



# *City of Page, Arizona*

## **Comprehensive Annual Financial Report**

**Fiscal Year Ended June 30, 2014**



*City of Page Memorial Plaza*



In the Spring of 2014, construction of the City of Page Memorial Wall Plaza was complete. The plaza honors local military and public safety personnel who have lost their lives in the line of duty and also features photographs of local attractions and a historical timeline of the City of Page. The plaza was designed and constructed by the Page Canyon Club with the generous support of various local businesses and was formally donated to the City of Page during a dedication ceremony that was held on May 2, 2014.

Photographs courtesy of the City of Page Tourism Department

Cover design by Kendra Holcomb

# CITY OF PAGE, ARIZONA

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December 8, 2014

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Page:

State law requires that all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Page for the fiscal year ended June 30, 2014.

This report consists of management's representations concerning the finances of the City of Page. 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 City of Page has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Page's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Page'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 City of Page's financial statements have been audited by Hinton, Burdick, Hall & Spilker, PLLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Page for the fiscal year ended June 30, 2014, 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 unqualified opinion that the City of Page's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP 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 City of Page's MD&A can be found immediately following the report of the independent auditors.

## **PROFILE OF THE GOVERNMENT**

The City of Page, incorporated in 1975, is located in northern Arizona just south of Lake Powell. The City's boundaries currently enclose approximately 37 square miles in Coconino County with a population of 7,300 and an elevation of 4,300 feet.

The City of Page operates under the Council-Manager form of government. The Common Council, which has policy-making and legislative authority, consists of a mayor and a six-member council. The Council is responsible for, among other things, passing ordinances, resolutions and adopting the annual budget. They also appoint committees and hire the City Manager, City Attorney, City Clerk, City Magistrate and General Manager for the Page Utility Enterprises. The City Manager is responsible for carrying out the policies, ordinances and resolutions of the Council, and for overseeing the day-to-day operations of the City generally; the utility General Manager manages the electric, water, sewer and refuse enterprises pursuant to City ordinance. The City Council is elected on a nonpartisan "at large" basis. Council members are elected to four-year staggered terms with three council members elected every two years. The qualified electors of the City directly elect the Mayor for a two-year term.

The City of Page provides a full range of services, including water, sewer, electric, police and fire services, planning, zoning, and building code enforcement, the construction and maintenance of streets and other infrastructure, and recreational activities and cultural events.

City of Page owns and operates its own municipal electric, water, and sewer utilities, dba Page Utility Enterprises (PUE). The utilities are governed by the Page City Council and PUE Board, functioning pursuant Page City Ordinance 588-12. PUE currently serves the citizens of Page within the City's corporate boundaries. Due to the isolation of the area, PUE also serves many of the residents and commercial enterprises outside Page's corporate boundaries.

With regard to general fund departments and operations, the City Manager presents a proposed, balanced budget to the Common Council for review. The proposed budget is presented in May of each year. The proposed budget with any additions or deletions becomes the tentative budget, which is usually presented to Council for preliminary adoption in June. The preliminary budget is then presented to the City Council for final adoption in July. The legal level of budgetary control is established at the fund level.

## **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 City of Page operates.

**Local Economy.** The City of Page depends on the recreational businesses that serve the visitors that pass through our City during summer months. While the recreation-oriented firms experience seasonal employment peaks from March through November, the Salt River Project's Navajo Generating Station assures the stability of Page. The National Park Service estimates

that the Page/Lake Powell area receives over 2 million visitors annually. Tourism and the distance to other trade centers have created a demand for a variety of consumer goods and services. Therefore, 70 percent of the employers and more than 50 percent of the total workforce are in the retail trade and service sectors.

Lake Powell is the center of recreational opportunities for Page. The lake has 1,960 miles of shoreline, which is longer than the entire West Coast of the continental United States.

Although the City of Page itself has a population of 7,300, it services the needs of its surrounding communities including an additional 45,000 people within a 75 mile radius.

**Long-Term Financial Planning.** The City of Page is dedicated to enhancing the quality of life for its citizens and to providing municipal services in the most effective and efficient manner while exercising fiscal responsibility.

During FY 2013/14, the Mayor and Council continued to focus on debt reduction and revenue acquisition.

The City addressed its “bond debt” obligations requiring an annual \$1.2M bond debt payment until 2026, by committing land sale revenues and debt assessment fees (collected on utilities) to reduce the demand on the general fund.

The Common Council, in FY 2013, consolidated the electric, water, and sewer enterprises into one organization governed by City Code (Chapter 2, Article 8) managed by a general manager. Delayed maintenance on electric, water, sewer, and streets was addressed requiring a five-year plan to renovate or reconstruct all of the City’s infrastructure by 2018 without bonding or an increase in taxing sources.

In adopting the current budget, the Common Council continued to reduced operating costs and reduce work force. This year’s budget was reduced approximately \$2.5M from the previous fiscal year.

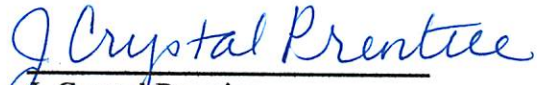
With considerable increase in sales tax (TPT), the City has been able to increase its cash position to guarantee availability of contingency funds.


## **AWARDS AND ACKNOWLEDGEMENTS**

**Awards.** The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2013. In order to be awarded this certificate, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements. We believe the current comprehensive annual financial report continues to meet the program’s requirements and we are submitting it to GFOA to determine its eligibility for the fiscal year 2013-14 certificate.

**Acknowledgements.** The preparation of this report would not have been possible without the professional services of the Finance Department. Recognition of the Mayor and Council for sound financial planning cannot be overstated.

Respectfully submitted,

  
\_\_\_\_\_  
J. Crystal Prentice  
City Manager

  
\_\_\_\_\_  
Linda Watson  
Finance Director



# **City of Page**

## **City Council Members**

**Mayor, Bill Diak**

**Vice Mayor, John Kocjan**

**Michael Bryan**

**Scott Sadler**

**Levi Tappan**

**David Tennis**

**Dennis Warner**

## **City Manager**

**J. Crystal Prentice**

## **City Attorney**

**Joseph Estes**

## **City Clerk**

**Kim Larson**

## **City Magistrate**

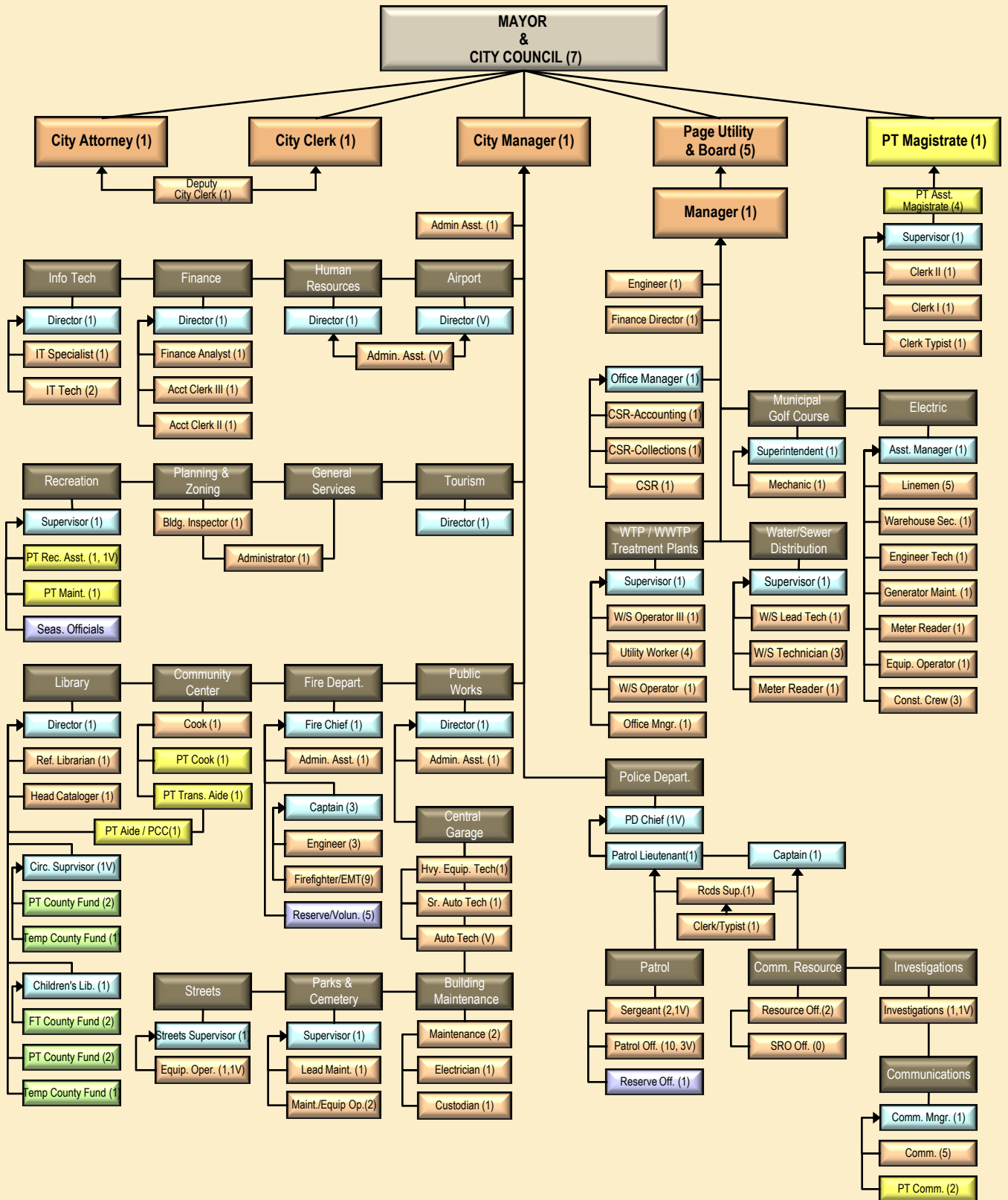
**Rick E. Olson**

## **Page Utility Enterprises General Manager**

**Bryan Hill**

**Prepared by City of Page Finance Department**

# City of Page Organizational Chart





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Page  
Arizona**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

A handwritten signature in black ink, reading "Jeffrey R. Enos". The signature is written in a cursive, flowing style.

Executive Director/CEO

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## **FINANCIAL SECTION**



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MEMBERS:

CHAD B. ATKINSON, CPA  
KRIS J. BRAUNBERGER, CPA  
DEAN R. BURDICK, CPA  
ROBERT S. COX, CPA  
TODD B. FELTNER, CPA  
K. MARK FROST, CPA

MORRIS J. PEACOCK, CPA  
PHILLIP S. PEINE, CPA  
MICHAEL K. SPILKER, CPA  
KEVIN L. STEPHENS, CPA  
MARK E. TICHENOR, CPA

## **Independent Auditors' Report**

The Honorable Mayor and  
City Council  
Page, Arizona

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Page, Arizona, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Page, Arizona, as of June 30, 2014, 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.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the public safety retirement system information, and the budgetary comparison information as listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Page, Arizona's basic financial statements. The introductory section, supplementary budget and actual schedules, combining nonmajor fund financial statements, nonmajor fund budget and actual schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary budget and actual schedules, combining nonmajor fund financial statements, and the nonmajor fund budget and actual schedules are the responsibility of management and were derived from and relate 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 supplementary budget and actual schedules, the combining nonmajor fund financial statements and the nonmajor fund budget and actual schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2014, on our consideration of the City of Page, Arizona'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 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 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 the City of Page, Arizona's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Hinton Burdick, PLLC".

HintonBurdick, PLLC  
Flagstaff, Arizona  
November 30, 2014

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**CITY OF PAGE, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2014**

As management of the City of Page, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2014. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity (3) identify changes in the City's financial position (4) identify any material deviations from the financial plan (the approved budget) and (5) identify individual fund issues or concerns.

The discussion and analysis (MD&A) has a different focus and purpose than the transmittal letter of this report, and is designed to be read in conjunction with the transmittal letter as well as the basic financial statements beginning on page 16 and the accompanying notes to the basic financial statements.

**FINANCIAL HIGHLIGHTS**

- The City's total net position at the close of the fiscal year was \$128,196,593. This amount is comprised of \$97,129,107 in capital assets net of related debt, \$2,677,622 of restricted net assets and \$28,389,864 in unrestricted net assets. This position reflects an overall net decrease of \$310,767. The primary change as a result of greater governmental activity expense of \$387K and less business-type income, \$534K, offset by an increase of \$529K of general revenues.
- City Sales tax remains the single largest revenue source in the general fund budget for the City of Page. This fiscal year, revenue increased over last year by almost \$495,000. Budgeting conservatively to receive \$6.5 million, our actual figures were \$7.85 million by June 2014. While the retail category is the prime driver of the tax revenue, other tax categories also support the revenue stream. In October 2011, the City Council increased the additional tax on the Hotel/Motel category from 3% to 4.263% and part of this increase in revenue is realized by this change. In addition to increased tourism to our community, the City Council approved an ordinance allowing vacation home rentals the summer of 2013. This also attributes to the increase in sales tax revenue for the year.
- The City received contributed capital in the amount of \$908,000 from ADOT for its runway overlay project at the Page Municipal Airport this fiscal year, increasing our capital assets for the year.
- The City's cash reserves remain an important focus for management and the City Council. The City has increased its cash reserve at the end of June 2014, the balance in the Local Government Investment Pool was approximately \$8.006 million.
- In October 2011, the City restructured their bond debt from 1999. This fiscal year, the City made its first principal payment on the restructured bond debt. The restructure allowed for the City to ease into future repayment of the bond payments at a graduated payment rate, while applying a portion of that payment toward the principal of the bond. The balance of the principal amount for the 2011 bond is \$10,780,000. In addition, the City has an outstanding principal bond for the Airport in the amount of approximately \$1.31 million. Overall, the total principal bond debt currently held by the City of Page is \$12.1 million. The City Council has identified paying off our existing bond debt as a top priority.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Assets and the Statement of Activities. These statements provide information about the activities of the City as a whole. (2)

Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. (3) Notes to the financial statements.

## **Reporting the City as a Whole**

### **The Statement of Net Position and the Statement of Activities (Government-wide)**

A frequently asked question regarding the City's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and the Statement of Activities provide information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the change in the City's net position. Net position, the difference between assets and liabilities, are one way to measure the City's financial health, or financial position. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the City's sales tax revenue or condition of the City's roads to accurately assess the overall health of the City.

The Statement of Net Position and the Statement of Activities, present information about the following:

- Government activities – All of the City's basic services are considered to be governmental activities, including general government, public safety, public works/streets, economic development, culture and recreation, and interest on long-term debt. Sales tax, federal grants, intergovernmental revenues and charges for services finance most of these activities.
- Proprietary activities/Business type activities – The City charges a fee to customers that is intended to cover all or most of the cost of the services provided for water, sewer, sanitation, and electricity.

## **Reporting the City's Most Significant Funds**

### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds which aid in the management of money for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The City's two major kinds of funds, governmental and proprietary, use different accounting approaches as explained below.

- Governmental funds – Most of the City's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations included with the Basic Financial Statements on pages 21 and 24.

- Proprietary funds – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the City's financial position. The City's combined assets exceed liabilities by \$128 million as of June 30, 2014 as shown in the following condensed statement of net assets. The City has chosen to account for its utility operations in enterprise funds which are shown as Business Activities.

### City of Page Statement of Net Position

	Governmental activities		Business-type activities		Combined Total	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Current and other assets	\$ 10,004,117	\$ 6,854,839	\$ 24,952,662	\$ 24,452,837	\$ 34,956,779	\$ 31,307,676
Capital assets	78,175,714	79,219,917	31,503,885	31,228,277	109,679,599	110,448,194
Total assets	88,179,831	86,074,756	56,456,547	55,681,114	144,636,378	141,755,870
Total deferred outflows of resources	451,420	523,169	-	-	451,420	523,169
Long-term liabilities outstanding	12,233,152	13,318,686	133,185	99,023	12,366,337	13,417,709
Other liabilities	2,155,208	1,947,681	2,369,659	2,442,110	4,524,867	4,389,791
Total liabilities	14,388,360	15,266,367	2,502,844	2,541,133	16,891,204	17,807,500
Net position:						
Net investment in capital assets	65,625,222	65,791,312	31,503,885	31,228,277	97,129,107	97,019,589
Restricted	2,677,623	2,113,080	-	-	2,677,623	2,113,080
Unrestricted	5,938,921	3,427,166	22,449,818	21,911,704	28,388,739	25,338,870
Total net position	\$ 74,241,766	\$ 71,331,558	\$ 53,953,703	\$ 53,139,981	\$ 128,195,469	\$ 124,471,539

The City has \$144,636,377 in total assets, with \$109,679,599 in capital assets (net of depreciation). The City's water, sewer, sanitation, and electric enterprise fund operations are included in the Business-type activities column. These operations are capital intensive, using a large portion of their resources to maintain and replace major equipment and facilities.

### Governmental Activities

The City's programs include: General Government, Public Safety, Public Works/Streets, Economic Development, Community Support, Culture and Recreation, Water, Sewer, Sanitation, and Electric. Each programs' net cost (total cost less revenues generated by the activities) is presented in the following table – Changes in Net Position. The net cost shows the extent to which the City's general taxes support each of the City's programs.

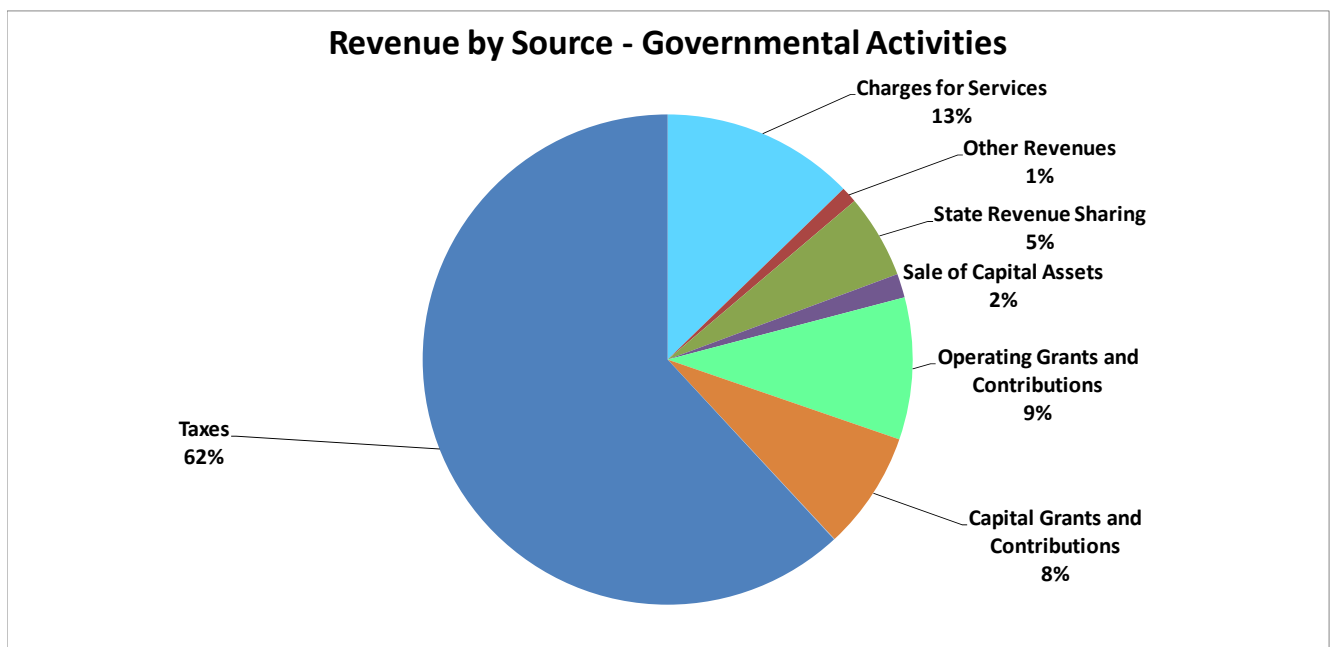
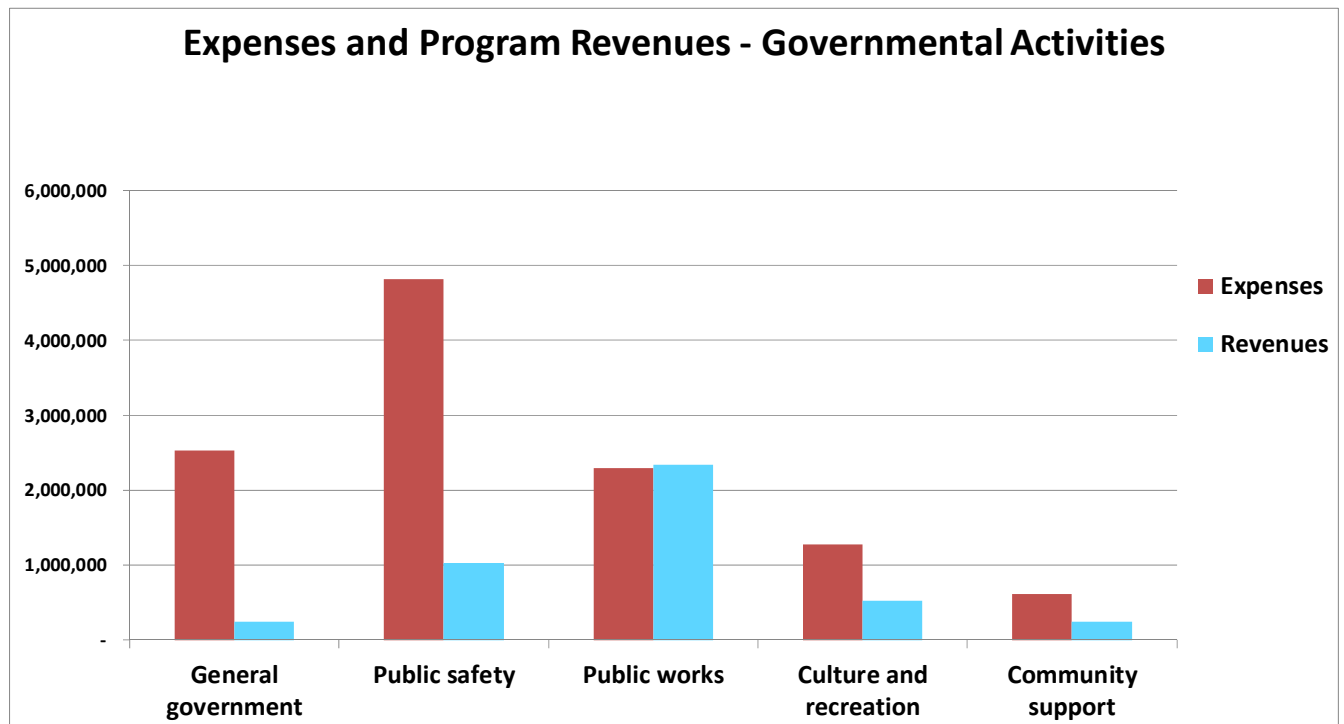
**City of Page**  
**Changes in Net Position**

	Governmental activities		Business-type activities		Combined Total	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Revenues:						
Program revenues:						
Charges for services	\$ 1,859,466	\$ 1,952,852	\$ 12,624,084	\$ 13,147,863	\$ 14,483,550	\$ 15,100,715
Operating grants and contributions	1,369,623	1,324,153	-	-	1,369,623	1,324,153
Capital grants and contributions	1,139,188	1,783,868	-	-	1,139,188	1,783,868
General revenues:						
Taxes	9,039,183	8,526,316	-	-	9,039,183	8,526,316
State revenue sharing	807,770	740,265	-	-	807,770	740,265
Investment Income	4,639	9,699	(64,657)	111,565	(60,018)	121,264
Gain on disposal of asset	229,597	227,038	-	-	229,597	227,038
Other revenue/(expense)	157,453	30,093	-	-	157,453	30,093
Total revenues	<u>14,606,919</u>	<u>14,594,284</u>	<u>12,559,427</u>	<u>13,259,428</u>	<u>27,166,346</u>	<u>27,853,712</u>
Expenses:						
General government	2,524,762	2,360,309	-	-	2,524,762	2,360,309
Public safety	4,820,772	4,793,356	-	-	4,820,772	4,793,356
Public works/Streets	2,298,994	2,559,162	-	-	2,298,994	2,559,162
Culture and recreation	1,277,349	1,351,765	-	-	1,277,349	1,351,765
Community support	614,650	823,049	-	-	614,650	823,049
Interest on long-term debt	511,285	547,454	-	-	511,285	547,454
Water	-	-	1,676,973	1,518,786	1,676,973	1,518,786
Sewer	-	-	1,295,142	1,407,188	1,295,142	1,407,188
Electric	-	-	7,804,901	7,817,693	7,804,901	7,817,693
Sanitation	-	-	616,463	639,129	616,463	639,129
Total expenses	<u>12,047,812</u>	<u>12,435,095</u>	<u>11,393,479</u>	<u>11,382,796</u>	<u>23,441,291</u>	<u>23,817,891</u>
Increase (Decrease) in net position before transfers	2,559,107	2,159,189	1,165,948	1,876,632	3,725,055	4,035,821
Transfers	351,101	454,622	(352,226)	(454,622)	(1,125)	-
Net position, beginning	71,331,558	69,409,606	53,139,981	51,675,781	124,471,539	121,085,387
Restatement/Prior period adjustment	-	(691,859)	-	42,190	-	(649,669)
Net position, ending	<u>\$ 74,241,766</u>	<u>\$ 71,331,558</u>	<u>\$ 53,953,703</u>	<u>\$ 53,139,981</u>	<u>\$ 128,195,469</u>	<u>\$ 124,471,539</u>

The cost of all governmental activities this year was \$12.0 million, while the cost of all business-type activities totaled \$11.4 million, bringing the total expenses for the government to \$23.4 million. The net cost of the governmental activities was \$7.7 million for the year. This amount was financed by general revenues which are primarily made up of the sales tax collections and state shared revenues received by the City that total \$10.1 million. The balance was funded from general revenues collected by the City for fees, charges and grant funds.

The business-type activities expenses were funded by the Enterprise Funds and the service fees charges for electric, water, sewer and garbage services. The total revenue received for the Governmental Funds during the year was \$14.6 million, consistent with the prior year. This increase is retained in the general fund balance and reflects the amount of cost savings in unspent budget for fiscal year 2014.

The following graphs compare program expenses to program revenues and provide a breakdown of revenues by source for all government activities.





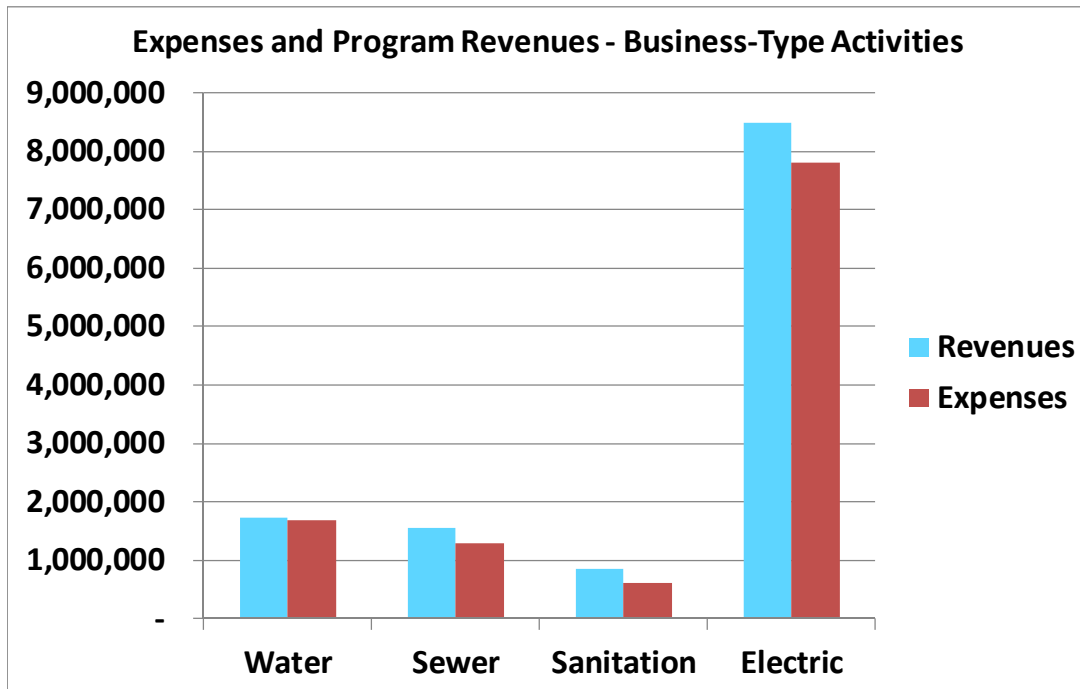
## Business Type Activities

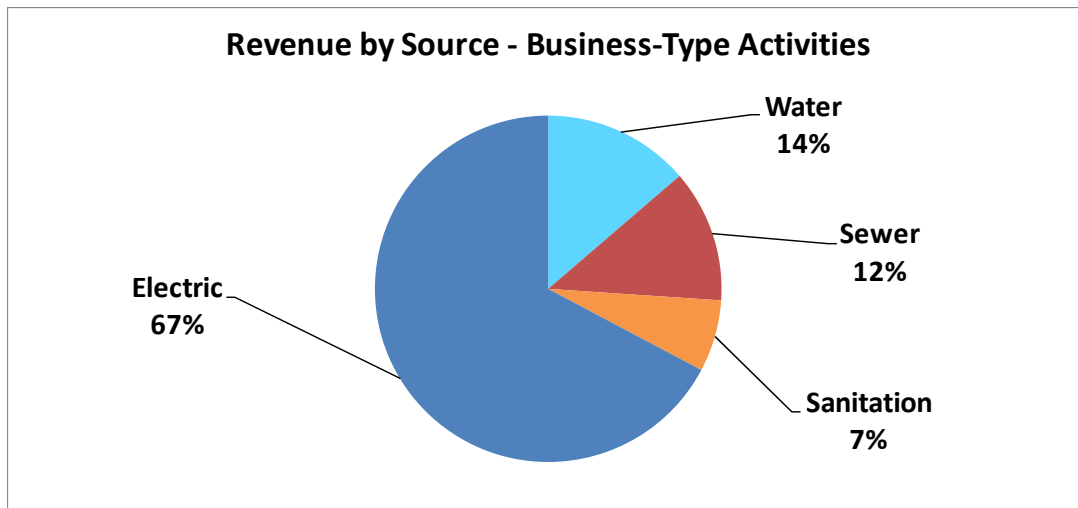
The net position of the Business Type activities at June 30, 2014 as reflected in the Statement of Net Position was \$54 million. The cost of providing all Proprietary (Business Type) activities this year was \$11.3 million. As shown in the statement of Changes in Net Position, the amounts paid by users of the system were \$12.6 million reflecting a \$524K decrease in revenue from the prior year. The Net Position increased by \$814K, primarily due to an increase in assets inventory within our utility distribution systems.

In May 2012 the Mayor and Council approved Ordinance 588-12 which provided for the City Code Chapter 2, Article 8 to be amended and the creation of Page Utility Enterprises to manage the Water and Sewer Utilities as well as Electric, starting on July 1, 2012.

Fiscal year 2013-14 was another good year for the Electric Utility with continued stability in the power market. The relatively low cost of purchased power enabled the Utility to continue its aggressive modernization of the infrastructure. At the same time, Management began an ambitious five year plan to modernize the infrastructure of both the Water and Sewer Utilities.

Additionally, Resolution 1109-13, approved by City Council in February 2013, mandated the transfer of administrative responsibilities for the Garbage Utility to Page Utility Enterprises from July 1, 2013.





### **Financial Analysis of the Government's Funds**

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

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

As of the end of the current fiscal year, the City of Page's governmental funds reported a combined ending fund balance of \$9.4 million, an increase of \$3.1 million in comparison with the prior year. Approximately, 60 % of this total amount or \$5.5 million constitutes unassigned fund balance, which is available for new spending at the government's discretion. The remainder of the fund balance is non-spendable, restricted or committed because it has already been committed 1) to pay debt service, 2) to pay for capital improvements or 3) for a variety of other restricted purposes.

The General Fund is the chief operating fund of the City of Page. At the end of the current fiscal year, total fund balance in the General Fund was \$5,553,692, all of which is unassigned. As a measure of liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Both unassigned fund balance and total fund balance represents 69% of total general fund expenditures.

The Highway User Revenue Fund has a total fund balance of \$1,585,222, all of which is restricted for road and street construction and improvements. The net increase in the fund balance during the current year was \$228,245 and was due to planned appropriations of fund balance for future road work.

The Capital Projects Fund balance increased by \$98,847 this fiscal year. The Capital Projects Fund covers all of the major airport grants as well as any community development block grants awarded by the federal and state government. Capital projects for the airport were limited this fiscal year, and some projects were not completed. This reflects the slight increase in the overall Capital Projects fund balance.

The Electric Fund shows an increase of \$618,265 million to its net position from last fiscal year. This increase is a direct reflection on the cost savings of power that was purchased throughout the year.

The Water Fund experienced a \$52,235 increase in net position for 2014.

## **General Fund Budgetary Highlights**

The City's annual budget is the legally adopted expenditure control document of the City. Budgetary comparison statements are required for the General Fund and all major special revenue funds. These statements compare the original adopted budget, the budget if amended throughout the fiscal year, and the actual expenditures prepared on a budgetary basis.

General Fund actual revenues for the year were \$11,612,475. The amount budgeted for the year was \$10,508,521, showing the City bringing in excess revenue of \$1,103,954 over budget. The variance in budget to actual numbers was primarily due to a conservative revenue projection that was under budgeted in city sales tax revenue. Actual expenditures of \$8,086,118 were 80% of the budgeted expenditures of \$10,055,814. The \$1,969,696 million variance in budget to actual expenditures was due to several factors such as across the board cost savings throughout various departments in the general operating budget along with unspent contingency funds.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The capital assets of the City are those assets that are used in performance of City functions, including infrastructure assets. Capital Assets include equipment, vehicles, buildings, land, park facilities and roads. At the end of fiscal year 2014, net capital assets of the government activities totaled \$78.2 million and the net capital assets of the business-type activities totaled \$31.5 million. Depreciation on capital assets is recognized in the Government-Wide financial statement. (See note 6 of the financial statements).

### **Debt**

At year-end, the City had \$13.8 million in governmental long-term debt outstanding. The debt is a liability of the government and includes our two bonds and our capital lease obligations. After the restructure of the City's Series 1999 bond debt to what is now called the Series 2011 Bond. The current debt balance as of June 30, 2014 was \$10,780,000 on this restructure, while the City also continues to pay on the Airport bond debt, carrying a current principal balance owing as of \$1,309,609 at year end. The initial 1999 Series Bond was issued to cover the costs of constructing the public safety facility and the library, costs associated with closing the landfill, and costs associated with improvements made to the water and wastewater treatment plants. (See note 7 to the financial statements for detailed descriptions.)

## **NEXT YEAR'S BUDGET AND ECONOMIC FACTORS**

The City of Page, Arizona as well as other Arizona cities, remains dependent on state shared revenues and local sales taxes for resources. These revenue sources are economically sensitive taxes and subject to slowdowns in the economy and legislative appropriations.

Even though we are all experiencing tough economic times these days, the City still maintains that it has an important responsibility to its citizens to carefully account for public funds, to manage its finances wisely, and to plan for the adequate funding of services desired by the public, including the provision and maintenance of public facilities. In these times of major changes in federal and state policies toward local government and of limited growth in the City's tax base, the City needs to ensure that it is capable of adequately funding and providing those government services desired by the community. Ultimately, the City's reputation and success will depend on the public's awareness and acceptability of the management and delivery of these services.

The City has adopted a Financial Management Policy which establishes guidelines for the City's overall fiscal planning and management. These principles are intended to foster and support the continued financial strength and stability of the City of Page as reflected in its financial goals.

For FY 2014-2015, our focus is to begin the implementation of the Strategic Priorities outlined by City Council for 2015. The following priorities are stated in Resolution 1139-14:

**Community Development**

Goal: Implement economic development processes that assist in the development of a strong local economy; protect neighborhoods from blighting and deteriorating conditions that have a negative impact on area property values; and encourage residents and business owner's efforts to maintain the physical environment through standards set in local ordinances.

**Fiscal Stability:**

Goal: Operate in a fiscally prudent manner, assuring the most efficient expenditure of public funds.

**High Performing Organization:**

Goal: To create an environment that supports engaged, high performing employees; enable the City to recruit, retain and compete for talent; and ensure retention of institutional knowledge.

**Improving Infrastructure:**

Goal: Maintain and improve critical City infrastructure, including streets, sidewalks, parks, trails and facilities to support economic growth and improve quality of life in Page.

**Quality of Life:**

Goal: Maximize resources that enhance the quality of life for our residents and visitors.

The City is committed to maintaining cash reserves for General Fund operations at \$3.5 million, per Res. 1078-12, with the hope of increasing that threshold over the next several years. This reserve must be obtained while maintaining the capital and ongoing operation needs of the community. The fiscal year 2014-2015 budget amount for the General Fund expenditures (including inter-fund transfers) is balanced with anticipated revenue of \$10,672,728. The adopted fiscal year 2014-2015 budget for the entire City of Page is \$33,060,430, which includes capital projects of \$2.9 million.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City's finances for all of those with an interest in the government's finances and to demonstrate accountability for the use of public funds. Questions about any of the information provided in this report, or requests for additional financial information should be addressed to: City of Page, Finance Director, P.O. Box 1180, Page, AZ 86040.

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## **BASIC FINANCIAL STATEMENTS**

**CITY OF PAGE, ARIZONA**  
**Statement of Net Position**  
**June 30, 2014**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 10,229,429	\$ 19,442,546	\$ 29,671,975
Receivables (net of allowance)	1,042,585	1,319,134	2,361,719
Prepaid expenses	50,099	355,585	405,684
Inventories	-	1,483,443	1,483,443
Internal balances	(1,594,181)	1,594,181	-
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	276,185	757,773	1,033,958
Capital assets (net of accumulated depreciation)			
Land and improvements	45,134,324	133,245	45,267,569
Construction in progress	157,591	155,555	313,146
Buildings and improvements	9,114,489	9,225,587	18,340,076
Furniture, equipment and vehicles	1,840,560	3,499,819	5,340,379
Infrastructure	21,928,750	-	21,928,750
Distribution systems	-	18,489,679	18,489,679
Total assets	<u>88,179,831</u>	<u>56,456,547</u>	<u>144,636,378</u>
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	451,420	-	451,420
Total deferred outflows of resources	<u>451,420</u>	<u>-</u>	<u>451,420</u>
<b>Liabilities</b>			
Accounts payable and other current liabilities	605,063	1,364,541	1,969,604
Customer deposits	-	757,773	757,773
Interest payable	12,726	-	12,726
Unearned revenue	1,000	-	1,000
Noncurrent liabilities:			
Due within one year	1,536,419	247,345	1,783,764
Due in more than one year	12,233,152	133,185	12,366,337
Total liabilities	<u>14,388,360</u>	<u>2,502,844</u>	<u>16,891,204</u>
<b>Net Position</b>			
Net investment in capital assets	65,625,222	31,503,885	97,129,107
Restricted for:			
Debt service	256,455	-	256,455
Capital projects	369,163	-	369,163
Highways and streets	1,585,223	-	1,585,223
Perpetual care - expendable	335,317	-	335,317
Grants and other purposes	131,465	-	131,465
Unrestricted	5,938,921	22,449,818	28,388,739
Total net position	<u>\$ 74,241,766</u>	<u>\$ 53,953,703</u>	<u>\$ 128,195,469</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF PAGE, ARIZONA**  
**Statement of Activities**  
**For the Year Ended June 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 2,524,762	\$ 105,700	\$ -	\$ 136,814	\$ (2,282,248)	\$ -	\$ (2,282,248)
Public safety	4,820,772	920,551	105,832	3,484	(3,790,905)	-	(3,790,905)
Public works	2,298,994	653,229	697,140	989,626	41,001	-	41,001
Culture and recreation	1,277,349	140,516	368,200	9,264	(759,369)	-	(759,369)
Community support	614,650	39,470	198,451	-	(376,729)	-	(376,729)
Interest on long-term debt	511,285	-	-	-	(511,285)	-	(511,285)
Total governmental activities	<u>12,047,812</u>	<u>1,859,466</u>	<u>1,369,623</u>	<u>1,139,188</u>	<u>(7,679,535)</u>	<u>-</u>	<u>(7,679,535)</u>
Business-type activities:							
Water	1,676,973	1,727,920	-	-	-	50,947	50,947
Sewer	1,295,142	1,561,479	-	-	-	266,337	266,337
Sanitation	616,463	845,130	-	-	-	228,667	228,667
Electric	7,804,901	8,489,555	-	-	-	684,654	684,654
Total business-type activities	<u>11,393,479</u>	<u>12,624,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,230,605</u>	<u>1,230,605</u>
Total primary government	<u>23,441,291</u>	<u>14,483,550</u>	<u>1,369,623</u>	<u>1,139,188</u>	<u>(7,679,535)</u>	<u>1,230,605</u>	<u>(6,448,930)</u>
General Revenues:							
Taxes:							
City sales tax					7,854,872	-	7,854,872
Franchise tax					268,405		268,405
State sales tax (unrestricted)					630,799	-	630,799
Auto lieu tax (unrestricted)					285,107	-	285,107
State revenue sharing (unrestricted)					807,770	-	807,770
Land sales					229,597	-	229,597
Unrestricted investment earnings (losses)					4,639	(64,657)	(60,018)
Other general revenues					157,453	-	157,453
Transfers					351,101	(352,226)	(1,125)
Total general revenues & transfers					<u>10,589,743</u>	<u>(416,883)</u>	<u>10,172,860</u>
Change in net assets					2,910,208	813,722	3,723,930
Net position - beginning					71,331,558	53,139,981	124,471,539
Net position - ending					<u>\$ 74,241,766</u>	<u>\$ 53,953,703</u>	<u>\$ 128,195,469</u>

The accompanying notes are an integral part of the financial statements.



**CITY OF PAGE, ARIZONA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2014**

	<b>General</b>	<b>Highway User Fund</b>	<b>Debt Service Fund</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 6,614,649	\$ 1,608,868	\$ -
Prepaid Expenses	50,099	-	-
Other receivables	136,848	-	10,346
Due from other funds	94,207	-	30,818
Due from other governments	784,946	66,933	-
Restricted cash and cash equivalents	6,191	-	246,109
Total assets	<u>\$ 7,686,940</u>	<u>\$ 1,675,801</u>	<u>\$ 287,273</u>
<b>Liabilities</b>			
Accounts payable	\$ 314,853	\$ 16,562	\$ -
Accrued liabilities	187,204	10,628	-
Deposits payable	6,191	-	-
Due to other funds	1,625,000	63,388	30,818
Unearned revenue	-	-	-
Total liabilities	<u>2,133,248</u>	<u>90,578</u>	<u>30,818</u>
<b>Fund Balances</b>			
Nonspendable			
Prepaid	50,099	-	-
Restricted:			
Roads and highways	-	1,585,223	-
Capital outlay	-	-	-
Debt service	-	-	256,455
Perpetual care - expendable	-	-	-
Public safety	-	-	-
Community support	-	-	-
Committed:			
Public works	-	-	-
Culture and recreation	-	-	-
Community support	-	-	-
Unassigned	5,503,593	-	-
Total fund balances	<u>5,553,692</u>	<u>1,585,223</u>	<u>256,455</u>
Total liabilities and fund balances	<u>\$ 7,686,940</u>	<u>\$ 1,675,801</u>	<u>\$ 287,273</u>

The accompanying notes are an integral part of the financial statements.

<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 368,915	\$ 1,636,997	\$ 10,229,429
-	-	50,099
-	24,969	172,163
-	-	125,025
11,318	7,225	870,422
-	23,885	276,185
<u>\$ 380,233</u>	<u>\$ 1,693,076</u>	<u>\$ 11,723,323</u>
\$ 11,070	\$ 26,536	\$ 369,021
-	8,134	205,966
-	23,885	30,076
-	-	1,719,206
-	1,000	1,000
<u>11,070</u>	<u>59,555</u>	<u>2,325,269</u>
-	-	50,099
-	-	1,585,223
369,163	-	369,163
-	-	256,455
-	335,317	335,317
-	41,978	41,978
-	89,487	89,487
-	769,066	769,066
-	38,429	38,429
-	358,119	358,119
-	-	5,503,593
<u>369,163</u>	<u>1,632,396</u>	<u>9,396,929</u>
<u>\$ 380,233</u>	<u>\$ 1,691,951</u>	<u>\$ 11,722,198</u>

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**CITY OF PAGE, ARIZONA**  
**Reconciliation of Total Governmental Fund Balances**  
**To Net Position of Governmental Activities**  
**June 30, 2014**

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Total governmental fund balances	\$ 9,396,929
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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	\$ 104,156,290	
Less: accumulated depreciation	<u>(25,980,576)</u>	
		78,175,714

Some liabilities, including bonds payable and capital leases, are not due and payable in the current period and therefore are not reported in the funds.

Bonds payable	\$ (10,780,000)	
Airport lease purchase	(1,309,609)	
Capital leases	(344,412)	
Compensated absences	(767,659)	
Bond premiums	(567,891)	
Deferred amount on refunding	<u>451,420</u>	
		(13,318,151)

Interest payable on long-term debt does not require current financial resources and therefore, is not reported as a liability in the governmental funds balance sheet.

(12,726)

Total net position of governmental activities	<u><u>\$ 74,241,766</u></u>
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The accompanying notes are an integral part of the financial statements.

**CITY OF PAGE, ARIZONA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2014**

	<b>General</b>	<b>Highway User Fund</b>	<b>Debt Service Fund</b>
<b>Revenues</b>			
Taxes	\$ 8,123,277	\$ -	\$ -
Licenses, permits and fees	127,525	-	-
Intergovernmental revenue	1,935,164	678,250	109,394
Charges for services	803,490	-	-
Fines and forfeitures	352,606	-	-
Rental revenue	-	-	-
Investment earnings	4,000	601	39
Land sales	246,275	-	-
Other revenues	20,138	32,823	-
Total revenues	<u>11,612,475</u>	<u>711,674</u>	<u>109,433</u>
<b>Expenditures</b>			
Current:			
General government	2,228,619	-	2,749
Public safety	4,394,358	-	-
Public works	539,067	428,925	-
Culture and recreation	724,412	-	-
Community support	94,740	-	-
Capital outlay	7,683	54,503	-
Debt service:			
Principal	97,239	-	776,724
Interest	-	-	491,106
Total expenditures	<u>8,086,118</u>	<u>483,428</u>	<u>1,270,579</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,526,357</u>	<u>228,246</u>	<u>(1,161,146)</u>
<b>Other Financing Sources (Uses)</b>			
Operating transfers in	19,401	-	1,417,601
Operating transfers out	(1,332,906)	-	-
Total other financing sources and uses	<u>(1,313,505)</u>	<u>-</u>	<u>1,417,601</u>
Net change in fund balances	2,212,852	228,246	256,455
Fund balances, beginning of year	<u>3,340,840</u>	<u>1,356,977</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,553,692</u>	<u>\$ 1,585,223</u>	<u>\$ 256,455</u>

The accompanying notes are an integral part of the financial statements.

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<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 8,123,277
-	-	127,525
195,556	306,642	3,225,006
-	66,179	869,669
-	-	352,606
-	390,504	390,504
-	-	4,640
-	-	246,275
-	186,439	239,400
<u>195,556</u>	<u>949,764</u>	<u>13,578,902</u>
112,974	-	2,344,342
-	39,892	4,434,250
-	109,792	1,077,784
-	205,375	929,787
-	467,076	561,816
80,895	-	143,081
-	-	873,963
-	-	491,106
<u>193,869</u>	<u>822,135</u>	<u>10,856,129</u>
<u>1,687</u>	<u>127,629</u>	<u>2,722,773</u>
98,000	364,917	1,899,919
(840)	(215,072)	(1,548,818)
<u>97,160</u>	<u>149,845</u>	<u>351,101</u>
98,847	277,474	3,073,874
<u>270,316</u>	<u>1,354,922</u>	<u>6,323,055</u>
<u>\$ 369,163</u>	<u>\$ 1,632,396</u>	<u>\$ 9,396,929</u>

**CITY OF PAGE, ARIZONA**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balance of Governmental Funds**  
**To The Statement of Activities**  
**For the Year Ended June 30, 2014**

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

Net change in fund balances - total governmental funds	\$ 3,073,874
--	--------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between depreciation expense and capital outlays in the current period.

Capital outlay	1,306,956	
Depreciation expense	<u>(2,329,965)</u>	
		(1,023,009)

The net effect of various miscellaneous transaction involving capital assets (i.e., sales, donations, and disposals) is a decrease in net position.	(21,194)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal paid		900,835
Amortization of bond premiums		49,027

Interest expense that is accrued and reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.	(69,206)
---	----------

Compensated absences 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.

	(119)
Change in net position of governmental activities	<u><u>\$ 2,910,208</u></u>

The accompanying notes are an integral part of the financial statements.

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**CITY OF PAGE, ARIZONA**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2014**

	<u>Water</u>	<u>Sewer</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,908,905	\$ 1,386,484
Receivables, net of allowance	192,346	182,244
Due from other funds	-	-
Inventories	152,385	145,679
Prepaid expenses	29,333	22,667
Total current assets	<u>3,282,969</u>	<u>1,737,074</u>
Noncurrent assets:		
Restricted cash	92,510	-
Capital assets:		
Land	-	-
Construction-in-progress	5,630	-
Buildings and improvements	2,373,799	4,515,825
Machinery, equipment, vehicles	1,682,863	1,834,139
Distribution system	16,587,756	10,714,264
Less accumulated depreciation	<u>(12,338,231)</u>	<u>(11,677,642)</u>
Total noncurrent assets	<u>8,404,327</u>	<u>5,386,586</u>
Total assets	<u>\$ 11,687,296</u>	<u>\$ 7,123,660</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 165,196	\$ 76,244
Accrued liabilities	32,183	19,404
Customer deposits	92,510	-
Due to other funds	-	19,634
Current portion of long-term liabilities	56,601	36,507
Total current liabilities	<u>346,490</u>	<u>151,789</u>
Noncurrent liabilities		
Compensated absences	30,478	19,657
Total noncurrent liabilities	<u>30,478</u>	<u>19,657</u>
Total liabilities	<u>376,968</u>	<u>171,446</u>
<b>Net Position</b>		
Net investment in capital assets	8,311,817	5,386,586
Unrestricted	2,998,511	1,565,628
Total net position	<u>\$ 11,310,328</u>	<u>\$ 6,952,214</u>

The accompanying notes are an integral part of the financial statements.

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<u>Sanitation</u>	<u>Electric</u>	<u>Total</u>
\$ 255,762	\$ 14,891,395	\$ 19,442,546
86,283	858,261	1,319,134
-	1,625,000	1,625,000
-	1,185,379	1,483,443
-	303,585	355,585
<u>342,045</u>	<u>18,863,620</u>	<u>24,225,708</u>
-	665,263	757,773
-	133,245	133,245
-	149,925	155,555
-	7,897,245	14,786,869
-	4,266,694	7,783,696
-	27,337,761	54,639,781
-	(21,979,388)	(45,995,261)
<u>-</u>	<u>18,470,745</u>	<u>32,261,658</u>
<u>\$ 342,045</u>	<u>\$ 37,334,365</u>	<u>\$ 56,487,366</u>
\$ 51,850	942,223	\$ 1,235,513
-	77,441	129,028
-	665,263	757,773
11,185	-	30,819
-	154,237	247,345
<u>63,035</u>	<u>1,839,164</u>	<u>2,400,478</u>
-	83,050	133,185
<u>-</u>	<u>83,050</u>	<u>133,185</u>
<u>63,035</u>	<u>1,922,214</u>	<u>2,533,663</u>
-	17,805,482	31,503,885
<u>279,010</u>	<u>17,606,669</u>	<u>22,449,818</u>
<u>\$ 279,010</u>	<u>\$ 35,412,151</u>	<u>\$ 53,953,703</u>

**CITY OF PAGE, ARIZONA**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2014**

	<u>Water</u>	<u>Sewer</u>
<b>Operating revenues</b>		
Service fees	\$ 1,718,407	\$ 1,561,479
Other revenues	9,513	-
	<u>1,727,920</u>	<u>1,561,479</u>
<b>Operating expenses</b>		
Salaries and wages	391,726	257,876
Employee benefits	162,272	143,271
Insurance	44,000	36,786
Service, supplies and other	522,716	349,603
Power costs	-	-
Contract services	425	424
Depreciation	555,834	507,182
	<u>1,676,973</u>	<u>1,295,142</u>
Total operating expenses	<u>1,676,973</u>	<u>1,295,142</u>
Operating income	<u>50,947</u>	<u>266,337</u>
<b>Nonoperating revenues (expenses)</b>		
Interest income	1,288	396
Gain (Loss) on disposal of capital assets	-	-
	<u>1,288</u>	<u>396</u>
Total nonoperating revenues (expenses)	<u>1,288</u>	<u>396</u>
Income (loss) before transfers	52,235	266,733
Transfers to other funds	-	(218,396)
<b>Change in net position</b>	52,235	48,337
Total net position, beginning of year	<u>11,258,093</u>	<u>6,903,877</u>
<b>Total net position, end of year</b>	<u><u>\$ 11,310,328</u></u>	<u><u>\$ 6,952,214</u></u>

The accompanying notes are an integral part of the financial statements.

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<u>Sanitation</u>	<u>Electric</u>	<u>Total</u>
\$ 845,130	\$ 8,477,555	\$ 12,602,571
-	12,000	21,513
<u>845,130</u>	<u>8,489,555</u>	<u>12,624,084</u>
-	1,023,813	1,673,415
-	374,018	679,561
-	79,197	159,983
1,251	176,777	1,050,347
-	4,498,948	4,498,948
615,212	128,021	744,082
-	1,524,127	2,587,143
<u>616,463</u>	<u>7,804,901</u>	<u>11,393,479</u>
<u>228,667</u>	<u>684,654</u>	<u>1,230,605</u>
48	4,444	6,176
-	(70,833)	(70,833)
<u>48</u>	<u>(66,389)</u>	<u>(64,657)</u>
228,715	618,265	1,165,948
(133,830)	-	(352,226)
94,885	618,265	813,722
184,125	34,793,886	53,139,981
<u>\$ 279,010</u>	<u>\$ 35,412,151</u>	<u>\$ 53,953,703</u>

**CITY OF PAGE, ARIZONA**  
**Statement of Cash Flows**  
**Proprietary Fund Types**  
**For the Year Ended June 30, 2014**

	<u>Water</u>	<u>Sewer</u>
<b>Cash Flows From Operating Activities</b>		
Cash received from customers, service fees	\$ 1,720,866	\$ 1,600,493
Cash received from other operating revenues	9,513	-
Cash paid to suppliers	(589,834)	(480,968)
Cash paid to employees	(519,176)	(396,536)
Net cash flows from operating activities	<u>621,369</u>	<u>722,989</u>
<b>Cash Flows From Noncapital Activities:</b>		
Transfers (to) / from other funds	-	(218,396)
Payments (to) from other funds	-	19,631
Net cash flows from noncapital activities	<u>-</u>	<u>(198,765)</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Purchase of capital assets	(792,808)	(131,438)
Proceeds from sale of capital assets	-	-
Net cash flows from capital and related financing activities:	<u>(792,808)</u>	<u>(131,438)</u>
<b>Cash Flows From Investing Activities:</b>		
Interest on investments	1,288	396
Net cash flows from investing activities	<u>1,288</u>	<u>396</u>
Net change in cash and cash equivalents	<u>(170,151)</u>	<u>393,182</u>
Cash and cash equivalents, beginning of year, including temporarily restricted cash	<u>3,171,566</u>	<u>993,302</u>
<b>Cash and cash equivalents, end of year, including temporarily restricted cash</b>	<u><u>\$ 3,001,415</u></u>	<u><u>\$ 1,386,484</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Net operating income	\$ 50,947	\$ 266,337
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation/amortization	555,834	507,182
Changes in operating assets and liabilities:		
(Increase) Decrease in receivables	2,459	39,014
(Increase) Decrease in prepaid expenses	-	-
(Increase) Decrease in inventories	(50,547)	(106,673)
Increase (Decrease) in accounts payable	18,644	16,239
Increase (Decrease) in compensated absences	34,822	4,611
Increase (Decrease) in accrued liabilities	9,210	(3,721)
Net cash flows from operating activities	<u><u>\$ 621,369</u></u>	<u><u>\$ 722,989</u></u>

The accompanying notes are an integral part of the financial statements.

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<b>Sanitation</b>	<b>Electric</b>	<b>Total</b>
\$ 850,726	\$ 8,478,062	\$ 12,650,147
-	12,000	21,513
(618,128)	(5,393,499)	(7,082,429)
-	(1,339,658)	(2,255,370)
<u>232,598</u>	<u>1,756,905</u>	<u>3,333,861</u>
(133,830)	-	(352,226)
11,184	-	30,815
<u>(122,646)</u>	<u>-</u>	<u>(321,411)</u>
-	(2,012,136)	(2,936,382)
-	-	-
<u>-</u>	<u>(2,012,136)</u>	<u>(2,936,382)</u>
48	4,444	6,176
<u>48</u>	<u>4,444</u>	<u>6,176</u>
<u>110,000</u>	<u>(250,787)</u>	<u>82,244</u>
<u>145,762</u>	<u>15,807,445</u>	<u>20,118,075</u>
<u>\$ 255,762</u>	<u>\$ 15,556,658</u>	<u>\$ 20,200,319</u>
\$ 228,667	\$ 684,654	\$ 1,230,605
-	1,524,127	2,587,143
5,596	507	47,576
-	(90,549)	(90,549)
-	(245,406)	(402,626)
(1,665)	(185,559)	(152,341)
-	58,173	97,606
-	10,958	16,447
<u>\$ 232,598</u>	<u>\$ 1,756,905</u>	<u>\$ 3,333,861</u>

**CITY OF PAGE, ARIZONA**  
**Statement of Net Position**  
**Fiduciary Funds**  
**June 30, 2014**

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	<b>Volunteer Firefighters' Pension</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 506,071
Total assets	<u>506,071</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	<u>-</u>
Total liabilities	<u>-</u>
<b>Net position</b>	
Held in trust	<u><u>\$ 506,071</u></u>

The accompanying notes are an integral part of the financial statements.

**CITY OF PAGE, ARIZONA**  
**Statement of Changes in Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2014**

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	<b><u>Volunteer Firefighters' Pension</u></b>
<b>Additions</b>	
Contributions	
Employer	\$ 2,144
Employee	4,573
State fire insurance premium	18,569
Other	<u>67</u>
Total contributions	<u>25,353</u>
<b>Investment income</b>	
Net appreciation (depreciation) in fair value of investments	23,602
Interest	<u>2,897</u>
Net investment income	<u>26,499</u>
Total additions	<u>51,852</u>
<b>Deductions</b>	
Benefits	6,940
Administration	<u>2,538</u>
Total deductions	<u>9,478</u>
Net increase (decrease)	42,374
Net position held in trust for pension benefits	
Beginning of year	<u>463,697</u>
End of year	<u><u>\$ 506,071</u></u>

The accompanying notes are an integral part of the financial statements.



**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2014**

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**Note 1.           Summary of Significant Accounting Policies**

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**Description of government-wide financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, when applicable, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

**Reporting Entity**

The City of Page, Arizona (the City) was incorporated March 1, 1975, under the provisions of Article 13, Sections 1 through 6, of the Constitution of Arizona and Title 9 of the Arizona Revised Statutes. The City operates under a Council-Manager form of government. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. When applicable, each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

The following is a brief review of the component units included in defining the City's reporting entity. There are no discretely presented component units and one blended component unit.

Blended component units included within the reporting entity:

The **City of Page Municipal Property Corporation's** (MPC) is a nonprofit corporation incorporated under the laws of the State of Arizona, was formed for the purpose of assisting the City in obtaining financing for various projects of the City. All related receivables and payables between the City and the MPC have been eliminated. The MPC has a June 30 year end and is reported within the governmental fund financial statements.

**Basis of presentation – government-wide financial statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2014**

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**Note 1.           Summary of Significant Accounting Policies, Continued**

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As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are franchise taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's electric functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Basis of presentation – fund financial statements**

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

The **Highway User Revenue Fund** is used to account for the City's share of motor fuel tax revenues and lottery proceeds which are restricted for the maintaining, repairing, and upgrading of streets.

The **Debt Service Fund** accounts for the accumulation of resources for and the payment of current and future debt service requirements of governmental debt.

The **Capital Projects Fund** accounts for the acquisition and construction of the City's major capital facilities, other than those financed by proprietary funds.

The City reports the following major proprietary funds:

The **Water Fund** accounts for the City's water utility operations.

The **Sewer Fund** accounts for the City's wastewater utility operations.

The **Sanitation Fund** accounts for the City's refuse collection services.

The **Electric Fund** accounts for the City's electrical services and operations.

Additionally, the City reports the following fund types:

The **Volunteer Firefighters' Pension Fund** is an agency fund which accounts for resources held on behalf of the Volunteer Firefighters' Pension Fund. Agency funds are used to report resources held by the City in a purely custodial capacity. Agency funds typically involve only the receipt,

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2014**

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**Note 1.           Summary of Significant Accounting Policies, Continued**

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temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

The **Permanent Fund** accounts for resources held by the City for the perpetual care of the cemetery.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

**Measurement focus and basis of accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the 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 provider have been met.

The 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 City 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. General capital asset acquisitions are

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2014**

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**Note 1.           Summary of Significant Accounting Policies, Continued**

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reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary and pension trust funds are reported using the *economic resources measurement* focus and the accrual basis of accounting.

**Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance**

***Cash and cash equivalents***

Cash includes cash on hand, demand deposits with banks and other financial institutions, deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition.

***Investments***

The City's policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the state treasurer's pool, obligations of the U. S. Government and other investments as allowed by Arizona State Statutes. All investments are carried at fair value with unrealized gains and losses recorded as adjustments to interest earnings. Fair market values are based on quoted market prices. The reported value of the state treasurer's pool is the same as the fair value of the pool shares.

***Receivables and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "Internal balances" in the Statement of Net Position and as "Due to" or "Due from" other funds in the fund financial statements. All trade accounts receivable in the General Fund and proprietary funds are shown net of an allowance for doubtful accounts.

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2014**

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**Note 1.        Summary of Significant Accounting Policies, Continued**

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***Inventories and Prepaid Items***

The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. Inventories for the proprietary funds consist principally of materials used in the repair of the distribution, collection and treatment systems and are valued at the lower of cost (first-in, first-out) or market.

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.

***Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capitalized assets are recorded at cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 assets lives are not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the City are depreciated using the straight line method over the following estimated useful lives:

Building and improvements	7 to 40 years
Machinery and equipment	5 to 15 years
Electric, Water, and Sewer systems	10 to 40 years
Streets, sidewalks & other infrastructure	15 to 40 years

***Deferred outflows/inflows of resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in 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.

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2014**

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**Note 1.        Summary of Significant Accounting Policies, Continued**

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In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Generally, the City would only have one type of item, which arises only under a modified accrual basis of accounting that would qualify for reporting in this category. Accordingly, the item, *unavailable revenue*, would be reported only in the governmental funds balance sheet. However, the governmental funds currently do not have any unavailable revenues such as property taxes or special assessments.

***Net position flow assumption***

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

***Fund balance flow assumptions***

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

***Fund balance policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City’s highest level of decision-making authority. The governing council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2014**

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**Note 1.        Summary of Significant Accounting Policies, Continued**

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Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council (Council) has authorized the Finance Director to assign fund balance. The policy used by the governing body to authorize the assignment of fund balance is the City of Page Financial Management Policy. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**Revenues and expenditures/expenses**

***Program revenues***

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

***Property taxes***

The City does not currently have a levy for any property taxes.

***Compensated absences***

**Vacation and Sick Leave**

The City's policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Employees may not accrue more than 960 hours of accumulated sick leave. Upon separation from City employment, an employee may be eligible to be paid at full face value for accrued sick leave if (1) the employee has been employed by any department with the City for ten continuous years and (2) the employee applies for and elects to receive ASRS/PSPRS benefits immediately upon separation of service. Vacation leave vests after a six month probationary period has been successfully completed. The employee is compensated at their current pay rate.



**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2014**

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**Note 1.        Summary of Significant Accounting Policies, Continued**

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***Proprietary funds operating and nonoperating revenues and expenses***

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, sewer, sanitation and electric funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Estimates**

The preparation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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**NOTE 2.        Reconciliation of Government-Wide and Fund Financial Statements**

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The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The details of these differences are reported in the reconciliation on page 21.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation on page 24.



**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2014**

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**Note 3.           Stewardship, Compliance, and Accountability**

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Stewardship, compliance, and accountability are key concepts in defining the responsibilities of the City. The use of budgets and monitoring of equity status facilitate the City's compliance with legal requirements.

**Budgets and Budgetary Accounting**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year end. The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Arizona Revised Statutes, the City Manager submits a proposed budget for the fiscal year commencing the following July 1 to the City Council. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to the third Monday in July, the expenditure limitation for the City is legally enacted through passage of a resolution. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the State each year. This report, issued under a separate cover, reconciles total City expenditures from the audited financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).
4. State law requires that, prior to April 1, the Economic Estimates Commission provides the City with a final expenditure limit for the coming fiscal year.
5. Expenditures may not legally exceed the expenditure limitation of all fund types as a whole. For management purposes, the City adopts a budget by department for the General Fund and in total by fund for other funds. The City Council has adopted a budget transfer policy and all amendments must be done in accordance with this policy.
6. The City has adopted budgets in accordance with A.R.S. requirements and utilizes the budgets as a management control device during the year for the General, Special Revenue, Debt Service and Enterprise funds. The budgets are prepared on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

The City is subject to the State of Arizona's Spending Limitation Law for Towns and Cities. This law does not permit the City to spend more than budgeted revenues plus the carry-over unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. The City complied with this law during the year.

There were no supplementary budgetary appropriations made during the year ended June 30, 2014.

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2014**

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**Note 3.           Stewardship, Compliance, and Accountability, Continued**

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Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation for future years, is not employed by the City.

**Expenditures over Appropriations**

Expenditures may not legally exceed budgeted appropriations at the department level. The individual Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual reports as listed in the table of contents present all of the departments which incurred an excess of expenditures/expenses over appropriations for the year ended June 30, 2014, if any.

**Highway User Revenue Funds**

Highway user revenue fund monies received by the City pursuant to title 28, chapter 18, article 2 and other dedicated state transportation revenues received during the current fiscal year have been used solely for authorized transportation purposes.

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**Note 4.           Deposits and Investments**

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A reconciliation of cash and investments as shown on the statement of Net Position is as follows:

Cash and cash equivalents	\$ 29,671,975
Restricted cash and cash equivalents	1,033,958
Fiduciary Fund cash and cash equivalents	<u>506,071</u>
Total	<u><u>\$ 31,212,004</u></u>

**Deposits**

*Custodial Credit Risk*

For deposits this is the risk that in the event of a bank failure, the City's deposit may not be returned to it. The City does not have a formal policy for custodial credit risk. As of June 30, 2014, none of the City's bank balance of \$9,028,741 was exposed to custodial credit risk. All deposits were either covered by FDIC insurance or collateralized with securities held by the pledging financial institution's trust department or agent.

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2014**

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**Note 4. Deposits and Investments, Continued**

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**Investments**

The Arizona State Treasurer's Office operates the Local Government Investment Pool (LGIP). The LGIP is available for investment of funds administered by any Arizona Public Treasurer.

The LGIP is not registered with the SEC as an investment company. Deposits in the LGIP are not insured or otherwise guaranteed by the State of Arizona, and participants share proportionally in any realized gain or losses on investments.

The provisions of State law (A.R.S. 35-323) govern the investment of funds in excess of \$100,000. A.R.S. 35-323 allows for investment in certificates of deposit, interest bearing savings accounts, repurchase agreements with a maximum maturity of 180 days, pooled investment funds established by the State Treasurer, obligations guaranteed by the United States, bonds of the State of Arizona or other local municipalities, commercial paper of prime quality that is rated "P1" by Moody's investors or "A1" by Standard and Poor's rating service, and bonds, debentures or notes that are issued by corporations organized and doing business in the United States subject to certain restrictions. For investments of less than \$100,000, procedures as specified by local ordinance or resolution must be followed.

As of June 30, 2014 the City had the following deposits and investments:

	<u>Fair Value</u>	<u>Quality Rating</u>	<u>Weighted Average Maturity (2)</u>
Deposits:			
Cash on hand	\$ 193	N/A	N/A
Cash in bank	9,354,453	N/A	N/A
Investments:			
State Treasurer's Investment Pool	21,568,339	(1)	29 days
Mutual Funds	201,968	N/A	N/A
Certificates of deposit	<u>87,050</u>	N/A	N/A
Total cash and investments	<u><u>\$ 31,212,003</u></u>		

(1) Ratings are provided where applicable to indicate associated Credit Risk. N/A indicates not applicable. The City's investment in the State Treasurer's Investment Pool #7 was rated AA+ from Standard and Poor's.

(2) Interest Rate Risk is estimated using the weighted average days to maturity.

**Interest rate risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the provisions of State law (A.R.S. 35- 323). A.R.S. 35-323 requires that the

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2014**

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**Note 4.           Deposits and Investments, Continued**

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City's investment portfolio maturities do not exceed five years from the time of purchase.

**Credit risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with State law (A.R.S. 35-323). A.R.S. 35-323 limits investment in commercial paper and corporate bonds to the top ratings issued by nationally recognized statistical rating organizations such as Standard & Poor's and Moody's Investor Services.

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**Note 5.           Restricted Assets**

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Restricted assets at June 30, 2014 consisted of the following cash reserves:

<u>Restricted Cash</u>	
Magistrate Bond Deposits	\$ 1,080
Refundable Deposits	5,111
Cash Restricted for Debt Service	246,109
Airport - Refundable Deposits	23,485
Community Center - Refundable Deposits	400
Water Fund - Customer Deposits	92,510
Electric Fund - Customer Deposits	<u>665,263</u>
Total Restricted Cash	<u>\$ 1,033,958</u>

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2014**

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**Note 6. Capital Assets**

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The following table summarizes the changes to capital assets for governmental activities during the year:

<b>Governmental Activities:</b>	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Capital assets, not being depreciated				
Land	\$ 45,151,002	\$ -	\$ (16,678)	\$ 45,134,324
Construction in progress	197,481	968,840	(1,008,730)	157,591
Total capital assets, not being depreciated	<u>45,348,483</u>	<u>968,840</u>	<u>(1,025,408)</u>	<u>45,291,915</u>
Capital assets, being depreciated				
Buildings and improvements	17,420,941	136,814	(25,000)	17,532,755
Furniture, equipment, and vehicles	9,292,078	96,228	(84,630)	9,303,676
Infrastructure	30,914,140	1,113,804	-	32,027,944
Total capital assets being depreciated	<u>57,627,159</u>	<u>1,346,846</u>	<u>(109,630)</u>	<u>58,864,375</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,954,548)	(488,718)	25,000	(8,418,266)
Furniture, equipment, and vehicles	(6,959,463)	(583,766)	80,114	(7,463,115)
Infrastructure	(8,841,714)	(1,257,481)	-	(10,099,195)
Total accumulated depreciation	<u>(23,755,725)</u>	<u>(2,329,965)</u>	<u>105,114</u>	<u>(25,980,576)</u>
Total capital assets, being depreciated, net	<u>33,871,434</u>	<u>(983,119)</u>	<u>(4,516)</u>	<u>32,883,799</u>
Governmental activities capital assets, net	<u>\$ 79,219,917</u>	<u>\$ (14,279)</u>	<u>\$ (1,029,924)</u>	<u>\$ 78,175,714</u>

Depreciation expense was charged to the functions/programs of the City as follows:

<b>Governmental Activities:</b>	
General government	\$ 230,214
Public safety	469,048
Public works	1,230,326
Culture and recreation	347,550
Community support	<u>52,827</u>
Total depreciation expense - governmental activities	<u>\$ 2,329,965</u>

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2014**

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**Note 6. Capital Assets, Continued**

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The following table summarizes the changes to capital assets for business-type activities during the year.

<b>Business Type Activities:</b>	Balance June 30, 2013	Additions	Deletions	Reclassifications/ Adjustments	Balance June 30, 2014
Capital assets, not being depreciated					
Land	\$ 133,245	\$ -	\$ -	\$ -	\$ 133,245
Construction in progress	224,811	590,183	(659,439)	-	155,555
Total capital assets, not being depreciated	358,056	590,183	(659,439)	-	288,800
Capital assets, being depreciated					
Buildings and improvements	9,707,411	821,346	-	4,258,112	14,786,869
Furniture, equipment, and vehicles	6,761,182	1,148,710	(126,196)	-	7,783,696
Electric distribution system	31,350,162	245,711	-	(4,258,112)	27,337,761
Water distribution system	15,824,746	763,010	-	-	16,587,756
Sewer distribution system	10,687,403	26,861	-	-	10,714,264
Total capital assets being depreciated	74,330,904	3,005,638	(126,196)	-	77,210,346
Less accumulated depreciation for:					
Buildings and improvements	(5,213,136)	(348,146)	-	-	(5,561,282)
Furniture, equipment, and vehicles	(3,857,151)	(479,296)	52,570	-	(4,283,877)
Electric distribution system	(17,526,449)	(1,008,419)	-	-	(18,534,868)
Water distribution system	(8,779,851)	(456,132)	-	-	(9,235,983)
Sewer distribution system	(8,084,099)	(295,152)	-	-	(8,379,251)
Total accumulated depreciation	(43,460,686)	(2,587,145)	52,570	-	(45,995,261)
Total capital assets, being depreciated, net	30,870,218	418,493	(73,626)	-	31,215,085
Total capital assets, net	<u>\$ 31,228,274</u>	<u>\$ 1,008,676</u>	<u>\$ (733,065)</u>	<u>\$ -</u>	<u>\$ 31,503,885</u>
<b>Business-Type Activities:</b>					
Water		\$ 555,836			
Sewer		507,182			
Electric		1,524,127			
Total depreciation expense business-type activities		<u>\$ 2,587,145</u>			

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2014**

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**Note 7. Long-Term Debt**

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The following is a summary of changes in long-term obligations for the year ended June 30, 2014:

	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014	Current Portion
<b>Governmental activities:</b>					
<b>General Obligation:</b>					
Airport Lease Purchase, Series 2004	\$ 1,486,334	\$ -	\$ (176,725)	\$ 1,309,609	\$ 178,896
Capital Lease Obligations	468,522	-	(124,111)	344,412	128,545
Total General Obligation	1,954,857	-	(300,835)	1,654,021	307,441
<b>Revenue Obligation:</b>					
Pledged Revenue Refunding Bonds, Series 2011	11,380,000	-	(600,000)	10,780,000	730,000
Bond Premiums	616,918	-	(49,027)	567,891	-
Total Revenue Obligation	11,996,918	-	(649,027)	11,347,891	730,000
<b>Accrued compensated absences</b>	767,539	329,141	(329,021)	767,659	498,979
Total Governmental Activity Long-term Liabilities	<u>\$ 14,719,314</u>	<u>\$ 329,141</u>	<u>\$ (1,278,883)</u>	<u>\$ 13,769,571</u>	<u>\$ 1,536,419</u>
<b>Business-type activities:</b>					
<b>General Obligation:</b>					
Capital Lease Obligations	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Accrued compensated absences</b>	282,924	106,369	(8,764)	380,529	247,344
Total Business-type Activity Long-term Liabilities	282,924	106,369	(8,764)	380,529	247,344
<b>Total Long-Term Liabilities</b>	<u>\$ 15,002,238</u>	<u>\$ 435,510</u>	<u>\$ (1,287,647)</u>	<u>\$ 14,150,101</u>	<u>\$ 1,783,764</u>

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2014**

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**Note 7. Long-Term Debt, Continued**

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The following is a listing of bonds outstanding as of June 30, 2014:

**General Obligation:**

Series 2004, Lease Purchase with 1.495% variable interest, due in semi-annual principal and interest payments of \$98,909, maturing February 1, 2021. \$ 1,309,609

**Revenue Obligation:**

Municipal Property Corporation Pledged Revenue Refunding Bonds, Series 2011, due in semi-annual interest installments through January 1, 2013 and annual principal and semi-annual interest installments beginning July 1, 2013, bearing interest between 2.0% and 5.0%, maturing July 1, 2026.

	10,780,000
Total bonds payable	\$ 12,089,609

Debt service requirements for bonds payable are as follows:

Governmental Activities		
Fiscal Period		
Ending		
30-Jun	Principal	Interest
2015	\$ 908,896	\$ 477,860
2016	936,580	453,275
2017	959,306	427,900
2018	987,072	401,884
2019	1,014,879	375,076
2020-2024	5,067,877	1,276,459
2025-2026	2,215,000	167,500
Total	\$ 12,089,609	\$ 3,579,955

The City issued \$11,730,000 Pledged Revenue Refunding Bonds, Series 2011 that were placed in an escrow account to cover all future debt service payments of the \$12,300,000 Excise Tax Revenue Bonds, Series 1999A. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$645,740. This amount is being amortized over the old debt's life, which is shorter than the refunded debt. The transaction resulted in an economic gain of \$125,266 and an increase of approximately \$1,449,082 in future debt service payments; however, the debt service payments will be paid over 15 years through 2026 instead of 7 years through 2019.



**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2014**

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**Note 7. Long-Term Debt, Continued**

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The City has entered into twelve lease agreements which are considered capital leases in accordance with Generally Accepted Accounting Principles. The following is an annual schedule of future minimum lease payments with the present value of the net minimum lease payments for the fiscal years ending June 30:

Fiscal Year Ending June 30,	Governmental Activities
2015	\$ 131,711
2016	82,710
2017	77,847
2018	77,847
2019	-
Total remaining lease payments	370,115
Less: amounts representing interest	(25,704)
	<hr/>
remaining minimum lease payments	\$ 344,412

The assets acquired through capital leases that meet the City's capitalization threshold are as follows:

	Governmental Activities
Furniture, Equipment, and Vehicles	\$ 1,768,588
Less: Accumulated Depreciation	(1,550,236)
	<hr/>
Total	\$ 218,352

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2014**

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**Note 8. Interfund Receivables, Payables and Transfers**

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As of June 30, 2014, interfund receivables and payables that resulted from various interfund transactions were as follows:

<b>Due To:</b>	<b>Due From:</b>					<b>Total</b>
	<b>General Fund</b>	<b>Highway User Fund</b>	<b>Debt Service Fund</b>	<b>Sewer Fund</b>	<b>Sanitation Funds</b>	
General	\$ -	\$ 63,388	30,818	\$ -	\$ -	\$ 94,206
Debt Service Fund	-	-	-	19,634	11,185	30,819
Electric	1,625,000	-	-	-	-	1,625,000
<b>Total</b>	<b>\$ 1,625,000</b>	<b>\$ 63,388</b>	<b>\$ 30,818</b>	<b>\$ 19,634</b>	<b>\$ 11,185</b>	<b>\$ 1,750,025</b>

The interfund balance in the General Fund of \$1,625,000 is a loan from the Electric Fund to the General Fund made in fiscal year 2000. The terms of the loan will be determined by the City Council and any amounts expected to be paid within one year have not been determined as of the date of the financial statements.

Interfund transfers for the fiscal year ended June 30, 2014 are as follows:

	<b>Transfers In:</b>				<b>Total</b>
	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Non-Major Governmental Funds</b>	
<b>Transfers Out:</b>					
General Fund	\$ -	\$ 870,520	\$ 98,000	\$ 364,386	\$ 1,332,906
Capital Projects Fund	840	-	-	-	840
Sewer Fund	-	218,396	-	-	218,396
Sanitation Fund	-	133,830	-	-	133,830
Non-Major Governmental	18,561	194,855	-	1,656	215,072
<b>Total Transfers Out</b>	<b>\$ 19,401</b>	<b>\$ 1,417,601</b>	<b>\$ 98,000</b>	<b>\$ 366,042</b>	<b>\$ 1,901,044</b>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2014**

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**Note 9. Retirement and Pension Plans**

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**Arizona State Retirement System (ASRS)**

**Plan Description** - The City contributes to a cost-sharing multiple-employer defined benefit pension plan administered by the Arizona State Retirement System (ASRS). Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The system is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The System issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the System, 3300 North Central Avenue, P.O. Box 33910, Phoenix AZ 85067-3910 or by calling (602) 240-2002 or (800) 621-3778. [www.azasrs.gov](http://www.azasrs.gov)

**Funding Policy** - The Arizona State Legislature establishes and may amend active plan members' and the City's contribution rate. For the current fiscal year, active plan members were required by statute to contribute at the actuarially determined rate of 11.54 percent (11.3 percent for retirement, and 0.24 percent for long-term disability) of the members' annual covered payroll and the City was required to contribute 11.54 percent (10.7 percent for retirement, 0.60 percent for health insurance premium, and 0.24 percent for long-term disability) of the members' annual covered payroll.

The City's contributions for the current and two previous fiscal years were equal to the required contributions and were as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Retirement</u> <u>Fund</u>	<u>Health Benefit</u> <u>Supplement Fund</u>	<u>Long-Term</u> <u>Disability Fund</u>
2012	388,623	23,231	9,056
2013	402,562	25,528	9,426
2014	412,229	23,116	9,246

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2014**

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**Note 9. Retirement and Pension Plans, Continued**

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**Public Safety Personnel Retirement System (PSPRS)**

**Plan Description** - The City contributes to the Public Safety Personnel Retirement System (PSPRS), an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium plan that covers public safety personnel who are regularly assigned hazardous duty in the employ of the State of Arizona or a political subdivision thereof. The PSPRS, acting as a common investment administrative agent, is governed by a five-member board, known as the Fund Manager, and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for PSPRS. That report may be obtained by writing to Public Safety Personnel, 3010 E. Camelback Road, Suite 200, Phoenix, AZ 85016 or by calling (602) 255-5575. [www.psprs.com](http://www.psprs.com)

**Funding Policy** - For the current fiscal year, active PSPRS members were required by statute to contribute 10.35 percent of the members' covered compensation, and the City was required to contribute at the actuarially determined rate of 20.71 and 14.65 percent of covered compensation, for Police and Firefighters' plans. The health insurance premium portion of these contribution rates were actuarially set at 0.78 and 0.28 percent respectively, of covered payroll. The City pays approximately 80 percent to 85 percent of the medical premiums for its City employees.

**Actuarial Methods and Assumptions** - The significant actuarial methods and assumptions used for the PSPRS plan and related benefits (health insurance subsidies and long-term disability). The actuarial valuations for the OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and are subject to continual revision as a results are compared to past expectations and new estimates are made about the future. The actualial calculations of the OPEB plan reflect a long-term perspective. The actuarial assumptions used to establish the contribution requirements are as follows:

The PSPRS contribution requirements for the year ended June 30, 2014 were established by the June 30, 2012 actuarial valuations using the projected unit credit method. The actuarial assumptions include (a) 8.0 percent investment rate of return and (b) projected salary increases ranging from 5.0 to 9.0 percent per year. No specific price inflation assumption is required; however, a price inflation assumption on the order of 3.0 percent to 4.0 percent would be consistent with other economic assumptions. Healthcare cost trend rates are not applicable. The actuarial value of assets are determined using techniques that smooth the effects of short-term volatility in the market value of investments and spreads differences between actual and assumed investment return over a seven year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2012, was 24 years for unfunded actuarial accrued liability and 20 years for overfunded.

The preceding methods comply with the financial reporting standards established by the Governmental Accounting Standards Board. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made.

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 9. Retirement and Pension Plans, Continued**

**Annual Pension/OPEB Cost** - During the year ended June 30, 2014 the City's annual pension costs of \$265,216 for Police and \$116,507 for Firefighters, and the annual OPEB costs of \$10,803 and \$5,482 were equal to the City's required and actual contributions.

<b>Police</b>				
Plan	Year Ended June 30,	Annual Pension/ OPEB Cost	Percentage of Annual Cost Contributed	Net Pension/ OPEB Obligation
Pension	2012	196,965	100%	-
	2013	265,799	100%	-
	2014	265,216	100%	-
Health Insurance	2012	12,671	100%	-
	2013	12,950	100%	-
	2014	10,803	100%	-

<b>Fire Fighters</b>				
Plan	Year Ended June 30,	Annual Pension/ OPEB Cost	Percentage of Annual Cost Contributed	Net Pension/ OPEB Obligation
Pension	2012	110,215	100%	-
	2013	140,386	100%	-
	2014	116,507	100%	-
Health Insurance	2012	6,135	100%	-
	2013	7,286	100%	-
	2014	5,482	100%	-

**Funded Status and Funding Progress** – The funded status of the plan as of June 30, 2014 is as follows:

	<b>Police Retirement</b>	<b>Police Insurance Subsidy</b>	<b>Fire Retirement</b>	<b>Fire Insurance Subsidy</b>
Actuarial accrued liability (AAL)	\$ 6,572,403	\$ 81,118	\$ 2,055,946	\$ 48,273
Actuarial value of plan assets	3,627,953	357,304	1,571,053	49,997
Unfunded actuarial accrued liability (UAAL)	<u>\$ 2,944,450</u>	<u>\$ (276,186)</u>	<u>\$ 484,893</u>	<u>\$ (1,724)</u>
Funded ratio (actuarial value of plan assets/AAL)	55.2%	440.5%	76.4%	103.6%
Covered payroll (active plan members)	\$ 908,313	\$ 908,313	\$ 902,243	\$ 902,243
UAAL as a percentage of covered payroll	324.2%	-30.4%	53.7%	-0.2%

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2014**

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**Note 9. Retirement and Pension Plans, Continued**

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The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the plans assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. This historical trend information is presented in order for a reader to assess the progress made in accumulating sufficient assets to pay pension benefits as they become payable.

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**Note 10. Risk Management**

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The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City's current risk management, property and liability insurance is obtained through Willis of Arizona. The limit for claims general liability is \$2,000,000 per occurrence on a claims made basis. The City's Worker's Compensation program is through SCF Western for approximately 115 members. The City has had comparable insurance coverage for the past 48 years, and has had no claims exceeding this insurance coverage.

Premiums are paid quarterly to Willis of Arizona for coverage from July 01 to June 30. Premiums for SCF Western are paid yearly for coverage from July 01 to June 30.

The City purchases commercial insurance for other risks of loss, including airport activities and employee health and accident. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past thirty fiscal years.

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**Note 11. Contingent Liabilities and Commitments**

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The City is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of City management, based on the advice of the City Attorney with respect to such litigation, such matters will not have a material adverse effect on the City's financial position at June 30, 2014.

At year end, the City had the following major construction projects/commitments open:

Project	Estimated Cost	Construction in Progress
TE - LP BLVD Sidewalk	\$ 489,550	\$ 43,101
South Navajo Rehab (7th to Sage)	784,125	16,619
Aviation Apron Strengthening (P3,P5)	1,265,048	78,225
Elm Street Rehabilitation (LP Blvd to Grandview)	446,329	6,619
Page Amphitheatre Power Upgrade	23,027	13,027
	<u>\$ 3,008,079</u>	<u>\$ 157,591</u>

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2014**

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**Note 12.      Landfill Post Closure Care Costs**

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The City leased a landfill site from the Bureau of Reclamation in prior years. State and Federal laws and regulators required the City to place a final cover on the landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The City closed the landfill in the year 2000 and thus, all closure costs have been paid in previous years. Post-closure care costs will continue to be paid in future years. The City does not report a portion of these post-closure care costs as an operation expense in each period based on landfill capacity used as of each balance sheet date, since only that portion of the liability that “would normally be liquidated with the expendable available resources” would be reported as an expenditure in the General Fund. The landfill post-closure care liability at year end is \$569,756 which represents the cumulative amount of post-closure costs to date based on the use of the estimated capacity of the landfill. One hundred percent of the landfill capacity has been used by June 30, 2014. The remaining estimated cost of post-closure care is 569,756. This amount is based on an estimated annual post-closure cost estimate of \$32,670 multiplied by an annual inflation factor of 1.09% and the number of years remaining or 16. The figure is based on what it would cost to perform all post-closure care in 2014. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The City has utilized a local government guarantee rather than establishing a trust fund or other financial mechanism to demonstrate financial responsibility for post-closure costs.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**CITY OF PAGE, ARIZONA**  
**Required Supplementary Information**  
**Schedule of Funding Progress**  
**PSPRS**

An analysis of the progress of the Public Plans (PSPRS) from June 30, 2009 through June 30, 2014, based on actuarial valuations follows:

**POLICE**

Valuation Date June 30,	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Annual Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
2009	3,328,881	4,250,786	921,905	78%	1,285,572	71.7%
2010	3,481,181	4,560,767	1,079,586	76%	1,264,930	85.3%
2011	3,885,266	5,334,036	1,448,770	73%	1,432,483	101.1%
2012	4,080,689	5,830,428	1,749,739	70%	1,256,185	139.3%
2013	4,208,818	5,713,006	1,504,188	74%	1,116,130	134.8%
2014	3,627,953	6,572,403	2,944,450	55%	908,313	324.2%

**Post-retirement health insurance subsidy measurements under GASB Statement No. 45**

Valuation Date June 30,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Annual Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
2009	-	75,856	75,856	0.0%	1,285,572	5.90%
2010	-	76,578	76,578	0.0%	1,264,930	6.05%
2011	-	95,868	95,868	0.0%	1,432,483	6.69%
2012	-	90,874	90,874	0.0%	1,256,185	7.23%
2013	-	86,913	86,913	0.0%	1,116,130	7.79%
2014	357,304	81,118	(276,186)	440%	908,313	0.00%

No health insurance subsidy payments were reported for fiscal year 2014.

In fiscal year 2009, GASB Statements Nos. 43 and 45 measurements were made and reported; thus, these benefits are disaggregated and reported separately.

**CITY OF PAGE, ARIZONA**  
**Required Supplementary Information**  
**Schedule of Funding Progress**  
**PSPRS**

An analysis of the progress of the Public Plans (PSPRS) from June 30, 2009 through June 30, 2014, based on actuarial valuations follows:

**FIRE FIGHTERS**

Valuation Date June 30,	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Annual Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
2009	767,851	1,104,997	337,146	69.49%	896,862	37.6%
2010	594,412	1,243,686	649,274	47.79%	950,319	68.3%
2011	1,321,022	1,842,813	521,791	71.69%	930,804	56.1%
2012	1,501,966	1,808,650	306,684	83.04%	789,214	38.9%
2013	1,704,611	1,866,895	162,284	91.31%	764,833	21.2%
2014	1,571,053	2,055,946	484,893	76.42%	902,243	53.7%

**Post-retirement health insurance subsidy measurements under GASB Statement No. 45**

Valuation Date June 30,	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Annual Covered Payroll	Unfunded AAL Percentage of Covered Payroll
2009	-	23,752	23,752	0.0%	896,862	2.65%
2010	-	27,306	27,306	0.0%	950,319	2.87%
2011	-	55,841	55,841	0.0%	930,804	6.00%
2012	-	42,662	42,662	0.0%	789,214	5.41%
2013	-	46,589	46,589	0.0%	764,833	6.09%
2014	49,997	48,273	(1,724)	103.6%	902,243	0.00%

Health insurance subsidy payments reported for fiscal year 2014 were \$1,200.

In fiscal year 2009, GASB Statements Nos. 43 and 45 measurements were made and reported; thus, these benefits are disaggregated and reported separately.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

### **BUDGETARY COMPARISON SCHEDULES**

#### **FOR THE FOLLOWING MAJOR FUNDS:**

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

The **Highway User Special Revenue Fund** accounts for revenue sources that are legally restricted for road construction and maintenance.

**CITY OF PAGE, ARIZONA**  
**GENERAL FUND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2014**

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
<b>REVENUES:</b>				
<b>Taxes:</b>				
City sales tax	\$ 6,500,000	\$ 6,500,000	\$ 7,854,872	\$ 1,354,872
Franchise taxes	262,000	262,000	268,405	6,405
Total Taxes	6,762,000	6,762,000	8,123,277	1,361,277
<b>Licenses, Permits and Fees:</b>				
Plat fees	1,000	1,000	-	(1,000)
Site plan review fees	4,000	4,000	1,500	(2,500)
Dog licenses	1,000	1,000	760	(240)
Business registration fees	1,500	1,500	2,200	700
Building permits	80,000	80,000	95,093	15,093
Other	11,250	11,250	27,972	16,722
Total Licenses, Permits and Fees	98,750	98,750	127,525	28,775
<b>Intergovernmental:</b>				
State revenue sharing	808,511	808,511	807,770	(741)
Auto lieu taxes	292,604	292,604	285,107	(7,497)
State sales taxes	626,196	626,196	630,799	4,603
County library district	189,575	189,575	189,574	(1)
Other	38,135	38,135	21,914	(16,221)
Total Intergovernmental	1,955,021	1,955,021	1,935,164	(19,857)
<b>Charges for Services:</b>				
Recreation	70,000	70,000	72,736	2,736
Rescue services	852,000	852,000	547,991	(304,009)
Golf course	-	-	32,962	32,962
Swimming pool	-	-	-	-
Public safety	49,000	49,000	39,827	(9,173)
Rents	39,200	39,200	58,671	19,471
Other	57,000	57,000	51,303	(5,697)
Total Charges for Services	1,067,200	1,067,200	803,490	(263,710)
<b>Fines and Forfeitures:</b>				
Fines & forfeitures	344,000	344,000	352,606	8,606
Total Fines and Forfeitures	344,000	344,000	352,606	8,606
<b>Interest</b>	5,050	5,050	4,000	(1,050)
<b>Other Revenues:</b>				
Land sales	251,500	251,500	246,275	(5,225)
Miscellaneous	25,000	25,000	20,138	(4,862)
Total Other Revenues	276,500	276,500	266,413	(10,087)
<b>TOTAL REVENUES</b>	<b>10,508,521</b>	<b>10,508,521</b>	<b>11,612,475</b>	<b>1,103,954</b>

(continued)

**CITY OF PAGE, ARIZONA**  
**GENERAL FUND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Continued)**  
**For the Year Ended June 30, 2014**

<b>EXPENDITURES:</b>	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>General Government:</b>				
Mayor & Council	\$ 75,945	\$ 75,945	\$ 74,149	\$ 1,796
City Manager	228,877	228,877	222,543	6,334
City Clerk	173,309	173,309	85,025	88,284
City Attorney	201,590	201,590	173,506	28,084
Finance	327,332	327,332	318,934	8,398
Human Resources	88,488	88,488	73,727	14,761
General Services	1,943,848	1,943,848	1,017,901	925,947
Information Technology	294,762	294,762	262,834	31,928
Total General Government	3,334,151	3,334,151	2,228,619	1,105,532
<b>Public Safety:</b>				
Patrol	1,833,723	1,833,723	1,600,419	233,304
Communications	468,576	468,576	417,648	50,928
Community Resource	115,604	115,604	84,947	30,657
Investigations	393,049	393,049	340,234	52,815
Fire	1,694,529	1,694,529	1,604,517	90,012
Magistrate	424,653	424,653	272,341	152,312
Building and Safety	76,357	76,357	74,252	2,105
Total Public Safety	5,006,491	5,006,491	4,394,358	612,133
<b>Public Works</b>				
Planning and Zoning	4,000	4,000	2,679	1,321
Engineering	65,000	65,000	6,619	58,381
Central Garage	305,454	305,454	275,065	30,389
Buildings & Grounds	292,475	292,475	254,704	37,771
Total Public Works	666,929	666,929	539,067	127,862
<b>Culture and Recreation:</b>				
Library	288,757	288,757	292,184	(3,427)
Parks Maintenance	267,807	267,807	255,249	12,558
Recreation	135,108	135,108	107,131	27,977
Golf Course	100,500	100,500	69,848	30,652
Total Culture and Recreation	792,172	792,172	724,412	67,760

(continued)

**CITY OF PAGE, ARIZONA**  
**GENERAL FUND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Continued)**  
**For the Year Ended June 30, 2014**

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
<b>Community Support</b>				
Community Center	152,027	152,027	94,740	57,287
Transit	-	-	-	-
Other	-	-	-	-
	<u>152,027</u>	<u>152,027</u>	<u>94,740</u>	<u>57,287</u>
<b>Capital Outlay</b>	<u>5,500</u>	<u>5,500</u>	<u>7,683</u>	<u>(2,183)</u>
<b>Debt Service</b>				
Principal	98,544	98,544	97,239	1,305
Interest	-	-	-	-
Total Debt Service	<u>98,544</u>	<u>98,544</u>	<u>97,239</u>	<u>1,305</u>
<b>TOTAL EXPENDITURES</b>	<u>10,055,814</u>	<u>10,055,814</u>	<u>8,086,118</u>	<u>1,969,696</u>
Excess of Revenues Over (Under)				
Expenditures	<u>452,707</u>	<u>452,707</u>	<u>3,526,357</u>	<u>3,073,650</u>
Other Financing Sources (Uses):				
Transfers in	-	-	19,401	19,401
Transfers out	(1,287,490)	(1,287,490)	(1,332,906)	(45,416)
Total Other Financing Sources (Uses)	<u>(1,287,490)</u>	<u>(1,287,490)</u>	<u>(1,313,505)</u>	<u>(26,015)</u>
Net change in fund balance	(834,783)	(834,783)	2,212,852	3,047,635
Fund balance, beginning of year	<u>3,340,840</u>	<u>3,340,840</u>	<u>3,340,840</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,506,057</u>	<u>\$ 2,506,057</u>	<u>\$ 5,553,692</u>	<u>\$ 3,047,635</u>

**CITY OF PAGE, ARIZONA**  
**HIGHWAY USER REVENUE FUND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
<b>Revenues</b>				
Intergovernmental Revenue:				
Highway user revenue	\$ 708,138	\$ 708,138	\$ 678,250	\$ (29,888)
Investment earnings	1,200	1,200	601	(599)
Other revenues	-	-	32,823	32,823
Total revenues	709,338	709,338	711,674	2,336
<b>Expenditures</b>				
<b>Streets and Highways</b>				
Current:				
Salaries, wages and benefits	240,459	240,459	241,704	(1,245)
Service, supplies and other	203,440	203,440	187,221	16,219
Capital outlay	624,000	624,000	54,503	569,497
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,067,899	1,067,899	483,428	584,471
Excess of revenues				
over (under) expenditures	(358,561)	(358,561)	228,246	586,807
Net change in fund balance	(358,561)	(358,561)	228,246	586,807
Fund balance, beginning of year	1,356,977	1,356,977	1,356,977	-
<b>Fund balance, end of year</b>	<b>\$ 998,416</b>	<b>\$ 998,416</b>	<b>\$ 1,585,223</b>	<b>\$ 586,807</b>



**SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULES**  
**FOR THE FOLLOWING MAJOR FUNDS:**

The **Debt Service Fund** accounts for the accumulation of resources for, and the payment of current and future debt service requirements of governmental debt.

The **Capital Projects Fund** accounts for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds.

**CITY OF PAGE, ARIZONA**  
**DEBT SERVICE FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2014**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Intergovernmental revenue	\$ -	\$ 109,394	\$ 109,394
Investment earnings	-	39	39
Total revenues	-	109,433	109,433
<b>Expenditures</b>			
General government	12,750	2,749	10,001
Debt service:			
Principal	777,500	776,724	776
Interest	496,000	491,106	4,894
Total expenditures	1,286,250	1,270,579	15,671
Excess of revenues over (under) expenditures	(1,286,250)	(1,161,146)	125,104
<b>Other financing sources (uses)</b>			
Transfers in	1,536,250	1,417,601	(118,649)
Total other financing sources (uses)	1,536,250	1,417,601	(118,649)
Net change in fund balances	250,000	256,455	6,455
Fund balance, beginning of year	-	-	-
<b>Fund balance, end of year</b>	<b>\$ 250,000</b>	<b>\$ 256,455</b>	<b>\$ 6,455</b>

**CITY OF PAGE, ARIZONA**  
**CAPITAL PROJECTS FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2014**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Intergovernmental revenue	\$ 1,827,274	\$ 195,556	\$ (1,631,718)
Total Revenues	1,827,274	195,556	(1,631,718)
<b>Expenditures</b>			
Service, supplies and other	131,799	112,974	18,825
Capital outlay	1,695,475	80,895	1,614,580
Total Expenditures	1,827,274	193,869	1,633,405
Excess of revenues over (under) expenditures	-	1,687	1,687
<b>Other Financing Sources (Uses)</b>			
Transfer in	98,000	98,000	-
Transfer out	-	(840)	(840)
Total other financing sources (uses)	98,000	97,160	(840)
Net change in fund balances	98,000	98,847	847
Fund balance, beginning of year	270,316	270,316	-
<b>Fund balance, end of year</b>	<b>\$ 368,316</b>	<b>\$ 369,163</b>	<b>\$ 847</b>

**SUPPLEMENTARY INFORMATION**  
**COMBINING STATEMENTS**  
**AND BUDGETARY COMPARISON SCHEDULES**  
**NON-MAJOR GOVERNMENTAL FUNDS**

**Special Revenue Funds**

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for a particular purpose.

- The **Substance Abuse Fund** is used to account for the activity of the City's substance abuse grant.
- The **Miscellaneous Grants Fund** is used to account for grants received by the City which are restricted for specific purposes.
- The **Miscellaneous Donations Fund** is used to account for donations received by the City which are restricted for specific purposes.
- The **Balloon Regatta Fund** is used to account for the activities related to the annual Balloon Regatta event.
- The **Tourism and Promotion Fund** is used to account for activities associated with the City's tourism and promotion.
- The **Airport Fund** is used to account for activities related to the operation of the City's airport.
- The **Airport Events Fund** is used to account for special events held at the airport.

**Permanent Fund**

- The **Perpetual Care Fund** is used to account for resources held by the City for the perpetual care of the cemetery.

**CITY OF PAGE, ARIZONA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2014**

	<b>Special Revenue</b>			
	<b>Substance Abuse</b>	<b>Miscellaneous Grants</b>	<b>Miscellaneous Donations</b>	<b>Balloon Regatta</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 41,987	\$ 30,848	\$ 63,159	\$ 35,542
Receivables:				
Other	-	-	-	-
Due from other governments	-	2,820	-	-
Restricted cash and cash equivalents	-	-	400	-
Total assets	<u>\$ 41,987</u>	<u>\$ 33,668</u>	<u>\$ 63,559</u>	<u>\$ 35,542</u>
<b>Liabilities</b>				
Accounts payable	\$ 352	\$ 1,746	\$ 26	\$ -
Accrued liabilities	-	5,225	-	-
Deposits payable	-	-	400	-
Unearned revenue	-	-	-	-
Total liabilities	<u>352</u>	<u>\$ 6,971</u>	<u>\$ 426</u>	<u>-</u>
<b>Fund Balances</b>				
Restricted for:				
Perpetual care	-	-	-	-
Public safety	41,635	343	-	-
Community support	-	26,354	63,133	-
Committed for:				
Public works - airport	-	-	-	-
Culture and recreation	-	-	-	35,542
Community support	-	-	-	-
Total fund balances	<u>41,635</u>	<u>26,697</u>	<u>63,133</u>	<u>35,542</u>
Total liabilities and fund balances	<u>\$ 41,987</u>	<u>\$ 33,668</u>	<u>\$ 63,559</u>	<u>\$ 35,542</u>

				Permanent Fund	
Tourism and Promotion	Airport	Airport Events	Total	Perpetual Care	Total Nonmajor Governmental Funds
\$ 375,564	\$ 752,065	\$ 2,887	\$ 1,302,052	\$ 334,945	\$ 1,636,997
900	21,861	-	22,761	2,208	24,969
-	4,405	-	7,225	-	7,225
-	23,485	-	23,885	-	23,885
<u>\$ 376,464</u>	<u>\$ 801,816</u>	<u>\$ 2,887</u>	<u>\$ 1,355,923</u>	<u>\$ 337,153</u>	<u>\$ 1,693,076</u>
\$ 13,311	\$ 9,265	\$ -	\$ 24,700	\$ 1,836	\$ 26,536
2,909	-	-	8,134	-	8,134
-	23,485	-	23,885	-	23,885
1,000	-	-	1,000	-	1,000
<u>17,220</u>	<u>32,750</u>	<u>-</u>	<u>57,719</u>	<u>1,836</u>	<u>59,555</u>
-	-	-	-	335,317	335,317
-	-	-	41,978	-	41,978
-	-	-	89,487	-	89,487
-	769,066	-	769,066	-	769,066
-	-	2,887	38,429	-	38,429
358,119	-	-	358,119	-	358,119
<u>358,119</u>	<u>769,066</u>	<u>2,887</u>	<u>1,297,079</u>	<u>335,317</u>	<u>1,632,396</u>
<u>\$ 375,339</u>	<u>\$ 801,816</u>	<u>\$ 2,887</u>	<u>\$ 1,354,798</u>	<u>\$ 337,153</u>	<u>\$ 1,691,951</u>

**CITY OF PAGE, ARIZONA**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2014**

	<b>Special Revenue</b>			
	<b>Substance Abuse</b>	<b>Miscellaneous Grants</b>	<b>Miscellaneous Donations</b>	<b>Balloon Regatta</b>
<b>Revenues</b>				
Intergovernmental revenue	\$ 4,732	\$ 301,910	\$ -	\$ -
Charges for services	-	-	-	6,639
Rental revenue	-	-	-	-
Other revenues	-	-	15,759	18,200
	<u>4,732</u>	<u>301,910</u>	<u>15,759</u>	<u>24,839</u>
Total revenues	<u>4,732</u>	<u>301,910</u>	<u>15,759</u>	<u>24,839</u>
<b>Expenditures</b>				
Current:				
Public safety	8,243	31,649	-	-
Public works	-	-	-	-
Culture and recreation	-	174,543	-	24,325
Community support	-	110,237	18,263	-
	<u>8,243</u>	<u>316,429</u>	<u>18,263</u>	<u>24,325</u>
Total expenditures	<u>8,243</u>	<u>316,429</u>	<u>18,263</u>	<u>24,325</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,511)</u>	<u>(14,519)</u>	<u>(2,504)</u>	<u>514</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	(18,561)	-	(1,125)
	<u>-</u>	<u>(18,561)</u>	<u>-</u>	<u>(1,125)</u>
Total other financing sources and uses	<u>-</u>	<u>(18,561)</u>	<u>-</u>	<u>(1,125)</u>
Net change in fund balances	(3,511)	(33,080)	(2,504)	(611)
Fund balances, beginning of year	45,146	125,414	-	36,153
Reclassification	-	(65,637)	65,637	-
	<u>-</u>	<u>(65,637)</u>	<u>65,637</u>	<u>-</u>
Fund balances, end of year	<u>\$ 41,635</u>	<u>\$ 26,697</u>	<u>\$ 63,133</u>	<u>\$ 35,542</u>

				Permanent Fund	
Tourism and Promotion	Airport	Airport Events	Total	Perpetual Care	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 306,642	\$ -	\$ 306,642
-	43,556	-	50,195	15,984	66,179
-	390,504	-	390,504	-	390,504
19,329	112,368	1,893	167,549	18,890	186,439
19,329	546,428	1,893	914,890	34,874	949,764
-	-	-	39,892	-	39,892
-	109,792	-	109,792	-	109,792
-	-	6,507	205,375	-	205,375
323,792	-	-	452,292	14,784	467,076
323,792	109,792	6,507	807,351	14,784	822,135
(304,463)	436,636	(4,614)	107,539	20,090	127,629
364,386	531	-	364,917	-	364,917
-	(194,855)	(531)	(215,072)	-	(215,072)
364,386	(194,324)	(531)	149,845	-	149,845
59,923	242,312	(5,145)	257,384	20,090	277,474
298,196	526,754	8,032	1,039,695	315,227	1,354,922
-	-	-	-	-	-
\$ 358,119	\$ 769,066	\$ 2,887	\$ 1,297,079	\$ 335,317	\$ 1,632,396



**CITY OF PAGE, ARIZONA**  
**SUBSTANCE ABUSE**  
**SPECIAL REVENUE FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2014**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Substance abuse revenue	<u>\$ 7,000</u>	<u>\$ 4,732</u>	<u>\$ (2,268)</u>
<b>Expenditures</b>			
Public safety:			
Substance abuse expenditures	<u>46,000</u>	<u>8,243</u>	<u>37,757</u>
Excess of revenue over(under) expenditures	(39,000)	(3,511)	35,489
Fund balance, beginning of year	<u>45,146</u>	<u>45,146</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 6,146</u></u>	<u><u>\$ 41,635</u></u>	<u><u>\$ 35,489</u></u>

**CITY OF PAGE, ARIZONA**  
**MISCELLANEOUS GRANTS**  
**SPECIAL REVENUE FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2014**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Intergovernmental revenue	\$ 1,128,639	\$ 301,910	\$ (826,729)
Total Revenues	1,128,639	301,910	(826,729)
<b>Expenditures</b>			
Public safety	256,600	31,649	224,951
Public works	425,000	-	425,000
Culture and recreation	310,722	174,543	136,179
Community support	162,865	110,237	52,628
Total Expenditures	1,155,187	316,429	838,758
Excess of revenues over (under) expenditures	(26,548)	(14,519)	12,029
<b>Other financing sources (uses)</b>			
Operating transfers:			
Transfers out	(20,400)	(18,561)	1,839
Total other financing sources (uses)	(20,400)	(18,561)	1,839
Net change in fund balance	(46,948)	(33,080)	13,868
Fund balance, beginning of year	125,414	125,414	-
Reclassification	(65,637)	(65,637)	-
<b>Fund balance, end of year</b>	<b>\$ 78,466</b>	<b>\$ 26,697</b>	<b>\$ 13,868</b>

**CITY OF PAGE, ARIZONA**  
**MISCELLANEOUS DONATIONS**  
**SPECIAL REVENUE FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2014**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Other revenues	<u>42,800</u>	<u>15,759</u>	<u>(27,041)</u>
Total Revenues	<u>42,800</u>	<u>15,759</u>	<u>(27,041)</u>
<b>Expenditures</b>			
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Community support	<u>65,800</u>	<u>18,263</u>	<u>47,537</u>
Total Expenditures	<u>65,800</u>	<u>18,263</u>	<u>47,537</u>
Excess of revenues over (under) expenditures	(23,000)	(2,504)	20,496
Fund balance, beginning of year	-	-	-
Reclassification	<u>65,637</u>	<u>65,637</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 42,637</u></u>	<u><u>\$ 63,133</u></u>	<u><u>\$ 20,496</u></u>

**CITY OF PAGE, ARIZONA  
BALLOON REGATTA  
SPECIAL REVENUE FUND  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2014**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Charges for services	\$ -	\$ 6,639	\$ 6,639
Other revenues	27,800	18,200	(9,600)
Total revenues	27,800	24,839	(2,961)
<b>Expenditures</b>			
Culture and recreation	24,950	24,325	625
Total expenditures	24,950	24,325	625
Excess of revenues over (under) expenditures	2,850	514	(2,336)
<b>Other financing sources (uses)</b>			
Transfer to	(1,125)	(1,125)	-
Total other financing sources (uses)	(1,125)	(1,125)	-
Net change in fund balance	1,725	(611)	(2,336)
Fund balance, beginning of year	36,153	36,153	-
<b>Fund balance, end of year</b>	<u>\$ 37,878</u>	<u>\$ 35,542</u>	<u>\$ (2,336)</u>

**CITY OF PAGE, ARIZONA  
TOURISM AND PROMOTION  
SPECIAL REVENUE FUND  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2014**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Other revenues	\$ 11,000	\$ 19,329	\$ 8,329
Total revenues	<u>11,000</u>	<u>19,329</u>	<u>8,329</u>
<b>Expenditures</b>			
Community support	<u>526,000</u>	<u>323,792</u>	<u>202,208</u>
Total expenditures	<u>526,000</u>	<u>323,792</u>	<u>202,208</u>
Excess of revenues over (under) expenditures	<u>(515,000)</u>	<u>(304,463)</u>	<u>210,537</u>
<b>Other financing sources (uses)</b>			
Transfer from General fund	315,000	364,386	49,386
Transfer from Balloon Regatta fund	<u>1,125</u>	<u>1,125</u>	<u>-</u>
Total other financing sources (uses)	<u>316,125</u>	<u>365,511</u>	<u>49,386</u>
Net change in fund balance	<u>(198,875)</u>	<u>61,048</u>	<u>259,923</u>
Fund balance, beginning of year	<u>298,196</u>	<u>298,196</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 99,321</u></u>	<u><u>\$ 359,244</u></u>	<u><u>\$ 259,923</u></u>

**CITY OF PAGE, ARIZONA  
AIRPORT  
SPECIAL REVENUE FUND  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2014**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Charges for services	\$ 39,000	\$ 43,556	\$ 4,556
Rents and royalties	298,000	390,504	92,504
Miscellaneous	107,400	112,368	4,968
Total revenues	444,400	546,428	102,028
<b>Expenditures</b>			
Public works	304,360	109,792	194,568
Total expenditures	304,360	109,792	194,568
Excess of revenues over (under) expenditures	140,040	436,636	296,596
<b>Other Financing Sources (uses)</b>			
Transfer in	531	531	-
Transfer to General Fund	(210,500)	(194,855)	15,645
Total other financing sources (uses)	(209,969)	(194,324)	15,645
Net change in fund balance	(69,929)	242,312	312,241
Fund balance, beginning of year	526,754	526,754	-
<b>Fund balance, end of year</b>	<b>\$ 456,825</b>	<b>\$ 769,066</b>	<b>\$ 312,241</b>

**CITY OF PAGE, ARIZONA**  
**AIRPORT EVENTS**  
**SPECIAL REVENUE FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2014**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Other revenues	\$ 7,000	\$ 1,893	\$ (5,107)
Total revenues	<u>7,000</u>	<u>1,893</u>	<u>(5,107)</u>
<b>Expenditures</b>			
Culture and recreation	<u>7,500</u>	<u>6,507</u>	<u>993</u>
Total expenditures	<u>7,500</u>	<u>6,507</u>	<u>993</u>
Excess of revenues over (under) expenditures	<u>(500)</u>	<u>(4,614)</u>	<u>(4,114)</u>
<b>Other financing sources (uses)</b>			
Transfers out	<u>(531)</u>	<u>(531)</u>	<u>-</u>
Total other financing sources (uses)	<u>(531)</u>	<u>(531)</u>	<u>-</u>
Net change in fund balances	(1,031)	(5,145)	(4,114)
Fund balance, beginning of year	<u>8,032</u>	<u>8,032</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 7,001</u></u>	<u><u>\$ 2,887</u></u>	<u><u>\$ (4,114)</u></u>

**CITY OF PAGE, ARIZONA**  
**PERPETUAL CARE**  
**PERMANENT FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2014**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Charges for services	\$ 18,000	\$ 15,984	\$ (2,016)
Other revenues	<u>15,000</u>	<u>18,890</u>	<u>3,890</u>
Total revenues	<u>33,000</u>	<u>34,874</u>	<u>1,874</u>
<b>Expenditures</b>			
Current:			
Community support	<u>25,500</u>	<u>14,784</u>	<u>10,716</u>
Total expenditures	<u>25,500</u>	<u>14,784</u>	<u>10,716</u>
Excess of revenues over (under) expenditures	7,500	20,090	12,590
Fund balance, beginning of year	<u>315,227</u>	<u>315,227</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 322,727</u></u>	<u><u>\$ 335,317</u></u>	<u><u>\$ 12,590</u></u>



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## STATISTICAL SECTION

This part of the City of Page's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends .....	84
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well being have changed over time.</i>	
Revenue Capacity .....	95
<i>These schedules contain information to help the reader assess the government's property taxes and the most significant local revenues source, the sales tax.</i>	
Debt Capacity .....	97
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information.....	101
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information .....	103
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

**CITY OF PAGE, ARIZONA  
NET ASSETS BY COMPONENT  
LAST TEN FISCAL YEARS  
(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b>Governmental activities:</b>					
Net investment in capital assets	\$ 65,625,222	\$ 65,791,312	\$ 66,231,720	\$ 65,842,704	\$ 63,941,276
Restricted	2,677,622	2,113,080	1,936,741	3,743,731	6,362,771
Unrestricted	5,940,046	3,427,166	1,241,145	351,277	403,210
Total governmental activities net assets	<u>\$ 74,242,890</u>	<u>\$ 71,331,558</u>	<u>\$ 69,409,606</u>	<u>\$ 69,937,712</u>	<u>\$ 70,707,257</u>
<b>Business-type activities:</b>					
Net investment in capital assets	\$ 31,503,885	\$ 31,228,277	\$ 31,211,950	\$ 32,749,251	\$ 32,746,623
Unrestricted	22,449,818	21,911,704	20,463,831	18,333,993	16,555,666
Total business-type activities net assets	<u>\$ 53,953,703</u>	<u>\$ 53,139,981</u>	<u>\$ 51,675,781</u>	<u>\$ 51,083,244</u>	<u>\$ 49,302,289</u>
<b>Primary government</b>					
Net investment in capital assets	\$ 97,129,107	\$ 97,019,589	\$ 97,443,670	\$ 98,591,955	\$ 96,687,899
Restricted	2,677,622	2,113,080	1,936,741	3,743,731	6,362,771
Unrestricted	28,389,864	25,338,870	21,704,976	18,685,270	16,958,876
Total net assets	<u>\$ 128,196,593</u>	<u>\$ 124,471,539</u>	<u>\$ 121,085,387</u>	<u>\$ 121,020,956</u>	<u>\$ 120,009,546</u>

(Continued)

**CITY OF PAGE, ARIZONA  
NET ASSETS BY COMPONENT  
LAST TEN FISCAL YEARS  
(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
<b>Governmental activities:</b>					
Net investment in capital assets	\$ 64,158,299	\$ 57,156,213	\$ 53,990,134	\$ 4,331,413	\$ 2,676,551
Restricted	7,274,508	8,783,796	11,642,059	4,789,843	5,052,678
Unrestricted	1,775,818	2,567,251	467,508	8,185,890	3,226,104
Total net assets	<u>\$ 73,208,625</u>	<u>\$ 68,507,260</u>	<u>\$ 66,099,701</u>	<u>\$ 17,307,146</u>	<u>\$ 10,955,333</u>
<b>Business-type activities:</b>					
Net investment in capital assets	\$ 31,195,816	\$ 33,655,654	\$ 34,929,519	\$ 33,127,443	\$ 33,101,981
Unrestricted	16,066,568	17,123,338	16,072,488	13,433,715	13,357,908
Total net assets	<u>\$ 47,262,384</u>	<u>\$ 50,778,992</u>	<u>\$ 51,002,007</u>	<u>\$ 46,561,158</u>	<u>\$ 46,459,889</u>
<b>Primary government</b>					
Net investment in capital assets	\$ 95,354,115	\$ 90,811,867	\$ 88,919,653	\$ 37,458,856	\$ 35,778,532
Restricted	7,274,508	8,783,796	11,642,059	4,789,843	5,052,678
Unrestricted	17,842,386	19,690,589	16,539,996	21,619,605	16,584,012
Total net assets	<u>\$ 120,471,009</u>	<u>\$ 119,286,252</u>	<u>\$ 117,101,708</u>	<u>\$ 63,868,304</u>	<u>\$ 57,415,222</u>

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

**(Concluded)**

**CITY OF PAGE, ARIZONA**  
**EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b>Expenses</b>					
Governmental activities:					
General government	\$ 2,524,762	\$ 2,360,309	\$ 2,862,521	\$ 2,957,556	\$ 2,393,812
Public safety	4,548,431	4,529,114	5,020,723	5,055,399	5,151,308
Judicial	272,341	264,242	376,928	335,018	324,255
Public works	2,298,995	2,559,162	2,934,715	3,051,926	2,820,598
Culture and recreation	1,277,349	1,351,765	1,815,364	2,081,624	1,853,122
Community Support	614,650	823,049	959,067	977,583	1,275,054
Interest on long-term debt	511,285	547,454	1,027,886	358,964	684,889
Total governmental activities	<u>12,047,813</u>	<u>12,435,095</u>	<u>14,997,204</u>	<u>14,818,070</u>	<u>14,503,038</u>
Business-type activities:					
Water	1,676,973	1,518,786	1,545,058	1,502,106	1,518,213
Sewer	1,295,142	1,407,188	1,419,674	1,286,837	1,264,840
Electric	7,804,901	7,817,693	7,445,984	7,269,317	7,454,824
Sanitation	616,463	639,129	619,764	656,820	656,690
Golf	-	-	-	-	-
Total business-type activities	<u>11,393,479</u>	<u>11,382,796</u>	<u>11,030,480</u>	<u>10,715,080</u>	<u>10,894,567</u>
Total expenses	<u>23,441,292</u>	<u>23,817,891</u>	<u>26,027,684</u>	<u>25,533,150</u>	<u>25,397,605</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services					
General government	105,700	106,805	69,360	841,902	136,644
Public safety	594,231	692,620	847,143	60,112	853,783
Judicial	326,320	322,395	366,378	310,299	235,153
Public works	653,229	617,876	592,057	677,174	653,235
Culture and recreation	140,516	177,454	339,833	301,734	350,873
Community support	39,470	35,702	32,078	31,615	36,955
Operating grants and contributions	1,369,623	1,324,153	911,426	513,129	507,960
Capital grants and contributions	1,139,188	1,783,868	1,398,753	1,477,168	355,618
Total governmental activities	<u>4,368,277</u>	<u>5,060,873</u>	<u>4,557,028</u>	<u>4,213,133</u>	<u>3,130,221</u>
Business-type activities:					
Charges for services					
Water	1,727,920	1,788,473	1,819,551	1,787,363	1,580,427
Sewer	1,561,479	1,621,033	1,140,122	1,150,514	1,389,585
Electric	8,489,555	8,816,630	8,888,259	8,639,770	9,082,700
Sanitation	845,130	921,727	684,540	663,340	657,801
Golf	-	-	-	-	-
Total business-type activities	<u>12,624,084</u>	<u>13,147,863</u>	<u>12,532,472</u>	<u>12,240,987</u>	<u>12,710,513</u>
Total program revenues	<u>16,992,361</u>	<u>18,208,736</u>	<u>17,089,500</u>	<u>16,454,120</u>	<u>15,840,734</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (6,448,931)</u>	<u>\$ (5,609,155)</u>	<u>\$ (8,938,184)</u>	<u>\$ (9,079,030)</u>	<u>\$ (9,556,871)</u>

(Continued)

**CITY OF PAGE, ARIZONA**  
**EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
<b>Expense:</b>					
Governmental activities:					
General government	\$ 1,769,799	\$ 2,678,476	\$ 3,910,499	\$ 2,133,649	\$ 2,365,257
Public safety	5,150,544	4,899,005	4,063,285	2,913,477	2,276,619
Judicial	297,986	270,890	231,207	210,225	192,015
Public works	2,668,319	2,479,358	1,741,645	1,679,145	1,226,919
Culture and recreation	955,919	934,386	802,569	770,277	785,429
Community Support	1,046,935	2,143,673	939,608	894,432	535,587
Interest on long-term debt	740,696	793,492	854,302	1,048,232	1,116,392
Total governmental activities	<u>12,630,198</u>	<u>14,199,280</u>	<u>12,543,115</u>	<u>9,649,437</u>	<u>8,498,218</u>
Business-type activities:					
Water	1,705,665	1,490,548	2,297,582	1,837,126	1,818,606
Sewer	1,248,754	1,155,973	-	-	-
Electric	8,125,091	9,669,296	10,707,320	10,218,081	9,355,671
Sanitation	650,679	618,380	561,077	659,676	501,523
Golf	747,732	895,285	754,841	521,887	629,901
Total business-type activities	<u>12,477,921</u>	<u>13,829,482</u>	<u>14,320,820</u>	<u>13,236,770</u>	<u>12,305,701</u>
Total expenses	<u>25,108,119</u>	<u>28,028,762</u>	<u>26,863,935</u>	<u>22,886,207</u>	<u>20,803,919</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services					
General government	298,141	151,465	193,369	114,581	114,644
Public safety	587,706	411,626	535,781	414,469	452,562
Judicial	304,979	304,439	292,725	202,528	216,980
Public works	407,572	527,778	185,784	187,674	209,281
Culture and recreation	120,762	116,433	361,690	329,899	294,271
Community support	30,554	23,355	77,623	80,699	108,826
Operating grants and contributions	625,466	1,247,712	216,323	242,073	146,684
Capital grants and contributions	714,132	1,435,306	4,868,742	2,474,669	3,382,217
Total governmental activities	<u>3,089,312</u>	<u>4,218,114</u>	<u>6,732,037</u>	<u>4,046,592</u>	<u>4,925,465</u>
Business-type activities:					
Charges for services					
Water	1,610,704	1,622,927	2,699,566	2,768,059	2,139,572
Sewer	1,155,636	1,157,021	-	-	-
Electric	8,972,826	9,715,945	9,587,909	8,228,579	6,961,461
Sanitation	640,769	610,124	612,745	584,390	560,733
Golf	306,188	290,805	349,384	337,243	284,068
Total business-type activities	<u>12,686,123</u>	<u>13,396,822</u>	<u>13,249,604</u>	<u>11,918,271</u>	<u>9,945,834</u>
Total program revenues	<u>15,775,435</u>	<u>17,614,936</u>	<u>19,981,641</u>	<u>15,964,863</u>	<u>14,871,299</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (9,332,684)</u>	<u>\$ (10,413,826)</u>	<u>\$ (6,882,294)</u>	<u>\$ (6,921,344)</u>	<u>\$ (5,932,620)</u>

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

**(Concluded)**

**CITY OF PAGE, ARIZONA**  
**GENERAL REVENUES AND TOTAL CHANGES IN NET ASSETS**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	Fiscal Year Ended June 30				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Net Revenue/(Expense)</b>	\$ (7,679,536)	\$ (7,374,222)	\$ (10,440,176)	\$ (10,604,937)	\$ (11,372,817)
<b>General Revenues:</b>					
Governmental activities:					
Taxes:					
City Sales taxes	7,854,872	7,359,792	6,960,801	6,902,409	6,768,417
State Sales taxes	630,799	593,180	566,283	-	-
Property taxes	-	-	-	-	-
Franchise taxes	268,405	297,102	236,028	-	-
Auto lieu tax	285,107	276,242	273,207	-	-
Unrestricted state shared revenue	807,770	740,265	611,652	2,252,850	2,301,972
Land Sales	229,597	227,038	377,650	138,750	-
Investment earnings (losses)	4,639	9,699	11,653	34,830	19,021
Miscellaneous	157,453	30,093	147,311	90,892	194,989
Gain/(loss) on disposal of asset	-	-	-	153,126	-
<b>Transfers</b>	<u>352,226</u>	<u>454,622</u>	<u>727,485</u>	<u>262,535</u>	<u>-</u>
Total governmental activities	<u>10,590,868</u>	<u>9,988,033</u>	<u>9,912,070</u>	<u>9,835,392</u>	<u>9,284,399</u>
<b>Changes in Net Assets</b>	<u>\$ 2,911,332</u>	<u>\$ 2,613,811</u>	<u>\$ (528,106)</u>	<u>\$ (769,545)</u>	<u>\$ (2,088,418)</u>
<b>Net Revenue/(Expense)</b>	\$ 1,230,605	\$ 1,765,067	\$ 1,501,992	\$ 1,525,907	\$ 1,815,946
<b>General Revenues:</b>					
Business-type activities:					
Investment earnings (losses)	(64,657)	111,565	(15,279)	13,098	9,092
Miscellaneous	-	-	-	214,753	214,867
Gain/(loss) on disposal of asset	-	-	-	289,732	-
<b>Transfers</b>	<u>(352,226)</u>	<u>(454,622)</u>	<u>(727,485)</u>	<u>(262,535)</u>	<u>-</u>
Total business-type activities	<u>(416,883)</u>	<u>(343,057)</u>	<u>(742,764)</u>	<u>255,048</u>	<u>223,959</u>
<b>Changes in Net Assets</b>	<u>\$ 813,722</u>	<u>\$ 1,422,010</u>	<u>\$ 759,228</u>	<u>\$ 1,780,955</u>	<u>\$ 2,039,905</u>

(Continued)

**CITY OF PAGE, ARIZONA**  
**GENERAL REVENUES AND TOTAL CHANGES IN NET ASSETS**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
<b>Net Revenue/(Expense)</b>	\$ (9,540,886)	\$ (9,981,166)	\$ (5,811,078)	\$ (5,602,845)	\$ (3,572,753)
<b>General Revenues:</b>					
Governmental activities:					
Taxes:					
City Sales taxes	7,121,927	6,642,357	6,861,887	5,608,928	4,489,875
State Sales taxes	-	633,999	-	721,550	630,788
Property taxes	-	-	-	-	-
Franchise taxes	-	-	-	-	-
Auto lieu tax	-	-	807,239	338,588	316,848
Unrestricted state shared revenue	2,707,524	2,870,063	-	712,898	625,935
Land Sales	-	-	-	4,196,055	1,465,767
Investment earnings (losses)	150,463	626,313	1,434,293	399,605	201,836
Miscellaneous	207,718	215,938	7,592,158	1,006,794	941,178
Gain/(loss) on disposal of asset	-	-	31,555	-	555,990
<b>Transfers</b>	<u>404,352</u>	<u>-</u>	<u>(953,833)</u>	<u>(1,029,760)</u>	<u>-</u>
Total governmental activities	<u>10,591,984</u>	<u>10,988,670</u>	<u>15,773,299</u>	<u>11,954,658</u>	<u>9,228,217</u>
<b>Changes in Net Assets</b>	<u>\$ 1,051,098</u>	<u>\$ 1,007,504</u>	<u>\$ 9,962,221</u>	<u>\$ 6,351,813</u>	<u>\$ 5,655,464</u>
<b>Net Revenue/(Expense)</b>	\$ 208,202	\$ (432,660)	\$ (1,071,216)	\$ (1,318,499)	\$ (2,359,867)
<b>General Revenues:</b>					
Business-type activities:					
Investment earnings (losses)	117,075	274,910	407,955	390,008	211,882
Miscellaneous	212,734	313,944	1,374,804	-	-
Gain/(loss) on disposal of asset	-	-	-	-	-
<b>Transfers</b>	<u>(404,352)</u>	<u>-</u>	<u>953,833</u>	<u>1,029,760</u>	<u>(555,990)</u>
Total business-type activities	<u>(74,543)</u>	<u>588,854</u>	<u>2,736,592</u>	<u>1,419,768</u>	<u>(344,108)</u>
<b>Changes in Net Assets</b>	<u>\$ 133,659</u>	<u>\$ 156,194</u>	<u>\$ 1,665,376</u>	<u>\$ 101,269</u>	<u>\$ (2,703,975)</u>

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



**CITY OF PAGE, ARIZONA**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
General Fund:					
Nonspendable	\$ 50,099	\$ -	\$ -	\$ -	\$ -
Restricted				-	-
Committed			-	-	-
Assigned	-	-	-	-	-
Unassigned	5,503,593	3,340,840	1,218,820	1,210,172	-
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	1,311,241
Total General Fund	<u>\$ 5,553,692</u>	<u>\$ 3,340,840</u>	<u>\$ 1,218,820</u>	<u>\$ 1,210,172</u>	<u>\$ 1,311,241</u>
All Other Governmental Funds:					
Nonspendable					
Restricted	\$ 2,677,622	\$ 2,113,080	\$ 1,936,741	\$ 2,847,695	\$ -
Committed	1,166,739	869,135	712,259	896,036	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Reserved	-	-	-	-	266,889
Unreserved, reported in:					
Special revenue funds	-	-	-	-	3,074,754
Capital projects funds	-	-	-	-	3,660,289
Debt service fund	-	-	-	-	(365,360)
Total all other governmental funds	<u>\$ 3,844,361</u>	<u>\$ 2,982,215</u>	<u>\$ 2,649,000</u>	<u>\$ 3,743,731</u>	<u>\$ 6,636,572</u>
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
General Fund:					
Reserved					
Unreserved	4,103,474	\$ 2,092,289	\$ 203,673	\$ 3,025,518	\$ 788,894
Total General Fund	<u>\$ 4,103,474</u>	<u>\$ 2,092,289</u>	<u>\$ 203,673</u>	<u>\$ 3,025,518</u>	<u>\$ 788,894</u>
All Other Governmental Funds:					
Reserved	237,536	\$ 219,756	\$ 219,695	\$ 246,466	\$ 1,414,470
Unreserved, reported in:					
Special revenue funds	3,351,167	4,265,497	2,376,369	2,362,650	1,397,637
Capital projects funds	3,666,392	3,972,537	4,054,657	2,933,647	305,352
Debt service fund	(325,509)	85,904	1,161,303	1,241,424	1,146,688
Total all other governmental funds	<u>\$ 6,929,586</u>	<u>\$ 8,543,694</u>	<u>\$ 7,812,024</u>	<u>\$ 6,784,187</u>	<u>\$ 4,264,147</u>

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

**Note:** The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54 were adopted in fiscal year 2011. The standard replaces the previous reserved and unreserved fund balance categories with the following five fund balance classifications: nonspendable, restricted, committed, assigned, and unassigned fund balance.

**CITY OF PAGE, ARIZONA**  
**GOVERNMENTAL FUNDS REVENUES**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

<b>Fiscal Year Ended June 30</b>					
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
Taxes	\$ 8,123,277	\$ 7,656,894	\$ 7,196,829	\$ 6,902,409	\$ 6,246,647
Licenses and permits	127,525	114,268	85,254	382,509	339,228
Intergovernmental	3,225,006	4,670,891	3,784,784	2,676,147	3,687,320
Charges for services	869,669	1,007,824	1,239,203	1,127,736	1,285,140
Fines and forfeitures	352,606	340,829	381,075	327,704	249,338
Rents and royalties	390,504	364,764	422,509	384,887	392,937
Investment income	4,640	9,698	11,653	34,830	19,021
Land sales	246,275	233,487	377,650	138,750	1,065,800
Miscellaneous	239,400	202,074	213,983	1,796,642	194,989
<b>Total revenues</b>	<b>\$ 13,578,902</b>	<b>\$ 14,600,729</b>	<b>\$ 13,712,940</b>	<b>\$ 13,771,614</b>	<b>\$ 13,480,420</b>
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
Taxes	\$ 7,121,927	\$ 6,642,357	\$ 5,861,890	\$ 5,608,928	\$ 4,489,875
Licenses and permits	325,810	272,035	218,468	215,491	223,794
Intergovernmental	4,047,122	5,553,081	7,123,406	4,716,955	5,281,691
Charges for services	713,664	582,789	649,480	528,664	571,279
Fines and forfeitures	318,058	317,509	338,154	258,694	281,426
Rents and royalties	392,182	362,763	542,279	835,954	845,346
Investment income	150,463	626,313	773,569	399,605	201,836
Land sales	1,393,163	1,632,166	8,578,709	4,196,055	1,465,767
Miscellaneous	1,532,718	215,938	359,765	270,664	236,678
<b>Total revenues</b>	<b>\$ 15,995,107</b>	<b>\$ 16,204,951</b>	<b>\$ 24,445,720</b>	<b>\$ 17,031,010</b>	<b>\$ 13,597,692</b>

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

**CITY OF PAGE, ARIZONA**  
**GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	Fiscal Year Ended June 30				
	<u>2014</u>	<u>2013</u>	<u>2012</u> (Re-stated)	<u>2011</u>	<u>2010</u>
<b>Expenditures:</b>					
Current -					
General government	\$ 2,344,342	\$ 2,145,080	\$ 2,453,151	\$ 2,823,491	\$ 2,799,265
Public safety	4,161,909	3,965,869	4,700,348	4,729,248	4,691,379
Judicial	272,341	264,242	376,928	357,364	327,582
Public works	1,077,785	1,265,727	1,610,576	1,958,048	1,901,620
Culture and recreation	929,787	976,150	1,466,996	1,830,562	1,509,629
Community support	561,816	763,728	931,457	1,001,266	1,258,244
Capital outlay	143,081	1,839,664	1,510,175	3,822,407	1,783,885
Debt service -					
Principal retirement	873,963	709,424	482,895	422,727	684,889
Interest, premium and fiscal charges	491,106	525,950	546,587	358,964	358,366
Refunding bond issuance costs			566,457		
<b>Total expenditures</b>	<u><u>\$ 10,856,130</u></u>	<u><u>\$ 12,455,834</u></u>	<u><u>\$ 14,645,570</u></u>	<u><u>\$ 17,304,077</u></u>	<u><u>\$ 15,314,859</u></u>
Expenditures for capitalized assets	\$ 1,306,956	\$ 2,090,813	\$ 1,646,937	\$ 4,822,255	\$ 2,005,905
Debt service as a percentage of noncapital expenditures	14%	12%	12%	6%	8%

(Continued)

**CITY OF PAGE, ARIZONA**  
**GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Expenditures:</b>					
Current -					
General government	\$ 3,001,616	\$ 2,902,324	\$ 3,756,073	\$ 1,908,150	\$ 2,096,199
Public safety	4,908,255	4,299,388	4,512,471	2,989,020	2,668,810
Judicial	316,731	261,409	227,783	211,096	194,518
Public works	1,819,622	1,741,406	1,652,989	1,226,587	1,895,698
Culture and recreation	968,168	867,728	792,663	743,558	756,578
Community support	1,045,489	2,025,354	930,866	883,737	583,086
Capital outlay	3,062,118	3,769,135	5,165,432	2,604,596	3,590,398
Debt service -					
Principal retirement	304,042	274,523	5,448,394	960,963	893,392
Interest, premium and fiscal charges	740,696	793,492	1,287,353	1,039,791	993,310
Refunding bond issuance costs					
<b>Total expenditures</b>	<u>\$ 16,166,737</u>	<u>\$ 16,934,759</u>	<u>\$ 23,774,024</u>	<u>\$ 12,567,498</u>	<u>\$ 13,671,989</u>
Expenditures for capitalized assets	\$ 4,022,778	\$ 3,183,409	\$ 5,085,298	\$ 3,195,307	\$ 5,118,476
Debt service as a percentage of noncapital expenditures	9%	8%	36%	21%	22%

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

**Note:** N/A indicates that the information is not available

(Concluded)

**CITY OF PAGE, ARIZONA**  
**OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ 2,722,772	\$ 2,144,895	\$ (932,630)	\$ (3,532,463)	\$ (1,834,439)
<b>Other financing sources (uses):</b>					
Issuance of long-term debt	-	-	11,730,000		
Premium on long-term debt issuance	-	-	678,203		
Payment to refunded bond	-	-	(13,351,076)		
Proceeds from capital leases	-	-	61,935	688,968	29,451
Transfers in	1,901,044	1,612,011	1,896,780	2,314,412	1,182,086
Transfers out	(1,548,818)	(1,157,388)	(1,169,295)	(2,051,877)	(1,182,086)
Total other financing sources (uses)	<u>352,226</u>	<u>454,623</u>	<u>(153,453)</u>	<u>951,503</u>	<u>29,451</u>
<b>Changes in fund balances</b>	<u>\$ 3,074,998</u>	<u>\$ 2,599,518</u>	<u>\$ (1,086,083)</u>	<u>\$ (2,580,960)</u>	<u>\$ (1,804,988)</u>
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (171,630)	\$ (729,808)	\$ 671,696	\$ 4,463,512	\$ (74,297)
<b>Other financing sources (uses):</b>					
Issuance of long-term debt					
Premium on long-term debt issuance					
Payment to refunded bond					
Proceeds from capital leases	164,355	8,630	413,128	56,000	463,081
Transfers in	2,545,758	2,427,134	6,363,892	4,436,095	3,894,715
Transfers out	(2,141,406)	(2,427,134)	(7,317,725)	(4,197,718)	(3,338,725)
Total other financing sources (uses)	<u>568,707</u>	<u>8,630</u>	<u>(540,705)</u>	<u>294,377</u>	<u>1,019,071</u>
<b>Changes in fund balances</b>	<u>\$ 397,077</u>	<u>\$ (721,178)</u>	<u>\$ 130,991</u>	<u>\$ 4,757,889</u>	<u>\$ 944,774</u>

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

**CITY OF PAGE, ARIZONA  
DIRECT AND OVERLAPPING SALES TAX RATES  
LAST TEN FISCAL YEARS**

<b>Overlapping Rates</b>			
<b>Fiscal Year Ended June 30</b>	<b>City of Page</b>	<b>Coconino County</b>	<b>Arizona State</b>
2014	3.0	1.125	5.6
2013	3.0	1.125	5.6
2012	3.0	1.125	6.6
2011	3.0	1.125	6.6
2010	3.0	1.125	6.6
2009	3.0	1.125	5.6
2008	3.0	1.125	5.6
2007	3.0	1.125	5.6
2006	3.0	0.925	5.6
2005	3.0	0.925	5.6

**Source:** The source of this information is the Arizona Department of Revenue.

**CITY OF PAGE, ARIZONA**  
**TAXABLE SALES BY CATEGORY**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

<b>Fiscal Year Ended June 30</b>					
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
Construction	\$ 312,655	\$ 150,935	\$ 127,505	\$ 404,265	\$ 151,596
Manufacturing	140,883	182,183	86,876	181,350	206,285
Transportation, Communications & Utilities	682,079	672,357	633,976	623,650	570,762
Wholesale Trade	91,432	106,875	104,809	41,413	153,761
Retail Trade	2,989,931	2,915,898	2,921,545	2,858,788	2,849,320
Restaurants and Bars	977,250	933,878	928,366	910,057	879,893
Finance, Insurance & Real Estate	414,060	391,759	362,710	348,948	318,610
Hotels and Other Lodging	2,008,533	1,774,479	1,538,461	1,312,374	1,238,544
Services	181,779	166,140	153,249	140,424	166,676
All Others Not Specified	56,270	65,286	103,303	81,140	41,382
	<u>7,854,872</u>	<u>7,359,792</u>	<u>6,960,801</u>	<u>6,902,409</u>	<u>6,576,830</u>
<b>Total</b>	<b><u>\$ 7,854,872</u></b>	<b><u>\$ 7,359,792</u></b>	<b><u>\$ 6,960,801</u></b>	<b><u>\$ 6,902,409</u></b>	<b><u>\$ 6,576,830</u></b>

	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
Construction	\$ 247,290	\$ 426,565	\$ 374,266	\$ 544,869	\$ 398,475
Manufacturing	222,674	225,845	210,350	199,535	158,940
Transportation, Communications & Utilities	541,232	548,935	473,800	414,733	167,168
Wholesale Trade	105,217	98,553	151,155	148,180	108,175
Retail Trade	3,089,180	3,029,379	2,465,381	2,464,728	2,146,631
Restaurants and Bars	872,832	773,271	684,632	578,234	231,712
Finance, Insurance & Real Estate	355,823	311,841	288,508	250,268	449,832
Hotels and Other Lodging	1,419,117	880,620	917,388	729,748	592,113
Services	221,238	215,671	195,254	190,569	175,571
All Others Not Specified	47,325	131,677	98,902	87,538	60,378
	<u>7,121,927</u>	<u>6,642,357</u>	<u>5,859,635</u>	<u>5,608,402</u>	<u>4,488,996</u>
<b>Total</b>	<b><u>\$ 7,121,927</u></b>	<b><u>\$ 6,642,357</u></b>	<b><u>\$ 5,859,635</u></b>	<b><u>\$ 5,608,402</u></b>	<b><u>\$ 4,488,996</u></b>

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

**CITY OF PAGE, ARIZONA  
OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30</b>	<b>Governmental Activities</b>				<b>Business-type Activities</b>		<b>Total Outstanding Debt</b>			
	<b>General Obligation and Other Bonds</b>	<b>Notes and Loans Payable</b>	<b>Capital Leases</b>	<b>Total</b>	<b>General Obligation Bonds</b>	<b>Capital Leases</b>	<b>Total Debt</b>	<b>Percentage of Estimated Actual Value</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
2014	12,657,500		\$ 344,412	13,001,912	\$ -	\$ -	13,001,912	20.77 %	0.36 %	1,758
2013 <b>(Re-stated)</b>	13,483,252	-	468,522	13,951,774	-	-	13,951,774	20.54	0.33	1,899
2012 <b>(Re-stated)</b>	14,059,145	-	612,363	14,671,508	-	18,545	14,690,053	21.27	0.32	1,993
2011	14,134,033	-	860,659	14,994,692	-	78,747	15,073,439	21.25	0.30	2,080
2010	14,296,469	-	431,782	14,728,251	-	136,456	14,864,707	21.27	0.30	2,087
2009	14,433,802	5,391	502,481	14,941,674	-	307,858	15,249,532	23.16	0.27	2,152
2008	14,537,204	16,838	527,319	15,081,361	-	280,971	15,362,332	24.46	0.25	2,177
2007	14,633,140	28,518	685,595	15,347,253	-	121,289	15,468,542	28.31	0.23	2,204
2006	20,081,534	39,411	353,781	20,474,726	-	97,632	20,572,358	40.08	0.16	2,966
2005	20,955,783	-	423,906	21,379,689	-	60,886	21,440,575	41.28	0.14	3,096

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



**CITY OF PAGE, ARIZONA  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

**Total Legal Debt Margin Calculation for Fiscal Year 2014:**

Secondary assessed valuation	\$ 62,585,129
Debt limit (26%)	16,272,134
Debt applicable to limit	-
Legal debt margin	<u><u>\$ 16,272,134</u></u>

**Fiscal Year Ended June 30**

	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
Total Debt limit	\$ 16,272,134	\$ 17,657,123	\$ 17,955,775	\$ 18,440,382	\$ 18,168,670
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u><u>\$ 16,272,134</u></u>	<u><u>\$ 17,657,123</u></u>	<u><u>\$ 17,955,775</u></u>	<u><u>\$ 18,440,382</u></u>	<u><u>\$ 18,168,670</u></u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
Debt limit	\$ 17,122,646	\$ 16,330,023	\$ 14,208,309	\$ 13,344,326	\$ 13,505,535
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u><u>\$ 17,122,646</u></u>	<u><u>\$ 16,330,023</u></u>	<u><u>\$ 14,208,309</u></u>	<u><u>\$ 13,344,326</u></u>	<u><u>\$ 13,505,535</u></u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

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

**Note:** 1) The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds and the statutory debt limit on Class B bonds. The calculations of the debt margins are presented in detail for the current fiscal year only.

2) Bond premium is not subject to the statutory debt limit.

**CITY OF PAGE, ARIZONA**  
**PLEDGED-REVENUE COVERAGE**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

<b>Excise Tax and State Shared Revenue Bonds</b>				
<b>Fiscal Year</b>	<b>Excise Tax and State Shared Revenues</b>	<b>Debt Service Principal</b>	<b>Debt Service Interest</b>	<b>Coverage</b>
2014	\$ 9,895,806	\$ 600,000	\$ 473,938	9.21
2013	9,341,956	350,000	480,938	11.24
2012	8,765,519	12,300,000	1,680,387	0.63
2011	7,162,101	-	593,487	12.07
2010	6,463,948	-	593,487	10.89
2009	7,364,312	-	593,440	12.41
2008	6,754,898	-	592,669	11.40
2007	5,933,775	5,335,000	955,114	0.94
2006	5,669,602	750,000	878,153	3.48
2005	4,547,209	715,000	913,191	2.79

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

**Note:** Information prior to FY 2005 was not available.

**Note:** This section was updated to reflect information pertaining to bonds pledged with excise tax revenues (Figures do not include Series 2004 Airport Bond)

**Note:** In Fiscal Year 2012, Series 1999A Bond was restructured.

**Note:** Additional revenues are pledged for the Series 2011 Bond as compared to previous bonds

**CITY OF PAGE, ARIZONA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**JUNE 30, 2014**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Amount Overlapping Debt</u>
Direct:			
City of Page		100%	<u>13,001,912</u>
Total Direct Debt			<u><u>\$ 13,001,912</u></u>

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

**Note:** 1) Estimated percentage of debt outstanding applicable to the City is calculated based on the City's secondary assessed valuation as a percentage of the secondary assessed valuation of the overlapping jurisdiction.  
2) The City had no overlapping debt.

**CITY OF PAGE, ARIZONA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS**

<u>Year</u>	<u>Population</u>		<u>Personal Income</u>		<u>Per Capita Income</u>	<u>Arizona Unemployment Rate</u>		<u>Coconino County Unemployment Rate</u>		<u>City of Page Unemployment Rate</u>	
2013	7,395	\$	4,735,934	\$	37,820	8.00	%	8.10	%	7.00	%
2012	7,346		4,620,811		34,353	8.30		8.10		7.30	
2011	7,369		4,725,407		35,105	9.50		9.20		8.30	
2010	7,247		4,481,137		34,510	10.00		8.90		8.00	
2009	7,122		4,408,897		34,330	9.70		8.30		7.50	
2008	7,086		4,056,682		31,855	5.90		5.30		4.80	
2007	7,057		3,767,194		29,879	3.80		3.70		3.30	
2006	7,018		3,493,415		28,008	4.10		4.30		3.80	
2005	6,937		3,258,728		26,431	4.70		4.90		4.40	
2004	6,925		2,999,350		24,692	5.00		5.30		4.70	

**Source:** 1) The source of the "Personal Income" and "Per Capita" information is the Bureau of Economic Analysis.  
2) The source of the "Population" and "Unemployment Rate" information is the Arizona Department of Administration, Office of Employment and Population Statistics.

**CITY OF PAGE, ARIZONA  
PRINCIPAL EMPLOYERS  
CURRENT FISCAL YEAR AND FISCAL YEAR 2013**

<b>Employer</b>	<b>2014</b>		<b>2013</b>	
	<b>Employees</b>	<b>Percentage of Total Employment</b>	<b>(Re-stated) Employees</b>	<b>Percentage of Total Employment</b>
Aramark, Inc.	700	17.71 %	700	17.71 %
Navajo Generating Station	498	12.60	498	12.60
Page Unified School District No. 8	436	11.03	434	10.98
Super Wal-Mart	210	5.31	283	7.16
City of Page (Including Page Electric Utility)	180	4.55	188	4.76
Gary Yamamoto Custom Baits	165	4.17	165	4.17
Courtyard by Marriott LLP	90	2.28	82	2.07
Page Steel / Page Lumber	84	2.12	76	1.92
Canyonlands Community Health	59	1.49	59	1.49
Page Hospital	115	2.91	107	2.71
Safeway	100	2.53	81	2.05
Total	<u>2,637</u>	<u>66.70 %</u>	<u>2,673</u>	<u>67.62 %</u>
Total employment	<u>3,953</u>		<u>4,360</u>	

**Source:** 1) The source of this information is the City's records.

2) The source of "Total Employment" is the Arizona Department of Administration, Office of Employment and Population Statistics

**CITY OF PAGE, ARIZONA**  
**FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

	<b>Full-time Equivalent Employees as of June 30</b>				
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b>Function</b>					
General Government	17	14	17	24	27
Public Safety	44	42	45	56	55
Judicial	5	5	5	5	6
Public works	14	12	14	16	16
Culture and recreation	12	12	18	24	22
Community support	2	4	3	9	8
Electric	17	19	19	19	19
Water	19	17	15	14	16
Total	<u>130</u>	<u>125</u>	<u>136</u>	<u>167</u>	<u>168</u>
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
<b>Function</b>					
General Government	26	23	24	24	22
Public Safety	54	57	51	46	43
Judicial	6	6	5	5	5
Public works	16	15	15	15	13
Culture and recreation	18	19	18	16	21
Community support	6	6	6	5	6
Electric	19	19	19	20	24
Water	16	16	14	14	13
Total	<u>161</u>	<u>161</u>	<u>152</u>	<u>144</u>	<u>147</u>

**Source:** The source of this information is the City's records.

**CITY OF PAGE, ARIZONA  
CAPITAL ASSETS STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS**

	Fiscal Year Ended June 30									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Function</b>										
<b>Highways and Streets</b>										
Streets (miles)	47.2	47.2	47.2	47.0	47.0	45.5	44.7	44.7	43.5	43.4
Streetlights	817	817	817	811	811	N/A	N/A	N/A	N/A	N/A
Traffic Signals	53	53	53	53	53	53	53	53	53	53
<b>Culture and recreation</b>										
Parks acreage	17.73	17.73	17.73	17.73	17.73	17.23	17.23	17.23	17.23	17.23
Parks	6	6	6	6	6	6	6	6	6	6
Community centers	1	1	1	1	1	1	1	1	1	1
<b>Sewer</b>										
Sanitary sewers (miles)	38.94	38.94	38.71	38.46	32.46	N/A	N/A	N/A	N/A	N/A
Storm sewers (miles)	8.8	8.8	8.8	8.3	8.3	6.9	6.9	6.9	6.9	6.9
Maximum daily treatment capacity (gallons)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Average daily treatment (gallons)	908,005	918,000	945,000	901,000	872,000	841,000	795,000	835,000	847,000	757,000
<b>Water</b>										
Water lines (miles)	60.07	59.61	58.92	58.64	54.64	N/A	N/A	N/A	N/A	N/A
Raw water lines (miles)	3	3	3	3	N/A	N/A	N/A	N/A	N/A	N/A
Maximum daily treatment capacity (gallons)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	4,000,000	4,000,000
Average daily treatment (gallons)	1,751,756	1,890,000	1,988,000	1,921,000	1,918,000	2,001,000	2,085,000	1,989,000	1,905,000	1,790,000

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

**Note:** N/A indicates that the information is not available

**CITY OF PAGE, ARIZONA  
OPERATING INDICATORS BY FUNCTIONS  
LAST TEN FISCAL YEARS**

	<b>Fiscal Years</b>				
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b>Planning and Building Safety</b>					
Building permits issued (new single family homes)	3	6	1	6	23
<b>Highway and Streets</b>					
Street resurfacing (miles)	0.0	0.0	0.0	2.4	1.4
Streets striped (miles)	9.3	9.3	16.7	16.5	16.5
<b>Culture and Recreation</b>					
Summer recreation camps	0	0	13	12	11
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
<b>Planning and Building Safety</b>					
Building permits issued (new single family homes)	16	25	21	48	19
<b>Highway and Streets</b>					
Street resurfacing (miles)	0.6	3.1	2.2	0.3	2.0
Streets striped (miles)	16.5	15.7	15.7	15.6	15.4
<b>Culture and Recreation</b>					
Summer recreation camps	19	16	19	19	20

**Source:** The source of this information is the City's records.



**OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS**



MEMBERS:

CHAD B. ATKINSON, CPA  
KRIS J. BRAUNBERGER, CPA  
DEAN R. BURDICK, CPA  
ROBERT S. COX, CPA  
TODD B. FELTNER, CPA  
K. MARK FROST, CPA

MORRIS J. PEACOCK, CPA  
PHILLIP S. PEINE, CPA  
MICHAEL K. SPILKER, CPA  
KEVIN L. STEPHENS, CPA  
MARK E. TICHENOR, CPA

**Independent Auditors' Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

The Honorable Mayor and  
City Council  
Page, Arizona

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Page, Arizona, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Page, Arizona's basic financial statements and have issued our report thereon dated November 30, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Page, Arizona's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Page, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Page, Arizona's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



HintonBurdick, PLLC  
Flagstaff, Arizona  
November 30, 2014



MEMBERS:

CHAD B. ATKINSON, CPA  
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MARK E. TICHENOR, CPA

**Independent Auditors' Report on  
State Legal Compliance**

The Honorable Mayor and  
City Council  
Page, Arizona

We have audited the basic financial statements of the City of Page, Arizona for the year ended June 30, 2014, and have issued our report thereon dated November 30, 2014. Our audit also included test work on the City of Page's compliance with selected requirements identified in the State of Arizona Revised Statutes and the Arizona State Constitution including, but not limited to, Title 28, Chapter 18, Article 2.

The management of the City of Page is responsible for the City's compliance with all requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit; accordingly, we make the following statements:

The City of Page has established separate funds to account for Highway User Revenue funds and Local Transportation Assistance funds. Highway user revenue fund monies received by the City of Page pursuant to Title 28, Chapter 18, Article 2 and other dedicated state transportation revenues received during the current fiscal year appear to have been used solely for authorized purposes. The funds are administered in accordance with Generally Accepted Accounting Principles. Sources of revenues available and fund balances are reflected in the individual fund financial statements.

Our opinion regarding the City's compliance with annual expenditure limitations has been issued separately with the City's Annual Expenditure Limitation Report.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, The City of Page, Arizona complied, in all material respects, with the requirements identified above for the year ended June 30, 2014.

The purpose of this report is solely to describe the scope of our testing of the applicable compliance requirements identified in the Arizona Revised Statutes as noted above and the results of that testing based on the state requirements. Accordingly, this report is not suitable for any other purpose.

HintonBurdick, PLLC  
Flagstaff, Arizona  
November 30, 2014

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