

CITY OF PAGE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2017
WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF PAGE, ARIZONA
Annual Expenditure Limitation Report
June 30, 2017

Table of Contents

	Page
Independent Accountants' Report.....	1
Annual Expenditure Limitation Report - Part I.....	2
Annual Expenditure Limitation Report - Part II.....	3
Annual Expenditure Limitation Report - Reconciliation.....	4
Notes to Annual Expenditure Limitation Report.....	5



MEMBERS:

CHAD B. ATKINSON, CPA
KRIS J. BRAUNBERGER, CPA
ROBERT S. COX, CPA
TODD B. FELTNER, CPA
K. MARK FROST, CPA
MORRIS J. PEACOCK, CPA

PHILLIP S. PEINE, CPA
STEVEN D. PALMER, CPA
MICHAEL K. SPILKER, CPA
KEVIN L. STEPHENS, CPA
MARK E. TICHENOR, CPA
MICHAEL J. TORGERSON, CPA

Independent Accountants' Report on AELR

The Auditor General of the State of Arizona and
The Honorable Mayor and City Council
City of Page, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the City of Page, Arizona, for the year ended June 30, 2017, and the related notes to the report. The City of Page, Arizona's management is responsible for presenting this report in accordance with the uniform expenditure reporting system as described in note 1. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the uniform expenditure reporting system in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the annual expenditure limitation report referred to above is presented in accordance with the uniform expenditure reporting system as described in note 1 in all material respects.

HintonBurdick Arizona, PLLC
Flagstaff, Arizona
October 31, 2017

CITY OF PAGE, ARIZONA
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2017

1. Economic Estimates Commission expenditure limitation	\$ 32,898,992
2. Voter-approved alternative expenditure limitation	<u>-</u>
3. Enter applicable amount from line 1 or line 2	32,898,992
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>22,734,384</u>
5. Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation)	<u>\$ 10,164,608</u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of Chief Fiscal Officer: Linda L. Watson

Name and Title: Linda Watson, Finance Director

Telephone Number: (928) 645-4203 Date: 12-19-17

See accompanying notes to report

CITY OF PAGE, ARIZONA
Annual Expenditure Limitation Report – Part II
Year Ended June 30, 2017

<u>Description</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
A. Amounts reported on the Reconciliation Line D	<u>\$ 12,819,957</u>	<u>\$ 11,482,074</u>	<u>\$ 62,238</u>	<u>\$ 24,364,269</u>
B. Less exclusions claimed:				
1. Bond proceeds	-	-	-	-
Debt service requirements on bonded indebtedness	775,000	-	-	775,000
Proceeds from other long-term obligations	-	-	-	-
Debt service requirements on other long-term obligations	265,885	-	-	265,885
2. Dividends, interest and gains on the sale or redemption of investment securities	136,766	58,739	62,238	257,743
3. Trustee or custodian	-	-	-	-
4. Grants and aid from the Federal government	231,242	-	-	231,242
5. Grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes.	58,065	-	-	58,065
6. Amounts received from the State of Arizona	41,950	-	-	41,950
7. Quasi-external interfund transactions	-	-	-	-
8. Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements.	-	-	-	-
9. Highway user revenues in excess of those received in fiscal year 1979-80.	-	-	-	-
10. Contracts with other political subdivisions.	-	-	-	-
11. Refunds, reimbursements, and other recoveries.	-	-	-	-
12. Voter-approved exclusions not identified above (attach resolution).	-	-	-	-
13. Prior years carryforward	-	-	-	-
14. Total exclusions claimed	<u>1,508,908</u>	<u>58,739</u>	<u>62,238</u>	<u>1,629,885</u>
C. Amount subject to the expenditure limitation (If an individual fund type amount is negative, reduce exclusions claimed to net to zero.)	<u><u>\$ 11,311,049</u></u>	<u><u>\$ 11,423,335</u></u>	<u><u>\$ -</u></u>	<u><u>\$22,734,384</u></u>

See accompanying notes to report

CITY OF PAGE, ARIZONA
Annual Expenditure Limitation Report - Reconciliation
Year Ended June 30, 2017

<u>Description</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
A. Total expenditures (and expenses) and applicable other financing uses reported within the fund-based financial statements	\$ 12,882,403	\$ 10,825,412	\$ 62,238	\$ 23,770,053
B. Subtractions:				
1. Items not requiring use of working capital:				
Depreciation	-	2,356,768	-	2,356,768
Loss on disposal of capital assets	-	311,032	-	311,032
Bad debt expense	-	-	-	-
Other postemployment benefits	-	-	-	-
Pension expense	-	136,363	-	136,363
Claims incurred but not reported	-	-	-	-
Landfill closure and postclosure care costs	-	-	-	-
2. Expenditures of separate legal entities established under Arizona Revised Statutes	-	-	-	-
3. Required fees paid to the Arizona Dept. of Revenue	-	-	-	-
4. Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements	62,446	-	-	62,446
5. Involuntary court judgments	-	-	-	-
6. Total subtractions	<u>62,446</u>	<u>2,804,163</u>	<u>-</u>	<u>2,866,609</u>
C. Additions:				
1. Principal payments on long-term debt	-	-	-	-
2. Acquisition of capital assets	-	3,252,296	-	3,252,296
3. Amounts paid in the current year but reported as expenses in previous years:				
Other postemployment benefits	-	-	-	-
Pension contributions	-	208,529	-	208,529
Claims previously recognized as IBNR	-	-	-	-
Landfill closure and postclosure care costs	-	-	-	-
4. Total additions	<u>-</u>	<u>3,460,825</u>	<u>-</u>	<u>3,460,825</u>
D. Amounts reported on Part II, Line A	<u>\$ 12,819,957</u>	<u>\$ 11,482,074</u>	<u>\$ 62,238</u>	<u>\$ 24,364,269</u>

See accompanying notes to report

CITY OF PAGE, ARIZONA
Notes to the Annual Expenditure Limitation Report
June 30, 2017

Note 1 Summary of Significant Accounting Policies

The Annual Expenditure Limitation Report (AELR) is presented on the basis of accounting prescribed by the *Uniform Expenditure Reporting System* (UERS), as required by Arizona Revised Statutes §41-1279.07. The AELR excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX §20, from the total expenditures, expenses or deductions reported in the fund financial statements.

In accordance with the UERS requirements, a note to the AELR is presented below for any exclusion claimed in part II and each subtraction or addition in the Reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds, Statement of Revenues, Expenses, and Changes in Net Position for the Proprietary Funds, Statement of Cash Flows for the Proprietary Funds, and the Statement of Changes in Fiduciary Net Position for the Fiduciary Funds.

Note 2 Reconciliation Subtractions and Additions

The subtractions for depreciation, loss on disposal of capital assets and pension expense and the additions for the acquisition of capital assets and pension contributions are all provided in the Statement of Cash Flows for the Proprietary Funds and the financial statement footnote 6 and 7. The subtraction for pension expense is based on the calculated change in the net pension liability as reported in the Statement of Cash Flows for the Proprietary Funds. The City entered into a new capital lease obligation which is reported as a subtraction for governmental activities.

Note 3 Debt Service Requirements

The exclusion claimed in Part II for debt service requirements on bonded indebtedness consists of principal retirement and interest expense on the City's bonds as listed in the financial statement footnote 7. Exclusions that should be claimed in Part II for debt service requirements on other long-term obligations consist of principal retirement and interest expense on the City's capital leases as reported in the financial statement footnote 7.

CITY OF PAGE, ARIZONA
Notes to the Annual Expenditure Limitation Report
June 30, 2017

Note 4 Reconciliation of Intergovernmental Revenue

The following schedule presents revenues from which exclusions have been claimed for federal grants and aid, amounts received from the State of Arizona, highway user revenues, and contracts with other political subdivisions in the Governmental Funds. The amounts excluded do not exceed expenditures for such revenues.

Description	Governmental Funds
Grants and aid from the Federal government	\$ 231,242
Grants, aid and contributions from others	58,065
Amounts received from the State	41,950
Highway user revenues in excess of those received in fiscal year 1979-80	-
Other revenues (nonexcludable):	
State Revenue Sharing	916,348
State Sales Tax	686,412
Auto Lieu Tax	329,229
County Library District	348,000
Other	21,539
Highway user revenues adjustment	849,664
Total intergovernmental revenues as reported in the financial statements	\$ 3,482,449

Note 5 Grants and Aid from Federal Government

The \$231,242 exclusion claimed for grants and aid from the Federal Government consists of \$158,209 in airport improvement grants recorded in the Capital Projects fund and \$39,454 Headstart Revenue Grant, \$26,083 NACOG grant, \$500 Bullet Proof Vest grant and \$6,996 Highway Safety grant recorded in the Miscellaneous Grants Fund.

Note 6 Grants, Aid and Contributions from Others

The \$58,065 exclusion for grants, aid and contributions received from other organizations consists mainly of a \$53,644 contribution from the U.S. Fish and Wildlife Service for the Horseshoe Bend project and other miscellaneous grants and contributions.

CITY OF PAGE, ARIZONA
Notes to the Annual Expenditure Limitation Report
June 30, 2017

Note 7 Amounts Received from the State

The \$41,950 exclusion for amounts received from the state consists of \$13,147 ADOT airport funds reported in the Capital Projects fund and a \$328,803 Metro grant reported in the Miscellaneous Grants fund.

Note 8 Highway User Revenues in Excess of Fiscal Year 1979-80

The deduction for highway user revenues in excess of fiscal year 1979-80 was calculated as follows:

Highway User Revenue Funds:

Current year highway user revenues	\$ 849,664
Less revenues received in 1979-80	(198,928)
Revenues available for exclusion	<u>650,736</u>
Actual expenditures of highway user revenues	174,502
Amount equal to 1979-80 revenues expended in current fiscal year	(198,928)
Excludable revenues expended in current fiscal year	<u>(24,426)</u>
Revenues available for exclusion in current fiscal year	650,736
Revenues expended and claimed as an exclusion in the current fiscal year	-
Carryforward	<u>\$ 650,736</u>