
Prescott Unified School District No. 1

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023



Prescott Unified School District No. 1

Prescott, Arizona

**Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2023**

Issued by:
Business Services Department

Prescott Unified School District No. 1

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Introductory Section

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PRESCOTT UNIFIED SCHOOL DISTRICT NO. 1

300 E. Gurley, Prescott, Arizona 86301
(928) 445-5400



December 21, 2023

Citizens and Governing Board
Prescott Unified School District No. 1
300 East Gurly Street
Prescott, Arizona 86301

State law mandates that school districts required to undergo an annual single audit publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the Prescott Unified School District No. 1 (District) for the fiscal year ended June 30, 2023.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free of material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2023, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 District'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 a separately issued Single Audit Reporting Package.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

Profile of the District

The District is one of twenty-three public school districts located in Yavapai County, Arizona. It provides a program of public education from preschool through grade twelve, with an estimated current enrollment of 3,491 students.

The District's Governing Board is organized under Section 15-321 of the Arizona Revised Statutes (A.R.S.). Management of the District is independent of other state or local governments. The County Treasurer collects taxes for the District, but exercises no control over its expenditures/expenses.

The membership of the Governing Board consists of five members elected by the public. Under existing statutes, the Governing Board's duties and powers include, but are not limited to, the acquisition, maintenance and disposition of school property; the development and adoption of a school program; and the establishment, organization and operation of schools. The Board also has broad financial responsibilities, including the approval of the annual budget, and the establishment of a system of accounting and budgetary controls.

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement purposes, and the District is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing board is financially accountable. The District's major operations include education, student transportation, construction and maintenance of District facilities, food services, bookstore, and athletic functions.

The District is located in Central Yavapai County, Arizona. Its boundaries encompass an area of approximately 283 square miles. The City of Prescott, which is the Yavapai County seat, is located entirely within the District. The average age of the District's school buildings is 50 years.

The District's complexion is primarily rural in nature. The economy of the area is based on governmental activity, manufacturing, lumbering, agriculture, commerce, construction, and tourism. Governmental activity includes the City of Prescott as the County seat, the Veterans Administration Center and headquarters for the Prescott National Forest. Lumbering involves a portion of a 1.25 million acre tract of forest managed by the Prescott National Forest. Agricultural activities consist of cattle and sheep ranching. Commerce includes Prescott as a regional trade center for North Central Arizona. Construction activity continues at a steady pace each year. Tourism is encouraged by many historic and scenic landmarks. In addition, tourists may enjoy the many hiking trails and lakes for fishing and picnicking. Major annual events include Prescott Frontier Days, the Bluegrass Festival, Fourth of July Parade, as well as arts and craft shows on the Courthouse Plaza throughout the summer months, and the annual Courthouse Lighting Ceremony at Christmas time.

Yavapai County is the second fastest growing county in Arizona. The City of Prescott is the largest urban area within the county with a 2022 estimated population of about 46,833. The city's growth has been steady at about 4 percent for the past decade and is expected to continue at that rate. More than 100,000 people reside in the tri-city area which includes Prescott, Prescott Valley and Chino Valley. The majority of these residents live within a 10-mile radius of downtown Prescott.

The following is a list of major initiatives achieved by the District through fiscal year 2022-23:

- Governing Board hired new Superintendent
- Hired new Asst Superintendent/HR Director
- Hired new Director of Exceptional student Services
- Hired new Principal for Taylor Hicks Elementary
- Reassigned principals at Lincoln, Granite Mountain and Mile High to maximize talents
- Adopted new K-12 Social Studies curriculum
- Adopted new K-12 Science curriculum
- Addition of Student Resource Police Officer at Mile High MS
- Began Keystone program to train and certify new teachers
- Pilot Beyond Textbooks to use unwrapped standards documents and formative assessments to help guide instruction
- Taylor Hicks Teacher Village completion
- 23 students graduated from Genesis Academy (alternative school in PUSD) in FY 23
- PUSD Everywhere student enrollment amount more than doubled from FY 22
- Discovery Gardens, PUSD#1's preschool, implemented Creative Curriculum. The Creative Curriculum for Preschool empowers children to be confident, creative, and caring learners through play-based, hands-on investigations --a research-based approach that incorporates language, literacy, and mathematics throughout the day.
- Increased achievement scores of special needs population -no longer a TSI school

The following is a list of projects that the District is working on for future fiscal years:

- Adoption of grades 5-8 Math curriculum
- Possible exploration of K-4 and 9-12 Math curriculum adoption
- Move towards standards-based learning and grading
- Search for replacement for retiring Assistant Superintendent
- Identification of additional budget efficiencies to allow for staff raises
- Implementation of Student Safety Officer Program at all schools
- Increase Career & Technical Education courses and enrollment
- Pursue professional development in Arizona Early Learning Standards and Trauma Informed Classrooms at Discovery Gardens

The District maintains budgetary controls as an integral part of its overall system of internal controls. The objective of these budgetary controls is to ensure compliance with legal provisions included in the annual expenditure budget adopted by the District's Governing Board. The annual expenditure budget also serves as the foundation for the District's financial planning and control. Activities of the general fund, special revenue funds, and capital projects funds are included in the annual appropriated budget. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the total adopted expenditure budget. Arizona Revised Statutes permits the adopted expenditure budget to be revised annually. The District additionally exercises management control and oversight of the budget at the fund level. The District may have overexpenditures of budgeted funds as long as the necessary revenue is earned. The District is not required to prepare an annual budget of revenue; therefore, a deficit budgeted fund balance may be presented.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Local Economy. The unemployment rate in Prescott is 3.4 percent whereas the national average is 3.7 percent. The total new residential permits issued are 431, which is greater from one year ago. Gross taxable sales in Prescott are also up by almost 14.4 percent.

Long-term Financial Planning. The Prescott Unified School District No. 1 had a student population of 3,580. Student populations are expected to remain flat in the upcoming year.

District Administration works closely with the Governing Board, Interest Based Team and the community in financial planning. Those groups helped pass the District's override and bond to supplement the budget. They also work in communicating to various Arizona Legislators the financial needs of the District. The District has a three year plan for the maintenance of facilities.

Awards and Acknowledgments

Awards. The Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the 31st consecutive year that the District has received this prestigious award. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its annual comprehensive financial report for the fiscal year ended June 30, 2022. In order to be awarded these certificates, the District published an easily readable and efficiently organized annual comprehensive financial report.

This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

These certificates are valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the programs' requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year ended June 30, 2023 certificates.

- Discovery Gardens received 5 Star Ratings with First Things First
- District earned an "A" letter grade from the State Board of Education (1 of only 5 districts in northern Arizona to earn an A.)
- Earned "A" letter grades ("Distinguished") at every K-6 school
- Earned "B" letter grades ("Highly Performing") at middle and high schools
- Girls Golf - Division II Sec V Champs
- Boys Golf - Division II Section VII Team Champs
- Badminton - Division II Northwest Section Champ

Acknowledgments. The preparation of the annual comprehensive financial report on a timely basis was made possible by the dedicated service of the entire staff of the business services department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the Governing Board of the District, preparation of this report would not have been possible.

Respectfully submitted,



Clark Tenney
Superintendent



Brian Moore
Chief Financial Officer



The Certificate of Excellence in Financial Reporting
is presented to

Prescott Unified School District 1

for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'John W. Hutchison'. The signature is written in a cursive style and is positioned above a horizontal line.

John W. Hutchison
President

A handwritten signature in black ink, reading 'Siobhán McMahon'. The signature is written in a cursive style and is positioned above a horizontal line.

Siobhán McMahon, CAE
**Chief Operations Officer/
Interim Executive Director**



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Prescott Unified School District No. 1
Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

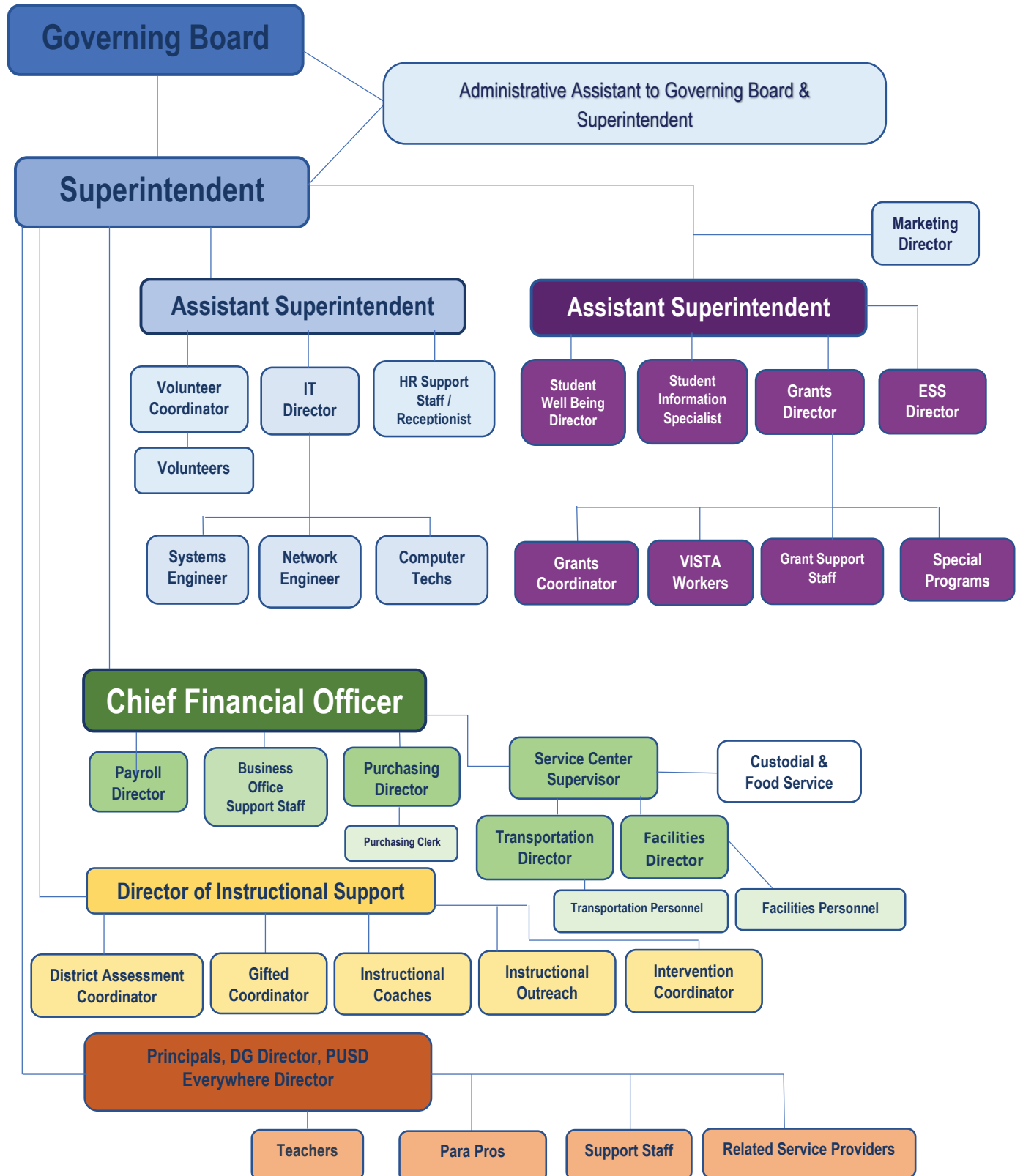
June 30, 2022

Christopher P. Morill

Executive Director/CEO



ORGANIZATIONAL CHART 2022-2023



Prescott Unified School District No. 1

List of Principal Officials

Governing Board

Mr. Andy Fraher, President

Mr. Stan Goligoski, Vice President

Mrs. Kara Woods, Member

Mrs. Jane Robertson, Member

Mrs. Linda Conn, Member

Administrative Staff

Clark Tenney, Superintendent

Mardi Read, Assistant Superintendent

Andy Binder, Assistant Superintendent – Human Resources

Kelsey Secor, Director of Instructional Support

Brian Moore, Chief Financial Officer

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Financial Section

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Independent Auditor's Report

Governing Board
Prescott Unified School District No. 1

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Prescott Unified School District No. 1 (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Prescott Unified School District No. 1, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Prescott Unified School District No. 1 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1, the District implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and net pension liability information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Combining and Individual Fund Financial Statements and Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Financial Statements and Schedules information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023, on our consideration of Prescott Unified School District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Prescott Unified School District No. 1's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Prescott Unified School District No. 1's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
December 21, 2023

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Management's Discussion and Analysis (MD&A)
(Required Supplementary Information)

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Prescott Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

As management of the Prescott Unified School District No. 1 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The District's total net position of governmental activities decreased \$156,971 which represents a one percent decrease from the prior fiscal year which is not a significant change.
- General revenues accounted for \$33.8 million in revenue, or 76 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$10.7 million or 24 percent of total current fiscal year revenues.
- The District had approximately \$44.7 million in expenses related to governmental activities, an increase of 10 percent from the prior fiscal year primarily due to increases to wages and salaries and capital asset purchases and projects.
- Among major funds, the General Fund had \$30.4 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$30.2 million in expenditures. The General Fund's fund balance increase from \$13.4 million at the prior fiscal year end to \$14.0 million at the end of the current fiscal year was primarily due to legislative action, which increased the student base level amount.
- Net position for the Internal Service Fund increased \$1,084 from the prior fiscal year. There were no operating revenues or expenses during the current fiscal year.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The accrual basis of accounting is used for the government-wide financial statements.

Prescott Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Overview of Financial Statements

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues. The governmental activities of the District include instruction, support services, operation and maintenance of plant services, student transportation services, operation of non-instructional services, and interest on long-term debt.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements use the modified accrual basis of accounting and focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Federal and State Grants, and Other Special Revenue Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

Prescott Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Overview of Financial Statements

Proprietary funds. The District maintains one type of proprietary fund. The internal service fund is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses its internal service fund to account for its employee benefit trust. Because this service predominantly benefits governmental functions, it has been included within governmental activities in the government-wide financial statements. The Employee Benefit Trust, although a legally separate component unit, functions for all employees of the District, and therefore has been included as an internal service fund.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process and pension plan. The District adopts an annual expenditure budget for all governmental funds. A schedule of revenues, expenditures and changes in fund balances – budget and actual has been provided for the General Fund and major Special Revenue Funds as required supplementary information. Schedules for the pension plan have been provided as required supplementary information.

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$24.3 million at the current fiscal year end.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related outstanding debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, a portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted and may be used to meet the District's ongoing obligations to its citizens and creditors.

Prescott Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Government-Wide Financial Analysis

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2023 and June 30, 2022.

	As of June 30, 2023	As of June 30, 2022
Current assets	\$ 21,895,091	\$ 23,060,453
Capital assets, net	38,174,340	37,202,395
Total assets	<u>60,069,431</u>	<u>60,262,848</u>
Deferred outflows	<u>5,186,176</u>	<u>6,618,083</u>
Current and other liabilities	1,348,581	883,157
Long-term liabilities	37,804,545	33,184,290
Total liabilities	<u>39,153,126</u>	<u>34,067,447</u>
Deferred inflows	<u>1,765,854</u>	<u>8,319,886</u>
Net position:		
Net investment in capital assets	29,717,126	28,828,471
Restricted	6,890,768	9,313,363
Unrestricted	(12,271,267)	(13,648,236)
Total net position	<u>\$ 24,336,627</u>	<u>\$ 24,493,598</u>

At the end of the current fiscal year, the District reported a negative unrestricted net position of \$12.3 million due primarily to the District's proportionate share of the state pension plan's unfunded liability. Positive net position was reported in the other two categories. The same situation held true for the prior fiscal year.

The District's financial position is the product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following are significant current year transactions that had an impact on the Statement of Net Position.

- The principal retirement of \$1.4 million of bonds.
- The addition of \$3.6 million in capital assets through school improvements and purchases of vehicles, furniture, and equipment.
- The increase of \$6.2 million in pension liabilities due to changes in estimates and payments.

**Prescott Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023**

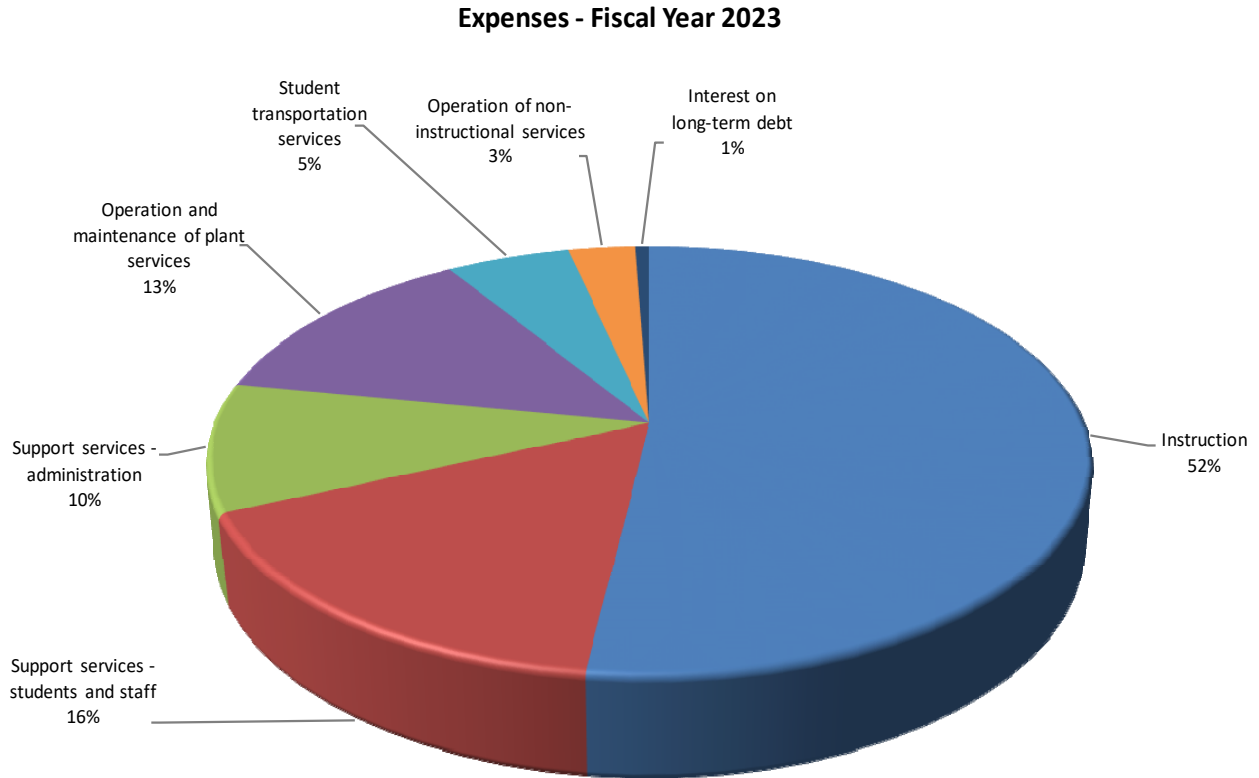
Government-Wide Financial Analysis

Changes in net position. The District's total revenues for the current fiscal year were \$44.6 million. The total cost of all programs and services was \$44.7 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2023 and June 30, 2022.

	<u>Fiscal Year Ended June 30, 2023</u>	<u>Fiscal Year Ended June 30, 2022</u>
Revenues:		
Program revenues:		
Charges for services	\$ 2,762,605	\$ 2,225,022
Operating grants and contributions	6,829,291	7,839,392
Capital grants and contributions	1,155,733	418,100
General revenues:		
Property taxes	22,038,667	21,406,812
Investment income	480,032	32,956
Unrestricted state aid	10,698,746	10,020,427
Unrestricted federal aid	624,697	576,623
Total revenues	<u>44,589,771</u>	<u>42,519,332</u>
Expenses:		
Instruction	23,239,261	21,741,988
Support services - students and staff	7,362,397	6,169,346
Support services - administration	4,312,423	3,836,287
Operation and maintenance of plant services	5,868,372	5,076,454
Student transportation services	2,401,277	2,073,130
Operation of non-instructional services	1,305,077	1,437,690
Interest on long-term debt	257,935	299,641
Total expenses	<u>44,746,742</u>	<u>40,634,536</u>
Changes in net position	(156,971)	1,884,796
Net position, beginning, as restated	<u>24,493,598</u>	<u>22,608,802</u>
Net position, ending	<u>\$ 24,336,627</u>	<u>\$ 24,493,598</u>

**Prescott Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023**

Government-Wide Financial Analysis



The following are significant current year transactions that have had an impact on the change in net position.

- Instruction expense increased \$1.5 million primarily as a result of increased wages to instructional staff and the purchase of instructional materials.
- Operating grants and contributions decreased \$1.0 million due to some COVID-19 related grants reaching the end of their periods of performance.
- Capital grants and contributions increased \$737,633 primarily due to capital projects being prepared or completed for athletic facilities and future teacherage buildings.
- Support services – students and staff expenses increased \$1.2 million primarily due to increased wages, the special education department purchased services due to lack of support staff, and increased support staff to assist with learning loss due to COVID-19.

The following table presents the cost of the District's major functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

Prescott Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Government-Wide Financial Analysis

	Year Ended June 30, 2023		Year Ended June 30, 2022	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Instruction	\$ 23,239,261	\$ (15,333,137)	\$ 21,741,988	\$ (15,894,955)
Support services - students and staff	7,362,397	(6,623,542)	6,169,346	(4,402,581)
Support services - administration	4,312,423	(4,265,799)	3,836,287	(3,601,958)
Operation and maintenance of plant services	5,868,372	(5,203,612)	5,076,454	(4,666,010)
Student transportation services	2,401,277	(2,372,917)	2,073,130	(1,974,320)
Operation of non-instructional services	1,305,077	(3,104)	1,437,690	620,404
Interest on long-term debt	257,935	(197,002)	299,641	(232,602)
Total	\$ 44,746,742	\$ (33,999,113)	\$ 40,634,536	\$ (30,152,022)

- The cost of all governmental activities this year was \$44.7 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$10.7 million.
- Net cost of governmental activities of \$34.0 million was financed by general revenues, which are made up of primarily property taxes of \$22.0 million and state and federal aid of \$11.3 million. Investment earnings accounted for \$480,032 of funding.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$17.3 million, an increase of \$311,525, which is not a significant change.

Prescott Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Financial Analysis of the District's Funds

The General Fund comprises 81 percent of the total fund balance. Approximately \$12.4 million, or 89 percent of the General Fund's fund balance is unassigned.

The General Fund is the principal operating fund of the District. The increase in fund balance of \$566,028 to \$14.0 million as of fiscal year end was primarily due to increased grant funding from both Federal and State sources. General Fund expenditures increased \$2.7 million due to increased salaries, wages and capital asset purchases and projects.

The Federal and State Grants Fund's fund balance increased \$1.5 million due primarily to increased revenues from grants.

The Other Special Revenue Fund's fund balance increased \$40,610 which is not significant for the fund.

Proprietary funds. Unrestricted net position of the Internal Service Fund at the end of the fiscal year amounted to \$129,772. The increase of \$1,084 from the prior fiscal year was not significant.

Budgetary Highlights

Over the course of the year, the District revised the General Fund annual expenditure budget for changes in changes in student enrollment, anticipated costs, and budget capacity. The difference between the original budget and the final amended budget was a \$919,309 increase, or three percent.

Significant variances for the final amended budget and actual revenues resulted from the District not being required by the State of Arizona to prepare a revenue budget. A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplementary information. The significant favorable variances of \$2.9 million in instruction, \$427,403 in support services-students and staff, and \$416,686 in student transportation services expenditures were a result of \$3.5 million of Maintenance and Operation carryforward budgeted from the prior fiscal year. Actual expenditures in the current fiscal year were less than budgeted expenditures.

Prescott Unified School District No. 1
Management’s Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Capital Assets and Debt Administration

Capital Assets. At year end, the District had invested \$83.3 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$3.5 million from the prior fiscal year, primarily due to the completion of athletic facility projects and purchases of vehicles for student transportation. Total depreciation expense for the current fiscal year was \$2.6 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2023 and June 30, 2022.

	As of June 30, 2023	As of June 30, 2022
Capital assets - non-depreciable	\$ 2,036,250	\$ 1,174,755
Capital assets - depreciable, net	36,138,090	36,027,640
Total	\$ 38,174,340	\$ 37,202,395

The estimated cost to complete current construction projects is \$848,038.

Additional information on the District’s capital assets can be found in Note 7.

Debt Administration. At year end, the District had \$8.5 million in long-term debt outstanding, \$808,000 due within one year. Long-term debt decreased by \$1.6 million due to principal payments during the current year.

The District’s general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 30 percent of the total net full cash assessed valuation) and the statutory debt limit on Class B bonds (the greater of 20 percent of the net full cash assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$438.0 million and the Class B debt limit is \$292.0 million, which are more than the District’s total outstanding general obligation and Class B debt, respectively.

Additional information on the District’s long-term debt can be found in Notes 9 through 11.

Prescott Unified School District No. 1
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Economic Factors and Next Year's Budget and Rates

Many factors were considered by the District's administration during the process of developing the fiscal year 2023-24 budget. Among them:

- Fiscal year 2022-23 budget balance carry forward (estimated \$3.6million).
- District student population (estimated 3,662).
- Employee salaries (estimated \$25.4 million).

Also considered in the development of the budget is the local economy and inflation of the surrounding area.

Budgeted expenditures in the General Fund increased three percent to \$32.5 million in fiscal year 2023-24. An increase in estimated ADM and an increase in the base level used to determine state funding are the primary reasons for the increase. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2023-24 budget.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business Services Department, Prescott Unified School District No. 1, 300 East Gurley Street, Prescott, Arizona, 86301.

Basic Financial Statements

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Government-Wide Financial Statements

Prescott Unified School District No. 1
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Current assets:	
Cash and investments	\$ 18,382,545
Property taxes receivable	226,344
Accounts receivable	34,240
Due from governmental entities	2,223,343
Leases receivable	1,028,619
Total current assets	21,895,091
Noncurrent assets:	
Capital assets not being depreciated	2,036,250
Capital assets, net accumulated depreciation	36,138,090
Total noncurrent assets	38,174,340
Total assets	60,069,431
 Deferred outflows of resources	
Pension plan items	5,186,176
Total deferred outflows of resources	5,186,176
 Liabilities	
Current liabilities:	
Accounts payable	1,055,355
Accrued payroll and employee benefits	259,243
Unearned revenues	33,983
Compensated absences payable	133,333
Financed purchases payable	143,000
Bonds payable	665,000
Total current liabilities	2,289,914
Noncurrent liabilities:	
Non-current portion of long-term obligations	36,863,212
Total noncurrent liabilities	36,863,212
Total liabilities	39,153,126
 Deferred inflows of resources	
Pension plan items	750,724
Leases	1,015,130
Total deferred inflows of resources	1,765,854
 Net position	
Net investment in capital assets	29,717,126
Restricted for:	
Instruction	3,997,284
Food service	849,603
Non-instructional purposes	1,805,759
Debt service	192,733
Capital outlay	45,389
Unrestricted	(12,271,267)
Total net position	\$ 24,336,627

Prescott Unified School District No. 1
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenue		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		Governmental Activities
Governmental activities					
Instruction	\$ 23,239,261	\$ 2,014,072	\$ 5,324,309	\$ 567,743	\$ (15,333,137)
Support services - students and staff	7,362,397	298,483	440,372		(6,623,542)
Support services - administration	4,312,423		46,624		(4,265,799)
Operation and maintenance of plant services	5,868,372	48,319	28,451	587,990	(5,203,612)
Student transportation services	2,401,277		28,360		(2,372,917)
Operation of non-instructional services	1,305,077	401,731	900,242		(3,104)
Interest on long-term debt	257,935		60,933		(197,002)
Total governmental activities	<u>\$ 44,746,742</u>	<u>\$ 2,762,605</u>	<u>\$ 6,829,291</u>	<u>\$ 1,155,733</u>	<u>(33,999,113)</u>
General revenues					
Property taxes					22,038,667
Investment income					480,032
Unrestricted state aid					10,698,746
Unrestricted federal aid					624,697
Total general revenues					<u>33,842,142</u>
Changes in net position					(156,971)
Net position, beginning of year					<u>24,493,598</u>
Net position, end of year					<u>\$ 24,336,627</u>

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Fund Financial Statements

Prescott Unified School District No. 1
Balance Sheet
Governmental Funds
June 30, 2023

	<u>General</u>	<u>Federal and State Grants</u>	<u>Other Special Revenue</u>	<u>Non-Major Governmental Funds</u>
Assets				
Cash and investments	\$ 12,949,696	\$	\$ 2,846,404	\$ 2,456,673
Property taxes receivable	211,219			15,125
Accounts receivable			34,240	
Due from governmental entities		2,018,304		205,039
Due from other funds	1,696,010			
Leases receivable	1,028,619			
Total assets	<u>\$ 15,885,544</u>	<u>\$ 2,018,304</u>	<u>\$ 2,880,644</u>	<u>\$ 2,676,837</u>
Liabilities				
Accounts payable	\$ 531,113	\$ 31,280	\$ 31,725	\$ 461,237
Due to other funds		1,696,010		
Accrued payroll and employee benefits	180,175	69,355	9,713	
Unearned revenues	33,969	14		
Total liabilities	<u>745,257</u>	<u>1,796,659</u>	<u>41,438</u>	<u>461,237</u>
Deferred inflows of resources				
Unavailable revenues - property taxes	151,719			15,125
Unavailable revenues - intergovernmental		1,897,368		
Leases	1,015,130			
Total deferred inflows of resources	<u>1,166,849</u>	<u>1,897,368</u>		<u>15,125</u>
Fund balances				
Restricted	1,587,818		2,839,206	2,226,974
Unassigned	12,385,620	(1,675,723)		(26,499)
Total fund balances	<u>13,973,438</u>	<u>(1,675,723)</u>	<u>2,839,206</u>	<u>2,200,475</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,885,544</u>	<u>\$ 2,018,304</u>	<u>\$ 2,880,644</u>	<u>\$ 2,676,837</u>

**Total
Governmental
Funds**

\$ 18,252,773
226,344
34,240
2,223,343
1,696,010
1,028,619

\$ 23,461,329

\$ 1,055,355
1,696,010
259,243
33,983

3,044,591

166,844
1,897,368
1,015,130

3,079,342

6,653,998
10,683,398

17,337,396

\$ 23,461,329

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Prescott Unified School District No. 1
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2023

Total fund balances - governmental funds **\$ 17,337,396**

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	\$ 83,314,007	
Less accumulated depreciation/amortization	<u>(45,139,667)</u>	
		38,174,340

Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.

Property taxes	166,844	
Intergovernmental	<u>1,897,368</u>	
		2,064,212

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	5,186,176	
Deferred inflows of resources related to pensions	<u>(750,724)</u>	
		4,435,452

The Internal Service Fund is used by management to charge the cost of insurance to the individual funds. The assets and liabilities of the Internal Service Fund are included in the Statement of Net Position.

129,772

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences payable	(847,101)	
Financed purchases payable	(1,284,000)	
Bonds payable	(7,173,214)	
Net pension liability	<u>(28,500,230)</u>	
		<u>(37,804,545)</u>

Net position of governmental activities **\$ 24,336,627**

Prescott Unified School District No. 1
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	<u>General</u>	<u>Federal and State Grants</u>	<u>Other Special Revenue</u>	<u>Non-Major Governmental Funds</u>
Revenues				
Other local	\$ 1,981,120	\$ 456	\$ 1,256,197	\$ 539,204
Property taxes	20,436,221			1,661,678
State aid and grants	7,341,624	481,504		3,945,112
Federal aid, grants and reimbursements	624,697	7,247,053		961,175
Total revenues	<u>30,383,662</u>	<u>7,729,013</u>	<u>1,256,197</u>	<u>7,107,169</u>
Expenditures				
Current:				
Instruction	13,994,085	3,090,939	325,835	3,092,949
Support services - students and staff	5,064,700	1,324,640	412,262	211,368
Support services - administration	3,366,042	270,645	18,621	
Operation and maintenance of plant services	4,209,087	74,037	86,780	20,080
Student transportation services	1,468,506	90,831	38,443	
Operation of non-instructional services	167,646	2,611	2,961	989,034
Capital outlay	1,904,943	1,274,182	330,685	2,470,496
Debt service:				
Principal retirement				1,543,000
Interest and fiscal charges				319,108
Total expenditures	<u>30,175,009</u>	<u>6,127,885</u>	<u>1,215,587</u>	<u>8,646,035</u>
Excess (deficiency) of revenues over expenditures	<u>208,653</u>	<u>1,601,128</u>	<u>40,610</u>	<u>(1,538,866)</u>
Other financing sources (uses)				
Transfers in	357,375			21,054
Transfers out		(127,375)		(251,054)
Total other financing sources (uses)	<u>357,375</u>	<u>(127,375)</u>		<u>(230,000)</u>
Changes in fund balances	<u>566,028</u>	<u>1,473,753</u>	<u>40,610</u>	<u>(1,768,866)</u>
Fund balances, beginning of year	<u>13,407,410</u>	<u>(3,149,476)</u>	<u>2,798,596</u>	<u>3,969,341</u>
Fund balances, end of year	<u>\$ 13,973,438</u>	<u>\$ (1,675,723)</u>	<u>\$ 2,839,206</u>	<u>\$ 2,200,475</u>

**Total
Governmental
Funds**

\$ 3,776,977
22,097,899
11,768,240
8,832,925
46,476,041

20,503,808
7,012,970
3,655,308
4,389,984
1,597,780
1,162,252
5,980,306

1,543,000
319,108
46,164,516

311,525

378,429
(378,429)

311,525

17,025,871

\$ 17,337,396

Prescott Unified School District No. 1
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, 2023

Changes in fund balances - total governmental funds **\$ 311,525**

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

Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation/amortization expense.

Expenditures for capitalized assets	\$ 3,560,013	
Less current year depreciation/amortization	<u>(2,588,068)</u>	
		971,945

Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	(59,232)	
Intergovernmental	<u>(1,828,122)</u>	
		(1,887,354)

Repayments of long-term debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Financed purchase principal retirement	143,000	
Bond principal retirement	<u>1,400,000</u>	
		1,543,000

Governmental funds report pension contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension liability, adjusted for deferred items, is reported as pension expense in the Statement of Activities.

Current year pension contributions	2,614,281	
Pension expense	<u>(3,754,542)</u>	
		(1,140,261)

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.

Amortization of deferred bond items	61,173	
Compensated absences	<u>(18,083)</u>	
		43,090

The Internal Service Fund is used by management to charge the cost of insurance to the individual funds. The changes in net position of the Internal Service Fund is reported with governmental activities in the Statement of Activities.

1,084

Changes in net position in governmental activities **\$ (156,971)**

Prescott Unified School District No. 1
Statement of Net Position
Proprietary Fund
June 30, 2023

	Governmental Activities
	Internal Service Fund
Assets	
Current assets:	
Cash and investments	\$ 129,772
Total current assets	129,772
Total assets	129,772
 Net position	
Unrestricted	129,772
Total net position	\$ 129,772

Prescott Unified School District No. 1
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2023

	Governmental Activities
	Internal Service Fund
Nonoperating revenues (expenses)	
Investment income	\$ 1,084
Total nonoperating revenue (expenses)	1,084
 Changes in net position	 1,084
 Total net position, beginning of year	 <u>128,688</u>
 Total net position, end of year	 <u>\$ 129,772</u>

Prescott Unified School District No. 1
Statement of Cash Flows
Proprietary Fund
June 30, 2023

	Governmental Activities Internal Service Fund
<u>Increase/Decrease in Cash and Cash Equivalents</u>	
Cash flows from investing activities	
Purchase of investments	
Investment income	\$ 1,084
Proceeds from sales and maturities of investments	203
Net cash provided by/used for investing activities	1,287
Net increase/decrease in cash and cash equivalents	1,287
Cash and cash equivalents, beginning of year	127,566
Cash and cash equivalents, end of year	\$ 128,853
 <u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u>	
Cash and investments	\$ 129,772
Less investments not maturing in less than three months	919
Total cash and cash equivalents	\$ 128,853

Prescott Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Prescott Unified School District No. 1 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

During the year ended June 30, 2022, the District implemented the provisions of GASB Statement No. 87, *Leases*. This Statement increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District's analysis of contracts and agreements in effect at the beginning of the year resulted in no changes to beginning balances reported in the financial statements due to the implementation of this standard.

In addition, during the year the District consolidated individual reporting funds that were presented separately in the prior year financial statements. The consolidated funds include the Federal and State Grants Fund, Other Special Revenue Fund, and Other Capital Projects Fund.

The more significant of the District's accounting policies are described below.

A. Reporting Entity

The Governing Board is organized under Section 15-321 of the Arizona Revised Statutes (A.R.S.). Management of the District is independent of other state or local governments. The County Treasurer collects taxes for the District, but exercises no control over its expenditures/expenses.

The membership of the Governing Board consists of five members elected by the public. Under existing statutes, the Governing Board's duties and powers include, but are not limited to, the acquisition, maintenance and disposition of school property; the development and adoption of a school program; and the establishment, organization and operation of schools.

The Board also has broad financial responsibilities, including the approval of the annual budget, and the establishment of a system of accounting and budgetary controls.

Prescott Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments.

Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing board is financially accountable. The District's major operations include education, student transportation, construction and maintenance of District facilities, food services, bookstore and athletic functions.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities or fiduciary activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The District does not allocate indirect expenses to programs or functions. 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, unrestricted federal and state aid, and other items not included among program revenues are reported instead as general revenues.

Prescott Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

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

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 imposed by the grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements; however, the effects of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their external exchange value.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are 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. For this purpose, the District considers revenues to be available if they are collected within 60 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 compensated absences, and claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt and acquisitions under lease contracts and subscription-based information technology arrangements are reported as other financing sources.

Property taxes, state aid, tuition and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Food services and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Unearned revenues arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

Prescott Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

Delinquent property taxes and other receivables that will not be collected within the available period have been reported as unavailable revenues on the governmental fund financial statements.

Separate financial statements are presented for governmental funds and proprietary funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

The District reports the following major governmental funds:

General Fund – The General Fund is the District’s primary operating fund. It accounts for all resources used to finance District maintenance and operation except those required to be accounted for in other funds. The General Fund includes the District’s Maintenance and Operation Fund and the Unrestricted Capital Outlay Fund, as well as the certain activities budgeted in separate funds in accordance with A.R.S. These funds are maintained as separate funds for budgetary purposes but do not meet the criteria for separate reporting in the financial statements.

Federal and State Grants – to account for financial assistance received for federal and state grants and projects.

Other Special Revenue Funds – to account for the revenues and expenditures of other special revenue activities, including the following: civic center, community school, extracurricular activities fees tax credit, and student activities.

Additionally, the District reports the following fund type:

Proprietary Fund – The Proprietary Fund is an Internal Service Fund that accounts for activities related to the District’s insurance program.

Prescott Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

The Proprietary Fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting and are presented in a single column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service funds are charges for health and welfare benefits and charges to District departments for goods and services. Operating expenses for internal service funds include the cost of goods and services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Cash and Investments

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

A.R.S. require the District to deposit all cash with the County Treasurer, except as discussed below. Cash with the County Treasurer is pooled for investment purposes, except for cash of the Debt Service and Bond Building Funds that may be invested separately. Interest earned from investments purchased with pooled monies is allocated to each of the District's funds based on their average balances. As required by statute, interest earnings of the Bond Building Fund are recorded initially in that fund, but then transferred to the Debt Service Fund. All investments are stated at fair value.

Statute authorizes the District to separately invest monies of the Bond Building and Debt Service Funds in the State Treasurer's investment pools; obligations issued and guaranteed by the United States or any of its agencies or instrumentalities; specified state and local government bonds and notes; and interest bearing savings accounts or certificates of deposit.

Statute authorizes the District to deposit monies of the Auxiliary Operations and Student Activities Funds in bank accounts. Monies in these funds may also be invested. In addition, statute authorizes the District to maintain various bank accounts such as clearing accounts to temporarily deposit receipts before they are transmitted to the County Treasurer; revolving accounts to pay minor disbursements; and withholdings accounts for taxes and employee insurance programs. Some of these bank accounts may be interest bearing.

Prescott Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

Statute does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. Arizona statute requires a pooled collateral program for public deposits and a Statewide Collateral Pool Administrator (Administrator) in the State Treasurer's Office. The purpose of the pooled collateral program is to ensure that governmental entities' public deposits placed in participating depositories are secured with collateral of 102 percent of the public deposits, less any applicable federal depository insurance. An eligible depository may not retain or accept any public deposit unless it has deposited the required collateral with a qualified escrow agent or the Administrator. The Administrator manages the pooled collateral program, including reporting on each depository's compliance with the program.

E. Investment Income

Investment income is composed of interest, dividends and net changes in the fair value of applicable investments. Investment income is included in other local revenue in the governmental fund financial statements and in nonoperating revenues in the proprietary fund financial statements.

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Interfund balances between governmental funds are eliminated on the Statement of Net Position.

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

G. Property Tax Calendar

The County Treasurer is responsible for collecting property taxes for all governmental entities within the county. The county levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

Prescott Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

Pursuant to A.R.S., a lien against assessed real and personal property attaches on the first day of January preceding assessment and levy; however according to case law, an enforceable legal claim to the asset does not arise.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

I. Capital Assets

Capital assets, which include land and improvements; buildings and improvements; vehicles, furniture, and equipment; and construction in progress, are reported in the government-wide financial statements.

Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life of more than one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Capital assets are depreciated using the straight-line method over the estimated useful life of the asset. Intangible right-to-use assets are amortized over the shorter of the lease/subscription term or the underlying asset's useful life. The estimated useful lives and amortization periods are as follows:

Land improvements	10 - 30 years
Buildings and improvements	5 - 80 years
Vehicles, furniture and equipment	5 - 50 years

Prescott Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

K. Compensated Absences

The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay in varying amounts. Only benefits considered vested are recognized in the financial statements. The liability for vacation and sick leave is reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Generally, resources from the General Fund are used to pay for compensated absences.

L. Pensions

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

M. Leases

As lessor, the District recognizes lease receivables with an initial, individual value of \$50,000 or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate the District charges the lessee) and the implicit rate cannot be determined, the District uses an interest rate based on the Applicable Federal Rate as the discount rate to measure lease receivables.

Prescott Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

N. Long-term Obligations

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 on the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Deferred amounts on refunding result from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In the fund financial statements, governmental fund types 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. Premiums received on debt issuances are 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.

O. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses in governmental funds and after nonoperating revenues/ expenses in proprietary funds.

P. Net Position Flow Assumption

In the government-wide and proprietary fund financial statements the District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

Q. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Prescott Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 2 – Fund Balance Classifications

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

Nonspendable. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Governing Board. Those committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District does not have a formal policy or procedures for the utilization of committed fund balance, accordingly, no committed fund balance amounts are reported.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Governing Board or a management official delegated that authority by the formal Governing Board action. The District does not have a formal policy for the utilization of assigned fund balance, accordingly, no assigned fund balance amounts are reported.

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had be restricted, committed, or assigned.

The District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Prescott Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 2 – Fund Balance Classifications

The table below provides detail of the major components of the District’s fund balance classifications at year end. Voter approved initiatives include monies restricted in the Classroom Site and Instructional Improvement Funds.

	General	Federal and State Grants	Other Special Revenue	Non-Major Governmental Funds
Fund Balances:				
Restricted:				
Debt service	\$	\$	\$	\$ 177,608
Capital projects	1,587,818			45,389
Voter approved initiatives				1,154,374
Food service				849,603
Civic center			217,923	
Extracurricular activities			928,851	
Gifts and donations			1,082,625	
Career technical education			471,870	
Student activities			119,799	
Other purposes			18,138	
Unassigned	12,385,620	(1,675,723)		(26,499)
Total fund balances	<u>\$ 13,973,438</u>	<u>\$ (1,675,723)</u>	<u>\$ 2,839,206</u>	<u>\$ 2,200,475</u>

Note 3 – Stewardship, Compliance and Accountability

Individual Deficit Fund Balances – At year end, the following individual major and non-major governmental funds reported deficits in fund balance.

	Deficit
Major Fund:	
Federal and State Grants	\$ 1,675,723
Non-Major Governmental Fund:	
Other Capital Projects	26,499

The deficits arose because of pending grant reimbursements. Additional revenues received in fiscal year 2023-24 are expected to eliminate the deficits.

Excess Expenditures Over Budget – At year end, the District had expenditures in funds that exceeded the budgets, however this does not constitute a violation of any legal provisions.

Prescott Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 4 – Cash and Investments

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District's deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District's deposits was \$432,939, and the bank balance was \$560,171 and cash on hand was \$131,305. At year end, \$316,374 of the District's deposits was covered by collateral held by the pledging financial institution's trust department or agent but not in the District's name.

Fair Value Measurements. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs
- Level 3 inputs are significant unobservable inputs

Valuation Techniques. Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using matrix pricing techniques. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Real estate assets classified in Level 3 are valued by external appraisals and are generally obtained at least annually. The appraisals are performed using generally accepted valuation approaches by an independent appraiser.

The County Treasurer's pool is an external investment pool with no regulatory oversight. The pool is not required to register (and is not registered) with the Securities and Exchange Commission. The fair value of each participant's position in the County Treasurer investment pool approximates the value of the participant's shares in the pool and the participants' shares are not identified with specific investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

Prescott Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 4 – Cash and Investments

All investments in which the fair value hierarchy is applicable are measured at fair value on a recurring basis. At year end, the District’s investments consisted of the following:

Investment Type	Category	Fair Value	Investment Maturities (in Years)	
			Less than 1	More than 10
Fixed income securities	Level 1	\$ 919	\$	\$ 919
Mutual funds	Level 1	102,159	102,159	
			<u>\$ 102,159</u>	<u>\$ 919</u>
County Treasurer’s investment pool	Not applicable	17,715,223	2.62 years average maturities	
Total		<u>\$ 17,818,301</u>		

Interest Rate Risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The District has no investment policy that would further limit its investment choices. As of the year end, the District’s investment in the County Treasurer’s investment pool and mutual funds and government-asset backed securities did not receive a credit quality rating from a national rating agency. The District’s investments were unrated.

Custodial Credit Risk – Investments. The District’s investment in the County Treasurer’s investment pool represents a proportionate interest in the pool’s portfolio; however the District’s portion is not identified with specific investments and is not subject to custodial credit risk.

Concentration of Credit Risk. The District places no limit on the amount the District may invest in any one issuer. No more than five percent of the District’s investments are in with any one issuer.

Prescott Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 5 – Receivables

Receivable balances, net of allowance for uncollectibles, have been disaggregated by type and presented separately in the financial statements with the exception of due from governmental entities. Due from governmental entities, net of allowance for uncollectibles, as of year end for the District’s individual major funds and non-major governmental funds in the aggregate were as follows:

	Federal and State Grants	Non-Major Governmental Funds
Due from other governmental entities:		
Due from federal government	\$ 2,018,304	\$ 16,905
Due from state government		188,134
Net due from governmental entities	\$ 2,018,304	\$ 205,039

Note 6 – Leases Receivable

The District entered into agreements to provide land for telecommunication towers under the provisions of contracts classified as leases. The related receivables under the lease agreements have been recorded at the present value of their future minimum lease payments as of the inception date. Lease revenue of \$49,419 and related interest revenue of \$2,469 are recorded as other local revenue in the General Fund.

Future minimum lease payments to be received under the lease agreements at year end are summarized as follows:

Year Ending June 30:		
2024	\$	52,518
2025		53,160
2026		48,814
2027		42,831
2028		43,579
2029-33		229,353
2034-38		250,759
2039-43		250,845
2044-48		51,921
2049-52		34,059
Total	\$	1,057,839

Prescott Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 7 – Capital Assets

A summary of capital asset activity for the current fiscal year follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 969,866	\$	\$	\$ 969,866
Construction in progress	204,889	1,920,705	1,059,210	1,066,384
Total capital assets, not being depreciated	<u>1,174,755</u>	<u>1,920,705</u>	<u>1,059,210</u>	<u>2,036,250</u>
Capital assets, being depreciated:				
Land improvements	9,303,364	1,087,348		10,390,712
Buildings and improvements	62,957,428	543,787		63,501,215
Vehicles, furniture and equipment	6,363,331	1,067,383	44,884	7,385,830
Total capital assets being depreciated	<u>78,624,123</u>	<u>2,698,518</u>	<u>44,884</u>	<u>81,277,757</u>
Less accumulated depreciation for:				
Land improvements	(3,836,968)	(329,488)		(4,166,456)
Buildings and improvements	(34,940,782)	(1,807,701)		(36,748,483)
Vehicles, furniture and equipment	(3,818,733)	(450,879)	(44,884)	(4,224,728)
Total accumulated depreciation	<u>(42,596,483)</u>	<u>(2,588,068)</u>	<u>(44,884)</u>	<u>(45,139,667)</u>
Total capital assets, being depreciated, net	<u>36,027,640</u>	<u>110,450</u>		<u>36,138,090</u>
Governmental activities capital assets, net	<u>\$ 37,202,395</u>	<u>\$ 2,031,155</u>	<u>\$ 1,059,210</u>	<u>\$ 38,174,340</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 881,002
Support services – students and staff	10,889
Support services – administration	77,740
Operation and maintenance of plant services	1,271,362
Student transportation services	306,174
Operation of non-instructional services	40,901
Total depreciation expense – governmental activities	<u>\$ 2,588,068</u>

Construction Commitments – At year end, the District had contractual commitments related to various capital projects at Taylor Hicks Elementary School and Prescott High School. At year end the District had spent \$1,066,384 on the projects and had estimated remaining contractual commitments of \$848,038. The projects are being funded with Building Renewal Grant and General Funds monies.

Prescott Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 8 –Revolving Line of Credit

The District has a \$5.0 million revolving line of credit to provide cash flow during the year to mitigate the impact of timing differences of expenditures and the receipt of state aid and property tax revenues. At year end, the District had \$5.0 million in unused line of credit.

Note 9 – Financed Purchases Payable

The District has acquired energy retrofits and other energy savings items under the provisions of a contracts classified as a financed purchase payable. Revenues from the General Fund are used to pay the principal obligation. The District receives a federal interest subsidy to fund the interest payments for the District-wide energy project in the Other Capital Projects Fund, a non-major governmental fund.

Annual debt service requirements to maturity on financed purchases payable at year end are summarized as follows:

Year ending June 30:	Governmental Activities	
	Principal	Interest
2024	\$ 143,000	\$ 58,827
2025	143,000	48,721
2026	143,000	42,615
2027	143,000	36,509
2028	143,000	30,402
2029-32	569,000	66,740
Total	\$ 1,284,000	\$ 283,814

Prescott Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 10 – General Obligation Bonds Payable

Bonds payable at year end consisted of the following outstanding general obligation bonds. Of the total amount originally authorized, all has been issued. The bonds are both callable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt. The District’s legal debt limit is \$438.0 million and the available margin is \$430.9 million.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2023	Due Within One Year
Governmental activities:					
School Improvement Bonds, Project of 2015, Series A (2016)	\$ 7,500,000	2.00-3.50%	7/1/24-30	\$ 3,150,000	\$ 415,000
School Improvement Bonds, Project of 2015, Series B (2018)	3,895,000	3.00-4.00%	7/1/24-30	1,770,000	250,000
School Improvement Bonds, Project of 2015, Series C (2020)	3,365,000	3.00%	7/1/24-33	1,825,000	
Total				<u>\$ 6,745,000</u>	<u>\$ 665,000</u>

Annual debt service requirements to maturity on general obligation bonds at year end are summarized as follows:

Year ending June 30:	Governmental Activities	
	Principal	Interest
2024	\$ 665,000	\$ 227,376
2025	695,000	207,376
2026	745,000	190,826
2027	800,000	164,326
2028	815,000	136,450
2029-33	3,025,000	286,350
Total	<u>\$ 6,745,000</u>	<u>\$ 1,212,704</u>

Prescott Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 11 – Changes in Long-Term Liabilities

Long-term liability activity for the current fiscal year was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 8,145,000	\$	\$ 1,400,000	\$ 6,745,000	\$ 665,000
Premium	<u>489,387</u>		<u>61,173</u>	<u>428,214</u>	
Total bonds payable	<u>8,634,387</u>		<u>1,461,173</u>	<u>7,173,214</u>	<u>665,000</u>
Financed purchases payable	1,427,000		143,000	1,284,000	143,000
Net pension liability	22,293,885	6,206,345		28,500,230	
Compensated absences payable	<u>829,018</u>	<u>136,462</u>	<u>118,379</u>	<u>847,101</u>	<u>133,333</u>
Total long-term liabilities	<u>\$ 33,184,290</u>	<u>\$ 6,342,807</u>	<u>\$ 1,722,552</u>	<u>\$ 37,804,545</u>	<u>\$ 941,333</u>

Note 12 – Interfund Receivables, Payables, and Transfers

At year end, interfund balances were as follows:

Due to/from other funds:

At year end, the Federal and State Grants Fund had a negative cash balance of \$1,696,010 in the Treasurer’s pooled cash accounts. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with the General Fund. All interfund balances are expected to be paid within one year.

Interfund transfers:

Transfers out	Transfers in		
	General	Non-Major Governmental Funds	Total
Federal and State Grants	\$ 127,375	\$	\$ 127,375
Non-Major Governmental Funds	<u>230,000</u>	<u>21,054</u>	<u>251,054</u>
Total	<u>\$ 357,375</u>	<u>\$ 21,054</u>	<u>\$ 378,429</u>

Transfers between funds were used to (1) move investment income earned in the Bond Building Fund that is required by statute to be expended in the Debt Service Fund, and (2) to move federal grant funds restricted for indirect costs.

Prescott Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 13 – Contingent Liabilities

Compliance – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures/expenses that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

Note 14 – Risk Management

The District 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 District was unable to obtain general property and liability insurance at a cost it considered to be economically justifiable. Therefore, the District joined the Arizona School Risk Retention Trust, Inc. (ASRRT). ASRRT is a public entity risk pool currently operating as a common risk management and insurance program for school districts and community colleges in the State. The District pays an annual premium to ASRRT for its general insurance coverage. The agreement provides that ASRRT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

The District's employees have health and accident insurance coverage with Kairos Health Arizona, Inc. Kairos is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays a monthly premium to Kairos for employees' health and accident insurance coverage. The agreement provides that Kairos will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

The District joined the Arizona School Alliance for Workers' Compensation, Inc. (Alliance) together with other school districts in the state for risks of loss related to workers' compensation claims. The Alliance is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays quarterly premiums to the Alliance for its employee workers' compensation coverage. The agreement provides that the Alliance will be self-sustaining through members' premiums and will reinsure through commercial companies for claims in excess of specified amounts for each insured event.

Prescott Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 15 – Pensions

Plan Description. District employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. ASRS is a component unit of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the ASRS website at www.azasrs.gov.

The ASRS OPEB plans are not further disclosed because of their relative insignificance to the District’s financial statements.

Benefits Provided. The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* Any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* Any years, age 65
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%
	*With actuarially reduced benefits	

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member’s death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member’s account balance that includes the member’s contributions and employer’s contributions, plus interest earned.

Prescott Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 15 – Pensions

Contributions. In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.17 percent (12.03 percent for retirement and 0.14 percent for long-term disability) of the members’ annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 12.17 percent (11.92 percent for retirement, 0.11 percent for health insurance premium benefit, and 0.14 percent for long-term disability) of the active members’ annual covered payroll. The District’s contributions to the pension plan for the year ended June 30, 2023 were \$2,614,281.

Employers are also required to pay an Alternate Contribution Rate (ACR), for retired members who return to work in positions that would typically be filled by an employee who contributes to ASRS. The District was required by statute to contribute at the actuarially determined rate of 9.68 percent (9.62 for retirement and 0.06 percent for long-term disability). ACR contributions are included in employer contributions presented above.

The District’s pension plan contributions are paid by the same funds as the employee’s salary, with the largest component coming from the General Fund.

Pension Liability. The net pension liability was measured as of June 30, 2022. The total liability used to calculate the net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2021, to the measurement date of June 30, 2022. The District’s proportion of the net liability was based on the District’s actual contributions to the applicable plan relative to the total of all participating employers’ contributions to the plan for the year ended June 30, 2022.

At June 30, 2023, the District reported the following amounts for its proportionate share of the pension plan net liability. In addition, at June 30, 2022, the District’s percentage proportion for the plan and the related change from its proportion measured as of June 30, 2021 was:

Net Liability	District % Proportion	Increase (Decrease)
\$ 28,500,230	0.175	0.005

Pension Expense and Deferred Outflows/Inflows of Resources. The District has deferred outflows and inflows of resources related to the net pension liability. Certain changes in the net pension liability are recognized as pension expense over a period of time rather than the year of occurrence. The District’s pension expense for the year ended June 30, 2023 was \$3,754,542.

Prescott Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 15 – Pensions

The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 242,839	\$
Changes of assumptions or other inputs	1,414,522	
Net difference between projected and actual earnings on pension investments		750,724
Changes in proportion and differences between contributions and proportionate share of contributions	914,534	
Contributions subsequent to the measurement date	2,614,281	
Total	\$ 5,186,176	\$ 750,724

The amounts of deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as an adjustment of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2024	\$ 2,029,557
2025	(106,522)
2026	(1,303,433)
2027	1,201,569

Actuarial Assumptions. The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2021
Actuarial roll forward date	June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Inflation	2.3%
Projected salary increases	2.9-8.4%
Permanent base increases	Included
Mortality rates	2017 SRA Scale U-MP

Prescott Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 15 – Pensions

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2020, actuarial valuation.

The long-term expected rate of return on ASRS plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, excluding any expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Equity	50%	3.90%
Credit	20	5.30
Interest rate sensitive bonds	10	(0.20)
Real estate	20	6.00
Total	100%	

Discount Rate. The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability.

Prescott Unified School District No. 1
Notes to Financial Statements
June 30, 2023

Note 15 – Pensions

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Rate	6.0%	7.0%	8.0%
Net liability	\$ 42,051,242	\$ 28,500,230	\$ 17,200,803

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at www.azasrs.gov.

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Required Supplementary Information

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Prescott Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General
For the Year Ended June 30, 2023

	<u>Budget</u>		<u>Non-GAAP Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	\$ 753,323	\$ 753,323
Property taxes			18,804,232	18,804,232
State aid and grants			6,774,006	6,774,006
Total revenues			<u>26,331,561</u>	<u>26,331,561</u>
Expenditures				
Current:				
Instruction	15,875,866	16,355,567	13,451,860	2,903,707
Support services - students and staff	5,005,312	5,269,810	4,842,407	427,403
Support services - administration	3,493,591	3,419,800	3,230,656	189,144
Operation and maintenance of plant services	4,193,985	4,426,318	4,131,458	294,860
Student transportation services	1,894,535	1,870,000	1,453,314	416,686
Operation of non-instructional services	143,763	184,866	121,031	63,835
Total expenditures	<u>30,607,052</u>	<u>31,526,361</u>	<u>27,230,726</u>	<u>4,295,635</u>
Excess (deficiency) of revenues over expenditures	<u>(30,607,052)</u>	<u>(31,526,361)</u>	<u>(899,165)</u>	<u>30,627,196</u>
Changes in fund balances	<u>(30,607,052)</u>	<u>(31,526,361)</u>	<u>(899,165)</u>	<u>30,627,196</u>
Fund balances, beginning of year			<u>7,955,512</u>	<u>7,955,512</u>
Fund balances, end of year	<u>\$ (30,607,052)</u>	<u>\$ (31,526,361)</u>	<u>\$ 7,056,347</u>	<u>\$ 38,582,708</u>

Prescott Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Federal and State Grants
For the Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	\$ 456	\$ 456
State aid and grants			481,504	481,504
Federal aid, grants and reimbursements			7,247,053	7,247,053
Total revenues			<u>7,729,013</u>	<u>7,729,013</u>
Expenditures				
Current:				
Instruction	3,785,063	4,122,194	3,090,939	1,031,255
Support services - students and staff	1,622,111	1,766,590	1,324,640	441,950
Support services - administration	331,423	360,942	270,645	90,297
Operation and maintenance of plant services	90,663	98,739	74,037	24,702
Student transportation services	111,229	121,136	90,831	30,305
Operation of non-instructional services	3,197	3,482	2,611	871
Capital outlay	1,560,321	1,699,298	1,274,182	425,116
Total expenditures	<u>7,504,007</u>	<u>8,172,381</u>	<u>6,127,885</u>	<u>2,044,496</u>
Excess (deficiency) of revenues over expenditures	<u>(7,504,007)</u>	<u>(8,172,381)</u>	<u>1,601,128</u>	<u>9,773,509</u>
Other financing sources (uses)				
Transfers out			(127,375)	(127,375)
Total other financing sources (uses)			<u>(127,375)</u>	<u>(127,375)</u>
Changes in fund balances	<u>(7,504,007)</u>	<u>(8,172,381)</u>	<u>1,473,753</u>	<u>9,646,134</u>
Fund balances, beginning of year			<u>(3,149,476)</u>	<u>(3,149,476)</u>
Fund balances, end of year	<u>\$ (7,504,007)</u>	<u>\$ (8,172,381)</u>	<u>\$ (1,675,723)</u>	<u>\$ 6,496,658</u>

Prescott Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Special Revenue
For the Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	\$ 1,256,197	\$ 1,256,197
Total revenues			<u>1,256,197</u>	<u>1,256,197</u>
Expenditures				
Current:				
Instruction	863,397	1,051,593	325,835	725,758
Support services - students and staff	1,092,411	1,330,526	412,262	918,264
Support services - administration	49,342	60,097	18,621	41,476
Operation and maintenance of plant services	229,949	280,072	86,780	193,292
Student transportation services	101,866	124,070	38,443	85,627
Operation of non-instructional services	7,846	9,556	2,961	6,595
Capital outlay	<u>876,248</u>	<u>1,067,246</u>	<u>330,685</u>	<u>736,561</u>
Total expenditures	<u>3,221,060</u>	<u>3,923,160</u>	<u>1,215,587</u>	<u>2,707,573</u>
Excess (deficiency) of revenues over expenditures	<u>(3,221,060)</u>	<u>(3,923,160)</u>	<u>40,610</u>	<u>3,963,770</u>
Changes in fund balances	<u>(3,221,060)</u>	<u>(3,923,160)</u>	<u>40,610</u>	<u>3,963,770</u>
Fund balances, beginning of year			<u>2,798,596</u>	<u>2,798,596</u>
Fund balances, end of year	<u>\$ (3,221,060)</u>	<u>\$ (3,923,160)</u>	<u>\$ 2,839,206</u>	<u>\$ 6,762,366</u>

Prescott Unified School District No. 1
Schedule of the Proportionate Share of the Net Pension Liability
Arizona State Retirement System
Last Nine Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
District's proportion of the net pension (assets) liability	0.18%	0.17%	0.16%	0.17%
District's proportionate share of the net pension (assets) liability	\$ 28,500,230	\$ 22,293,885	\$ 27,887,034	\$ 23,989,048
District's covered payroll	\$ 20,757,619	\$ 19,034,747	\$ 17,590,961	\$ 17,355,572
District's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	137.30%	117.12%	158.53%	138.22%
Plan fiduciary net position as a percentage of the total pension liability	74.26%	78.58%	69.33%	73.24%

Schedule of Pension Contributions
Arizona State Retirement System
Last Nine Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ 2,614,281	\$ 2,492,990	\$ 2,217,548	\$ 2,014,165
Contributions in relation to the actuarially determined contribution	<u>2,614,281</u>	<u>2,492,990</u>	<u>2,217,548</u>	<u>2,014,165</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 21,931,888	\$ 20,757,619	\$ 19,034,747	\$ 17,590,961
Contributions as a percentage of covered payroll	11.92%	12.01%	11.65%	11.45%

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
0.16%	0.16%	0.17%	0.19%	0.20%
\$ 22,180,483	\$ 25,323,679	\$ 28,159,597	\$ 29,963,692	\$ 29,054,798
\$ 15,748,844	\$ 15,788,302	\$ 16,329,152	\$ 17,681,616	\$ 17,758,636
140.84%	160.40%	172.45%	169.46%	163.61%
73.40%	69.92%	67.06%	68.35%	69.49%

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 1,940,353	\$ 1,716,624	\$ 1,701,979	\$ 1,771,713	\$ 1,925,528
<u>1,940,353</u>	<u>1,716,624</u>	<u>1,701,979</u>	<u>1,771,713</u>	<u>1,925,528</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 17,355,572	\$ 15,748,844	\$ 15,788,302	\$ 16,329,152	\$ 17,681,616
11.18%	10.90%	10.78%	10.85%	10.89%

Prescott Unified School District No. 1
Notes to Required Supplementary Information
June 30, 2023

Note 1 – Budgetary Basis of Accounting

The District budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America, except for the following item.

- Certain activities reported in the General Fund are budgeted in separate funds in accordance with Arizona Revised Statutes.
- Employee insurance expenditures are budgeted in the year the employee insurance account is funded.

The following schedule reconciles expenditures and fund balances at the end of year:

	Total	Fund
	<u>Expenditures</u>	<u>Balances</u>
		<u>End of Year</u>
Statement of Revenues, Expenditures and Changes in		
Fund Balances - Governmental Funds	\$ 30,175,009	\$ 13,973,438
Activity budgeted as special revenue funds	(2,129,004)	(3,636,746)
Activity budgeted as capital projects funds	(867,800)	(2,815,141)
Employee insurance account	<u>52,521</u>	<u>(465,204)</u>
Schedule of Revenue, Expenditures and Changes in		
Fund Balances – Budget and Actual - General Fund	<u>\$ 27,230,726</u>	<u>\$ 7,056,347</u>

Note 2 – Pension Plan Schedules

Actuarial Assumptions for Valuations Performed. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

Factors that Affect Trends. The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2020, actuarial valuation.

**Combining and Individual
Fund Financial Statements
and Schedules**

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Governmental Funds

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Non-Major Governmental Funds

Special Revenue Funds

Classroom Site – to account for the financial activity for the portion of state sales tax collections and permanent state school fund earnings as approved by the voters in 2000.

Instructional Improvement – to account for the activity of monies received from gaming revenue.

Food Service – to account for the financial activity of school activities that have as their purpose the preparation and serving of regular and incidental meals and snacks in connection with school functions.

Debt Service Fund

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

Capital Projects Funds

Adjacent Ways – to account for monies received to finance improvements of public ways adjacent to school property.

Bond Building – to account for proceeds from District bond issues that are expended on the acquisition or lease of sites; construction or renovation of school buildings; supplying school buildings with furniture, equipment, and technology; improving school grounds; or purchasing pupil transportation vehicles.

Other Capital Projects Funds – to account for the revenues and expenditures of other capital projects activities, including the following: energy water and savings and building renewal grant.

Prescott Unified School District No. 1
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

	Special Revenue Funds			Debt Service Fund
	Classroom Site	Instructional Improvement	Food Service	Debt Service
Assets				
Cash and investments	\$ 548,701	\$ 417,539	\$ 848,184	\$ 177,608
Property taxes receivable				15,125
Due from governmental entities		188,134	16,905	
Total assets	<u>\$ 548,701</u>	<u>\$ 605,673</u>	<u>\$ 865,089</u>	<u>\$ 192,733</u>
Liabilities				
Accounts payable	<u>\$</u>	<u>\$</u>	<u>\$ 15,486</u>	<u>\$</u>
Total liabilities			<u>15,486</u>	
Deferred inflows of resources				
Unavailable revenues - property taxes				15,125
Total deferred inflows of resources				<u>15,125</u>
Fund balances				
Restricted	548,701	605,673	849,603	177,608
Unassigned				
Total fund balances	<u>548,701</u>	<u>605,673</u>	<u>849,603</u>	<u>177,608</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 548,701</u>	<u>\$ 605,673</u>	<u>\$ 865,089</u>	<u>\$ 192,733</u>

<u>Capital Projects Funds</u>		<u>Total Non-Major</u>
<u>Adjacent Ways</u>	<u>Other Capital</u>	<u>Governmental</u>
	<u>Projects</u>	<u>Funds</u>
\$ 45,389	\$ 419,252	\$ 2,456,673
		15,125
		205,039
<u>\$ 45,389</u>	<u>\$ 419,252</u>	<u>\$ 2,676,837</u>
<u>\$</u>	<u>\$ 445,751</u>	<u>\$ 461,237</u>
	<u>445,751</u>	<u>461,237</u>
		<u>15,125</u>
		<u>15,125</u>
45,389		2,226,974
	(26,499)	(26,499)
<u>45,389</u>	<u>(26,499)</u>	<u>2,200,475</u>
<u>\$ 45,389</u>	<u>\$ 419,252</u>	<u>\$ 2,676,837</u>

Prescott Unified School District No. 1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>
	<u>Instructional</u>			<u>Debt Service</u>
	<u>Classroom Site</u>	<u>Improvement</u>	<u>Food Service</u>	
Revenues				
Other local	\$ 31,631	\$ 7,467	\$ 420,550	\$ 57,134
Property taxes				1,661,678
State aid and grants	3,100,633	256,489		
Federal aid, grants and reimbursements			900,242	
Total revenues	<u>3,132,264</u>	<u>263,956</u>	<u>1,320,792</u>	<u>1,718,812</u>
Expenditures				
Current:				
Instruction	2,979,406	113,543		
Support services - students and staff	211,368			
Operation and maintenance of plant services			20,080	
Operation of non-instructional services			989,034	
Capital outlay			322,596	
Debt service:				
Principal retirement				1,400,000
Interest and fiscal charges				258,175
Total expenditures	<u>3,190,774</u>	<u>113,543</u>	<u>1,331,710</u>	<u>1,658,175</u>
Excess (deficiency) of revenues over expenditures	<u>(58,510)</u>	<u>150,413</u>	<u>(10,918)</u>	<u>60,637</u>
Other financing sources (uses)				
Transfers in				21,054
Transfers out			(230,000)	
Total other financing sources (uses)			<u>(230,000)</u>	<u>21,054</u>
Changes in fund balances	<u>(58,510)</u>	<u>150,413</u>	<u>(240,918)</u>	<u>81,691</u>
Fund balances, beginning of year	<u>607,211</u>	<u>455,260</u>	<u>1,090,521</u>	<u>95,917</u>
Fund balances, end of year	<u>\$ 548,701</u>	<u>\$ 605,673</u>	<u>\$ 849,603</u>	<u>\$ 177,608</u>

Capital Projects Funds

Capital Projects Funds			Total Non-Major
Adjacent Ways	Bond Building Fund	Other Capital Projects	Governmental Funds
\$ 1,069	\$ 21,054	\$ 299	\$ 539,204
			1,661,678
		587,990	3,945,112
		60,933	961,175
<u>1,069</u>	<u>21,054</u>	<u>649,222</u>	<u>7,107,169</u>
			3,092,949
			211,368
			20,080
			989,034
	1,687,463	460,437	2,470,496
		143,000	1,543,000
		60,933	319,108
	<u>1,687,463</u>	<u>664,370</u>	<u>8,646,035</u>
<u>1,069</u>	<u>(1,666,409)</u>	<u>(15,148)</u>	<u>(1,538,866)</u>
			21,054
	<u>(21,054)</u>		<u>(251,054)</u>
	<u>(21,054)</u>		<u>(230,000)</u>
<u>1,069</u>	<u>(1,687,463)</u>	<u>(15,148)</u>	<u>(1,768,866)</u>
<u>44,320</u>	<u>1,687,463</u>	<u>(11,351)</u>	<u>3,969,341</u>
<u>\$ 45,389</u>	<u>\$</u>	<u>\$ (26,499)</u>	<u>\$ 2,200,475</u>

Prescott Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Classroom Site
For the Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	31,631	\$ 31,631
State aid and grants			3,100,633	3,100,633
Total revenues			<u>3,132,264</u>	<u>3,132,264</u>
Expenditures				
Current:				
Instruction	3,426,021	3,481,914	2,979,406	502,508
Support services - students and staff	102,607	129,047	211,368	(82,321)
Support services - administration	<u>121,737</u>	<u>122,071</u>	<u>122,071</u>	<u>122,071</u>
Total expenditures	<u>3,650,365</u>	<u>3,733,032</u>	<u>3,190,774</u>	<u>542,258</u>
Changes in fund balances	<u>(3,650,365)</u>	<u>(3,733,032)</u>	<u>(58,510)</u>	<u>3,674,522</u>
Fund balances, beginning of year			<u>607,211</u>	<u>607,211</u>
Fund balances, end of year	<u>\$ (3,650,365)</u>	<u>\$ (3,733,032)</u>	<u>\$ 548,701</u>	<u>\$ 4,281,733</u>

Prescott Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Instructional Improvement
For the Year Ended June 30, 2023

	<u>Budget</u>		Variance with Final Budget
	<u>Original and Final</u>	<u>Actual</u>	
Revenues			
Other local	\$	\$ 7,467	\$ 7,467
State aid and grants		256,489	256,489
Total revenues		<u>263,956</u>	<u>263,956</u>
Expenditures			
Current:			
Instruction	<u>300,000</u>	<u>113,543</u>	<u>186,457</u>
Total expenditures	<u>300,000</u>	<u>113,543</u>	<u>186,457</u>
Changes in fund balances	<u>(300,000)</u>	<u>150,413</u>	<u>450,413</u>
Fund balances, beginning of year		<u>455,260</u>	<u>455,260</u>
Fund balances, end of year	<u>\$ (300,000)</u>	<u>\$ 605,673</u>	<u>\$ 905,673</u>

Prescott Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Food Service
For the Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	\$ 420,550	\$ 420,550
Federal aid, grants and reimbursements			900,242	900,242
Total revenues			<u>1,320,792</u>	<u>1,320,792</u>
Expenditures				
Current:				
Operation and maintenance of plant services	26,015	33,172	20,080	13,092
Operation of non-instructional services	1,281,345	1,633,895	989,034	644,861
Capital outlay	417,940	532,932	322,596	210,336
Total expenditures	<u>1,725,300</u>	<u>2,200,000</u>	<u>1,331,710</u>	<u>868,290</u>
Excess (deficiency) of revenues over expenditures	<u>(1,725,300)</u>	<u>(2,200,000)</u>	<u>(10,918)</u>	<u>2,189,082</u>
Other financing sources (uses)				
Transfers out			(230,000)	(230,000)
Total other financing sources (uses)			<u>(230,000)</u>	<u>(230,000)</u>
Changes in fund balances	<u>(1,725,300)</u>	<u>(2,200,000)</u>	<u>(240,918)</u>	<u>1,959,082</u>
Fund balances, beginning of year			<u>1,090,521</u>	<u>1,090,521</u>
Fund balances, end of year	<u>\$ (1,725,300)</u>	<u>\$ (2,200,000)</u>	<u>\$ 849,603</u>	<u>\$ 3,049,603</u>

Prescott Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service
For the Year Ended June 30, 2023

	<u>Budget</u>		Variance with Final Budget
	<u>Original and Final</u>	<u>Actual</u>	
Revenues			
Other local	\$	\$ 57,134	\$ 57,134
Property taxes		1,661,678	1,661,678
Total revenues		<u>1,718,812</u>	<u>1,718,812</u>
Expenditures			
Debt service:			
Principal retirement	1,300,000	1,400,000	(100,000)
Interest and fiscal charges		258,175	(258,175)
Total expenditures	<u>1,300,000</u>	<u>1,658,175</u>	<u>(358,175)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,300,000)</u>	<u>60,637</u>	<u>1,360,637</u>
Other financing sources (uses)			
Transfers in		21,054	21,054
Total other financing sources (uses)		<u>21,054</u>	<u>21,054</u>
Changes in fund balances	<u>(1,300,000)</u>	<u>81,691</u>	<u>1,381,691</u>
Fund balances, beginning of year		<u>95,917</u>	<u>95,917</u>
Fund balances, end of year	<u>\$ (1,300,000)</u>	<u>\$ 177,608</u>	<u>\$ 1,477,608</u>

Prescott Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Adjacent Ways
For the Year Ended June 30, 2023

	<u>Budget</u>		Variance with Final Budget
	<u>Original and Final</u>	<u>Actual</u>	
Revenues			
Other local	\$	1,069	\$ 1,069
Total revenues		<u>1,069</u>	<u>1,069</u>
Expenditures			
Capital outlay	42,000		42,000
Total expenditures	<u>42,000</u>		<u>42,000</u>
Excess (deficiency) of revenues over expenditures	<u>(42,000)</u>	<u>1,069</u>	<u>43,069</u>
Changes in fund balances	<u>(42,000)</u>	<u>1,069</u>	<u>43,069</u>
Fund balances, beginning of year		<u>44,320</u>	<u>44,320</u>
Fund balances, end of year	<u>\$ (42,000)</u>	<u>\$ 45,389</u>	<u>\$ 87,389</u>

Prescott Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Bond Building
For the Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$ _____	\$ _____	\$ 21,054	\$ 21,054
Total revenues	<u>_____</u>	<u>_____</u>	<u>21,054</u>	<u>21,054</u>
Expenditures				
Capital outlay	<u>1,500,000</u>	<u>1,688,000</u>	<u>1,687,463</u>	<u>537</u>
Total expenditures	<u>1,500,000</u>	<u>1,688,000</u>	<u>1,687,463</u>	<u>537</u>
Excess (deficiency) of revenues over expenditures	<u>(1,500,000)</u>	<u>(1,688,000)</u>	<u>(1,666,409)</u>	<u>21,591</u>
Other financing sources (uses)				
Transfers out	_____	_____	(21,054)	(21,054)
Total other financing sources (uses)	_____	_____	<u>(21,054)</u>	<u>(21,054)</u>
Changes in fund balances	<u>(1,500,000)</u>	<u>(1,688,000)</u>	<u>(1,687,463)</u>	<u>537</u>
Fund balances, beginning of year	_____	_____	<u>1,687,463</u>	<u>1,687,463</u>
Fund balances, end of year	<u>\$ (1,500,000)</u>	<u>\$ (1,688,000)</u>	<u>\$ _____</u>	<u>\$ 1,688,000</u>

Prescott Unified School District No. 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Capital Projects
For the Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	\$ 299	\$ 299
State aid and grants			587,990	587,990
Federal aid, grants and reimbursements			60,933	60,933
Total revenues			<u>649,222</u>	<u>649,222</u>
Expenditures				
Capital outlay	513,067		460,437	(496,970)
Debt service:				
Principal retirement	143,000	143,000	143,000	
Interest and fiscal charges	60,933	24,400	60,933	
Total expenditures	<u>717,000</u>	<u>167,400</u>	<u>664,370</u>	<u>(496,970)</u>
Excess (deficiency) of revenues over expenditures	<u>(717,000)</u>	<u>(167,400)</u>	<u>(15,148)</u>	<u>152,252</u>
Changes in fund balances	<u>(717,000)</u>	<u>(167,400)</u>	<u>(15,148)</u>	<u>152,252</u>
Fund balances, beginning of year			<u>(11,351)</u>	<u>(11,351)</u>
Fund balances, end of year	<u>\$ (717,000)</u>	<u>\$ (167,400)</u>	<u>\$ (26,499)</u>	<u>\$ 140,901</u>

Statistical Section

The statistical section presents financial statement trends as well as detailed financial and operational information not available elsewhere in the report. The statistical section is intended to enhance the reader's understanding of the information presented in the financial statements, notes to the financial statements, and other supplementary information presented in this report. The statistical section is comprised of the five categories of statistical information presented below.

Financial Trends

These schedules contain information on financial trends to help the reader understand how the District's financial position and financial activities have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate revenue.

Debt Capacity

These schedules present information to help the reader evaluate the District's current levels of outstanding debt as well as assess the District's ability to make debt payments and/or issue additional debt in the future.

Demographic and Economic Information

These schedules present various demographic and economic indicators to help the reader understand the environment in which the District's financial activities take place and to help make comparisons with other school districts.

Operating Information

These schedules contain information about the District's operations and various resources to help the reader draw conclusions as to how the District's financial information relates to the services provided by the District.

Note: For locally assessed property (i.e., excluding mines, utilities, etc.) Proposition 117, approved by voters in 2012, amended the Arizona Constitution to require that all property taxes after fiscal year 2014-15 be based upon property values limited to five percent in annual growth. The aggregate assessed value of all taxable properties within a taxing jurisdiction (i.e., after applying assessment ratios based on the use of a property), including property values with a growth limit, is currently referred to as net limited assessed value and formerly as primary assessed value. In accordance with Proposition 117, this value is used for all taxing purposes beginning fiscal year 2015-16. Aggregate assessed value without a growth limit is currently referred to as net full cash assessed value and formerly as secondary assessed value. This remains the value utilized for determining debt capacity limits.

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Prescott Unified School District No. 1
Net Position by Component
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net Position:					
Net investment in capital assets	\$ 29,717,126	\$ 28,828,471	\$ 29,392,750	\$ 29,273,651	\$ 28,392,696
Restricted	6,890,768	9,313,363	8,533,494	8,330,228	7,874,613
Unrestricted	(12,271,267)	(13,648,236)	(15,150,295)	(17,255,465)	(17,948,580)
Total net position	\$ 24,336,627	\$ 24,493,598	\$ 22,775,949	\$ 20,348,414	\$ 18,318,729
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net Position:					
Net investment in capital assets	\$ 30,008,271	\$ 32,782,059	\$ 32,656,612	\$ 32,842,676	\$ 29,905,740
Restricted	3,454,670	3,728,643	3,247,451	1,486,848	2,475,361
Unrestricted	(19,747,875)	(25,703,459)	(29,540,853)	(28,944,476)	3,606,308
Total net position	\$ 13,715,066	\$ 10,807,243	\$ 6,363,210	\$ 5,385,048	\$ 35,987,409

Source: The source of this information is the District's financial records.

Prescott Unified School District No. 1
Expenses, Program Revenues, and Net (Expense)/Revenue
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Expenses					
Instruction	\$ 23,239,261	\$ 21,741,988	\$ 19,708,947	\$ 17,850,162	\$ 15,669,863
Support services - students and staff	7,362,397	6,169,346	5,801,055	5,591,414	4,581,036
Support services - administration	4,312,423	3,836,287	3,672,919	3,498,549	2,995,050
Operation and maintenance of plant services	5,868,372	5,076,454	4,837,233	4,415,200	4,501,794
Student transportation services	2,401,277	2,073,130	1,993,299	1,757,579	1,731,198
Operation of non-instructional services	1,305,077	1,437,690	1,186,625	1,306,040	1,376,321
Interest on long-term debt	257,935	299,641	346,366	270,532	324,698
Total expenses	<u>44,746,742</u>	<u>40,634,536</u>	<u>37,546,444</u>	<u>34,689,476</u>	<u>31,179,960</u>
Program Revenues					
Charges for services:					
Instruction	2,014,072	1,779,365	1,191,852	1,360,020	1,391,300
Operation of non-instructional services	401,731	103,723	125,146	330,213	505,786
Other activities	346,802	341,934	296,078	549,250	445,450
Operating grants and contributions	6,829,291	7,839,392	5,924,502	4,226,576	4,138,813
Capital grants and contributions	1,155,733	418,100	2,273,069	1,037,429	95,307
Total program revenues	<u>10,747,629</u>	<u>10,482,514</u>	<u>9,810,647</u>	<u>7,503,488</u>	<u>6,576,656</u>
Net (Expense)/Revenue	<u>\$ (33,999,113)</u>	<u>\$ (30,152,022)</u>	<u>\$ (27,735,797)</u>	<u>\$ (27,185,988)</u>	<u>\$ (24,603,304)</u>

(Continued)

Prescott Unified School District No. 1
Expenses, Program Revenues, and Net (Expense)/Revenue
Last Ten Fiscal Years
(Accrual basis of accounting)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Expenses					
Instruction	\$ 14,855,641	\$ 15,765,938	\$ 17,022,957	\$ 18,994,389	\$ 19,363,734
Support services - students and staff	4,449,490	4,857,722	4,259,891	3,888,995	4,363,337
Support services - administration	2,841,933	2,862,786	3,770,503	4,076,584	3,661,998
Operation and maintenance of plant services	4,299,404	3,963,028	3,671,940	4,130,127	4,033,662
Student transportation services	1,633,148	1,799,027	1,723,880	2,022,254	1,982,704
Operation of non-instructional services	1,408,955	1,514,900	1,587,746	1,786,047	1,977,580
Interest on long-term debt	223,462	188,184	91,369	202,522	308,273
Total expenses	<u>29,712,033</u>	<u>30,951,585</u>	<u>32,128,286</u>	<u>35,100,918</u>	<u>35,691,288</u>
Program Revenues					
Charges for services:					
Instruction	1,008,368	1,056,270	1,561,486	936,419	1,357,046
Operation of non-instructional services	470,475	401,439	423,754	524,575	603,436
Other activities	478,670	559,497	281,505	198,652	276,440
Operating grants and contributions	4,008,344	4,132,089	4,904,950	4,089,668	4,309,960
Capital grants and contributions	177,454	2,256,449	42,469	158,972	1,030,302
Total program revenues	<u>6,143,311</u>	<u>8,405,744</u>	<u>7,214,164</u>	<u>5,908,286</u>	<u>7,577,184</u>
Net (Expense)/Revenue	<u>\$ (23,568,722)</u>	<u>\$ (22,545,841)</u>	<u>\$ (24,914,122)</u>	<u>\$ (29,192,632)</u>	<u>\$ (28,114,104)</u>

Source: The source of this information is the District's financial records.

(Concluded)

Prescott Unified School District No. 1
General Revenues and Total Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net (Expense)/Revenue	\$ (33,999,113)	\$ (30,152,022)	\$ (27,735,797)	\$ (27,185,988)	\$ (24,603,304)
General Revenues and Special Items:					
Property taxes	22,038,667	21,406,812	21,170,137	19,691,453	19,940,887
Investment income	480,032	32,956	66,152	271,234	279,116
Unrestricted county aid					
Unrestricted state aid	10,698,746	10,020,427	8,519,590	8,113,003	8,034,142
Unrestricted federal aid	624,697	576,623	407,453	579,975	505,294
Special item - gain on sale of capital assets					447,528
Total general revenues and special items	<u>33,842,142</u>	<u>32,036,818</u>	<u>30,163,332</u>	<u>28,655,665</u>	<u>29,206,967</u>
Changes in Net Position	<u>\$ (156,971)</u>	<u>\$ 1,884,796</u>	<u>\$ 2,427,535</u>	<u>\$ 1,469,677</u>	<u>\$ 4,603,663</u>

(Continued)

Prescott Unified School District No. 1
General Revenues and Total Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net (Expense)/Revenue	\$ (23,568,722)	\$ (22,545,841)	\$ (24,914,122)	\$ (29,192,632)	\$ (28,114,104)
General Revenues and Special Items:					
Property taxes	17,876,691	18,408,655	17,978,994	19,690,517	21,010,366
Investment income	114,330	34,266	24,061	44,878	83,499
Unrestricted county aid				1,683	238,660
Unrestricted state aid	7,286,663	7,627,030	7,264,744	7,330,641	7,686,432
Unrestricted federal aid	581,903	536,075	624,485	652,102	597,261
Special item - gain on sale of capital assets	943,286	547,489			
Special Item - impairment loss				(335,384)	
Total general revenues and special items	<u>26,802,873</u>	<u>27,153,515</u>	<u>25,892,284</u>	<u>27,384,437</u>	<u>29,616,218</u>
Changes in Net Position	<u>\$ 3,234,151</u>	<u>\$ 4,607,674</u>	<u>\$ 978,162</u>	<u>\$ (1,808,195)</u>	<u>\$ 1,502,114</u>

Source: The source of this information is the District's financial records.

Note: Due to a change in legislation, beginning with fiscal year 2023, unrestricted county aid is now presented with property taxes.

(Concluded)

Prescott Unified School District No. 1
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
General Fund:					
Restricted	\$ 1,587,818	\$ 2,369,744	\$ 2,539,862	\$ 2,718,543	\$ 3,894,502
Unassigned	12,385,620	9,645,356	8,147,079	5,974,310	5,417,166
Total General Fund	\$ 13,973,438	\$ 12,015,100	\$ 10,686,941	\$ 8,692,853	\$ 9,311,668
All Other Governmental Funds:					
Restricted	\$ 5,066,180	\$ 8,571,739	\$ 7,798,179	\$ 9,267,983	\$ 5,378,364
Unassigned	(1,702,222)	(3,560,968)	(1,033,994)	(117,077)	(41,115)
Total all other governmental funds	\$ 3,363,958	\$ 5,010,771	\$ 6,764,185	\$ 9,150,906	\$ 5,337,249

(Continued)

Prescott Unified School District No. 1
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund:					
Restricted	\$		90,032	62,517	
Unassigned	\$ 7,123,302	\$ 3,647,397	\$ 1,392,994	\$ 1,511,693	\$ 3,223,523
Total General Fund	<u>\$ 7,123,302</u>	<u>\$ 3,647,397</u>	<u>\$ 1,483,026</u>	<u>\$ 1,574,210</u>	<u>\$ 3,223,523</u>
All Other Governmental Funds:					
Restricted	\$ 7,894,545	\$ 5,172,639	\$ 10,645,853	\$ 2,079,136	\$ 2,402,733
Unassigned			(293,850)	(259,409)	(19,140)
Total all other governmental funds	<u>\$ 7,894,545</u>	<u>\$ 5,172,639</u>	<u>\$ 10,352,003</u>	<u>\$ 1,819,727</u>	<u>\$ 2,383,593</u>

Source: The source of this information is the District's financial records.

(Concluded)

Prescott Unified School District No. 1
Governmental Funds Revenues
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Federal sources:					
Federal grants	\$ 7,932,683	\$ 3,158,738	\$ 3,701,158	\$ 2,939,908	\$ 2,826,035
National School Lunch Program	900,242	1,954,371	1,153,052	758,673	744,226
Total federal sources	<u>8,832,925</u>	<u>5,113,109</u>	<u>4,854,210</u>	<u>3,698,581</u>	<u>3,570,261</u>
State sources:					
State equalization assistance	7,341,624	6,672,368	6,168,795	5,817,950	5,734,067
State grants	481,504	489,499	373,034	389,727	135,258
School Facilities Oversight Board		68,965	1,993,379	495,866	50,330
Other revenues	3,945,112	3,371,673	2,390,506	2,295,053	2,299,398
Total state sources	<u>11,768,240</u>	<u>10,602,505</u>	<u>10,925,714</u>	<u>8,998,596</u>	<u>8,219,053</u>
Local sources:					
Property taxes	22,097,899	21,407,939	21,120,306	19,674,769	19,928,458
County aid					
Food service sales	401,731	103,723	125,146	330,213	505,786
Investment income	480,032	44,459	53,664	271,234	271,271
Other revenues	2,895,214	2,585,757	1,906,516	3,144,019	2,705,364
Total local sources	<u>25,874,876</u>	<u>24,141,878</u>	<u>23,205,632</u>	<u>23,420,235</u>	<u>23,410,879</u>
Total revenues	<u><u>\$ 46,476,041</u></u>	<u><u>\$ 39,857,492</u></u>	<u><u>\$ 38,985,556</u></u>	<u><u>\$ 36,117,412</u></u>	<u><u>\$ 35,200,193</u></u>

(Continued)

Prescott Unified School District No. 1
Governmental Funds Revenues
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Federal sources:					
Federal grants	\$ 2,854,323	\$ 3,125,092	\$ 3,511,172	\$ 2,701,132	\$ 3,147,206
State Fiscal Stabilization (ARRA) Education Jobs					
National School Lunch Program	822,918	814,376	844,444	940,326	1,111,615
Total federal sources	<u>3,677,241</u>	<u>3,939,468</u>	<u>4,355,616</u>	<u>3,641,458</u>	<u>4,258,821</u>
State sources:					
State equalization assistance	5,116,051	5,896,485	5,390,989	5,389,344	5,675,370
State grants	123,181	153,042	253,642	185,114	232,275
School Facilities Oversight Board	409,443	1,515,306			539,989
Other revenues	2,127,943	1,730,545	1,974,851	1,864,619	2,011,062
Total state sources	<u>7,776,618</u>	<u>9,295,378</u>	<u>7,619,482</u>	<u>7,439,077</u>	<u>8,458,696</u>
Local sources:					
Property taxes	17,858,223	18,479,199	18,034,372	19,733,834	20,882,997
County aid				1,683	238,660
Food service sales	470,475	401,439	423,754	524,573	528,822
Investment income	114,879	48,383	24,061	44,878	45,556
Other revenues	2,336,503	2,668,517	2,880,424	2,159,475	2,727,208
Total local sources	<u>20,780,080</u>	<u>21,597,538</u>	<u>21,362,611</u>	<u>22,464,443</u>	<u>24,423,243</u>
Total revenues	<u>\$ 32,233,939</u>	<u>\$ 34,832,384</u>	<u>\$ 33,337,709</u>	<u>\$ 33,544,978</u>	<u>\$ 37,140,760</u>

Source: The source of this information is the District's financial records.

Note: Due to a change in legislation, beginning with fiscal year 2023, county aid is now presented with property taxes.

(Concluded)

Prescott Unified School District No. 1
Governmental Funds Expenditures and Debt Service Ratio
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Expenditures:					
Current -					
Instruction	\$ 20,503,808	\$ 20,165,840	\$ 17,643,160	\$ 16,435,559	\$ 16,159,313
Support services - students and staff	7,012,970	6,110,905	5,708,524	5,578,172	5,202,412
Support services - administration	3,655,308	3,505,105	3,274,888	3,255,159	3,041,519
Operation and maintenance of plant services	4,389,984	3,851,252	3,626,472	3,408,232	3,633,394
Student transportation services	1,597,780	1,550,522	1,348,556	1,361,433	1,468,131
Operation of non-instructional services	1,162,252	1,371,791	1,093,787	1,262,065	1,334,813
Capital outlay	5,980,306	1,903,518	4,968,263	4,125,627	4,092,660
Debt service -					
Principal retirement	1,543,000	1,463,000	1,307,000	1,211,127	1,147,607
Interest and fiscal charges	319,108	360,814	407,539	331,705	366,357
Bond issuance costs				116,324	
Total expenditures	<u>\$ 46,164,516</u>	<u>\$ 40,282,747</u>	<u>\$ 39,378,189</u>	<u>\$ 37,085,403</u>	<u>\$ 36,446,206</u>
Expenditures for capitalized assets	\$ 3,560,013	\$ 951,565	\$ 3,349,009	\$ 3,667,942	\$ 3,083,308
Debt service as a percentage of noncapital expenditures	4%	5%	5%	5%	5%

(Continued)

Prescott Unified School District No. 1
Governmental Funds Expenditures and Debt Service Ratio
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Expenditures:					
Current -					
Instruction	\$ 14,952,148	\$ 14,709,128	\$ 15,336,938	\$ 16,586,100	\$ 17,173,139
Support services - students and staff	4,950,422	5,047,636	4,296,526	3,993,099	4,286,219
Support services - administration	2,919,106	2,877,933	3,652,408	3,653,496	3,536,006
Operation and maintenance of plant services	3,619,928	3,591,937	3,531,504	3,944,651	3,957,899
Student transportation services	1,533,704	1,652,809	1,560,999	1,560,713	1,559,926
Operation of non-instructional services	1,391,292	1,482,701	1,558,412	1,734,645	1,930,073
Capital outlay	2,151,305	10,192,191	304,345	1,601,092	1,374,824
Debt service -					
Principal retirement	1,245,227	1,235,761	2,265,710	2,954,050	2,632,269
Interest and fiscal charges	249,168	213,890	91,369	202,522	308,273
Bond issuance costs	116,141		158,292		
Total expenditures	<u>\$ 33,128,441</u>	<u>\$ 41,003,986</u>	<u>\$ 32,756,503</u>	<u>\$ 36,230,368</u>	<u>\$ 36,758,628</u>
Expenditures for capitalized assets	\$ 1,933,127	\$ 9,711,919	\$ 215,541	\$ 240,338	\$ 499,403
Debt service as a percentage of noncapital expenditures	5%	5%	7%	9%	8%

Source: The source of this information is the District's financial records.

(Concluded)

Prescott Unified School District No. 1
Other Financing Sources and Uses and Net Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Excess (deficiency) of revenues over expenditures	\$ 311,525	\$ (425,255)	\$ (392,633)	\$ (967,991)	\$ (1,246,013)
Other financing sources (uses):					
Issuance of school improvement bonds				3,365,000	
Premium on sale of bonds				214,650	
Insurance recoveries				23,173	
Transfers in	378,429	376,179	64,351	93,701	115,059
Transfers out	(378,429)	(376,179)	(64,351)	(93,701)	(115,059)
Total other financing sources (uses)				3,602,823	
Special item:					
Proceeds from sale of capital assets					877,083
Changes in fund balances	<u>\$ 311,525</u>	<u>\$ (425,255)</u>	<u>\$ (392,633)</u>	<u>\$ 2,634,832</u>	<u>\$ (368,930)</u>
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Excess (deficiency) of revenues over expenditures	\$ (894,502)	\$ (6,171,602)	\$ 581,206	\$ (2,685,390)	\$ 382,132
Other financing sources (uses):					
Issuance of school improvement bonds	3,895,000		7,500,000		
Premium on sale of bonds	191,441		359,886		
Capital lease agreements		2,354,570		472,211	
Insurance recoveries	3,560	15,787			
Transfers in	77,339	120,007	287,169	95,260	583,300
Transfers out	(77,339)	(120,007)	(287,169)	(95,260)	(370,604)
Total other financing sources (uses)	4,090,001	2,370,357	7,859,886	472,211	212,696
Special item:					
Proceeds from sale of capital assets	3,002,312	949,893			
Changes in fund balances	<u>\$ 6,197,811</u>	<u>\$ (2,851,352)</u>	<u>\$ 8,441,092</u>	<u>\$ (2,213,179)</u>	<u>\$ 594,828</u>

Source: The source of this information is the District's financial records.

Prescott Unified School District No. 1
Net Limited Assessed Value and Full Cash Value of Taxable Property by Class
Last Ten Fiscal Years

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Commercial, Industrial, Utilities and Mining	\$ 210,513,559	\$ 204,374,954	\$ 196,177,081	\$ 187,815,341	\$ 182,699,072
Agricultural and Vacant	63,886,037	60,944,475	59,241,811	58,724,267	57,886,712
Residential (Owner Occupied)	641,128,654	599,105,684	555,422,963	517,993,437	479,223,745
Residential (Rental)	235,894,899	220,832,787	200,614,944	185,558,627	172,160,316
Railroad, Private Cars and Airlines	54,333	49,068	38,423	41,107	42,543
Historical Property	2,341,258	2,209,932	2,096,501	1,908,256	1,843,349
Certain Government Property Improvements	50,496	42,482	40,668	55,088	48,067
Total	\$ 1,153,869,236	\$ 1,087,559,382	\$ 1,013,632,391	\$ 952,096,123	\$ 893,903,804
Gross Full Cash Value	\$ 14,185,486,752	\$ 13,597,322,789	\$ 12,606,511,204	\$ 11,295,834,639	\$ 8,460,045,494
Ratio of Net Limited Assessed Value to Gross Full Cash Value	8%	8%	8%	8%	11%
Total Direct Rate	2.58	2.62	2.71	2.69	2.87

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Commercial, Industrial, Utilities and Mining	\$ 174,283,077	\$ 166,369,889	\$ 166,421,023	\$ 161,914,775	\$ 163,269,119
Agricultural and Vacant	57,752,545	55,810,899	58,984,531	60,361,345	63,609,560
Residential (Owner Occupied)	464,693,283	450,971,929	427,500,160	407,054,179	401,477,616
Residential (Rental)	142,218,691	117,725,519	106,584,914	93,090,784	74,438,280
Railroad, Private Cars and Airlines	38,644	33,392	33,591	55,435	50,292
Historical Property	1,706,280	1,711,082	1,486,261	1,348,670	1,408,763
Certain Government Property Improvements	11,251	97,998	17,388	16,561	15,878
Total	\$ 840,703,771	\$ 792,720,708	\$ 761,027,868	\$ 723,841,749	\$ 704,269,508
Gross Full Cash Value	\$ 9,445,267,517	\$ 8,846,462,460	\$ 8,073,561,235	\$ 6,671,941,965	\$ 6,379,875,830
Ratio of Net Limited Assessed Value to Gross Full Cash Value	9%	9%	9%	11%	11%
Total Direct Rate	2.74	3.04	3.39	3.47	3.74

Source: The source of this information is the State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

Note: On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value. Primary taxes are used for general District operations. Secondary taxes are used to service District bonded debt requirements and other voter-approval overrides.

Prescott Unified School District No. 1
Net Full Cash Assessed Value of Taxable Property by Class
Last Ten Fiscal Years

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Commercial, Industrial, Utilities and Mining	\$ 246,475,014	\$ 247,951,883	\$ 243,935,539	\$ 215,322,055	\$ 211,749,425
Agricultural and Vacant	96,920,553	91,799,613	90,358,356	84,552,310	77,077,635
Residential (Owner Occupied)	800,901,363	764,983,772	705,081,484	635,090,380	570,215,848
Residential (Rental)	311,980,764	300,096,779	267,927,375	236,098,862	215,035,807
Railroad, Private Cars and Airlines	64,611	57,465	44,792	47,722	48,481
Historical Property	3,700,968	3,587,996	3,221,114	2,721,379	2,524,321
Certain Government Property Improvements	96,687	57,947	58,014	80,463	69,667
Total	\$ 1,460,139,960	\$ 1,408,535,455	\$ 1,310,626,674	\$ 1,173,913,171	\$ 1,076,721,184
Gross Full Cash Value	\$ 14,185,486,752	\$ 13,597,322,789	\$ 12,606,511,204	\$ 11,295,834,639	\$ 8,460,045,494
Ratio of Net full Cash Assessed Value to Gross Full Cash Value	10%	10%	10%	10%	13%
Estimated Net Full Cash Value	12,967,534,240	12,439,230,119	11,496,344,567	10,299,436,891	7,745,128,527
Total Direct Rate	2.58	2.62	2.71	2.69	2.87

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Commercial, Industrial, Utilities and Mining	\$ 199,013,043	\$ 183,894,300	\$ 184,765,274	\$ 162,750,173	\$ 163,947,397
Agricultural and Vacant	79,410,529	75,610,019	71,820,448	63,461,414	64,495,157
Residential (Owner Occupied)	543,052,812	530,734,414	485,599,589	409,389,359	401,610,160
Residential (Rental)	171,018,281	139,981,990	122,460,259	93,845,197	74,478,095
Railroad, Private Cars and Airlines	43,342	35,075	34,071	55,913	50,729
Historical Property	2,315,995	2,131,756	1,741,613	1,353,837	1,688,741
Certain Government Property Improvements	13,246	107,039	20,886	16,561	15,878
Total	\$ 994,867,248	\$ 932,494,593	\$ 866,442,140	\$ 730,872,454	\$ 706,286,157
Gross Full Cash Value	\$ 9,445,267,517	\$ 8,846,462,460	\$ 8,073,561,235	\$ 6,671,941,965	\$ 6,379,875,830
Ratio of Net full Cash Assessed Value to Gross Full Cash Value	11%	11%	11%	11%	11%
Estimated Net Full Cash Value	8,642,652,256	8,130,727,916	7,387,514,573	6,192,821,143	5,921,421,342
Total Direct Rate	2.74	3.04	3.39	3.47	3.74

Source: The source of this information is the State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

Note: On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value. The net full cash assessed value is used for determining the District's bonding capacity and as the ceiling for net limited assessed value..

Prescott Unified School District No. 1
Property Tax Assessment Ratios
Last Ten Fiscal Years

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Commercial, Industrial, Utilities and Mining	18 %	18 %	18 %	18 %	18 %
Agricultural and Vacant	15	15	15	15	15
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	15	15	15	14

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Commercial, Industrial, Utilities and Mining	18 %	18 %	19 %	19 %	20 %
Agricultural and Vacant	15	15	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	14	15	16	15
Total					

Source: The source of this information is the State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

Note: Additional classes of property exist, but do not amount to a significant portion of the District's total valuation, therefore they are not included on this schedule.

Prescott Unified School District No. 1
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year Ended June 30	Overlapping Rates								District Direct Rates		
	State	County-wide	Library	Flood	Community	Central Fire	Flood	City of	Primary	Secondary	Total
	Equalization		District	Control	College	District	Control	Prescott			
2023	0.00	1.79	0.15	0.18	1.50	0.09	0.18	0.23	2.36	0.18	2.54
2022	0.43	1.86	0.15	0.19	1.57	0.09	0.19	0.24	2.37	0.20	2.57
2021	0.44	1.93	0.16	0.20	1.61	0.09	0.20	0.25	2.46	0.25	2.71
2020	0.46	2.01	0.17	0.21	1.69	0.10	0.21	0.26	2.47	0.22	2.69
2019	0.47	1.78	0.17	0.22	0.19	0.10	0.22	0.27	2.63	0.24	2.87
2018	0.49	1.84	0.18	0.23	1.98	0.10	0.23	0.28	2.49	0.25	2.74
2017	0.50	1.90	0.19	0.20	0.21	0.10	0.20	0.27	2.79	0.25	3.04
2016	0.51	1.93	0.17	0.21	2.09	0.10	0.21	0.30	3.12	0.27	3.39
2015	0.51	1.96	0.15	0.21	2.08	0.10	0.21	0.31	3.12	0.35	3.47
2014	0.51	1.93	0.15	0.22	2.05	0.10	0.22	0.34	3.38	0.37	3.74

Source: The source of this information is the Property Tax Rates and Assessed Values, Arizona Tax Research Foundation.

Prescott Unified School District No. 1
Principal Property Taxpayers
Current Fiscal Year and Fiscal Year Nine Years Prior

Taxpayer	2023		2014	
	Net Limited Assessed Valuation	Percentage of District's Net Limited Assessed Valuation	Net Full Cash Assessed Valuation	Percentage of District's Net Full Cash Assessed Valuation
Arizona Public Service	\$ 18,619,566	2.40 %	\$ 12,883,708	2.30 %
Unisource Energy Corporation	6,351,535	0.80	4,995,904	0.90
Touchmark at the Ranch LLC	4,962,104	0.60		
Sturm Ruger	4,205,935	0.50	2,726,480	0.50
Wal-Mart	3,707,878	0.50	1,873,532	0.30
Findlay Family Properties	2,707,380	0.30		
LFRV LLC (Las Fuentes)	2,649,960	0.30	2,455,615	0.40
SRZ Yuma LLC	2,151,677	0.30		
WSH Hospitality	2,113,082	0.30		
Prescott Gateway Mall Realty Holdin	2,033,663	0.30	5,897,740	1.10
Lowe's			1,675,158	0.30
Qwest Corporation / US West			3,397,200	0.60
Cable One			2,347,685	0.40
Bonanza LLC - Ponderosa Plaza			1,939,378	0.40
Total	\$ 49,502,780	6.30 %	\$ 40,192,400	7.20 %

Source: The source of this information is the Yavapai County Assessor's records.

Note: On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value.

Prescott Unified School District No. 1
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Fiscal Years	Collected to the End of the Current Fiscal Year	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2023	\$ 22,160,951	\$ 21,834,120	98.53 %	\$	\$ 21,834,120	98.53 %
2022	21,440,685	21,112,153	98.47	113,823	21,225,976	99.00
2021	21,189,901	20,902,147	98.64	283,052	21,185,199	99.98
2020	19,699,626	19,373,511	98.34	323,433	19,696,944	99.99
2019	19,953,919	19,668,376	98.57	284,535	19,952,911	99.99
2018	17,895,550	17,664,936	98.71	229,584	17,894,520	99.99
2017	18,422,716	18,171,656	98.64	250,170	18,421,826	100.00
2016	18,026,520	17,753,321	98.48	271,876	18,025,197	99.99
2015	19,709,264	19,320,615	98.03	387,243	19,707,858	99.99
2014	20,874,152	20,458,413	98.01	414,690	20,873,103	99.99

Source: The source of this information is the Yavapai County Treasurer's records.

- Notes:** 1) Amounts collected are on a cash basis.
2) Unsecured personal property taxes are not included in this schedule because the dates of the monthly rolls vary each year. On the average, 90% of unsecured property taxes are collected within 90 days after the due date.

Prescott Unified School District No. 1
Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	General Obligation Bonds					Total Outstanding Debt				
	General Obligation Bonds	Less: Amounts Restricted for Principal	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Financed Purchases and Leases	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Percentage of Personal Income
2023	\$ 7,173,214	\$ 192,733	\$ 6,980,481	0.05 %	\$ 112	\$ 1,284,000	\$ 8,457,214	0.06 %	\$ 132	0.07 %
2022	8,634,387	116,328	8,518,059	0.06	139	1,427,000	10,061,387	0.07	162	0.08
2021	10,015,560	233,138	9,782,422	0.08	165	1,570,000	11,585,560	0.09	190	0.12
2020	11,196,733	135,295	11,061,438	0.10	253	1,757,000	12,953,733	0.11	292	0.14
2019	8,703,256	180,123	8,523,133	0.10	201	1,943,127	10,646,383	0.13	246	0.12
2018	9,694,915	128,878	9,566,037	0.10	166	2,140,734	11,835,649	0.13	203	0.14
2017	6,684,180	174,644	6,509,536	0.07	157	2,335,961	9,020,141	0.10	212	0.11
2016	7,859,886	404,059	7,455,827	0.09	192	67,152	7,927,038	0.10	193	0.10
2015	2,020,000	211,390	1,808,610	0.03	51	312,862	2,332,862	0.03	58	0.03
2014	4,445,000	198,523	4,246,477	0.07	111	369,701	4,814,701	0.08	120	0.08

Source: The source of this information is the District's financial records

Note: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 87 were adopted in fiscal year 2022. The standard replaces the previous capital and operating lease designations with financed purchases or leases depending on the substance of the transactions. The fiscal year 2014-2021 information within this column relates to the transactions previously designated as capital leases.

Prescott Unified School District No. 1
Direct and Overlapping Governmental Activities Debt
June 30, 2023

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Overlapping:			
Yavapai County Community College District	\$ 4,725,000	100.00 %	\$ 4,725,000
Central Yavapai Fire District	5,470,000	100.00	5,470,000
Chino Valley Fire District	3,525,000	100.00	3,525,000
Subtotal, Overlapping Debt			<u>13,720,000</u>
Direct:			
Prescott Unified School District No. 1		100.00	<u>8,457,214</u>
Total Direct and Overlapping Governmental Activities Debt			<u><u>\$ 22,177,214</u></u>

Direct and Overlapping General Bonded Debt Ratios

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation		1.22 %
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 324	
As a Percentage of Net Limited Assessed Valuation		1.79 %
As a Percentage of Gross Full Cash Value		0.15 %

Source: The source of this information is the District's records and the State and County Abstract of the Assessment Roll, Arizona Department of Revenue and the applicable governmental unit.

Notes: 1) Estimated percentage of debt outstanding applicable to the District is calculated based on a portion of the District's net limited assessed valuation as a percentage of the net limited assessed valuation of the overlapping jurisdiction.

2) Outstanding debt as of June 30, 2022 is presented for the overlapping governments as this is the most recent available information.

Prescott Unified School District No. 1
Legal Debt Margin Information
Last Ten Fiscal Years

Class B Bond Legal Debt Margin Calculation for Fiscal Year 2023:

Net full cash assessed valuation	\$ 1,460,139,960
Debt limit (20% of assessed value)	292,027,992
Debt applicable to limit	<u>7,173,214</u>
Legal debt margin	<u><u>\$ 284,854,778</u></u>

Total Legal Debt Margin Calculation for Fiscal Year 2023:

Net full cash assessed valuation	\$ 1,460,139,960
Debt limit (30% of assessed value)	438,041,988
Debt applicable to limit	<u>7,173,214</u>
Legal debt margin	<u><u>\$ 430,868,774</u></u>

Fiscal Year Ended June 30

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Debt Limit	\$ 438,041,988	\$ 422,560,637	\$ 383,723,002	\$ 341,050,054	\$ 323,016,355
Total net debt applicable to limit	<u>7,173,214</u>	<u>8,593,521</u>	<u>9,965,752</u>	<u>11,123,897</u>	<u>8,430,416</u>
Legal debt margin	<u><u>\$ 430,868,774</u></u>	<u><u>\$ 413,967,116</u></u>	<u><u>\$ 373,757,250</u></u>	<u><u>\$ 329,926,157</u></u>	<u><u>\$ 314,585,939</u></u>
Total net debt applicable to the limit as a percentage of debt limit	2%	2%	3%	3%	3%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Debt Limit	\$ 298,460,174	\$ 279,748,378	\$ 252,432,642	\$ 219,261,736	\$ 211,885,847
Total net debt applicable to limit	<u>9,694,915</u>	<u>6,350,000</u>	<u>7,500,000</u>	<u>2,020,000</u>	<u>4,445,000</u>
Legal debt margin	<u><u>\$ 288,765,259</u></u>	<u><u>\$ 273,398,378</u></u>	<u><u>\$ 244,932,642</u></u>	<u><u>\$ 217,241,736</u></u>	<u><u>\$ 207,440,847</u></u>
Total net debt applicable to the limit as a percentage of debt limit	3%	2%	3%	1%	2%

Source: The source of this information is the District's financial records.

- Notes:** 1) The District's general obligation bonds are subject to two limits: the Constitutional debt limit (total debt limit) on all general obligation bonds outstanding and the statutory debt limit on Class B bonds outstanding. The calculations of the debt margins are presented in detail for the current fiscal year only.
- 2) Prior to FY17, net bond premium was restricted by amount and not subject to the statutory debt limit. Beginning with FY17, any additional net premium used for capital projects, bond counsel, printing and preparation of offering documents, a financial advisor, paying agent costs or to pay down debt is counted against both debt limits with the exception of amounts of premium deposited into the Debt Service Fund or a refunding escrow to pay interest payments.

Prescott Unified School District No. 1
County-Wide Demographic and Economic Statistics
Last Ten Calendar Years

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>	<u>Estimated District Population</u>
2022	245,389	\$ 12,739,608	\$ 51,747	3.5 %	63,841
2021	241,173	11,884,929	49,060	4.1	62,175
2020	236,209	9,731,391	41,393	7.5	60,847
2019	232,386	9,352,066	40,312	4.4	44,299
2018	228,970	8,532,977	37,398	4.5	43,314
2017	224,363	8,287,072	36,936	4.8	58,293
2016	220,189	7,900,001	35,545	4.9	42,513
2015	217,778	7,740,919	35,545	5.9	40,989
2014	218,844	7,172,392	32,774	6.3	40,000
2013	215,133	5,665,528	26,335	8.6	40,000

Sources: The source of the "Personal Income" and "Per Capita" information is the Bureau of Economic Analysis. The source of the "Population" and "Unemployment Rate" information is the Arizona Office of Employment and Population Statistics and Bureau of Labor Statistics respectively.

**Prescott Unified School District No. 1
Principal Employers
Current Fiscal Year and Fiscal Year Nine Years Prior**

<u>Employer</u>	<u>2023</u>		<u>2014</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Yavapai Regional Medical Center	2,050	13.27 %	1,083	8.46 %
Yavapai County	1,748	11.32	1,692	13.22
Veteran's Administration Medical Center	1,295	8.38	1,094	8.55
Yavapai College	624	4.04	413	3.23
Wal-Mart Stores	530	3.43		
City of Prescott	517	3.35	506	3.95
Prescott Unified School District	510	3.30	770	6.02
Embry-Riddle Aeronautical University	442	2.86	375	2.93
Sturm Ruger	400	2.59	607	4.74
HOAMCO	350	2.27		
Fann Contracting			254	1.98
Yavapai Gaming Agency			223	1.74
Total	<u>8,466</u>	<u>54.81 %</u>	<u>7,017</u>	<u>54.82 %</u>
Total employment	<u>15,448</u>		<u>12,800</u>	

Source: The source of this information is the City of Prescott, the Bureau of Labor Statistics, and Hoover's Inc

Prescott Unified School District No. 1
Full-Time Equivalent District Employees by Type
Last Ten Fiscal Years

	Full-time Equivalent Employees as of June 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Supervisory					
Superintendent	1	1	1	1	1
Assistant superintendents	2	1	1	1	1
Consultants/supervisors of instruction	9	9	9	9	9
Principals	6	6	6	6	6
Assistant principals	5	5	5	5	5
Total supervisory	<u>23</u>	<u>22</u>	<u>22</u>	<u>22</u>	<u>22</u>
Instruction					
Teachers	197	197	197	194	199
Total instruction	<u>197</u>	<u>197</u>	<u>197</u>	<u>194</u>	<u>199</u>
Student Services					
Nurses	6	6	6	6	5
Counselors/Advisors	7	7	7	7	6
Librarians	4	4			
Technicians	4	4	4	4	3
Total student services	<u>21</u>	<u>21</u>	<u>17</u>	<u>17</u>	<u>14</u>
Total	<u><u>241</u></u>	<u><u>240</u></u>	<u><u>236</u></u>	<u><u>233</u></u>	<u><u>235</u></u>

(Continued)

Prescott Unified School District No. 1
Full-Time Equivalent District Employees by Type
Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Supervisory					
Superintendent	1	1	1	1	1
Assistant superintendents	1	1	1	1	1
Consultants/supervisors of instruction	9	9	9	9	9
Principals	6	6	6	8	8
Assistant principals	5	5	5	5	5
Total supervisory	<u>22</u>	<u>22</u>	<u>22</u>	<u>24</u>	<u>24</u>
Instruction					
Teachers	199	202	220	241	283
Total instruction	<u>199</u>	<u>202</u>	<u>220</u>	<u>241</u>	<u>283</u>
Student Services					
Nurses	5	5	5	5	5
Counselors/Advisors	6	6	6	6	6
Librarians	1	1	1	1	1
Technicians	3	1	1	1	1
Total student services	<u>15</u>	<u>13</u>	<u>13</u>	<u>13</u>	<u>13</u>
Total	<u><u>236</u></u>	<u><u>237</u></u>	<u><u>255</u></u>	<u><u>278</u></u>	<u><u>320</u></u>

Source: The source of this information is District personnel records.

(Concluded)

Prescott Unified School District No. 1
Operating Statistics
Last Ten Fiscal Years

Fiscal Year Ended June 30	Average Daily Membership	Operating Expenditures	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Free/Reduced Students
2023	3,580	\$ 38,322,102	\$ 10,704	2.19 %	\$ 44,746,742	\$ 12,498	7.35 %	197	18.2	38.0 %
2022	3,490	36,555,415	10,474	12.40	40,634,536	11,643	8.80	197	17.7	30.1
2021	3,509	32,695,387	9,318	10.09	37,546,444	10,701	14.07	197	17.8	34.4
2020	3,698	31,300,620	8,464	(1.44)	34,689,476	9,381	8.04	194	19.1	33.7
2019	3,591	30,839,582	8,588	11.36	31,179,960	8,683	11.28	199	18.0	35.2
2018	3,808	29,366,600	7,712	0.28	29,712,033	7,803	(3.75)	199	19.1	35.6
2017	3,818	29,362,144	7,690	0.01	30,951,585	8,107	(1.77)	202	18.9	33.1
2016	3,893	29,936,787	7,690	4.38	32,128,286	8,253	0.44	220	17.7	41.3
2015	4,272	31,472,704	7,367	6.66	35,100,918	8,217	8.13	241	17.7	43.5
2014	4,697	32,443,262	6,907	4.13	35,691,288	7,599	3.21	283	16.6	35.4

Source: The source of this information is the District's financial records.

Notes: Operating expenditures are total expenditures less debt service and capital outlay.

Prescott Unified School District No. 1
Capital Assets Information
Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Schools</u>										
Elementary										
Buildings	22	22	22	22	22	22	22	17	20	20
Square feet	252,631	252,631	252,631	252,631	252,631	252,631	252,631	188,593	226,333	226,333
Capacity	2,783	2,783	2,783	2,783	2,783	2,783	2,783	1,950	2,339	2,339
Enrollment	1,723	1,723	1,723	1,723	1,618	1,723	1,663	1,651	1,640	1,865
Middle										
Buildings	7	7	7	7	7	7	7	11	11	11
Square feet	109,901	109,901	109,901	109,901	109,901	109,901	109,901	203,417	203,417	203,417
Capacity	989	989	989	989	989	989	989	1,430	1,430	1,430
Enrollment	618	618	618	618	569	618	634	677	1,052	1,285
High										
Buildings	13	13	13	13	13	13	13	12	12	12
Square feet	264,860	264,860	264,860	264,860	264,860	264,860	264,860	290,051	290,051	290,051
Capacity	1,895	1,895	1,895	1,895	1,895	1,895	1,895	2,095	2,095	2,095
Enrollment	1,520	1,520	1,520	1,520	1,365	1,520	1,512	1,510	1,497	1,600
Other										
Buildings	2	2	2	2	2	2	2	2	2	2
Square feet	28,635	28,635	28,635	28,635	28,635	28,635	28,635	28,635	28,635	28,635
Capacity	150	150	150	150	150	150	150	150	150	150
Enrollment	152	152	152	152	150	152	120	91	91	97
<u>Administrative</u>										
Buildings	9	9	9	9	9	9	9	9	9	9
Square feet	54,966	54,966	54,966	54,966	54,966	54,966	54,966	54,966	54,966	54,966
<u>Transportation</u>										
Garages	1	1	1	1	1	1	1	1	1	1
Buses	31	33	44	40	40	40	44	44	44	44
<u>Athletics</u>										
Football fields	3	3	3	3	3	3	3	3	3	3
Soccer fields	1	1	1	1	1	1	1	1	1	1
Running tracks	3	3	3	3	3	3	3	3	3	3
Baseball/softball	3	3	3	3	3	3	3	3	3	3
Playgrounds	6	6	6	6	6	6	6	6	6	6

Source: The source of this information is the District's facilities records.

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