	6.60%	9.35%	3.00%

Source: City of Prescott finance department

- (1) Voters approved an additional 1% privilege tax in 1995 for street improvements to sunset December 31, 2005. In May 2000, the voters expanded the use of funds to include open space acquisition while extending the sunset to December 31, 2015. In 2010, voters approved a .75% privilege tax for street improvements effective January 1, 2016 to sunset December 31, 2035.
- (2) Proceeds from this tax are used for the promotion of tourism and development of recreational facilities within the City. This rate was increased to 3% on January 1, 2008.
- (3) Yavapai County currently imposes a .50% excise tax and a .25% jail tax. The jail tax became effective in FY 2001 and the rate was .2% until 2003.
- (4) The State of Arizona tax rate increased to 6.60% effective June 1, 2010.

CITY OF PRESCOTT, ARIZONA
Table XIX
Statistical Section - Debt Capacity
Ratios of Outstanding Debt by type

Last ten fiscal years

Fiscal Year	Governmental Activities					Business-type Activities					Total Debt Per Capita	Adjusted Debt Per Capita (1)	Total Debt to Personal Income	Adjusted Total Debt to Personal Income
	General Obligation Bonds	Community Facilities District Bonds (1)	Lease Purchase Contracts	Municipal Properties Corporation Bonds	Special Assessment Bonds	Municipal Properties Corporation Bonds	General Obligation Bonds	Loans Payable (2)	Lease Purchase Contracts	Total Primary Government				
2003	\$ 12,730,000	\$ 6,889,000	\$ 51,852	\$ -	\$ 3,967,753	\$ 10,500,000	\$ -	\$ -	\$ 4,186,452	\$ 39,516,421	\$ 1,086	\$ 788	1.01%	0.73%
2004	11,590,000	6,460,000	-	-	3,733,442	9,600,000	-	-	3,589,083	36,155,921	947	680	0.82%	0.59%
2005	10,395,000	6,270,000	-	-	3,398,392	21,355,000	-	-	3,640,013	46,236,847	1,149	909	1.04%	0.83%
2006	9,140,000	5,765,000	666,940	-	3,066,241	20,050,000	-	-	4,144,260	44,170,241	1,076	861	1.00%	0.80%
2007	9,335,000	5,560,000	528,787	5,099,925	2,724,090	20,230,075	-	-	3,436,504	48,239,051	1,146	949	1.09%	0.90%
2008	7,825,000	4,865,000	385,076	4,949,814	2,401,941	18,780,186	-	8,249,461	2,253,982	51,005,731	1,180	1,012	0.92%	0.79%
2009	6,240,000	4,495,000	451,174	4,772,760	2,079,788	17,287,240	-	10,255,783	2,354,008	49,173,572	1,136	984	0.84%	0.73%
2010	4,950,000	4,260,000	248,256	22,838,008	1,747,637	15,936,992	-	17,947,447	1,748,615	70,850,870	1,778	1,627	1.13%	1.03%
2011	3,595,000	3,780,000	118,784	30,304,407	1,410,029	15,755,593	-	22,253,387	896,095	78,113,295	1,961	1,830	1.24%	1.16%
2012	2,170,000	3,315,000	67,336	29,062,259	1,079,984	12,336,741	-	24,652,814	535,115	73,219,249	1,838	1,727	1.17%	1.10%

Source: City of Prescott finance department

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) The total debt for the primary government is reduced by the amount of community facilities district bonds and special assessment bonds which are levied against specific property owners, and, therefore not an obligation of every citizen.
- (2) In 2008 the City entered into contracts with the Water Infrastructure Finance Authority (WIFA) for the financing of several drinking and clean water projects.

CITY OF PRESCOTT, ARIZONA

Table XX

Statistical Section - Debt Capacity

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita

Last ten fiscal years

<u>Fiscal Year</u>	<u>Net Assessed Value</u>	<u>Gross Bonded Debt (2)</u>	<u>Less Debt Payable from Enterprise Funds</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita (1)</u>
2003	354,265,656	12,730,000	-	12,730,000	3.6%	350
2004	411,364,816	11,590,000	-	11,590,000	2.8%	304
2005	447,810,098	10,395,000	-	10,395,000	2.3%	258
2006	497,226,209	9,140,000	-	9,140,000	1.8%	223
2007	551,843,276	9,335,000	-	9,335,000	1.7%	222
2008	642,466,094	7,825,000	-	7,825,000	1.2%	181
2009	809,994,831	6,240,000	-	6,240,000	0.8%	144
2010	822,167,484	4,950,000	-	4,950,000	0.7%	124
2011	751,765,930	3,595,000	-	3,595,000	0.5%	90
2012	635,918,352	2,170,000	-	2,170,000	0.3%	54

Source: City of Prescott finance department

(1) Population information is shown on table XXVII.

(2) Includes all general obligation bonded debt.

CITY OF PRESCOTT, ARIZONA

Table XXI

Statistical Section - Debt Capacity

Ratio of Annual Debt Service Expenditures for General Obligation Bond Debt to Total General Expenditures

Last ten fiscal years

<u>Fiscal Year</u>	<u>GO Bond Principal</u>	<u>GO Bond Interest</u>	<u>GO Bond Debt Service (1)</u>	<u>General Expenditures</u>	<u>Total General Expenditures</u>	<u>Percent of Debt Service to Total General Expenditures</u>
2003	\$ 1,085,000	\$ 582,615	\$ 1,667,615	\$ 36,700,462	\$ 36,700,462	4.5%
2004	1,140,000	534,875	1,674,875	45,724,299	45,724,299	3.7%
2005	1,195,000	489,275	1,684,275	54,158,220	54,158,220	3.1%
2006	1,255,000	441,475	1,696,475	54,428,319	54,428,319	3.1%
2007	1,315,000	391,275	1,706,275	65,572,291	65,572,291	2.6%
2008	1,510,000	404,276	1,914,276	72,406,904	72,406,904	2.6%
2009	1,585,000	337,285	1,922,285	63,042,065	63,042,065	3.0%
2010	1,290,000	270,975	1,560,975	61,705,700	61,705,700	2.5%
2011	1,355,000	215,910	1,570,910	55,835,688	55,835,688	2.8%
2012	1,425,000	156,850	1,581,850	54,778,509	54,778,509	2.9%

Source: City of Prescott finance department

(1) The GO bond debt service includes all debt service paid for by secondary property taxes, including those paid through enterprise funds.

CITY OF PRESCOTT, ARIZONA

Table XXII

Statistical Section - Debt Capacity

Schedule of Water and Wastewater Revenue Bond Coverage

Last ten fiscal years

<u>Fiscal Year</u>	<u>Operating Revenues (1)</u>	<u>Operating Expenses (2)</u>	<u>Net Revenue Available for Debt Service</u>
2003	\$ 14,510,866	\$ 11,388,242	\$ 3,122,624
2004	17,341,679	11,619,209	5,722,470
2005	27,905,262	13,186,223	14,719,039
2006	23,481,340	14,264,149	9,217,191
2007	24,792,698	16,274,457	8,518,241
2008	28,075,001	17,667,460	10,407,541
2009	21,282,148	17,468,360	3,813,788
2010	18,846,722	13,404,404	5,442,318
2011	20,767,642	13,583,135	7,184,507
2012	23,204,122	17,060,336	6,143,786

Source: City of Prescott finance department

(1) Total revenue including interest income.

(2) Total expenses exclusive of bond interest, capital costs and non-cash expenditures.

CITY OF PRESCOTT, ARIZONA
Table XXIII
Statistical Section - Debt Capacity
Direct and Overlapping Debt
June 30, 2012

	<u>Net Bonds Outstanding</u>	<u>Percentage Applicable to Prescott (1)</u>	<u>Amount Applicable to Prescott</u>
<u>Direct Debt</u>			
General obligation bonds payable from property tax:			
Municipal facilities & refunding bond series 1998	\$ 2,170,000	100.0%	\$ 2,170,000
Total direct debt			<u>2,170,000</u>
<u>Overlapping Debt</u>			
Yavapai County	14,000,000	23.4%	3,278,494
Yavapai Community College District	43,935,000	23.4%	10,288,616
Prescott Unified School District	24,110,000	71.3%	17,202,013
Total overlapping debt			<u>30,769,123</u>
Total direct & overlapping debt			<u>\$ 32,939,123</u>

(1) Debt allocation is based on distribution of assessed valuation within overlapping tax districts.

<u>Taxing District</u>	<u>Total Assessed Valuation</u>	<u>Valuation in Prescott</u>	<u>Percent in Prescott</u>
Yavapai County	\$ 2,753,690,772	\$ 644,854,163	23.4%
Yavapai Community College District	2,753,690,772	644,854,163	23.4%
Prescott Unified School District	903,814,803	644,854,163	71.3%

Source: Yavapai County assessor's office and finance department

CITY OF PRESCOTT, ARIZONA
Table XXIV
Statistical Section - Debt Capacity
Legal Debt Margins
June 30, 2012

	<u>General Obligation Bonds</u>	
	<u>All Others</u> <u>6% (1)</u>	<u>Water & Wastewater</u> <u>20% (2)</u>
<u>Legal Debt Limitation</u>		
(2011-12 secondary assessed valuation \$635,918,352)	\$ 38,155,101	\$ 127,183,670
<u>Outstanding Debt</u>		
Municipal facilities	-	2,170,000
Total outstanding debt	-	2,170,000
Total margin available	\$ 38,155,101	\$ 125,013,670
Total debt applicable to the limit as a percentage of the debt limit	0.0%	1.7%

Source: City of Prescott finance department

(1) Arizona's Constitution states that a municipality cannot issue general obligation bonds in excess of 6% of assessed valuation for general municipal purposes.

(2) Additional general obligation bonds for up to 20% of assessed valuation can be issued for specific purposes such as supplying water and wastewater services and recreational and playground facilities, public safety, law enforcement, fire and emergency services facilities and streets and transportation facilities.

Computation of Debt Margin Highway User Tax Bonds

Arizona law states that municipalities may issue highway users bonds to the extent that 50% of the highway user revenues in the preceding year will be sufficient to pay annual principal and interest of such bonds.

Highway user tax revenue FY 2011-12	\$ 2,523,585
Percent of margin	50%
Highway user margin	1,261,793
Bond principal due FY 2011-12	-
Bond interest due FY 2011-12	-
Margin available	\$ 1,261,793
Total debt service applicable to the margin as a percentage of the margin	n/a

CITY OF PRESCOTT, ARIZONA

Table XXV

Statistical Section - Debt Capacity

Legal Debt Margins

Last ten fiscal years (in thousands of dollars)

Legal Debt Limitation or Margin	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Obligation Bonds 6% limit (1)	\$ 21,256	\$ 24,682	\$ 26,869	\$ 29,834	\$ 33,111	\$ 38,548	\$ 48,600	\$ 49,330	\$ 45,106	\$ 38,155
Outstanding debt subject to limit	1,885	1,605	1,315	1,010	690	0	-	-	-	-
Total margin available	<u>\$ 19,371</u>	<u>\$ 23,077</u>	<u>\$ 25,554</u>	<u>\$ 28,824</u>	<u>\$ 32,421</u>	<u>\$ 38,548</u>	<u>\$ 48,600</u>	<u>\$ 49,330</u>	<u>\$ 45,106</u>	<u>\$ 38,155</u>
Total debt applicable to the limit as a percentage of the debt limit	8.9%	6.5%	4.9%	3.4%	2.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Water & Wastewater 20% limit (2)	\$ 70,853	\$ 82,273	\$ 89,562	\$ 99,445	\$ 110,369	\$ 128,493	\$ 161,999	\$ 164,433	\$ 150,353	\$ 127,184
Outstanding debt subject to limit	10,845	9,985	9,080	8,130	8,645	7,825	6,240	4,950	3,595	2,170
Total margin available	<u>\$ 60,008</u>	<u>\$ 72,288</u>	<u>\$ 80,482</u>	<u>\$ 91,315</u>	<u>\$ 101,724</u>	<u>\$ 120,668</u>	<u>\$ 155,759</u>	<u>\$ 159,483</u>	<u>\$ 146,758</u>	<u>\$ 125,014</u>
Total debt applicable to the limit as a percentage of the debt limit	15.3%	12.1%	10.1%	8.2%	7.8%	6.1%	3.9%	3.0%	2.4%	1.7%
Highway User Margin 50% limit (3)	\$ 1,433	\$ 1,595	\$ 1,622	\$ 1,746	\$ 1,840	\$ 1,688	\$ 1,512	\$ 1,517	\$ 1,506	\$ 1,262
Bond principal due	-	-	-	-	-	-	-	-	-	-
Bond interest due	-	-	-	-	-	-	-	-	-	-
Margin available	<u>\$ 1,433</u>	<u>\$ 1,595</u>	<u>\$ 1,622</u>	<u>\$ 1,746</u>	<u>\$ 1,840</u>	<u>\$ 1,688</u>	<u>\$ 1,512</u>	<u>\$ 1,517</u>	<u>\$ 1,506</u>	<u>\$ 1,262</u>
Total debt service applicable to the margin as a percentage of the margin	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Source: City of Prescott finance department

(1) Arizona's Constitution provides that a municipality cannot issue general obligation bonds in excess of 6% of assessed valuation for general municipal purposes.

(2) Additional general obligation bonds for up to 20% of assessed valuation can be issued for specific purposes such as supplying water and wastewater services and recreational and playground facilities.

(3) Arizona law states that municipalities may issue highway users bonds to the extent that 50% of the highway user revenues in the preceding year will be sufficient to pay annual principal and interest of such bonds.

CITY OF PRESCOTT, ARIZONA

Table XXVI

Statistical Section - Debt Capacity

Pledged-Revenue Coverage

Last ten fiscal years

Fiscal Year	Special Assessment Bonds				Community Facilities District Bonds				Municipal Property Corporation Bonds			
	Special Assessments Collected	Debt Service		Coverage	CFD Assessments Collected	Debt Service		Coverage	Excise Tax Collected	Debt Service		Coverage
		Principal	Interest			Principal	Interest			Principal (1)	Interest	
2003	\$ 522,415	\$ 320,107	\$ 202,475	100%	\$ 823,983	\$ 390,000	\$ 561,275	87%	\$ 21,019,140	\$ 4,745,000	\$ 824,370	377%
2004	511,743	330,151	187,855	99%	893,919	430,000	536,218	93%	24,499,861	900,000	505,833	1743%
2005	504,341	335,051	172,029	99%	977,151	190,000	498,512	142%	27,369,255	5,120,000	853,395	458%
2006	479,501	332,151	155,627	98%	1,033,506	505,000	472,444	106%	31,230,172	1,305,000	910,278	458%
2007	473,157	342,151	139,042	98%	894,108	205,000	444,825	138%	32,631,993	1,345,000	856,703	1410%
2008	437,256	322,151	122,907	98%	753,416	695,000	412,819	68%	30,905,164	1,600,000	1,123,841	1482%
2009	422,802	322,151	107,296	98%	701,049	370,000	375,425	94%	26,519,272	1,670,000	1,048,756	1135%
2010	417,287	332,151	91,394	99%	743,802	235,000	346,863	128%	25,534,135	1,535,000	1,321,901	894%
2011	330,299	337,151	75,110	80%	393,203	480,000	322,569	49%	24,638,362	1,625,000	1,516,747	784%
2012	389,109	330,044	58,995	100%	769,430	465,000	285,294	103%	26,350,029	4,661,000	2,136,432	388%

Source: City of Prescott finance department

Special Assessment Bonds are used to finance capital improvements in specific areas of the City. Project costs are assessed to each benefiting property owner, with payments used to pay debt service. The underlying property secures the debt and may be foreclosed in the event of a default.

Community Facilities District Bonds are issued by special districts specifically created to acquire and improve public infrastructure in specified land areas. Assessments are levied against property owners in the district to pay all of the costs associated with the districts. The underlying property secures the debt and may be foreclosed in the event of a default.

Municipal Property Corporation Bonds are issued by a non-profit corporation created by the City to finance construction or acquisition of municipal buildings and improvements on land owned by the City. The City makes lease payments to the Corporation to approximate the debt service. The City pledges all excise, transaction privilege and franchise taxes as collateral.

(1) - The Municipal Property Corporation Bonds principal for 2012 includes \$2,361,180 in refunded bonds, without this refunding the principal would be \$2,299,8200 and the coverage would increase to 594%.

CITY OF PRESCOTT, ARIZONA

Table XXVII

Statistical Section

Demographic and Economic Statistics

Population, Income and Unemployment

Last ten calendar years

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (thousands of dollars) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Annual Unemployment Rate (2)</u>	<u>School Enrollment (3)</u>
2003	36,375	4,049,851	22,071	5.1%	5,000
2004	38,180	4,524,850	23,858	4.6%	5,113
2005	40,225	5,098,280	25,831	4.4%	5,242
2006	42,085	5,567,857	26,989	3.9%	5,558
2007	43,217	5,860,461	27,620	3.7%	5,688
2008	43,280	5,537,703	28,611	5.2%	5,763
2009	43,280	6,283,809	29,134	8.5%	5,776
2010	39,843			10.4%	5,652
2011	39,843			9.8%	5,652
2012	39,843				

(1) Source: Arizona Department of Economic Security

(2) Income and employment information shown is for the Prescott Metropolitan Statistical Area (MSA).

(3) Source: Arizona Department of Education.

The 2010 and 2011 personal income amounts were not available.

The 2010 and 2011 per capita personal income amounts were not available.

CITY OF PRESCOTT, ARIZONA
 Table XXVIII
 Statistical Section
 Demographic and Economic Statistics
 Principal Employers
 Current fiscal year and ten years ago

<u>Employer</u>	<u>Type of Business</u>	<u>2010/11</u>			<u>2001/02</u>		
		<u>Number of Employees</u>	<u>Rank</u>	<u>As a % of City's Total Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>As a % of City's Total Employment</u>
Yavapai County	Government	1,354	1	7.9%	1,232	1	8.6%
Yavapai Regional Medical Center	Hospital	1,281	2	7.5%	756	3	5.3%
Veteran's Administration Medical Center	Hospital	900	3	5.3%	565	5	3.9%
Prescott Unified School District	Public Schools	770	4	4.5%	605	4	4.2%
City of Prescott	Government	478	5	2.8%	511	6	3.6%
Sturm Ruger	Manufacturing	425	6	2.5%	1176	2	8.2%
Yavapai College	College	421	7	2.5%	315	9	2.2%
Embry-Riddle Aeronautical University	College	300	8	1.8%	320	8	2.2%
Yavapai Gaming Agency	Casino	223	9	1.3%	325	7	2.3%
Fann Contracting	Construction	219	10	1.3%	182	10	1.3%
		<u>6,371</u>		<u>37.3%</u>	<u>5,987</u>		<u>41.6%</u>

The 2009/10 total City employment was 17,085 based on Arizona Department of Economic Security information for January 2010.
 The 2001/2002 total City employment was 14,392 based on Arizona Department of Economic Security information for 2001.

CITY OF PRESCOTT, ARIZONA

Table XXIX

Statistical Section - Operating Information

City Employees by Function/Program

Last ten fiscal years

Function/ Program	Full-time Equivalent Employees at June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government	31	31	35	33	36	34	34	37	38	38
Administrative Services	6	6	6	5	5	5	5	1	2	2
Budget and Finance	24	23	22	23	23	24	24	21	21	23
Community Development	23	27	27	27	30	34	33	16	16	14
Cultural & Recreation	65	66	65	76	60	59	57	48	43	42
Police	103	108	112	124	134	131	131	119	119	122
Fire	63	64	84	84	75	77	76	76	75	75
Central Garage	7	7	8	9	10	11	11	9	9	9
Self Insurance	3	3	2	2	2	2	3	3	3	3
Facilities Maintenance	0	0	7	5	6	8	10	6	5	6
Engineering	25	23	24	25	22	23	23	19	18	18
Water	36	35	35	36	40	41	41	39	40	41
Wastewater	27	27	29	30	32	33	33	35	35	35
Solid Waste	13	15	16	16	18	18	26	26	27	27
Transfer Station (1)	5	6	6	7	7	8	-	-	-	0
Airport	12	13	13	11	9	8	8	8	7	7
Golf Course	28	28	29	30	17	20	20	16	17	17
Streets	30	34	34	35	39	35	35	37	37	37
Total	501	516	551	575	565	571	570	516	512	515
Number of citizens per employee	73	74	73	73	77	76	76	77	78	77

Source: City of Prescott finance department

(1) In 2009, the Transfer Station was combined with Solid Waste.

CITY OF PRESCOTT, ARIZONA

Table XXX

Statistical Section - Operating Information

Operating Indicators by Function/Program

Last ten fiscal years (unless noted otherwise)

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Community Development										
Building permits issued	1,948	1,927	2,034	2,185	2,237	1,735	1,329	1,416	1,093	1,613
Permit valuations (in millions)	186	166	198	189	133	74	44	70	35	61
Cultural & Recreation										
Library circulation (3)	913,474	943,107	962,922	697,584	713,700	758,787	852,882	845,385	693,268	702,286
Library visits (3)	400,000	473,993	477,768	246,594	420,776	477,785	507,858	546,548	520,794	508,422
Library resources available	149,130	161,545	156,790	169,784	142,564	150,267	159,151	148,908	165,612	178,032
New cards issued	7,212	8,288	8,550	4,091	7,424	7,422	7,613	7,272	4,649	4,872
Golf Rounds	79,719	78,786	81,213	86,307	79,678	78,361	70,558	64,314	61,867	59,605
Police (Calendar Year)										
Calls for service	35,159	36,284	36,671	34,711	32,943	30,649	29,422	30,500	29,190	29,300
Part 1 crimes (1)	2,386	2,080	2,088	1,796	1,549	1,390	1,408	1,440	1,456	1,410
Part 2 crimes (2)	3,683	3,521	3,856	3,896	3,429	3,234	3,806	4,100	4,831	3,830
Fire										
Calls for service	6,136	6,001	6,444	7,007	6,808	7,130	7,452	7,799	8,500	7,920
Inspections	851	1,450	1,856	1,620	2,374	2,621	1,803	1,925	1,709	1,577
Water										
Connections	19,062	19,760	19,205	19,806	20,468	21,870	22,271	22,184	22,153	22,710
Wastewater										
Connections	14,948	15,478	16,091	16,696	17,168	17,416	17,522	17,580	17,640	18,979
Solid Waste										
Residential accounts	14,066	14,346	15,098	16,974	16,467	16,547	16,670	17,159	21,319	20,503
Commercial accounts	1,501	1,581	1,613	1,532	1,414	1,187	1,060	920	910	888
Tons collected	32,629	33,876	34,916	34,986	35,564	35,453	35,550	31,837	29,792	30,971
Transfer Station										
Transactions per year	73,935	78,228	84,330	84,826	84,542	73,339	70,381	69,509	69,615	69,430
Tons per year	57,069	60,413	63,494	70,905	70,041	73,412	59,260	60,826	58,152	55,685
Airport (Calendar Year)										
Commercial aircraft landings	1,586	1,697	1,576	1,808	1,742	1,484	5,417	3,807	1,725	-
Passengers	10,827	15,600	10,363	8,397	9,203	10,571	11,694	7,836	5,222	-
FAA traffic count	298,789	272,855	237,990	236,317	227,351	242,311	240,443	231,668	265,093	-
Public Works										
Cold mix repairs (lbs)	155,460	323,640	109,040	129,013	140,155	97,649	115,705	90,215	88,773	43,153
Hot Mix repairs (tons)	1,376	1,727	8,378	2,050	1,156	1,800	643	1,730	2,806	1,430

(1) Part 1 Homicide, forcible rape, robbery, aggravated assault, burglary, larceny/theft, auto theft & arson

(2) Part 2 Simple assault, narcotics, forgery/fraud/embezzlement, vandalism & DUI

(3) The library circulation and visits declined in 2006 because the main library was closed for remodeling. Many old and non-circulating materials were disposed.

Source: City of Prescott budget department and applicable departments.

CITY OF PRESCOTT, ARIZONA

Table XXXI

Statistical Section - Operating Information

Capital Asset Statistics by Function/Program

Last ten fiscal years

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Government										
Area square miles	39	39	39	39	40	40	41	41	41	41
Cultural and Recreation (3)										
Parks					17	21	21	21	21	21
Park acres					1,384	1,394	1,394	1,394	1,394	1,394
Miles of trails					55	33	36	36	36	45
Open space - public (acres)					160	195	278	278	278	765
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	5	5	5	5	5	5	5	5	5	5
Water										
Miles of water mains	482	496	505	509	516	531	536	537	542	538
Wastewater										
Miles of sanitary sewers	635	647	647	345 (2)	350	387	389	389	391	390
Solid Waste										
Collection trucks	12	15	15	14	15	15	16	16	16	19
Airport										
Total based aircraft	364	338	349	340	330	325	352	344	344	346
Golf Course										
Holes	36	36	36	36	36	36	36	36	36	36
Public Works										
Streets (paved miles) (1)	215	221	221	222	224	231	234	236	270	289

(1) Street miles were reviewed during 2002 in conjunction with the implementation of GASB 34. The street miles are now shown based on centerline miles, which measure the length of a road in miles. Prior to 2002, the figure shown was for lane miles, which is the product of centerline miles and the number of lanes.

(2) Sewer miles dropped in FY 2006. In conjunction with a Hydraulic Sewer Model project, the entire sewer system was surveyed. This survey has documented the locations of our manholes and the lines and lengths. To date with the 95% completion we have logged about 345 miles of the collection system. This provides a more accurate measure and will provide greater accuracy in the future.

(3) In conjunction with the parks master plan update, new benchmarks were established in 2007. These benchmarks replace prior year data.

Source: City of Prescott departments.