

City of Page, Arizona

Comprehensive Annual Financial Report



Fiscal Year Ended June 30, 2015

Cover photograph courtesy of Blake Tilker, featuring “Izia Balloon” (Pilot Nick Meleski), “Transition” (Pilot Kurt Adelsberger), and “Wild Thing” (Pilot Skip Mencimer).

CITY OF PAGE, ARIZONA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2015

PREPARED BY:

CITY OF PAGE FINANCE DEPARTMENT

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CITY OF PAGE, ARIZONA

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December 1, 2015

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, 2015.

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 HintonBurdick, 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, 2015, 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, 2015, 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 7,582 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 City Council for review. The proposed budget is presented in April 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 no later than 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 3 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 7,582, 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 2014/15, 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 City 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.

This year’s budget was reduced approximately \$2.3M 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, 2014. This is the fifth consecutive year that the City has received this prestigious award, in addition to receiving this award from 1992-2001. 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 2014-15 certificate.

Acknowledgements. The preparation of this report is due to the effective and dedicated efforts of the Finance Department staff. Beyond these efforts, this report is representative of the collaboration and hard work of employees at all levels of the organization; the excellence of the financial administration; and the leadership of the Mayor and City Council. For the efforts of all of these people, we wish to express our sincere gratitude.

Respectfully submitted,


J. Crystal Prentice
City Manager


Linda L. 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

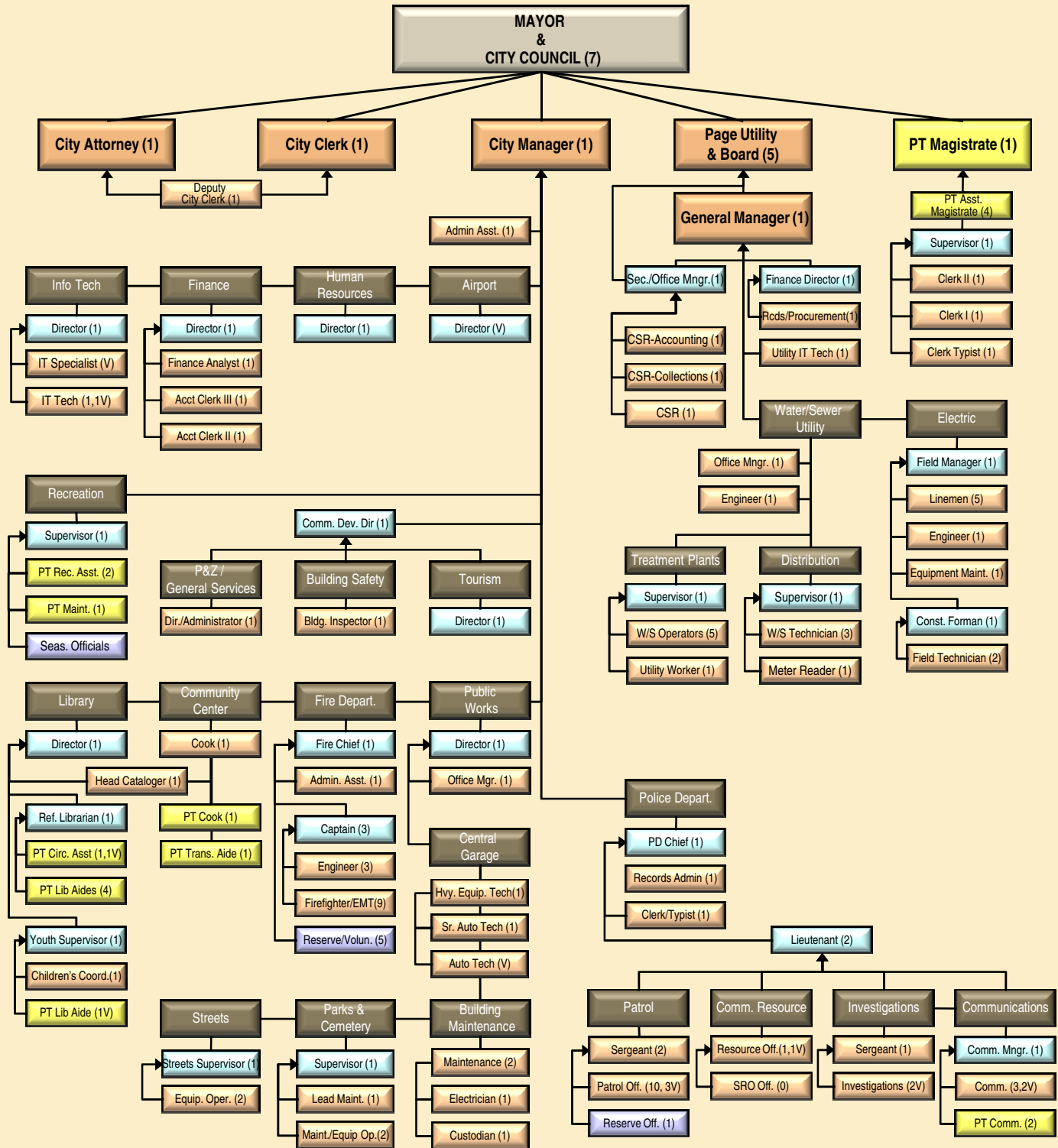
City Magistrate

Rick E. Olson

Page Utility Enterprises General Manager

Bryan Hill

City of Page Organizational Chart



Vacancies (V) are shown as of June 30, 2015



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, 2014



Executive Director/CEO

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FINANCIAL SECTION

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MEMBERS:

CHAD B. ATKINSON, CPA
KRIS J. BRAUNBERGER, CPA
ROBERT S. COX, CPA
TODD B. FELTNER, CPA
K. MARK FROST, CPA
STEVEN D PALMER, 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, 2015, 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, 2015, 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.

Emphasis of Matter

As described in footnote 13 to the financial statements, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the proportionate share of the net pension liability, and the schedule of contributions, 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 20, 2015, 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
St. George, Utah
November 20, 2015

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CITY OF PAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015

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, 2015. 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 \$123,055,528. This amount is comprised of \$99,266,229 in capital assets net of related debt, \$3,636,384 of restricted net assets and \$20,152,915 in unrestricted net assets. This position reflects an overall net decrease of \$5,139,941 from prior year and is due primarily to a change in the reporting structure with GASB 68 and the requirement to report long term pension liabilities for both the governmental activities and the business-type activities for the fiscal year. This liability was not a reporting requirement in previous years and totals approximately
- 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 \$1.1 million. Budgeting conservatively to receive \$6.8 million, our actual figures were \$9.014 million by June 2015. 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 \$1.148 million from the Federal Aviation Administration and Arizona Department of Transportation for the apron strengthening construction 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 2015; the balance in the Local Government Investment Pool was approximately \$10.015 million, with \$1.654 being reserved for Highway User Revenue Fund.
- As of June 2015, the balance of the principal amount for the 2011 bond is \$10,050,000. In addition, the City has an outstanding principal bond for the Airport in the amount of approximately \$1.1 million. Overall, the total principal bond debt currently held by the City of Page is \$11.1 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 and deferred outflows exceed liabilities and deferred inflows by \$123 million as of June 30, 2015 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	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Current and other assets	\$ 14,170,397	\$ 10,004,117	\$ 24,619,187	\$ 24,952,662	\$ 38,789,584	\$ 34,956,779
Capital assets	77,867,737	78,175,714	32,419,796	31,503,885	110,287,533	109,679,599
Total assets	92,038,134	88,179,831	57,038,983	56,456,547	149,077,117	144,636,378
Deferred charge on refunding	379,671	451,420	-	-	379,671	451,420
Deferred outflows related to pension	1,723,326	-	410,171	-	2,133,497	-
Total deferred outflows of resources	2,102,997	451,420	410,171	-	2,513,168	451,420
Long-term liabilities outstanding	18,801,620	12,233,152	3,287,799	133,185	22,089,419	12,366,337
Other liabilities	2,561,417	2,155,208	1,849,768	2,369,659	4,411,185	4,524,867
Total liabilities	21,363,037	14,388,360	5,137,567	2,502,844	26,500,604	16,891,204
Deferred inflows of resources	1,481,449	-	552,704	-	2,034,153	-
Net position:						
Net investment in capital assets	66,327,569	65,625,222	32,419,796	31,503,885	98,747,365	97,129,107
Restricted	3,636,384	2,677,623	-	-	3,636,384	2,677,623
Unrestricted	1,332,692	5,940,046	19,339,087	22,449,818	20,671,779	28,389,864
Total net position	\$ 71,296,645	\$ 74,242,891	\$ 51,758,883	\$ 53,953,703	\$ 123,055,528	\$ 128,196,594

The City has \$149,077,117 in total assets, with \$110,287,533 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.

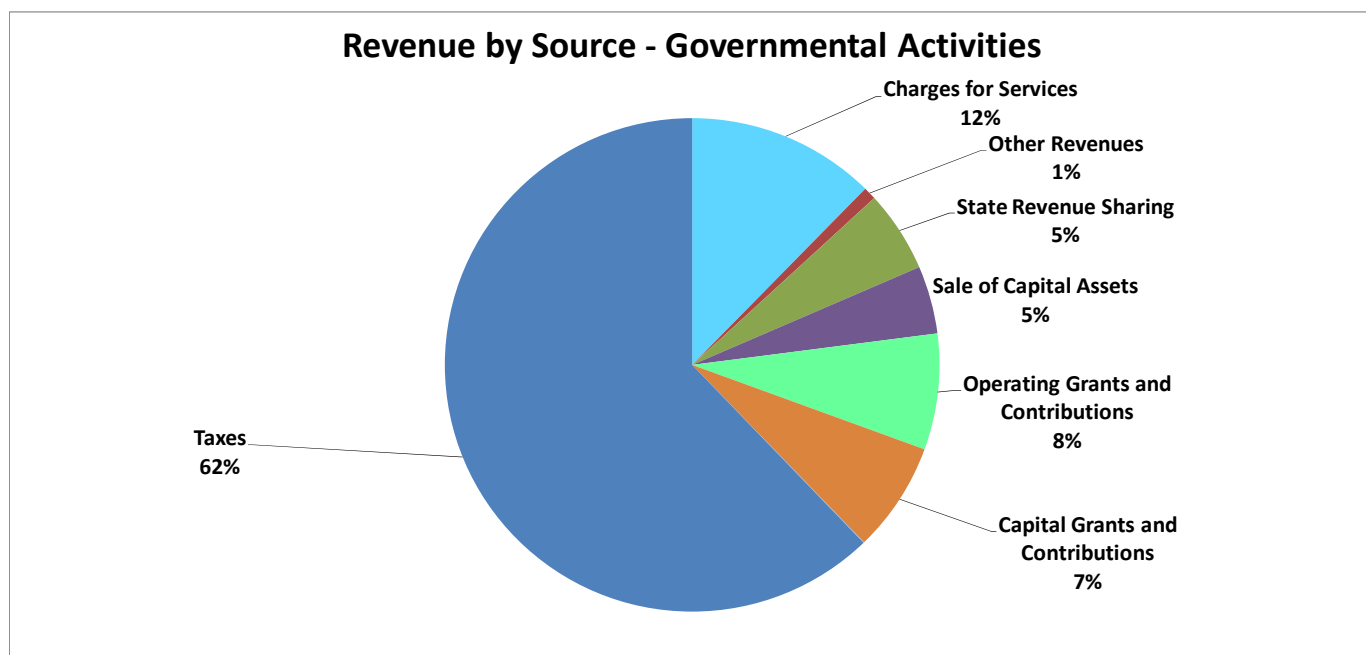
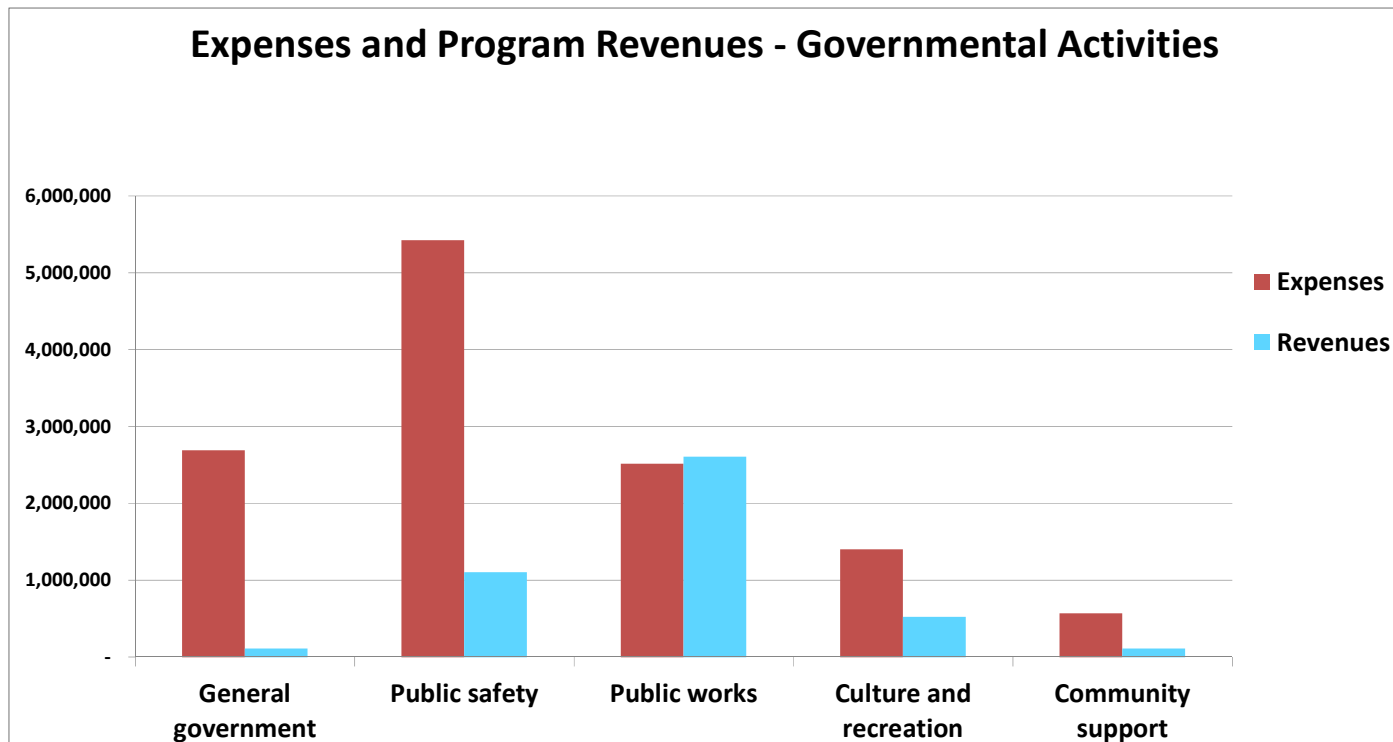
City of Page
Changes in Net Position

	Governmental activities		Business-type activities		Combined Total	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Revenues:						
Program revenues:						
Charges for services	\$ 2,026,263	\$ 1,859,466	\$ 12,702,213	\$ 12,624,084	\$ 14,728,476	\$ 14,483,550
Operating grants and contributions	1,248,559	1,369,623	-	-	1,248,559	1,369,623
Capital grants and contributions	1,184,230	1,139,188	-	-	1,184,230	1,139,188
General revenues:						
Taxes	10,209,781	9,039,183	-	-	10,209,781	9,039,183
State revenue sharing	877,294	807,770	-	-	877,294	807,770
Investment Income	7,198	4,639	8,824	(64,657)	16,022	(60,018)
Gain on disposal of asset	729,101	229,597	1,133	-	730,234	229,597
Other revenue/(expense)	136,509	157,453	-	-	136,509	157,453
Total revenues	16,418,935	14,606,919	12,712,170	12,559,427	29,131,105	27,166,346
Expenses:						
General government	2,689,305	2,524,762	-	-	2,689,305	2,524,762
Public safety	5,420,051	4,820,772	-	-	5,420,051	4,820,772
Public works/Streets	2,515,340	2,298,994	-	-	2,515,340	2,298,994
Culture and recreation	1,400,709	1,277,349	-	-	1,400,709	1,277,349
Community support	569,090	614,650	-	-	569,090	614,650
Interest on long-term debt	489,762	511,285	-	-	489,762	511,285
Water	-	-	1,570,517	1,676,973	1,570,517	1,676,973
Sewer	-	-	1,358,747	1,295,142	1,358,747	1,295,142
Electric	-	-	7,697,548	7,804,901	7,697,548	7,804,901
Sanitation	-	-	633,182	616,463	633,182	616,463
Total expenses	13,084,257	12,047,812	11,259,994	11,393,479	24,344,251	23,441,291
Increase (Decrease) in net position before transfers	3,334,678	2,559,107	1,452,176	1,165,948	4,786,854	3,725,055
Transfers	346,838	352,226	(346,838)	(352,226)	-	-
Net position, beginning	74,242,891	71,331,558	53,953,703	53,139,981	128,196,594	124,471,539
Restatement/Prior period adjustment	(6,627,762)	-	(3,300,158)	-	(9,927,920)	-
Net position, ending	\$ 71,296,645	\$ 74,242,891	\$ 51,758,883	\$ 53,953,703	\$ 123,055,528	\$ 128,196,594

The cost of all governmental activities this year was \$13.1 million, while the cost of all business-type activities totaled \$11.3 million, bringing the total expenses for the government to \$24.3 million. The cost of the governmental activities of \$13.1 million was financed by general and other revenues which are primarily made up of the sales tax collections and state shared revenues received by the City that total \$11.5 million. The balance was funded from 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 business-type activities during the year was \$12.7 million, which is consistent with the prior year. This resulted in an increase of \$1.45 million before transfers of \$347k and a prior period adjustment for GASB 68 of \$3.3 million.

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

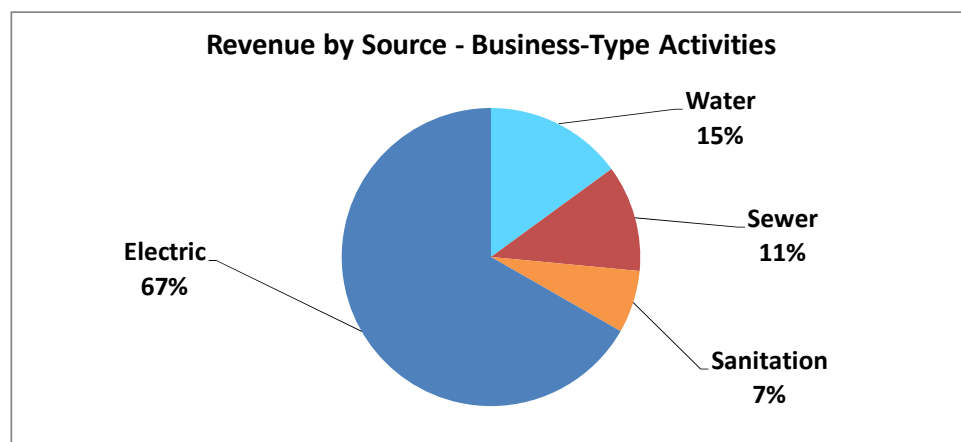
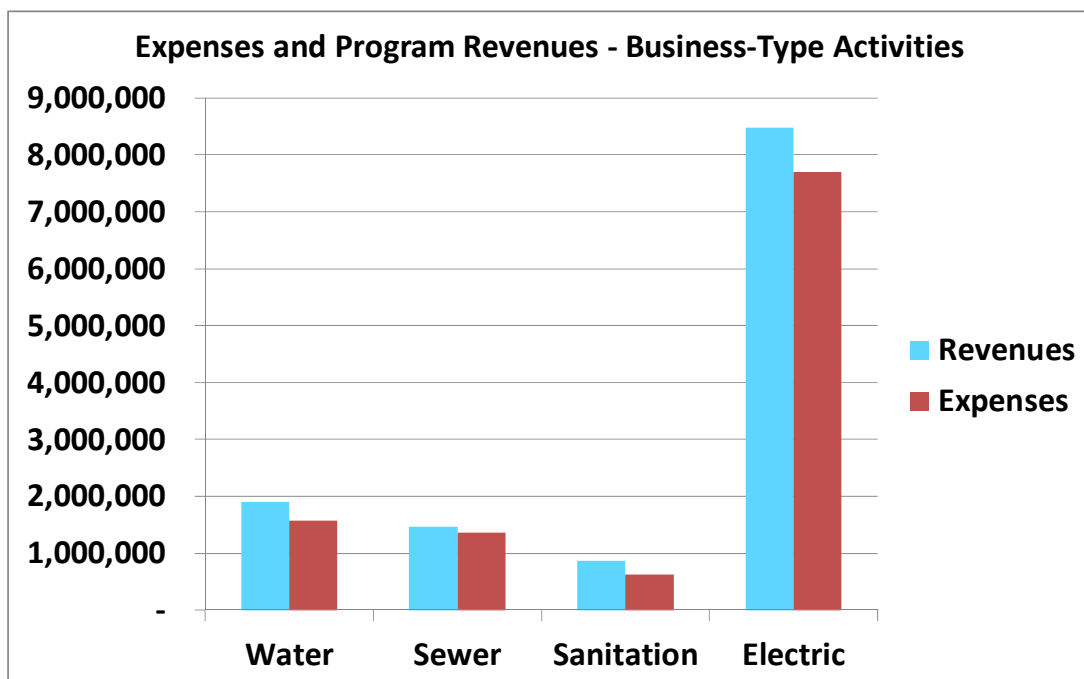


Business Type Activities

The net position of the Business Type activities at June 30, 2015 as reflected in the Statement of Net Position was \$51.8 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 \$12.7 million reflecting a \$153K increase in revenue from the prior year. The Net Position decreased by \$2.2 million, primarily due to a restatement adjustment of \$3.3 million to record the pension liability.

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 2014-15 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 was able to continue with its ambitious five year plan to modernize the infrastructure of both the Water and Sewer Utilities.



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 \$12.6 million, an increase of \$3.3 million in comparison with the prior year. Approximately, 60% of this total amount or \$7.5 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 \$7,604,496, most 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 87% of total general fund expenditures.

The Highway User Revenue Fund has a total fund balance of \$1,574,521, all of which is restricted for road and street construction and improvements. The net decrease in the fund balance during the current year was \$10,702. Future road projects are planned for the upcoming fiscal year.

The Capital Projects Fund balance decreased by \$86,623 this fiscal year. This fund covers all of the major airport grants awarded by the federal and state government. The capital projects for the airport centered on the completion of the airport strengthening project and were completed by the end of the fiscal year.

The Electric Fund shows a decrease of \$1.36 million to its net position from last fiscal year. This decrease is a direct reflection of the implementation of GASB 68.

The Water and Sewer Funds also experienced similar decreases in net position for 2015 for the same reason.

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 \$13,277,367. The amount budgeted for the year was \$10,929,763, showing the City bringing in excess revenue of \$2,347,604 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 \$8,700,515 were 82% of the budgeted expenditures of \$10,596,389.

The \$1,895,874 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 2015, net capital assets of the government activities totaled \$77.9 million and the net capital assets of the business-type activities totaled \$32.4 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 \$12.6 million in governmental long-term debt outstanding, not including the net pension liability of \$7.6 million. 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, 2015 was \$10,050,000 on this restructure, while the City also continues to pay on the Airport bond debt, carrying a current principal balance owing as of \$1,127,691 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.

The City Council set guidelines for their Strategic Goals and Priorities for FY 2014-2015 and are currently focusing on updating and developing the Strategic Goals and Priorities for the upcoming FY 2015-2016 budget year as outlined 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 2015-2016 budget amount for the General Fund expenditures (including inter-fund transfers) is balanced with anticipated revenue of \$12,620,525. The adopted fiscal year 2015-2016 budget for the entire City of Page is \$30,788,145, which includes capital projects of \$2.8 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, 2015

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 14,329,784	\$ 19,225,821	\$ 33,555,605
Receivables (net of allowance)	759,610	1,202,220	1,961,830
Note receivable	432,900	-	432,900
Prepaid expenses	62,976	290,462	353,438
Inventories	-	1,551,212	1,551,212
Internal balances	(1,563,751)	1,563,751	-
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	148,878	785,721	934,599
Capital assets (net of accumulated depreciation)			
Land and improvements	45,072,825	133,245	45,206,070
Construction in progress	717,471	626,588	1,344,059
Buildings and improvements	8,755,708	7,303,567	16,059,275
Furniture, equipment and vehicles	1,548,846	3,938,829	5,487,675
Infrastructure	21,772,887	-	21,772,887
Distribution systems	-	20,417,567	20,417,567
Total assets	<u>92,038,134</u>	<u>57,038,983</u>	<u>149,077,117</u>
Deferred Outflows of Resources			
Deferred charge on refunding	379,671	-	379,671
Deferred outflows related to pensions	<u>1,723,326</u>	<u>410,171</u>	<u>2,133,497</u>
Total deferred outflows of resources	<u>2,102,997</u>	<u>410,171</u>	<u>2,513,168</u>
Liabilities			
Accounts payable and other current liabilities	1,076,337	827,952	1,904,289
Customer deposits	-	785,721	785,721
Interest payable	10,106	-	10,106
Unearned revenue	289	-	289
Noncurrent liabilities:			
Due within one year	1,474,685	236,095	1,710,780
Due in more than one year	<u>18,801,620</u>	<u>3,287,799</u>	<u>22,089,419</u>
Total liabilities	<u>21,363,037</u>	<u>5,137,567</u>	<u>26,500,604</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions	<u>1,481,449</u>	<u>552,704</u>	<u>2,034,153</u>
Total deferred inflows of resources	<u>1,481,449</u>	<u>552,704</u>	<u>2,034,153</u>
Net Position			
Net investment in capital assets	66,327,569	32,419,796	98,747,365
Restricted for:			
Debt service	1,350,075	-	1,350,075
Capital projects	282,540	-	282,540
Highways and streets	1,574,521	-	1,574,521
Perpetual care - expendable	278,993	-	278,993
Grants and other purposes	150,255	-	150,255
Unrestricted	<u>1,332,692</u>	<u>19,339,087</u>	<u>20,671,779</u>
Total net position	<u>\$ 71,296,645</u>	<u>\$ 51,758,883</u>	<u>\$ 123,055,528</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, 2015

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	\$ 2,689,305	\$ 110,537	\$ -	\$ -	\$ (2,578,768)	\$ -	\$ (2,578,768)
Public safety	5,420,051	1,065,588	13,953	25,284	(4,315,226)	-	(4,315,226)
Public works	2,515,340	675,223	772,556	1,158,836	91,275	-	91,275
Culture and recreation	1,400,709	137,129	387,034	110	(876,436)	-	(876,436)
Community support	569,090	37,786	75,016	-	(456,288)	-	(456,288)
Interest on long-term debt	489,762	-	-	-	(489,762)	-	(489,762)
Total governmental activities	13,084,257	2,026,263	1,248,559	1,184,230	(8,625,205)	-	(8,625,205)
Business-type activities:							
Water	1,570,517	1,897,152	-	-	-	326,635	326,635
Sewer	1,358,747	1,469,034	-	-	-	110,287	110,287
Sanitation	633,182	861,008	-	-	-	227,826	227,826
Electric	7,697,548	8,475,019	-	-	-	777,471	777,471
Total business-type activities	11,259,994	12,702,213	-	-	-	1,442,219	1,442,219
Total primary government	24,344,251	14,728,476	1,248,559	1,184,230	(8,625,205)	1,442,219	(7,182,986)
General Revenues:							
Taxes:							
City sales tax					9,014,013	-	9,014,013
Franchise tax					241,159	-	241,159
State sales tax (unrestricted)					658,664	-	658,664
Auto lieu tax (unrestricted)					295,945	-	295,945
State revenue sharing (unrestricted)					877,294	-	877,294
Land sales					729,101	-	729,101
Unrestricted investment earnings (losses)					7,198	8,824	16,022
Gain on sale of capital assets					-	1,133	1,133
Other general revenues					136,509	-	136,509
Transfers					346,838	(346,838)	-
Total general revenues & transfers					12,306,721	(336,881)	11,969,840
Change in net position					3,681,516	1,105,338	4,786,854
Net position - beginning					74,242,891	53,953,703	128,196,594
Restatement adjustment					(6,627,762)	(3,300,158)	(9,927,920)
Net position - ending					\$ 71,296,645	\$ 51,758,883	\$ 123,055,528

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

CITY OF PAGE, ARIZONA
Balance Sheet
Governmental Funds
June 30, 2015

	General	Highway User Fund	Debt Service Fund
Assets			
Cash and cash equivalents	\$ 9,112,895	\$ 1,917,471	\$ 1,185,169
Prepaid Expenses	62,976	-	-
Notes Receivable	432,900		
Other receivables	29,696	-	9,315
Due from other funds	27,611	-	33,638
Due from other governments	550,045	73,815	-
Restricted cash and cash equivalents	3,440	-	121,953
Total assets	<u>\$ 10,219,563</u>	<u>\$ 1,991,286</u>	<u>\$ 1,350,075</u>
Liabilities			
Accounts payable	\$ 335,947	\$ 406,558	\$ -
Accrued liabilities	217,491	10,207	-
Deposits payable	3,440	-	-
Due to other funds	1,625,000	-	-
Unearned revenue	289	-	-
Total liabilities	<u>2,182,167</u>	<u>416,765</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable revenue - land sale	<u>\$ 432,900</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances			
Nonspendable			
Prepaid	62,976	-	-
Restricted:			
Roads and highways	-	1,574,521	-
Capital outlay	-	-	-
Debt service	-	-	1,350,075
Perpetual care - expendable	-	-	-
Public safety	-	-	-
Community support	-	-	-
Committed:			
Public works	-	-	-
Culture and recreation	-	-	-
Community support	-	-	-
Unassigned	7,541,520	-	-
Total fund balances	<u>7,604,496</u>	<u>1,574,521</u>	<u>1,350,075</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 10,219,563</u>	<u>\$ 1,991,286</u>	<u>\$ 1,350,075</u>

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

Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 274,315	\$ 1,839,934	\$ 14,329,784
-	-	62,976
-	12,461	432,900
12,911	-	51,472
42,176	42,102	74,160
-	23,485	708,138
		148,878
<u>\$ 329,402</u>	<u>\$ 1,917,982</u>	<u>\$ 15,808,308</u>
\$ 46,862	\$ 25,029	\$ 814,396
-	7,318	235,016
-	23,485	26,925
-	12,911	1,637,911
-	-	289
<u>46,862</u>	<u>68,743</u>	<u>2,714,537</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 432,900</u>
-	-	62,976
-	-	1,574,521
282,540	-	282,540
-	-	1,350,075
-	278,993	278,993
-	37,956	37,956
-	112,299	112,299
-	952,680	952,680
-	2,887	2,887
-	464,424	464,424
-	-	7,541,520
<u>282,540</u>	<u>1,849,239</u>	<u>12,660,871</u>
<u>\$ 329,402</u>	<u>\$ 1,917,982</u>	<u>\$ 15,808,308</u>

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CITY OF PAGE, ARIZONA
Reconciliation of Total Governmental Fund Balances
To Net Position of Governmental Activities
June 30, 2015

Total governmental fund balances	\$	12,660,871
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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	\$ 106,216,443	
Less: accumulated depreciation	<u>(28,348,706)</u>	
		77,867,737

Notes receivable for land sales are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	432,900
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Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.

Deferred outflows	\$ 1,723,326	
Deferred inflows	<u>(1,481,449)</u>	
		241,877

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	\$ (10,050,000)	
Airport lease purchase	(1,127,691)	
Capital leases	(223,284)	
Compensated absences	(712,151)	
Net pension liability	(7,644,315)	
Bond premiums	(518,864)	
Deferred amount on refunding	<u>379,671</u>	
		(19,896,634)

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.

(10,106)

Total net position of governmental activities	\$	<u><u>71,296,645</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, 2015

	General	Highway User Fund	Debt Service Fund
Revenues			
Taxes	\$ 9,255,172	\$ -	\$ -
Licenses, permits and fees	186,044	-	-
Intergovernmental revenue	2,172,451	756,998	111,616
Charges for services	957,691	-	-
Fines and forfeitures	313,388	-	-
Rental revenue	-	-	-
Investment earnings	5,687	1,205	-
Land sales	357,700	-	-
Other revenues	29,234	120	-
Total revenues	<u>13,277,367</u>	<u>758,323</u>	<u>111,616</u>
Expenditures			
Current:			
General government	2,336,203	-	2,750
Public safety	4,587,372	-	-
Public works	630,278	489,279	-
Culture and recreation	949,525	-	-
Community support	82,255	-	-
Capital outlay	13,297	579,746	-
Debt service:			
Principal	101,585	-	911,919
Interest	-	-	469,660
Total expenditures	<u>8,700,515</u>	<u>1,069,025</u>	<u>1,384,329</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,576,852</u>	<u>(310,702)</u>	<u>(1,272,713)</u>
Other Financing Sources (Uses)			
Transfers in	15,244	300,000	2,366,333
Transfers out	(2,541,292)	-	-
Total other financing sources and uses	<u>(2,526,048)</u>	<u>300,000</u>	<u>2,366,333</u>
Net change in fund balances	2,050,804	(10,702)	1,093,620
Fund balances, beginning of year	<u>5,553,692</u>	<u>1,585,223</u>	<u>256,455</u>
Fund balances, end of year	<u><u>\$ 7,604,496</u></u>	<u><u>\$ 1,574,521</u></u>	<u><u>\$ 1,350,075</u></u>

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

Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 9,255,172
-	-	186,044
1,148,336	136,344	4,325,745
-	67,617	1,025,308
-	-	313,388
-	383,710	383,710
-	-	6,892
-	-	357,700
-	164,219	193,573
<u>1,148,336</u>	<u>751,890</u>	<u>16,047,532</u>
73,713	-	2,412,666
-	32,343	4,619,715
-	177,038	1,296,595
-	69,470	1,018,995
-	463,874	546,129
1,161,246	-	1,754,289
-	-	1,013,504
-	-	469,660
<u>1,234,959</u>	<u>742,725</u>	<u>13,131,553</u>
<u>(86,623)</u>	<u>9,165</u>	<u>2,915,979</u>
-	415,439	3,097,016
-	(208,886)	(2,750,178)
-	206,553	346,838
(86,623)	215,718	3,262,817
369,163	1,633,521	9,398,054
<u>\$ 282,540</u>	<u>\$ 1,849,239</u>	<u>\$ 12,660,871</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, 2015

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

Net change in fund balances - total governmental funds		\$ 3,262,817
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	\$ 2,125,001	
Depreciation expense	<u>(2,371,479)</u>	(246,478)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, donations, and disposals) is a decrease in net position.		(61,499)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount of land sales sold on installment in the current year net of current year payments.		432,900
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		1,033,046
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.		(69,129)
Pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the net pension liability is measured a year before the City's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.		
Pension contributions	\$ 586,204	
Pension expense	<u>(1,360,880)</u>	(774,676)
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.		<u>55,508</u>
Change in net position of governmental activities		<u><u>\$ 3,681,516</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, 2015

	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 3,026,145	\$ 1,496,489	\$ 353,701
Receivables, net of allowance	189,486	186,645	81,617
Due from other funds	-	-	-
Inventories	183,239	154,895	-
Prepaid expenses	36,802	47,573	-
Total current assets	<u>3,435,672</u>	<u>1,885,602</u>	<u>435,318</u>
Noncurrent assets:			
Restricted cash	99,935	-	-
Capital assets:			
Land	-	-	-
Construction-in-progress	26,390	45,851	-
Buildings and improvements	2,373,799	4,515,825	-
Machinery, equipment, vehicles	1,772,033	1,941,030	-
Distribution system	17,167,926	10,747,905	-
Less accumulated depreciation	(12,914,852)	(12,144,407)	-
Total noncurrent assets	<u>8,525,231</u>	<u>5,106,204</u>	<u>-</u>
Total assets	<u>11,960,903</u>	<u>6,991,806</u>	<u>435,318</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions	<u>76,003</u>	<u>66,876</u>	<u>-</u>
Liabilities			
Current liabilities:			
Accounts payable	92,894	34,859	52,474
Accrued liabilities	33,047	47,297	-
Customer deposits	99,935	-	-
Due to other funds	3,121	24,648	11,324
Current portion of long-term liabilities	60,143	21,374	-
Total current liabilities	<u>289,140</u>	<u>128,178</u>	<u>63,798</u>
Noncurrent liabilities:			
Compensated absences	32,384	11,509	-
Net pension liability	585,662	515,328	-
Total noncurrent liabilities	<u>618,046</u>	<u>526,837</u>	<u>-</u>
Total liabilities	<u>907,186</u>	<u>655,015</u>	<u>63,798</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions	<u>102,414</u>	<u>90,115</u>	<u>-</u>
Net Position			
Net investment in capital assets	8,425,296	5,106,204	-
Unrestricted	2,602,010	1,207,348	371,520
Total net position	<u>\$ 11,027,306</u>	<u>\$ 6,313,552</u>	<u>\$ 371,520</u>

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

<u>Electric</u>	<u>Total</u>
\$ 14,349,486	\$ 19,225,821
744,472	1,202,220
1,625,000	1,625,000
1,213,078	1,551,212
206,087	290,462
<u>18,138,123</u>	<u>23,894,715</u>
685,786	785,721
133,245	133,245
554,347	626,588
8,330,410	15,220,034
5,062,579	8,775,642
28,389,854	56,305,685
(23,582,139)	(48,641,398)
<u>19,574,082</u>	<u>33,205,517</u>
<u>37,712,205</u>	<u>57,100,232</u>
267,292	410,171
482,500	662,727
84,881	165,225
685,786	785,721
22,156	61,249
154,578	236,095
<u>1,429,901</u>	<u>1,911,017</u>
83,234	127,127
<u>2,059,682</u>	<u>3,160,672</u>
<u>2,142,916</u>	<u>3,287,799</u>
<u>3,572,817</u>	<u>5,198,816</u>
360,175	552,704
18,888,296	32,419,796
15,158,209	19,339,087
<u>\$ 34,046,505</u>	<u>\$ 51,758,883</u>

CITY OF PAGE, ARIZONA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>
Operating revenues			
Service fees	\$ 1,882,866	\$ 1,469,034	\$ 861,008
Other revenues	14,286	-	-
Total operating revenues	<u>1,897,152</u>	<u>1,469,034</u>	<u>861,008</u>
Operating expenses			
Salaries and wages	332,474	257,486	-
Employee benefits	160,709	164,249	-
Insurance	43,415	33,548	-
Service, supplies and other	454,598	433,999	1,935
Power costs	-	-	-
Contract services	2,700	2,700	631,247
Depreciation	576,621	466,765	-
Total operating expenses	<u>1,570,517</u>	<u>1,358,747</u>	<u>633,182</u>
Operating income	<u>326,635</u>	<u>110,287</u>	<u>227,826</u>
Nonoperating revenues (expenses)			
Interest income	1,851	569	74
Gain (Loss) on disposal of capital assets	-	-	-
Total nonoperating revenues (expenses)	<u>1,851</u>	<u>569</u>	<u>74</u>
Income (loss) before transfers	328,486	110,856	227,900
Transfers to other funds	-	(211,448)	(135,390)
Change in net position	328,486	(100,592)	92,510
Total net position, beginning of year	11,310,328	6,952,214	279,010
Restatement adjustment	(611,508)	(538,070)	-
Total net position, end of year	<u><u>\$ 11,027,306</u></u>	<u><u>\$ 6,313,552</u></u>	<u><u>\$ 371,520</u></u>

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

Electric	Total
\$ 8,459,187	\$ 12,672,095
15,832	30,118
8,475,019	12,702,213
953,280	1,543,240
338,289	663,247
81,272	158,235
154,564	1,045,096
4,363,392	4,363,392
193,849	830,496
1,612,902	2,656,288
7,697,548	11,259,994
777,471	1,442,219
6,330	8,824
1,133	1,133
7,463	9,957
784,934	1,452,176
-	(346,838)
784,934	1,105,338
35,412,151	53,953,703
(2,150,580)	(3,300,158)
\$ 34,046,505	\$ 51,758,883

CITY OF PAGE, ARIZONA
Statement of Cash Flows
Proprietary Fund Types
For the Year Ended June 30, 2015

	Water	Sewer	Sanitation
Cash Flows From Operating Activities			
Cash received from customers, service fees	\$ 1,885,726	\$ 1,439,727	\$ 865,674
Cash received from other operating revenues	14,286	-	-
Cash paid to suppliers	(603,049)	(492,955)	(632,558)
Cash paid to employees	(487,170)	(444,519)	-
Net cash flows from operating activities	<u>809,793</u>	<u>502,253</u>	<u>233,116</u>
Cash Flows From Noncapital Activities:			
Transfers (to) / from other funds	-	(211,448)	(135,390)
Payments (to) from other funds	3,121	5,014	139
Net cash flows from noncapital activities	<u>3,121</u>	<u>(206,434)</u>	<u>(135,251)</u>
Cash Flows From Capital and Related Financing Activities:			
Purchase of capital assets	(690,100)	(186,383)	-
Proceeds from sale of capital assets	-	-	-
Net cash flows from capital and related financing activities:	<u>(690,100)</u>	<u>(186,383)</u>	<u>-</u>
Cash Flows From Investing Activities:			
Interest on investments	1,851	569	74
Net cash flows from investing activities	<u>1,851</u>	<u>569</u>	<u>74</u>
Net change in cash and cash equivalents	<u>124,665</u>	<u>110,005</u>	<u>97,939</u>
Cash and cash equivalents, beginning of year, including temporarily restricted cash	<u>3,001,415</u>	<u>1,386,484</u>	<u>255,762</u>
Cash and cash equivalents, end of year, including temporarily restricted cash	<u><u>\$ 3,126,080</u></u>	<u><u>\$ 1,496,489</u></u>	<u><u>\$ 353,701</u></u>
Reconciliation of operating income to net cash provided by operating activities:			
Net operating income	\$ 326,635	\$ 110,287	\$ 227,826
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation/amortization	576,621	466,765	-
Pension expense	41,044	36,115	-
Employer pension contributions	(40,479)	(35,618)	-
Changes in operating assets and liabilities:			
(Increase) Decrease in receivables	2,860	(29,307)	4,666
(Increase) Decrease in prepaid expenses	(7,469)	-	-
(Increase) Decrease in inventories	(30,854)	(9,216)	-
Increase (Decrease) in accounts payable	(72,302)	(41,385)	624
Increase (Decrease) in compensated absences	5,448	(23,281)	-
Increase (Decrease) in accrued liabilities	8,289	27,893	-
Net cash flows from operating activities	<u><u>\$ 809,793</u></u>	<u><u>\$ 502,253</u></u>	<u><u>\$ 233,116</u></u>

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

Electric	Total
\$ 8,572,976	\$ 12,764,103
15,832	30,118
(5,155,038)	(6,883,600)
(1,289,059)	(2,220,748)
<u>2,144,711</u>	<u>3,689,873</u>
-	(346,838)
22,156	30,430
<u>22,156</u>	<u>(316,408)</u>
(2,705,886)	(3,582,369)
11,303	11,303
<u>(2,694,583)</u>	<u>(3,571,066)</u>
6,330	8,824
<u>6,330</u>	<u>8,824</u>
<u>(521,386)</u>	<u>(188,777)</u>
<u>15,556,658</u>	<u>20,200,319</u>
<u>\$ 15,035,272</u>	<u>\$ 20,011,542</u>
\$ 777,471	\$ 1,442,219
1,612,902	2,656,288
144,344	221,503
(142,359)	(218,456)
113,789	92,008
97,498	90,029
(27,699)	(67,769)
(459,723)	(572,786)
525	(17,308)
27,963	64,145
<u>\$ 2,144,711</u>	<u>\$ 3,689,873</u>

CITY OF PAGE, ARIZONA
Statement of Net Position
Fiduciary Funds
June 30, 2015

	Volunteer Firefighters' Pension
Assets	
Current assets:	
Cash and cash equivalents	\$ 486,402
Total assets	<u>486,402</u>
Liabilities	
Current liabilities:	
Accounts payable	<u>-</u>
Total liabilities	<u>-</u>
Net position	
Held in trust	<u><u>\$ 486,402</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, 2015

	Volunteer Firefighters' Pension
Additions	
Contributions	
Employer	\$ 2,112
Employee	5,167
State fire insurance premium	20,085
Other	2,386
	<u>29,750</u>
Total contributions	<u>29,750</u>
Investment income	
Net appreciation (depreciation) in fair value of investments	(2,407)
Interest	11,735
	<u>9,328</u>
Net investment income	<u>9,328</u>
Total additions	<u>39,078</u>
Deductions	
Benefits	56,101
Administration	2,646
	<u>58,747</u>
Total deductions	<u>58,747</u>
Net increase (decrease)	(19,669)
Net position held in trust for pension benefits	
Beginning of year	<u>506,071</u>
End of year	<u><u>\$ 486,402</u></u>

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

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 1. Summary of Significant Accounting Policies

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, 2015

Note 1. Summary of Significant Accounting Policies, Continued

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.

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 1. Summary of Significant Accounting Policies, Continued

Additionally, the City reports the following fund types:

The **Pension Trust Fund** accounts for the activities of the Volunteer Firefighters' Pension Plan, which accumulates resources for pension benefit payments to qualified volunteer firefighters and EMS personnel.

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. 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

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 1. Summary of Significant Accounting Policies, Continued

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 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, 2015

Note 1. Summary of Significant Accounting Policies, Continued

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 has two items that qualify for reporting in this category. The first item 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. The second item is the pension related items reported on the government-wide and proprietary fund financial statements. See footnote 9 for more information.

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 1. Summary of Significant Accounting Policies, Continued

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. The City has two types of items that qualify for reporting in this category. The first type arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from the land sale note receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second type is pension related items reported on the government-wide and proprietary fund financial statements. See footnote 9 for more information.

Pensions

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

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.

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 1. Summary of Significant Accounting Policies, Continued

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.

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.

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 1. Summary of Significant Accounting Policies, Continued

Compensated absences

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.

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.

Use of 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.

New pronouncements

For the year ended June 30, 2015, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension assets and liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits. Implementation of these new Statements resulted in a restatement of beginning net position in the City's government-wide and proprietary fund financial statements (see footnote 13).

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2015

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

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.

Note 3. Stewardship, Compliance, and Accountability

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.

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 3. Stewardship, Compliance, and Accountability, Continued

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 supplementary budgetary appropriations made during the year ended June 30, 2015.

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, 2015, 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.

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 4. Deposits and Investments

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

Cash and cash equivalents	\$ 33,555,605
Restricted cash and cash equivalents	934,599
Fiduciary Fund cash and cash equivalents	<u>486,402</u>
Total	<u><u>\$ 34,976,606</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, 2015, none of the City's bank balance of \$11,966,297 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.

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CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 4. Deposits and Investments, Continued

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, 2015 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	\$ 157	N/A	N/A
Cash in bank	12,349,404	N/A	N/A
Investments:			
State Treasurer's Investment Pool	22,147,503	(1)	29 days
Mutual Funds	392,167	N/A	N/A
Certificates of deposit	<u>87,375</u>	N/A	N/A
Total cash and investments	<u><u>\$ 34,976,606</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, 2015

Note 4. Deposits and Investments, Continued

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.

Note 5. Restricted Assets

Restricted assets at June 30, 2015 consisted of the following cash reserves:

<u>Restricted Cash</u>	
Refundable Deposits	3,440
Cash Restricted for Debt Service	121,953
Airport - Refundable Deposits	23,485
Water Fund - Customer Deposits	99,935
Electric Fund - Customer Deposits	<u>685,786</u>
Total Restricted Cash	<u>\$ 934,599</u>

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 6. Capital Assets

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

Governmental Activities:	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets, not being depreciated				
Land	\$ 45,134,324	\$ -	\$ (61,499)	\$ 45,072,825
Construction in progress	157,591	1,698,307	(1,138,427)	717,471
Total capital assets, not being depreciated	45,291,915	1,698,307	(1,199,926)	45,790,296
Capital assets, being depreciated				
Buildings and improvements	17,532,755	145,063		17,677,818
Furniture, equipment, and vehicles	9,303,676	269,106	(3,348)	9,569,435
Infrastructure	32,027,944	1,150,951	-	33,178,894
Total capital assets being depreciated	58,864,375	1,565,120	(3,348)	60,426,147
Less accumulated depreciation for:				
Buildings and improvements	(8,418,265)	(503,845)		(8,922,110)
Furniture, equipment, and vehicles	(7,463,116)	(560,821)	3,348	(8,020,589)
Infrastructure	(10,099,195)	(1,306,812)	-	(11,406,007)
Total accumulated depreciation	(25,980,576)	(2,371,478)	3,348	(28,348,706)
Total capital assets, being depreciated, net	32,883,799	(806,358)	-	32,077,441
Governmental activities capital assets, net	<u>\$ 78,175,714</u>	<u>\$ 891,949</u>	<u>\$ (1,199,926)</u>	<u>\$ 77,867,737</u>

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

Governmental Activities:	
General government	\$ 222,514
Public safety	470,898
Public works	1,276,897
Culture and recreation	342,994
Community support	58,176
Total depreciation expense - governmental activities	<u>\$ 2,371,479</u>

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 6. Capital Assets, Continued

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

Business Type Activities:	Balance June 30, 2014	Additions	Deletions	Reclassifications/ Adjustments	Balance June 30, 2015
Capital assets, not being depreciated					
Land	\$ 133,245	\$ -	\$ -	\$ -	\$ 133,245
Construction in progress	155,555	1,774,258	(1,303,225)	-	626,588
Total capital assets, not being depreciated	288,800	1,774,258	(1,303,225)	-	759,833
Capital assets, being depreciated					
Buildings and improvements	14,786,869	433,165	-	-	15,220,034
Furniture, equipment, and vehicles	7,783,695	991,947	-	-	8,775,642
Electric distribution system	27,337,761	1,072,416	(20,322)	-	28,389,855
Water distribution system	16,587,756	580,170	-	-	17,167,926
Sewer distribution system	10,714,264	33,641	-	-	10,747,905
Total capital assets being depreciated	77,210,345	3,111,339	(20,322)	-	80,301,362
Less accumulated depreciation for:					
Buildings and improvements	(5,561,282)	(364,521)	-	(1,990,664)	(7,916,467)
Furniture, equipment, and vehicles	(4,283,877)	(552,936)	-	-	(4,836,813)
Electric distribution system	(18,534,868)	(1,026,396)	10,151	1,990,664	(17,560,449)
Water distribution system	(9,235,983)	(475,946)	-	-	(9,711,929)
Sewer distribution system	(8,379,251)	(236,489)	-	-	(8,615,740)
Total accumulated depreciation	(45,995,261)	(2,656,288)	10,151	-	(48,641,398)
Total capital assets, being depreciated, net	31,215,084	455,051	(10,171)	-	31,659,964
Total capital assets, net	<u>\$ 31,503,884</u>	<u>\$ 2,229,309</u>	<u>\$ (1,313,396)</u>	<u>\$ -</u>	<u>\$ 32,419,797</u>
Business-Type Activities:					
Water		\$ 576,621			
Sewer		466,765			
Electric		1,612,902			
Total depreciation expense business-type activities		<u>\$ 2,656,288</u>			

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 7. Long-Term Debt

The following is a summary of changes in long-term obligations for the year ended June 30, 2015:

Governmental activities:	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015	Current Portion
General Obligation:					
Airport Lease Purchase, Series 2004	\$ 1,309,609	\$ -	\$ (181,919)	\$ 1,127,691	\$ 181,580
Capital Lease Obligations	344,412	-	(121,128)	223,284	75,206
Total General Obligation	1,654,021	-	(303,046)	1,350,975	256,787
Revenue Obligation:					
Pledged Revenue Refunding Bonds, Series 2011	10,780,000	-	(730,000)	10,050,000	755,000
Bond Premiums	567,891	-	(49,027)	518,864	-
Total Revenue Obligation	11,347,891	-	(779,027)	10,568,864	755,000
Accrued compensated absences	767,659	362,617	(418,125)	712,151	462,898
Net pension liabilities	7,205,756	438,559	-	7,644,315	-
Total Governmental Activity Long-term Liabilities	<u>\$ 20,975,327</u>	<u>\$ 801,176</u>	<u>\$ (1,500,198)</u>	<u>\$ 20,276,305</u>	<u>\$ 1,474,685</u>
Business-type activities:					
Accrued compensated absences	\$ 380,529	\$ -	\$ (17,307)	\$ 363,222	\$ 363,222
Net pension liabilities	3,506,190	-	(345,518)	3,160,672	-
Total Business-type Activity Long-term Liabilities	3,886,719	-	(362,825)	3,523,894	363,222
Total Long-Term Liabilities	<u>\$ 24,862,047</u>	<u>\$ 801,176</u>	<u>\$ (1,863,023)</u>	<u>\$ 23,800,199</u>	<u>\$ 1,837,907</u>

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 7. Long-Term Debt, Continued

The following is a listing of bonds outstanding as of June 30, 2015:

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. \$ 1,127,691

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.

	10,050,000
Total bonds payable	\$ 11,177,691

Debt service requirements for bonds payable are as follows:

Governmental Activities		
Fiscal Period		
Ending		
30-Jun	Principal	Interest
2016	\$ 936,580	\$ 453,275
2017	959,306	427,900
2018	987,072	401,884
2019	1,014,879	375,076
2020	1,047,729	341,289
2021-2025	5,097,125	1,048,943
2026	1,135,000	56,750
Total	\$ 11,177,691	\$ 3,105,118

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, 2015

Note 7. Long-Term Debt, Continued

The City has entered into five 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
2016	82,710
2017	77,847
2018	77,847
2019	-
2020	-
Total remaining lease payments	238,404
Less: amounts representing interest	(15,120)
Present value of net remaining minimum lease	<u>\$ 223,284</u>

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	(1,768,588)
Total	<u>\$ -</u>

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 8. Interfund Receivables, Payables and Transfers

As of June 30, 2015, interfund receivables and payables that resulted from various interfund transactions were as follows:

Due To:	Due From:						Total
	General Fund	Non-Major Governmental Funds	Water Fund	Sewer Fund	Sanitation Funds	Electric Fund	
General	\$ -	\$ -	\$ 3,121	\$ 2,334	\$ -	\$ 22,156	\$ 27,611
Capital Project Fund	-	12,911	-	-	-	-	12,911
Debt Service Fund	-	-	-	22,314	11,324	-	33,638
Electric	1,625,000	-	-	-	-	-	1,625,000
Total	\$ 1,625,000	\$ 12,911	\$ 3,121	\$ 24,648	\$ 11,324	\$ 22,156	\$ 1,699,160

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, 2015 are as follows:

	Transfers In:				
	General	Highway	Debt	Non-Major	
Transfers Out:	Fund	User	Service	Governmental	Total
	Fund	Fund	Fund	Funds	
General Fund	\$ -	\$ 300,000	\$ 1,825,853	\$ 415,439	\$ 2,541,292
Sewer Fund	-	-	211,448	-	211,448
Sanitation Fund	-	-	135,390	-	135,390
Non-Major Governmental	15,244	-	193,642	-	208,886
Total Transfers Out	\$ 15,244	\$ 300,000	\$ 2,366,333	\$ 415,439	\$ 3,097,016

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, 2015

Note 9. Retirement and Pension Plans

Arizona State Retirement System (ASRS)

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

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

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

* With actuarially reduced benefits.

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

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 9. Retirement and Pension Plans, Continued

Contributions – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2015, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.6 percent (11.48 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of 11.6 percent (10.89 percent for retirement, 0.59 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll.

In addition, the City was required by statute to contribute at the actuarially determined rate of 9.57 percent (9.51 percent for retirement and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked for the City in positions that would typically be filled by an employee who contributes to the ASRS.

The City's contributions for the current and 2 preceding fiscal years, all of which were equal to the required contributions, were as follows:

Year Ended June 30,	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
2013	\$ 402,562	\$ 25,528	\$ 9,426
2014	473,010	26,524	10,610
2015	504,799	27,349	5,563

Pension liability – At June 30, 2015, the City reported a liability of \$7,303,554 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The City's proportion of the net pension liability was based on the City's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2014. The City's proportion measured as of June 30, 2014, was 0.049360 percent, which was an increase of 0.000624 percent from its proportion measured as of June 30, 2013.

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 9. Retirement and Pension Plans, Continued

Pension expense and deferred outflows/inflows of resources – For the year ended June 30, 2015, the City recognized pension expense for ASRS of \$511,838. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 371,188	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,277,166
Changes in proportion and differences between contributions and proportional share of contributions	71,820	-
Contributions subsequent to the measurement date	504,799	-
Total	<u>\$ 947,807</u>	<u>\$ 1,277,166</u>

The \$504,799 reported as deferred outflows of resources related to ASRS pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year Ended June 30	Deferred Outflows (Inflows) of Resources
2016	\$ (126,679)
2017	(126,679)
2018	(261,508)
2019	(319,292)
2020	
Thereafter	

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 9. Retirement and Pension Plans, Continued

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

Actuarial valuation date	June 30, 2013
Actuarial roll forward date	June 30, 2014
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3-6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

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

Expected Return Arithmetic Basis			
Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity	63%	7.03%	4.43%
Fixed income	25%	3.20%	0.80%
Commodities	4%	4.50%	0.18%
Real Estate	8%	4.75%	0.38%
Totals	100%		5.79%
		Inflation	3.00%
		Expected arithmetic nominal return	8.79%

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 9. Retirement and Pension Plans, Continued

Discount Rate – The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate – The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
Proportionate share of			
Net pension (asset) / liability	\$ 9,231,318	\$ 7,303,554	\$ 6,257,646

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report.

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. The reports are available on the PSPRS website at www.psprs.com.

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 9. Retirement and Pension Plans, Continued

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

	Initial Membership Date Before January 1, 2012	Initial Membership Date On or After January 1, 2012
Retirement and Disability		
Years of service and age required to receive benefit	20 years any age 15 years age 62	25 years age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years months
Benefit percent		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor Benefit		
Retired Members	80% to 100% of retired member's pension benefit	
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earnings. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 9. Retirement and Pension Plans, Continued

Employees covered by benefit terms – At June 30, 2015, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Police	PSPRS Fire
Inactive employees or beneficiaries currently receiving benefits	7	2
Inactive employees entitled to but not yet receiving benefits	5	7
Active employees	15	16
Total	27	25

Contributions and annual OPEB cost – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements for pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2015, active PSPRS members were required by statute to contribute 11.05 percent of their annual covered salary to the PSPRS and the City was required to contribute 20.06 percent for police and 12.39 percent for fire, the remaining amounts necessary to fund the PSPRS, as determined by the actuarial basis specified by statute. The health insurance premium portion of the contribution rate was actuarially set at 1.77 percent.

In addition, the City was required by statute to contribute at the actuarially determined rate of 19.65 percent of annual covered payroll of retired members who worked for the City in positions that would typically be filled by an employee who contributes to the PSPRS.

For the agent plans, the City's contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended June 30, 2015, were:

	PSPRS Police	PSPRS Fire
Pension		
Contributions made	188,066	111,794
Health Insurance Premium Benefit		
Annual OPEB cost	11,213	5,930
Contributions made	11,213	5,930

Pension liability – At June 30, 2015, the City reported a net pension liability of \$3,501,433. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liabilities as of June 30, 2014, reflect the following changes of benefit terms and actuarial assumptions.

- In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, the plans changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases.
- The wage growth actuarial assumption was decreased from 4.5 percent to 4.0 percent.

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 9. Retirement and Pension Plans, Continued

Pension actuarial assumptions – The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2014
Actuarial cost method	Individual Entry Age Normal
Discount rate	7.85%
Projected salary increases	4.0% to 8.0% including inflation
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table (adjusted by 105% for both males and females)

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.85 using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometrical real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	16.00%	7.60%
Non-U.S. Equity	14.00%	8.63%
Private Equity	11.00%	9.50%
Fixed Income	7.00%	4.75%
Credit Opportunities	13.00%	8.00%
Absolute Return	4.00%	6.75%
GTAA	10.00%	5.73%
Real Assets	8.00%	5.96%
Real Estate	11.00%	6.50%
Risk Parity	4.00%	6.04%
Short Term Inv	2.00%	3.25%
Total	100.00%	

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 9. Retirement and Pension Plans, Continued

Discount Rate –A Single Discount Rate of 7.85% was used to measure the total pension liability. This Single Discount Rate was based on the expected rate of return on pension plan investments of 7.85%. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	PSPRS Police			PSPRS Fire		
	Total Pension Liability	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total Pension Liability	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
	(a)		(a) - (b)	(a)		(a) - (b)
Balances at June 30, 2014	\$ 5,713,006	\$ 3,459,008	\$ 2,253,998	\$ 1,866,895	\$ 1,485,015	\$ 381,880
Changes for the year:						
Service cost	220,361	-	220,361	144,197	-	144,197
Interest on total pension liability	440,921	-	440,921	146,905	-	146,905
Changes of benefit terms*	173,519	-	173,519	44,094	-	44,094
Difference between expected and actual experience in the measurement of the pension liability	(421,490)	-	(421,490)	(223,231)	-	(223,231)
Changes of assumptions**	858,808	-	858,808	212,265	-	212,265
Contributions - employer	-	212,639	(212,639)	-	121,193	(121,193)
Contributions - employee	-	110,427	(110,427)	-	88,424	(88,424)
Net investment income	-	463,191	(463,191)	-	193,970	(193,970)
Benefit payments, including refunds of employee contributions	(412,722)	(412,722)	-	(135,179)	(135,179)	-
Other changes	-	(254,896)	254,896	-	(204,154)	204,154
Net changes	859,397	118,639	740,758	189,051	64,254	124,797
Balances at June 30, 2015	\$ 6,572,403	\$ 3,577,647	\$ 2,994,756	\$ 2,055,946	\$ 1,549,269	\$ 506,677

* Changes of benefit terms include the payout of Retro PBI and a change in the employee contribution rate

** Changes of assumptions include a decrease in the wage assumption from 4.5% to 4.0% as well as the inclusion of an assumption to explicitly value future PBI

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 9. Retirement and Pension Plans, Continued

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate – The following table presents the City's net pension liability calculated using the discount rate noted above, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease 6.85%	Current Discount Rate 7.85%	1% Increase 8.85%
PSPRS Police			
Net pension (asset) / liability	\$ 3,792,460	\$ 2,994,756	\$ 2,332,352
PSPRS Fire			
Net pension (asset) / liability	808,339	506,677	260,024

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued PSPRS financial report.

Pension expense and deferred outflows/inflows of resources – For the year ended June 30, 2015, the City recognized pension expense for PSPRS of \$1,070,544. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Police		Fire	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 340,875	\$ -	\$ 201,161
Changes in assumptions	694,550	-	191,280	-
Net difference between projected and actual earnings on pension plan investments	-	151,505	-	63,446
Contributions subsequent to the measurement date	188,066	-	111,794	-
Total	<u>\$ 882,616</u>	<u>\$ 492,380</u>	<u>\$ 303,074</u>	<u>\$ 264,607</u>

The \$299,860 reported as deferred outflows of resources related to PSPRS pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PSPRS pensions will be recognized in pension expense as follows:

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 9. Retirement and Pension Plans, Continued

Year Ending June 30	Deferred Outflows (Inflows) of Resources	
	PSPRS Police	PSPRS Fire
2016	\$ 45,767	\$ (16,946)
2017	45,767	(16,946)
2018	45,767	(16,946)
2019	45,767	(16,946)
2020	19,102	(1,085)
Thereafter	-	(4,458)

Agent plan OPEB actuarial assumptions – The health insurance premium benefit contribution requirements for the year ended June 30, 2015, were established by the June 30, 2013, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the reported amounts' value and assumptions about the probability of events in the future. Amounts determined regarding the plans' funded status and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress for the health insurance premium benefit presented as required supplementary information provides 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.

Projections of benefits are based on (1) the plan as the City and plans' members understand them and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the City and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for all PSPRS plans and related benefits (unless noted), and the following actuarial methods and assumptions were used to establish the fiscal year 2015 contribution requirements:

Actuarial valuation date	June 30, 2013
Actuarial cost method	Individual Entry Age Normal
Amortization Method	Level Percentage of Pay, Closed
Remaining Amortization Period	23 years for unfunded liabilities; 20 years for excess
Asset valuation method	7-Year smoothed market; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4.5%-8.5%
Wage growth	4.50%

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 9. Retirement and Pension Plans, Continued

Agent plan OPEB trend information – Annual OPEB cost information for the health insurance premium benefit for the current and two preceding years follows for each of the agent plans:

Plan	Year Ended June 30,	Annual Pension/ OPEB Cost	Percentage of Annual Cost Contributed	Net Pension/ OPEB Obligation
PSPRS Police	2013	\$ 12,950	0.82%	-
	2014	10,803	0.78%	-
	2015	11,213	0.92%	-
PSPRS Fire	2013	\$ 7,286	0.71%	-
	2014	5,482	0.63%	-
	2015	5,930	0.71%	-

Agent plan OPEB funded status – The health insurance premium benefit plans' funded status as of the most recent valuation date, June 30, 2014, along with the actuarial assumptions and methods used in those valuations follow.

	PSPRS Police	PSPRS Fire
Actuarial accrued liability (AAL)	\$ 81,118	\$ 48,273
Actuarial value of plan assets	357,304	49,997
Unfunded actuarial accrued liability (UAAL)	<u>\$ (276,186)</u>	<u>\$ (1,724)</u>
Funded ratio (actuarial value of plan assets/AAL)	440.47%	103.57%
Covered payroll (active plan members)	\$ 908,313	\$ 902,243
UAAL as a percentage of covered payroll	-30.41%	0.00%

The actuarial methods and assumptions used for the most recent valuation date are as follows:

Actuarial valuation date	June 30, 2014
Actuarial cost method	Individual Entry Age Normal
Amortization Method	Level Percentage of Pay, Closed
Remaining Amortization Period	22 years for unfunded liabilities; 20 years for excess
Asset valuation method	7-Year smoothed market; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4.0%-8.0%
Wage growth	4.0%

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 9. Retirement and Pension Plans, Continued

Firefighters' Relief and Pension Fund

The City of Page, Arizona Volunteer Firefighters' Relief and Pension Fund is a defined contribution pension plan administered by the City and a board of trustees for the City's volunteer firefighters.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive.

As established by the Plan document, all volunteer firefighters participate in the pension plan after completion of one year of volunteer service with the department. The volunteers are required to contribute a minimum of 7% of their earned wage to their pension account with the City matching the 7% contribution. The Plan has a vesting schedule beginning at five years of service vesting at 40% of the City's contributions and ending with 100% of the City's contributions at eight years of service.

No pension provision changes occurred during the year that affected the required contributions made by the City or its voluntary firefighters.

The Firefighters' Relief and Pension Fund held no securities of the City or other related parties during the fiscal year or as of the close of the fiscal year.

The State of Arizona is required by statute to contribute a portion of the annual tax received on fire insurance premiums. During the fiscal year ended June 30, 2015, the State's contribution was \$20,085.

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CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 10. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; 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.

Note 11. Contingent Liabilities and Commitments

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, 2015.

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

<u>Project</u>	<u>Estimated Cost</u>	<u>Construction in Progress</u>
TE - LP BLVD Sidewalk	\$ 489,550	\$ 43,101
South Navajo Rehab (7th to Sage)	784,125	143,262
Elm Street Rehabilitation (LP Blvd to Grandview)	446,329	7,375
Runway 7 Taxiway w/ Electrical Upgrades	964,345	129,106
Pavement Replacement Project	311,283	394,627
	<u>\$ 2,995,632</u>	<u>\$ 717,471</u>

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 12. Landfill Post Closure Care Costs

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 \$542,696 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, 2015. The remaining estimated cost of post-closure care is \$542,696. This amount is based on an estimated annual post-closure cost estimate of \$35,610 multiplied by an annual inflation factor of 1.016% and the number of years remaining or 15. The figure is based on what it would cost to perform all post-closure care in 2015. 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.

Note 13. Restatement Adjustments

As mentioned in Note 1 to the financial statements, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension assets and liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. This resulted in a restatement of beginning net position as follows:

	<u>Governmental Activities</u>	<u>Total Business- type Activities</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Electric Fund</u>
Restatement adjustment - implementation of GASB 68:					
Net pension liability	\$ (7,231,651)	\$ (3,506,190)	\$ (649,685)	\$ (571,662)	\$ (2,284,842)
Deferred outflows - contributions made during fiscal year 2014	603,890	206,031	38,177	33,592	134,262
Total Restatement Adjustment	<u>\$ (6,627,762)</u>	<u>\$ (3,300,158)</u>	<u>\$ (611,508)</u>	<u>\$ (538,070)</u>	<u>\$ (2,150,580)</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PAGE, ARIZONA
Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
June 30, 2015

Arizona State Retirement Systems	Reporting Fiscal Year (Measurement Date) 2015 (2014)
	<hr/>
Proportion of the net pension liability (asset)	0.049360%
Proportionate share of the net pension liability (asset)	\$ 7,303,554
Covered employee payroll	\$ 4,635,081
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	157.57%
Plan fiduciary net position as a percentage of the total pension liability	69.49%

Note: The City implemented GASB 68 in fiscal year 2015. Prior year information is not available.

CITY OF PAGE, ARIZONA
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
June 30, 2015

	PSPRS Police Reporting Fiscal Year (Measurement Date) 2015 (2014)	PSPRS Fire Reporting Fiscal Year (Measurement Date) 2015 (2014)
Total pension liability		
Service cost	\$ 220,361	\$ 144,197
Interest on total pension liability	440,921	146,905
Changes of benefit terms	173,519	44,094
Difference between expected and actual experience of the total net pension liability	(421,490)	(223,231)
Changes of assumptions	858,808	212,265
Benefit payments, including refunds of employee contributions	(412,722)	(135,179)
Net change in total pension liability	859,397	\$ 189,051
Total pension liability - beginning	5,713,006	1,866,895
Total pension liability - ending (a)	<u>\$ 6,572,403</u>	<u>\$ 2,055,946</u>
Plan fiduciary net position		
Contributions - employer	\$ 212,639	\$ 121,193
Contributions - employee	110,427	88,424
Net investment income	463,191	193,970
Benefit payments, including refunds of employee contributions	(412,722)	(135,179)
Other (net transfer)	(254,896)	(204,154)
Net change in plan fiduciary net position	118,639	\$ 64,254
Plan fiduciary net position - beginning	3,459,008	1,485,015
Plan fiduciary net position - ending (b)	<u>\$ 3,577,647</u>	<u>\$ 1,549,269</u>
Net pension liability - ending (a) - (b)	<u>\$ 2,994,756</u>	<u>\$ 506,677</u>
Plan fiduciary net position as a percentage of the total pension liability	54.43%	75.36%
Covered employee payroll	\$ 908,313	\$ 902,241
Net pension liability as a percentage of covered-employee payroll	329.71%	56.16%

Note: The City implemented GASB 68 in fiscal year 2015. Prior year information is not available.

See accompanying notes to pension plan schedules.

CITY OF PAGE, ARIZONA
Required Supplementary Information
Schedule of Contributions
June 30, 2015

Arizona State Retirement System	Reporting Fiscal Year (Measurement Date) 2015 (2014)
Contractually required contribution	\$ 476,089
Contributions in relation to the contractually required contribution	\$ (476,089)
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll	\$ 4,635,081
Contributions as a percentage of covered-employee payroll	10.27%

Note: The City implemented GASB 68 in fiscal year 2015. Prior year information is not available.

Public Safety Personnel Retirement System	PSPRS Police Reporting Fiscal Year (Measurement Date) 2015 (2014)	PSPRS Fire Reporting Fiscal Year (Measurement Date) 2015 (2014)
Actuarially determined contribution	\$ 212,639	\$ 121,193
Contributions in relation to the actuarially determined contribution	\$ (212,639)	\$ (121,193)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 908,313	\$ 902,241
Contributions as a percentage of covered-employee payroll	23.41%	13.43%

Note: The City implemented GASB 68 in fiscal year 2015. Prior year information is not available.

CITY OF PAGE, ARIZONA
Required Supplementary Information
Notes to Pension Plan Schedules
June 30, 2015

Note 1. Actuarially Determined Contribution Rates

Actuarially determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	23 years for unfunded liabilities; 20 years for excess
Asset valuation method	7-Year smoothed market; 20% corridor
Actuarial assumptions:	
Investment rate of return	In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%
Projected salary increases	In the 2013 actuarial valuation, the projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5%
Wage growth	In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	RP-2000 mortality table projected to 2015 using projection scale AA (adjusted by 105% for both males and females)

CITY OF PAGE, ARIZONA
Required Supplementary Information
Schedule of Agent OPEB Plans' Funding Progress
June 30, 2015

Health Insurance Premium Benefit

		(a)	(b)	(b) - (a)	(a)/(b)	(c)	Unfunded AAL As a Percentage of Covered Payroll [(b)-(a)] / (c)
	Valuation Date June 30,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	
PSPRS	2012	\$ -	\$ 90,874	\$ 90,874	0.0%	\$ 1,256,185	7.23%
Police	2013	-	86,913	86,913	0.0%	1,116,130	7.79%
	2014	357,304	81,118	(276,186)	440.47%	908,313	0.00%
	2015	**	**	**	**	**	**
PSPRS	2012	\$ -	\$ 42,662	\$ 42,662	0.0%	\$ 789,214	5.41%
Fire	2013	-	46,589	46,589	0.00%	764,833	6.09%
	2014	49,997	48,273	(1,724)	103.57%	902,243	0.00%
	2015	**	**	**	**	**	**

**2015 information is not available.

NOTE 1. Factors that Affect the Identification of Trends

Beginning in fiscal year 2014, PSPRS established separate funds for pension benefits and health insurance premium benefits. Previously, the plans recorded both pension and health insurance premium contributions in the same Pension Fund. During fiscal year 2014, the plans transferred prior-year health insurance premium benefit contributions that exceeded benefit payments from each plan's Pension Fund to the new Health Insurance Fund.

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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, 2015

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
City sales tax	\$ 6,800,000	\$ 6,800,000	\$ 9,014,013	\$ 2,214,013
Franchise taxes	257,000	257,000	241,159	(15,841)
Total Taxes	<u>7,057,000</u>	<u>7,057,000</u>	<u>9,255,172</u>	<u>2,198,172</u>
Licenses, Permits and Fees:				
Plat fees	1,000	1,000	-	(1,000)
Site plan review fees	3,000	3,000	5,000	2,000
Dog licenses	1,000	1,000	979	(21)
Business registration fees	1,500	1,500	1,950	450
Building permits	80,000	80,000	119,406	39,406
Other	15,250	15,250	58,709	43,459
Total Licenses, Permits and Fees	<u>101,750</u>	<u>101,750</u>	<u>186,044</u>	<u>84,294</u>
Intergovernmental:				
State revenue sharing	877,243	877,243	877,294	51
Auto lieu taxes	310,390	310,390	295,945	(14,445)
State sales taxes	654,827	654,827	658,664	3,837
County library district	319,551	319,551	319,551	-
Other	21,467	21,467	20,997	(470)
Total Intergovernmental	<u>2,183,478</u>	<u>2,183,478</u>	<u>2,172,451</u>	<u>(11,027)</u>
Charges for Services:				
Recreation	70,000	70,000	55,848	(14,152)
Rescue services	677,000	677,000	704,812	27,812
Golf course	45,000	45,000	24,026	(20,974)
Swimming pool	-	-	20,411	20,411
Public safety	49,000	49,000	42,206	(6,794)
Rents	59,000	59,000	61,241	2,241
Other	52,000	52,000	49,147	(2,853)
Total Charges for Services	<u>952,000</u>	<u>952,000</u>	<u>957,691</u>	<u>5,691</u>
Fines and Forfeitures:				
Fines & forfeitures	344,000	344,000	313,388	(30,612)
Total Fines and Forfeitures	<u>344,000</u>	<u>344,000</u>	<u>313,388</u>	<u>(30,612)</u>
Interest	<u>5,035</u>	<u>5,035</u>	<u>5,687</u>	<u>652</u>
Other Revenues:				
Land sales	251,500	251,500	357,700	106,200
Miscellaneous	35,000	35,000	29,234	(5,766)
Total Other Revenues	<u>286,500</u>	<u>286,500</u>	<u>386,934</u>	<u>100,434</u>
TOTAL REVENUES	<u>10,929,763</u>	<u>10,929,763</u>	<u>13,277,367</u>	<u>2,347,604</u>

(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, 2015

EXPENDITURES:	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General Government:				
City Council	\$ 83,503	\$ 83,503	\$ 71,676	\$ 11,827
City Administration	438,352	270,104	224,610	45,494
City Clerk	127,964	128,767	101,989	26,778
City Attorney	175,940	176,729	168,231	8,498
Finance	330,779	341,274	330,129	11,145
Human Resources	325,408	327,263	296,608	30,655
General Services	1,743,486	1,745,316	815,089	930,227
Information Technology	351,628	358,776	327,871	30,905
Total General Government	3,577,060	3,431,732	2,336,203	1,095,529
Public Safety:				
Patrol	1,950,684	1,995,220	1,886,080	109,140
Communications	454,040	466,497	389,325	77,172
Community Resource	113,134	116,218	73,723	42,495
Investigations	335,166	336,849	118,676	218,173
Fire	1,746,492	1,781,683	1,709,879	71,804
Magistrate	394,448	399,906	331,636	68,270
Building and Safety	77,172	79,313	78,053	1,260
Total Public Safety	5,071,136	5,175,686	4,587,372	588,314
Public Works				
Planning and Zoning	2,600	2,600	2,139	461
Engineering	41,000	41,000	39,135	1,865
Central Garage	306,670	310,406	261,505	48,901
Buildings & Grounds	322,346	329,233	327,499	1,734
Total Public Works	672,616	683,239	630,278	52,961
Culture and Recreation:				
Library	536,313	548,337	448,920	99,417
Parks Maintenance	271,110	272,556	269,513	3,043
Recreation	163,128	164,637	158,208	6,429
Golf Course	100,000	100,000	72,884	27,116
Total Culture and Recreation	1,070,551	1,085,530	949,525	136,005

(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, 2015

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Community Support				
Community Center	86,406	88,702	82,255	6,447
	<u>86,406</u>	<u>88,702</u>	<u>82,255</u>	<u>6,447</u>
Capital Outlay	23,500	29,200	13,297	15,903
	<u>23,500</u>	<u>29,200</u>	<u>13,297</u>	<u>15,903</u>
Debt Service				
Principal	102,300	102,300	101,585	715
Total Debt Service	<u>102,300</u>	<u>102,300</u>	<u>101,585</u>	<u>715</u>
TOTAL EXPENDITURES	<u>10,603,569</u>	<u>10,596,389</u>	<u>8,700,515</u>	<u>1,895,874</u>
Excess of Revenues Over (Under)				
Expenditures	<u>326,194</u>	<u>333,374</u>	<u>4,576,852</u>	<u>4,243,478</u>
Other Financing Sources (Uses):				
Transfers in	21,000	21,000	15,244	(5,756)
Transfers out	<u>(2,470,153)</u>	<u>(2,461,153)</u>	<u>(2,541,292)</u>	<u>(80,139)</u>
Total Other Financing Sources (Uses)	<u>(2,449,153)</u>	<u>(2,440,153)</u>	<u>(2,526,048)</u>	<u>(85,895)</u>
Net change in fund balance	(2,122,959)	(2,106,779)	2,050,804	4,157,583
Fund balance, beginning of year	<u>5,553,692</u>	<u>5,553,692</u>	<u>5,553,692</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,430,733</u>	<u>\$ 3,446,913</u>	<u>\$ 7,604,496</u>	<u>\$ 4,157,583</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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Intergovernmental Revenue:				
Highway user revenue	\$ 747,757	\$ 747,757	\$ 756,998	\$ 9,241
Investment earnings	1,000	1,000	1,205	\$ 205
Other revenues	8,200	8,200	120	\$ (8,080)
Total revenues	756,957	756,957	758,323	1,366
Expenditures				
Streets and Highways				
Current:				
Salaries, wages and benefits	332,472	339,653	297,794	41,859
Service, supplies and other	207,140	207,140	191,485	15,655
Capital outlay	988,000	988,000	579,746	408,254
Total expenditures	1,527,612	1,534,793	1,069,025	465,768
Excess of revenues over (under) expenditures	(777,836)	(770,655)	(310,702)	459,953
Other financing sources (uses)				
Transfers from other funds	300,000	300,000	300,000	-
Total other financing sources (uses)	300,000	300,000	300,000	-
Net change in fund balance	(477,836)	(470,655)	(10,702)	459,953
Fund balance, beginning of year	1,585,223	1,585,223	1,585,223	-
Fund balance, end of year	\$ 1,107,387	\$ 1,114,568	\$ 1,574,521	\$ 459,953

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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, 2015

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental revenue	\$ 100,050	\$ 111,616	\$ 11,566
Total revenues	<u>100,050</u>	<u>111,616</u>	<u>11,566</u>
Expenditures			
General government	2,750	2,750	-
Debt service:			
Principal	914,000	911,919	2,081
Interest	<u>474,000</u>	<u>469,660</u>	<u>4,340</u>
Total expenditures	<u>1,390,750</u>	<u>1,384,329</u>	<u>6,421</u>
Excess of revenues over (under) expenditures	<u>(1,290,700)</u>	<u>(1,272,713)</u>	<u>17,987</u>
Other financing sources (uses)			
Transfers in	<u>2,290,750</u>	<u>2,366,333</u>	<u>75,583</u>
Total other financing sources (uses)	<u>2,290,750</u>	<u>2,366,333</u>	<u>75,583</u>
Net change in fund balances	1,000,050	1,093,620	93,570
Fund balance, beginning of year	<u>256,455</u>	<u>256,455</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,256,505</u></u>	<u><u>\$ 1,350,075</u></u>	<u><u>\$ 93,570</u></u>

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, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental revenue	\$ 2,922,150	\$ 1,148,336	\$ (1,773,814)
Total Revenues	<u>2,922,150</u>	<u>1,148,336</u>	<u>(1,773,814)</u>
Expenditures			
Service, supplies and other	-	73,713	(73,713)
Capital outlay	<u>2,922,150</u>	<u>1,161,246</u>	<u>1,760,904</u>
Total Expenditures	<u>2,922,150</u>	<u>1,234,959</u>	<u>1,687,191</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>(86,623)</u>	<u>(86,623)</u>
Other Financing Sources (Uses)			
Transfer in	<u>112,000</u>	<u>-</u>	<u>(112,000)</u>
Total other financing sources (uses)	<u>112,000</u>	<u>-</u>	<u>(112,000)</u>
Net change in fund balances	112,000	(86,623)	(198,623)
Fund balance, beginning of year	<u>369,163</u>	<u>369,163</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 481,163</u></u>	<u><u>\$ 282,540</u></u>	<u><u>\$ (198,623)</u></u>

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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 **Community Development - Tourism 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, 2015

	Special Revenue			
	Substance Abuse	Miscellaneous Grants	Miscellaneous Donations	Balloon Regatta
Assets				
Cash and cash equivalents	\$ 37,956	\$ 16,189	\$ 61,642	\$ -
Receivables:				
Other	-	-	-	-
Due from other governments	-	37,764	-	-
Restricted cash and cash equivalents	-	-	-	-
Total assets	<u>\$ 37,956</u>	<u>\$ 53,953</u>	<u>\$ 61,642</u>	<u>\$ -</u>
Liabilities				
Accounts payable	\$ -	\$ 2,811	\$ 485	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Deposits payable	-	-	-	-
Total liabilities	<u>-</u>	<u>\$ 2,811</u>	<u>\$ 485</u>	<u>-</u>
Fund Balances				
Restricted for:				
Perpetual care	-	-	-	-
Public safety	37,956	-	-	-
Community support	-	51,142	61,157	-
Committed for:				
Public works - airport	-	-	-	-
Culture and recreation	-	-	-	-
Community support	-	-	-	-
Total fund balances	<u>37,956</u>	<u>51,142</u>	<u>61,157</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 37,956</u>	<u>\$ 53,953</u>	<u>\$ 61,642</u>	<u>\$ -</u>

Community Development- Tourism	Airport	Airport Events	Total	Permanent Fund	Total Nonmajor Governmental Funds
				Perpetual Care	
\$ 479,844	\$ 962,137	\$ 2,887	\$ 1,560,655	\$ 279,279	\$ 1,839,934
-	10,841	-	10,841	1,620	12,461
-	4,338	-	42,102	-	42,102
-	23,485	-	23,485	-	23,485
<u>\$ 479,844</u>	<u>\$ 1,000,801</u>	<u>\$ 2,887</u>	<u>\$ 1,637,083</u>	<u>\$ 280,899</u>	<u>\$ 1,917,982</u>
\$ 8,102	\$ 11,725	\$ -	\$ 23,123	\$ 1,906	\$ 25,029
7,318	-	-	7,318	-	7,318
-	12,911	-	12,911	-	12,911
-	23,485	-	23,485	-	23,485
<u>15,420</u>	<u>48,121</u>	<u>-</u>	<u>66,837</u>	<u>1,906</u>	<u>68,743</u>
-	-	-	-	278,993	278,993
-	-	-	37,956	-	37,956
-	-	-	112,299	-	112,299
-	952,680	-	952,680	-	952,680
-	-	2,887	2,887	-	2,887
464,424	-	-	464,424	-	464,424
<u>464,424</u>	<u>952,680</u>	<u>2,887</u>	<u>1,570,246</u>	<u>278,993</u>	<u>1,849,239</u>
<u>\$ 479,844</u>	<u>\$ 1,000,801</u>	<u>\$ 2,887</u>	<u>\$ 1,637,083</u>	<u>\$ 280,899</u>	<u>\$ 1,917,982</u>

CITY OF PAGE, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue			
	Substance Abuse	Miscellaneous Grants	Miscellaneous Donations	Balloon Regatta
Revenues				
Intergovernmental revenue	\$ 5,874	\$ 130,470	\$ -	\$ -
Charges for services	-	-	-	8,650
Rental revenue	-	-	-	-
Other revenues	-	-	18,967	14,600
	<u>5,874</u>	<u>130,470</u>	<u>18,967</u>	<u>23,250</u>
Total revenues	<u>5,874</u>	<u>130,470</u>	<u>18,967</u>	<u>23,250</u>
Expenditures				
Current:				
Public safety	9,553	22,790	-	-
Public works	-	12,798	-	-
Culture and recreation	-	1,287	9,391	58,792
Community support	-	53,906	11,552	-
	<u>9,553</u>	<u>90,781</u>	<u>20,943</u>	<u>58,792</u>
Total expenditures	<u>9,553</u>	<u>90,781</u>	<u>20,943</u>	<u>58,792</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,679)</u>	<u>39,689</u>	<u>(1,976)</u>	<u>(35,542)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	(15,244)	-	-
	<u>-</u>	<u>(15,244)</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>(15,244)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(3,679)	24,445	(1,976)	(35,542)
Fund balances, beginning of year	41,635	26,697	63,133	35,542
Fund balances, end of year	<u>\$ 37,956</u>	<u>\$ 51,142</u>	<u>\$ 61,157</u>	<u>\$ -</u>

				Permanent Fund	
Community Development- Tourism	Airport	Airport Events	Total	Perpetual Care	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 136,344	\$ -	\$ 136,344
-	44,130	-	52,780	14,837	67,617
-	383,710	-	383,710	-	383,710
2,038	113,656	-	149,261	14,958	164,219
2,038	541,496	-	722,095	29,795	751,890
-	-	-	32,343	-	32,343
-	164,240	-	177,038	-	177,038
-	-	-	69,470	-	69,470
312,297	-	-	377,755	86,119	463,874
312,297	164,240	-	656,606	86,119	742,725
(310,259)	377,256	-	65,489	(56,324)	9,165
415,439	-	-	415,439	-	415,439
-	(193,642)	-	(208,886)	-	(208,886)
415,439	(193,642)	-	206,553	-	206,553
105,180	183,614	-	272,042	(56,324)	215,718
359,244	769,066	2,887	1,298,204	335,317	1,633,521
\$ 464,424	\$ 952,680	\$ 2,887	\$ 1,570,246	\$ 278,993	\$ 1,849,239

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, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Substance abuse revenue	<u>\$ 7,000</u>	<u>\$ 5,874</u>	<u>\$ (1,126)</u>
Expenditures			
Public safety:			
Substance abuse expenditures	<u>12,000</u>	<u>9,553</u>	<u>2,447</u>
Excess of revenue over(under) expenditures	(5,000)	(3,679)	1,321
Fund balance, beginning of year	<u>41,635</u>	<u>41,635</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 36,635</u></u>	<u><u>\$ 37,956</u></u>	<u><u>\$ 1,321</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental revenue	\$ 373,000	\$ 130,470	\$ (242,530)
Total Revenues	<u>373,000</u>	<u>130,470</u>	<u>(242,530)</u>
Expenditures			
Public safety	126,000	22,790	103,210
Public works	91,000	12,798	78,202
Culture and recreation	80,607	1,287	79,320
Community support	<u>100,365</u>	<u>53,906</u>	<u>46,459</u>
Total Expenditures	<u>397,972</u>	<u>90,781</u>	<u>307,191</u>
Excess of revenues over (under) expenditures	<u>(24,972)</u>	<u>39,689</u>	<u>64,661</u>
Other financing sources (uses)			
Transfers:			
Transfers in	20,500	-	(20,500)
Transfers out	<u>(21,000)</u>	<u>(15,244)</u>	<u>5,756</u>
Total other financing sources (uses)	<u>(500)</u>	<u>(15,244)</u>	<u>(14,744)</u>
Net change in fund balance	(25,472)	24,445	49,917
Fund balance, beginning of year	<u>26,697</u>	<u>26,697</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,225</u></u>	<u><u>\$ 51,142</u></u>	<u><u>\$ 49,917</u></u>

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, 2015

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Other revenues	22,150	18,967	(3,183)
Total Revenues	22,150	18,967	(3,183)
Expenditures			
Culture and recreation	15,000	9,391	5,609
Community support	100,340	11,552	88,788
Total Expenditures	115,340	20,943	94,397
Excess of revenues over (under) expenditures	(93,190)	(1,976)	91,214
Other financing sources (uses)			
Operating transfers:			
Transfers in	62,040	-	(62,040)
Total other financing sources (uses)	62,040	-	(62,040)
Net change in fund balance	(31,150)	(1,976)	29,174
Fund balance, beginning of year	63,133	63,133	-
Fund balance, end of year	\$ (30,057)	\$ 61,157	\$ 91,214

**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, 2015**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Charges for services	\$ 7,600	\$ 8,650	\$ 1,050
Other revenues	<u>22,000</u>	<u>14,600</u>	<u>(7,400)</u>
Total revenues	<u>29,600</u>	<u>23,250</u>	<u>(6,350)</u>
Expenditures			
Culture and recreation	<u>29,600</u>	<u>58,792</u>	<u>(29,192)</u>
Total expenditures	<u>29,600</u>	<u>58,792</u>	<u>(29,192)</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>(35,542)</u>	<u>(35,542)</u>
Net change in fund balance	-	(35,542)	(35,542)
Fund balance, beginning of year	<u>35,542</u>	<u>35,542</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 35,542</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (35,542)</u></u>

CITY OF PAGE, ARIZONA
COMMUNITY DEVELOPMENT - TOURISM
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Other revenues	<u>\$ -</u>	<u>\$ 2,038</u>	<u>\$ 2,038</u>
Total revenues	<u>-</u>	<u>2,038</u>	<u>2,038</u>
Expenditures			
Community support	<u>540,000</u>	<u>312,297</u>	<u>227,703</u>
Total expenditures	<u>540,000</u>	<u>312,297</u>	<u>227,703</u>
Excess of revenues over (under) expenditures	<u>(540,000)</u>	<u>(310,259)</u>	<u>229,741</u>
Other financing sources (uses)			
Transfer from General fund	<u>340,000</u>	<u>415,439</u>	<u>75,439</u>
Total other financing sources (uses)	<u>340,000</u>	<u>415,439</u>	<u>75,439</u>
Net change in fund balance	(200,000)	105,180	305,180
Fund balance, beginning of year	<u>359,244</u>	<u>359,244</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 159,244</u></u>	<u><u>\$ 464,424</u></u>	<u><u>\$ 305,180</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, 2015**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Charges for services	\$ 40,000	\$ 44,130	\$ 4,130
Rents and royalties	338,450	383,710	45,260
Miscellaneous	120,400	113,656	(6,744)
Total revenues	498,850	541,496	42,646
Expenditures			
Public works	334,150	164,240	169,910
Total expenditures	334,150	164,240	169,910
Excess of revenues over (under) expenditures	164,700	377,256	212,556
Other Financing Sources (uses)			
Transfer to General Fund	(200,000)	(193,642)	6,358
Total other financing sources (uses)	(200,000)	(193,642)	6,358
Net change in fund balance	(35,300)	183,614	218,914
Fund balance, beginning of year	769,066	769,066	-
Fund balance, end of year	\$ 733,766	\$ 952,680	\$ 218,914

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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Other revenues	\$ 7,000	\$ -	\$ (7,000)
Total revenues	<u>7,000</u>	<u>-</u>	<u>(7,000)</u>
Expenditures			
Culture and recreation	<u>7,000</u>	<u>-</u>	<u>7,000</u>
Total expenditures	<u>7,000</u>	<u>-</u>	<u>7,000</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-
Fund balance, beginning of year	<u>2,887</u>	<u>2,887</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 2,887</u></u>	<u><u>\$ 2,887</u></u>	<u><u>\$ -</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Charges for services	\$ 15,000	\$ 14,837	\$ (163)
Other revenues	<u>15,000</u>	<u>14,958</u>	<u>(42)</u>
Total revenues	<u>30,000</u>	<u>29,795</u>	<u>(205)</u>
Expenditures			
Current:			
Community support	26,000	16,119	9,881
Capital outlay	<u>70,000</u>	<u>70,000</u>	<u>-</u>
Total expenditures	<u>96,000</u>	<u>86,119</u>	<u>9,881</u>
Excess of revenues over (under) expenditures	(66,000)	(56,324)	9,676
Fund balance, beginning of year	<u>335,317</u>	<u>335,317</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 269,317</u></u>	<u><u>\$ 278,993</u></u>	<u><u>\$ 9,676</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	100
<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	111
<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	113
<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.....	117
<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	119
<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)

	Fiscal Year Ended June 30				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Governmental activities:					
Net investment in capital assets	\$ 66,327,569	\$ 65,625,222	\$ 65,791,312	\$ 66,231,720	\$ 65,842,704
Restricted	3,636,384	2,677,622	2,113,080	1,936,741	3,743,731
Unrestricted	1,332,692	5,940,046	3,427,166	1,241,145	351,277
Total governmental activities net assets	<u>\$ 71,296,645</u>	<u>\$ 74,242,890</u>	<u>\$ 71,331,558</u>	<u>\$ 69,409,606</u>	<u>\$ 69,937,712</u>
Business-type activities:					
Net investment in capital assets	\$ 32,419,796	\$ 31,503,885	\$ 31,228,277	\$ 31,211,950	\$ 32,749,251
Unrestricted	19,339,087	22,449,818	21,911,704	20,463,831	18,333,993
Total business-type activities net assets	<u>\$ 51,758,883</u>	<u>\$ 53,953,703</u>	<u>\$ 53,139,981</u>	<u>\$ 51,675,781</u>	<u>\$ 51,083,244</u>
Primary government					
Net investment in capital assets	\$ 98,747,365	\$ 97,129,107	\$ 97,019,589	\$ 97,443,670	\$ 98,591,955
Restricted	3,636,384	2,677,622	2,113,080	1,936,741	3,743,731
Unrestricted	20,671,779	28,389,864	25,338,870	21,704,976	18,685,270
Total net assets	<u>\$ 123,055,528</u>	<u>\$ 128,196,593</u>	<u>\$ 124,471,539</u>	<u>\$ 121,085,387</u>	<u>\$ 121,020,956</u>

(Continued)

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

	Fiscal Year Ended June 30				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Governmental activities:					
Net investment in capital assets	\$ 63,941,276	\$ 64,158,299	\$ 57,156,213	\$ 53,990,134	\$ 4,331,413
Restricted	6,362,771	7,274,508	8,783,796	11,642,059	4,789,843
Unrestricted	403,210	1,775,818	2,567,251	467,508	8,185,890
Total net assets	<u>\$ 70,707,257</u>	<u>\$ 73,208,625</u>	<u>\$ 68,507,260</u>	<u>\$ 66,099,701</u>	<u>\$ 17,307,146</u>
Business-type activities:					
Net investment in capital assets	\$ 32,746,623	\$ 31,195,816	\$ 33,655,654	\$ 34,929,519	\$ 33,127,443
Unrestricted	16,555,666	16,066,568	17,123,338	16,072,488	13,433,715
Total net assets	<u>\$ 49,302,289</u>	<u>\$ 47,262,384</u>	<u>\$ 50,778,992</u>	<u>\$ 51,002,007</u>	<u>\$ 46,561,158</u>
Primary government					
Net investment in capital assets	\$ 96,687,899	\$ 95,354,115	\$ 90,811,867	\$ 88,919,653	\$ 37,458,856
Restricted	6,362,771	7,274,508	8,783,796	11,642,059	4,789,843
Unrestricted	16,958,876	17,842,386	19,690,589	16,539,996	21,619,605
Total net assets	<u>\$ 120,009,546</u>	<u>\$ 120,471,009</u>	<u>\$ 119,286,252</u>	<u>\$ 117,101,708</u>	<u>\$ 63,868,304</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)

	Fiscal Year Ended June 30				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenses					
Governmental activities:					
General government	\$ 2,689,305	\$ 2,524,762	\$ 2,360,309	\$ 2,862,521	\$ 2,957,556
Public safety	5,088,415	4,548,431	4,529,114	5,020,723	5,055,399
Judicial	331,636	272,341	264,242	376,928	335,018
Public works	2,515,340	2,298,995	2,559,162	2,934,715	3,051,926
Culture and recreation	1,400,709	1,277,349	1,351,765	1,815,364	2,081,624
Community Support	569,090	614,650	823,049	959,067	977,583
Interest on long-term debt	489,762	511,285	547,454	1,027,886	358,964
Total governmental activities	<u>13,084,257</u>	<u>12,047,813</u>	<u>12,435,095</u>	<u>14,997,204</u>	<u>14,818,070</u>
Business-type activities:					
Water	1,570,517	1,676,973	1,518,786	1,545,058	1,502,106
Sewer	1,358,747	1,295,142	1,407,188	1,419,674	1,286,837
Electric	7,697,548	7,804,901	7,817,693	7,445,984	7,269,317
Sanitation	633,182	616,463	639,129	619,764	656,820
Golf	-	-	-	-	-
Total business-type activities	<u>11,259,994</u>	<u>11,393,479</u>	<u>11,382,796</u>	<u>11,030,480</u>	<u>10,715,080</u>
Total expenses	<u>24,344,251</u>	<u>23,441,292</u>	<u>23,817,891</u>	<u>26,027,684</u>	<u>25,533,150</u>
Program Revenues					
Governmental activities:					
Charges for services					
General government	110,537	105,700	106,805	69,360	841,902
Public safety	780,392	594,231	692,620	847,143	60,112
Judicial	285,196	326,320	322,395	366,378	310,299
Public works	675,223	653,229	617,876	592,057	677,174
Culture and recreation	137,129	140,516	177,454	339,833	301,734
Community support	37,786	39,470	35,702	32,078	31,615
Operating grants and contributions	1,248,559	1,369,623	1,324,153	911,426	513,129
Capital grants and contributions	1,184,230	1,139,188	1,783,868	1,398,753	1,477,168
Total governmental activities	<u>4,459,052</u>	<u>4,368,277</u>	<u>5,060,873</u>	<u>4,557,028</u>	<u>4,213,133</u>
Business-type activities:					
Charges for services					
Water	1,897,152	1,727,920	1,788,473	1,819,551	1,787,363
Sewer	1,469,034	1,561,479	1,621,033	1,140,122	1,150,514
Electric	8,475,019	8,489,555	8,816,630	8,888,259	8,639,770
Sanitation	861,008	845,130	921,727	684,540	663,340
Golf	-	-	-	-	-
Total business-type activities	<u>12,702,213</u>	<u>12,624,084</u>	<u>13,147,863</u>	<u>12,532,472</u>	<u>12,240,987</u>
Total program revenues	<u>17,161,265</u>	<u>16,992,361</u>	<u>18,208,736</u>	<u>17,089,500</u>	<u>16,454,120</u>
Net (Expense)/Revenue	<u>\$ (7,182,986)</u>	<u>\$ (6,448,931)</u>	<u>\$ (5,609,155)</u>	<u>\$ (8,938,184)</u>	<u>\$ (9,079,030)</u>

(Continued)

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

Fiscal Year Ended June 30					
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Expenses:					
Governmental activities:					
General government	\$ 2,393,812	\$ 1,769,799	\$ 2,678,476	\$ 3,910,499	\$ 2,133,649
Public safety	5,151,308	5,150,544	4,899,005	4,063,285	2,913,477
Judicial	324,255	297,986	270,890	231,207	210,225
Public works	2,820,598	2,668,319	2,479,358	1,741,645	1,679,145
Culture and recreation	1,853,122	955,919	934,386	802,569	770,277
Community Support	1,275,054	1,046,935	2,143,673	939,608	894,432
Interest on long-term debt	684,889	740,696	793,492	854,302	1,048,232
Total governmental activities	<u>14,503,038</u>	<u>12,630,198</u>	<u>14,199,280</u>	<u>12,543,115</u>	<u>9,649,437</u>
Business-type activities:					
Water	1,518,213	1,705,665	1,490,548	2,297,582	1,837,126
Sewer	1,264,840	1,248,754	1,155,973	-	-
Electric	7,454,824	8,125,091	9,669,296	10,707,320	10,218,081
Sanitation	656,690	650,679	618,380	561,077	659,676
Golf	-	747,732	895,285	754,841	521,887
Total business-type activities	<u>10,894,567</u>	<u>12,477,921</u>	<u>13,829,482</u>	<u>14,320,820</u>	<u>13,236,770</u>
Total expenses	<u>25,397,605</u>	<u>25,108,119</u>	<u>28,028,762</u>	<u>26,863,935</u>	<u>22,886,207</u>
Program Revenues					
Governmental activities:					
Charges for services					
General government	136,644	298,141	151,465	193,369	114,581
Public safety	853,783	587,706	411,626	535,781	414,469
Judicial	235,153	304,979	304,439	292,725	202,528
Public works	653,235	407,572	527,778	185,784	187,674
Culture and recreation	350,873	120,762	116,433	361,690	329,899
Community support	36,955	30,554	23,355	77,623	80,699
Operating grants and contributions	507,960	625,466	1,247,712	216,323	242,073
Capital grants and contributions	355,618	714,132	1,435,306	4,868,742	2,474,669
Total governmental activities	<u>3,130,221</u>	<u>3,089,312</u>	<u>4,218,114</u>	<u>6,732,037</u>	<u>4,046,592</u>
Business-type activities:					
Charges for services					
Water	1,580,427	1,610,704	1,622,927	2,699,566	2,768,059
Sewer	1,389,585	1,155,636	1,157,021	-	-
Electric	9,082,700	8,972,826	9,715,945	9,587,909	8,228,579
Sanitation	657,801	640,769	610,124	612,745	584,390
Golf	-	306,188	290,805	349,384	337,243
Total business-type activities	<u>12,710,513</u>	<u>12,686,123</u>	<u>13,396,822</u>	<u>13,249,604</u>	<u>11,918,271</u>
Total program revenues	<u>15,840,734</u>	<u>15,775,435</u>	<u>17,614,936</u>	<u>19,981,641</u>	<u>15,964,863</u>
Net (Expense)/Revenue	<u>\$ (9,556,871)</u>	<u>\$ (9,332,684)</u>	<u>\$ (10,413,826)</u>	<u>\$ (6,882,294)</u>	<u>\$ (6,921,344)</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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net Revenue/(Expense)	\$ (8,625,205)	\$ (7,679,536)	\$ (7,374,222)	\$ (10,440,176)	\$ (10,604,937)
General Revenues:					
Governmental activities:					
Taxes:					
City Sales taxes	9,014,013	7,854,872	7,359,792	6,960,801	6,902,409
State Sales taxes	658,664	630,799	593,180	566,283	-
Property taxes	-	-	-	-	-
Franchise taxes	241,159	268,405	297,102	236,028	-
Auto lieu tax	295,945	285,107	276,242	273,207	-
Unrestricted state shared revenue	877,294	807,770	740,265	611,652	2,252,850
Land Sales	729,101	229,597	227,038	377,650	138,750
Investment earnings (losses)	7,198	4,639	9,699	11,653	34,830
Miscellaneous	136,509	157,453	30,093	147,311	90,892
Gain/(loss) on disposal of asset	-	-	-	-	153,126
Transfers	<u>346,838</u>	<u>352,226</u>	<u>454,622</u>	<u>727,485</u>	<u>262,535</u>
Total governmental activities	<u>12,306,721</u>	<u>10,590,868</u>	<u>9,988,033</u>	<u>9,912,070</u>	<u>9,835,392</u>
Changes in Net Assets	<u>\$ 3,681,516</u>	<u>\$ 2,911,332</u>	<u>\$ 2,613,811</u>	<u>\$ (528,106)</u>	<u>\$ (769,545)</u>
Net Revenue/(Expense)	\$ 1,442,219	\$ 1,230,605	\$ 1,765,067	\$ 1,501,992	\$ 1,525,907
General Revenues:					
Business-type activities:					
Investment earnings/(losses)	8,824	(64,657)	111,565	(15,279)	13,098
Miscellaneous	-	-	-	-	214,753
Gain/(loss) on disposal of asset	1,133	-	-	-	289,732
Transfers	<u>(346,838)</u>	<u>(352,226)</u>	<u>(454,622)</u>	<u>(727,485)</u>	<u>(262,535)</u>
Total business-type activities	<u>(336,881)</u>	<u>(416,883)</u>	<u>(343,057)</u>	<u>(742,764)</u>	<u>255,048</u>
Changes in Net Assets	<u>\$ 1,105,338</u>	<u>\$ 813,722</u>	<u>\$ 1,422,010</u>	<u>\$ 759,228</u>	<u>\$ 1,780,955</u>

(Continued)

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>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Net Revenue/(Expense)	\$ (11,372,817)	\$ (9,540,886)	\$ (9,981,166)	\$ (5,811,078)	\$ (5,602,845)
General Revenues:					
Governmental activities:					
Taxes:					
City Sales taxes	6,768,417	7,121,927	6,642,357	6,861,887	5,608,928
State Sales taxes	-	-	633,999	-	721,550
Property taxes	-	-	-	-	-
Franchise taxes	-	-	-	-	-
Auto lieu tax	-	-	-	807,239	338,588
Unrestricted state shared revenue	2,301,972	2,707,524	2,870,063	-	712,898
Land Sales	-	-	-	-	4,196,055
Investment earnings/(losses)	19,021	150,463	626,313	1,434,293	399,605
Miscellaneous	194,989	207,718	215,938	7,592,158	1,006,794
Gain/(loss) on disposal of asset	-	-	-	31,555	-
Transfers	-	404,352	-	(953,833)	(1,029,760)
Total governmental activities	<u>9,284,399</u>	<u>10,591,984</u>	<u>10,988,670</u>	<u>15,773,299</u>	<u>11,954,658</u>
Changes in Net Assets	<u>\$ (2,088,418)</u>	<u>\$ 1,051,098</u>	<u>\$ 1,007,504</u>	<u>\$ 9,962,221</u>	<u>\$ 6,351,813</u>
Net Revenue/(Expense)	\$ 1,815,946	\$ 208,202	\$ (432,660)	\$ (1,071,216)	\$ (1,318,499)
General Revenues:					
Business-type activities:					
Investment earnings (losses)	9,092	117,075	274,910	407,955	390,008
Miscellaneous	214,867	212,734	313,944	1,374,804	-
Gain/(loss) on disposal of asset	-	-	-	-	-
Transfers	-	(404,352)	-	953,833	1,029,760
Total business-type activities	<u>223,959</u>	<u>(74,543)</u>	<u>588,854</u>	<u>2,736,592</u>	<u>1,419,768</u>
Changes in Net Assets	<u>\$ 2,039,905</u>	<u>\$ 133,659</u>	<u>\$ 156,194</u>	<u>\$ 1,665,376</u>	<u>\$ 101,269</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)

	Fiscal Year Ended June 30				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund:					
Nonspendable	\$ 62,976	\$ 50,099	\$ -	\$ -	\$ -
Restricted					-
Committed				-	-
Assigned	-	-	-	-	-
Unassigned	7,541,520	5,503,593	3,340,840	1,218,820	1,210,172
Total General Fund	<u>\$ 7,604,496</u>	<u>\$ 5,553,692</u>	<u>\$ 3,340,840</u>	<u>\$ 1,218,820</u>	<u>\$ 1,210,172</u>
All Other Governmental Funds:					
Nonspendable					
Restricted	\$ 3,636,384	\$ 2,677,622	\$ 2,113,080	\$ 1,936,741	\$ 2,847,695
Committed	1,419,991	1,166,739	869,135	712,259	896,036
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>\$ 5,056,375</u>	<u>\$ 3,844,361</u>	<u>\$ 2,982,215</u>	<u>\$ 2,649,000</u>	<u>\$ 3,743,731</u>
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund:					
Reserved					
Unreserved	1,311,241	4,103,474	\$ 2,092,289	\$ 203,673	\$ 3,025,518
Total General Fund	<u>\$ 1,311,241</u>	<u>\$ 4,103,474</u>	<u>\$ 2,092,289</u>	<u>\$ 203,673</u>	<u>\$ 3,025,518</u>
All Other Governmental Funds:					
Reserved	266,889	237,536	\$ 219,756	\$ 219,695	\$ 246,466
Unreserved, reported in:					
Special revenue funds	3,074,754	3,351,167	4,265,497	2,376,369	2,362,650
Capital projects funds	3,660,289	3,666,392	3,972,537	4,054,657	2,933,647
Debt service fund	(365,360)	(325,509)	85,904	1,161,303	1,241,424
Total all other governmental funds	<u>\$ 6,636,572</u>	<u>\$ 6,929,586</u>	<u>\$ 8,543,694</u>	<u>\$ 7,812,024</u>	<u>\$ 6,784,187</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)

Fiscal Year Ended June 30					
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Taxes	\$ 9,255,172	\$ 8,123,277	\$ 7,656,894	\$ 7,196,829	\$ 6,902,409
Licenses and permits	186,044	127,525	114,268	85,254	382,509
Intergovernmental	4,325,745	3,225,006	4,670,891	3,784,784	2,676,147
Charges for services	1,025,308	869,669	1,007,824	1,239,203	1,127,736
Fines and forfeitures	313,388	352,606	340,829	381,075	327,704
Rents and royalties	383,710	390,504	364,764	422,509	384,887
Investment income	6,892	4,640	9,698	11,653	34,830
Land sales	357,700	246,275	233,487	377,650	138,750
Miscellaneous	193,573	239,400	202,074	213,983	1,796,642
Total revenues	\$ 16,047,532	\$ 13,578,902	\$ 14,600,729	\$ 13,712,940	\$ 13,771,614
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Taxes	\$ 6,246,647	\$ 7,121,927	\$ 6,642,357	\$ 5,861,890	\$ 5,608,928
Licenses and permits	339,228	325,810	272,035	218,468	215,491
Intergovernmental	3,687,320	4,047,122	5,553,081	7,123,406	4,716,955
Charges for services	1,285,140	713,664	582,789	649,480	528,664
Fines and forfeitures	249,338	318,058	317,509	338,154	258,694
Rents and royalties	392,937	392,182	362,763	542,279	835,954
Investment income	19,021	150,463	626,313	773,569	399,605
Land sales	1,065,800	1,393,163	1,632,166	8,578,709	4,196,055
Miscellaneous	194,989	1,532,718	215,938	359,765	270,664
Total revenues	\$ 13,480,420	\$ 15,995,107	\$ 16,204,951	\$ 24,445,720	\$ 17,031,010

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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenditures:					
Current -					
General government	\$ 2,412,666	\$ 2,344,342	\$ 2,145,080	\$ 2,453,151	\$ 2,823,491
Public safety	4,288,079	4,161,909	3,965,869	4,700,348	4,729,248
Judicial	331,636	272,341	264,242	376,928	357,364
Public works	1,296,595	1,077,785	1,265,727	1,610,576	1,958,048
Culture and recreation	1,018,995	929,787	976,150	1,466,996	1,830,562
Community support	546,129	561,816	763,728	931,457	1,001,266
Capital outlay	1,754,289	143,081	1,839,664	1,510,175	3,822,407
Debt service -					
Principal retirement	1,013,504	873,963	709,424	482,895	422,727
Interest, premium and fiscal charges	469,660	491,106	525,950	546,587	358,964
Refunding bond issuance costs				566,457	
Total expenditures	<u>\$ 13,131,553</u>	<u>\$ 10,856,130</u>	<u>\$ 12,455,834</u>	<u>\$ 14,645,570</u>	<u>\$ 17,304,077</u>
Expenditures for capitalized assets	\$ 2,125,001	\$ 1,306,956	\$ 2,090,813	\$ 1,646,937	\$ 4,822,255
Debt service as a percentage of noncapital expenditures	13%	14%	12%	12%	6%

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Expenditures:					
Current -					
General government	\$ 2,799,265	\$ 3,001,616	\$ 2,902,324	\$ 3,756,073	\$ 1,908,150
Public safety	4,691,379	4,908,255	4,299,388	4,512,471	2,989,020
Judicial	327,582	316,731	261,409	227,783	211,096
Public works	1,901,620	1,819,622	1,741,406	1,652,989	1,226,587
Culture and recreation	1,509,629	968,168	867,728	792,663	743,558
Community support	1,258,244	1,045,489	2,025,354	930,866	883,737
Capital outlay	1,783,885	3,062,118	3,769,135	5,165,432	2,604,596
Debt service -					
Principal retirement	684,889	304,042	274,523	5,448,394	960,963
Interest, premium and fiscal charges	358,366	740,696	793,492	1,287,353	1,039,791
Refunding bond issuance costs					
Total expenditures	<u>\$ 15,314,859</u>	<u>\$ 16,166,737</u>	<u>\$ 16,934,759</u>	<u>\$ 23,774,024</u>	<u>\$ 12,567,498</u>
Expenditures for capitalized assets	\$ 2,005,905	\$ 4,022,778	\$ 3,183,409	\$ 5,085,298	\$ 3,195,307
Debt service as a percentage of noncapital expenditures	8%	9%	8%	36%	21%

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

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

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)

	Fiscal Year Ended June 30				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Excess (deficiency) of revenues over expenditures	\$ 2,915,979	\$ 2,722,772	\$ 2,144,895	\$ (932,630)	\$ (3,532,463)
Other financing sources (uses):					
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
Transfers in	3,097,016	1,901,044	1,612,011	1,896,780	2,314,412
Transfers out	(2,750,178)	(1,548,818)	(1,157,388)	(1,169,295)	(2,051,877)
Total other financing sources (uses)	<u>346,838</u>	<u>352,226</u>	<u>454,623</u>	<u>(153,453)</u>	<u>951,503</u>
Changes in fund balances	<u>\$ 3,262,817</u>	<u>\$ 3,074,998</u>	<u>\$ 2,599,518</u>	<u>\$ (1,086,083)</u>	<u>\$ (2,580,960)</u>
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Excess (deficiency) of revenues over expenditures	\$ (1,834,439)	\$ (171,630)	\$ (729,808)	\$ 671,696	\$ 4,463,512
Other financing sources (uses):					
Issuance of long-term debt	-	-	-	-	-
Premium on long-term debt issuance	-	-	-	-	-
Payment to refunded bond	-	-	-	-	-
Proceeds from capital leases	29,451	164,355	8,630	413,128	56,000
Transfers in	1,182,086	2,545,758	2,427,134	6,363,892	4,436,095
Transfers out	(1,182,086)	(2,141,406)	(2,427,134)	(7,317,725)	(4,197,718)
Total other financing sources (uses)	<u>29,451</u>	<u>568,707</u>	<u>8,630</u>	<u>(540,705)</u>	<u>294,377</u>
Changes in fund balances	<u>\$ (1,804,988)</u>	<u>\$ 397,077</u>	<u>\$ (721,178)</u>	<u>\$ 130,991</u>	<u>\$ 4,757,889</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**

Overlapping Rates			
Fiscal Year Ended June 30	City of Page	Coconino County	Arizona State
2015	3.0	1.300	5.6
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

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)

Fiscal Year Ended June 30					
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Construction	\$ 461,993	\$ 312,655	\$ 150,935	\$ 127,505	\$ 404,265
Manufacturing	139,967	140,883	182,183	86,876	181,350
Transportation, Communications & Utilities	744,845	682,079	672,357	633,976	623,650
Wholesale Trade	91,675	91,432	106,875	104,809	41,413
Retail Trade	3,203,563	2,989,931	2,915,898	2,921,545	2,858,788
Restaurants and Bars	1,074,792	977,250	933,878	928,366	910,057
Finance, Insurance & Real Estate	465,350	414,060	391,759	362,710	348,948
Hotels and Other Lodging	2,562,717	2,008,533	1,774,479	1,538,461	1,312,374
Services	218,461	181,779	166,140	153,249	140,424
All Others Not Specified	50,651	56,270	65,286	103,303	81,140
	<u>9,014,013</u>	<u>7,854,872</u>	<u>7,359,792</u>	<u>6,960,801</u>	<u>6,902,409</u>
Total	<u>\$ 9,014,013</u>	<u>\$ 7,854,872</u>	<u>\$ 7,359,792</u>	<u>\$ 6,960,801</u>	<u>\$ 6,902,409</u>

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Construction	\$ 151,596	\$ 247,290	\$ 426,565	\$ 374,266	\$ 544,869
Manufacturing	206,285	222,674	225,845	210,350	199,535
Transportation, Communications & Utilities	570,762	541,232	548,935	473,800	414,733
Wholesale Trade	153,761	105,217	98,553	151,155	148,180
Retail Trade	2,849,320	3,089,180	3,029,379	2,465,381	2,464,728
Restaurants and Bars	879,893	872,832	773,271	684,632	578,234
Finance, Insurance & Real Estate	318,610	355,823	311,841	288,508	250,268
Hotels and Other Lodging	1,238,544	1,419,117	880,620	917,388	729,748
Services	166,676	221,238	215,671	195,254	190,569
All Others Not Specified	41,382	47,325	131,677	98,902	87,538
	<u>6,576,830</u>	<u>7,121,927</u>	<u>6,642,357</u>	<u>5,859,635</u>	<u>5,608,402</u>
Total	<u>\$ 6,576,830</u>	<u>\$ 7,121,927</u>	<u>\$ 6,642,357</u>	<u>\$ 5,859,635</u>	<u>\$ 5,608,402</u>

Source: The source of this information is the City's financial records. 112

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

Fiscal Year Ended June 30	Governmental Activities				Business-type Activities		Total Outstanding Debt			
	General Obligation and Other Bonds	Notes and Loans Payable	Capital Leases	Total	General Obligation Bonds	Capital Leases	Total Debt	Percentage of Estimated Actual Value	Percentage of Personal Income (Re-stated)	Per Capita
2015	11,696,555	\$ -	\$ 223,284	\$ 11,919,839	\$ -	\$ -	\$ 11,919,839	18.43 %	232.45 %	1,572
2014	12,657,500	-	344,412	13,001,912	-	-	13,001,912	20.77	274.54	1,758
2013	13,483,252	-	468,522	13,951,774	-	-	13,951,774	20.54	301.93	1,899
2012	14,059,145	-	612,363	14,671,508	-	18,545	14,690,053	21.27	310.87	1,993
2011	14,134,033	-	860,659	14,994,692	-	78,747	15,073,439	21.25	336.38	2,080
2010	14,296,469	-	431,782	14,728,251	-	136,456	14,864,707	21.27	337.15	2,087
2009	14,433,802	5,391	502,481	14,941,674	-	307,858	15,249,532	23.16	375.91	2,152
2008	14,537,204	16,838	527,319	15,081,361	-	280,971	15,362,332	24.46	407.79	2,177
2007	14,633,140	28,518	685,595	15,347,253	-	121,289	15,468,542	28.31	442.79	2,204
2006	20,081,534	39,411	353,781	20,474,726	-	97,632	20,572,358	40.08	631.30	2,966

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 2015:

Secondary assessed valuation	\$ 64,679,910
Debt limit (26%)	16,816,777
Debt applicable to limit	-
Legal debt margin	<u><u>\$ 16,816,777</u></u>

Fiscal Year Ended June 30

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Total Debt limit	\$ 16,816,777	\$ 16,272,134	\$ 17,657,123	\$ 17,955,775	\$ 18,440,382
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u><u>\$ 16,816,777</u></u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Debt limit	\$ 18,168,670	\$ 17,122,646	\$ 16,330,023	\$ 14,208,309	\$ 13,344,326
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u><u>\$ 18,168,670</u></u>	<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>
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. 114

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

Excise Tax and State Shared Revenue Bonds				
Fiscal Year	Excise Tax and State Shared Revenues	Debt Service Principal	Debt Service Interest	Coverage
2015	\$ 11,069,485	\$ 730,000	\$ 458,938	9.31
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

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

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, 2015

<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>11,919,839</u>
Total Direct Debt			<u><u>\$ 11,919,839</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>	
2014	7,582	\$	5,127,921	\$	37,515	6.25	%	7.20	%	4.90	%
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	

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 2014**

Employer	2015			2014		
	Employees	Percentage of Total Employment		(Re-stated) Employees	Percentage of Total Employment	
Aramark, Inc.	680	16.73	%	700	17.22	%
Navajo Generating Station	457	11.24		498	12.25	
Page Unified School District No. 8	435	10.70		436	10.73	
Super Wal-Mart	233	5.73		210	5.17	
City of Page (Including Page Electric Utility)	191	4.70		180	4.43	
Gary Yamamoto Custom Baits	154	3.79		165	4.06	
Courtyard by Marriott LLP	97	2.39		90	2.21	
Page Steel / Page Lumber	67	1.65		84	2.07	
Canyonlands Community Health	50	1.23		59	1.45	
Page Hospital	123	3.03		115	2.83	
Safeway	100	2.46		100	2.46	
Total	<u>2,587</u>	<u>63.65</u>	%	<u>2,637</u>	<u>64.88</u>	%
 Total employment	 <u>4,065</u>			 <u>3,953</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

Full-time Equivalent Employees as of June 30					
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Function					
General Government	14	17	14	17	24
Public Safety	42	44	42	45	56
Judicial	5	5	5	5	5
Public works	15	14	12	14	16
Culture and recreation	14	12	12	18	24
Community support	2	2	4	3	9
Electric	18	17	19	19	19
Water	17	19	17	15	14
Total	<u>127</u>	<u>130</u>	<u>125</u>	<u>136</u>	<u>167</u>
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Function					
General Government	27	26	23	24	24
Public Safety	55	54	57	51	46
Judicial	6	6	6	5	5
Public works	16	16	15	15	15
Culture and recreation	22	18	19	18	16
Community support	8	6	6	6	5
Electric	19	19	19	19	20
Water	16	16	16	14	14
Total	<u>168</u>	<u>161</u>	<u>161</u>	<u>152</u>	<u>144</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>2015</u>	<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>Function</u>										
Highways and Streets										
Streets (miles)	47.2	47.2	47.2	47.2	47.0	47.0	45.5	44.7	44.7	43.5
Streetlights	817	817	817	817	811	811	N/A	N/A	N/A	N/A
Traffic Signals	53	53	53	53	53	53	53	53	53	53
Culture and recreation										
Parks acreage	17.73	17.73	17.73	17.73	17.73	17.73	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
Sewer										
Sanitary sewers (miles)	38.94	38.94	38.94	38.71	38.46	32.46	N/A	N/A	N/A	N/A
Storm sewers (miles)	8.8	8.8	8.8	8.8	8.3	8.3	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)	875,000	908,005	918,000	945,000	901,000	872,000	841,000	795,000	835,000	847,000
Water										
Water lines (miles)	59.94	60.07	59.61	58.92	58.64	54.64	N/A	N/A	N/A	N/A
Raw water lines (miles)	3	3	3	3	3	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	5,000,000	4,000,000
Average daily treatment (gallons)	1,618,500	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

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**

	Fiscal Years				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Planning and Building Safety					
Building permits issued (new single family homes)	3	3	6	1	6
Highway and Streets					
Street resurfacing (miles)	1.0	0.0	0.0	0.0	2.4
Streets striped (miles)	7.6	9.3	9.3	16.7	16.5
Culture and Recreation					
Summer recreation camps	0	0	0	13	12
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Planning and Building Safety					
Building permits issued (new single family homes)	23	16	25	21	48
Highway and Streets					
Street resurfacing (miles)	1.4	0.6	3.1	2.2	0.3
Streets striped (miles)	16.5	16.5	15.7	15.7	15.6
Culture and Recreation					
Summer recreation camps	11	19	16	19	19

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

OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS



**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, 2015, 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 20, 2015.

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
St. George, Utah
November 20, 2015



MEMBERS:

CHAD B. ATKINSON, CPA
KRIS J. BRAUNBERGER, CPA
ROBERT S. COX, CPA
TODD B. FELTNER, CPA
K. MARK FROST, CPA
STEVEN D PALMER, 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
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, 2015, and have issued our report thereon dated November 20, 2015. 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, 2015.

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

HintonBurdick, PLLC
St. George, Utah
November 20, 2015

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