

City of Page, Arizona



2018

Comprehensive Annual Financial Report
For Year Ended June 30, 2018



CITY OF PAGE, ARIZONA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2018

PREPARED BY:

CITY OF PAGE FINANCE DEPARTMENT

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CITY OF PAGE, ARIZONA

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November 21, 2018



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, 2018.

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, 2018, 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, 2018, 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 estimate from the 2017 Census Bureau of 7,553 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, along with 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 the Spring 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. The National Park Service estimates that the Page/Lake Powell area receives over 4.5 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 an estimated population of 7,553, it services the needs of its surrounding communities including an additional 45,000 people within a 75-mile radius.

While the recreation-oriented firms experience seasonal employment peaks from March through November, the Salt River Project’s Navajo Generating Station (NGS) has assured the stability of Page.

However, this year, the four non-governmental utility owners of NGS made the decision to end their participation in the plant at the end of its current lease on December 23, 2019, because a changing utility landscape has significantly altered the economics of operating the more than 45-year old coal-fired plant.

At the request of Page City officials, Salt River Project (SRP) sponsored a study by Northern Arizona University (NAU) on the economic contributions of NGS to the Page community. While the study by the NAU Alliance Bank Business Outreach Center does not depict what happens to the Page economy if NGS closes at the end of 2019, it does examine various plant expenditures, such as payroll and operations and maintenance as well as state and local taxes, and measure how they impact the community. The total annual economic contribution of the Navajo Generating Station on the city of Page is estimated to be approximately \$51 million.

If no other potential operators emerge, and the plant is shut down at the end of its lease on Dec. 23, 2019, there will be certain mitigating factors to offset the loss of some NGS revenues including money from the state general fund to replace tax money NGS currently pays to Page.

Recognizing that NGS is a significant part of the local economy, SRP and the NGS owners have pledged to work with us to assist us in our economic development efforts to ease the impacts expected from the closing of the Navajo Generating Station. The City is concentrating our efforts to support the future economic vitality of our community through the implementation of our Strategic Plan.

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 2017/18, the Mayor and Council continued to focus on debt reduction and revenue acquisition.

The City addressed its “bond debt” obligations and is dedicating 85% of 1% of our City Transaction Privilege Tax to be paid toward the Series 2011 Bond debt balance. The City is looking forward to an early retirement of our bond debt slated for July 2021.

This year’s capital budget increased approximately \$3.3 million from the previous fiscal year to address some capital improvements for the City. With the discovery of Horseshoe Bend by the tourists, the City has needed to address improvements on the parking lot area, shade structure and continued development design costs for future development of the park. We have also seen the completion of the long-awaited Lake Powell Blvd Sidewalk Project. There have been additional improvements to the Page Municipal Airport Taxiway C and Apron Design projects that were completed. The City has begun their focus on the city parks and has made improvements to equipment and landscaping within Golliard Park. We continued to look at the designs and improvements for the John C. Page Memorial Park and have paid engineering costs associated with that design. Part of the annual budget centers around updating our fleet and equipment within various departments of the City. The City has been able to look at our older vehicles and continues a vehicle replacement program to update those assets. With a continued growth

in Transaction Privilege Tax (TPT), the City has been able to increase its cash position to guarantee availability of contingency funds and allow for some of these improvements to come to fruition.


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, 2017. This is the eighth 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 2017-18 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,



Michael S. Celaya
City Manager



Linda L. Watson
Finance Director

City of Page

Members of City Council

Bill Diak, *Mayor*
John Kocjan, *Vice Mayor*
Michael Bryan
Darby McNutt
Mark Cormier
Levi Tappan
Dennis Warner

City Appointed Officials

J. Crystal Dyches
City Manager

Joshua Smith
City Attorney

Kim Larson
City Clerk

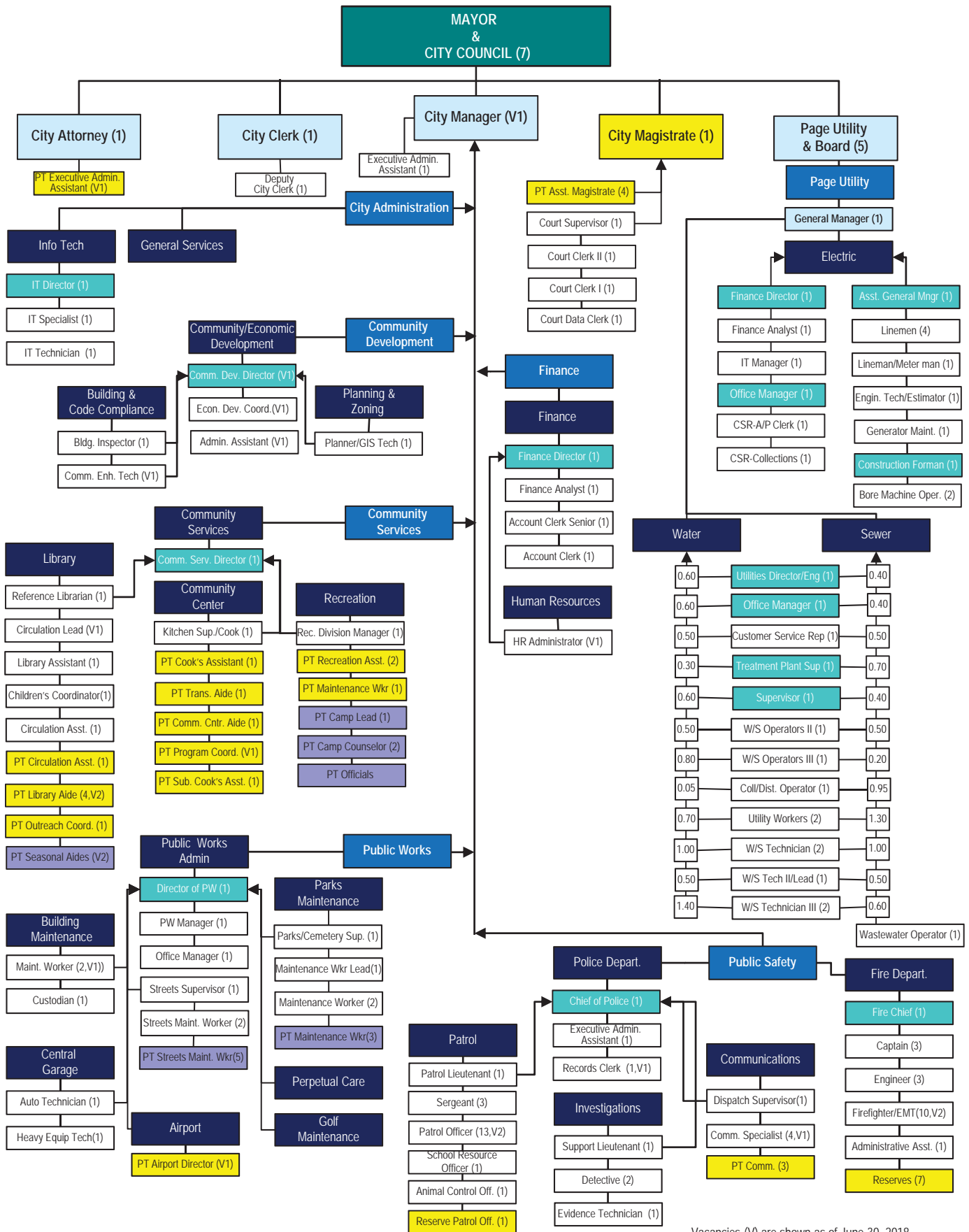
Rick E. Olson
City Magistrate

Bryan Hill
Page Utility Enterprises

Departments

| | |
|------------------------|-------------------|
| Airport | Kyle Christiansen |
| Community Development | Kim Johnson |
| Community Services | Debbie Winlock |
| Finance | Linda Watson |
| Fire | Jeff Reed |
| Human Resources | Linda Watson |
| Information Technology | Kane Scott |
| Police | Frank Balkcom |
| Public Works | Kyle Christiansen |

City of Page Organizational Chart



Vacancies (V) are shown as of June 30, 2018



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, 2017

Christopher P. Morrell

Executive Director/CEO

FINANCIAL SECTION

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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, 2018, 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, 2018, 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.

Change in Accounting Principle

As described in Note 13 to the financial statements, in fiscal year 2018, the City adopted new accounting guidance, GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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, schedules of the proportionate share of the net pension/OPEB liability, schedules of changes in the net pension/OPEB liability and related ratios, and schedules of pension/OPEB 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 14, 2018, 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.



HintonBurdick Arizona, PLLC
Flagstaff, Arizona
November 14, 2018

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**CITY OF PAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2018**

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, 2018. 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 \$144,892,762. This amount is comprised of \$101,023,303 in capital assets net of related debt, 11,338,638 of restricted net position and \$32,530,821 in unrestricted net position. This position reflects an overall net increase of \$7,902,072 from prior year and is due primarily to an increase in cash and cash equivalents in both our Governmental and Business Type Activities. This result is directly related to the Governmental Funds conservatively budgeting for sales tax revenue as compared to actual revenue received, along with the overall infrastructure improvements that are being made to the property at Horseshoe Bend, the municipal airport, our streets, and parks. The Business Type activities have also improved their infrastructure within the electric division for upgrading the Powell Substation; in the water division with the blasting and recoating of the water tank; and in the sewer division the implementation of the Headworks system. 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 changes were made in prior year's reporting. This fiscal year we see a total of 1,408,036 in deferred inflows related to pensions for both Governmental and Business-type Activities. This net pension liability totals \$11,916,937 for all City pension plans at the end of the fiscal year and is reported as required by the Governmental Accounting Standards Board (GASB).
- City Sales tax remains the single largest revenue source in the General Fund budget for the City of Page. This fiscal year, city tax revenue increased over last year by almost \$1.85 million. Budgeting conservatively to receive \$10.720 million, our actual figures were \$13.57 million by June 2018. While the hotel category is the prime driver of the tax revenue in bringing in \$4.29 million, the retail sales and restaurant categories combined pulled in \$5.27 million of the sales tax revenue to the City of Page.
- The City received capital grants in the amount of \$841,557 from the Federal Aviation Administration and Arizona Department of Transportation for the Taxiway C Design and Apron Rehabilitation Design at the Page Municipal Airport, increasing our capital assets once again this fiscal year.
- The City's cash reserves remain an important focus for management and the City Council. Three years ago, the City Council approved the investment of \$6 million to be invested outside of the Local Government Investment Pool in CD's and Government Agency Bonds. As of June 30, 2018, the City had earned a total of \$166,308.91 in interest from those investments, of which \$68,393.89 was earned in fiscal year 2018 alone. The balance remaining in the Local Government Investment Pool as of June 30, 2018 was approximately \$18 million, with \$2 million being reserved for Highway User Revenue Fund and \$7.6 million reserved toward the early retirement of the 2011 Series Bond Debt in July 2021.

- As of June 2018, the balance on the principal amount for the 2011 Series Bond was \$7,720,000. In addition, the City has an outstanding principal bond for the Airport in the amount of \$574,193. Overall, the total principal bond debt currently held by the City of Page is \$8.29 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 position 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 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 like the accounting used by most private-sector companies. All the current year's revenues and expenses are considered 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 governmental activities, including general government, public safety, public works/streets, economic development, culture and recreation, and payment of 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 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 soon 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 \$145 million as of June 30, 2018 as shown in the following condensed statement of net position. 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 | |
|--|-------------------------|---------------|--------------------------|---------------|----------------|----------------|
| | 6/30/2018 | 6/30/2017 | 6/30/2018 | 6/30/2017 | 6/30/2018 | 6/30/2017 |
| Current and other assets | \$ 27,437,296 | \$ 23,424,950 | \$ 32,290,078 | \$ 29,218,001 | \$ 59,727,374 | \$ 52,642,951 |
| Capital assets | 76,938,236 | 75,793,607 | 32,628,304 | 32,807,741 | 109,566,540 | 108,601,348 |
| Total assets | 104,375,532 | 99,218,557 | 64,918,382 | 62,025,742 | 169,293,914 | 161,244,299 |
| Deferred charge on refunding | 164,424 | 236,173 | - | - | 164,424 | 236,173 |
| Deferred outflows related to pensions/OPEB | 1,931,170 | 2,485,069 | 402,893 | 600,235 | 2,334,063 | 3,085,304 |
| Total deferred outflows of resources | 2,095,594 | 2,721,242 | 402,893 | 600,235 | 2,498,487 | 3,321,477 |
| Long-term liabilities outstanding | 16,797,098 | 17,988,916 | 3,230,981 | 3,278,413 | 20,028,079 | 21,267,329 |
| Other liabilities | 2,932,324 | 2,272,079 | 2,531,198 | 2,156,824 | 5,463,522 | 4,428,903 |
| Total liabilities | 19,729,422 | 20,260,995 | 5,762,179 | 5,435,237 | 25,491,601 | 25,696,232 |
| Deferred inflows related to pensions/OPEB | 1,176,294 | 1,434,444 | 231,742 | 444,410 | 1,408,036 | 1,878,854 |
| Net position: | | | | | | |
| Net investment in capital assets | 68,395,001 | 66,200,813 | 32,628,302 | 32,807,741 | 101,023,303 | 99,008,554 |
| Restricted | 11,338,638 | 10,106,948 | - | - | 11,338,638 | 10,106,948 |
| Unrestricted | 5,831,771 | 3,936,599 | 26,699,050 | 23,938,589 | 32,530,821 | 27,875,188 |
| Total net position | \$ 85,565,410 | \$ 80,244,360 | \$ 59,327,352 | \$ 56,746,330 | \$ 144,892,762 | \$ 136,990,690 |

The City has \$169,293,914 in total assets, with \$109,566,540 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.

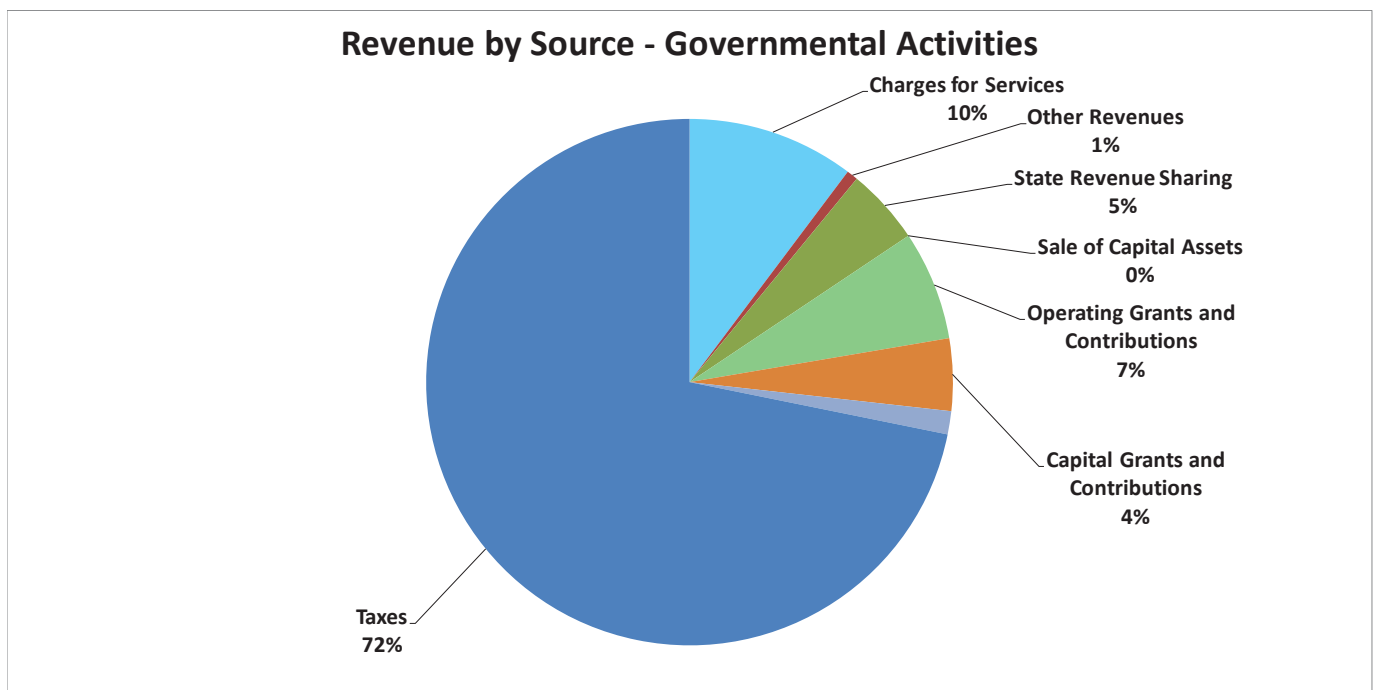
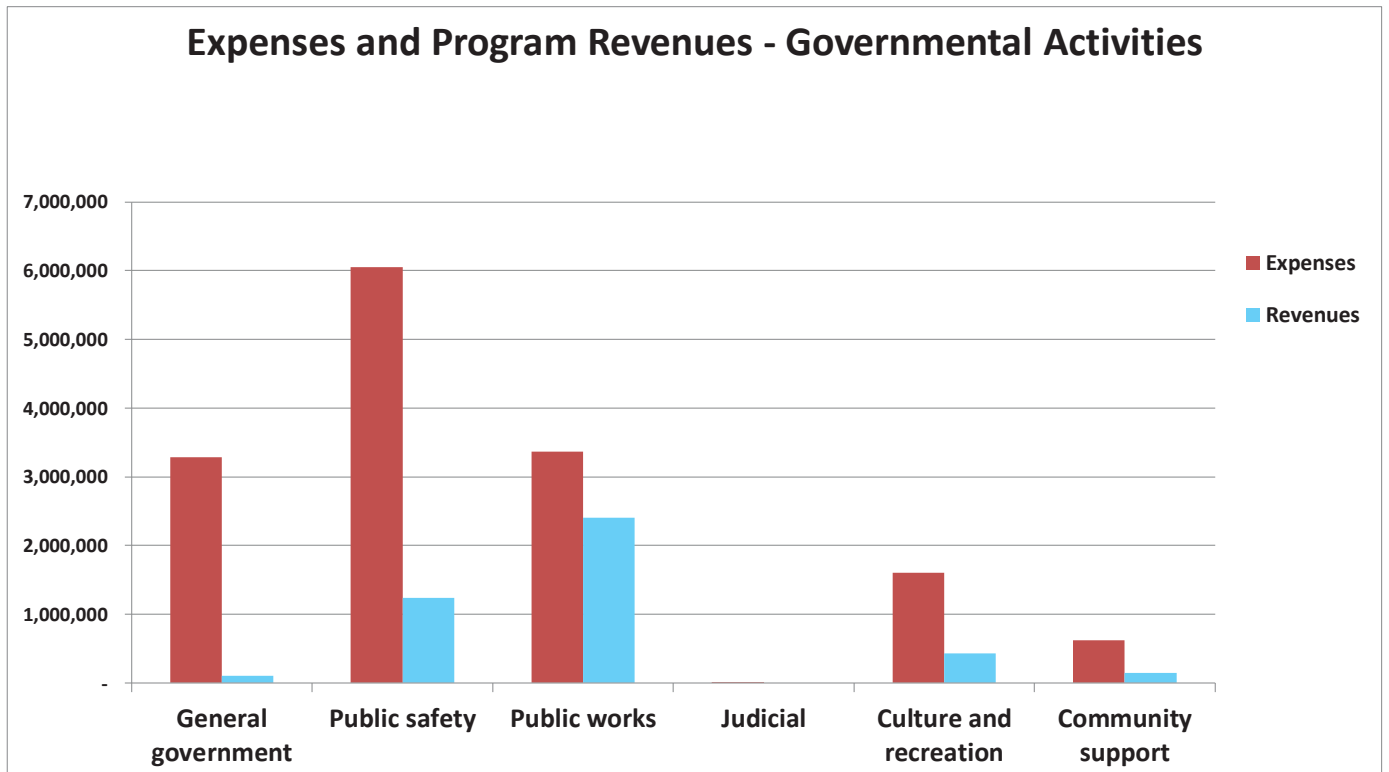
City of Page Changes in Net Position

| | Governmental activities | | Business-type activities | | Combined Total | |
|--|-------------------------|---------------|--------------------------|---------------|----------------|----------------|
| | 6/30/2018 | 6/30/2017 | 6/30/2018 | 6/30/2017 | 6/30/2018 | 6/30/2017 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 2,072,177 | \$ 2,168,574 | \$ 13,676,972 | \$ 13,448,561 | \$ 15,749,149 | \$ 15,617,135 |
| Operating grants and contributions | 1,356,363 | 1,350,225 | - | - | 1,356,363 | 1,350,225 |
| Capital grants and contributions | 898,224 | 232,075 | - | - | 898,224 | 232,075 |
| General revenues: | | | | | | |
| Taxes | 14,508,665 | 12,590,555 | - | - | 14,508,665 | 12,590,555 |
| State revenue sharing | 941,208 | 916,348 | - | - | 941,208 | 916,348 |
| Investment Income | 287,136 | 136,796 | 150,517 | 58,739 | 437,653 | 195,535 |
| Gain/(Loss) on disposal of asset | - | - | (61,163) | - | (61,163) | - |
| Other revenue/(expense) | 141,340 | 132,094 | - | - | 141,340 | 132,094 |
| Total revenues | 20,205,113 | 17,526,667 | 13,766,326 | 13,507,300 | 33,971,439 | 31,033,967 |
| Expenses: | | | | | | |
| General government | 3,282,422 | 2,517,770 | - | - | 3,282,422 | 2,517,770 |
| Public safety | 6,048,643 | 5,300,648 | - | - | 6,048,643 | 5,300,648 |
| Public works/Streets | 3,362,138 | 2,642,246 | - | - | 3,362,138 | 2,642,246 |
| Judicial | 8,457 | 13,245 | - | - | 8,457 | 13,245 |
| Culture and recreation | 1,601,945 | 1,368,639 | - | - | 1,601,945 | 1,368,639 |
| Community support | 618,843 | 567,743 | - | - | 618,843 | 567,743 |
| Interest on long-term debt | 427,529 | 448,474 | - | - | 427,529 | 448,474 |
| Water | - | - | 1,639,605 | 1,621,247 | 1,639,605 | 1,621,247 |
| Sewer | - | - | 1,396,058 | 1,438,193 | 1,396,058 | 1,438,193 |
| Electric | - | - | 7,320,987 | 7,100,576 | 7,320,987 | 7,100,576 |
| Sanitation | - | - | 689,077 | 665,396 | 689,077 | 665,396 |
| Total expenses | 15,349,977 | 12,858,765 | 11,045,727 | 10,825,412 | 26,395,704 | 23,684,177 |
| Increase (Decrease) in net position before transfers | 4,855,136 | 4,667,902 | 2,720,599 | 2,681,888 | 7,575,735 | 7,349,790 |
| Transfers | 140,108 | 232,096 | (140,108) | (232,096) | - | - |
| Change in net position | 4,995,244 | 4,899,998 | 2,580,491 | 2,449,792 | 7,575,735 | 7,349,790 |
| Net position, beginning | 80,244,359 | 75,344,362 | 56,746,330 | 54,296,538 | 136,990,689 | 129,640,900 |
| Restatement adjustment | 325,807 | - | 531 | - | 326,338 | - |
| Net position, ending | \$ 85,565,410 | \$ 80,244,360 | \$ 59,327,352 | \$ 56,746,330 | \$ 144,892,762 | \$ 136,990,690 |

The cost of all governmental activities this year was \$15.34 million, while the cost of all business-type activities totaled \$11 million, bringing the total expenses for the government to \$26.4 million. The cost of the governmental activities of \$15.34 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 \$15.4 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 sanitation services. The total revenue received for the business-type activities during the year was \$13.7 million, which is \$259,026 more than the prior year. This resulted in an increase of \$2.7 million before transfers of \$140,108.

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

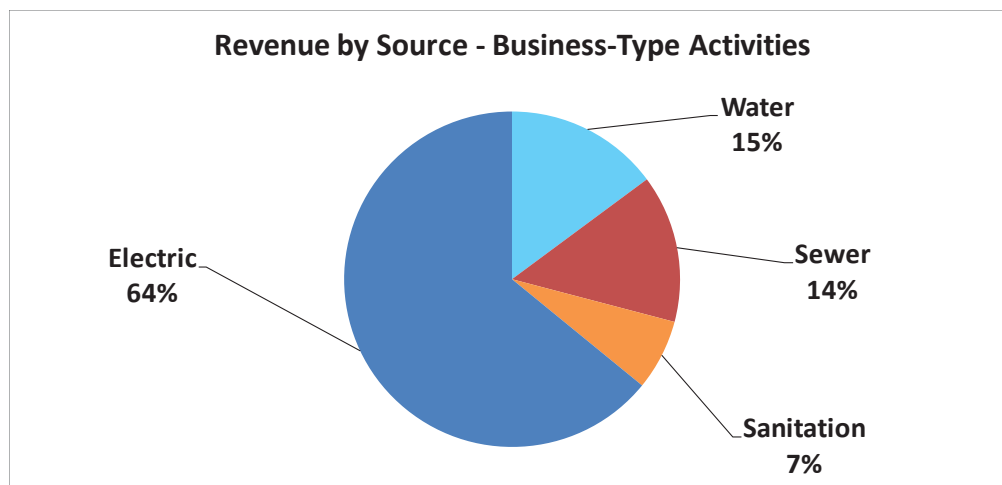
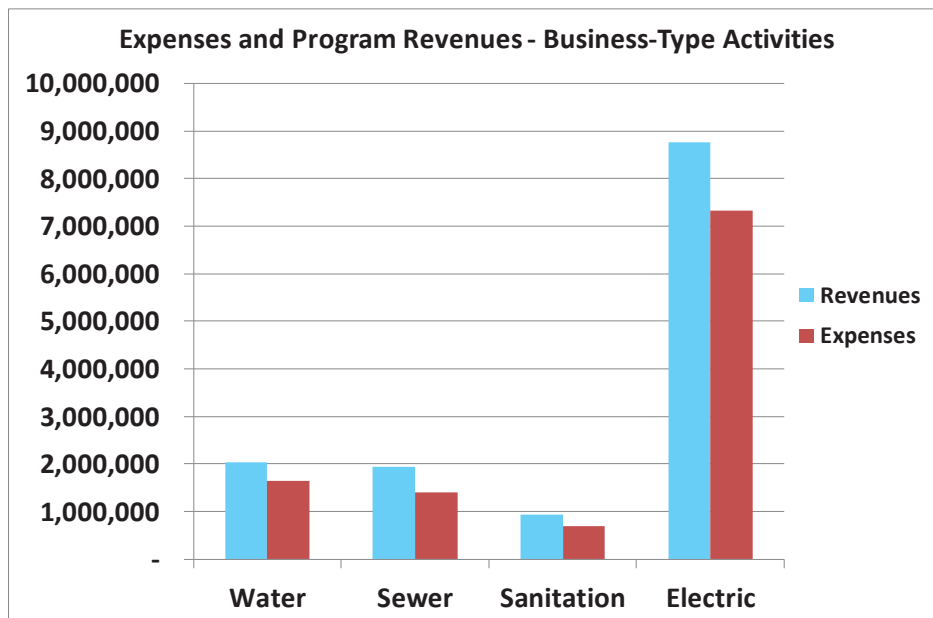


Business Type Activities

The net position of the Business Type activities at June 30, 2018 as reflected in the Statement of Net Position was \$59.3 million. The cost of providing all Business Type activities this year was \$11 million. As shown in the statement of Changes in Net Position, the amounts paid by users of the system were \$13.67 million reflecting a \$259,026 increase in revenue from the prior year. The Net Position increased by \$2.7 million.

In May 2012, the Mayor and Council passed 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. Residential sanitation services are provided by Republic Services through a contract with the City of Page and billed through the Utility.

Fiscal year 2017-18 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 has been 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. 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 \$25.6 million, an increase of \$3.1 million in comparison with the prior year. This growth reflects an addition of approximately \$1.8 million in the Debt Service Fund over the prior year due to the continued transfer of tax revenue set aside for future payments on our Series 2011 Bond Debt balance; an added \$13.2 million in cash was received from sales tax revenue resulting in \$2.4 million more than was initially budgeted in FY 2018; the remaining \$1.3 million dollar fund balance represents increases from charges for service and interest earnings from our investments. Approximately 45% of this total amount or \$12.87 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 \$12,869,809, 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 105% of total general fund expenditures, with General fund balance exceeding the expenditures for FY 2018.

The Highway User Revenue Fund has a total fund balance of \$2,413,108, all of which is restricted for road and street construction and improvements. The net decrease in the fund balance during the current year was \$396,181 and was primarily due to the completion of the Lake Powell Blvd. Sidewalk Project and other various street projects.

The Capital Projects Fund balance decreased by 193,766 this fiscal year due to various capital projects seeing completion by the end of the fiscal year. One of the beginning investments took place at Horseshoe Bend as the City began its partnership with the National Park Service on the design for making the attraction safe and accessible to the public. The City continues to work on improving the parking lot. The Golliard Park renovation currently displays new playground equipment, shade structures, new landscaping, walking paths, additional shade trees and new fencing for the dog park, with more improvements to the bathrooms coming in the upcoming year. Working with Arizona Department of Transportation, the Lake Powell Boulevard Sidewalk Project was finally completed after many years of discussion and planning. The Capital Projects Fund covers all the major airport grants awarded by the federal and state government. The capital projects at the airport for this year focused on the construction on Taxiway C and the Main Apron. Various departments purchased or upgraded some operating equipment that was needed. The Fire Department added a new Ford F-550 Type 1 Ambulance to their fleet replacing a 1996 E-350 Wheeled Coach Ambulance, while also making the final lease payment on the 2011 Pierce Pumper Fire Truck. The Police Department purchased a 3-D Crime Scene Scanner to assist in the Investigations Unit. As a part of the City's vehicle replacement program, the City Public Works obtained two new vehicles one for the Building Maintenance Department and the other for the Parks Maintenance Department. The Public Works Streets Department purchased a 2000 Truck Mount Water Tank kit to mount onto one of our existing truck chassis. A new John Deere Precision Cut Mower and Utility Vehicle were purchased to take care of our golf course maintenance needs and replaced older worn out equipment.

The Electric Fund showed an increase of \$1.55 million in the fund's net position from last fiscal year. This increase is a result of decreases in depreciation costs and increases in interest income for the year.

The Water Fund experienced an increase of \$420,845 in net position for fiscal year 2018. This increase is due to an increase in service fees and interest earned on investments.

The Sewer Fund showed an increase of \$503,185 in net position from last fiscal year due to an increase in service fees and interest income, as well as decreasing overall expenses by \$42,000.

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 \$17,515,888. The amount budgeted for the year was \$15,611,349, showing the City bringing in excess revenue of \$1,904,539 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 \$12,184,020 were 87% of the budgeted expenditures of \$13,979,705. The \$1,795,685 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 2018, net capital assets of the government activities totaled \$76.9 million and the net capital assets of the business-type activities totaled \$32.6 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 \$9.5 million in governmental long-term debt outstanding, not including the net pension liability of \$8.8 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, 2018 was \$7,720,000 on this restructure, while the City also continues to pay on the Airport bond debt, carrying a current principal balance owing as of \$574,193 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 all experience some economic challenges, 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 the following guidelines for their Strategic Goals and Priorities for FY 2018 & FY 2019 Budget years:

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 Resolution 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 2018-2019 budget amount for the General Fund expenditures (including inter-fund transfers) is balanced with anticipated revenue of \$16,146,041. The adopted fiscal year 2018-2019 budget for the entire City of Page is \$48,272,964, which includes capital projects of \$11.7 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, 2018

| | Governmental Activities | Business-type Activities | Total |
|--|------------------------------------|-------------------------------------|-----------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 27,117,671 | \$ 26,179,279 | \$ 53,296,950 |
| Receivables (net of allowance) | 1,434,280 | 1,582,525 | 3,016,805 |
| Prepaid expenses | - | 451,554 | 451,554 |
| Inventories | - | 1,562,867 | 1,562,867 |
| Net pension/OPEB asset | 392,262 | 10,801 | 403,063 |
| Internal balances | (1,596,041) | 1,596,041 | - |
| Restricted assets (temporarily restricted): | | | |
| Cash and cash equivalents | 89,124 | 907,011 | 996,135 |
| Capital assets (net of accumulated depreciation) | | | |
| Land and improvements | 45,203,585 | 133,245 | 45,336,830 |
| Construction in progress | 2,508,466 | 21,618 | 2,530,084 |
| Buildings and improvements | 7,574,730 | 10,047,583 | 17,622,313 |
| Furniture, equipment and vehicles | 1,471,208 | 4,000,998 | 5,472,206 |
| Infrastructure | 20,180,247 | - | 20,180,247 |
| Distribution systems | - | 18,424,860 | 18,424,860 |
| Total assets | <u>104,375,532</u> | <u>64,918,382</u> | <u>169,293,914</u> |
| Deferred Outflows of Resources | | | |
| Deferred charge on refunding | 164,424 | - | 164,424 |
| Deferred outflows related to pensions/OPEB | 1,931,170 | 402,893 | 2,334,063 |
| Total deferred outflows of resources | <u>2,095,594</u> | <u>402,893</u> | <u>2,498,487</u> |
| Liabilities | | | |
| Accounts payable and other current liabilities | 1,380,149 | 1,344,636 | 2,724,785 |
| Customer deposits | - | 907,011 | 907,011 |
| Interest payable | 1,765 | - | 1,765 |
| Unearned revenue | 2,199 | - | 2,199 |
| Noncurrent liabilities: | | | |
| Due within one year | 1,548,211 | 279,551 | 1,827,762 |
| Due in more than one year | 7,960,615 | 150,527 | 8,111,142 |
| Net pension/OPEB liability | 8,836,483 | 3,080,454 | 11,916,937 |
| Total liabilities | <u>19,729,422</u> | <u>5,762,179</u> | <u>25,491,601</u> |
| Deferred Inflows of Resources | | | |
| Deferred inflows related to pensions/OPEB | <u>1,176,294</u> | <u>231,742</u> | <u>1,408,036</u> |
| Net Position | | | |
| Net investment in capital assets | 68,395,001 | 32,628,302 | 101,023,303 |
| Restricted for: | | | |
| Debt service | 6,949,997 | - | 6,949,997 |
| Capital projects | 1,845,061 | - | 1,845,061 |
| Highways and streets | 2,101,502 | - | 2,101,502 |
| Perpetual care - expendable | 330,725 | - | 330,725 |
| Grants and other purposes | 111,353 | - | 111,353 |
| Unrestricted | <u>5,831,771</u> | <u>26,699,050</u> | <u>32,530,821</u> |
| Total net position | <u>\$ 85,565,410</u> | <u>\$ 59,327,352</u> | <u>\$ 144,892,762</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, 2018

| Functions/Programs | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|-------------------------|-----------------------------|---|--|--------------------------------|---------------------------------|
| | Expenses | Charges for Services | Operating Grants & Contributions | Capital Grants & Contributions | Governmental Activities | Business-type Activities |
| Governmental activities: | | | | | | |
| General government | \$ 3,282,422 | \$ 108,321 | \$ - | \$ - | \$ (3,174,101) | \$ - |
| Public safety | 6,048,643 | 1,234,686 | 6,556 | 2,317 | (4,805,084) | - |
| Public works | 3,362,138 | 614,337 | 892,040 | 895,907 | (959,854) | - |
| Judicial | 8,457 | - | - | - | (8,457) | - |
| Culture and recreation | 1,601,945 | 102,395 | 324,926 | - | (1,174,624) | - |
| Community support | 618,843 | 12,438 | 132,841 | - | (473,564) | - |
| Interest on long-term debt | 427,529 | - | - | - | (427,529) | - |
| Total governmental activities | 15,349,977 | 2,072,177 | 1,356,363 | 898,224 | (11,023,213) | - |
| Business-type activities: | | | | | | |
| Water | 1,639,605 | 2,028,813 | - | - | - | 389,208 |
| Sewer | 1,396,058 | 1,950,676 | - | - | - | 554,618 |
| Sanitation | 689,077 | 932,174 | - | - | - | 243,097 |
| Electric | 7,320,987 | 8,765,309 | - | - | - | 1,444,322 |
| Total business-type activities | 11,045,727 | 13,676,972 | - | - | - | 2,631,245 |
| Total primary government | \$ 26,395,704 | \$ 15,749,149 | \$ 1,356,363 | \$ 898,224 | (11,023,213) | (8,391,968) |
| General Revenues: | | | | | | |
| Taxes: | | | | | | |
| City sales tax | | | | | 13,194,212 | - |
| Franchise tax | | | | | 233,788 | - |
| State sales tax (unrestricted) | | | | | 729,558 | - |
| Auto lieu tax (unrestricted) | | | | | 351,107 | - |
| State revenue sharing (unrestricted) | | | | | 941,208 | - |
| Unrestricted investment earnings (losses) | | | | | 287,136 | 150,517 |
| Loss on sale of capital assets | | | | | - | (61,163) |
| Other general revenues | | | | | 141,340 | - |
| Transfers | | | | | 140,108 | (140,108) |
| Total general revenues & transfers | | | | | 16,018,457 | (50,754) |
| Change in net position | | | | | 4,995,244 | 2,580,491 |
| Net position - beginning | | | | | 80,244,359 | 56,746,330 |
| Restatement adjustment | | | | | 325,807 | 531 |
| Net position - ending | | | | | \$ 85,565,410 | \$ 59,327,352 |
| | | | | | | \$ 144,892,762 |

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

CITY OF PAGE, ARIZONA
Balance Sheet
Governmental Funds
June 30, 2018

| | General | Highway User Fund | Debt Service Fund |
|--|----------------------|----------------------------------|----------------------------------|
| Assets | | | |
| Cash and cash equivalents | 14,064,389 | 2,333,448 | 6,870,687 |
| Other receivables | 35,749 | - | 9,441 |
| Due from other funds | 17,220 | - | 11,739 |
| Due from other governments | 1,104,105 | 79,660 | - |
| Restricted cash and cash equivalents | 12,909 | - | 58,130 |
| Total assets | <u>\$ 15,234,372</u> | <u>\$ 2,413,108</u> | <u>\$ 6,949,997</u> |
| Liabilities | | | |
| Accounts payable | 456,738 | 311,606 | - |
| Accrued liabilities | 267,350 | - | - |
| Deposits payable | 12,909 | - | - |
| Due to other funds | 1,625,367 | - | - |
| Unearned revenue | 2,199 | - | - |
| Total liabilities | <u>2,364,563</u> | <u>311,606</u> | <u>-</u> |
| Fund Balances | | | |
| Restricted: | | | |
| Roads and highways | - | 2,101,502 | - |
| Capital outlay | - | - | - |
| Debt service | - | - | 6,949,997 |
| Perpetual care - expendable | - | - | - |
| Public safety - substance abuse funds | - | - | - |
| Community support | - | - | - |
| Committed: | | | |
| Public works | - | - | - |
| Judicial | - | - | - |
| Unassigned | 12,869,809 | - | - |
| Total fund balances | <u>12,869,809</u> | <u>2,101,502</u> | <u>6,949,997</u> |
| Total liabilities, deferred inflows and fund balances | <u>\$ 15,234,372</u> | <u>\$ 2,413,108</u> | <u>\$ 6,949,997</u> |

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

| Capital Projects Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--------------------------------------|--|---|
| 2,005,002 | \$ 1,844,145 | \$ 27,117,671 |
| 0 | 49,630 | 94,820 |
| | 367 | 29,326 |
| 146,400 | 9,295 | 1,339,460 |
| 0 | 18,085 | 89,124 |
| <u>\$ 2,151,402</u> | <u>\$ 1,921,522</u> | <u>\$ 28,670,401</u> |
| 306,341 | \$ 6,372 | \$ 1,081,057 |
| - | 748 | 268,098 |
| - | 18,085 | 30,994 |
| - | - | 1,625,367 |
| - | - | 2,199 |
| <u>306,341</u> | <u>25,205</u> | <u>3,007,715</u> |
| - | - | 2,101,502 |
| 1,845,061 | - | 1,845,061 |
| - | - | 6,949,997 |
| - | 330,725 | 330,725 |
| - | 13,438 | 13,438 |
| - | 97,915 | 97,915 |
| - | 1,411,073 | 1,411,073 |
| - | 43,166 | 43,166 |
| - | - | 12,869,809 |
| <u>1,845,061</u> | <u>1,896,317</u> | <u>25,662,686</u> |
| <u>\$ 2,151,402</u> | <u>\$ 1,921,522</u> | <u>\$ 28,670,401</u> |

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CITY OF PAGE, ARIZONA
Reconciliation of Total Governmental Fund Balances
To Net Position of Governmental Activities
June 30, 2018

| | | |
|----------------------------------|----|------------|
| Total governmental fund balances | \$ | 25,662,686 |
|----------------------------------|----|------------|

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 | \$ 108,761,460 | |
| Less: accumulated depreciation | <u>(31,823,224)</u> | |
| | | 76,938,236 |

| | | |
|--|--|---------|
| Net OPEB asset is not an available resource and, therefore is not reported in the funds. | | 392,262 |
|--|--|---------|

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

| | | |
|-------------------|--------------------|---------|
| Deferred outflows | \$ 1,931,170 | |
| Deferred inflows | <u>(1,176,294)</u> | |
| | | 754,876 |

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 | \$ (7,720,000) | |
| Airport lease purchase | (574,193) | |
| Capital leases | (41,683) | |
| Compensated absences | (801,166) | |
| Net pension/OPEB liability | (8,836,483) | |
| Bond premiums | (371,783) | |
| Deferred amount on refunding | <u>164,424</u> | |
| | | (18,180,884) |

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.

| | | |
|--|--|----------------|
| | | <u>(1,766)</u> |
|--|--|----------------|

| | | |
|---|----|--------------------------|
| Total net position of governmental activities | \$ | <u><u>85,565,410</u></u> |
|---|----|--------------------------|

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, 2018

| | General | Highway User Fund | Debt Service Fund |
|--|-----------------------------|----------------------------------|----------------------------------|
| Revenues | | | |
| Taxes | \$ 13,428,000 | \$ - | \$ - |
| Licenses, permits and fees | 169,436 | - | - |
| Intergovernmental revenue | 2,357,019 | 871,029 | - |
| Charges for services | 1,134,755 | - | - |
| Fines and forfeitures | 222,594 | - | - |
| Rental revenue | - | - | - |
| Investment earnings | 163,501 | 35,440 | 88,165 |
| Other revenues | 40,583 | - | 117,313 |
| Total revenues | <u>17,515,888</u> | <u>906,469</u> | <u>205,478</u> |
| Expenditures | | | |
| Current: | | | |
| General government | 3,720,297 | - | 2,250 |
| Public safety | 5,453,145 | - | - |
| Public works | 1,240,297 | 710,690 | - |
| Judicial | - | - | - |
| Culture and recreation | 1,275,781 | - | - |
| Community support | 494,500 | - | - |
| Capital outlay | - | - | - |
| Debt service: | | | |
| Principal | - | - | 984,997 |
| Interest | - | - | 406,186 |
| Total expenditures | <u>12,184,020</u> | <u>710,690</u> | <u>1,393,433</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>5,331,868</u> | <u>195,779</u> | <u>(1,187,955)</u> |
| Other Financing Sources (Uses) | | | |
| Transfers in | 16,649 | - | 2,967,287 |
| Transfers out | <u>(3,627,133)</u> | <u>(591,960)</u> | <u>-</u> |
| Total other financing sources and uses | <u>(3,610,484)</u> | <u>(591,960)</u> | <u>2,967,287</u> |
| Net change in fund balances | 1,721,384 | (396,181) | 1,779,332 |
| Fund balances, beginning of year | <u>11,148,425</u> | <u>2,497,683</u> | <u>5,170,665</u> |
| Fund balances, end of year | <u><u>\$ 12,869,809</u></u> | <u><u>\$ 2,101,502</u></u> | <u><u>\$ 6,949,997</u></u> |

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

| Capital Projects Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--------------------------------------|--|---|
| \$ - | \$ - | \$ 13,428,000 |
| - | - | 169,436 |
| 841,557 | 119,625 | 4,189,230 |
| - | 68,055 | 1,202,810 |
| - | - | 222,594 |
| - | 363,312 | 363,312 |
| - | - | 287,106 |
| 60,748 | 124,002 | 342,646 |
| <u>902,305</u> | <u>674,994</u> | <u>20,205,134</u> |
| - | - | 3,722,547 |
| - | 8,166 | 5,461,311 |
| - | 139,654 | 2,090,641 |
| - | 8,447 | 8,447 |
| - | 912 | 1,276,693 |
| - | 65,971 | 560,471 |
| 2,707,997 | - | 2,707,997 |
| - | - | 984,997 |
| 1,484 | - | 407,670 |
| <u>2,709,481</u> | <u>223,150</u> | <u>17,220,774</u> |
| <u>(1,807,176)</u> | <u>451,844</u> | <u>2,984,360</u> |
| 1,613,410 | - | 4,597,346 |
| <u>-</u> | <u>(238,145)</u> | <u>(4,457,238)</u> |
| 1,613,410 | (238,145) | 140,108 |
| (193,766) | 213,699 | 3,124,468 |
| 2,038,827 | 1,682,618 | 22,538,218 |
| <u>\$ 1,845,061</u> | <u>\$ 1,896,317</u> | <u>\$ 25,662,686</u> |

CITY OF PAGE, ARIZONA
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To The Statement of Activities
For the Year Ended June 30, 2018

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

| | |
|--|--------------|
| Net change in fund balances - total governmental funds | \$ 3,124,468 |
|--|--------------|

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 | \$ 3,224,914 | |
| Depreciation expense | <u>(2,080,286)</u> | |
| | | 1,144,628 |

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 | | 1,072,282 |
| Amortization of deferred amount on refunding | | (71,749) |
| 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.

2,863

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/OPEB contributions | \$ 738,453 | |
| Pension/OPEB expense | <u>(849,224)</u> | |
| | | (110,771) |

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.

(215,504)

Change in net position of governmental activities

\$ 4,995,244

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, 2018

| | <u>Water</u> | <u>Sewer</u> | <u>Electric</u> |
|--|----------------------|---------------------|----------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 4,398,948 | \$ 2,753,383 | \$ 18,378,695 |
| Receivables, net of allowance | 266,035 | 208,085 | 1,017,591 |
| Due from other funds | - | - | 1,625,000 |
| Inventories | 162,197 | 159,950 | 1,240,720 |
| Prepaid expenses | 28,038 | 26,447 | 397,069 |
| Total current assets | <u>4,855,218</u> | <u>3,147,865</u> | <u>22,659,075</u> |
| Noncurrent assets: | | | |
| Restricted cash | 108,235 | - | 798,776 |
| Net pension/OPEB asset | 2,365 | 1,426 | 7,010 |
| Capital assets: | | | |
| Land | - | - | 133,245 |
| Construction-in-progress | - | - | 21,618 |
| Buildings and improvements | 2,948,585 | 4,525,333 | 11,691,985 |
| Machinery, equipment, vehicles | 1,890,706 | 2,577,446 | 5,735,782 |
| Distribution system | 18,026,391 | 10,880,045 | 27,241,433 |
| Less accumulated depreciation | <u>(14,669,097)</u> | <u>(13,453,452)</u> | <u>(24,921,718)</u> |
| Total noncurrent assets | <u>8,307,185</u> | <u>4,530,798</u> | <u>20,708,131</u> |
| Total assets | <u>13,162,403</u> | <u>7,678,663</u> | <u>43,367,206</u> |
| Deferred Outflows of Resources | | | |
| Deferred outflows related to pensions/OPEB | 88,215 | 53,207 | 261,471 |
| Total deferred outflows of resources | <u>88,215</u> | <u>53,207</u> | <u>261,471</u> |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 96,184 | 53,002 | 1,021,901 |
| Accrued liabilities | 21,986 | 26,268 | 66,904 |
| Customer deposits | 108,235 | - | 798,776 |
| Due to other funds | - | - | 17,220 |
| Current portion of long-term liabilities | 67,590 | 29,576 | 182,385 |
| Total current liabilities | <u>293,995</u> | <u>108,846</u> | <u>2,087,186</u> |
| Noncurrent liabilities: | | | |
| Compensated absences | 36,395 | 15,925 | 98,207 |
| Net pension/OPEB liability | 674,478 | 406,809 | 1,999,167 |
| Total noncurrent liabilities | <u>710,873</u> | <u>422,734</u> | <u>2,097,374</u> |
| Total liabilities | <u>1,004,868</u> | <u>531,580</u> | <u>4,184,560</u> |
| Deferred Inflows of Resources | | | |
| Deferred inflows related to pensions/OPEB | 50,740 | 30,604 | 150,398 |
| Total deferred inflows of resources | <u>50,740</u> | <u>30,604</u> | <u>150,398</u> |
| Net Position | | | |
| Net investment in capital assets | 8,196,585 | 4,529,372 | 19,902,345 |
| Unrestricted | 3,998,425 | 2,640,314 | 19,391,374 |
| Total net position | <u>\$ 12,195,010</u> | <u>\$ 7,169,686</u> | <u>\$ 39,293,719</u> |

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

| Sanitation (non-major) | Total |
|-----------------------------------|----------------------|
| \$ 648,253 | \$ 26,179,279 |
| 90,814 | 1,582,525 |
| - | 1,625,000 |
| - | 1,562,867 |
| - | 451,554 |
| <u>739,067</u> | <u>31,401,225</u> |
| - | 907,011 |
| - | 10,801 |
| - | 133,245 |
| - | 21,618 |
| - | 19,165,903 |
| - | 10,203,934 |
| - | 56,147,869 |
| - | (53,044,267) |
| <u>-</u> | <u>33,546,114</u> |
| <u>739,067</u> | <u>64,947,339</u> |
| - | 402,893 |
| <u>-</u> | <u>402,893</u> |
| 58,391 | 1,229,478 |
| - | 115,158 |
| - | 907,011 |
| 11,739 | 28,959 |
| - | 279,551 |
| <u>70,130</u> | <u>2,560,157</u> |
| - | 150,527 |
| <u>-</u> | <u>3,080,454</u> |
| <u>-</u> | <u>3,230,981</u> |
| <u>70,130</u> | <u>5,791,138</u> |
| - | 231,742 |
| <u>-</u> | <u>231,742</u> |
| - | 32,628,302 |
| <u>668,937</u> | <u>26,699,050</u> |
| <u>\$ 668,937</u> | <u>\$ 59,327,352</u> |

CITY OF PAGE, ARIZONA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2018

| | <u>Water</u> | <u>Sewer</u> | <u>Electric</u> |
|---|-----------------------------|----------------------------|-----------------------------|
| Operating revenues | | | |
| Service fees | 2,020,158 | 1,950,676 | 8,765,309 |
| Other revenues | 8,655 | - | - |
| | <u>2,028,813</u> | <u>1,950,676</u> | <u>8,765,309</u> |
| Operating expenses | | | |
| Salaries and wages | 303,764 | 383,374 | 1,020,445 |
| Employee benefits | 180,811 | 67,458 | 350,550 |
| Insurance | 38,600 | 29,635 | 76,318 |
| Service, supplies and other | 505,870 | 447,829 | 158,766 |
| Power costs | - | - | 4,123,503 |
| Contract services | 10,750 | 2,300 | 83,433 |
| Depreciation | 599,810 | 465,462 | 1,167,550 |
| | <u>1,639,605</u> | <u>1,396,058</u> | <u>6,980,565</u> |
| Operating income | <u>389,208</u> | <u>554,618</u> | <u>1,784,744</u> |
| Nonoperating revenues (expenses) | | | |
| Interest income | 31,637 | 9,730 | 107,878 |
| Gain (loss) on disposal of capital assets | - | (61,163) | (340,422) |
| | <u>31,637</u> | <u>(51,433)</u> | <u>(232,544)</u> |
| Income (loss) before transfers | 420,845 | 503,185 | 1,552,200 |
| Transfers to other funds | - | - | - |
| Change in net position | 420,845 | 503,185 | 1,552,200 |
| Total net position, beginning of year | 11,774,070 | 6,666,415 | 37,741,169 |
| Restatement adjustment | 95 | 86 | 350 |
| Total net position, end of year | <u><u>\$ 12,195,010</u></u> | <u><u>\$ 7,169,686</u></u> | <u><u>\$ 39,293,719</u></u> |

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

| Sanitation (non-major) | Total |
|-----------------------------------|----------------------|
| 932,174 | \$ 13,668,317 |
| - | 8,655 |
| <u>932,174</u> | <u>13,676,972</u> |
| - | 1,707,583 |
| - | 598,819 |
| - | 144,553 |
| 2,411 | 1,114,876 |
| - | 4,123,503 |
| 686,666 | 783,149 |
| - | 2,232,822 |
| <u>689,077</u> | <u>10,705,305</u> |
| <u>243,097</u> | <u>2,971,667</u> |
| 1,272 | 150,517 |
| - | (401,585) |
| <u>1,272</u> | <u>(251,068)</u> |
| 244,369 | 2,720,599 |
| <u>(140,108)</u> | <u>(140,108)</u> |
| 104,261 | 2,580,491 |
| 564,676 | 56,746,330 |
| - | 531 |
| <u>\$ 668,937</u> | <u>\$ 59,327,352</u> |

CITY OF PAGE, ARIZONA
Statement of Cash Flows
Proprietary Fund Types
For the Year Ended June 30, 2018

| | <u>Water</u> | <u>Sewer</u> | <u>Electric</u> |
|--|----------------------------|----------------------------|-----------------------------|
| Cash Flows From Operating Activities: | | | |
| Cash received from customers, service fees | \$ 1,977,794 | \$ 1,938,981 | \$ 8,758,233 |
| Cash received from other operating revenues | 8,655 | - | - |
| Cash paid to suppliers | (542,972) | (532,442) | (4,229,337) |
| Cash paid to employees | (438,627) | (512,353) | (1,409,937) |
| Net cash flows from operating activities | <u>1,004,850</u> | <u>894,186</u> | <u>3,118,959</u> |
| Cash Flows From Noncapital Activities: | | | |
| Transfers (to) / from other funds | - | - | - |
| Payments (to) from other funds | - | - | 1,303 |
| Net cash flows from noncapital activities | <u>-</u> | <u>-</u> | <u>1,303</u> |
| Cash Flows From Capital and Related Financing Activities: | | | |
| Purchase of capital assets | (473,092) | (517,350) | (1,465,701) |
| Proceeds from sale of capital assets | - | - | 1,175 |
| Net cash flows from capital and related financing activities: | <u>(473,092)</u> | <u>(517,350)</u> | <u>(1,464,526)</u> |
| Cash Flows From Investing Activities: | | | |
| Interest on investments | 31,637 | (51,433) | 107,878 |
| Net cash flows from investing activities | <u>31,637</u> | <u>(51,433)</u> | <u>107,878</u> |
| Net change in cash and cash equivalents | <u>563,395</u> | <u>325,403</u> | <u>1,763,614</u> |
| Cash and cash equivalents, beginning of year, including temporarily restricted cash | <u>3,943,788</u> | <u>2,366,819</u> | <u>17,413,857</u> |
| Cash and cash equivalents, end of year, including temporarily restricted cash | <u><u>\$ 4,507,183</u></u> | <u><u>\$ 2,692,222</u></u> | <u><u>\$ 19,177,471</u></u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Net operating income | \$ 389,208 | \$ 554,618 | \$ 1,784,744 |
| Adjustments to reconcile net income to net cash provided by operating activities | | | |
| Depreciation/amortization | 599,810 | 465,462 | 1,167,550 |
| Pension/OPEB expense | 86,893 | (38,291) | 100,396 |
| Employer pension/OPEB contributions | (50,798) | (30,640) | (150,564) |
| Changes in operating assets and liabilities: | | | |
| (Increase) Decrease in receivables | (42,364) | (11,695) | (7,076) |
| (Increase) Decrease in prepaid expenses | 6,351 | - | (179,677) |
| (Increase) Decrease in inventories | 28,895 | (14,743) | (22,274) |
| Increase (Decrease) in accounts payable | (19,652) | (41,805) | 371,581 |
| Increase (Decrease) in compensated absences | 9,853 | 7,410 | 11,226 |
| Increase (Decrease) in accrued liabilities | (3,346) | 3,870 | 43,053 |
| Net cash flows from operating activities | <u><u>\$ 1,004,850</u></u> | <u><u>\$ 894,186</u></u> | <u><u>\$ 3,118,959</u></u> |

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

| Sanitation (non-major) | Total |
|-----------------------------------|----------------------|
| \$ 929,930 | \$ 13,604,938 |
| - | 8,655 |
| (686,915) | (5,991,666) |
| - | (2,360,917) |
| <u>243,015</u> | <u>5,261,010</u> |
| (140,108) | (140,108) |
| 70 | 1,373 |
| <u>(140,038)</u> | <u>(138,735)</u> |
| - | (2,456,143) |
| - | 1,175 |
| - | (2,454,968) |
| <u>1,272</u> | <u>89,354</u> |
| <u>1,272</u> | <u>89,354</u> |
| <u>104,249</u> | <u>2,756,661</u> |
| <u>544,004</u> | <u>24,268,468</u> |
| <u>\$ 648,253</u> | <u>\$ 27,025,129</u> |
| \$ 243,097 | \$ 2,971,667 |
| - | 2,232,822 |
| - | 148,998 |
| - | (232,002) |
| (2,244) | (63,379) |
| - | (173,326) |
| - | (8,122) |
| 2,162 | 312,286 |
| - | 28,489 |
| - | 43,577 |
| <u>\$ 243,015</u> | <u>\$ 5,261,010</u> |

CITY OF PAGE, ARIZONA
Statement of Net Position
Fiduciary Funds
June 30, 2018

| | |
|---------------------------|---|
| | <u>Volunteer Firefighters' Pension</u> |
| Assets | |
| Current assets: | |
| Cash and cash equivalents | 518,697 |
| Total assets | <u>518,697</u> |
| Liabilities | |
| Current liabilities: | |
| Accounts payable | 10,276 |
| Total liabilities | <u>10,276</u> |
| Net position | |
| Restricted for pensions | <u><u>\$ 508,421</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, 2018

| | Volunteer Firefighters' Pension |
|--|--|
| Additions | |
| Contributions: | |
| Employer | 2,342 |
| Employee | 4,778 |
| State fire insurance premium | 17,746 |
| Other | 2,036 |
| | <u>26,902</u> |
| Total contributions | <u>26,902</u> |
| Investment income | |
| Net appreciation (depreciation) in fair value of investments | 32,206 |
| Interest | 20,423 |
| | <u>52,629</u> |
| Net investment income | <u>52,629</u> |
| Total additions | <u>79,531</u> |
| Deductions | |
| Benefits | 102,667 |
| Administration | 2,624 |
| | <u>105,291</u> |
| Total deductions | <u>105,291</u> |
| Net increase (decrease) | (25,760) |
| Net position held in trust for pension benefits: | |
| Beginning of year | <u>534,181</u> |
| End of year | <u><u>\$ 508,421</u></u> |

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

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2018

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 all activities of the City. The City has no separate component units, entities for which the City is considered to be financially accountable that would be combined to form the City's reporting entity.

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.

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.

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2018

Note 1. Summary of Significant Accounting Policies, Continued

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

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.

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.

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2018

Note 1. Summary of Significant Accounting Policies, Continued

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 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.

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2018

Note 1. Summary of Significant Accounting Policies, Continued

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.

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 acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend 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 |

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2018

Note 1. Summary of Significant Accounting Policies, Continued

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/OPEB related items reported on the government-wide and proprietary fund financial statements. See footnote 9 for more information.

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/OPEB related items reported on the government-wide and proprietary fund financial statements. See footnote 9 for more information.

Pension and other postemployment benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plan's fiduciary net position of the Arizona State Retirement System (ASRS) and the Arizona 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.

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2018

Note 1. Summary of Significant Accounting Policies, Continued

Fund balance flow assumptions

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

Fund balance policies

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

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

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.

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2018

Note 1. Summary of Significant Accounting Policies, Continued

Property taxes

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

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.

Tax Abatements

The City has not entered into any tax abatement agreements and the City is not aware of any tax abatement agreements that have been entered into by other governments that would reduce the City's tax revenues.

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.

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2018

NOTE 1. Summary of Significant Accounting Policies, Continued

New Pronouncements

For the year ended June 30, 2018, the City implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, as amended by GASB Statement No. 85, *Omnibus 2017*. GASB Statement No. 75 established standards for measuring and recognizing net assets and liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to other postemployment benefits (OPEB) provided through defined benefit OPEB plans. In addition, Statement No. 75 requires disclosure of information related to OPEB. 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 Note 13).

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.

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2018

Note 3. Stewardship, Compliance, and Accountability, Continued

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

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

There were no supplementary budgetary appropriations made during the year ended June 30, 2018.

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, 2018, 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, 2018

Note 4. Deposits and Investments

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

| | |
|--|-----------------------------|
| Cash and cash equivalents | \$ 53,296,950 |
| Restricted cash and cash equivalents | 996,135 |
| Fiduciary Fund cash and cash equivalents | <u>518,697</u> |
| Total | <u><u>\$ 54,811,782</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, 2018, none of the City's bank balance of \$18,014,922 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, 2018

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. The State Board of Investments provides oversight for the State Treasurer's investment pools. 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, 2018 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 | \$ 96 | N/A | N/A |
| Cash in bank | 17,870,276 | N/A | N/A |
| Investments: | | | |
| State Treasurer's Investment Pool | 30,370,979 | AAA | 0.09 Years |
| U.S. Government Agency Securities | 3,000,210 | AA+ | 1.22 Years |
| Mutual Funds | 503,046 | N/A | N/A |
| Certificates of deposit | <u>3,067,175</u> | N/A | N/A |
| Total cash and investments | <u>\$ 54,811,782</u> | | |

- (1) Ratings are provided where applicable to indicate associated Credit Risk. N/A indicates not applicable. Ratings for the City's investment in the State Treasurer's Investment Pool #7 and the U.S. Government Agency Securities are provided from Standard and Poor's.
- (2) State Treasurer's Investment Pool is valued at the pool's share price multiplied by the number of shares the Town held. The fair value of a participant's position in the pools approximate the value of that participant's shares. (Level 2 inputs).
- (3) Interest Rate Risk is estimated using the weighted average days to maturity.

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2018

Note 4. Deposits and Investments, Continued

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'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.

Fair value measurements

As noted above, the City holds investments that are measured at fair value on a recurring basis. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The State Treasurer's Investment Pool, U.S Government Agency Securities, mutual funds, and certificates of deposit, as listed above, are valued using quoted market prices (Level 2 inputs).

Note 5. Restricted Assets

Restricted assets at June 30, 2018 consisted of the following cash reserves:

| <u>Restricted Cash</u> | |
|-----------------------------------|-------------------|
| Magistrate Bond Deposits | \$ 6,133 |
| Refundable Deposits | 6,776 |
| Cash Restricted for Debt Service | 58,130 |
| Airport - Refundable Deposits | 18,085 |
| Water Fund - Customer Deposits | 108,235 |
| Electric Fund - Customer Deposits | 798,776 |
| Total Restricted Cash | <u>\$ 996,135</u> |

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2018

Note 6. Capital Assets

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

| Governmental Activities: | Balance 06/30/17 | Additions | Deletions | Balance 06/30/18 |
|--|-----------------------------|------------------|------------------|-----------------------------|
| Capital assets, not being depreciated | | | | |
| Land | \$ 45,203,585 | \$ - | \$ - | \$ 45,203,585 |
| Construction in progress | 622,594 | 2,642,144 | (756,272) | 2,508,466 |
| Total capital assets, not being depreciated | 45,826,179 | 2,642,144 | (756,272) | 47,712,051 |
| Capital assets, being depreciated | | | | |
| Buildings and improvements | 17,549,025 | 129,524 | - | 17,678,549 |
| Furniture, equipment, and vehicles | 7,231,189 | 582,770 | - | 7,813,959 |
| Infrastructure | 34,930,153 | 626,748 | - | 35,556,901 |
| Total capital assets being depreciated | 59,710,367 | 1,339,042 | - | 61,049,409 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (9,674,293) | (429,526) | - | (10,103,819) |
| Furniture, equipment, and vehicles | (6,052,733) | (290,018) | - | (6,342,751) |
| Infrastructure | (14,015,912) | (1,360,742) | - | (15,376,654) |
| Total accumulated depreciation | (29,742,938) | (2,080,286) | - | (31,823,224) |
| Total capital assets, being depreciated, net | 29,967,429 | (741,244) | - | 29,226,185 |
| Governmental activities capital assets, net | \$ 75,793,608 | \$ 1,900,900 | \$ (756,272) | \$ 76,938,236 |

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

| | |
|--|---------------------|
| Governmental Activities: | |
| General government | \$ 159,284 |
| Public safety | 270,963 |
| Public works | 1,268,792 |
| Culture and recreation | 323,600 |
| Community support | 57,647 |
| Total depreciation expense - governmental activities | <u>\$ 2,080,286</u> |

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2018

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, 2017 | Additions | Deletions | Balance June 30, 2018 |
|--|--------------------------|-------------------|---------------------|--------------------------|
| Capital assets, not being depreciated | | | | |
| Land | \$ 133,245 | \$ - | \$ - | \$ 133,245 |
| Construction in progress | 506,358 | 21,618 | (506,358) | 21,618 |
| Total capital assets, not being depreciated | 639,603 | 21,618 | (506,358) | 154,863 |
| Capital assets, being depreciated | | | | |
| Buildings and improvements | 17,610,653 | 1,555,250 | - | 19,165,903 |
| Furniture, equipment, and vehicles | 9,255,878 | 1,041,464 | (93,407) | 10,203,935 |
| Electric distribution system | 27,619,195 | 283,238 | (661,000) | 27,241,433 |
| Water distribution system | 18,018,938 | 7,453 | - | 18,026,391 |
| Sewer distribution system | 10,858,492 | 53,479 | (31,927) | 10,880,044 |
| Total capital assets being depreciated | 83,363,156 | 2,940,884 | (786,334) | 85,517,706 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (8,673,217) | (445,103) | - | (9,118,320) |
| Furniture, equipment, and vehicles | (5,783,603) | (459,938) | 40,605 | (6,202,936) |
| Electric distribution system | (16,918,339) | (567,465) | 319,403 | (17,166,401) |
| Water distribution system | (10,702,389) | (508,795) | - | (11,211,184) |
| Sewer distribution system | (9,117,469) | (251,521) | 23,566 | (9,345,424) |
| Total accumulated depreciation | (51,195,017) | (2,232,822) | 383,574 | (53,044,265) |
| Total capital assets, being depreciated, net | 32,168,139 | 708,062 | (402,760) | 32,473,441 |
| Total capital assets, net | <u>\$ 32,807,742</u> | <u>\$ 729,680</u> | <u>\$ (909,118)</u> | <u>\$ 32,628,304</u> |

Business-Type Activities:

| | |
|--|---------------------|
| Water | 599,810.36 |
| Sewer | 465,462.26 |
| Electric | <u>1,167,549.86</u> |
| Total depreciation expense business-type activities | <u>\$ 2,232,822</u> |

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2018

Note 7. Long-Term Liabilities

The following is a summary of changes in long-term obligations for the year ended June 30, 2018:

| Governmental activities: | Balance June 30, 2017 | Additions | Retirements | Balance June 30, 2018 | Current Portion |
|---|--------------------------|-------------------|-----------------------|--------------------------|---------------------|
| General Obligation: | | | | | |
| Airport Lease Purchase, Series 2004 | \$ 759,190 | \$ - | \$ (184,997) | \$ 574,193 | \$ 189,879 |
| Capital Lease Obligations | 128,968 | - | (87,285) | 41,683 | 12,574 |
| Total General Obligation | 888,158 | - | (272,282) | 615,876 | 202,453 |
| Revenue Obligation: | | | | | |
| Pledged Revenue Refunding Obligations, Series 2011 | 8,520,000 | - | (800,000) | 7,720,000 | 825,000 |
| Bond Premiums | 420,810 | - | (49,027) | 371,783 | - |
| Total Revenue Obligation | 8,940,810 | - | (849,027) | 8,091,783 | 825,000 |
| Accrued compensated absences | 585,662 | 442,728 | (227,224) | 801,166 | 520,758 |
| Net pension/OPEB liabilities ** | 8,955,006 | (118,523) | - | 8,836,483 | - |
| Total Governmental Activity Long-term Liabilities | \$ 19,369,637 | \$ 324,205 | \$ (1,348,533) | \$ 18,345,308 | \$ 1,548,211 |
| Business-type activities: | | | | | |
| Accrued compensated absences | \$ 401,589 | \$ 96,517 | \$ (68,027) | \$ 430,079 | \$ 279,551 |
| Net pension/OPEB liabilities ** | 3,137,857 | (57,403) | - | 3,080,454 | - |
| Total Business-type Activity Long-term Liabilities | 3,539,446 | 39,114 | (68,027) | 3,510,533 | 279,551 |
| Total Long-Term Liabilities | <u>\$ 22,909,083</u> | <u>\$ 363,319</u> | <u>\$ (1,416,560)</u> | <u>\$ 21,855,841</u> | <u>\$ 1,827,763</u> |

** Beginning balance have been restated for the implementation of GASB 75. See footnote 13 for more information.

Generally, resources from the General fund are used to liquidate net pension/OPEB liabilities and compensated absences for governmental activities.

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2018

Note 7. Long-Term Liabilities, Continued

The following is a listing of long-term debt outstanding as of June 30, 2018:

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. \$ 574,193

Revenue Obligation:

Pledged Revenue Refunding Obligations, 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.

| | |
|------------------------------|--------------|
| | 7,720,000 |
| Total long-term debt payable | \$ 8,294,193 |

Debt service requirements for long-term debt payable are as follows:

| Governmental Activities | | |
|-------------------------|--------------|--------------|
| Fiscal Period | | |
| Ending | | |
| 30-Jun | Principal | Interest |
| 2019 | \$ 1,014,879 | \$ 375,076 |
| 2020 | 1,047,729 | 341,289 |
| 2021 | 1,081,585 | 308,233 |
| 2022 | 930,000 | 257,500 |
| 2023 | 980,000 | 211,000 |
| 2024-2026 | 3,240,000 | 329,500 |
| Total | \$ 8,294,193 | \$ 1,822,600 |

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.

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2018

Note 7. Long-Term Liabilities, Continued

The City has entered into two 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 |
|---|----------------------------|
| 2019 | \$ 13,496 |
| 2020 | 13,496 |
| 2021 | 13,496 |
| 2022 | - |
| 2023 | - |
| Total remaining lease payments | 40,488 |
| Less: amounts representing interest | 1,195 |
| Present value of net remaining minimum lease | <u>\$ 41,683</u> |

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

| | Governmental Activities |
|------------------------------------|----------------------------|
| Furniture, Equipment, and Vehicles | \$ 1,831,034 |
| Less: Accumulated Depreciation | (1,784,943) |
| Total | <u>\$ 46,091</u> |

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2018

Note 8. Interfund Receivables, Payables and Transfers

As of June 30, 2018, interfund receivables and payables that resulted from various interfund transactions were as follows:

| Due From: | | | | |
|------------------------------|---------------------|--------------------|------------------|---------------------|
| Due To: | General Fund | Sanitation Fund | Electric Fund | Total |
| General | \$ - | \$ - | \$ 17,220 | \$ 17,220 |
| Debt Service Fund | - | 11,739 | - | 11,739 |
| Non-Major Governmental Funds | 367 | - | - | 367 |
| Electric | 1,625,000 | - | - | 1,625,000 |
| Total | <u>\$ 1,625,367</u> | <u>\$ 11,739</u> | <u>\$ 17,220</u> | <u>\$ 1,654,326</u> |

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, 2018 are as follows:

| Transfers In: | | | | |
|------------------------|------------------|-------------------------|--------------------------|---------------------|
| Transfers Out: | General Fund | Debt Service Fund | Capital Projects Fund | Total |
| General Fund | \$ - | \$ 2,627,133 | \$ 1,000,000 | \$ 3,627,133 |
| Highway User Fund | - | - | 591,960 | 591,960 |
| Sanitation Fund | - | 140,108 | - | 140,108 |
| Non-Major Governmental | 16,649 | 200,046 | 21,450 | 238,145 |
| Total Transfers Out | <u>\$ 16,649</u> | <u>\$ 2,967,287</u> | <u>\$ 1,613,410</u> | <u>\$ 4,597,346</u> |

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, 2018

Note 9. Pensions and Other Postemployment Benefits

The City contributes to the Arizona State Retirements System and Public Safety Personnel Retirement System plans described below. The plans are component units of the State of Arizona. At June 30, 2018, the City reported the following aggregate amounts related to pensions and other post employment benefits (OPEB) for all plans to which it contributes:

| Statement of Net Position and Statement of Activities | ASRS | PSPRS | Combined Total | Governmental Activities Total | Business-Type Activities Total |
|--|-----------|------------|-------------------|-------------------------------------|--------------------------------------|
| Net pension/OPEB asset | \$ 27,035 | \$ 376,028 | \$ 403,063 | \$ 392,262 | \$ 10,801 |
| Net pension/OPEB liabilities | 7,710,362 | 4,206,575 | 11,916,937 | 8,836,483 | 3,080,454 |
| Deferred outflows of resources | 1,008,441 | 1,325,623 | 2,334,064 | 1,931,170 | 402,894 |
| Deferred inflows of resources | 580,050 | 827,986 | 1,408,036 | 1,176,294 | 231,742 |
| Pension/OPEB expense | 291,285 | 773,205 | 1,064,490 | 918,604 | 145,886 |

The City reported \$984, 094 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

Arizona State Retirement System (ASRS)

Plan description – City employees not covered by the other pension plans described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. 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.

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2018

Note 9. Pensions and Other Postemployment Benefits, Continued

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.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$150 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

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, 2018, statute required active ASRS members to contribute at the actuarially determined rate of 11.5 percent (11.34 percent for retirement and 0.16 percent for long-term disability) of the members' annual covered payroll, and statute required the City to contribute at the actuarially determined rate of 11.5 percent (10.9 percent for retirement, 0.44 percent for health insurance premium benefit, and 0.16 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 9.49 percent (9.26 percent for retirement, 0.1 percent for health insurance premium benefit, and 0.13 percent for long-term disability) of annual covered payroll of retired members who worked for the City in positions that an employee who contributes to the ASRS would typically fill.

The City's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2018, were \$550,393, \$22,218, and \$8,079 respectively.

Liability – At June 30, 2018, the City reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability.

| | Net pension/OPE (asset) liability |
|----------------------------------|--|
| Pension | \$ 7,692,441 |
| Health insurance premium benefit | (27,035) |
| Long-term disability | 17,921 |

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2018

Note 9. Pensions and Other Postemployment Benefits, Continued

The net asset and net liabilities were measured as of June 30, 2017. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2016, to the measurement date of June 30, 2017. The total pension liability as of June 30, 2017, reflects a change in actuarial assumption related to changes in loads for future potential permanent benefit increases.

The City's proportion of the net asset or net 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, 2017. The City's proportions measured as of June 30, 2017, and the change from its proportions measured as of June 30, 2016, were:

| | Proportion June 30, 2016 | Proportion June 30, 2017 | Increase (decrease) from June 30, 2016 |
|----------------------------------|-----------------------------|-----------------------------|--|
| Pension | 0.049140% | 0.493800% | 0.444660% |
| Health insurance premium benefit | 0.049658% | 0.049660% | 0.000002% |
| Long-term disability | 0.049441% | 0.049440% | -0.000001% |

The net asset and net liabilities measured as of June 30, 2018, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The change in the City's net asset and net liabilities as a result of these changes is not known.

Expense – For the year ended June 30, 2018, the City recognized pension OPEB expense:

| | Pension/OPEB Expense |
|----------------------------------|-----------------------------|
| Pension | \$ 265,911 |
| Health insurance premium benefit | 15,813 |
| Long-term disability | 9,561 |

Deferred outflows/inflows of resources—At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2018

Note 9. Pensions and Other Postemployment Benefits, Continued

| | Pension | | Health Insurance Premium Benefit | | Long-Term Disability | |
|--|--------------------------------|-------------------------------|----------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ - | \$ 230,662 | \$ - | \$ - | \$ - | \$ - |
| Changes of assumptions or other inputs | 334,100 | 230,018 | - | - | - | - |
| Net difference between projected and actual earnings on pension plan investments | 55,226 | - | - | 30,440 | - | 2,681 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 38,425 | 86,215 | - | 32 | - | 2 |
| Contributions subsequent to the measurement date | 550,393 | - | 22,218 | - | 8,079 | - |
| Total | <u>\$ 978,144</u> | <u>\$ 546,895</u> | <u>\$ 22,218</u> | <u>\$ 30,472</u> | <u>\$ 8,079</u> | <u>\$ 2,683</u> |

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

| Year Ended June 30 | Pension | Health Insurance Premium Benefit | Long-term disability |
|-----------------------|--------------|----------------------------------|----------------------|
| 2019 | \$ (356,497) | \$ (7,617) | \$ (671) |
| 2020 | 317,659 | (7,617) | \$ (671) |
| 2021 | 96,644 | (7,617) | (670) |
| 2022 | (176,949) | (7,617) | (670) |
| 2023 | - | (4) | - |
| Thereafter | - | - | - |

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2018

Note 9. Pensions and Other Postemployment Benefits, Continued

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

| | |
|-----------------------------|---|
| Actuarial valuation date | June 30, 2016 |
| Actuarial roll forward date | June 30, 2017 |
| Actuarial cost method | Entry age normal |
| Investment rate of return | 8% |
| Projected salary increases | 3-6.75% for pensions/not applicable for OPEB |
| Inflation | 3% |
| Permanent benefit increase | Included for pensions/not applicable for OPEB |
| Mortality rates | 1994 GAM Scale BB |
| Healthcare cost trend rate | Not applicable |

Actuarial assumptions used in the June 30, 2016, 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 to be 8.7 percent 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:

| Asset Class | Target Allocation | Long-Term Expected Portfolio Real Rate of Return |
|--------------------|--------------------------|---|
| Equity | 58% | 6.73% |
| Fixed income | 25% | 3.70% |
| Real estate | 10% | 4.25% |
| Multi-asset | 5% | 3.41% |
| Commodities | 2% | 3.84% |
| Totals | 100% | |

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2018

Note 9. Pensions and Other Postemployment Benefits, Continued

Discount Rate – The discount rate used to measure the ASRS total pension/OPEB liability was 8 percent, which is less than the long-term expected rate of return of 8.7 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 plans' 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 plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of the proportionate share of the net pension/OPEB (asset) liability to changes in the discount rate – The following table presents the City's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 8 percent, as well as what the City's proportionate share of the net pension/OPEB (asset) 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 | \$ 9,873,382 | \$ 7,692,441 | \$ 5,870,079 |
| Net insurance premium benefit liability (asset) | 44,897 | (27,035) | (88,165) |
| Net long-term disability liability | 21,429 | 17,921 | 14,974 |

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 – City police and fire employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool).

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, 2018

Note 9. Pensions and Other Postemployment Benefits, 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 | On or After January 1, 2012 and before July 1, 2017 |
| Retirement and Disability | | |
| Years of service and age required to receive benefit | 20 years of service, any age 15 years of service, age 62 | 25 years of service or 15 years of credited of service, 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 |
| Benefit percent | | |
| Normal Retirement | 50% less 4.0% 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% | 1.5% to 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. In addition the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effects on the plan. 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, 2018

Note 9. Pensions and Other Postemployment Benefits, Continued

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$150 per month to \$260 per month depending on the age of the member and dependents

Employees covered by benefit terms – At June 30, 2018, the following employees were covered by the agent plans' benefit terms:

| PSPRS - Police | Pension | Health |
|--|----------------|---------------|
| Inactive employees or beneficiaries currently receiving benefits | 9 | 9 |
| Inactive employees entitled to but not yet receiving benefits | 1 | 0 |
| Active employees | 20 | 20 |
| Total | 30 | 29 |

| PSPRS - Fire | Pension | Health |
|--|----------------|---------------|
| Inactive employees or beneficiaries currently receiving benefits | 2 | 2 |
| Inactive employees entitled to but not yet receiving benefits | 10 | 0 |
| Active employees | 15 | 15 |
| Total | 27 | 17 |

Contributions and annual OPEB cost – State Statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine 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. Contribution rates for the year ended June 30, 2018, are indicated below. Rates are a percentage of active members' annual covered payroll.

| | Active Member | | City-Health |
|-------------------------------|----------------------|-----------------------|--------------------|
| | Pension | City - Pension | Insurance |
| | | | Premium |
| PSPRS Police | 7.65-11.65% | 37.11% | 0.00% |
| PSPRS Police Tier 3 risk pool | 9.94% | 9.68% | 0.26% |
| PSPRS Fire | 7.65-11.65% | 18.19% | 0.33% |
| PSPRS Fire Tier 3 risk pool | 9.94% | 9.68% | 0.26% |

Also, statute required the City to contribute at the actuarially determined rate of 17.18% of the annual covered payroll of City police employees and 6.54% of the annual covered payroll of city fire employees who were PSPRS Tier 3 Risk Pool members, in addition to the City's required contributions to the PSPRS Tier 3 Risk Pool for these City police and fire employees.

In addition, statute required the City to contribute at the actuarially determined rate of 17.18% for police and 6.54% for fire of annual covered payroll of retired members who worked for the City in positions that an employee who contributes to the PSPRS would typically fill.

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2018

Note 9. Pensions and Other Postemployment Benefits, Continued

The City's contributions to the plans for the year ended June 30, 2018, were: 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, 2018, were:

| Pension | <u>PSPRS Police</u> | <u>PSPRS Fire</u> |
|---|----------------------------|--------------------------|
| Contributions made | \$ 264,961 | \$ 84,876 |
| PSPRS Tier 3 risk pool contributions | 26,986 | 9,700 |
| Health Insurance Premium Benefit | | |
| Annual OPEB cost | \$ - | \$ 2,906 |
| PSPRS Tier 3 risk pool | - | 332 |

During fiscal year 2018, the City paid for PSPRS pension and OPEB contributions 100% from the general fund.

Liability – At June 30, 2018, the City reported the following assets and liabilities.

| | <u>Net pension (asset) liability</u> | <u>Net OPEB (asset) liability</u> |
|--------------|---|--|
| PSPRS Police | \$ 3,548,986 | \$ (367,921) |
| PSPRS Fire | 657,589 | (8,107) |
| Total | \$ 4,206,575 | \$ (376,028) |

The net assets and net liabilities were measured as of June 30, 2017, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2017, reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the investment rate of return from 7.5 percent to 7.4 percent, decreasing the wage inflation from 4 percent to 3.5 percent, and updating mortality, withdrawal, disability, and retirement assumptions. The total pension liabilities for PSPRS also reflect changes of benefit terms for legislation that changed benefit eligibility and multipliers for employees who became members on or after January 1, 2012, and before July 1, 2017, and a court decision that decreased the contribution rates for employees who became members before July 20, 2011.

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2018

Note 9. Pensions and Other Postemployment Benefits, Continued

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

| | |
|----------------------------|--|
| Actuarial valuation date | June 30, 2017 |
| Actuarial cost method | Entry Age Normal |
| Investment rate of return | 7.40% |
| Wage inflation | 3.5% for pensions/not applicable for OPEB |
| Price inflation | 2.5% for pensions/not applicable for OPEB |
| Permanent benefit increase | Included for pensions/not applicable for OPEB |
| Mortality rates | RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience. |
| Healthcare cost trend rate | Not applicable |

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on PSPRS plan investments was determined to be 7.4 using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric 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 Geometric Real Rate of Return</u> |
|------------------------|--------------------------|---|
| Short term investments | 2.00% | 0.25% |
| Absolute return | 2.00% | 3.75% |
| Risk parity | 4.00% | 5.00% |
| Fixed income | 5.00% | 1.25% |
| Real assets | 9.00% | 4.52% |
| GTAA | 10.00% | 3.96% |
| Private credit | 12.00% | 6.75% |
| Real estate | 10.00% | 3.75% |
| Credit opportunities | 16.00% | 5.83% |
| Non-U.S. equity | 14.00% | 8.70% |
| U.S. equity | 16.00% | 7.60% |
| Total | 100.00% | |

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2018

Note 9. Pensions and Other Postemployment Benefits, Continued

Discount Rate – At June 30, 2017, the discount rate used to measure the PSPRS total pension/OPEB liability was 7.40 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2016. The projection of cash flows used to determine this 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 plans' 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 plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Changes in the net pension/OPEB liability

| PSPRS Police | Pension | | | Health insurance premium benefit | | |
|---|-----------------------------|---------------------------------|---------------------------------|----------------------------------|---------------------------------|---------------------------------|
| | Increase (decrease) | | | Increase (decrease) | | |
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balances at June 30, 2017 | \$ 6,720,065 | \$ 3,237,760 | \$ 3,482,305 | \$ 52,765 | \$ 376,343 | \$ (323,578) |
| Changes for the year: | | | | | | |
| Service cost | 255,576 | - | 255,576 | 4,566 | - | 4,566 |
| Interest on total pension liability | 495,618 | - | 495,618 | 4,129 | - | 4,129 |
| Changes of benefit terms | 103,919 | - | 103,919 | 352 | - | 352 |
| Difference between expected and actual experience in the measurement of the pension liability | (176,315) | - | (176,315) | (4,656) | - | (4,656) |
| Changes of assumptions | 211,038 | - | 211,038 | (4,793) | - | (4,793) |
| Contributions - employer | - | 353,353 | (353,353) | - | - | - |
| Contributions - employee | - | 110,537 | (110,537) | - | - | - |
| Net investment income | - | 380,194 | (380,194) | - | 44,333 | (44,333) |
| Benefit payments, including refunds of employee contributions | (479,215) | (479,215) | - | - | - | - |
| Other changes* | - | (20,929) | 20,929 | - | (392) | 392 |
| Net changes | 410,621 | 343,940 | 66,681 | (402) | 43,941 | (44,343) |
| Balances at June 30, 2018 | \$ 7,130,686 | \$ 3,581,700 | \$ 3,548,986 | \$ 52,363 | \$ 420,284 | \$ (367,921) |

* Other changes include adjustments for prior year GASB 68 and reserve transfer to/from employer and employee reserves.

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2018

Note 9. Pensions and Other Postemployment Benefits, Continued

Changes in the net pension/OPEB liability

| PSPRS Fire | Pension | | | Health insurance premium benefit | | |
|--|-----------------------------|---------------------------------|---------------------------------|----------------------------------|---------------------------------|---------------------------------|
| | Increase (decrease) | | | Increase (decrease) | | |
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balances at June 30, 2017 | \$ 2,457,225 | \$ 1,778,358 | \$ 678,867 | \$ 59,024 | \$ 57,716 | \$ 1,308 |
| Changes for the year: | | | | | | |
| Service cost | 186,973 | - | 186,973 | 2,910 | - | 2,910 |
| Interest on total pension liability | 184,687 | - | 184,687 | 4,491 | - | 4,491 |
| Changes of benefit terms | 39,975 | - | 39,975 | 272 | - | 272 |
| Difference between expected and actual experience in the measurement | (102,499) | - | (102,499) | (5,723) | - | (5,723) |
| Changes of assumptions | 93,531 | - | 93,531 | (1,828) | - | (1,828) |
| Contributions - employer | - | 129,943 | (129,943) | - | 2,735 | (2,735) |
| Contributions - employee | - | 101,145 | (101,145) | - | - | - |
| Net investment income | - | 215,948 | (215,948) | - | 6,863 | (6,863) |
| Benefit payments, including refunds of employee contributions | (176,446) | (176,446) | - | (1,200) | (1,200) | - |
| Other changes* | - | (23,091) | 23,091 | - | (61) | 61 |
| Net changes | 226,221 | 247,499 | (21,278) | (1,078) | 8,337 | (9,415) |
| Balances at June 30, 2018 | \$ 2,683,446 | \$ 2,025,857 | \$ 657,589 | \$ 57,946 | \$ 66,053 | \$ (8,107) |

* Other changes include adjustments for prior year GASB 68 and reserve transfer to/from employer and

Sensitivity of the City's net pension/OPEB (asset) liability to changes in the discount rate – The following table presents the City's net pension/OPEB (assets) liabilities calculated using the discount rate of 7.4%, as well as what the City's net pension/OPEB (assets) 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 6.40% | Current Discount Rate 7.40% | 1% Increase 8.40% |
|---------------------------------|----------------------|-----------------------------------|----------------------|
| PSPRS Police | | | |
| Net pension (asset) / liability | \$ 4,521,034 | \$ 3,548,986 | \$ 2,755,165 |
| Net OPEB (asset) / liability | (358,890) | (367,321) | (375,234) |
| PSPRS Fire | | | |
| Net pension (asset) / liability | \$ 1,072,841 | \$ 657,589 | \$ 323,318 |
| Net OPEB (asset) / liability | 464 | (8,107) | (15,074) |

Plan fiduciary net position – Detailed information about the plans' fiduciary net position is available in the separately issued PSPRS financial report.

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2018

Note 9. Pensions and Other Postemployment Benefits, Continued

Expense – For the year ended June 30, 2018, the City recognized the following pension and OPEB expense:

| | <u>Pension expense</u> | <u>OPEB expense</u> |
|--------------|------------------------|---------------------|
| PSPRS Police | \$ 599,651 | \$ (23,264) |
| PSPRS Fire | 194,513 | 2,305 |

Deferred outflows/inflows of resources – At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

| PSPRS - Police | <u>Pension</u> | | <u>Health insurance premium benefit</u> | |
|--|---|--|---|--|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences between expected and actual experience | \$ 21,117 | \$ 433,681 | \$ - | \$ 4,031 |
| Changes in assumptions | 550,864 | - | - | 4,150 |
| Net difference between projected and actual earnings on pension plan investments | 50,355 | - | - | 12,898 |
| Contributions subsequent to the measurement date | 291,947 | - | - | - |
| Total | <u>\$ 914,283</u> | <u>\$ 433,681</u> | <u>\$ -</u> | <u>\$ 21,079</u> |

| PSPRS - Fire | <u>Pension</u> | | <u>Health insurance premium benefit</u> | |
|--|---|--|---|--|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences between expected and actual experience | \$ - | \$ 364,241 | \$ - | \$ 5,307 |
| Changes in assumptions | 291,424 | - | - | 1,695 |
| Net difference between projected and actual earnings on pension plan investments | 22,102 | - | - | 1,983 |
| Contributions subsequent to the measurement date | 94,576 | - | 3,238 | - |
| Total | <u>\$ 408,102</u> | <u>\$ 364,241</u> | <u>\$ 3,238</u> | <u>\$ 8,985</u> |

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2018

Note 9. Pensions and Other Postemployment Benefits, Continued

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from City contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

| Year Ending June 30 | Deferred Outflows (Inflows) of Resources | | | |
|------------------------|--|----------------------------------|------------|----------------------------------|
| | PSPRS - Police | | PSPRS Fire | |
| | Pension | Health Insurance Premium Benefit | Pension | Health Insurance Premium Benefit |
| 2019 | \$ 75,617 | \$ (4,492) | \$ (4,510) | \$ (1,045) |
| 2020 | 48,954 | (4,492) | 11,355 | (1,045) |
| 2021 | 43,517 | (4,492) | (2,211) | (1,045) |
| 2022 | 11,009 | (4,494) | (27,524) | (1,044) |
| 2023 | 5,033 | (1,268) | (11,248) | (549) |
| Thereafter | 4,525 | (1,841) | (16,577) | (4,257) |

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, 2018, the State's contribution was \$17,746.

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2018

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 risk management, property and liability insurance was obtained through Willis of Arizona through March 1, 2018 and Reseco Insurance Advisors for the remainder of the year. 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 Travelers Insurance for approximately 155 members. The City has had comparable insurance coverage for the past 48 years, and has had no claims exceeding this insurance coverage.

Premiums were paid quarterly to Willis of Arizona for workers compensation coverage from July 01 to March 1, 2018 and Travelers Insurance for the remainder of the year. Premiums for general liability are paid yearly for renewal coverage on March 1st of each year.

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, 2018.

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

| Project | Estimated Cost | Construction in Progress |
|---|----------------------|-----------------------------|
| Public Works Building | \$ 394,000 | \$ 1,800 |
| TE - LP BLVD Sidewalk | 746,319 | 498,971 |
| Project 9401-16/Horseshoe Bend | 2,500,000 | 528,738 |
| NW Taxiway C Rehabilitate Apron | 1,033,134 | 954,970 |
| Playground - Golliard | 375,000 | 141,245 |
| John C. Page Memorial Park | 2,700,000 | 216,406 |
| City Hall - Restroom/Breakroom Improvements | 10,000 | 7,762 |
| 10th Ave Streets | 730,000 | 104,553 |
| Date Street | 500,000 | 27,851 |
| Desk-Library Children's Department | 10,000 | 7,272 |
| Storm Drain Improvements | 300,000 | 18,450 |
| Block 17 Revitization | 2,150,000 | 448 |
| | <u>\$ 11,448,453</u> | <u>\$ 2,508,466</u> |

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2018

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 \$453,194 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, 2018. The remaining estimated cost of post-closure care is \$453,194. This amount is based on an estimated annual post-closure cost estimate of \$37,098 multiplied by an annual inflation factor of 1.01799% and the number of years remaining or 12. The figure is based on what it would cost to perform all post-closure care in 2018. 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. Change in Accounting Principle

Net position as of July 1, 2017, has been restated as follows for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), as amended by GASB Statement No. 85, *Omnibus 2017*.

| | <u>Government al Activities</u> | <u>Business-type Activities</u> | <u>Water Fund</u> | <u>Sewer Fund</u> | <u>Electric Fund</u> |
|---|-------------------------------------|-------------------------------------|-------------------|-------------------|----------------------|
| Restatement adjustment - implementation of GASB 75: | | | | | |
| Net OPEB liability (measurement date as of June 30, 2016) | \$ 302,939 | \$ (12,795) | \$ (2,295) | \$ (2,066) | (8,433) |
| Deferred outflows - contributions made during fiscal year 2017 | 22,868 | 13,326 | 2,390 | 2,152 | 8,783 |
| Total Restatement Adjustment | <u>\$ 325,807</u> | <u>\$ 531</u> | <u>\$ 95</u> | <u>\$ 86</u> | <u>\$ 350</u> |

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PAGE, ARIZONA
Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
June 30, 2018

| ASRS - Pension | Reporting Fiscal Year (Measurement Date) | | | |
|---|---|----------------|----------------|----------------|
| | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) |
| Proportion of the net pension liability (asset) | 0.493800% | 0.049140% | 0.050540% | 0.049360% |
| Proportionate share of the net pension liability (asset) | \$ 7,692,441 | \$ 7,931,690 | \$ 7,871,684 | \$ 7,303,554 |
| Covered payroll | \$ 4,917,806 | \$ 4,927,345 | \$ 4,832,709 | \$ 4,635,081 |
| Proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 156.42% | 160.97% | 162.88% | 157.57% |
| Plan fiduciary net position as a percentage of the total pension liability | 69.92% | 67.06% | 68.35% | 69.49% |

Note: In accordance with GASB 68, employers will need to disclose a 10-year history for the pension schedule above. Additional information will be displayed as it becomes available.

See accompanying notes to pension/OPEB plan schedules

CITY OF PAGE, ARIZONA
Required Supplementary Information
Schedule of the Proportionate Share of the Net OPEB Liability
June 30, 2018

| ASRS - Health insurance premium benefit | Reporting Fiscal Year (Measurement Date) | |
|---|---|------------------------|
| | 2018 (2017) | 2017 (2016) |
| Proportion of the net pension liability (asset) | 0.049660% | 0.049658% |
| Proportionate share of the net pension liability (asset) | \$ (27,035) | \$ 14,359 |
| Covered payroll | \$ 4,917,806 | \$ 4,927,345 |
| Proportionate share of the net pension liability (asset) as a percentage of its covered payroll | -0.55% | 0.29% |
| Plan fiduciary net position as a percentage of the total pension liability | 103.57% | 98.02% |
| ASRS - Long-term disability | | |
| | Reporting Fiscal Year (Measurement Date) | |
| | 2018 (2017) | 2017 (2016) |
| Proportion of the net pension liability (asset) | 0.049440% | 0.049441% |
| Proportionate share of the net pension liability (asset) | \$ 17,921 | \$ 17,767 |
| Covered payroll | \$ 4,917,806 | \$ 4,927,345 |
| Proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 0.36% | 0.36% |
| Plan fiduciary net position as a percentage of the total pension liability | 84.44% | 85.17% |

Note: In accordance with GASB 75, employers will need to disclose a 10-year history for the OPEB schedules above. Additional information will be displayed as it becomes available.

See accompanying notes to pension/OPEB plan schedules

CITY OF PAGE, ARIZONA
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
June 30, 2018

Public Safety Personnel Retirement System

Police

| | Reporting Fiscal Year (Measurement Date) | | | |
|--|---|------------------------|------------------------|------------------------|
| | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) |
| Total pension liability | | | | |
| Service cost | \$ 255,576 | \$ 175,947 | \$ 178,540 | \$ 220,361 |
| Interest on total pension liability | 495,618 | 482,260 | 502,665 | 440,921 |
| Changes of benefit terms | 103,919 | (15,644) | - | 173,519 |
| Difference between expected and actual experience of the total net pension liability | (176,315) | 32,693 | (409,785) | (421,490) |
| Changes of assumptions | 211,038 | 261,084 | - | 858,808 |
| Benefit payments, including refunds of employee contributions | (479,215) | (543,491) | (516,607) | (412,722) |
| Net change in total pension liability | 410,621 | 392,849 | (245,187) | 859,397 |
| Total pension liability - beginning | 6,720,065 | 6,327,216 | 6,572,403 | 5,713,006 |
| Total pension liability - ending (a) | \$ 7,130,686 | \$ 6,720,065 | \$ 6,327,216 | \$ 6,572,403 |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$ 353,353 | \$ 336,612 | \$ 201,140 | \$ 212,639 |
| Contributions - employee | 110,537 | 107,532 | 125,347 | 110,427 |
| Net investment income | 380,194 | 18,774 | 123,864 | 459,460 |
| Benefit payments, including refunds of employee contributions | (479,215) | (543,491) | (516,607) | (412,722) |
| Other (net transfer) | (20,929) | 6,527 | (199,585) | (554,962) |
| Net change in plan fiduciary net position | 343,940 | (74,046) | (265,841) | (185,158) |
| Plan fiduciary net position - beg | 3,237,760 | 3,311,806 | 3,577,647 | 3,762,805 |
| Plan fiduciary net position - end (b) | \$ 3,581,700 | \$ 3,237,760 | \$ 3,311,806 | \$ 3,577,647 |
| Net pension liability - ending (a) - (b) | \$ 3,548,986 | \$ 3,482,305 | \$ 3,015,410 | \$ 2,994,756 |
| Plan fiduciary net position as a percentage of the total pension liability | 50.23% | 48.18% | 52.34% | 54.43% |
| Covered payroll | \$ 1,170,755 | \$ 947,481 | \$ 858,148 | \$ 908,313 |
| Net pension liability as a percentage of covered payroll | 303.14% | 367.53% | 351.39% | 329.71% |

Note: In accordance with GASB 68, employers will need to disclose a 10-year history for the pension schedule above. Additional information will be displayed as it becomes available.

See accompanying notes to pension/OPEB plan schedules

CITY OF PAGE, ARIZONA
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
June 30, 2018

Public Safety Personnel Retirement System

| Fire | Reporting Fiscal Year (Measurement Date) | | | |
|---|---|----------------------------|----------------------------|----------------------------|
| | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) |
| Total pension liability | | | | |
| Service cost | \$ 186,973 | \$ 163,277 | \$ 160,587 | \$ 144,197 |
| Interest on total pension liability | 184,687 | 177,931 | 163,937 | 146,905 |
| Changes of benefit terms | 39,975 | 61,000 | - | 44,094 |
| Difference between expected and actual experience of the total net pension liability | (102,499) | (159,489) | (24,495) | (223,231) |
| Changes of assumptions | 93,531 | 104,754 | - | 212,265 |
| Benefit payments, including refunds of employee contributions | (176,446) | (150,490) | (95,733) | (135,179) |
| Net change in total pension liability | <u>226,221</u> | <u>196,983</u> | <u>204,296</u> | <u>189,051</u> |
| Total pension liability - beginning | <u>2,457,225</u> | <u>2,260,242</u> | <u>2,055,946</u> | <u>1,866,895</u> |
| Total pension liability - ending (a) | <u><u>\$ 2,683,446</u></u> | <u><u>\$ 2,457,225</u></u> | <u><u>\$ 2,260,242</u></u> | <u><u>\$ 2,055,946</u></u> |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$ 129,943 | \$ 121,210 | \$ 107,714 | \$ 121,193 |
| Contributions - employee | 101,145 | 102,410 | 99,301 | 88,424 |
| Net investment income | 215,948 | 10,162 | 58,052 | 192,408 |
| Benefit payments, including refunds of employee contributions | (176,446) | (150,490) | (95,733) | (135,179) |
| Other (net transfer) | (23,091) | (20,575) | (2,962) | (242,261) |
| Net change in plan fiduciary net position | <u>247,499</u> | <u>62,717</u> | <u>166,372</u> | <u>24,585</u> |
| Plan fiduciary net position - beg | <u>1,778,358</u> | <u>1,715,641</u> | <u>1,549,269</u> | <u>1,524,684</u> |
| Plan fiduciary net position - end (b) | <u><u>\$ 2,025,857</u></u> | <u><u>\$ 1,778,358</u></u> | <u><u>\$ 1,715,641</u></u> | <u><u>\$ 1,549,269</u></u> |
| Net pension liability - ending (a) - (b) | <u><u>\$ 657,589</u></u> | <u><u>\$ 678,867</u></u> | <u><u>\$ 544,601</u></u> | <u><u>\$ 506,677</u></u> |
| Plan fiduciary net position as a percentage of the total pension liability | 75.49% | 72.37% | 75.91% | 75.36% |
| Covered payroll | \$ 881,946 | \$ 907,097 | \$ 861,668 | \$ 902,241 |
| Net pension liability as a percentage of covered payroll | 74.56% | 74.84% | 63.20% | 56.16% |

Note: In accordance with GASB 68, employers will need to disclose a 10-year history for the pension schedule above. Additional information will be displayed as it becomes available.

See accompanying notes to pension/OPEB plan schedules

CITY OF PAGE, ARIZONA
Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios
June 30, 2018

| PSPRS - Police | Reporting Fiscal Year |
|--|------------------------------|
| Health Insurance Premium Benefit | (Measurement Date) |
| | 2018 |
| | (2017) |
| Total pension liability | |
| Service cost | \$ 4,566 |
| Interest on total pension liability | 4,129 |
| Changes of benefit terms | 352 |
| Difference between expected and actual experience of the total net pension liability | (4,656) |
| Changes of assumptions | (4,793) |
| Benefit payments, including refunds of employee contributions | - |
| Net change in total pension liability | (402) |
| Total pension liability - beginning | 52,765 |
| Total pension liability - ending (a) | \$ 52,363 |
| Plan fiduciary net position | |
| Contributions - employer | \$ - |
| Contributions - employee | - |
| Net investment income | 44,333 |
| Benefit payments, including refunds of employee contributions | - |
| Other changes | (392) |
| Net change in plan fiduciary net position | 43,941 |
| Plan fiduciary net position - beg | 376,343 |
| Plan fiduciary net position - end (b) | \$ 420,284 |
| Net pension liability - ending (a) - (b) | \$ (367,921) |
| Plan fiduciary net position as a percentage of the total pension liability | 802.64% |
| Covered payroll | \$ 1,170,755 |
| Net pension liability as a percentage of covered payroll | -31.43% |

Note: In accordance with GASB 75, employers will need to disclose a 10-year history for the OPEB schedule above. Additional information will be displayed as it becomes available.

See accompanying notes to pension/OPEB plan schedules

CITY OF PAGE, ARIZONA
Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios
June 30, 2018

| PSPRS - Fire Health Insurance Premium Benefit | Reporting Fiscal Year (Measurement Date) |
|---|---|
| | 2018 (2017) |
| Total pension liability | |
| Service cost | \$ 2,910 |
| Interest on total pension liability | 4,491 |
| Changes of benefit terms | 272 |
| Difference between expected and actual experience of the total net pension liability | (5,723) |
| Changes of assumptions | (1,828) |
| Benefit payments, including refunds of employee contributions | (1,200) |
| Net change in total pension liability | (1,078) |
| Total pension liability - beginning | 59,024 |
| Total pension liability - ending (a) | <u>\$ 57,946</u> |
| Plan fiduciary net position | |
| Contributions - employer | \$ 2,735 |
| Contributions - employee | - |
| Net investment income | 6,863 |
| Benefit payments, including refunds of employee contributions | (1,200) |
| Other changes | (61) |
| Net change in plan fiduciary net position | 8,337 |
| Plan fiduciary net position - beg | 57,716 |
| Plan fiduciary net position - end (b) | <u>\$ 66,053</u> |
| Net pension liability - ending (a) - (b) | <u>\$ (8,107)</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 113.99% |
| Covered payroll | \$ 881,946 |
| Net pension liability as a percentage of covered payroll | -0.92% |

Note: In accordance with GASB 75, employers will need to disclose a 10-year history for the OPEB schedule above. Additional information will be displayed as it becomes available.

See accompanying notes to pension/OPEB plan schedules

CITY OF PAGE, ARIZONA
Required Supplementary Information
Schedule of Pension/OPEB Contributions
June 30, 2018

| ASRS - Pension | Reporting Fiscal Year | | | |
|--|-----------------------|--------------|--------------|--------------|
| | 2018 | 2017 | 2016 | 2015 |
| Contractually required contribution | \$ 550,393 | \$ 519,238 | \$ 499,192 | \$ 506,890 |
| Contributions in relation to the contractually required contribution | (550,393) | (519,238) | (499,192) | (506,890) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 5,142,759 | \$ 4,917,806 | \$ 4,927,345 | \$ 4,832,709 |
| Contributions as a percentage of covered payroll | 10.70% | 10.56% | 10.13% | 10.49% |

Note: In accordance with GASB 68, employers will need to disclose a 10-year history for the pension schedule above. Additional information will be displayed as it becomes available.

See accompanying notes to pension/OPEB plan schedules

CITY OF PAGE, ARIZONA
Required Supplementary Information
Schedule of Pension/OPEB Contributions
June 30, 2018

| ASRS - Health insurance premium benefit | Reporting Fiscal Year | |
|--|------------------------------|--------------|
| | 2018 | 2017 |
| Contractually required contribution | \$ 22,218 | \$ 26,735 |
| Contributions in relation to the contractually required contribution | (22,218) | (26,735) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 5,142,759 | \$ 4,917,806 |
| Contributions as a percentage of covered payroll | 0.43% | 0.54% |
| ASRS - Long-term disability | | |
| | Reporting Fiscal Year | |
| | 2018 | 2017 |
| Contractually required contribution | \$ 8,079 | \$ 6,724 |
| Contributions in relation to the contractually required contribution | (8,079) | (6,724) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 5,142,759 | \$ 4,917,806 |
| Contributions as a percentage of covered payroll | 0.16% | 0.14% |

Note: In accordance with GASB 75, employers will need to disclose a 10-year history for the OPEB schedules above. Additional information will be displayed as it becomes available.

See accompanying notes to pension/OPEB plan schedules

CITY OF PAGE, ARIZONA
Required Supplementary Information
Schedule of Pension/OPEB Contributions
June 30, 2018

**PSPRS - Police
Pension**

| | Reporting Fiscal Year | | | |
|--|-----------------------|-------------|-------------|-------------|
| | 2018 | 2017 | 2016 | 2015 |
| Actuarially determined contribution | \$ 353,353 | \$ 336,612 | \$ 201,140 | \$ 212,639 |
| Contributions in relation to the actuarially determined contribution | (353,353) | (336,612) | (201,140) | (212,639) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered-employee payroll | \$ 1,170,755 | \$ 947,481 | \$ 858,148 | \$ 908,313 |
| Contributions as a percentage of covered-employee payroll | 30.18% | 35.53% | 23.44% | 23.41% |

PSPRS - Police

Health Insurance Premium Benefit

| | Reporting Fiscal Year | |
|--|-----------------------|--------------|
| | 2018 | 2017 |
| Actuarially determined contribution | \$ - | \$ - |
| Contributions in relation to the actuarially determined contribution | - | - |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> |
| Covered-employee payroll | \$ 1,349,459 | \$ 1,170,755 |
| Contributions as a percentage of covered-employee payroll | 0.00% | 0.00% |

Note: In accordance with GASB 68 and GASB 75, employers will need to disclose a 10-year history for the pension and OPEB schedules above. Additional information will be displayed as it becomes available.

See accompanying notes to pension/OPEB plan schedules

CITY OF PAGE, ARIZONA
Required Supplementary Information
Schedule of Pension/OPEB Contributions
June 30, 2018

**PSPRS - Fire
Pension**

| | Reporting Fiscal Year | | | |
|--|------------------------------|-------------|-------------|-------------|
| | 2018 | 2017 | 2016 | 2015 |
| Actuarially determined contribution | \$ 129,943 | \$ 121,210 | \$ 107,714 | \$ 121,193 |
| Contributions in relation to the actuarially determined contribution | (129,943) | (121,210) | (107,714) | (121,193) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered-employee payroll | \$ 881,946 | \$ 907,097 | \$ 861,668 | \$ 902,241 |
| Contributions as a percentage of covered-employee payroll | 14.73% | 13.36% | 12.50% | 13.43% |

PSPRS - Fire

Health Insurance Premium Benefit

| | Reporting Fiscal Year | |
|--|------------------------------|-------------|
| | 2018 | 2017 |
| Actuarially determined contribution | \$ 3,238 | \$ 2,735 |
| Contributions in relation to the actuarially determined contribution | (3,238) | (2,735) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> |
| Covered-employee payroll | \$ 1,047,203 | \$ 881,946 |
| Contributions as a percentage of covered-employee payroll | 0.31% | 0.31% |

Note: In accordance with GASB 68 and GASB 75, employers will need to disclose a 10-year history for the pension and OPEB schedules above. Additional information will be displayed as it becomes available.

See accompanying notes to pension/OPEB plan schedules

CITY OF PAGE, ARIZONA
Required Supplementary Information
Notes to Pension/OPEB Plan Schedule
June 30, 2018

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 | Entry Age Normal |
| Amortization Method | Level Percent of Pay, Closed |
| Remaining Amortization Period As of the 2016 actuarial valuation | 20 years for underfunded liabilities; 20 years for excess |
| Asset valuation method | 7-Year smoothed market; 80%/120% market corridor |
| Actuarial assumptions: | |
| Investment rate of return | In the 2016 actuarial valuation, the investment rate of return decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return decreased from 8.0% to 7.85%. |
| Projected salary increases | In the 2014 actuarial valuation, the projected salary increases were decreased from 4.5%- 8.5% to 4.0%-8.0%. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5% |
| Wage growth | In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0%. 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 (adjusted by 105% for both males and females) |

CITY OF PAGE, ARIZONA
Required Supplementary Information
Notes to Pension/OPEB Plan Schedule
June 30, 2018

NOTE 2. Factors that Affect Trends

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes will increase the PSPRS required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date.

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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.

Basis of Budgeting:

The City budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America.

CITY OF PAGE, ARIZONA
GENERAL FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018

| | Budgeted Amounts | | | Variance |
|------------------------------------|-------------------|-------------------|-------------------|------------------------|
| | Original | Final | Actual | Positive (Negative) |
| REVENUES: | | | | |
| Taxes: | | | | |
| City sales tax | \$ 10,720,000 | \$ 10,720,000 | \$ 13,194,212 | \$ 2,474,212 |
| Franchise taxes | 255,000 | 255,000 | 233,788 | (21,212) |
| Total Taxes | 10,975,000 | 10,975,000 | 13,428,000 | 2,453,000 |
| Licenses, Permits and Fees: | | | | |
| Plat fees | 1,000 | 1,000 | 435 | (565) |
| Site plan review fees | 3,000 | 3,000 | 3,000 | - |
| Dog licenses | 1,000 | 1,000 | 583 | (417) |
| Business registration fees | 2,000 | 2,000 | 1,925 | (75) |
| Building permits | 150,000 | 150,000 | 85,052 | (64,948) |
| Other | 84,400 | 84,400 | 78,441 | (5,959) |
| Total Licenses, Permits and Fees | 241,400 | 241,400 | 169,436 | (71,964) |
| Intergovernmental: | | | | |
| State revenue sharing | 941,107 | 941,107 | 941,208 | 101 |
| Auto lieu taxes | 362,477 | 362,477 | 351,107 | (11,370) |
| State sales taxes | 712,679 | 712,679 | 729,558 | 16,879 |
| County library district | 318,000 | 318,000 | 319,552 | 1,552 |
| Other | 16,500 | 16,500 | 15,594 | (906) |
| Total Intergovernmental | 2,350,763 | 2,350,763 | 2,357,019 | 6,256 |
| Charges for Services: | | | | |
| Recreation | 71,500 | 71,500 | 59,465 | (12,035) |
| Rescue services | 852,000 | 852,000 | 907,746 | 55,746 |
| Library services | 30,000 | 30,000 | 32,807 | 2,807 |
| Public safety | 47,500 | 47,500 | 33,950 | (13,550) |
| Rents | 72,000 | 72,000 | 73,096 | 1,096 |
| Other | 52,000 | 52,000 | 27,691 | (24,309) |
| Total Charges for Services | 1,125,000 | 1,125,000 | 1,134,755 | 9,755 |
| Fines and Forfeitures: | | | | |
| Fines & forfeitures | 275,000 | 275,000 | 222,594 | (52,406) |
| Total Fines and Forfeitures | 275,000 | 275,000 | 222,594 | (52,406) |
| Interest | - | 62,886 | 163,501 | 100,615 |
| Other Revenues: | | | | |
| Land sales | - | 545,800 | - | (545,800) |
| Miscellaneous | - | 35,500 | 40,583 | 5,083 |
| Total Other Revenues | - | 581,300 | 40,583 | (540,717) |
| TOTAL REVENUES | 14,967,163 | 15,611,349 | 17,515,888 | 1,904,539 |

(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, 2018

| EXPENDITURES: | Budgeted Amounts | | Actual | Variance Positive (Negative) |
|--------------------------------|------------------|-----------|-----------|------------------------------------|
| | Original | Final | | |
| General Government: | | | | |
| City Council | 81,255 | 81,255 | 75,722 | 5,533 |
| City Administration | 188,119 | 188,119 | 185,171 | 2,948 |
| City Clerk | 182,847 | 182,847 | 136,702 | 46,145 |
| City Attorney | 209,761 | 209,761 | 200,277 | 9,484 |
| Finance | 374,787 | 374,787 | 365,122 | 9,665 |
| Human Resources | 1,680,385 | 1,680,385 | 1,470,626 | 209,759 |
| General Services | 1,081,124 | 1,081,124 | 726,516 | 354,608 |
| Information Technology | 566,284 | 566,284 | 560,161 | 6,123 |
| Total General Government | 4,364,562 | 4,364,562 | 3,720,297 | 644,265 |
| Public Safety: | | | | |
| Administration | 277,094 | 277,094 | 272,887 | 4,207 |
| Patrol | 2,151,865 | 2,151,865 | 1,980,122 | 171,743 |
| Communications | 451,965 | 451,965 | 393,617 | 58,348 |
| Investigations | 413,174 | 413,174 | 413,097 | 77 |
| Fire | 2,220,744 | 2,220,744 | 1,893,371 | 327,373 |
| Magistrate | 415,860 | 415,860 | 365,470 | 50,390 |
| Building and Safety | 149,199 | 149,199 | 134,581 | 14,618 |
| Total Public Safety | 6,079,901 | 6,079,901 | 5,453,145 | 626,756 |
| Public Works | | | | |
| Administration | 582,238 | 582,238 | 525,777 | 56,461 |
| Planning and Zoning | 197,336 | 197,336 | 117,735 | 79,601 |
| Central Garage | 323,986 | 323,986 | 286,670 | 37,316 |
| Buildings & Grounds | 332,877 | 332,877 | 310,115 | 22,762 |
| Total Public Works | 1,436,437 | 1,436,437 | 1,240,297 | 196,140 |
| Culture and Recreation: | | | | |
| Library | 671,137 | 671,137 | 595,451 | 75,686 |
| Parks Maintenance | 527,638 | 527,638 | 452,621 | 75,017 |
| Recreation | 224,669 | 224,669 | 185,846 | 38,823 |
| Golf Course | 41,863 | 41,863 | 41,863 | - |
| Total Culture and Recreation | 1,465,307 | 1,465,307 | 1,275,781 | 189,526 |

(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, 2018

| | Budgeted Amounts | | | Variance |
|--------------------------------------|----------------------|---------------------|----------------------|------------------------|
| | Original | Final | Actual | Positive (Negative) |
| Community Support | | | | |
| Community Center | 99,925 | 99,925 | 99,147 | 778 |
| Community Support | 533,573 | 533,573 | 395,353 | 138,220 |
| | <u>633,498</u> | <u>633,498</u> | <u>494,500</u> | <u>138,998</u> |
| TOTAL EXPENDITURES | <u>13,979,705</u> | <u>13,979,705</u> | <u>12,184,020</u> | <u>1,795,685</u> |
| Excess of Revenues Over (Under) | | | | |
| Expenditures | <u>987,458</u> | <u>1,631,644</u> | <u>5,331,868</u> | <u>3,700,224</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | 29,000 | 16,649 | (12,351) |
| Transfers out | - | (4,174,319) | (3,627,133) | 547,186 |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>(4,145,319)</u> | <u>(3,610,484)</u> | <u>534,835</u> |
| Net change in fund balance | 987,458 | (2,513,675) | 1,721,384 | 4,235,059 |
| Fund balance, beginning of year | <u>11,148,425</u> | <u>11,148,425</u> | <u>11,148,425</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 12,135,883</u> | <u>\$ 8,634,750</u> | <u>\$ 12,869,809</u> | <u>\$ 4,235,059</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, 2018

| | Budgeted Amounts | | Actual | Variance with |
|---|-------------------|-------------------|---------------------|--|
| | Original | Final | Amounts | Final Budget - Positive (Negative) |
| Revenues | | | | |
| Intergovernmental Revenue: | | | | |
| Highway user revenue | \$ 885,827 | \$ 885,827 | \$ 871,029 | \$ (14,798) |
| Investment earnings | 5,000.00 | 5,000 | 35,440 | 30,440 |
| Total revenues | 890,827 | 890,827 | 906,469 | 15,642 |
| Expenditures | | | | |
| Streets and Highways | | | | |
| Current: | | | | |
| Service, supplies and other | 747,700.00 | 747,700 | 710,690 | 37,010 |
| Total expenditures | 747,700 | 747,700 | 710,690 | 37,010 |
| Excess of revenues over (under) expenditures | 143,127 | 143,127 | 195,779 | 52,652 |
| Other financing sources (uses) | | | | |
| Transfers to other funds | (2,340,775) | (2,340,775) | (591,960) | 1,748,815 |
| Total other financing sources (uses) | (2,340,775) | (2,340,775) | (591,960) | 1,748,815 |
| Net change in fund balance | (2,197,648) | (2,197,648) | (396,181) | 1,801,467 |
| Fund balance, beginning of year | 2,497,683 | 2,497,683 | 2,497,683 | - |
| Fund balance, end of year | <u>\$ 300,035</u> | <u>\$ 300,035</u> | <u>\$ 2,101,502</u> | <u>\$ 1,801,467</u> |

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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, 2018

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---|----------------------------|----------------------------|--|
| Revenues | | | |
| Investment earnings | \$ 4,500 | \$ 88,165 | \$ 83,665 |
| Other revenue | <u>118,000</u> | <u>117,313</u> | <u>(687)</u> |
| Total revenues | <u>122,500</u> | <u>205,478</u> | <u>82,978</u> |
| Expenditures | | | |
| General government | 2,250 | 2,250 | - |
| Debt service: | | | |
| Principal | 985,000 | 984,997 | 3 |
| Interest | <u>403,288</u> | <u>406,186</u> | <u>(2,898)</u> |
| Total expenditures | <u>1,390,538</u> | <u>1,393,433</u> | <u>(2,895)</u> |
| Excess of revenues over (under) expenditures | <u>(1,268,038)</u> | <u>(1,187,955)</u> | <u>80,083</u> |
| Other financing sources (uses) | | | |
| Transfers in | <u>2,971,283</u> | <u>2,967,287</u> | <u>(3,996)</u> |
| Total other financing sources (uses) | <u>2,971,283</u> | <u>2,967,287</u> | <u>(3,996)</u> |
| Net change in fund balances | 1,703,245 | 1,779,332 | 76,087 |
| Fund balance, beginning of year | <u>5,170,665</u> | <u>5,170,665</u> | <u>-</u> |
| Fund balance, end of year | <u><u>\$ 6,873,910</u></u> | <u><u>\$ 6,949,997</u></u> | <u><u>\$ 76,087</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, 2018

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|----------------------------|----------------------------|---|
| Revenues | | | |
| Intergovernmental revenue | \$ 1,101,450 | \$ 841,557 | \$ (259,893) |
| Other revenue | <u>-</u> | <u>60,748</u> | <u>60,748</u> |
| Total revenues | <u>1,101,450</u> | <u>902,305</u> | <u>(199,145)</u> |
| Expenditures | | | |
| Capital outlay | 6,498,389 | 2,707,997 | 3,790,392 |
| Debt service | <u>1,500</u> | <u>1,484</u> | <u>16</u> |
| Total expenditures | <u>6,499,889</u> | <u>2,709,481</u> | <u>3,790,408</u> |
| Excess of revenues over (under) expenditures | <u>(5,398,439)</u> | <u>(1,807,176)</u> | <u>3,591,263</u> |
| Other Financing Sources (Uses) | | | |
| Transfer in | <u>4,998,761</u> | <u>1,613,410</u> | <u>(3,385,351)</u> |
| Total other financing sources (uses) | <u>4,998,761</u> | <u>1,613,410</u> | <u>(3,385,351)</u> |
| Net change in fund balances | (399,678) | (193,766) | 205,912 |
| Fund balance, beginning of year | <u>2,038,827</u> | <u>2,038,827</u> | <u>-</u> |
| Fund balance, end of year | <u><u>\$ 1,639,149</u></u> | <u><u>\$ 1,845,061</u></u> | <u><u>\$ 205,912</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 **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 **Judicial Collection Enhancement Fund** is used to account for activities associated with the Magistrate Court.
- 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, 2018

| | Special Revenue | | |
|--------------------------------------|----------------------------|---------------------------------|------------------------------------|
| | Substance Abuse | Miscellaneous Grants | Miscellaneous Donations |
| Assets | | | |
| Cash and cash equivalents | \$ 13,438 | \$ 60,703 | \$ 34,610 |
| Receivables: | | | |
| Other | - | - | - |
| Due from other funds | - | - | - |
| Due from other governments | - | 4,894 | - |
| Restricted cash and cash equivalents | - | - | - |
| Total assets | <u>\$ 13,438</u> | <u>\$ 65,597</u> | <u>\$ 34,610</u> |
| Liabilities | | | |
| Accounts payable | \$ - | \$ 2,744 | \$ (452) |
| Accrued liabilities | - | - | - |
| Deposits payable | - | - | - |
| Total liabilities | <u>-</u> | <u>2,744</u> | <u>(452)</u> |
| Fund Balances | | | |
| Restricted for: | | | |
| Perpetual care | - | - | - |
| Public safety | 13,438 | - | - |
| Community support | - | 62,853 | 35,062 |
| Committed for: | | | |
| Public works - airport | - | - | - |
| Judicial | - | - | - |
| Total fund balances | <u>13,438</u> | <u>62,853</u> | <u>35,062</u> |
| Total liabilities and fund balances | <u>\$ 13,438</u> | <u>\$ 65,597</u> | <u>\$ 34,610</u> |

| Airport | Judicial Collection Enhancement | Perpetual Care | Total Nonmajor Governmental Funds |
|---------------------|--|---------------------------|--|
| \$ 1,363,406 | \$ 42,799 | \$ 329,189 | \$ 1,844,145 |
| 47,281 | - | 2,349 | 49,630 |
| - | 367 | - | 367 |
| 4,401 | - | - | 9,295 |
| 18,085 | - | - | 18,085 |
| <u>\$ 1,433,173</u> | <u>\$ 43,166</u> | <u>\$ 331,538</u> | <u>\$ 1,921,522</u> |
| | | | |
| \$ 3,267 | \$ - | \$ 813 | \$ 6,372 |
| 748 | - | - | 748 |
| 18,085 | - | - | 18,085 |
| <u>22,100</u> | <u>-</u> | <u>813</u> | <u>25,205</u> |
| | | | |
| - | - | 330,725 | 330,725 |
| - | - | - | 13,438 |
| - | - | - | 97,915 |
| | | | |
| 1,411,073 | - | - | 1,411,073 |
| - | 43,166 | - | 43,166 |
| <u>1,411,073</u> | <u>43,166</u> | <u>330,725</u> | <u>1,896,317</u> |
| <u>\$ 1,433,173</u> | <u>\$ 43,166</u> | <u>\$ 331,538</u> | <u>\$ 1,921,522</u> |

CITY OF PAGE, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

| | Special Revenue | | |
|---|------------------------|-----------------------------|--------------------------------|
| | Substance Abuse | Miscellaneous Grants | Miscellaneous Donations |
| Revenues | | | |
| Intergovernmental revenue | \$ 676 | \$ 114,757 | \$ - |
| Charges for services | - | - | - |
| Rental revenue | - | - | - |
| Other revenues | - | - | 2,762 |
| | <u>676</u> | <u>114,757</u> | <u>2,762</u> |
| Total revenues | <u>676</u> | <u>114,757</u> | <u>2,762</u> |
| Expenditures | | | |
| Current: | | | |
| Public safety | 6,666 | 1,500 | - |
| Public works | - | 26,317 | - |
| Judicial | - | - | - |
| Culture and recreation | - | - | 912 |
| Community support | - | 43,002 | 8,103 |
| | <u>6,666</u> | <u>70,819</u> | <u>9,015</u> |
| Total expenditures | <u>6,666</u> | <u>70,819</u> | <u>9,015</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(5,990)</u> | <u>43,938</u> | <u>(6,253)</u> |
| Other Financing Sources (Uses) | | | |
| Transfers out | - | (16,649) | - |
| | <u>-</u> | <u>(16,649)</u> | <u>-</u> |
| Total other financing sources and uses | <u>-</u> | <u>(16,649)</u> | <u>-</u> |
| Net change in fund balances | <u>(5,990)</u> | <u>27,289</u> | <u>(6,253)</u> |
| Fund balances, beginning of year | <u>19,428</u> | <u>35,564</u> | <u>41,315</u> |
| Fund balances, end of year | <u>\$ 13,438</u> | <u>\$ 62,853</u> | <u>\$ 35,062</u> |

| <u>Airport</u> | <u>Judicial Collection Enhancement</u> | <u>Perpetual Care</u> | <u>Total Nonmajor Governmental Funds</u> |
|---------------------|--|---------------------------|--|
| \$ - | \$ 4,192 | \$ - | \$ 119,625 |
| 46,925 | - | 21,130 | 68,055 |
| 363,312 | - | - | 363,312 |
| 100,215 | 30 | 20,995 | 124,002 |
| <u>510,452</u> | <u>4,222</u> | <u>42,125</u> | <u>674,994</u> |
| - | - | - | 8,166 |
| 113,337 | - | - | 139,654 |
| - | 8,447 | - | 8,447 |
| - | - | - | 912 |
| <u>-</u> | <u>-</u> | <u>14,866</u> | <u>65,971</u> |
| <u>113,337</u> | <u>8,447</u> | <u>14,866</u> | <u>223,150</u> |
| <u>397,115</u> | <u>(4,225)</u> | <u>27,259</u> | <u>451,844</u> |
| <u>(221,496)</u> | <u>-</u> | <u>-</u> | <u>(238,145)</u> |
| <u>(221,496)</u> | <u>-</u> | <u>-</u> | <u>(238,145)</u> |
| 175,619 | (4,225) | 27,259 | 213,699 |
| <u>1,235,454</u> | <u>47,391</u> | <u>303,466</u> | <u>1,682,618</u> |
| <u>\$ 1,411,073</u> | <u>\$ 43,166</u> | <u>\$ 330,725</u> | <u>\$ 1,896,317</u> |

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, 2018

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|-------------------------|-------------------------|---|
| Revenues | | | |
| Substance abuse revenue | <u>6,000</u> | <u>676</u> | <u>\$ (5,324)</u> |
| Expenditures | | | |
| Public safety: | | | |
| Substance abuse expenditures | <u>15,000</u> | <u>6,666</u> | <u>8,334</u> |
| Excess of revenue over(under) expenditures | (9,000) | (5,990) | 3,010 |
| Fund balance, beginning of year | <u>19,428</u> | <u>19,428</u> | <u>-</u> |
| Fund balance, end of year | <u><u>\$ 10,428</u></u> | <u><u>\$ 13,438</u></u> | <u><u>\$ 3,010</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, 2018**

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|--|-------------------------|-------------------------|--|
| Revenues | | | |
| Intergovernmental revenue | \$ 203,400 | \$ 114,757 | \$ (88,643) |
| Total revenues | <u>203,400</u> | <u>114,757</u> | <u>(88,643)</u> |
| Expenditures | | | |
| Public safety | 1,500 | 1,500 | - |
| Public works | 58,500 | 26,317 | 32,183 |
| Culture and recreation | 40,000 | - | 40,000 |
| Community support | <u>85,500</u> | <u>43,002</u> | <u>42,498</u> |
| Total expenditures | <u>185,500</u> | <u>70,819</u> | <u>114,681</u> |
| Excess of revenues over (under) expenditures | <u>17,900</u> | <u>43,938</u> | <u>26,038</u> |
| Other financing sources (uses) | | | |
| Transfers: | | | |
| Transfers out | <u>(29,000)</u> | <u>(16,649)</u> | <u>12,351</u> |
| Total other financing sources (uses) | <u>(29,000)</u> | <u>(16,649)</u> | <u>12,351</u> |
| Net change in fund balance | (11,100) | 27,289 | 38,389 |
| Fund balance, beginning of year | <u>35,564</u> | <u>35,564</u> | <u>-</u> |
| Fund balance, end of year | <u><u>\$ 24,464</u></u> | <u><u>\$ 62,853</u></u> | <u><u>\$ 38,389</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, 2018

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|--|----------------------|-------------------------|--|
| Revenues | | | |
| Other revenues | \$ 7,500 | \$ 2,762 | \$ (4,738) |
| Total revenues | <u>7,500</u> | <u>2,762</u> | <u>(4,738)</u> |
| Expenditures | | | |
| Culture and recreation | 2,000 | 912 | 1,088 |
| Community support | <u>45,875</u> | <u>8,103</u> | <u>37,772</u> |
| Total expenditures | <u>47,875</u> | <u>9,015</u> | <u>38,860</u> |
| Excess of revenues over (under) expenditures | (40,375) | (6,253) | 34,122 |
| Fund balance, beginning of year | <u>41,315</u> | <u>41,315</u> | <u>-</u> |
| Fund balance, end of year | <u><u>\$ 940</u></u> | <u><u>\$ 35,062</u></u> | <u><u>\$ 34,122</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, 2018

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--|-------------------|---------------------|--|
| Revenues | | | |
| Charges for services | \$ 45,000 | \$ 46,925 | \$ 1,925 |
| Rents and royalties | 388,000 | 363,312 | (24,688) |
| Miscellaneous | 107,300 | 100,215 | (7,085) |
| Total revenues | 540,300 | 510,452 | (29,848) |
| Expenditures | | | |
| Public works | 213,503 | 113,337 | 100,166 |
| Total expenditures | 213,503 | 113,337 | 100,166 |
| Excess of revenues over (under) expenditures | 326,797 | 397,115 | 70,318 |
| Other Financing Sources (uses) | | | |
| Transfers out | (719,650) | (221,496) | 498,154 |
| Total other financing sources (uses) | (719,650) | (221,496) | 498,154 |
| Net change in fund balance | (392,853) | 175,619 | 568,472 |
| Fund balance, beginning of year | 1,235,454 | 1,235,454 | - |
| Fund balance, end of year | \$ 842,601 | \$ 1,411,073 | \$ 568,472 |

CITY OF PAGE, ARIZONA
JUDICIAL COLLECTION ENHANCEMENT
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|-------------------------|-------------------------|---|
| Revenues | | | |
| Intergovernmental revenue | \$ 7,000 | \$ 4,192 | \$ (2,808) |
| Other revenues | <u>35</u> | <u>30</u> | <u>(5)</u> |
| Total revenues | <u>7,035</u> | <u>4,222</u> | <u>(2,813)</u> |
| Expenditures | | | |
| Public safety: Magistrate | <u>30,000</u> | <u>8,447</u> | <u>21,553</u> |
| Total expenditures | <u>30,000</u> | <u>8,447</u> | <u>21,553</u> |
| Excess of revenues over (under) expenditures | (22,965) | (4,225) | 18,740 |
| Fund balance, beginning of year | <u>47,391</u> | <u>47,391</u> | <u>-</u> |
| Fund balance, end of year | <u><u>\$ 24,426</u></u> | <u><u>\$ 43,166</u></u> | <u><u>\$ 18,740</u></u> |

CITY OF PAGE, ARIZONA
PERPETUAL CARE
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--|-------------------|-------------------|--|
| Revenues | | | |
| Charges for services | \$ 15,000 | \$ 21,130 | \$ 6,130 |
| Other revenues | 15,000 | 20,995 | 5,995 |
| Total revenues | 30,000 | 42,125 | 12,125 |
| Expenditures | | | |
| Current: | | | |
| Community support | 15,300 | 14,866 | 434 |
| Total expenditures | 15,300 | 14,866 | 434 |
| Excess of revenues over (under) expenditures | 14,700 | 27,259 | 12,559 |
| Other financing sources (uses) | | | |
| Transfers out | (71,000) | - | 71,000 |
| Total other financing sources (uses) | (71,000) | - | 71,000 |
| Net change in fund balances | (56,300) | 27,259 | 83,559 |
| Fund balance, beginning of year | 303,466 | 303,466 | - |
| Fund balance, end of year | <u>\$ 247,166</u> | <u>\$ 330,725</u> | <u>\$ 83,559</u> |

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STATISTICAL SECTION

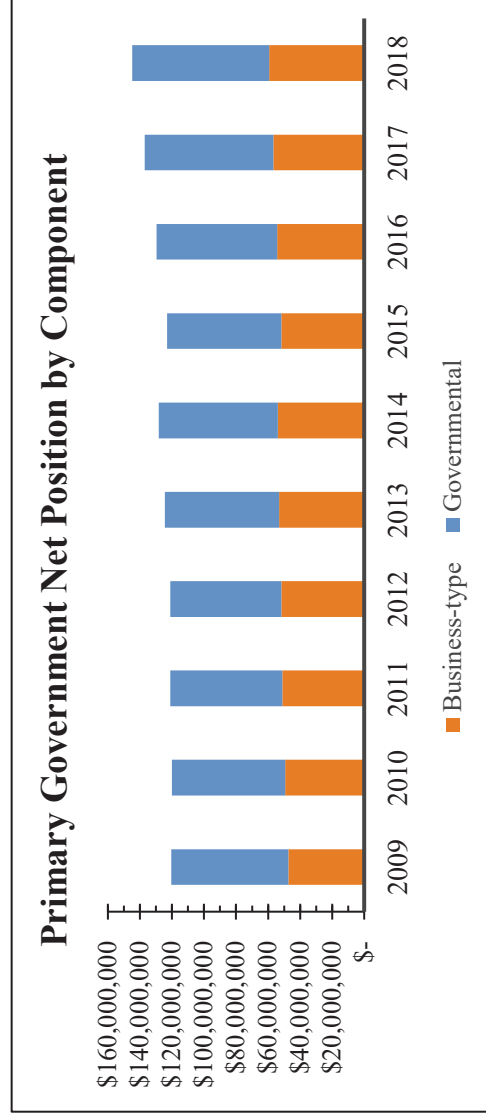
This part of the City of Page's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the government's overall financial health.

| Contents | Page |
|---|------|
| Financial Trends | 107 |
| <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 | 115 |
| <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 | 117 |
| <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..... | 123 |
| <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 | 125 |
| <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> | |

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| | Fiscal Year Ended June 30 | | | | | | | | | |
|--|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Governmental activities: | | | | | | | | | | |
| Net investment capital assets | \$ 64,158,299 | \$ 63,941,276 | \$ 65,842,704 | \$ 66,231,720 | \$ 65,791,312 | \$ 65,625,222 | \$ 66,846,433 | \$ 66,219,507 | \$ 66,200,813 | \$ 68,395,001 |
| Restricted | 7,274,508 | 6,362,771 | 3,743,731 | 1,936,741 | 2,113,080 | 2,677,622 | 3,636,384 | 5,517,158 | 10,106,948 | 11,338,638 |
| Unrestricted | 1,775,818 | 403,210 | 351,277 | 1,241,145 | 3,427,166 | 5,940,046 | 813,828 | 3,607,697 | 3,936,599 | 5,831,771 |
| Total governmental activities net position | \$ 73,208,625 | \$ 70,707,257 | \$ 69,937,712 | \$ 69,409,606 | \$ 71,331,558 | \$ 74,242,890 | \$ 71,296,645 | \$ 75,344,362 | \$ 80,244,360 | \$ 85,565,410 |
| Business-type activities: | | | | | | | | | | |
| Net investment capital assets | \$ 31,195,816 | \$ 32,746,623 | \$ 32,749,251 | \$ 31,211,950 | \$ 31,228,277 | \$ 31,503,885 | \$ 32,419,796 | \$ 32,210,341 | \$ 32,807,741 | \$ 32,628,302 |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Unrestricted | 16,066,568 | 16,555,666 | 18,333,993 | 20,463,831 | 21,911,704 | 22,449,818 | 19,339,087 | 22,086,197 | 23,938,589 | 26,699,050 |
| Total business-type activities net position | \$ 47,262,384 | \$ 49,302,289 | \$ 51,083,244 | \$ 51,675,781 | \$ 53,139,981 | \$ 53,953,703 | \$ 51,758,883 | \$ 54,296,538 | \$ 56,746,330 | \$ 59,327,352 |
| Primary government | | | | | | | | | | |
| Net investment capital assets | \$ 95,354,115 | \$ 96,687,899 | \$ 98,591,955 | \$ 97,443,670 | \$ 97,019,589 | \$ 97,129,107 | \$ 99,266,229 | \$ 98,429,848 | \$ 99,008,554 | \$ 101,023,303 |
| Restricted | 7,274,508 | 6,362,771 | 3,743,731 | 1,936,741 | 2,113,080 | 2,677,622 | 3,636,384 | 5,517,158 | 10,106,948 | 11,338,638 |
| Unrestricted | 17,842,386 | 16,958,876 | 18,685,270 | 21,704,976 | 25,338,870 | 28,389,864 | 20,152,915 | 25,693,894 | 27,875,188 | 32,530,821 |
| Total primary government net position | \$ 120,471,009 | \$ 120,009,546 | \$ 121,020,956 | \$ 121,085,387 | \$ 124,471,539 | \$ 128,196,593 | \$ 123,055,528 | \$ 129,640,900 | \$ 136,990,690 | \$ 144,892,762 |

Source: Statement of Net Position



Change in Net Position (unaudited)

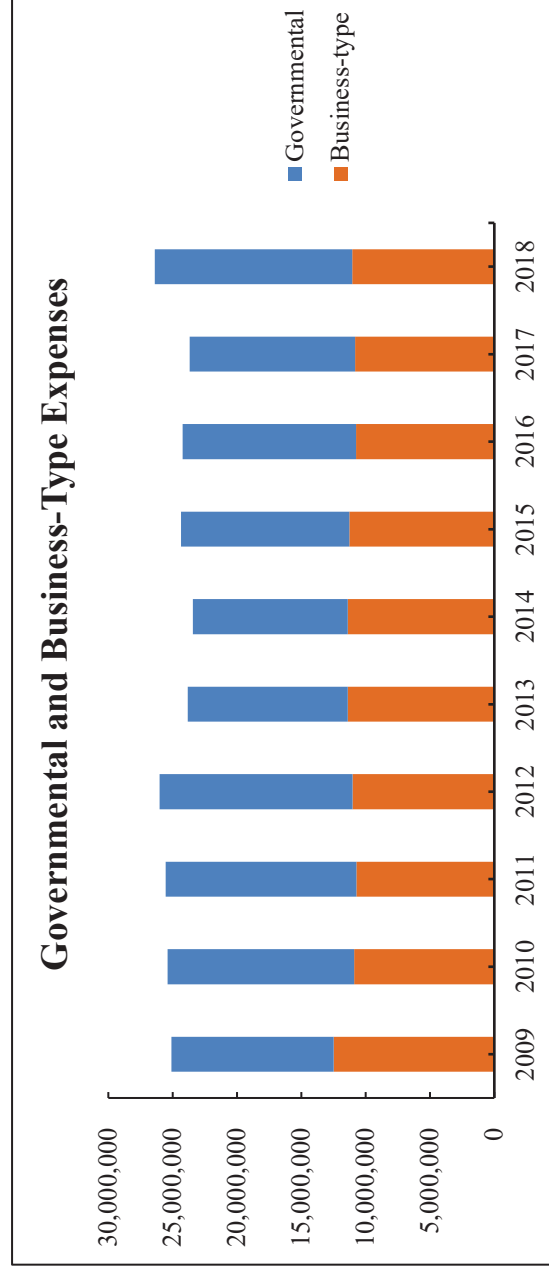
Last Ten Fiscal Years

Financial Trends
(Accrual basis of accounting)

| Fiscal Year Ended June 30 | | | | | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016* | 2017 | 2018 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 1,769,799 | \$ 2,393,812 | \$ 2,957,556 | \$ 2,862,521 | \$ 2,360,309 | \$ 2,524,762 | \$ 2,689,305 | \$ 2,384,107 | \$ 2,517,770 | \$ 3,282,422 |
| Public safety | 5,150,544 | 5,151,308 | 5,055,399 | 5,020,723 | 4,529,114 | 4,548,431 | 5,088,415 | 5,277,461 | 5,300,648 | 6,048,643 |
| Judicial | 297,986 | 324,255 | 335,018 | 376,928 | 264,242 | 272,341 | 331,636 | 3,312,763 | 13,245 | 8,457 |
| Public works | 2,668,319 | 2,820,598 | 3,051,926 | 2,934,715 | 2,559,162 | 2,298,994 | 2,515,340 | 8,348 | 2,642,246 | 3,362,138 |
| Culture and recreation | 955,919 | 1,853,122 | 2,081,624 | 1,815,364 | 1,351,765 | 1,277,349 | 1,400,709 | 1,259,145 | 1,368,639 | 1,601,945 |
| Community Support | 1,046,935 | 1,275,054 | 977,583 | 959,067 | 823,049 | 614,650 | 569,090 | 774,053 | 567,743 | 618,843 |
| Interest on long-term debt | 740,696 | 684,889 | 358,964 | 1,027,886 | 547,454 | 511,285 | 489,762 | 467,237 | 448,474 | 427,529 |
| Total governmental activities | 12,630,198 | 14,503,038 | 14,818,070 | 14,997,204 | 12,435,095 | 12,047,812 | 13,084,257 | 13,483,114 | 12,858,765 | 15,349,977 |
| Business-type activities: | | | | | | | | | | |
| Water | 1,705,665 | 1,518,213 | 1,502,106 | 1,545,058 | 1,518,786 | 1,676,973 | 1,570,517 | 1,422,969 | 1,621,247 | 1,639,605 |
| Sewer | 1,248,754 | 1,264,840 | 1,286,837 | 1,419,674 | 1,407,188 | 1,295,142 | 1,358,747 | 1,322,480 | 1,438,193 | 1,396,058 |
| Electric | 8,125,091 | 7,454,824 | 7,269,317 | 7,445,984 | 7,817,693 | 7,804,901 | 7,697,548 | 7,351,933 | 7,100,576 | 7,320,987 |
| Sanitation | 650,679 | 656,690 | 656,820 | 619,764 | 639,129 | 616,463 | 633,182 | 642,385 | 665,396 | 689,077 |
| Golf | 747,732 | - | - | - | - | - | - | - | - | - |
| Total business-type activities | 12,477,921 | 10,894,567 | 10,715,080 | 11,030,480 | 11,382,796 | 11,393,479 | 11,259,994 | 10,739,767 | 10,825,412 | 11,045,727 |
| Total Primary Governmental Expenses | 25,108,119 | 25,397,605 | 25,533,150 | 26,027,684 | 23,817,891 | 23,441,291 | 24,344,251 | 24,222,881 | 23,684,177 | 26,395,704 |

Source: Statement of Activities

2016 Restated: Electric and Sanitation numbers in incorrect row.



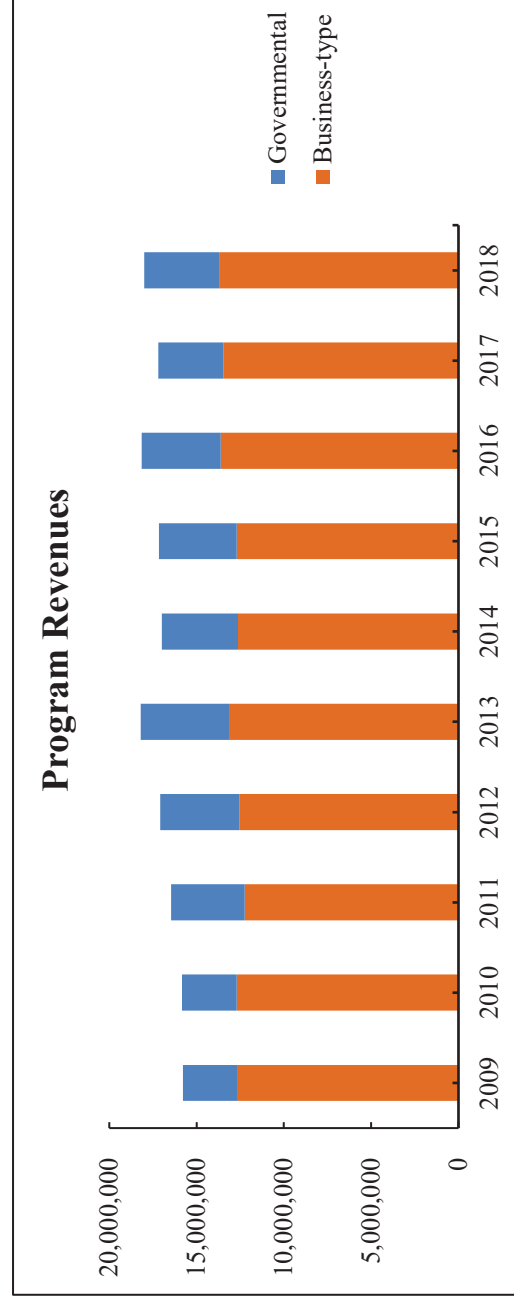
Change in Net Position - continued (unaudited)

Last Ten Fiscal Years

Financial Trends
(Accrual basis of accounting)

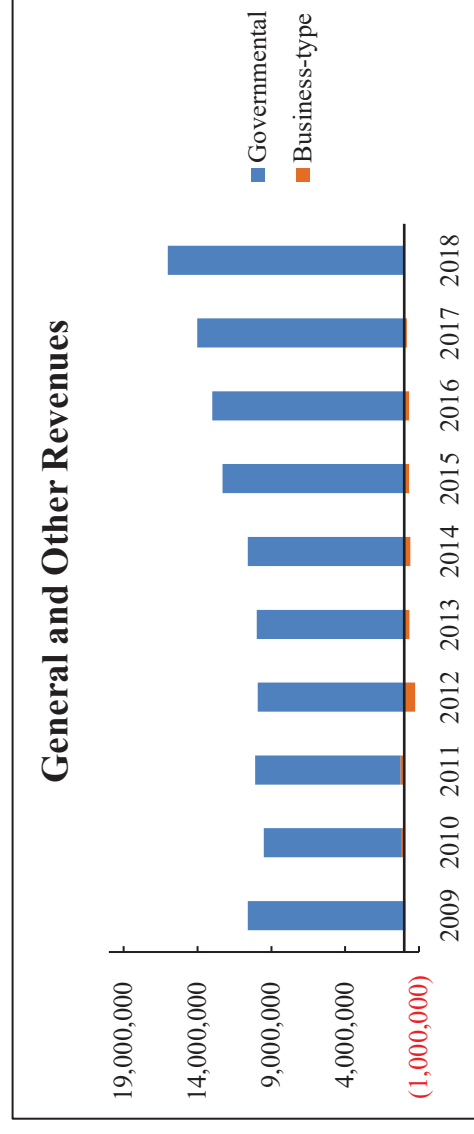
| Fiscal Year Ended June 30 | | | | | | | | | | |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| General government | 298,141 | 136,644 | 841,902 | 69,360 | 106,805 | 105,700 | 110,537 | 119,155 | 140,530 | 108,321 |
| Public safety | 587,706 | 853,783 | 60,112 | 847,143 | 692,620 | 594,231 | 780,392 | 1,230,660 | 1,197,174 | 1,234,686 |
| Judicial | 304,979 | 235,153 | 310,299 | 366,378 | 322,395 | 326,320 | 285,196 | 0 | 0 | 0 |
| Public works | 407,572 | 653,235 | 677,174 | 592,057 | 617,876 | 653,229 | 675,223 | 750,676 | 716,320 | 614,337 |
| Culture and recreation | 120,762 | 350,873 | 301,734 | 339,833 | 177,454 | 140,516 | 137,129 | 99,874 | 94,299 | 102,395 |
| Community support | 30,554 | 36,955 | 31,615 | 32,078 | 35,702 | 39,470 | 37,786 | 32,555 | 20,251 | 12,438 |
| Operating grants and contributions | 625,466 | 507,960 | 513,129 | 911,426 | 1,324,153 | 1,369,623 | 1,248,559 | 1,433,449 | 1,350,225 | 1,356,363 |
| Capital grants and contributions | 714,132 | 355,618 | 1,477,168 | 1,398,753 | 1,783,868 | 1,139,188 | 1,184,230 | 872,703 | 232,075 | 898,224 |
| Total governmental activities | 3,089,312 | 3,130,221 | 4,213,133 | 4,557,028 | 5,060,873 | 4,368,277 | 4,459,052 | 4,539,072 | 3,750,874 | 4,326,764 |
| Business-type activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Water | 1,610,704 | 1,580,427 | 1,787,363 | 1,819,551 | 1,788,473 | 1,727,920 | 1,897,152 | 1,870,895 | 1,902,113 | 2,028,813 |
| Sewer | 1,155,636 | 1,389,585 | 1,150,514 | 1,140,122 | 1,621,033 | 1,561,479 | 1,469,034 | 1,583,968 | 1,845,445 | 1,950,676 |
| Electric | 8,972,826 | 9,082,700 | 8,639,770 | 8,888,259 | 8,816,630 | 8,489,555 | 8,475,019 | 9,287,791 | 8,798,034 | 8,765,309 |
| Sanitation | 640,769 | 657,801 | 663,340 | 684,540 | 921,727 | 845,130 | 861,008 | 872,859 | 902,969 | 932,174 |
| Golf | 306,188 | - | - | - | - | - | - | - | - | - |
| Total business-type activities | 12,686,123 | 12,710,513 | 12,240,987 | 12,532,472 | 13,147,863 | 12,624,084 | 12,702,213 | 13,615,513 | 13,448,561 | 13,676,972 |
| Total Program Revenues | 15,775,435 | 15,840,734 | 16,454,120 | 17,089,500 | 18,208,736 | 16,992,361 | 17,161,265 | 18,154,585 | 17,199,435 | 18,003,736 |

Source: Statement of Activities



| | Fiscal Year Ended June 30 | | | | | | | | | |
|---|---------------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| General and Other Revenues | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| City Sales taxes | 7,121,927 | 6,768,417 | 6,902,409 | 6,960,801 | 7,359,792 | 7,854,872 | 9,014,013 | 10,286,279 | 11,336,994 | 13,194,212 |
| State Sales taxes | - | - | - | 566,283 | 593,180 | 630,799 | 658,664 | 685,284 | 686,412 | 729,558 |
| Property taxes | - | - | - | - | - | - | - | - | - | - |
| Franchise taxes | - | - | - | 236,028 | 297,102 | 268,405 | 241,159 | 244,342 | 237,920 | 233,788 |
| Auto lieu tax | - | - | - | 273,207 | 276,242 | 285,107 | 295,945 | 319,311 | 329,229 | 351,107 |
| Unrestricted state shared revenue | 2,707,524 | 2,301,972 | 2,252,850 | 611,652 | 740,265 | 807,770 | 877,294 | 872,538 | 916,348 | 941,208 |
| Land Sales | - | - | 138,750 | 377,650 | 227,038 | 229,597 | 729,101 | - | - | - |
| Investment earnings (losses) | 150,463 | 19,021 | 34,830 | 11,653 | 9,699 | 4,639 | 7,198 | 61,888 | 136,796 | 287,136 |
| Miscellaneous | 207,718 | 194,989 | 90,892 | 147,311 | 30,093 | 157,453 | 136,509 | 157,195 | 132,094 | 141,340 |
| Gain/(loss) on disposal of asset | - | - | 153,126 | - | - | - | - | - | - | - |
| Transfers | 404,352 | - | 262,535 | 727,485 | 454,622 | 351,101 | 346,838 | 364,922 | 232,096 | 140,108 |
| Total Governmental Activities | \$ 10,591,984 | \$ 9,284,399 | \$ 9,835,392 | \$ 9,912,070 | \$ 9,988,033 | \$ 10,589,743 | \$ 12,306,721 | \$ 12,991,759 | \$ 14,007,889 | \$ 16,018,457 |
| Business-type activities | | | | | | | | | | |
| Investment earnings/(losses) | 117,075 | 9,092 | 13,098 | (15,279) | 111,565 | (64,657) | 8,824 | 26,831 | 58,739 | 150,517 |
| Miscellaneous | 212,734 | 214,867 | 214,753 | - | - | - | - | - | - | - |
| Gain/(loss) on disposal of asset | - | - | 289,732 | - | - | - | 1,133 | - | - | (61,163) |
| Transfers | (404,352) | - | (262,535) | (727,485) | (454,622) | (352,226) | (346,838) | (364,922) | (232,096) | (140,108) |
| Total business-type activities | (74,543) | 223,959 | 255,048 | (742,764) | (343,057) | (416,883) | (336,881) | (338,091) | (173,357) | (50,754) |
| Total General and Other Revenues | 10,517,441 | 9,508,358 | 10,090,440 | 9,169,306 | 9,644,976 | 10,172,860 | 11,969,840 | 12,653,668 | 13,834,532 | 15,967,703 |

Source: Statement of Activities



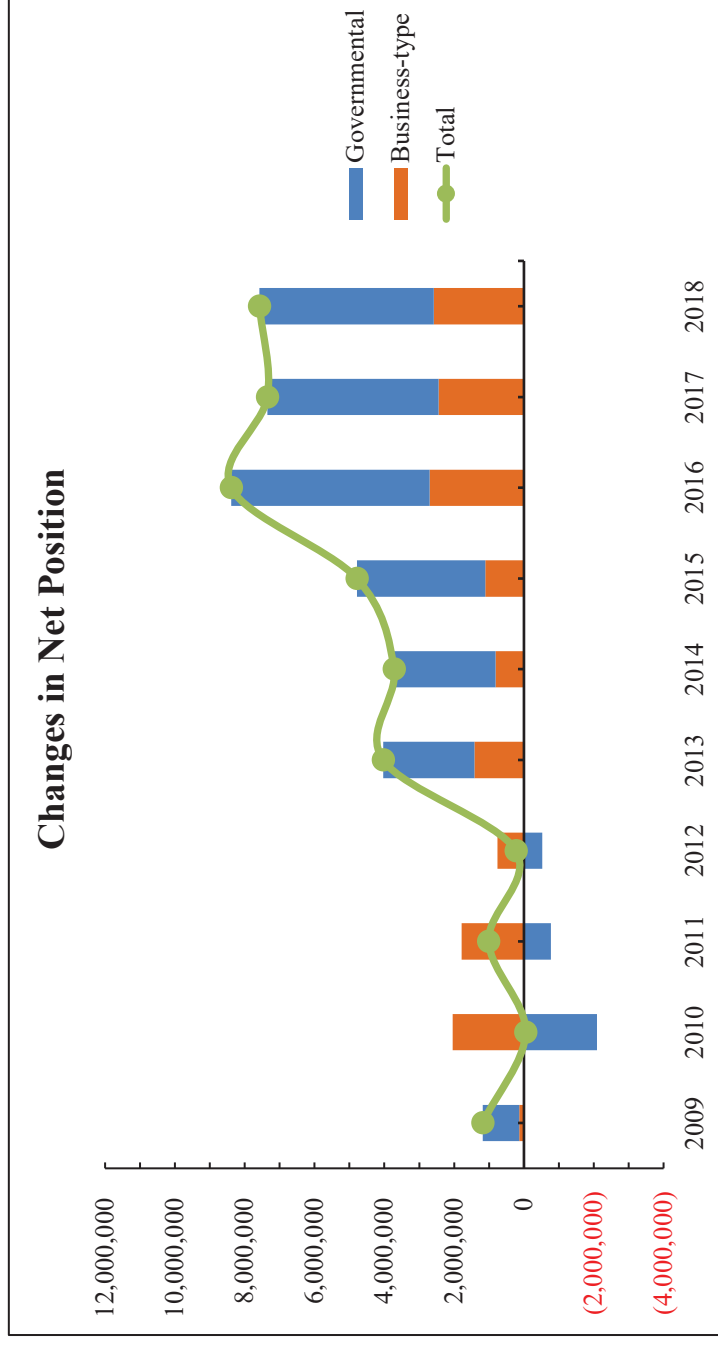
Change in Net Position - continued (unaudited)

Last Ten Fiscal Years

Financial Trends
(Accrual basis of accounting)

| Summary | Fiscal Year Ended June 30 | | | | | | | | | |
|---------------------------------------|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Governmental Activities | | | | | | | | | | |
| Expenses | (12,630,198) | (14,503,038) | (14,818,070) | (14,997,204) | (12,435,095) | (12,047,812) | (13,084,257) | (12,858,765) | (12,858,765) | (15,349,977) |
| Program Revenue | 3,089,312 | 3,130,221 | 4,213,133 | 4,557,028 | 5,060,873 | 4,368,277 | 4,459,052 | 4,539,072 | 3,750,874 | 4,326,764 |
| Net (Expense) Revenue | (9,540,886) | (11,372,817) | (10,604,937) | (10,440,176) | (7,374,222) | (7,679,535) | (8,625,205) | (8,319,693) | (9,107,891) | (11,023,213) |
| General Revenues and Other | 10,591,984 | 9,284,399 | 9,835,392 | 9,912,070 | 9,988,033 | 10,589,743 | 12,306,721 | 14,007,889 | 14,007,889 | 16,018,457 |
| Total governmental activities | 1,051,098 | (2,088,418) | (769,545) | (528,106) | 2,613,811 | 2,910,208 | 3,681,516 | 5,688,196 | 4,899,998 | 4,995,244 |
| Business-type Activities | | | | | | | | | | |
| Expenses | 12,477,921 | 10,894,567 | 10,715,080 | 11,030,480 | 11,382,796 | 11,393,479 | 11,259,994 | 10,739,767 | 10,825,412 | 11,045,727 |
| Program Revenue | 12,686,123 | 12,710,513 | 12,240,987 | 12,532,472 | 13,147,863 | 12,624,084 | 12,702,213 | 13,615,513 | 13,448,561 | 13,676,972 |
| General Revenues and Other | (74,543) | 223,959 | 255,048 | (742,764) | (343,057) | (416,883) | (336,881) | (173,357) | (173,357) | (50,754) |
| Total business-type activities | 133,659 | 2,039,905 | 1,780,955 | 759,228 | 1,422,010 | 813,722 | 1,105,338 | 2,702,389 | 2,449,792 | 2,580,491 |
| Total Primary Government | 1,184,757 | (48,513) | 1,011,410 | 231,122 | 4,035,821 | 3,723,930 | 4,786,854 | 8,390,585 | 7,349,790 | 7,575,735 |

Source: Statement of Activities

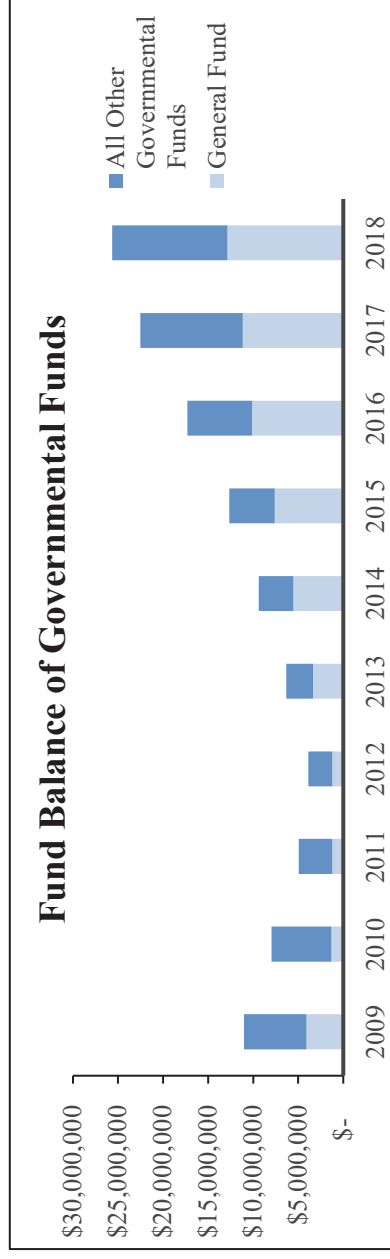


Fund Balances of Governmental Funds

Financial Trends

Last Ten Fiscal Years (Modified accrual basis of accounting)

| Fiscal Year Ended June 30 | | | | | | | | | | |
|------------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| General Fund: | | | | | | | | | | |
| Reserved | | | | | | | | | | |
| Unreserved | 4,103,474 | 1,311,241 | | | | | | | | |
| Nonspendable | | | | 0 | 0 | \$ 50,099 | \$ 62,976 | \$ 73,698 | \$ - | \$ - |
| Restricted | | | | | | | | | | |
| Committed | | | | 0 | | | | | | |
| Assigned | | | | 0 | 0 | - | - | - | - | - |
| Unassigned | | | 1,210,172 | 1,218,820 | 3,340,840 | 5,503,593 | 7,541,520 | 10,066,148 | 11,148,425 | 12,869,809 |
| Total General Fund | \$ 4,103,474 | \$ 1,311,241 | \$ 1,210,172 | \$ 1,218,820 | \$ 3,340,840 | \$ 5,553,692 | \$ 7,604,496 | \$ 10,139,846 | \$ 11,148,425 | \$ 12,869,809 |
| All Other Governmental Funds: | | | | | | | | | | |
| Reserved | \$ 237,536 | \$ 266,889 | | | | | | | | |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 3,351,167 | 3,074,754 | | | | | | | | |
| Capital projects funds | 3,666,392 | 3,660,289 | | | | | | | | |
| Debt service fund | (325,509) | (365,360) | | | | | | | | |
| Nonspendable | | | | | | | | | | |
| Restricted | | | 2,847,695 | 1,936,741 | 2,113,080 | \$ 2,677,622 | \$ 3,636,384 | \$ 5,517,158 | \$ 10,106,948 | \$ 11,338,638 |
| Committed | | | 896,036 | 712,259 | 869,135 | 1,166,739 | 1,419,991 | 1,653,804 | 1,282,845 | 1,454,239 |
| Assigned | | | 0 | 0 | - | - | - | - | - | - |
| Unassigned | | | 0 | 0 | - | - | - | - | - | - |
| Total all other governmental funds | \$ 6,929,586 | \$ 6,636,572 | \$ 3,743,731 | \$ 2,649,000 | \$ 2,982,215 | \$ 3,844,361 | \$ 5,056,375 | \$ 7,170,962 | \$ 11,389,793 | \$ 12,792,877 |
| Total Government Funds | \$ 11,033,060 | \$ 7,947,813 | \$ 4,953,903 | \$ 3,867,820 | \$ 6,323,055 | \$ 9,398,053 | \$ 12,660,871 | \$ 17,310,808 | \$ 22,538,218 | \$ 25,662,686 |



Source - Balance Sheet

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.

| | Fiscal Year Ended June 30 | | | | | | | | | | |
|--------------------------------------|---------------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | |
| Revenues: | | | | | | | | | | | |
| Taxes | \$ 7,121,927 | \$ 6,246,647 | \$ 6,902,409 | \$ 7,196,829 | \$ 7,656,894 | \$ 8,123,277 | \$ 9,255,172 | \$ 10,530,621 | \$ 11,574,914 | \$ 13,428,000 | |
| Licenses and permits | 325,810 | 339,228 | 382,509 | 85,254 | 114,268 | 127,525 | 186,044 | 294,055 | 294,515 | 169,436 | |
| Intergovernmental | 4,047,122 | 3,687,320 | 2,676,147 | 3,784,784 | 4,670,891 | 3,225,006 | 4,325,745 | 4,284,524 | 3,482,449 | 4,189,230 | |
| Charges for services | 713,664 | 1,285,140 | 1,127,736 | 1,239,203 | 1,007,824 | 869,669 | 1,025,308 | 1,154,090 | 1,145,367 | 1,202,810 | |
| Fines and forfeitures | 318,058 | 249,338 | 327,704 | 381,075 | 340,829 | 352,606 | 313,388 | 286,430 | 252,557 | 222,594 | |
| Rents and royalties | 392,182 | 392,937 | 384,887 | 422,509 | 364,764 | 390,504 | 383,710 | 382,473 | 368,224 | 363,312 | |
| Investment income | 150,463 | 19,021 | 34,830 | 11,653 | 9,698 | 4,640 | 6,892 | 56,656 | 136,766 | 287,106 | |
| Land sales | 1,393,163 | 1,065,800 | 138,750 | 377,650 | 233,487 | 246,275 | 357,700 | 144,300 | 293,004 | - | |
| Miscellaneous | 1,532,718 | 194,989 | 1,796,642 | 213,983 | 202,074 | 239,400 | 193,573 | 177,059 | 267,475 | 342,646 | |
| Total revenues | 15,995,107 | 13,480,420 | 13,771,614 | 13,712,940 | 14,600,729 | 13,578,902 | 16,047,532 | 17,310,208 | 17,815,271 | 20,205,134 | |
| Expenditures: | | | | | | | | | | | |
| Current - | | | | | | | | | | | |
| General government | \$ 3,001,616 | \$ 2,799,265 | \$ 2,823,491 | \$ 2,453,151 | \$ 2,145,080 | \$ 2,344,342 | \$ 2,412,666 | \$ 2,484,086 | \$ 2,493,096 | \$ 3,722,547 | |
| Public safety | 4,908,255 | 4,691,379 | 4,729,248 | 4,700,348 | 3,965,869 | 4,161,909 | 4,288,079 | 4,709,304 | 4,981,725 | 5,461,311 | |
| Judicial | 316,731 | 327,582 | 357,364 | 376,928 | 264,242 | 272,341 | 331,636 | 1,320,767 | 13,216 | 8,447 | |
| Public works | 1,819,622 | 1,901,620 | 1,958,048 | 1,610,576 | 1,265,727 | 1,077,785 | 1,296,595 | 8,062 | 1,354,570 | 2,090,641 | |
| Culture and recreation | 968,168 | 1,509,629 | 1,830,562 | 1,466,996 | 976,150 | 929,787 | 1,018,995 | 900,986 | 1,035,250 | 1,276,693 | |
| Community support | 1,045,489 | 1,258,244 | 1,001,266 | 931,457 | 763,728 | 561,816 | 546,129 | 506,816 | 509,616 | 560,471 | |
| Capital outlay | 3,062,118 | 1,783,885 | 3,822,407 | 1,510,175 | 1,839,664 | 143,081 | 1,754,289 | 1,708,821 | 1,107,036 | 2,707,997 | |
| Debt service - | | | | | | | | | | | |
| Principal | 304,042 | 684,889 | 422,727 | 482,895 | 709,424 | 873,963 | 1,013,504 | 939,171 | 959,329 | 984,997 | |
| Interest and fiscal charges | 740,696 | 358,366 | 358,964 | 546,587 | 525,950 | 491,106 | 469,660 | 447,180 | 428,565 | 407,670 | |
| Refunding bond issuance costs | | | | 566,457 | | | | | | | |
| Total expenditures | \$ 16,166,737 | \$ 15,314,859 | \$ 17,304,077 | \$ 14,645,570 | \$ 12,455,834 | \$ 10,856,130 | \$ 13,131,553 | \$ 13,025,193 | \$ 12,882,403 | \$ 17,220,774 | |
| Revenues over Expenditures | \$ (171,630) | \$ (1,834,439) | \$ (3,532,463) | \$ (932,630) | \$ 2,144,895 | \$ 2,722,772 | \$ 2,915,979 | \$ 4,285,015 | \$ 4,932,868 | \$ 2,984,360 | |
| Other Funding Sources | | | | | | | | | | | |
| 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 | 164,355 | 29,451 | 688,968 | 61,935 | - | - | - | - | - | \$ - | |
| Transfers in | 2,545,758 | 1,182,086 | 2,314,412 | 1,896,780 | 1,612,011 | 1,901,044 | 3,097,016 | 4,176,746 | 6,428,900 | 4,597,346 | |
| Transfers out | (2,141,406) | (1,182,086) | (2,051,877) | (1,169,295) | (1,157,388) | (1,548,818) | (2,750,178) | (3,811,824) | (6,196,804) | (4,457,238) | |
| Debt proceeds | - | - | - | - | - | - | - | - | 62,446 | - | |
| Total other financing sources | 568,707 | 29,451 | 951,503 | (153,453) | 454,623 | 352,226 | 346,838 | 364,922 | 294,542 | 140,108 | |
| Net Change in Fund Balance | \$ 397,077 | \$ (1,804,988) | \$ (2,580,960) | \$ (1,086,083) | \$ 2,599,518 | \$ 3,074,998 | \$ 3,262,817 | \$ 4,649,937 | \$ 5,227,410 | \$ 3,124,468 | |

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds

Changes in Fund Balances of Governmental Funds-Continued

Financial Trends

Last Ten Fiscal Years

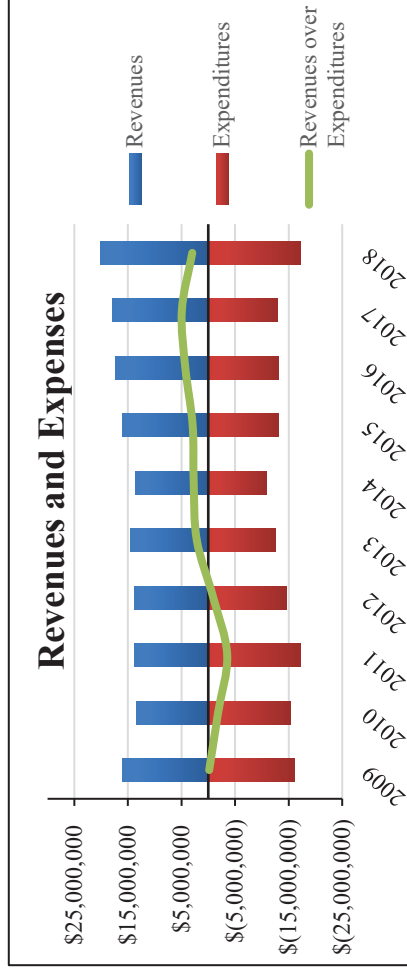
(Accrual basis of accounting)

| | Fiscal Year Ended June 30 | | | | | | | | | |
|---|---------------------------|--------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Capital Outlay (1) | 3,750,581 | 2,005,905 | 4,822,255 | 1,646,937 | 2,090,813 | 1,306,959 | 2,125,001 | 1,095,959 | 1,171,699 | 3,224,914 |
| Debt Ratio | | | | | | | | | | |
| Total Debt Service | \$ 1,044,738 | \$ 1,043,255 | \$ 781,691 | \$ 1,029,482 | \$ 1,235,374 | \$ 1,365,069 | \$ 1,483,164 | \$ 1,386,351 | \$ 1,387,894 | \$ 1,392,667 |
| Total Noncapital Expenditure (2) | 12,416,156 | 13,308,954 | 12,481,822 | 12,998,633 | 10,365,021 | 9,549,171 | 11,006,552 | 11,929,234 | 11,710,704 | 13,995,860 |
| Debt Service as a percentage of noncapital expenditures | 8.41% | 7.84% | 6.26% | 7.92% | 11.92% | 14.30% | 13.48% | 11.62% | 11.85% | 9.95% |

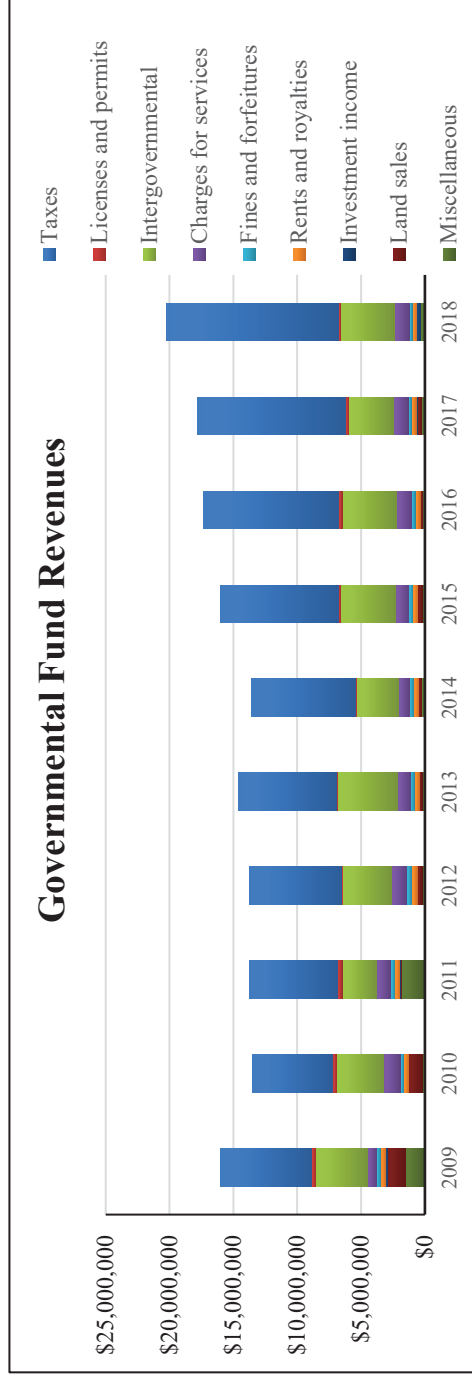
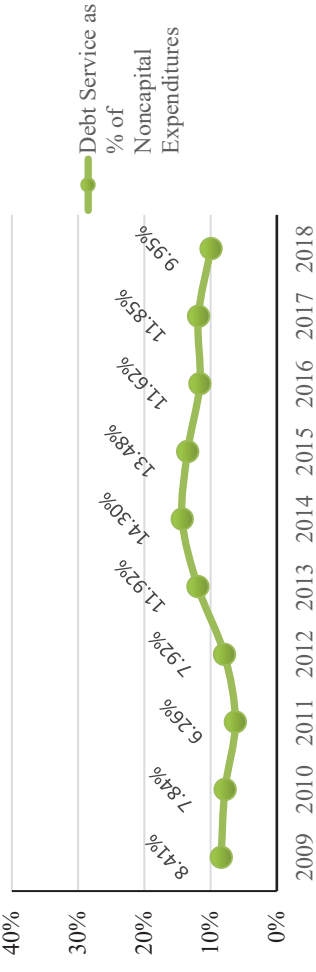
Source: Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds

Note (1): Capital outlay amount from Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds.

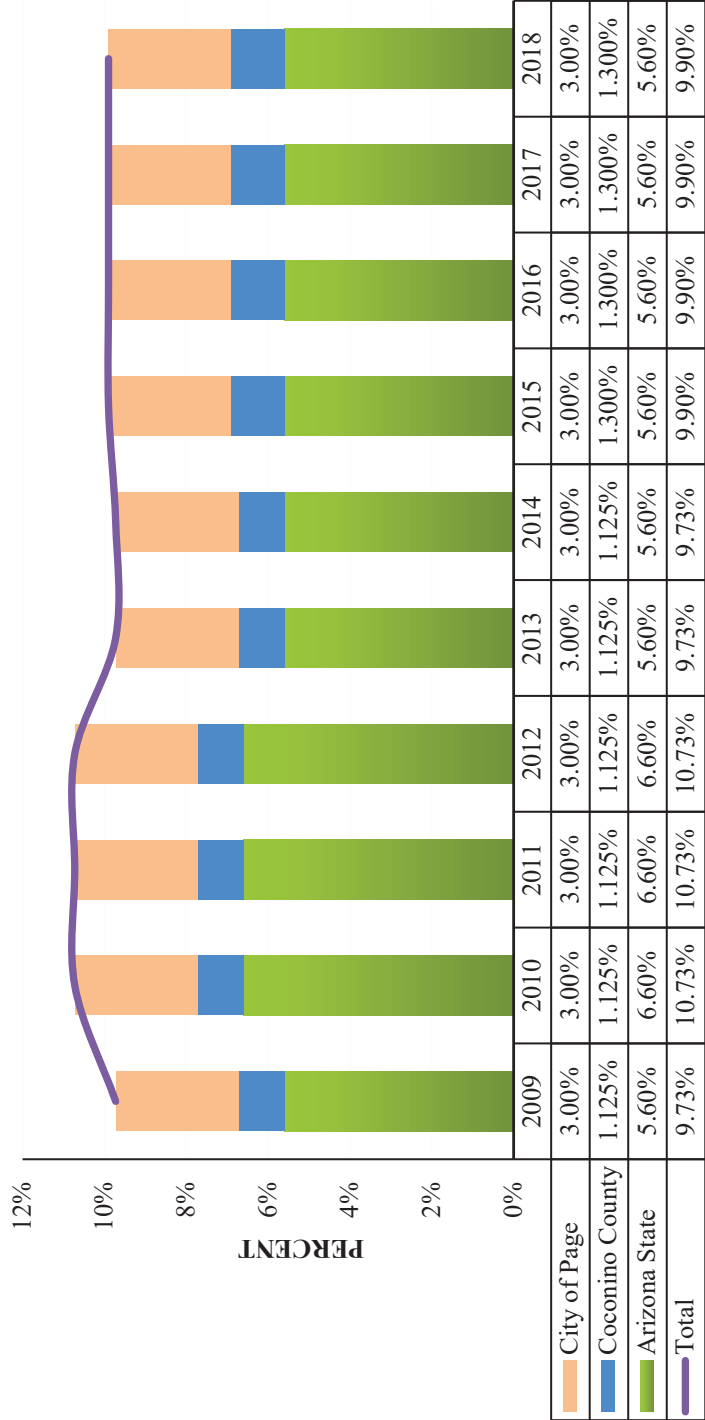
Note (2): Noncapital Expenditure is total expenditures less capital outlay.



Governmental Funds Expenditure and Debt Service Ratio

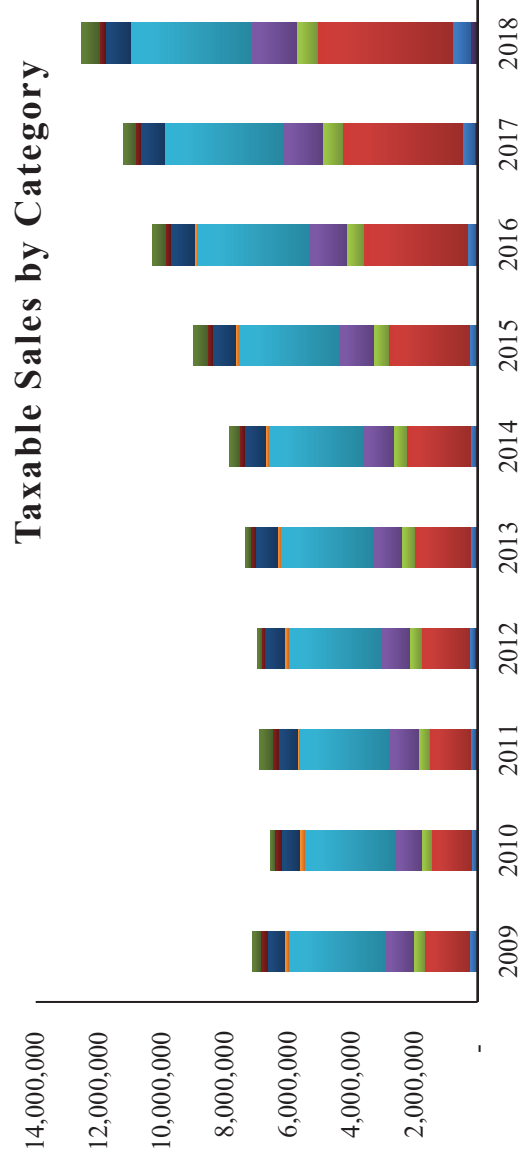


Direct and Overlapping Sales Tax Rates



Source: Arizona Department of Revenue Transaction Privilege and Tax Rate Table

| Categories | Fiscal Year Ended June 30 | | | | | | | | | |
|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
| Construction | \$ 247,290 | \$ 151,596 | \$ 404,265 | \$ 127,505 | \$ 150,935 | \$ 312,655 | \$ 461,993 | \$ 408,699 | \$ 370,741 | \$ 554,171 |
| Manufacturing | 222,674 | 206,285 | 181,350 | 86,876 | 182,183 | 140,883 | 139,967 | 145,124 | 172,211 | 188,648 |
| Transportation, Communications & Utilities | 541,232 | 570,762 | 623,650 | 633,976 | 672,357 | 682,079 | 744,845 | 769,986 | 759,392 | 803,685 |
| Wholesale Trade | 105,217 | 153,761 | 41,413 | 104,809 | 106,875 | 91,432 | 91,675 | 101,742 | 128,746 | 143,147 |
| Retail Trade | 3,089,180 | 2,849,320 | 2,858,788 | 2,921,545 | 2,915,898 | 2,989,931 | 3,203,563 | 3,548,038 | 3,710,587 | 3,841,144 |
| Restaurants and Bars | 872,832 | 879,893 | 910,057 | 928,366 | 933,878 | 977,250 | 1,074,792 | 1,156,701 | 1,271,029 | 1,434,142 |
| Finance, Insurance & Real Estate | 355,823 | 318,610 | 348,948 | 362,710 | 391,759 | 414,060 | 465,350 | 532,235 | 628,326 | 645,173 |
| Hotels and Other Lodging | 1,419,117 | 1,238,544 | 1,312,374 | 1,538,461 | 1,774,479 | 2,008,533 | 2,562,717 | 3,313,126 | 3,804,273 | 4,292,818 |
| Services | 221,238 | 166,676 | 140,424 | 153,249 | 166,140 | 181,779 | 218,461 | 256,001 | 378,709 | 567,546 |
| All Others Not Specified | 47,325 | 41,382 | 81,140 | 103,303 | 65,286 | 56,270 | 50,651 | 54,628 | 112,983 | 218,776 |
| Total | <u><u>\$ 7,121,927</u></u> | <u><u>\$ 6,576,830</u></u> | <u><u>\$ 6,902,409</u></u> | <u><u>\$ 6,960,801</u></u> | <u><u>\$ 7,359,792</u></u> | <u><u>\$ 7,854,872</u></u> | <u><u>\$ 9,014,013</u></u> | <u><u>\$ 10,286,279</u></u> | <u><u>\$ 11,336,995</u></u> | <u><u>\$ 12,689,250</u></u> |



Source: The source of this information is the City's financial records-Standard Industry (NAICS) Summary for Page, Arizona July 2017 - June 2018 from Monthly Tax Report.

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|
| Governmental Activities | | | | | | | | | | |
| General Obligation Bonds (1) | 2,133,802 | 1,996,469 | 1,834,033 | 1,663,200 | 1,486,334 | 1,309,609 | 1,127,691 | 943,520 | 759,190 | 574,193 |
| Capital Leases | 502,481 | 431,782 | 860,459 | 612,363 | 468,523 | 344,412 | 223,284 | 148,078 | 128,968 | 41,683 |
| Notes Payable | 5,391 | - | - | - | - | - | - | - | - | - |
| Revenue Obligation Bonds (1) | 12,300,000 | 12,300,000 | 12,300,000 | 11,801,027 | 11,996,918 | 11,347,891 | 10,568,864 | 9,764,837 | 8,940,810 | 8,091,783 |
| Total Governmental Activities | 14,941,674 | 14,728,251 | 14,994,492 | 14,076,590 | 13,951,775 | 13,001,912 | 11,919,839 | 10,856,435 | 9,828,968 | 8,707,659 |
| Business Activities | | | | | | | | | | |
| Bonds | - | - | - | - | - | - | - | - | - | - |
| Capital Leases | 192,366 | 136,456 | 78,747 | 18,545 | - | - | - | - | - | - |
| Total Business Activities | 192,366 | 136,456 | 78,747 | 18,545 | - | - | - | - | - | - |
| Total Primary Government | 15,134,040 | 14,864,707 | 15,073,239 | 14,095,135 | 13,951,775 | 13,001,912 | 11,919,839 | 10,856,435 | 9,828,968 | 8,707,659 |
| % of Assessed Value (2) | 21.66% | 20.96% | 21.83% | 20.75% | 22.29% | 20.10% | 17.74% | 15.62% | 13.70% | 11.45% |
| % of Personal Income (3) | 8.13% | 9.19% | 9.22% | 7.82% | 6.81% | 6.57% | 7.05% | 5.92% | 4.90% | 4.72% |
| Per Capita (4) | \$ 2,136 | \$ 2,087 | \$ 2,036 | \$ 1,897 | \$ 1,879 | \$ 1,734 | \$ 1,581 | \$ 1,442 | \$ 1,293 | \$ 1,153 |

Source: Notes to the Financial Statements Long-Term Debt

Note (1): Presented net of original issuance discounts and premiums

Note (2): Percentage is Total Primary Government divided by Net Assessed Value provided by Coconino County disclosed in Legal Debt Margin Information page.

Note (3): Personal income is disclosed in Demographic and Economic Information page

Note (4): Population disclosed in Demographic and Economic Information page

City of Page, Arizona

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Statistical Section
Debt Capacity
(Accrual basis of accounting)

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|-------------------|-------------------|
| Governmental Activities | | | | | | | | | | |
| General Obligation Bonds (1) | 2,133,802 | 1,996,469 | 1,834,033 | 1,663,200 | 1,486,334 | 1,309,609 | 1,127,691 | 943,520 | 759,190 | 574,193 |
| Less: Amounts Available in | | | | | | | | | | |
| Debt Service Fund (5) | (219,980) | (219,980) | (191,815) | (175,149) | (157,382) | (139,994) | (121,953) | (94,339) | (75,939) | (58,130) |
| Total Primary Government | <u>\$1,913,822</u> | <u>\$1,776,489</u> | <u>\$1,642,218</u> | <u>\$1,488,051</u> | <u>\$1,328,952</u> | <u>\$1,169,615</u> | <u>\$1,005,738</u> | <u>\$ 849,181</u> | <u>\$ 683,251</u> | <u>\$ 516,063</u> |
| % of Assessed Value (2) | 2.74% | 2.50% | 2.38% | 2.19% | 2.12% | 1.81% | 1.50% | 1.26% | 0.95% | 0.68% |
| % of Personal Income (3) | 0.85% | 0.73% | 0.66% | 0.58% | 0.53% | 0.42% | 0.34% | 0.28% | 0.34% | 0.28% |
| Per Capita (4) | \$ 270 | \$ 249 | \$ 227 | \$ 202 | \$ 181 | \$ 158 | \$ 133 | \$ 113 | \$ 90 | \$ 68 |

Source: Notes to the Financial Statements Long-Term Liabilities

Note (1): Presented net of original issuance discounts and premiums (Airport Lease Purchase, Series 2004 Bond).

Note (2): Percentage is Total Primary Government divided by Net Assessed Value provided by Coconino County disclosed in Legal Debt Margin Information page.

Note (3): Percentage is Total Primary Government divided by Personal Income disclosed in Demographic and Economic Information page

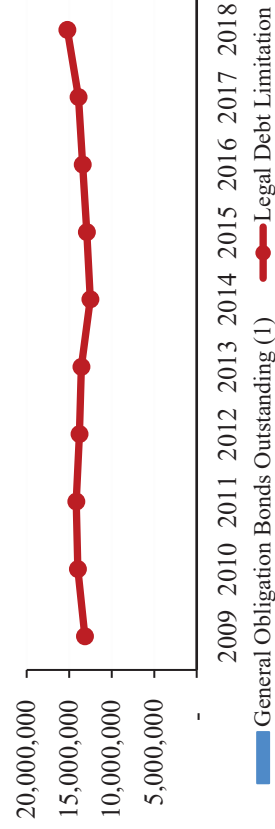
Note (4): Amount is Total Primary Government divided by population disclosed in Demographic and Economic Information page

Note (5): Amount from Balance Sheet Government Funds - Restricted cash and cash equivalents in Debt Service Fund .

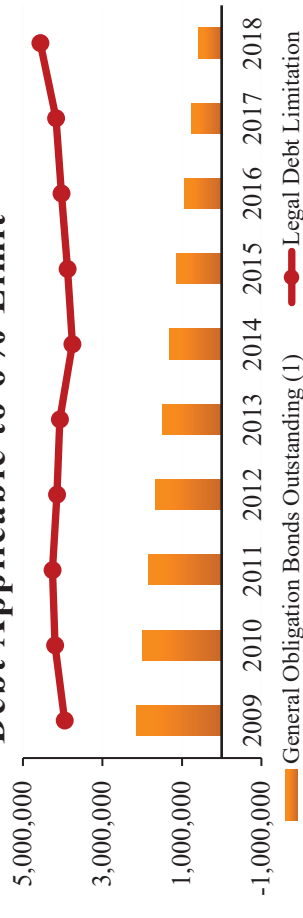
The City of Page is autonomous from any county, town, or other political subdivisions of the State of Arizona. There is no overlapping general obligation debt or taxing powers.

| | Fiscal Year Ended June 30 | | | | | | | | | | |
|---|---------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | |
| Assessed Value of Real Property (2)* reinstated | \$ 69,879,501 | \$ 70,924,548 | \$ 69,060,674 | \$ 67,912,010 | \$ 62,585,129 | \$ 64,679,910 | \$ 67,174,588 | \$ 69,491,903 | \$ 71,737,815 | \$ 76,071,757 | |
| 20% Limitation | | | | | | | | | | | |
| Legal Debt Limitation | \$ 13,171,266 | \$ 13,975,900 | \$ 14,184,910 | \$ 13,812,135 | \$ 13,582,402 | \$ 12,517,026 | \$ 12,935,982 | \$ 13,434,918 | \$ 13,898,381 | \$ 15,214,351 | |
| General Obligation Bonds Outstanding (1) | - | - | - | - | - | - | - | - | - | - | |
| Debt Margin Available | \$ 13,171,266 | \$ 13,975,900 | \$ 14,184,910 | \$ 13,812,135 | \$ 13,582,402 | \$ 12,517,026 | \$ 12,935,982 | \$ 13,434,918 | \$ 13,898,381 | \$ 15,214,351 | |
| Total Net Debt applicable to the 20 % | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | |
| 6 % Limitation | | | | | | | | | | | |
| Legal Debt Limitation | 3,951,380 | 4,192,770 | 4,255,473 | 4,143,640 | 4,074,721 | 3,755,108 | 3,880,795 | 4,030,475 | 4,169,514 | 4,564,305 | |
| General Obligation Bonds Outstanding (1) | 2,133,802 | 1,996,469 | 1,834,033 | 1,663,200 | 1,486,334 | 1,309,609 | 1,127,691 | 943,520 | 759,190 | 574,193 | |
| Debt Margin Available | \$ 1,817,578 | \$ 2,196,301 | \$ 2,421,440 | \$ 2,480,440 | \$ 2,588,387 | \$ 2,445,499 | \$ 2,753,104 | \$ 3,086,955 | \$ 3,410,324 | \$ 3,990,112 | |
| Total Net Debt applicable to the 20 % * reinstated | 3.05% | 2.81% | 2.66% | 2.45% | 2.37% | 2.02% | 1.68% | 1.36% | 1.06% | 0.75% | |

Debt Applicable to 20% Limit



Debt Applicable to 6% Limit



Source: Notes to the Financial Statements Long-Term Liabilities

Note (1): Prior to fiscal year 2007, under Arizona law, cities could issue general obligation bonds for purposes of water, sewer, artificial light, open space preserves, parks, playgrounds, and recreational facilities, up to an amount not exceeding 20% of a City's Secondary Net Assessed Valuation. In fiscal year 2007, Arizona voters approved an amendment to the Arizona Constitution to allow cities to include debt for the acquisition and development of public safety, law enforcement, fire and emergency facilities, and streets and transportation facilities in the 20% debt limit. General Obligation Bonds for all other purposes may be issued up to an amount not exceeding 6% of Secondary Net Assessed Valuation.

*Reinstated - prior years Assessed Value of Real Property one year behind.

Note (2): Assessed value of real property based on Secondary Net Assessed Valuation

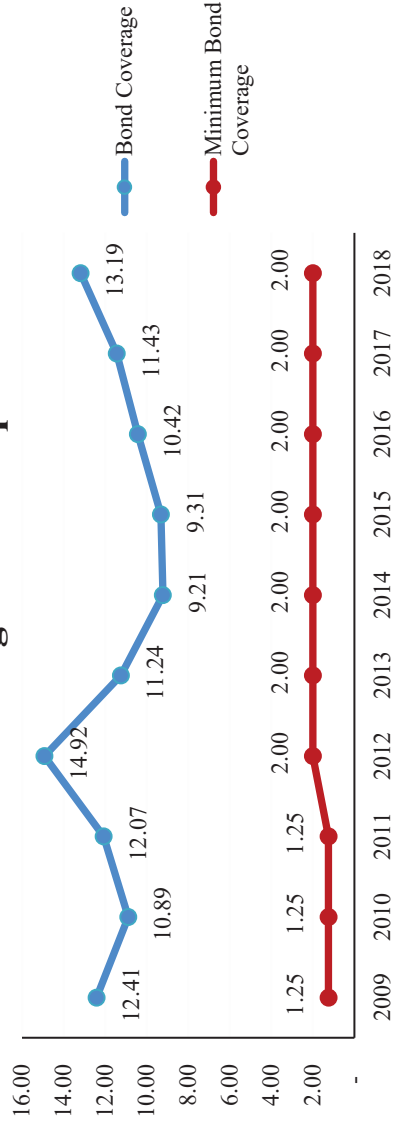
Schedule of Debt Service Requirements and Coverage

Last Ten Fiscal Years

Debt Capacity
(Accrual basis of accounting)

| Fiscal Year | Excise Tax Revenues and State Shared Revenues (2) As restated | Debt Service Requirements | | | | | | | | | |
|-------------|--|--|--------------|------|-----------------------|------------------------|-----------------------|------------------------|--------------------|--------------------|---------|
| | | Series 2011 Bond | | | | | Series 1999A Bond | | | | |
| | | Debt Service Obligation Being Refunded | Debt Service | | Debt Service Interest | Debt Service Principal | Debt Service Interest | Debt Service Principal | Total Debt Service | Coverage Ratio (3) | Minimum |
| | | | | | | | | | | | |
| 2009 | 7,364,312 | - | - | - | - | - | - | 593,488 | 593,488 | 12.41 | 1.25 |
| 2010 | 6,463,948 | - | - | - | - | - | - | 593,488 | 593,488 | 10.89 | 1.25 |
| 2011 | 7,162,101 | - | - | - | - | - | - | 593,488 | 593,488 | 12.07 | 1.25 |
| 2012 | (1) 8,765,519 | 470,872 | - | - | - | 116,656 | - | - | 587,528 | 14.92 | 2.00 |
| 2013 | 9,341,956 | - | 350,000 | - | - | 480,938 | - | - | 830,938 | 11.24 | 2.00 |
| 2014 | 9,895,806 | - | 600,000 | - | - | 473,938 | - | - | 1,073,938 | 9.21 | 2.00 |
| 2015 | 11,069,485 | - | 730,000 | - | - | 458,938 | - | - | 1,188,938 | 9.31 | 2.00 |
| 2016 | 12,419,490 | - | 755,000 | - | - | 437,038 | - | - | 1,192,038 | 10.42 | 2.00 |
| 2017 | 13,598,619 | - | 775,000 | - | - | 414,388 | - | - | 1,189,388 | 11.43 | 2.00 |
| 2018 | \$ 15,705,839 | \$ - | \$ 800,000 | \$ - | \$ 391,138 | \$ - | \$ - | \$ - | \$ 1,191,138 | 13.19 | 2.00 |

Bond Coverage and Requirements



Source: Schedule of Revenues, Expenditures, and Changes in Fund Balance - General Fund and bond debt service schedule.

Note (1): In Fiscal Year 2012, Series 1999A Bond was restructured.

Note (2): General Fund Revenue less Golf, Rescue, Transfers, Grants, Donations, Land Sales, Interest Income, and Attorney Fees Reimbursement.

Note (3): 1999A Bond Series - Revenues at least 1.25 times Total Debt Service / 2011 Bond Series - Revenues at least 2.00 Total Debt Service

Schedule of Debt Service Requirements and Coverage-Continued

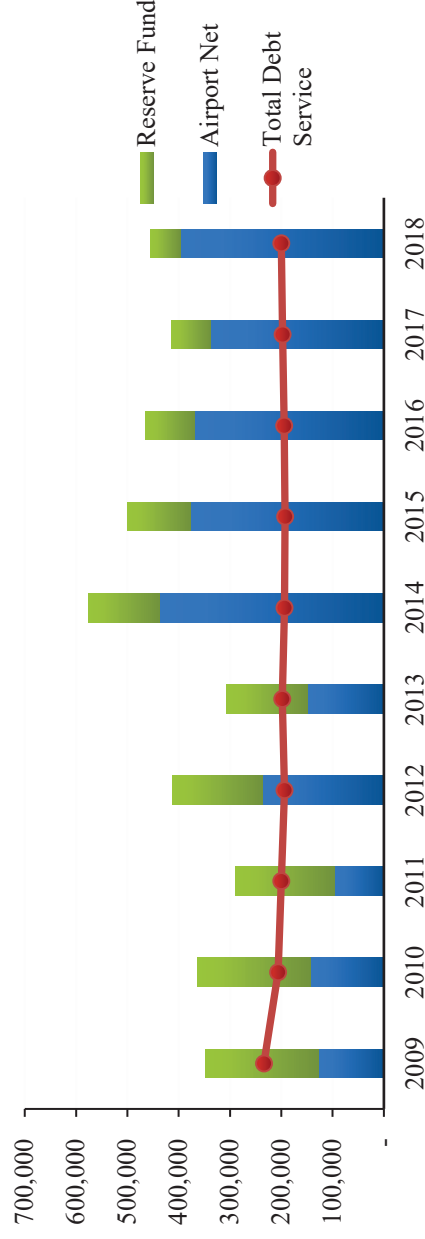
Debt Capacity

(Accrual basis of accounting)

Last Ten Fiscal Years

| Fiscal Year | Airport Net Position (Revenue less Expenses) | Debt Service Requirements | | | | |
|-------------|---|---------------------------|-------------------|-----------------------|------------|--|
| | | Series 2004 Airport Bond | | Total Debt Service | | Coverage Ratio from Net Revenues(2)(4) |
| | | Debt Service Principal | Interest Rate (1) | Debt Service Interest | Service | |
| 2009 | 127,591 | 103,403 | 4.635% | 130,425 | 233,828 | 0.55 |
| 2010 | 143,162 | 137,333 | 2.249% | 68,550 | 205,883 | 0.70 |
| 2011 | 96,578 | 162,436 | 1.642% | 37,191 | 199,627 | 0.48 |
| 2012 | 237,195 | 170,833 | 1.027% | 23,112 | 193,945 | 1.22 |
| 2013 | 149,014 | 176,866 | 1.495% | 20,952 | 197,818 | 0.75 |
| 2014 | 436,636 | 176,724 | 0.960% | 17,168 | 193,892 | 2.25 |
| 2015 | 377,256 | 181,919 | 0.763% | 10,723 | 192,642 | 1.96 |
| 2016 | 369,299 | 184,171 | 1.072% | 10,143 | 194,314 | 1.90 |
| 2017 | 337,931 | 184,330 | 1.703% | 12,814 | 197,144 | 1.71 |
| 2018 | \$ 397,115 | \$ 184,997 | 2.435% | \$ 15,049 | \$ 200,046 | 1.99 |
| | | | | | \$ 58,130 | |

Airport Bond Coverage and Requirements



Source: Bond debt service schedule; City's financial records - Airport Reserve Fund Balance; Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds.

Note (1): Interest Rate changes annually at restart of each fiscal year on July 1.

Note (2): Bond requires amount of Total Debt Service to be available from net revenues and Airport Fund Balances.

Note (3): Bond requires Reserve to be at least 10% of unpaid Principal Component

Note (4): Shortage of coverage from Net Revenues funded by other Airport Funds

| General | Calendar | | **Personal Income | Per Capita Income (1) | School Enrollment (3) | Unemployment Rate (2) | |
|-----------------------------|----------|----------------|----------------------|--------------------------|--------------------------|-----------------------|-----------------|
| | Year | Population (4) | | | | Arizona | Coconino County |
| Acres 24,532.6 | 2008 | 7,086 | 186,099,618 | 26,263 | 2,847 | 6.2% | 5.6% |
| Median Income \$59,850 | 2009 | 7,122 | 161,690,766 | 22,703 | 2,919 | 10.3% | 8.5% |
| Below Poverty Level 14.1% | 2010 | 7,395 | 163,266,810 | 22,078 | 2,829 | 10.4% | 9.9% |
| Housing Units 2,810 | 2011 | 7,419 | 179,970,102 | 24,258 | 2,781 | 9.5% | 9.5% |
| Occupied - 2,357 | 2012 | 7,418 | 204,677,456 | 27,592 | 2,675 | 8.4% | 8.6% |
| Vacant - 453 | 2013 | 7,477 | 197,437,662 | 26,406 | 2,613 | 7.8% | 8.1% |
| U.S. Census Bureau American | 2014 | 7,500 | 168,202,500 | 22,427 | 2,621 | 6.8% | 7.1% |
| Fact Finder | 2015 | 7,498 | 182,486,324 | 24,338 | 2,594 | 6.1% | 6.5% |
| | 2016 | 7,541 | 184,792,205 | 24,505 | 2,621 | 5.4% | 6.0% |
| | 2017 | 7,553 | \$184,426,925 | \$ 24,418 | 2,754 | 4.9% | 5.6% |

+Per Capita Income estimate based on historical data. **Population multiplied by Per Capita Income

Principal Employers - Current Year and Five Years Ago

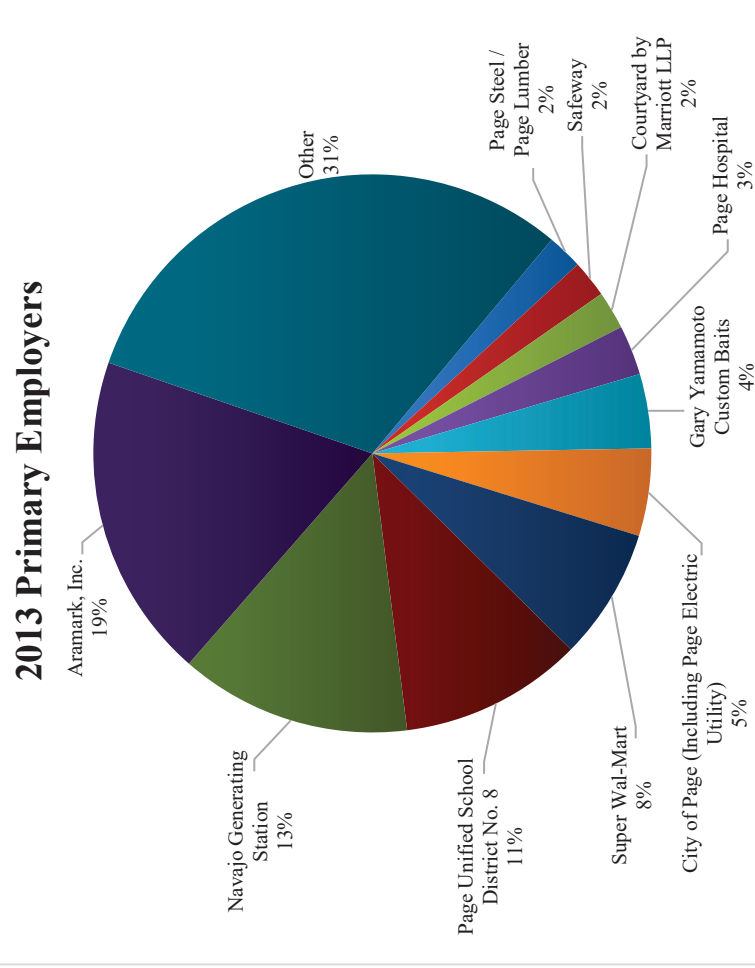
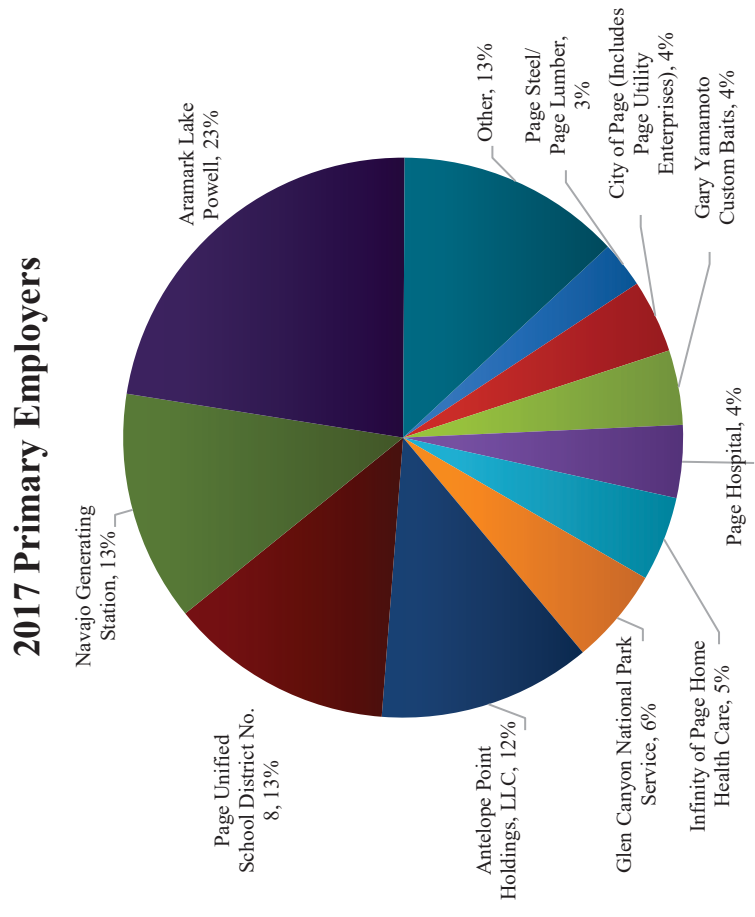
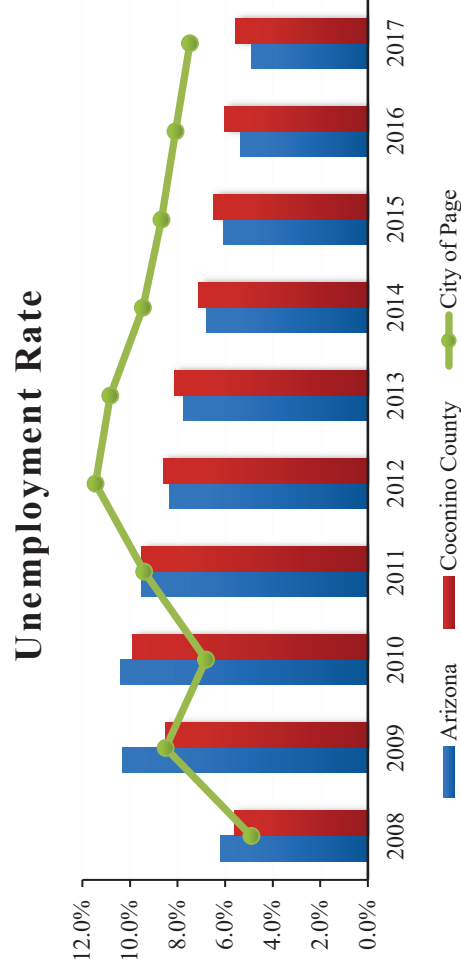
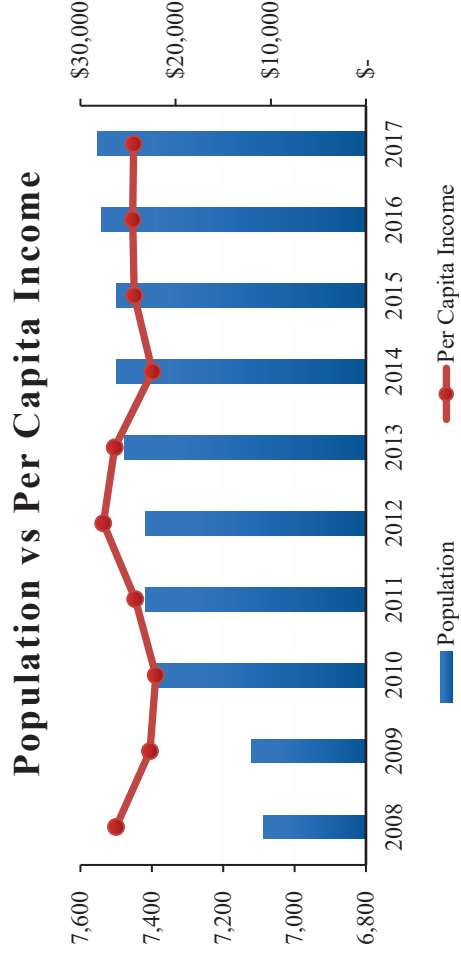
| 2018 | | | | 2013 | | | |
|--|-----------|--------------------------|--|-----------|--------------------------|--|--|
| Employer | Employees | % of Total Employment | Employer | Employees | % of Total Employment | | |
| Page Steel/ Page Lumber | 93 | 3.0% | Page Steel / Page Lumber | 76 | 2.0% | | |
| City of Page (Includes Page Utility Enterprises) | 147 | 4.0% | Safeway | 80 | 2.2% | | |
| Gary Yamamoto Custom Bait | 150 | 4.0% | Courtyard by Marriott LLP | 82 | 2.2% | | |
| Page Hospital | 146 | 4.0% | Page Hospital | 107 | 2.9% | | |
| Infinity of Page Home Health Care | 170 | 5.0% | Gary Yamamoto Custom Bait | 160 | 4.3% | | |
| Glen Canyon National Park Service | 193 | 6.0% | City of Page (Including Page Electric Utility) | 188 | 5.1% | | |
| Antelope Point Holdings, LLC | 428 | 12.0% | Super Wal-Mart | 283 | 7.6% | | |
| Page Unified School District No. 8 | 451 | 13.0% | Page Unified School District No. 8 | 394 | 10.6% | | |
| Navajo Generating Station | 463 | 13.0% | Navajo Generating Station | 498 | 13.4% | | |
| Aramark Lake Powell | 785 | 23.0% | Aramark, Inc. | 700 | 18.9% | | |
| Total | 3,026 | 87.0% | Total | 2,568 | 69.2% | | |
| Other | 451 | 13.0% | Other | 1,145 | 30.8% | | |
| Labor Force | | 3,905 | Labor Force | | 3,958 | | |
| Total employment | | 3,477 | Total employment | | 3,713 | | |
| Unemployment | | 428 | Unemployment | | 245 | | |
| Unemployment Rate | | 11.0% | Unemployment Rate | | 6.2% | | |

Note (1): Local data 2009- 2015 from U.S. Census Bureau American Fact Finder. Arizona (Nonmetropolitan Portion) data for 2007-2008 from Bureau of Economic Analysis.

Note (2):Source - Arizona Department of Administration, Office of Employment Statistics. Not seasonally adjusted.

Note (3): Source - Arizona Department of Education. Updated in FY17 to include Resident and Non-Resident students

Note (4): Source - U.S. Census - 2010 to 2016 Annual Estimates of the Resident Population. 2007 to 2009 Intercensal Population Estimates for Arizona, It's Counties, and Incorporated Places.

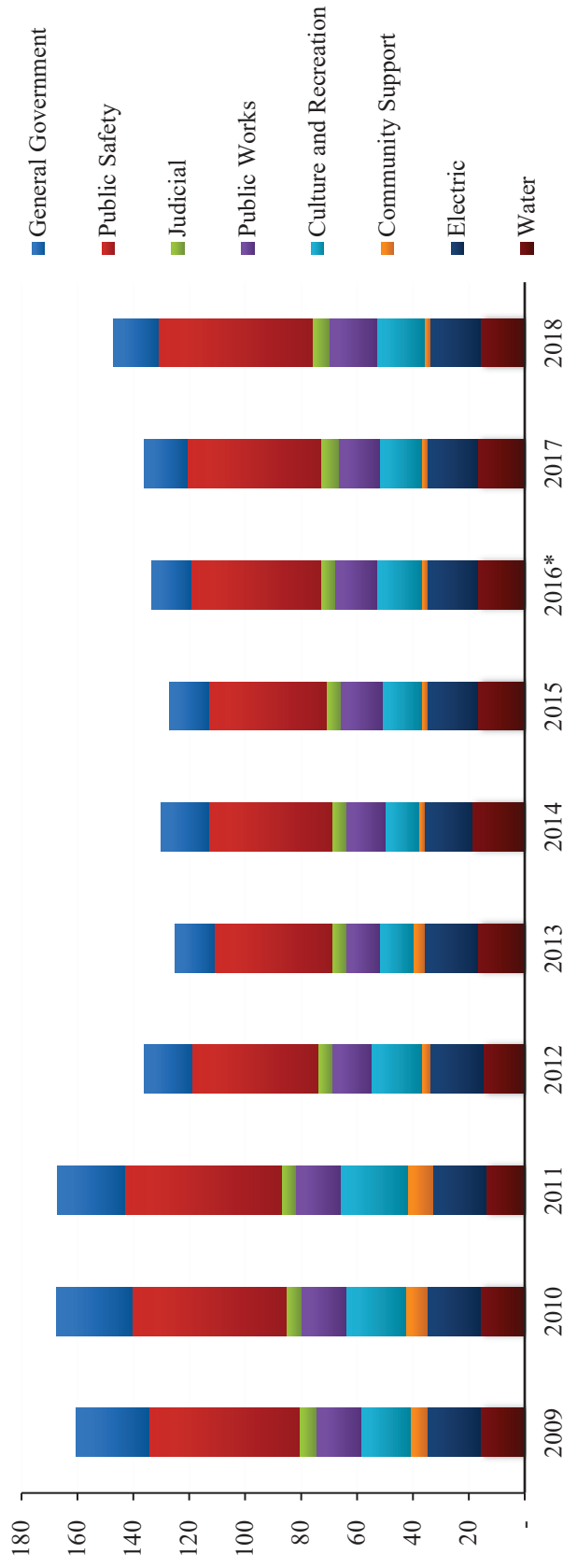


Full-Time-Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years

| Function | Full-time Equivalent Employees as of June 30 | | | | | | | | | | Operating Information | |
|------------------------|--|------|------|------|------|------|------|-------|------|------|-------------------------------|--|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016* | 2017 | 2018 | (Accrual basis of accounting) | |
| General Government | 26 | 27 | 24 | 17 | 14 | 17 | 14 | 14 | 15 | 16 | | |
| Public Safety | 54 | 55 | 56 | 45 | 42 | 44 | 42 | 46 | 48 | 55 | | |
| Judicial | 6 | 6 | 5 | 5 | 5 | 5 | 5 | 5 | 6 | 6 | | |
| Public Works | 16 | 16 | 16 | 14 | 12 | 14 | 15 | 15 | 15 | 17 | | |
| Culture and Recreation | 18 | 22 | 24 | 18 | 12 | 12 | 14 | 16 | 15 | 17 | | |
| Community Support | 6 | 8 | 9 | 3 | 4 | 2 | 2 | 2 | 2 | 2 | | |
| Electric | 19 | 19 | 19 | 19 | 19 | 17 | 18 | 18 | 18 | 18 | | |
| Water | 16 | 16 | 14 | 15 | 17 | 19 | 17 | 17 | 17 | 16 | | |
| Total | 161 | 168 | 167 | 136 | 125 | 130 | 127 | 133 | 136 | 147 | | |

Full-Time-Equivalent City Government Employees by Function/Program



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

*Restated - Corrected FTE for Firefighters

| | Fiscal Years Ended June 30 | | | | | | | | | |
|---|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
| Planning and Building Safety | | | | | | | | | | |
| Building permits issued (new single family homes) | 16 | 23 | 6 | 1 | 6 | 3 | 3 | 8 | 12 | 11 |
| Highway and Streets | | | | | | | | | | |
| Street resurfacing (miles) | 0.6 | 1.4 | 2.4 | 0.0 | 0.0 | 0.0 | 1.0 | 0.0 | 0.2 | 3.2 |
| Streets striped (miles) | 16.5 | 16.5 | 16.5 | 16.7 | 9.3 | 9.3 | 7.6 | 0.0 | 20.4 | 12.9 |
| Culture and Recreation | | | | | | | | | | |
| Summer recreation camps | 19 | 11 | 12 | 13 | 0 | 0 | 0 | 0 | 5 | 4 |

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

City of Page, Arizona
Capital Assets Statistics by Function
Last Ten Fiscal Years

Statistical Section
Operating Information
(Accrual basis of accounting)

Fiscal Year Ended June 30

| <u>Function</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Highways and Streets | | | | | | | | | | |
| Streets (miles) | 45.5 | 47.0 | 47.0 | 47.2 | 47.2 | 47.2 | 47.2 | 47.2 | 47.2 | 47.2 |
| Streetlights | N/A | 811 | 811 | 817 | 817 | 817 | 817 | 817 | 817 | 817 |
| Traffic Signals | 53 | 53 | 53 | 53 | 53 | 53 | 53 | 53 | 53 | 53 |
| Culture and recreation | | | | | | | | | | |
| Parks acreage | 17.23 | 17.73 | 17.73 | 17.73 | 17.73 | 17.73 | 17.73 | 17.73 | 17.73 | 17.73 |
| 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) | N/A | 32 | 38 | 39 | 38.94 | 38.94 | 38.94 | 49.26 | 49.26 | 49.26 |
| Storm sewers (miles) | 6.9 | 8.3 | 8.3 | 8.8 | 8.8 | 8.8 | 8.8 | 8.8 | 8.8 | 8.8 |
| 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) | 841,000 | 872,000 | 901,000 | 945,000 | 918,000 | 908,005 | 875,000 | 889,000 | 882,000 | 882,000 |
| Water | | | | | | | | | | |
| Water lines (miles) | N/A | 55 | 59 | 58.92 | 59.61 | 60.07 | 59.94 | 59.94 | 60.19 | 60.19 |
| Raw water lines (miles) | N/A | N/A | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| 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 | 5,000,000 |
| Average daily treatment (gallons) | 2,001,000 | 1,918,000 | 1,921,000 | 1,988,000 | 1,890,000 | 1,751,756 | 1,618,500 | 1,940,000 | 1,890,000 | 1,980,000 |

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

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

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OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS

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**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, 2018, 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 14, 2018.

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 Arizona, PLLC
Flagstaff, Arizona
November 14, 2018





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, 2018, and have issued our report thereon dated November 14, 2018. 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, 2018.

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 Arizona, PLLC
Flagstaff, Arizona
November 14, 2018

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