



CITY OF PAGE, ARIZONA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

2011

FISCAL YEAR ENDED JUNE 30, 2011

697 VISTA AVENUE, PAGE, AZ 86040



CITY OF PAGE, ARIZONA

PAGE, ARIZONA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Issued by:
Finance Department

CITY OF PAGE, ARIZONA

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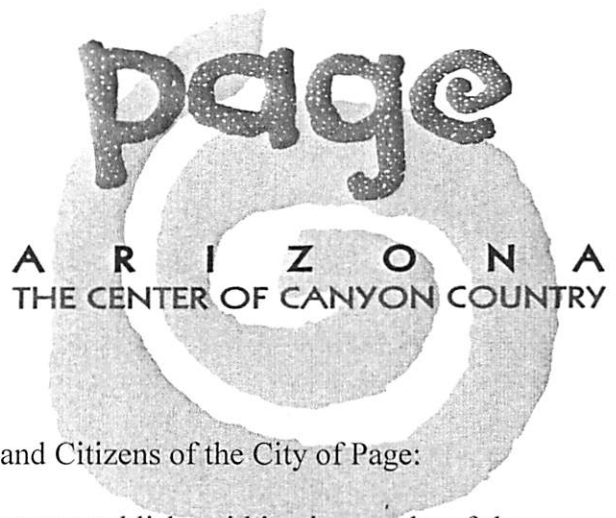
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INTRODUCTORY SECTION

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December 22, 2011

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, 2011.

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 Heinfeld, Meech & Co., P.C., 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, 2011, 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, 2011, 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 on the southern shores of magnificent Lake Powell. The City's boundaries currently enclose approximately 37 square miles in Coconino County with a population of 7,300 and an elevation of 4,300 feet. Weather in the City of Page is temperate with the average yearly maximum temperature of 71.9 degrees and an average yearly minimum temperature of 47.2 degrees.

The City of Page operates under the council-manager form of government. The City 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 Electric Utility. 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. The City Council is elected on a nonpartisan "at large" basis. Council members are elected to four-year staggered terms with three council members elected every two years. The qualified electors of the City directly elect the Mayor for a two-year term.

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

City of Page, Arizona owns and operates its own municipal electric utility dba Page Electric Utility (PEU). The Utility is overseen by the governing body Page City Council, which appoints an electric utility board, and follows the structure as set forth in Page City Ordinance 447-03. PEU currently serves the citizens of Page within the City's corporate boundaries. Due to the isolation of the area, PEU also serves many of the residents and commercial enterprises outside Page's corporate boundaries. Combined, PEU serves approximately 4,150 meters.

The financial reporting entity consists of a primary government and its component units. Component units are separate legal entities included in the reporting entity due to the significance of their financial or operational relationship with the City. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the financial reporting entity consists of the City and one blended component unit, the Municipal Property Corporation.

The annual budget serves as the foundation for the City of Page's financial planning and control. All departments evaluate their programs and services classifying the values and priorities of the citizens of Page. The City Manager reviews department requests and may recommend changes to department priorities and/or projects. The City Manager then presents a proposed, balanced budget to City Council for review. The proposed budget is presented in May of each year. The proposed budget with any additions or deletions becomes the tentative budget, which is usually presented to Council for preliminary adoption in June. The tentative budget is then presented to the City Council for final adoption in July. The legal level of budgetary control is established at the fund level.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy. The City of Page depends on the recreational businesses that serve the visitors that pass through our city during summer months. Some of these employers include the National Park Service and ARAMARK. While the recreation-oriented firms experience seasonal employment peaks from March through November, the Salt River Project's Navajo Generating Station assures the stability of Page. The National Park Service estimates that the Page/Lake Powell area receives over 2 million visitors annually. Tourism and the distance to other trade centers have created a demand for a variety of consumer goods and services. Therefore, 70 percent of the employers and more than 50 percent of the total workforce are in the retail trade and service sectors.

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

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

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

While addressing some of the City's immediate needs, our Management continues to look down the road to cover future needs as well. One area that we have addressed pertains to our street improvements. Over the last 5-6 years, the City of Page has invested over \$4,000,000 in rehabilitating the major arterial roadways that exist within our city limits. Although this is an ongoing project and usually causes some inconvenience for our citizens, it is one that is generally appreciated by most people upon its completion.

This last fiscal year, the re-design and re-paving of Coppermine Road was completed to allow for improved sight distance and drainage in the area located at Coppermine & Haul Roads. This project cost was approximately \$1,500,000.

In caring for the health and well being of our citizens of Page, the State of Arizona has been working with our city utilities department to make sure that our Waste Water Treatment Plant produces class A+ effluent. In order to accomplish this task, our City Council has authorized \$650,000 in improvements to be made to the treatment plant. This investment benefits the well being of the citizens of Page well into the future for the purposes of growth and water management.

In a final area of long term planning, our Public Safety Departments have recently replaced their communication system and upgraded their computer software at the approximate cost of \$375,000. By enhancing this system and equipment, the records tracking and communication with our Fire and Police personnel has significantly improved. Both of these departments are also working on making improvements to their existing fleet of vehicles. The Fire Department has received a 2011 Pierce Pumper Fire Truck that was built to their specifications along with updating their ambulance fleet with a 2010 AEV Ambulance. The Police Department has implemented a vehicle replacement program and will be looking forward to purchasing new patrol units in the upcoming budget years.

AWARDS AND ACKNOWLEDGEMENTS

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2010. 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.

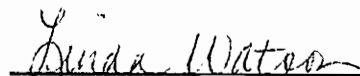
This certificate is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the program's requirements and we are submitting it to GFOA to determine its eligibility for the fiscal year 2010-11 certificate.

Acknowledgements. The preparation of this report would not have been possible without the efficient and dedicated services of the Finance Department staff and support of the City's Administration. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and members of the City Council for their interest and support for maintaining the highest standards of professionalism in the management of the City of Page's finances.

Respectfully submitted,



Bo Thomas
City Manager



Linda Watson
Finance Director

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, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



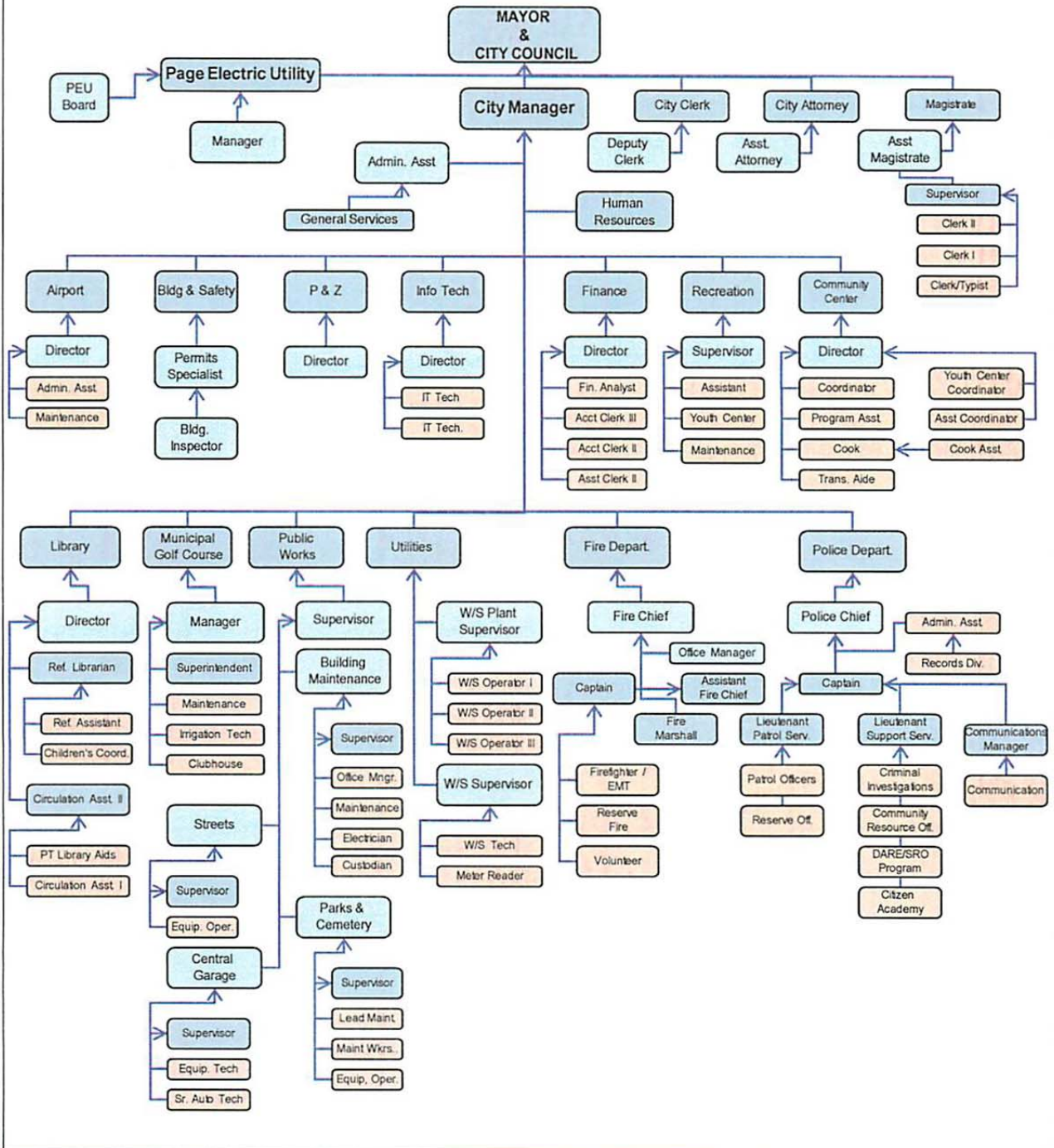
Linda C. Sandson

President

Jeffrey R. Enner

Executive Director

City of Page – Organizational Chart



City of Page

City Council Members

Mayor, Bill Diak
Vice Mayor, John Kocjan
Vida Makowski
John Mayes
Tom Pickett
Scott Sadler
David Tennis

City Manager

Bo Thomas

City Attorney

Rick E. Olson

City Clerk

Lori Anderson

City Magistrate

Derek Oliverson

Departments

Airport	Brett Godown
Community Center	Vicki Myers
Community Development	Ernest Rubi
Engineering	Matthew Wood
Finance	Linda Watson
Fire Department	Larry D. Clark, Sr.
Golf	John Miles
Human Resources & Risk Mgt.	Jaime Watts
Information Technology	Michael Bergner
Library	Debbie Winlock
Page Electric Utility	Bryan Hill
Police Department	Charles Dennis
Public Works	Clifford Linker
Recreation	Kris Worley
Utilities Department	Fred Ladman

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FINANCIAL SECTION

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HEINFELD, MEECH & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS



INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of the City Council
City of Page, Arizona

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 City of Page, Arizona (City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended June 30, 2011, which represents a change in accounting principle.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2011, on our consideration of 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 15, budgetary comparison information on pages 66 through 68, and schedules of funding progress on page 69 and 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The accompanying supplementary information such as the introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules and are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

December 22, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplementary Information)

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**CITY OF PAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

As management of the City of Page, Arizona (City), 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, 2011. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The City's total net assets of governmental activities decreased \$769,545 to \$69.9 million and business-type activities increased \$1.8 million to \$51.1 million representing 58 percent and 42 percent respectively, of the total net assets of \$121.0 million.
- General revenues from governmental activities accounted for \$9.6 million in revenue, or 69 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4.2 million or 31 percent of total governmental activities revenues. The City had \$12.2 million of program revenues and \$517,583 in general revenues related to business-type activities.
- The City had approximately \$14.8 million in expenses related to governmental activities, an increase of 2 percent from the prior fiscal year. The City had \$10.7 million in expenses related to business-type activities, a decrease of 2 percent from the prior year.
- Among major funds, the General Fund had \$10.4 million in current fiscal year revenues, which primarily consisted of taxes and intergovernmental revenues and charges for services, and \$12.6 million in expenditures. The General Fund's fund balance decrease from \$4.4 million to \$1.2 million at the end of the current fiscal year was primarily due to the transfer of excess land sales revenue to cover debt service costs.
- The Enterprise Funds net assets at the end of the year amounted to \$51.1 million. The increase in net assets of \$1.8 million was primarily due to the reduction of costs to create power and water combined with steady revenues.

OVERVIEW OF FINANCIAL STATEMENTS

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

**CITY OF PAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)

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

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

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

In the government-wide financial statements, the City's activities are presented in the following categories:

- ***Governmental activities*** – Most of the City's basic services are included here, such as general government, public safety, judicial, public works, culture and recreation, and community support. Sales taxes, intergovernmental, and charges for services revenue finance most of these activities.
- ***Business-type activities*** – The services provided by the City included here are water, sewer, electric, and sanitation services. The services are financed through user fees and charges.

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

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

**CITY OF PAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, HURF Fund, Debt Service Fund and Capital Projects Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining schedules.

Proprietary funds. The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses a separate enterprise fund to account for its water, sewer, electric, and sanitation services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water, Sewer, Sanitation, and Electric Funds, which are considered to be major funds of the City.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. Due to their custodial nature, Fiduciary funds do not have a measurement focus.

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

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

**CITY OF PAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)

During the year ended June 30, 2011, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 establishes standards for financial reporting, including note disclosure requirements, for fund balance classifications of the governmental funds and clarifies existing governmental fund type definitions. Additional information on the fund balance classifications, components of fund balance, and other information related to fund balance can be found in Note 2.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$121.0 million at the current fiscal year end.

The largest portion of the City's net assets reflects its investment in capital assets (e.g., land, infrastructure, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, a portion of the City's net assets are restricted by statute for the specified purposes of capital outlay investment, highways and streets, and other purposes.

The following table presents a summary of the City's net assets for the fiscal years ended June 30, 2011 and June 30, 2010.

	2011 Governmental Activities	2010 Governmental Activities (as restated)	2011 Business- Type Activities	2010 Business- Type Activities	2011 Total	2010 Total (as restated)
Current and other assets	\$ 6,428,442	\$ 10,236,889	\$ 20,213,302	\$ 18,035,143	\$ 26,641,744	\$ 28,272,032
Capital assets, net	80,837,196	78,669,527	32,827,998	32,883,079	113,665,194	111,552,606
Total assets, net	87,265,638	88,906,416	53,041,300	50,918,222	140,306,938	139,824,638
Current and other liabilities	1,474,539	1,876,126	1,704,840	1,315,232	3,179,379	3,191,358
Long-term liabilities	15,853,387	15,497,133	253,216	300,701	16,106,603	15,797,834
Total liabilities	17,327,926	17,373,259	1,958,056	1,615,933	19,285,982	18,989,192
Net assets:						
Invested in capital assets, net of related debt	65,842,704	63,941,276	32,749,251	32,746,623	98,591,955	96,687,899
Restricted	3,743,731	6,362,771			3,743,731	6,362,771
Unrestricted	351,277	403,210	18,333,993	16,555,666	18,685,270	16,958,876
Total net assets	\$ 69,937,712	\$ 70,707,257	\$ 51,083,244	\$ 49,302,289	\$ 121,020,956	\$ 120,009,546

**CITY OF PAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

At the end of the current fiscal year the City reported positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

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

- The addition of \$3.0 million in infrastructure assets.
- The addition of \$1.2 million to the power distribution system.

Changes in net assets. The City's total revenues for the current fiscal year were \$26.5 million. The total cost of all programs and services was \$25.5 million. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2011 and June 30, 2010.

	2011 Governmental Activities	2010 Governmental Activities (as restated)	2011 Business- Type Activities	2010 Business- Type Activities	2011 Total	2010 Total (as restated)
Revenues:						
Program revenues:						
Charges for services	\$ 2,222,836	\$ 1,853,693	\$ 12,240,987	\$ 12,710,513	\$ 14,463,823	\$ 14,564,206
Operating grants and contributions	513,129	507,960			513,129	507,960
Capital grants and contributions	1,477,168	355,618			1,477,168	355,618
General revenues:						
Sales taxes	6,902,409	6,768,417			6,902,409	6,768,417
Unrestricted state shared revenue	2,252,850	2,301,972			2,252,850	2,301,972
Investment income	34,830	19,021	13,098	9,092	47,928	28,113
Miscellaneous	229,642	194,989	214,753	214,867	444,395	409,856
Gain on disposal of asset	153,126		289,732		442,858	
Total revenues	\$ 13,785,990	\$ 12,001,670	\$ 12,758,570	\$ 12,934,472	\$ 26,544,560	\$ 24,936,142

**CITY OF PAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

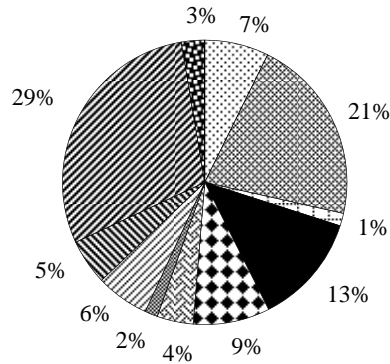
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

	2011 Governmental Activities	2010 Governmental Activities	2011 Business- Type Activities	2010 Business-Type Activities	2011 Total	2010 Total
Expenses:						
General government	\$ 2,957,556	\$ 2,393,812	\$	\$	\$ 2,957,556	\$ 2,393,812
Public safety	5,055,399	5,151,308			5,055,399	5,151,308
Judicial	335,018	324,255			335,018	324,255
Public works	3,051,926	2,820,598			3,051,926	2,820,598
Culture and recreation	2,081,624	1,853,122			2,081,624	1,853,122
Community support	977,583	1,275,054			977,583	1,275,054
Interest on long-term debt	358,964	684,889			358,964	684,889
Water			1,502,106	1,518,213	1,502,106	1,518,213
Sewer			1,286,837	1,264,840	1,286,837	1,264,840
Electric			7,269,317	7,454,824	7,269,317	7,454,824
Sanitation			656,820	656,690	656,820	656,690
Total expenses	<u>14,818,070</u>	<u>14,503,038</u>	<u>10,715,080</u>	<u>10,894,567</u>	<u>25,533,150</u>	<u>25,397,605</u>
Excess/(Deficiency) prior to						
Transfers	<u>(1,032,080)</u>	<u>(2,501,368)</u>	<u>2,043,490</u>	<u>2,039,905</u>	<u>1,011,410</u>	<u>364,437</u>
Transfers	<u>262,535</u>		<u>(262,535)</u>			
Change in net assets	<u>\$ (769,545)</u>	<u>\$ (2,501,368)</u>	<u>\$ 1,780,955</u>	<u>\$ 2,039,905</u>	<u>\$ 1,011,410</u>	<u>\$ 364,437</u>

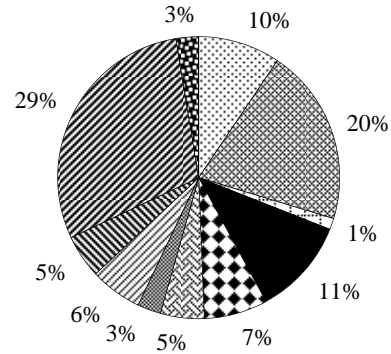
**CITY OF PAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Fiscal Year 2010-11 Expenses



Fiscal Year 2009-10 Expenses



General government	Public safety	Judicial	Public works
Culture and recreation	Community support	Interest on long-term debt	Water
Sewer	Electric	Sanitation	

The following is a significant current year transaction that had an impact on the change in net assets.

- A \$598,460 increase in overall net assets from the prior year represents the gain on disposal of assets and trading City land assets for a building improvement made to our Page Natural Amphitheater Stage during the year.

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

**CITY OF PAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)

	<u>Year Ended June 30, 2011</u>		<u>Year Ended June 30, 2010</u>	
	<u>Total</u>	<u>Net (Expense)/</u>	<u>Total</u>	<u>Net (Expense)/</u>
	<u>Expenses</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Revenue</u>
				<u>(as restated)</u>
Governmental activities				
General government	\$ 2,957,556	\$ (2,081,900)	\$ 2,393,812	\$ (1,810,464)
Public safety	5,055,399	(4,995,287)	5,151,308	(4,297,525)
Judicial	335,018	(24,719)	324,255	(89,102)
Public works	3,051,926	(897,584)	2,820,598	(1,811,745)
Culture and recreation	2,081,624	(1,676,316)	1,853,122	(1,398,675)
Community support	977,583	(570,167)	1,275,054	(867,467)
Interest on long-term debt	358,964	(358,964)	684,889	(684,889)
Total expenses	<u>\$ 14,818,070</u>	<u>\$ (10,604,937)</u>	<u>\$ 14,503,038</u>	<u>\$ (10,959,867)</u>
Business-type activities				
Water	\$ 1,502,106	\$ 285,257	\$ 1,518,213	\$ 62,214
Sewer	1,286,837	(136,323)	1,264,840	124,745
Electric	7,269,317	1,370,453	7,454,824	1,627,876
Sanitation	656,820	6,520	656,690	1,111
Total expenses	<u>10,715,080</u>	<u>1,525,907</u>	<u>10,894,567</u>	<u>1,815,946</u>
Total	<u>\$ 25,533,150</u>	<u>\$ (9,079,030)</u>	<u>\$ 25,397,605</u>	<u>\$ (9,143,921)</u>

- The cost of all governmental activities this year was \$14.8 million.
- The cost of all business-type activities this year was \$10.7 million.
- Federal and State governments and charges for services subsidized certain governmental programs with grants and contributions and other local revenues of \$4.2 million.
- Net cost of governmental activities of \$10.6 million was financed by general revenues, which are made up of primarily sales taxes of \$6.9 million and state shared revenue of \$2.3 million.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

**CITY OF PAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (Concl'd)

The financial performance of the City as a whole is reflected in its governmental funds. As the City completed the year, its governmental funds reported a combined fund balance of \$5.0 million, a decrease of \$2.6 million due to several factors. Those factors being the completion of the Coppermine Road Project, a decrease in the amount of state shared revenue allotted to the City of Page, and a decrease in over \$900,000 in land sale revenue.

The General Fund comprises 24 percent of the total fund balance. One hundred percent of the General Fund's fund balance constitutes unassigned fund balance.

The General Fund is the principal operating fund of the City. The decrease in fund balance of \$3.2 million to \$1.2 million as of the fiscal year end was a result of transfers to debt service. General Fund revenues increased \$107,582. General Fund expenditures increased \$703,986.

The fund balance in the HURF Fund was \$1.0 million as of the fiscal year end. The decrease in fund balance of \$934,170 from prior year was due to construction of infrastructure assets.

Proprietary funds. Net assets of the Enterprise Funds at the end of the year amounted to \$51.1 million. The increase of \$1.8 million from the prior fiscal year was primarily due to savings in the cost to produce electricity and water.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City revised the annual operating budget during the year; however, the revisions were not significant.

A schedule showing the original and final budget amounts compared to the City's actual financial activity for the General Fund is provided in this report as required supplementary information. The significant variances are summarized as follows:

- The favorable variance of \$701,748 in General Government was a result of management instituting a spending moratorium for two months of the fiscal year and requesting emergency spending only during that time.
- The favorable variance of \$631,846 in Public Safety was a combination of having some vacant positions throughout Public Safety and the results of the two month spending moratorium.
- The unfavorable variance of \$444,438 in Capital Outlay reflects the difference between how the Official Budget Schedules A-F are reported and the budget process within the City of Page. The City of Page allows each individual department to budget their own capital expenditures/improvements and does not report these expenses as separate Capital Outlay within the General Fund.

**CITY OF PAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the City had invested \$171.7 million in capital assets, including buildings, vehicles, equipment, and infrastructure assets. This amount represents a net increase prior to depreciation of \$6.7 million from the prior fiscal year, primarily due to the purchase of vehicles, furniture and equipment as well as construction of power distribution items. Total depreciation expense for the current fiscal year was \$5.0 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2011 and June 30, 2010.

	2011 Governmental Activities	2010 Governmental Activities	2011 Business-Type Activities	2010 Business-Type Activities	2011 Total	2010 Total
Capital assets – non-depreciable	\$ 45,360,094	\$ 45,222,792	\$ 133,245	\$ 472,621	\$ 45,493,339	\$ 45,695,413
Capital assets – depreciable, net	35,477,102	33,446,735	32,694,753	32,410,458	68,171,855	65,857,193
Total	<u>\$ 80,837,196</u>	<u>\$ 78,669,527</u>	<u>\$ 32,827,998</u>	<u>\$ 32,883,079</u>	<u>\$ 113,665,194</u>	<u>\$ 111,552,606</u>

The estimated cost to complete current construction projects is \$5.3 million.

Additional information on the City's capital assets can be found in Note 5.

Debt Administration. At year-end, the City had \$15.0 million in governmental long-term debt outstanding, \$469,827 due within one year. This represents a net increase of \$266,241. The City had \$78,747 in business-type long-term debt outstanding, \$60,202 due within one year.

The City's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 20 percent of the total secondary assessed valuation) and the statutory debt limit on general municipal purpose bonds (up to 6 percent of the total secondary assessed valuation). The current total debt limitation for the City is \$18.4 million, which is more than the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in Notes 6-8.

**CITY OF PAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the City's administration during the process of developing the fiscal year 2011-12 budget. Among them:

- City population (estimated 7,300).
- Employee salaries.
- Replacement of antiquated equipment.
- Street and road improvements.

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

Budgeted expenditures in the General Fund decreased 2 percent to \$11.0 million in fiscal year 2011-12. Expected declining revenues are the primary reason for the decrease. Sales taxes and state shared revenue are expected to be the primary funding sources.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Finance Department, City of Page, Arizona, P.O. Box 1180, Page, Arizona 86040.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF PAGE, ARIZONA
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activites	Business-type Activites	Total
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 7,083,152	\$ 16,499,532	\$ 23,582,684
Accounts receivable	356,444	1,243,219	1,599,663
Due from governmental entities	613,846		613,846
Inventory, at cost		789,026	789,026
Prepaid items		56,525	56,525
Internal balances	(1,625,000)	1,625,000	
Total current assets	<u>6,428,442</u>	<u>20,213,302</u>	<u>26,641,744</u>
Noncurrent assets:			
Capital assets, non-depreciable	45,360,094	133,245	45,493,339
Capital assets, depreciable (net)	35,477,102	32,694,753	68,171,855
Total noncurrent assets	<u>80,837,196</u>	<u>32,827,998</u>	<u>113,665,194</u>
Total assets	<u>87,265,638</u>	<u>53,041,300</u>	<u>140,306,938</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	690,880	929,507	1,620,387
Accrued payroll and employee benefits	211,615	58,331	269,946
Deposits held for others		717,002	717,002
Compensated absences payable	386,503	120,386	506,889
Accrued interest payable	296,744		296,744
Capital leases payable	299,627	60,202	359,829
Unearned revenue	275,300		275,300
Bonds payable	170,200		170,200
Total current liabilities	<u>2,330,869</u>	<u>1,885,428</u>	<u>4,216,297</u>
Noncurrent liabilities:			
Non-current portion of long-term obligations	14,997,057	72,628	15,069,685
Total noncurrent liabilities	<u>14,997,057</u>	<u>72,628</u>	<u>15,069,685</u>
Total liabilities	<u>17,327,926</u>	<u>1,958,056</u>	<u>19,285,982</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	65,842,704	32,749,251	98,591,955
Restricted for:			
Debt service	1,061,821		1,061,821
Capital outlay	212,918		212,918
Special Purposes	1,466,969		1,466,969
Highways and streets	1,002,023		1,002,023
Unrestricted	351,277	18,333,993	18,685,270
Total net assets	<u>\$ 69,937,712</u>	<u>\$ 51,083,244</u>	<u>\$ 121,020,956</u>

The notes to the basic financial statements are an integral part of this statement.

**CITY OF PAGE, ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental activities:					
General Government	\$ 2,957,556	\$ 841,902	\$ 33,754	\$	\$ (2,081,900)
Public Safety	5,055,399	60,112			(4,995,287)
Judicial	335,018	310,299			(24,719)
Public Works	3,051,926	677,174		1,477,168	(897,584)
Culture and recreation	2,081,624	301,734	103,574		(1,676,316)
Community support	977,583	31,615	375,801		(570,167)
Interest on long-term debt	358,964				(358,964)
Total governmental activities	<u>14,818,070</u>	<u>2,222,836</u>	<u>513,129</u>	<u>1,477,168</u>	<u>(10,604,937)</u>
Business-type activities:					
Water	1,502,106	1,787,363			
Sewer	1,286,837	1,150,514			
Electric	7,269,317	8,639,770			
Sanitation	656,820	663,340			
Total business-type activities	<u>10,715,080</u>	<u>12,240,987</u>			
Total primary government	<u>\$ 25,533,150</u>	<u>\$ 14,463,823</u>	<u>\$ 513,129</u>	<u>\$ 1,477,168</u>	<u>(10,604,937)</u>
General revenues:					
Taxes:					
Sales taxes					6,902,409
Unrestricted state shared revenue					2,252,850
Investment income					34,830
Miscellaneous					229,642
Gain on disposal of asset					153,126
Transfers					<u>262,535</u>
Total general revenues and transfers					<u>9,835,392</u>
Changes in net assets					(769,545)
Net assets, beginning of year, as restated					<u>70,707,257</u>
Net assets, end of year					<u>\$ 69,937,712</u>

The notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Assets

Business-type Activities	Totals
\$	\$ (2,081,900)
	(4,995,287)
	(24,719)
	(897,584)
	(1,676,316)
	(570,167)
	(358,964)
	<u>(10,604,937)</u>
285,257	285,257
(136,323)	(136,323)
1,370,453	1,370,453
6,520	6,520
<u>1,525,907</u>	<u>1,525,907</u>
<u>1,525,907</u>	<u>(9,079,030)</u>
	6,902,409
	2,252,850
13,098	47,928
214,753	444,395
289,732	442,858
(262,535)	
<u>255,048</u>	<u>10,090,440</u>
1,780,955	1,011,410
<u>49,302,289</u>	<u>120,009,546</u>
<u>\$ 51,083,244</u>	<u>\$ 121,020,956</u>

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FUND FINANCIAL STATEMENTS

CITY OF PAGE, ARIZONA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>General</u>	<u>HURF</u>	<u>Debt Service</u>
<u>ASSETS</u>			
Cash and investments	\$ 2,966,167	\$ 1,062,084	\$ 1,358,565
Accounts receivable	310,068		
Due from governmental entities	514,142	65,881	
Total assets	<u><u>\$ 3,790,377</u></u>	<u><u>\$ 1,127,965</u></u>	<u><u>\$ 1,358,565</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 479,448	\$ 120,129	\$
Due to other funds	1,625,000		
Accrued payroll and employee benefits	200,457	5,813	
Deferred revenue	275,300		
Bond interest payable			296,744
Total liabilities	<u><u>2,580,205</u></u>	<u><u>125,942</u></u>	<u><u>296,744</u></u>
Fund balances:			
Restricted		1,002,023	1,061,821
Committed			
Unassigned	1,210,172		
Total fund balances	<u><u>1,210,172</u></u>	<u><u>1,002,023</u></u>	<u><u>1,061,821</u></u>
Total liabilities and fund balances	<u><u>\$ 3,790,377</u></u>	<u><u>\$ 1,127,965</u></u>	<u><u>\$ 1,358,565</u></u>

The notes to the basic financial statements are an integral part of this statement.

<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 208,732	\$ 1,487,604	\$ 7,083,152
	46,376	356,444
33,823		613,846
<u>\$ 242,555</u>	<u>\$ 1,533,980</u>	<u>\$ 8,053,442</u>
\$ 29,637	\$ 61,666	\$ 690,880
		1,625,000
	5,345	211,615
		275,300
		296,744
<u>29,637</u>	<u>67,011</u>	<u>3,099,539</u>
212,918	570,933	2,847,695
	896,036	896,036
		1,210,172
<u>212,918</u>	<u>1,466,969</u>	<u>4,953,903</u>
<u>\$ 242,555</u>	<u>\$ 1,533,980</u>	<u>\$ 8,053,442</u>

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CITY OF PAGE, ARIZONA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

Total governmental fund balances	\$	4,953,903
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Amounts reported for *governmental activities* in the Statement of
Net Assets are different because:

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

Governmental capital assets	\$ 100,215,908	
Less accumulated depreciation	<u>(19,378,712)</u>	80,837,196

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

Compensated absences payable	(858,895)	
Capital leases payable	(860,459)	
Bonds payable	<u>(14,134,033)</u>	<u>(15,853,387)</u>

Net assets of governmental activities	\$	<u>69,937,712</u>
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The notes to the basic financial statements are an integral part of this statement.

CITY OF PAGE, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	<u>General</u>	<u>HURF</u>	<u>Debt Service</u>
Revenues:			
Taxes	\$ 6,902,409	\$	\$
Intergovernmental	1,661,901	728,277	
Licenses and permits	382,509		
Charges for services	1,402,263		
Rents and royalties			
Investment income	18,119	911	2
Miscellaneous	71,817		
Federal aid, grants and reimbursements			
Total revenues	<u>10,439,018</u>	<u>729,188</u>	<u>2</u>
Expenditures:			
Current -			
General Government	2,823,491		
Public Safety	4,729,248		
Judicial	357,364		
Public Works	1,244,560	387,640	
Culture and recreation	1,455,944		
Community support	616,123		
Capital outlay	1,133,406	1,240,272	
Debt service -			
Principal retirement	209,047	35,446	162,436
Interest and fiscal charges	7,664		351,300
Total expenditures	<u>12,576,847</u>	<u>1,663,358</u>	<u>513,736</u>
Excess (deficiency) of revenues over expenditures	<u>(2,137,829)</u>	<u>(934,170)</u>	<u>(513,734)</u>
Other financing sources (uses):			
Land sales	138,750		
Transfers in			1,940,915
Transfers out	(1,887,214)		
Capital lease agreements	688,968		
Total other financing sources (uses):	<u>(1,059,496)</u>		<u>1,940,915</u>
Changes in fund balances	<u>(3,197,325)</u>	<u>(934,170)</u>	<u>1,427,181</u>
Fund balances (deficits), beginning of year, as restated	4,407,497	1,936,193	(365,360)
Fund balances (deficits), end of year	<u>\$ 1,210,172</u>	<u>\$ 1,002,023</u>	<u>\$ 1,061,821</u>

The notes to the basic financial statements are an integral part of this statement.

<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$	\$
	285,969	6,902,409
		2,676,147
		382,509
	53,177	1,455,440
	384,887	384,887
	15,798	34,830
	157,825	229,642
1,477,168	89,832	1,567,000
<u>1,477,168</u>	<u>987,488</u>	<u>13,632,864</u>
		2,823,491
		4,729,248
		357,364
	325,848	1,958,048
	374,618	1,830,562
	385,143	1,001,266
1,448,729		3,822,407
	15,798	422,727
		358,964
<u>1,448,729</u>	<u>1,101,407</u>	<u>17,304,077</u>
<u>28,439</u>	<u>(113,919)</u>	<u>(3,671,213)</u>
		138,750
33,396	340,101	2,314,412
	(164,663)	(2,051,877)
		688,968
<u>33,396</u>	<u>175,438</u>	<u>1,090,253</u>
<u>61,835</u>	<u>61,519</u>	<u>(2,580,960)</u>
151,083	1,405,450	7,534,863
<u>\$ 212,918</u>	<u>\$ 1,466,969</u>	<u>\$ 4,953,903</u>

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CITY OF PAGE, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

Net changes in fund balances - total governmental funds	\$	(2,580,960)
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Amounts reported for *governmental activities* in the Statement of Activities are different because:

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

Expenditures for capitalized assets	\$	4,822,255	
Less current year depreciation		(2,635,712)	2,186,543

Repayment of bond, note, and lease principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Bond principal payment		162,436	
Lease principal payment		260,291	422,727

Capital lease proceeds provide current financial resources to the governmental funds, but the issuance increases long-term liabilities in the Statement of Activities.		(688,968)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Disposal of capital assets		(18,874)	
Compensated absences		(90,013)	(108,887)

Change in net assets in governmental activities	\$	(769,545)
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The notes to the basic financial statements are an integral part of this statement.

CITY OF PAGE, ARIZONA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Enterprise Funds		
	Water	Sewer	Sanitation
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 2,339,737	\$ 1,526,629	\$ 147,042
Accounts receivable	242,880	123,402	68,797
Due from other funds			
Inventory, at cost			
Prepaid items			
Total current assets	<u>2,582,617</u>	<u>1,650,031</u>	<u>215,839</u>
Noncurrent assets:			
Capital assets, non-depreciable			
Capital assets, depreciable (net)	8,500,609	6,643,764	
Total noncurrent assets	<u>8,500,609</u>	<u>6,643,764</u>	
Total assets	<u>11,083,226</u>	<u>8,293,795</u>	<u>215,839</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	81,443	372,591	48,506
Accrued payroll and employee benefits	10,358	8,310	
Deposits held for others	86,827		
Compensated absences payable	19,547	17,281	
Capital leases payable	60,202		
Total current liabilities	<u>258,377</u>	<u>398,182</u>	<u>48,506</u>
Noncurrent liabilities:			
Non-current portion of long-term obligations	27,326	7,764	
Total noncurrent liabilities	<u>27,326</u>	<u>7,764</u>	
Total liabilities	<u>285,703</u>	<u>405,946</u>	<u>48,506</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	8,421,862	6,643,764	
Unrestricted	2,375,661	1,244,085	167,333
Total net assets	<u>\$ 10,797,523</u>	<u>\$ 7,887,849</u>	<u>\$ 167,333</u>

The notes to the basic financial statements are an integral part of this statement.

Enterprise Funds

<u>Electric</u>	<u>Totals</u>
\$ 12,486,124	\$ 16,499,532
808,140	1,243,219
1,625,000	1,625,000
789,026	789,026
56,525	56,525
<u>15,764,815</u>	<u>20,213,302</u>
133,245	133,245
<u>17,550,380</u>	<u>32,694,753</u>
<u>17,683,625</u>	<u>32,827,998</u>
<u>33,448,440</u>	<u>53,041,300</u>
426,967	929,507
39,663	58,331
630,175	717,002
83,558	120,386
	60,202
<u>1,180,363</u>	<u>1,885,428</u>
37,538	72,628
<u>37,538</u>	<u>72,628</u>
<u>1,217,901</u>	<u>1,958,056</u>
17,683,625	32,749,251
14,546,914	18,333,993
<u>\$ 32,230,539</u>	<u>\$ 51,083,244</u>

CITY OF PAGE, ARIZONA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Enterprise Funds		
	Water	Sewer	Sanitation
Operating revenues:			
Charges for services	\$ 1,787,363	\$ 1,150,514	\$ 663,340
Total operating revenues	<u>1,787,363</u>	<u>1,150,514</u>	<u>663,340</u>
Operating expenses:			
Administration	476,679	348,771	
Cost of sales and services	461,157	458,943	656,820
Power costs			
Depreciation	558,380	479,123	
Total operating expenses	<u>1,496,216</u>	<u>1,286,837</u>	<u>656,820</u>
Operating income (loss)	<u>291,147</u>	<u>(136,323)</u>	<u>6,520</u>
Nonoperating revenues (expenses):			
Investment income	3,583		
Miscellaneous	24		21,160
Gain on disposal of asset			
Interest expense	(5,890)		
Total nonoperating revenues (expenses)	<u>(2,283)</u>		<u>21,160</u>
Income (loss) before transfers	<u>288,864</u>	<u>(136,323)</u>	<u>27,680</u>
Transfers out		<u>(218,779)</u>	<u>(43,756)</u>
Changes in net assets	<u>288,864</u>	<u>(355,102)</u>	<u>(16,076)</u>
Total net assets, beginning of year	10,508,659	8,242,951	183,409
Total net assets, end of year	<u>\$ 10,797,523</u>	<u>\$ 7,887,849</u>	<u>\$ 167,333</u>

The notes to the basic financial statements are an integral part of this statement.

Enterprise Funds

<u>Electric</u>	<u>Totals</u>
\$ 8,639,770	\$ 12,240,987
<u>8,639,770</u>	<u>12,240,987</u>
1,316,952	2,142,402
571,793	2,148,713
4,034,424	4,034,424
1,346,148	2,383,651
<u>7,269,317</u>	<u>10,709,190</u>
<u>1,370,453</u>	<u>1,531,797</u>
9,515	13,098
193,569	214,753
289,732	289,732
	(5,890)
<u>492,816</u>	<u>511,693</u>
<u>1,863,269</u>	<u>2,043,490</u>
	(262,535)
<u>1,863,269</u>	<u>1,780,955</u>
30,367,270	49,302,289
<u>\$ 32,230,539</u>	<u>\$ 51,083,244</u>

**CITY OF PAGE, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Enterprise Funds				
	Water	Sewer	Sanitation	Electric	Total
<u>Increase (Decrease) in Cash and Cash Equivalents</u>					
Cash flows from operating activities:					
Cash received from customers, service fees	\$ 1,764,948	\$ 1,128,930	660,767	8,636,069	\$ 12,190,714
Cash paid to suppliers	(541,689)	(275,974)	(661,926)	(4,295,551)	(5,775,140)
Cash paid to employees	(472,722)	(346,952)		(1,318,428)	(2,138,102)
Net cash provided by (used for) operating activities	750,537	506,004	(1,159)	3,022,090	4,277,472
Cash flows from noncapital financing activities:					
Advances from other funds				25,000	25,000
Advances to other funds		(218,779)	(43,756)		(262,535)
Net cash provided by noncapital financing sources		(218,779)	(43,756)	25,000	(237,535)
Cash flows from capital and related financing activities:					
Interest paid	(5,890)				(5,890)
Disposal / (Purchase) of capital assets	148,630	(975,199)		(1,501,943)	(2,328,512)
Principal payments on capital leases	(57,709)				(57,709)
Miscellaneous revenues (expenses)	24		21,160	483,301	504,485
Net cash provided by (used for) capital and related financing activities	85,055	(975,199)	21,160	(1,018,642)	(1,887,626)
Cash flows from investing activities:					
Interest on investments	3,583			9,515	13,098
Net cash provided by investing activities	3,583			9,515	13,098
Net increase (decrease) in cash and cash equivalents	839,175	(687,974)	(23,755)	2,037,963	2,165,409
Cash and cash equivalents, beginning of year	1,500,562	2,214,603	170,797	10,448,161	14,334,123
Cash and cash equivalents, end of year	\$ 2,339,737	\$ 1,526,629	\$ 147,042	\$ 12,486,124	\$ 16,499,532
<u>Reconciliation of Operating Income to Net Cash Provided By (Used For) Operating Activities:</u>					
Operating income / (loss)	\$ 291,147	\$ (136,323)	\$ 6,520	\$ 1,370,453	\$ 1,531,797
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:					
Depreciation	558,380	479,123		1,346,148	2,383,651
Changes in assets and liabilities:					
(Increase) Decrease in receivables	(25,198)	(21,584)	(2,573)	(27,333)	(76,688)
(Increase) Decrease in prepaid expenses				(4,798)	(4,798)
(Increase) Decrease in inventories				43,678	43,678
Increase (Decrease) in accounts payable	(80,532)	182,969	(5,106)	271,786	369,117
Increase (Decrease) in accrued payroll	(1,076)	460		(5,308)	(5,924)
Increase (Decrease) in compensated absences payable	5,033	1,359		3,832	10,224
Increase (Decrease) in deposits held for others	2,783			23,632	26,415
Net cash provided by (used for) operating activities:	\$ 750,537	\$ 506,004	\$ (1,159)	\$ 3,022,090	\$ 4,277,472

CITY OF PAGE, ARIZONA
STATEMENT OF FIDUCIARY FUND NET ASSETS
JUNE 30, 2011

	<u>Pension Trust</u>
<u>ASSETS</u>	
Cash and investments	<u>\$ 351,700</u>
Total assets	<u> 351,700</u>
<u>NET ASSETS</u>	
Held in trust	<u><u>\$ 351,700</u></u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF PAGE, ARIZONA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Pension Trust</u>
<u>Additions</u>	
Contributions	
Employer	\$ 2,342
Employee	<u>4,607</u>
Total contributions	<u>6,949</u>
Fire pension revenue	<u>12,308</u>
Investment income	
Net appreciation (depreciation) in fair value of investments	138,915
Interest	<u>12</u>
Net investment income	<u>138,927</u>
Total additions	<u>158,184</u>
<u>Deductions</u>	
Benefits	15,425
Redistribution of premium tax	<u>138,556</u>
Total deductions	<u>153,981</u>
Net increase (decrease)	<u>4,203</u>
Net assets held in trust for pension benefits	
Beginning of year	<u>347,497</u>
End of year	<u><u>\$ 351,700</u></u>

CITY OF PAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Page, Arizona (City) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

During the year ended June 30, 2011, the City implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 establishes standards for financial reporting, including note disclosures requirements, for fund balance classifications of the governmental funds, and clarifies existing governmental fund type definitions.

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

A. Reporting Entity

The City is a municipal entity governed by an elected Mayor and Council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the City, the primary government.

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The City is a primary government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, component units combined with the City for financial statement presentation purposes and the City are not included in any other governmental reporting entity. Consequently, the City's financial statements include only the funds of those organizational entities for which its elected governing body is financially accountable.

Blended Component Unit – Due to restrictions of the State statutes relating to the issuance of municipal debt, the City created a non-profit corporation to finance City services with revenue bonds. This corporation is organized to provide financing services solely for the benefit of the City for the costs of acquiring, constructing, reconstructing or improving buildings, equipment and other real and personal properties suitable for use by and for leasing to the City or its agencies or instrumentalities at no profit to the Corporation. The Corporation is governed by a board of directors which ultimately reports to the City Council. Although it is legally separate and distinguishable from the City, the Corporation is reported as if it is a part of the primary government because its sole purpose is to finance and construct public facilities for the City.

Complete financial statements for the component unit may be obtained at the City's administrative offices – P.O. Box 1180, Page, Arizona 86040.

CITY OF PAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) present financial information about the City as a whole. The reported information includes all of the nonfiduciary activities of the City and its component unit. For the most part, the effect of internal activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. These statements are to distinguish between the governmental and business-type activities of the City. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, unrestricted state shared revenues, investment income and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

Government-wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements; however, the effect of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their external exchange value.

CITY OF PAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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 resources are provided during the current year for payment of long-term debt principal and interest due early in the following year (not to exceed one month) and therefore the expenditures and related liabilities have been recognized. Compensated absences are recorded only when payment is due.

Sales taxes, franchise taxes, licenses and permits, charges for services, special assessments and investment income 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. Miscellaneous revenue is not susceptible to accrual because generally they are not measurable until received in cash. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Deferred revenues also arise when resources are received by the City before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

Receivables that will not be collected within the available period have also been reported as deferred revenue on the governmental fund financial statements.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary fund is reported by fund type.

The City reports the following major governmental funds.

General Fund – The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in other funds. It includes the General Fund and the Land Sales Fund. These funds are maintained as separate funds for accounting and budgetary purposes, but do not meet the criteria for separate reporting in the financial statements.

HURF Fund – The HURF Fund accounts for the City's share of motor fuel tax revenues.

Debt Service Fund – The Debt Service Fund accounts for the City's general obligation bond debt service paid from excise tax revenues.

Capital Projects Fund – The Capital Projects Fund accounts for the projects funded from the Airport Improvement Program Grants.

CITY OF PAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The City reports the following major proprietary funds.

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

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

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

Electric Fund – The Electric Fund accounts for the City's electric service and operations. The cash in the reserve account of this fund is restricted for the upkeep, repairs, maintenance, expansion, and capital improvement of the Page Electric Utility System and/or the purchase and sale of electric power or electric generation facilities.

Additionally, the City reports the following fund types:

Fiduciary Fund - The Fiduciary Fund is a pension trust fund, which accounts for resources held by the City on behalf of others and includes the Volunteer Firefighters' Pension Fund. This fund accounts for monies held in trust for the members of the volunteer firefighters' pension plan.

Permanent Fund - The Permanent Fund accounts for resources held by the City for the perpetual care of cemetery lots and includes the Perpetual Care Fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

The Proprietary and Fiduciary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. 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 City's enterprise funds are charges to customers for water, wastewater, electric and sanitation services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Cash and Investments

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at year end were cash on hand and cash and investments held by State Treasurer.

CITY OF PAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest investment contracts with a remaining maturity of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

E. Investment Income

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

F. Receivables and Payables

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

All trade receivables are shown net of an allowance for uncollectibles.

G. Inventory

Inventories are stated at average cost using the weighted average method. Inventories consist of expendable supplies held for consumption. Inventories are recorded as expenses when consumed in the government-wide and proprietary fund financial statements, and as expenditures when consumed in the governmental funds.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

I. Capital Assets

Capital assets, which include land, buildings, improvements other than buildings, vehicles, machinery, equipment, construction in progress, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

CITY OF PAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. 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.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	15-40
Buildings and improvements	7-40
Vehicles, machinery and equipment	5-15
Power, water and sewer systems	10-40
Golf course	7-40

J. Compensated Absences

The City's employee vacation and sick leave policies provide for granting vacation and sick leave with pay. Sick leave is paid out at termination on any accumulated hours over 320; however, they are capped at 720 hours. For Page Electric Utility, sick leave vests after 960 accumulated hours. Vacation vests after the six month probationary period has been successfully completed. The employee is compensated at their current rate of pay.

The current and long-term liabilities, including related benefits, for accumulated vacation and sick leave are reported on the government-wide financial statements and in the proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Generally, resources from the General Fund are used to liquidate the governmental funds liabilities for compensated absences.

K. Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs and the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight-line method over the term of the related debt.

CITY OF PAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concl'd)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Interfund Activity

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

M. Estimates

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

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

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

CITY OF PAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 – FUND BALANCE CLASSIFICATIONS (Cont'd)

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

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those accounts.

Assigned. 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 restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the City Council or a management official delegated that authority by the formal City Council action.

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

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

CITY OF PAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 – FUND BALANCE CLASSIFICATIONS (Concl'd)

The table below provides detail of the major components of the City's fund balance classifications at year end.

	General Fund	HURF Service Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds
Fund Balances:					
Restricted:					
Debt service	\$	\$	\$1,061,821	\$	\$
Capital projects				212,918	
Highways and Streets		1,002,023			
Federal and State projects					280,638
Perpetual care					290,295
Committed:					
Tourism and culture					41,175
Airport					854,861
Unassigned	1,210,172				
Total fund balances	<u>\$ 1,210,172</u>	<u>\$1,002,023</u>	<u>\$1,061,821</u>	<u>\$ 212,918</u>	<u>\$ 1,466,969</u>

The July 1, 2010 fund balances of the General Fund and Non-Major Governmental Funds do not agree to the prior year financial statements for the reclassification of certain funds due to the new fund type definitions specified in GASB Statement No. 54. In addition, in the prior year the City did not properly recognize earned revenues.

	General Fund	Non-Major Governmental Funds	Statement of Activities Governmental Activities
Fund balance/Net Assets, June 30, 2010, as previously reported	\$ 1,311,241	\$ 4,914,656	\$ 71,120,207
Reclassification of funds	3,509,206	(3,509,206)	
Correction of an error	(412,950)		(412,950)
Fund balance/Net Assets, July 1, 2010, as restated	<u>\$ 4,407,497</u>	<u>\$ 1,405,450</u>	<u>\$ 70,707,257</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

CITY OF PAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – CASH AND INVESTMENTS

A.R.S. authorize the City to invest public monies in the State Treasurer's local government investment pools, obligations of the U.S. Government and its agencies, obligations of the State and certain local government subdivisions, interest-bearing savings accounts and certificates of deposit, collateralized repurchase agreements, certain obligations of U.S. corporations, and certain other securities. The statutes do not include any requirements for credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the City's investments.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the City's deposits may not be returned to the City. The City does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the City's deposits was \$5,650,929 and the bank balance was \$5,584,428. At year end, \$583,960 of the City's deposits were covered by Federal depository insurance, and \$5,000,468 was covered by collateral held by the pledging financial institution's trust department or agent but not in the City's name.

The State Treasurer's pools are external investment pools, the Local Government Investment Pool (Pool 5) and Local Government Investment Pool-Government (Pool 7), with no regulatory oversight. The pools are not required to register (and are not registered) with the Securities and Exchange Commission. The fair value of each participant's position in the State Treasurer investment pool approximates the value of the participant's shares in the pool and the participants' shares are not identified with specific investments.

At year end, the City's investments consisted of the following.

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>
State Treasurer's investment pool 5	27 days average	\$ 18,283,455
Total		<u>\$ 18,283,455</u>

Interest Rate Risk. The City has a formal investment policy that limits investment maturities within 18 months as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Aside from State laws, the City has no investment policy that would further limit its investment choices. As of the fiscal year end, for investments in the State Treasurer's investment Pool 5, was rated AAA/S1+ by Standard and Poor's at year end.

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

Concentration of Credit Risk. The City places no limit on the amount the City may invest in any one issuer.

CITY OF PAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 – RECEIVABLES

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

	<u>General Fund</u>	<u>HURF Fund</u>	<u>Capital Projects Fund</u>
Due from governmental entities:			
Due from Federal government	\$	\$	\$ 33,823
Due from State government	<u>514,142</u>	<u>65,881</u>	
Net due from governmental entities	<u>\$ 514,142</u>	<u>\$ 65,881</u>	<u>\$ 33,823</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows.

	<u>Unearned</u>
Governmental Funds:	
Miscellaneous (General Fund)	<u>\$ 275,300</u>
Total deferred revenue for governmental funds	<u>\$ 275,300</u>

CITY OF PAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6 – CAPITAL ASSETS

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

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 44,458,907	\$ 717,418	\$ 18,874	\$ 45,157,451
Construction in progress	763,885	199,643	760,885	202,643
Total capital assets, not being depreciated	45,222,792	917,061	779,759	45,360,094
Capital assets, being depreciated:				
Infrastructure	24,920,759	2,976,834		27,897,593
Buildings and improvements	16,660,323	778,571		17,438,894
Vehicles, machinery and equipment	8,608,653	910,674		9,519,327
Total capital assets being depreciated	50,189,735	4,666,079		54,855,814
Less accumulated depreciation for:				
Infrastructure	(5,418,574)	(1,122,101)		(6,540,675)
Buildings and improvements	(6,542,160)	(505,823)		(7,047,983)
Vehicles, machinery and equipment	(4,782,266)	(1,007,788)		(5,790,054)
Total accumulated depreciation	(16,743,000)	(2,635,712)		(19,378,712)
Total capital assets, being depreciated, net	33,446,735	2,030,367		35,477,102
Governmental activities capital assets, net	\$ 78,669,527	\$ 2,947,428	\$ 779,759	\$ 80,837,196

CITY OF PAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6 – CAPITAL ASSETS (Concl'd)

Business-Type Activities	Beginning Balance (as reclassified)	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 133,245	\$	\$	\$ 133,245
Construction in progress	339,376		339,376	
Total capital assets, not being depreciated	472,621		339,376	133,245
Capital assets, being depreciated:				
Buildings and improvements	9,779,571	149,994	184,355	9,745,210
Vehicles, machinery and equipment	5,197,413	1,295,573	7,000	6,485,986
Power distribution system	28,568,430	1,198,468	315,048	29,451,850
Water distribution system	15,024,238	96,638		15,120,876
Sewer distribution system	10,506,801	32,750		10,539,551
Total capital assets being depreciated	69,076,453	2,773,423	506,403	71,343,473
Less accumulated depreciation for:				
Buildings and improvements	(4,008,003)	(227,814)	(137,512)	(4,098,305)
Vehicles, machinery and equipment	(3,350,853)	(301,987)	(7,000)	(3,645,840)
Power distribution system	(13,983,462)	(1,146,252)	(256,414)	(14,873,300)
Water distribution system	(7,478,624)	(413,644)		(7,892,268)
Sewer distribution system	(7,845,053)	(293,954)		(8,139,007)
Total accumulated depreciation	(36,665,995)	(2,383,651)	(400,926)	(38,648,720)
Total capital assets, being depreciated, net	32,410,458	389,772	105,477	32,694,753
Business-type activities capital assets, net	\$ 32,883,079	\$ 389,772	\$ 444,853	\$ 32,827,998

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 433,034
Public safety	596,592
Public works	1,213,119
Culture and recreation	357,232
Community support	35,735
Total depreciation expense	<u>\$ 2,635,712</u>
Business-type activities:	
Water	558,380
Sewer	479,123
Electric	1,346,148
Total depreciation expense	<u>\$ 2,383,651</u>

CITY OF PAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6 – CAPITAL ASSETS (Concl'd)

Construction Commitments – At year end, the City had contractual commitments related to various capital projects for the construction of airport improvements and street improvements. At year end, the City had spent \$202,643 on the projects and had estimated remaining contractual commitments of \$5.3 million. These projects are being funded with Federal grants and local monies.

NOTE 7 – OBLIGATIONS UNDER CAPITAL LEASES

Governmental Activities – The City has acquired vehicles and equipment under the provisions of long-term lease agreements classified as capital leases. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Revenues from the General Fund and HURF Fund, a non-major governmental fund, are used to pay the capital lease obligations.

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

	<u>Governmental Activities</u>
Asset:	
Vehicles, furniture and equipment	\$ 1,706,652
Less: Accumulated depreciation	<u>792,270</u>
Total	<u>\$ 914,382</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of year end were as follows.

Year Ending June 30:	<u>Governmental Activities</u>
2012	\$ 301,972
2013	179,450
2014	127,335
2015	114,745
2016	77,847
2017-21	<u>155,694</u>
Total minimum lease payments	957,043
Less: amount representing interest	<u>96,584</u>
Present value of minimum lease payments	<u>860,459</u>
Due within one year	<u>\$ 299,627</u>

CITY OF PAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7 – OBLIGATIONS UNDER CAPITAL LEASES (Concl'd)

Business-Type Activities – The City has acquired vehicles and equipment under the provisions of long-term lease agreements classified as capital leases. These agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Revenues from the Water Fund are used to pay the capital lease obligations.

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

	<u>Business-Type Activities</u>
Asset:	
Vehicles, furniture and equipment	\$ 335,369
Less: Accumulated depreciation	112,237
Total minimum payments required	<u>\$ 223,132</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of year end were as follows.

Year Ending June 30:	<u>Business-Type Activities</u>
2012	\$ 63,598
2013	19,338
Total minimum lease payments	<u>82,936</u>
Less: amount representing interest	<u>4,189</u>
Present value of minimum lease payments	<u>\$ 78,747</u>
Due within one year	<u>\$ 60,202</u>

NOTE 8 – BONDS PAYABLE

Bonds payable at year end, consisted of municipal property corporation excise tax revenue refunding bonds and airport lease purchase financed with bonds. The bonds are both callable and noncallable with the interest payable semiannually. Revenues from the Debt Service Fund are used to pay the bonds. The City has pledged future excise taxes to repay a total of \$12,300,000 in outstanding excise tax revenue refunding bonds. For the fiscal year ended June 30, 2011, the net revenues available to service this debt were \$6.9 million. The debt interest paid on this debt in the fiscal year was \$351,300 (5 percent of available pledged revenues).

CITY OF PAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 8 – BONDS PAYABLE (Concl'd)

<u>Purpose</u>	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Maturity</u>	<u>Outstanding Principal June 30, 2011</u>	<u>Due Within One Year</u>
Governmental activities:					
Excise Tax Revenue					
Refunding Bonds, Series 1999A	\$ 12,300,000	4.625-5.0%	7/1/12-19	\$ 12,300,000	\$
Airport Lease Purchase, Series 2004	2,710,000	2.25%	8/1/11-2/1/21	1,834,033	170,200
Total				<u>\$ 14,134,033</u>	<u>\$ 170,200</u>

Annual debt service requirements to maturity on governmental bonds payable at year end are summarized as follows.

<u>Fiscal year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 170,200	\$ 622,914
2013	1,463,007	587,857
2014	1,525,861	519,005
2015	1,593,761	446,978
2016	1,671,709	371,406
2017-21	7,709,495	688,089
Total	<u>\$ 14,134,033</u>	<u>\$ 3,236,249</u>

NOTE 9 – CHANGES IN LONG-TERM LIABILITIES

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Excise Tax Revenue and other bonds payable	\$ 14,296,469	\$	\$ 162,436	\$ 14,134,033	\$ 170,200
Obligations under capital leases	431,782	688,968	260,291	860,459	299,627
Compensated absences payable	768,882	440,144	350,131	858,895	386,503
Governmental activities long-term liabilities	<u>\$ 15,497,133</u>	<u>\$ 1,129,112</u>	<u>\$ 772,858</u>	<u>\$ 15,853,387</u>	<u>\$ 856,330</u>

CITY OF PAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 9 – CHANGES IN LONG-TERM LIABILITIES (Concl'd)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Obligations under capital leases	\$ 136,456	\$	\$ 57,709	\$ 78,747	\$ 60,202
Compensated absences payable	164,245	145,538	135,314	174,469	120,386
Business-type activities long-term liabilities	<u>\$ 300,701</u>	<u>\$ 145,538</u>	<u>\$ 193,023</u>	<u>\$ 253,216</u>	<u>\$ 180,588</u>

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end, interfund balances were as follows.

Due to/from other funds:

	Due to Electric Fund
Due from General Fund	\$ 1,625,000
Total	<u>\$ 1,625,000</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 repayment 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:

	Transfers in			
	Debt Service Fund	Capital Projects	Non-Major Governmental Funds	Total
Transfers out				
General Fund	\$ 1,678,380	\$ 33,396	\$ 175,438	\$ 1,887,214
Sewer	218,779			218,779
Sanitation	43,756			43,756
Non-Major Governmental			164,663	164,663
Total	<u>\$ 1,940,915</u>	<u>\$ 33,396</u>	<u>\$ 340,101</u>	<u>\$ 2,314,412</u>

Interfund transfers were made by the City during the fiscal year to ensure that sufficient resources were available to cover expenditures in the applicable funds.

CITY OF PAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 11 – CONTINGENT LIABILITIES

Lawsuits - The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

NOTE 12 – 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; injuries to employees; and natural disasters. The City carries commercial insurance for all risks of loss, including property and liability, workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The City employees have health and accident insurance coverage with the Rural Arizona Group Health Trust (RAGHT). RAGHT is a multi-entity benefits consortium formed in accordance with ARS 11-952 and ARS 11-952.01. RAGHT offers a partially self-funded medical benefit program, a fully self-funded dental benefit program, and full insured Life/AD&D and vision benefit programs. Administrative services are performed by independent agencies for the medical and dental programs. The medical coverage has a self-insured retention of \$150,000 per individual member. Claims above \$150,000 and up to \$2,000,000 are insured by a stop loss insurance carrier. For the fiscal year, RAGHT had no claims over its stop loss of \$150,000.

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

All full-time employees of the City are covered by one of three pension plans. All fulltime City employees, except public safety personnel, participate in the Arizona State Retirement System, a multiple employer cost-sharing pension plan. Public safety personnel participate in the Public Safety Personnel Retirement System, which is an agent multiple-employer plan. These two pension plans are administered by the State of Arizona. In addition, all paid reserve firefighters participate in a single-employer defined pension plan, Firefighters Relief and Pension Fund. This plan is administered by an Advisory Committee appointed by the employer.

CITY OF PAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont'd)

Arizona State Retirement System

A. Plan Description

All full-time City employees (except public safety personnel) participate in the Arizona State Retirement System (the System), a multiple-employer cost sharing defined benefit pension, health insurance premium, and long-term disability plan. The System was established by the State of Arizona to provide pension benefits for employees of the state and employees of participating political subdivisions and school districts. The System is administered in accordance with Title 38, Chapter 5, of Arizona Revised Statutes. The System provides for retirement, disability, health insurance premium benefits, and death and survivor benefits. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Arizona State Retirement System, P.O. Box 33910, Phoenix, AZ 85067-3910, or by calling 1-800-621-3778.

B. Funding Policy

Arizona Revised Statutes provide statutory authority for determining the employees' and employers' contribution amounts as a percentage of covered payroll. Employers are required to contribute at the same rate as employees. Although Arizona Revised Statutes prescribe the basis of making the actuarial calculation, the Arizona Legislature is able to legislate a contribution rate other than the actuarially determined rate. The actuarially determined contribution rate for the year ended June 30, 2011 was 9.85 percent (9.60 percent retirement and 0.25 percent long term disability) for active members and the City was required to contribute 9.85 percent (9.60 percent for retirement and health insurance premium, and 0.25 percent for long-term disability) of the members' annual covered payroll. The City's contributions to the System for the years ended June 30, 2011, 2010 and 2009, were \$516,182, \$399,186, and \$449,384, respectively, equal to the required contributions for each year.

CITY OF PAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont'd)

Arizona Public Safety Personnel Retirement System (Full-time Police and Fire Employees)

A. Plan Description

All full-time sworn police officers and fire fighters are eligible to participate in the Public Safety Personnel Retirement System (PSPRS) in separate agent multiple-employer defined benefit retirement and health insurance premium plans. PSPRS was established by Title 38, chapter 5, Article 4 of the Arizona Revised Statutes to provide pension benefits for public safety employees of certain state and local governments. The PSPRS is jointly administered by the fund manager and participating local boards. The fund manager is a five-member board appointed by the Governor and the State Legislature. The fund manager is responsible for establishing contribution rates in accordance with an actuarial study. The PSPRS provides retirement benefits, as well as death and disability and health insurance premium benefits. The PSPRS of the State of Arizona issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Safety Personnel Retirement System, 3010 East Camelback Road, Suite 200, Phoenix, Arizona 85016 or by calling (602) 255-5575.

B. Funding Policy

The System is funded through a member contribution of 8 percent of gross payroll, an employer contribution set by an actuarial valuation expressed as a percent of gross payroll, and a distribution of the net earnings of the Fund. The City's current aggregate contribution rate for police is 15.29 percent of annual covered payroll, of which, .94 percent was the health insurance premium portion. The current aggregate contribution rate for firefighters is 11.69 percent of annual covered payroll, of which, .58 percent was the health insurance premium portion.

C. Annual Pension Cost

For fiscal year ended June 30, 2011, the City's annual pension cost of \$170,175 for police and \$95,453 for firefighters for PSPRS was equal to the City's required and actual contributions. The required contributions were determined as part of the June 30, 2009, actuarial valuations using the projected unit credit actuarial cost method.

CITY OF PAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont'd)

The contribution requirements for the year ended June 30, 2011 were established by the June 30, 2009 actuarial valuations. Those valuations were based on the following. For police, the actuarial assumptions include (a) a rate of return on the investment of present and future assets of 8.5 percent per year compounded annually, attributable to inflation and other across-the-board increases, (b) projected salary increases of 5.5 percent compounded annually attributable to inflation and other across-the-board increases, and (c) additional projected salary increases of 5.5 percent to 8.5 percent per year attributable to seniority/merit. For firefighters, the actuarial assumptions include (a) a rate of return on the investment of present and future assets of 8.5 percent per year compounded annually, attributable to inflation and other across-the-board increases, (b) projected salary increases of 5.5 percent compounded annually attributable to inflation and other across-the-board increases, and (c) additional projected salary increases of 5.5 percent to 8.5 percent per year attributable to seniority/merit. For both police and firefighters, included in (b) is an inflation component of 0 percent. The actuarial value of PSPRS assets was determined using techniques that smooth the market value of assets over a four-year period. PSPRS's unfunded accrued liability is being amortized as a level percent of projected payroll over a closed period of 30 years. If the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 20 years. The remaining amortization period at July 1, 2009, was 27 years for unfunded actuarial accrued liability and 20 years for excess contributions.

Arizona Public Safety Personnel Retirement System – Police
Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percent of APC Contributed	Net Pension Obligation
2009 (Pension)	\$ 162,202	100%	-0-
2009 (Health)	10,537	100%	-0-
2010 (Pension)	172,590	100%	-0-
2010 (Health)	13,450	100%	-0-
2011 (Pension)	159,713	100%	-0-
2011 (Health)	10,462	100%	-0-

CITY OF PAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont'd)

Arizona Public Safety Personnel Retirement System – Firefighters
Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percent of APC Contributed	Net Pension Obligation
2009 (Pension)	\$ 106,226	100%	-0-
2009 (Health)	4,311	100%	-0-
2010 (Pension)	108,294	100%	-0-
2010 (Health)	5,790	100%	-0-
2011 (Pension)	90,718	100%	-0-
2011 (Health)	4,735	100%	-0-

D. Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial calculation date, the firefighters plan was 0 percent funded and police was 0 percent funded. The actuarial accrued liability for benefits was \$55,841 and \$95,868, and the actuarial value of assets was zero for both, resulting in an unfunded actuarial accrued liability (UAAL) of \$55,841 and \$95,868, respectively. The covered payrolls (annual payrolls of active employees covered by the plans) were \$930,804 and \$1.4 million, respectively, and the ratios of the UAAL to the covered payroll were 6.0 percent and 6.7 percent, respectively.

The schedule of funding progress, presented as Required Supplementary Information following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Firefighters Relief and Pension Fund

A. Plan Description

All paid reserve firefighters of the City of Page, Arizona's Fire Department (the "Employer") who have completed one year of service are included in the Firefighter's Relief and Pension Fund (RPF), a single employer defined contribution plan. The FRPF was established by an advisory Committee appointed by the Employer.

CITY OF PAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Concl'd)

B. Funding Policy

The Fund is comprised of employees' mandatory 7 percent pre-tax salary reductions. Pursuant to the State Statute, the employer makes a contribution in an amount of 7 percent of gross wages of the employee plus the paid reserve firefighter's share of the premium tax remitted to the City by the State of Arizona.

For each participant accounts are maintained to record all allocations made for the employee's contribution, and any forfeited employer contributions. The benefit to which a participant is entitled is the total benefit which can be provide from the combined amount of the participant accounts. Employee contributions to the plan are 100 percent vested and not forfeitable at all times. Distribution of fund assets occurs upon participant termination from the employer, disablement, retirement or death. Currently, fund participants include four non-vested employees, five partially-vested employees, and 14 fully-vested employees.

NOTE 14 – 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 \$604,199 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, 2011. The remaining estimated cost of post-closure care is \$604,199. This amount is based on an estimated annual post-closure cost estimate of \$31,426 multiplied by an annual inflation factor and the number of years remaining or 20. The figure is based on what it would cost to perform all post-closure care in 2011. 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 15 – SUBSEQUENT EVENT

On October 17, 2011, the City issued \$11.7 million in pledged revenue refunding bonds with an effective interest rate of 3.9 percent, to advance refund \$12.3 million of pledged revenue bonds, with an average interest rate of 4.9 percent.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PAGE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND
ACTUAL
GENERAL
YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Non-GAAP Actual</u>	<u></u>
Revenues:			
Taxes	\$ 6,000,000	\$ 6,902,409	\$ 902,409
Intergovernmental		1,661,901	1,661,901
Licenses and permits	357,500	382,509	25,009
Charges for services	418,000	1,402,263	984,263
Investment income	25,000	9,860	(15,140)
Miscellaneous	20,000	71,817	51,817
Total revenues	<u>6,820,500</u>	<u>10,430,759</u>	<u>3,610,259</u>
Expenditures:			
Current -			
General Government	3,525,239	2,823,491	701,748
Public Safety	5,361,094	4,729,248	631,846
Judicial	371,708	357,364	14,344
Public Works	1,496,871	1,244,560	252,311
Culture and recreation	1,791,633	1,455,944	335,689
Community support	913,591	616,123	297,468
Capital outlay		444,438	(444,438)
Debt service -			
Principal retirement		209,047	(209,047)
Interest and fiscal charges		7,664	(7,664)
Total expenditures	<u>13,460,136</u>	<u>11,887,879</u>	<u>1,572,257</u>
Excess (deficiency) of revenues over expenditures	<u>(6,639,636)</u>	<u>(1,457,120)</u>	<u>5,182,516</u>
Other financing sources (uses):			
Transfers in		1,805,589	1,805,589
Transfers out	(60,403)	(40,101)	20,302
Total other financing sources (uses):	<u>(60,403)</u>	<u>1,765,488</u>	<u>1,825,891</u>
Changes in fund balances	<u>(6,700,039)</u>	<u>308,368</u>	<u>7,008,407</u>
Fund balances, beginning of year		1,311,241	1,311,241
Fund balances (deficits), end of year	<u>\$ (6,700,039)</u>	<u>\$ 1,619,609</u>	<u>\$ 8,319,648</u>

See accompanying notes to this schedule.

CITY OF PAGE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND
ACTUAL
HURF
YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Intergovernmental	\$ 769,468	\$ 728,277	\$ (41,191)
Investment income	5,000	911	(4,089)
Miscellaneous	2,000		(2,000)
Total revenues	<u>776,468</u>	<u>729,188</u>	<u>(47,280)</u>
Expenditures:			
Current -			
Public Works	435,426	387,640	47,786
Capital outlay	1,413,015	1,240,272	172,743
Debt service -			
Principal retirement	35,446	35,446	(35,446)
Total expenditures	<u>1,848,441</u>	<u>1,663,358</u>	<u>185,083</u>
Changes in fund balances	<u>(1,071,973)</u>	<u>(934,170)</u>	<u>137,803</u>
Fund balances, beginning of year		1,936,193	1,936,193
Fund balances (deficits), end of year	<u>\$ (1,071,973)</u>	<u>\$ 1,002,023</u>	<u>\$ 2,073,996</u>

See accompanying notes to this schedule.

CITY OF PAGE, ARIZONA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The adopted budget of the City is prepared on a basis consistent with accounting principles generally accepted in the United States of America with the following exceptions: a portion of the General Fund activity is budgeted for separately as capital projects funds and capital lease agreements are not budgeted at the inception of the lease. Consequently, the following adjustments were necessary to present, actual expenditures, other financing sources (uses), fund balance at July 1, 2010, and fund balance at June 30, 2011 on a budgetary basis in order to provide a meaningful comparison.

	<u>Total</u> <u>Expenditures</u>	<u>Other</u> <u>Financing</u> <u>Sources/(Uses)</u>	<u>Fund Balance,</u> <u>June 30, 2011</u>	<u>Fund Balance,</u> <u>July 1, 2010</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 12,576,847	\$ (1,059,496)	\$ 1,210,172	\$ 4,407,497
Fiscal year 2010-11 activity budgeted as capital projects funds		3,513,952	409,437	(3,096,256)
Capital lease agreements are not budgeted at the inception of the lease	<u>(688,968)</u>	<u>(688,968)</u>	<u> </u>	<u> </u>
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	<u>\$ 11,887,879</u>	<u>\$ 1,765,488</u>	<u>\$ 1,619,609</u>	<u>\$ 1,311,241</u>

CITY OF PAGE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011

Schedule of Funding Progress
Page Police Plan (Pension):

Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll(b-1/c)
2009	\$ 3,328,881	\$ 4,250,786	\$ 921,905	78.3%	\$ 1,285,572	71.7%
2010	3,481,181	4,560,787	1,079,586	76.3	1,264,930	85.4
2011	3,885,266	5,334,036	1,448,770	72.8	1,432,483	101.1

Schedule of Funding Progress
Page Fire Plan (Pension):

Valuation Date June 30,	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-l)/c)
2009	\$ 767,851	\$ 1,104,997	\$ 337,146	69.5%	\$ 896,862	37.6%
2010	894,412	1,243,686	349,274	71.9	950,319	36.8
2011	1,321,022	1,842,813	521,791	71.7	930,804	56.1

CITY OF PAGE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011

Schedule of Funding Progress
Page Police Plan (Health):

Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll(b-1/c)
2009	-0-	\$ 75,856	\$ (75,856)	0.00%	\$ 1,285,572	5.9%
2010	-0-	76,578	(76,578)	0.00	1,264,930	6.1%
2011	-0-	95,868	(95,868)	0.00	1,432,483	6.7%

Schedule of Funding Progress
Page Fire Plan (Health):

Valuation Date June 30,	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-1)/c)
2009	-0-	\$ 23,752	\$ (23,752)	0.00%	\$ 896,862	2.7%
2010	-0-	27,306	(27,306)	0.00	950,319	2.9%
2011	-0-	55,841	(55,841)	0.00	930,804	6.0%

**COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS
AND SCHEDULES**

CITY OF PAGE, ARIZONA
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2011

	<u>Special Revenue</u>	<u>Permanent</u>	Total Non-Major Governmental Fund
<u>ASSETS</u>			
Cash and investments	\$ 1,201,074	\$ 286,530	\$ 1,487,604
Accounts receivable	42,611	3,765	46,376
Total assets	<u><u>\$ 1,243,685</u></u>	<u><u>\$ 290,295</u></u>	<u><u>\$ 1,533,980</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 61,666	\$	\$ 61,666
Accrued payroll and employee benefits	5,345		5,345
Total liabilities	<u>67,011</u>		<u>67,011</u>
Fund balances:			
Restricted	280,638	290,295	570,933
Committed	896,036		896,036
Total fund balances	<u>1,176,674</u>	<u>290,295</u>	<u>1,466,969</u>
Total liabilities and fund balances	<u><u>\$ 1,243,685</u></u>	<u><u>\$ 290,295</u></u>	<u><u>\$ 1,533,980</u></u>

CITY OF PAGE, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2011

	<u>Special Revenue</u>	<u>Permanent</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:			
Intergovernmental	\$ 285,969	\$	\$ 285,969
Charges for services	21,562	31,615	53,177
Rents and royalties	384,887		384,887
Investment income	15,798		15,798
Miscellaneous	157,825		157,825
Federal aid, grants and reimbursements	89,832		89,832
Total revenues	<u>955,873</u>	<u>31,615</u>	<u>987,488</u>
Expenditures:			
Current -			
Public Works	325,848		325,848
Culture and recreation	374,618		374,618
Community support	376,934	8,209	385,143
Debt service -			
Principal retirement	15,798		15,798
Total expenditures	<u>1,093,198</u>	<u>8,209</u>	<u>1,101,407</u>
Excess (deficiency) of revenues over expenditures	<u>(137,325)</u>	<u>23,406</u>	<u>(113,919)</u>
Other financing sources (uses):			
Transfers in	340,101		340,101
Transfers out	(164,663)		(164,663)
Total other financing sources (uses):	<u>175,438</u>		<u>175,438</u>
Changes in fund balances	<u>38,113</u>	<u>23,406</u>	<u>61,519</u>
Fund balances, beginning of year	1,138,561	266,889	1,405,450
Fund balances, end of year	<u>\$ 1,176,674</u>	<u>\$ 290,295</u>	<u>\$ 1,466,969</u>

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GOVERNMENTAL FUNDS

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SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes (other than major capital projects). The funds are usually required by statute, ordinance, or federal grant regulation to finance specified activities of the City. The City maintains the following non-major Special Revenue funds.

Substance Abuse – accounts for the activity associated with the City’s Substance Abuse grant.

Miscellaneous Grants – accounts for the activity associated with grants received by the City.

Balloon Regatta – accounts for activity associated with the annual Balloon Regatta event.

Tourism and Promotion – accounts for the activity associated with the City’s tourism and promotion activities.

Airport – accounts for the activity associated with the municipal airport.

Airport Events – accounts for the activity associated with special events at municipal airports.

CITY OF PAGE, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	Substance Abuse	Miscellaneous Grants	Balloon Regatta
<u>ASSETS</u>			
Cash and investments	\$ 61,920	\$ 225,949	\$ 28,404
Accounts receivable		18,242	
Total assets	<u>\$ 61,920</u>	<u>\$ 244,191</u>	<u>\$ 28,404</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 15,000	\$ 8,560	\$
Accrued payroll and employee benefits		1,913	
Total liabilities	<u>15,000</u>	<u>10,473</u>	
Fund balances:			
Restricted	46,920	233,718	
Committed			28,404
Total fund balances	<u>46,920</u>	<u>233,718</u>	<u>28,404</u>
Total liabilities and fund balances	<u>\$ 61,920</u>	<u>\$ 244,191</u>	<u>\$ 28,404</u>

<u>Tourism and Promotion</u>	<u>Airport</u>	<u>Airport Events</u>	<u>Totals</u>
\$ 20,013	\$ 860,590	\$ 4,198	\$ 1,201,074
88	24,281		42,611
<u>\$ 20,101</u>	<u>\$ 884,871</u>	<u>\$ 4,198</u>	<u>\$ 1,243,685</u>
\$ 7,330	\$ 30,776	\$	\$ 61,666
	3,432		5,345
<u>7,330</u>	<u>34,208</u>		<u>67,011</u>
12,771	850,663	4,198	280,638
<u>12,771</u>	<u>850,663</u>	<u>4,198</u>	<u>896,036</u>
			<u>1,176,674</u>
<u>\$ 20,101</u>	<u>\$ 884,871</u>	<u>\$ 4,198</u>	<u>\$ 1,243,685</u>

CITY OF PAGE, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011

	Substance Abuse	Miscellaneous Grants	Balloon Regatta
Revenues:			
Intergovernmental	\$ 8,487	\$ 277,482	\$
Charges for services			
Rents and royalties			
Investment income			
Miscellaneous		37,655	44,832
Federal aid, grants and reimbursements		89,832	
Total revenues	<u>8,487</u>	<u>404,969</u>	<u>44,832</u>
Expenditures:			
Current -			
Public Works			
Culture and recreation			16,428
Community support	21,162	355,772	
Debt service -			
Principal retirement			
Total expenditures	<u>21,162</u>	<u>355,772</u>	<u>16,428</u>
Excess (deficiency) of revenues over expenditures	<u>(12,675)</u>	<u>49,197</u>	<u>28,404</u>
Other financing sources (uses):			
Transfers in		40,101	
Transfers out			
Total other financing sources (uses):		<u>40,101</u>	
Changes in fund balances	<u>(12,675)</u>	<u>89,298</u>	<u>28,404</u>
Fund balances, beginning of year	59,595	144,420	
Fund balances, end of year	<u>\$ 46,920</u>	<u>\$ 233,718</u>	<u>\$ 28,404</u>

<u>Tourism and Promotion</u>	<u>Airport</u>	<u>Airport Events</u>	<u>Totals</u>
\$	\$	\$	\$
2,635	18,927		285,969
	384,887		21,562
	15,798		384,887
63,209	2,814	9,315	15,798
			157,825
			89,832
<u>65,844</u>	<u>422,426</u>	<u>9,315</u>	<u>955,873</u>
	325,848		325,848
353,073		5,117	374,618
			376,934
	15,798		15,798
<u>353,073</u>	<u>341,646</u>	<u>5,117</u>	<u>1,093,198</u>
<u>(287,229)</u>	<u>80,780</u>	<u>4,198</u>	<u>(137,325)</u>
300,000			340,101
	(164,663)		(164,663)
<u>300,000</u>	<u>(164,663)</u>		<u>175,438</u>
<u>12,771</u>	<u>(83,883)</u>	<u>4,198</u>	<u>38,113</u>
	934,546		1,138,561
<u>\$ 12,771</u>	<u>\$ 850,663</u>	<u>\$ 4,198</u>	<u>\$ 1,176,674</u>

CITY OF PAGE, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011

	Substance Abuse		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Intergovernmental	\$ 3,000	\$ 8,487	\$ 5,487
Charges for services			
Rents and royalties			
Investment income			
Miscellaneous			
Federal aid, grants and reimbursements			
Total revenues	<u>3,000</u>	<u>8,487</u>	<u>5,487</u>
Expenditures:			
Current -			
Public Works			
Culture and recreation			
Community support	30,000	21,162	8,838
Debt service -			
Principal retirement			
Total expenditures	<u>30,000</u>	<u>21,162</u>	<u>8,838</u>
Excess (deficiency) of revenues over expenditures	<u>(27,000)</u>	<u>(12,675)</u>	<u>14,325</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(27,000)</u>	<u>(12,675)</u>	<u>14,325</u>
Fund balances, beginning of year		59,595	59,595
Fund balances (deficits), end of year	<u>\$ (27,000)</u>	<u>\$ 46,920</u>	<u>\$ 73,920</u>

Miscellaneous Grants			Balloon Regatta		
<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
\$ 49,717	\$ 277,482	\$ 227,765	\$	\$	\$
283	37,655	37,372		44,832	44,832
	89,832	89,832			
<u>50,000</u>	<u>404,969</u>	<u>354,969</u>	<u></u>	<u>44,832</u>	<u>44,832</u>
2,620,657	355,772	2,264,885		16,428	(16,428)
<u>2,620,657</u>	<u>355,772</u>	<u>2,264,885</u>	<u></u>	<u>16,428</u>	<u>(16,428)</u>
<u>(2,570,657)</u>	<u>49,197</u>	<u>2,619,854</u>	<u></u>	<u>28,404</u>	<u>28,404</u>
	40,101	40,101			
<u></u>	<u>40,101</u>	<u>40,101</u>	<u></u>	<u></u>	<u></u>
<u>(2,570,657)</u>	<u>89,298</u>	<u>2,659,955</u>	<u></u>	<u>28,404</u>	<u>28,404</u>
	144,420	144,420			
<u>\$ (2,570,657)</u>	<u>\$ 233,718</u>	<u>\$ 2,804,375</u>	<u>\$</u>	<u>\$ 28,404</u>	<u>\$ 28,404</u>

(Continued)

CITY OF PAGE, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011

	Tourism and Promotion		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Intergovernmental	\$	\$	\$
Charges for services	3,568	2,635	(933)
Rents and royalties			
Investment income			
Miscellaneous	62,278	63,209	931
Federal aid, grants and reimbursements			
Total revenues	<u>65,846</u>	<u>65,844</u>	<u>(2)</u>
Expenditures:			
Current -			
Public Works			
Culture and recreation	365,032	353,073	11,959
Community support			
Debt service -			
Principal retirement			
Total expenditures	<u>365,032</u>	<u>353,073</u>	<u>11,959</u>
Excess (deficiency) of revenues over expenditures	<u>(299,186)</u>	<u>(287,229)</u>	<u>11,957</u>
Other financing sources (uses):			
Transfers in		300,000	300,000
Transfers out			
Total other financing sources (uses):		<u>300,000</u>	<u>300,000</u>
Changes in fund balances	<u>(299,186)</u>	<u>12,771</u>	<u>311,957</u>
Fund balances, beginning of year			
Fund balances (deficits), end of year	<u>\$ (299,186)</u>	<u>\$ 12,771</u>	<u>\$ 311,957</u>

Airport			Airport Events		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
21,202	18,927	(2,275)			
431,146	384,887	(46,259)			
	15,798	15,798			
3,152	2,814	(338)		9,315	9,315
<u>455,500</u>	<u>422,426</u>	<u>(33,074)</u>	<u></u>	<u>9,315</u>	<u>9,315</u>
281,873	325,848	(43,975)			
			4,000	5,117	(1,117)
	15,798	(15,798)			
<u>281,873</u>	<u>341,646</u>	<u>(59,773)</u>	<u>4,000</u>	<u>5,117</u>	<u>(1,117)</u>
<u>173,627</u>	<u>80,780</u>	<u>(92,847)</u>	<u>(4,000)</u>	<u>4,198</u>	<u>8,198</u>
60,403		(60,403)			
	(164,663)	(164,663)			
<u>60,403</u>	<u>(164,663)</u>	<u>(225,066)</u>	<u></u>	<u></u>	<u></u>
<u>234,030</u>	<u>(83,883)</u>	<u>(317,913)</u>	<u>(4,000)</u>	<u>4,198</u>	<u>8,198</u>
	934,546	934,546			
<u>\$ 234,030</u>	<u>\$ 850,663</u>	<u>\$ 616,633</u>	<u>\$ (4,000)</u>	<u>\$ 4,198</u>	<u>\$ 8,198</u>

(Continued)

CITY OF PAGE, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011

	Totals		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Intergovernmental	\$ 52,717	\$ 285,969	\$ 233,252
Charges for services	24,770	21,562	(3,208)
Rents and royalties	431,146	384,887	(46,259)
Investment income		15,798	15,798
Miscellaneous	65,713	157,825	92,112
Federal aid, grants and reimbursements		89,832	89,832
Total revenues	<u>574,346</u>	<u>955,873</u>	<u>381,527</u>
Expenditures:			
Current -			
Public Works	281,873	325,848	(43,975)
Culture and recreation	369,032	374,618	(5,586)
Community support	2,650,657	376,934	2,273,723
Debt service -			
Principal retirement		15,798	(15,798)
Total expenditures	<u>3,301,562</u>	<u>1,093,198</u>	<u>2,208,364</u>
Excess (deficiency) of revenues over expenditures	<u>(2,727,216)</u>	<u>(137,325)</u>	<u>2,589,891</u>
Other financing sources (uses):			
Transfers in	60,403	340,101	279,698
Transfers out		(164,663)	(164,663)
Total other financing sources (uses):	<u>60,403</u>	<u>175,438</u>	<u>115,035</u>
Changes in fund balances	<u>(2,666,813)</u>	<u>38,113</u>	<u>2,704,926</u>
Fund balances, beginning of year		1,138,561	1,138,561
Fund balances (deficits), end of year	<u>\$ (2,666,813)</u>	<u>\$ 1,176,674</u>	<u>\$ 3,843,487</u>

PERMANENT FUND

Perpetual Care - to account for resources held by the City for the perpetual care of cemetery lots.

CITY OF PAGE, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL PERMANENT FUNDS
YEAR ENDED JUNE 30, 2011

	Perpetual Care		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Charges for services	\$ 40,000	\$ 31,615	\$ (8,385)
Total revenues	<u>40,000</u>	<u>31,615</u>	<u>(8,385)</u>
Expenditures:			
Current -			
Community support	20,000	8,209	11,791
Total expenditures	<u>20,000</u>	<u>8,209</u>	<u>11,791</u>
Changes in fund balances	<u>20,000</u>	<u>23,406</u>	<u>3,406</u>
Fund balances, beginning of year		266,889	266,889
Fund balances, end of year	<u>\$ 20,000</u>	<u>\$ 290,295</u>	<u>\$ 270,295</u>

DEBT SERVICE FUND

Debt Service Fund – accounts for the City’s general obligation bond debt service paid from excise tax revenues.

CITY OF PAGE, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2011

	Debt Service		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Investment income	\$	\$ 2	\$ 2
Total revenues		2	2
Expenditures:			
Debt service -			
Principal retirement	164,137	162,436	1,701
Interest and fiscal charges	642,363	351,300	291,063
Total expenditures	806,500	513,736	292,764
Excess (deficiency) of revenues over expenditures	(806,500)	(513,734)	292,766
Other financing sources (uses):			
Transfers in		1,940,915	1,940,915
Total other financing sources (uses):		1,940,915	1,940,915
Changes in fund balances	(806,500)	1,427,181	2,233,681
Fund balances (deficits), beginning of year		(365,360)	(365,360)
Fund balances (deficits), end of year	\$ (806,500)	\$ 1,061,821	\$ 1,868,321

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the resources expended in the acquisition of major capital projects, except those financed by the Enterprise Funds. Capital projects funds also include projects funded by special improvement districts. The City maintains the following non-major Capital Projects fund.

Capital Projects – accounts for projects funded from airport improvement grant revenues.

Land Sales – accounts for projects funded from local sources.

CITY OF PAGE, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2011

	Capital Projects		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Investment income	\$	\$	\$
Federal aid, grants and reimbursements	1,899,017	1,477,168	(421,849)
Total revenues	<u>1,899,017</u>	<u>1,477,168</u>	<u>(421,849)</u>
Expenditures:			
Capital outlay	1,864,017	1,448,729	415,288
Total expenditures	<u>1,864,017</u>	<u>1,448,729</u>	<u>415,288</u>
Excess (deficiency) of revenues over expenditures	<u>35,000</u>	<u>28,439</u>	<u>(6,561)</u>
Other financing sources (uses):			
Land sales			
Transfers in		33,396	33,396
Transfers out			
Total other financing sources (uses):		<u>33,396</u>	<u>33,396</u>
Changes in fund balances	<u>35,000</u>	<u>61,835</u>	<u>26,835</u>
Fund balances, beginning of year		151,083	151,083
Fund balances (deficits), end of year	<u>\$ 35,000</u>	<u>\$ 212,918</u>	<u>\$ 177,918</u>

Land Sales			Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 56,180	\$ 8,259	\$ (47,921)	\$ 56,180	\$ 8,259	\$ (47,921)
56,180	8,259	(47,921)	1,899,017	1,477,168	(421,849)
			1,955,197	1,485,427	(469,770)
			1,864,017	1,448,729	415,288
			1,864,017	1,448,729	415,288
56,180	8,259	(47,921)	91,180	36,698	(54,482)
943,820	138,750	(805,070)	943,820	138,750	(805,070)
(240,000)	(3,652,702)	(3,412,702)	33,396	33,396	33,396
703,820	(3,513,952)	(4,217,772)	(240,000)	(3,652,702)	(3,412,702)
760,000	(3,505,693)	(4,265,693)	703,820	(3,480,556)	(4,184,376)
	3,096,256	3,096,256	795,000	(3,443,858)	(4,238,858)
\$ 760,000	\$ (409,437)	\$ (1,169,437)	\$ 795,000	\$ (196,519)	\$ (991,519)

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STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Due to cost considerations for the accumulation of data, the City has elected to present less than ten years of data, or data from less than nine years prior, for certain statistical schedules. This information will be accumulated and reported each year until the complete ten years of data is presented.

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

	Fiscal Year Ended June 30				
	<u>2011</u>	(As restated) <u>2010</u>	(As restated) <u>2009</u>	(As restated) <u>2008</u>	(As restated) <u>2007</u>
Governmental activities:					
Invested in capital assets, net of related debt	\$ 65,842,704	\$ 63,941,276	\$ 64,158,299	\$ 57,156,213	\$ 53,990,134
Restricted	3,743,731	6,362,771	7,274,508	8,783,796	11,642,059
Unrestricted	351,277	403,210	1,775,818	2,567,251	467,508
Total governmental activities net assets	<u>\$ 69,937,712</u>	<u>\$ 70,707,257</u>	<u>\$ 73,208,625</u>	<u>\$ 68,507,260</u>	<u>\$ 66,099,701</u>
Business-type activities:					
Invested in capital assets, net of related debt	\$ 32,749,251	\$ 32,746,623	\$ 31,195,816	\$ 33,655,654	\$ 34,929,519
Unrestricted	18,333,993	16,555,666	16,066,568	17,123,338	16,072,488
Total business-type activities net assets	<u>\$ 51,083,244</u>	<u>\$ 49,302,289</u>	<u>\$ 47,262,384</u>	<u>\$ 50,778,992</u>	<u>\$ 51,002,007</u>
Primary government					
Invested in capital assets, net of related debt	\$ 98,591,955	\$ 96,687,899	\$ 95,354,115	\$ 90,811,867	\$ 88,919,653
Restricted	3,743,731	6,362,771	7,274,508	8,783,796	11,642,059
Unrestricted	18,685,270	16,958,876	17,842,386	19,690,589	16,539,996
Total net assets	<u>\$ 121,020,956</u>	<u>\$ 120,009,546</u>	<u>\$ 120,471,009</u>	<u>\$ 119,286,252</u>	<u>\$ 117,101,708</u>

(Continued)

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

	Fiscal Year Ended June 30		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental activities:			
Invested in capital assets, net of related debt	\$ 4,331,413	\$ 2,676,551	\$ (2,063,503)
Restricted	4,789,843	5,052,678	6,193,876
Unrestricted	8,185,890	3,226,104	1,169,496
Total net assets	<u>\$ 17,307,146</u>	<u>\$ 10,955,333</u>	<u>\$ 5,299,869</u>
Business-type activities:			
Invested in capital assets, net of related debt	\$ 33,127,443	\$ 33,101,981	\$ 34,480,390
Unrestricted	13,433,715	13,357,908	14,683,464
Total net assets	<u>\$ 46,561,158</u>	<u>\$ 46,459,889</u>	<u>\$ 49,163,854</u>
Primary government			
Invested in capital assets, net of related debt	\$ 37,458,856	\$ 35,778,532	\$ 32,416,887
Restricted	4,789,843	5,052,678	6,193,876
Unrestricted	21,619,605	16,584,012	15,852,960
Total net assets	<u>\$ 63,868,304</u>	<u>\$ 57,415,222</u>	<u>\$ 54,463,723</u>

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

Note: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34 were adopted in fiscal year 2003-04 therefore only eight years are shown.

(Concluded)

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

	Fiscal Year Ended June 30				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	(As restated) <u>2008</u>	<u>2007</u>
Expenses					
Governmental activities:					
General government	\$ 2,957,556	\$ 2,393,812	\$ 1,769,799	\$ 2,678,476	\$ 3,910,499
Public safety	5,055,399	5,151,308	5,150,544	4,899,005	4,063,285
Judicial	335,018	324,255	297,986	270,890	231,207
Public works	3,051,926	2,820,598	2,668,319	2,479,358	1,741,645
Culture and recreation	2,081,624	1,853,122	955,919	934,386	802,569
Community Support	977,583	1,275,054	1,046,935	2,143,673	939,608
Interest on long-term debt	358,964	684,889	740,696	793,492	854,302
Total governmental activities	<u>14,818,070</u>	<u>14,503,038</u>	<u>12,630,198</u>	<u>14,199,280</u>	<u>12,543,115</u>
Business-type activities:					
Water	1,502,106	1,518,213	1,705,665	1,490,548	2,297,582
Sewer	1,286,837	1,264,840	1,248,754	1,155,973	
Electric	7,269,317	7,454,824	8,125,091	9,669,296	10,707,320
Sanitation	656,820	656,690	650,679	618,380	561,077
Golf			747,732	895,285	754,841
Total business-type activities	<u>10,715,080</u>	<u>10,894,567</u>	<u>12,477,921</u>	<u>13,829,482</u>	<u>14,320,820</u>
Total expenses	<u>25,533,150</u>	<u>25,397,605</u>	<u>25,108,119</u>	<u>28,028,762</u>	<u>26,863,935</u>
Program Revenues					
Governmental activities:					
Charges for services					
General government	841,902	136,644	298,141	151,465	193,369
Public safety	60,112	853,783	587,706	411,626	535,781
Judicial	310,299	235,153	304,979	304,439	292,725
Public works	677,174	653,235	407,572	527,778	185,784
Culture and recreation	301,734	350,873	120,762	116,433	361,690
Community support	31,615	36,955	30,554	23,355	77,623
Operating grants and contributions	513,129	507,960	625,466	1,247,712	1,591,127
Capital grants and contributions	1,477,168	355,618	714,132	1,435,306	4,868,742
Total governmental activities	<u>4,213,133</u>	<u>3,130,221</u>	<u>3,089,312</u>	<u>4,218,114</u>	<u>8,106,841</u>
Business-type activities:					
Charges for services					
Water	1,787,363	1,580,427	1,610,704	1,622,927	2,699,566
Sewer	1,150,514	1,389,585	1,155,636	1,157,021	
Electric	8,639,770	9,082,700	8,972,826	9,715,945	9,587,909
Sanitation	663,340	657,801	640,769	610,124	612,745
Golf			306,188	290,805	349,384
Total business-type activities	<u>12,240,987</u>	<u>12,710,513</u>	<u>12,686,123</u>	<u>13,396,822</u>	<u>13,249,604</u>
Total program revenues	<u>16,454,120</u>	<u>15,840,734</u>	<u>15,775,435</u>	<u>17,614,936</u>	<u>21,356,445</u>
Net (Expense)/Revenue	<u>\$ (9,079,030)</u>	<u>\$ (9,556,871)</u>	<u>\$ (9,332,684)</u>	<u>\$ (10,413,826)</u>	<u>\$ (5,507,490)</u>

(Continued)

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

	Fiscal Year Ended June 30		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Expenses			
Governmental activities:			
General government	\$ 2,133,649	\$ 2,365,257	\$ 2,391,134
Public safety	2,913,477	2,276,619	2,280,139
Judicial	210,225	192,015	189,596
Public works	1,679,145	1,226,919	2,086,961
Culture and recreation	770,277	785,429	775,232
Community Support	894,432	535,587	650,120
Interest on long-term debt	1,048,232	1,116,392	895,300
Total governmental activities	<u>9,649,437</u>	<u>8,498,218</u>	<u>9,268,482</u>
Business-type activities:			
Water	2,768,059	1,818,606	2,027,772
Electric	8,228,579	9,355,671	7,720,112
Sanitation	584,390	501,523	504,416
Golf	337,243	629,901	886,726
Total business-type activities	<u>11,918,271</u>	<u>12,305,701</u>	<u>11,139,026</u>
Total expenses	<u>21,567,708</u>	<u>20,803,919</u>	<u>20,407,508</u>
Program Revenues			
Governmental activities:			
Charges for services			
General government	114,581	114,644	126,074
Public safety	414,469	452,562	476,195
Judicial	202,528	216,980	198,591
Public works	187,674	209,281	207,271
Culture and recreation	329,899	294,271	217,682
Community support	80,699	108,826	67,030
Operating grants and contributions	242,073	146,684	
Capital grants and contributions	2,474,669	3,382,217	1,407,578
Total governmental activities	<u>4,046,592</u>	<u>4,925,465</u>	<u>2,700,421</u>
Business-type activities:			
Charges for services			
Water	2,768,059	2,139,572	2,378,837
Electric	8,228,579	6,961,461	7,295,828
Sanitation	584,390	560,733	561,930
Golf	337,243	284,068	583,987
Total business-type activities	<u>11,918,271</u>	<u>9,945,834</u>	<u>10,820,582</u>
Total program revenues	<u>15,964,863</u>	<u>14,871,299</u>	<u>13,521,003</u>
Net (Expense)/Revenue	<u>\$(5,602,845)</u>	<u>\$ (5,932,620)</u>	<u>\$ (6,886,505)</u>

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

Note: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34 were adopted in fiscal year 2004 therefore only eight years are shown.

(Concluded)

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

	Fiscal Year Ended June 30				
	<u>2011</u>	<u>2010</u>	<u>(As restated)</u> <u>2009</u>	<u>2008</u>	<u>2007</u>
Net Revenue/(Expense)	\$ (9,079,030)	\$ (9,556,871)	\$ (9,332,684)	\$ (10,413,826)	\$ (5,507,490)
General Revenues:					
Governmental activities:					
Taxes:					
Sales taxes	6,902,409	6,768,417	7,121,927	6,642,357	6,861,887
Unrestricted state shared revenue	2,252,850	2,301,972	2,707,524	2,870,063	807,239
Investment income	34,830	19,021	150,463	626,313	1,434,293
State sales tax revenue sharing				633,999	7,592,158
Miscellaneous	229,642	194,989	207,718	215,938	31,555
Gain on disposal of asset	153,126				
Transfers	<u>262,535</u>		<u>404,352</u>		<u>(953,833)</u>
Total governmental activities	<u>9,835,392</u>	<u>9,284,399</u>	<u>10,591,984</u>	<u>10,988,670</u>	<u>15,773,299</u>
General Revenues:					
Business-type activities:					
Investment income	13,098	9,092	117,075	274,910	407,955
Miscellaneous	214,753	214,867	212,734	313,944	
Gain on disposal of asset	289,732				
Transfers	<u>(262,535)</u>		<u>(404,352)</u>		<u>953,833</u>
Total business-type activities	<u>255,048</u>	<u>223,959</u>	<u>(74,543)</u>	<u>588,854</u>	<u>1,361,788</u>
Changes in Net Assets	<u>\$ 1,011,410</u>	<u>\$ (48,513)</u>	<u>\$ 1,184,757</u>	<u>\$ 1,163,698</u>	<u>\$ 11,627,597</u>

(Continued)

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

	Fiscal Year Ended June 30		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Net Revenue	\$ (6,921,344)	\$ (5,932,620)	\$ (6,886,505)
General Revenues:			
Governmental activities:			
Taxes:			
Sales taxes	6,669,066	4,489,875	4,179,964
Property taxes		316,848	312,464
Franchise taxes		625,935	613,963
State revenue sharing	712,898	630,788	572,842
Investment income	1,371,994		
State sales tax revenue sharing	4,196,055	1,143,014	916,726
Auto lieu tax revenue sharing		1,465,767	638,100
Interest			159,647
Miscellaneous	34,405		
Unrestricted federal aid		555,990	319,755
Transfers	<u>(1,029,760)</u>		
Total governmental activities	<u>11,954,658</u>	<u>9,228,217</u>	<u>7,713,461</u>
General Revenues:			
Business-type activities:			
Investment income	390,008	211,882	103,529
Transfers	<u>1,029,760</u>	<u>(555,990)</u>	<u>(319,755)</u>
Total business-type activities	<u>1,419,768</u>	<u>(344,108)</u>	<u>(216,226)</u>
Changes in Net Assets	<u>\$ 6,453,082</u>	<u>\$ 2,951,489</u>	<u>\$ 610,730</u>

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

Note: 1) The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34 were adopted in fiscal year 2004 therefore only eight years are shown.

CITY OF PAGE, ARIZONA
FUND BALANCES - GOVERNMENTAL FUNDS
LAST 10 FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund:					
Unassigned	\$ 1,210,172				
Unreserved		\$ 1,311,241	\$ 4,103,474	\$ 2,092,289	\$ 203,673
Total General Fund	<u>\$ 1,210,172</u>	<u>\$ 1,311,241</u>	<u>\$ 4,103,474</u>	<u>\$ 2,092,289</u>	<u>\$ 203,673</u>
All Other Governmental Funds:					
Restricted	\$ 2,847,695				
Committed	896,036				
Reserved		\$ 266,889	\$ 237,536	\$ 219,756	\$ 219,695
Unreserved, reported in:					
Special revenue funds		3,074,754	3,351,167	4,265,497	2,376,369
Capital projects funds		3,660,289	3,666,392	3,972,537	4,054,657
Debt service fund		(365,360)	(325,509)	85,904	1,161,303
Total all other governmental funds	<u>\$ 3,743,731</u>	<u>\$ 6,636,572</u>	<u>\$ 6,929,586</u>	<u>\$ 8,543,694</u>	<u>\$ 7,812,024</u>
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Fund:					
Unreserved	\$ 3,025,518	\$ 788,894	\$ (286,681)	\$ (1,697,540)	\$ (1,337,371)
Total General Fund	<u>\$ 3,025,518</u>	<u>\$ 788,894</u>	<u>\$ (286,681)</u>	<u>\$ (1,697,540)</u>	<u>\$ (1,337,371)</u>
All Other Governmental Funds:					
Reserved	\$ 246,466	\$ 1,414,470	\$ 2,546,893	\$ 3,523,997	\$ 3,548,461
Unreserved, reported in:					
Special revenue funds	2,362,650	1,397,637	1,231,897	976,211	-
Capital projects funds	2,933,647	305,352	(410,415)	(412,180)	1,992,266
Debt service fund	1,241,424	1,146,688	1,014,634	(178,968)	(178,968)
Total all other governmental funds	<u>\$ 6,784,187</u>	<u>\$ 4,264,147</u>	<u>\$ 4,383,009</u>	<u>\$ 3,909,060</u>	<u>\$ 5,361,759</u>

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

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

CITY OF PAGE, ARIZONA
GOVERNMENTAL FUNDS REVENUES
LAST 10 FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Taxes	\$ 6,902,409	\$ 6,246,647	\$ 7,121,927	\$ 6,642,357	\$ 5,861,890
Intergovernmental	4,243,147	3,687,320	4,047,122	5,553,081	2,038,340
Fines and forfeitures	327,704	249,338	318,058	317,509	308,808
Licenses and permits	382,509	339,228	325,810	272,035	218,468
Charges for services	1,127,736	1,285,140	713,664	582,789	605,922
Rents and royalties	384,887	392,937	392,182	362,763	
Investment income	34,830	19,021	150,463	626,313	483,570
Land sales	138,750		1,393,163	1,632,166	
Miscellaneous	90,892	194,989	1,532,718	215,938	252,821
Total revenues	\$ 13,632,864	\$ 12,414,620	\$ 15,995,107	\$ 16,204,951	\$ 9,769,819
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Taxes	\$ 5,608,928	\$ 4,489,875	\$ 4,179,964	\$ 3,298,470	\$ 3,772,504
Intergovernmental	4,716,955	5,281,691	3,079,362	6,865,812	8,014,899
Fines and forfeitures	258,694	281,426	234,378	176,237	170,390
Licenses and permits	215,491	223,794	179,985	681,901	143,415
Charges for services	528,664	571,279	599,332	459,461	644,635
Rents and royalties	835,954	845,346	754,949	726,011	638,738
Investment income	399,605	201,836	61,085	58,413	163,079
Land sales	4,196,055	1,465,767	638,100	261,710	
Miscellaneous	270,664	236,678	366,972	210,493	1,194,142
Total revenues	\$ 17,031,010	\$ 13,597,692	\$ 10,094,127	\$ 12,738,508	\$ 14,741,802

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

CITY OF PAGE, ARIZONA
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST 10 FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenditures:					
Current -					
General government	\$ 2,823,491	\$ 2,799,265	\$ 3,001,616	\$ 2,902,324	\$ 3,756,073
Public safety	4,729,248	4,691,379	4,908,255	4,299,388	4,512,471
Judicial	357,364	327,582	316,731	261,409	227,783
Public works	1,958,048	1,901,620	1,819,622	1,741,406	1,652,989
Culture and recreation	1,830,562	1,509,629	968,168	867,728	792,663
Community support	1,001,266	1,258,244	1,045,489	2,025,354	930,866
Capital outlay	3,822,407	1,783,885	3,062,118	3,769,135	5,165,432
Debt service -					
Principal retirement	422,727	684,889	304,042	274,523	5,448,394
Interest, premium and fiscal charges	358,964	358,366	740,696	793,492	1,288,073
Total expenditures	<u>\$ 17,304,077</u>	<u>\$ 15,314,859</u>	<u>\$ 16,166,737</u>	<u>\$ 16,934,759</u>	<u>\$ 23,774,744</u>
Expenditures for capitalized assets	\$ 4,822,255	\$ 2,005,905	\$ 4,022,778	\$ 3,183,409	\$ 5,085,298
Debt service as a percentage of noncapital expenditures	6%	8%	9%	8%	36%

(Continued)

CITY OF PAGE, ARIZONA
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST 10 FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Expenditures:					
Current -					
General government	\$ 1,908,150	\$ 2,096,199	\$ 2,129,004	\$ 2,170,733	\$ 5,133,374
Public safety	2,989,020	2,668,810	2,263,352	2,170,223	2,649,045
Judicial	211,096	194,518	189,596	180,987	
Public works	1,226,587	1,895,698	1,922,981	2,062,269	461,286
Culture and recreation	743,558	756,578	743,701	763,866	814,229
Community support	883,737	583,086	638,883	466,313	443,220
Capital outlay	2,604,596	3,590,398	333,359	2,457,336	4,915,600
Debt service -					
Principal retirement	960,963	893,392	1,185,000	1,680,000	1,623,373
Interest, premium and fiscal charges	1,039,791	993,310	963,470	954,614	1,193,058
Total expenditures	<u>\$ 12,567,498</u>	<u>\$ 13,671,989</u>	<u>\$ 10,369,346</u>	<u>\$ 12,906,341</u>	<u>\$ 17,233,185</u>
Expenditures for capitalized assets	\$ 3,195,307	\$ 5,118,476	N/A	N/A	N/A
Debt service as a percentage of noncapital expenditures	21%	21%	20%	16%	18%

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

N/A: Not available

(Concluded)

CITY OF PAGE, ARIZONA
OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST 10 FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Excess (deficiency) of revenues over expenditures	\$ (3,671,213)	\$ (2,900,239)	\$ (171,630)	\$ (729,808)	\$ 671,696
Other financing sources (uses):					
Proceeds from capital leases	688,968	29,451	164,355	8,630	413,128
Land sales	138,750	1,065,800			
Transfers in	2,314,412	1,182,086	2,545,758	2,427,134	6,363,892
Transfers out	<u>(2,051,877)</u>	<u>(1,182,086)</u>	<u>(2,141,406)</u>	<u>(2,427,134)</u>	<u>(7,317,725)</u>
Total other financing sources (uses)	<u>1,090,253</u>	<u>1,095,251</u>	<u>568,707</u>	<u>8,630</u>	<u>(540,705)</u>
Changes in fund balances	<u>\$ (2,580,960)</u>	<u>\$ (1,804,988)</u>	<u>\$ 397,077</u>	<u>\$ (721,178)</u>	<u>\$ 130,991</u>
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Excess (deficiency) of revenues over expenditures	\$ 4,463,512	\$ (74,297)	\$ (275,219)	\$ (167,833)	\$ (2,491,383)
Other financing sources (uses):					
Proceeds from capital leases	56,000	463,081	200,000		2,510,000
Transfers in	4,436,095	3,894,715	4,737,128	3,013,235	2,248,835
Transfers out	<u>(4,197,718)</u>	<u>(3,338,725)</u>	<u>(4,417,373)</u>	<u>(2,445,816)</u>	<u>(2,666,469)</u>
Total other financing sources (uses)	<u>294,377</u>	<u>1,019,071</u>	<u>519,755</u>	<u>567,419</u>	<u>2,092,366</u>
Changes in fund balances	<u>\$ 4,757,889</u>	<u>\$ 944,774</u>	<u>\$ 244,536</u>	<u>\$ 399,586</u>	<u>\$ (399,017)</u>

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

**CITY OF PAGE, ARIZONA
DIRECT AND OVERLAPPING SALES TAX RATES
LAST 10 FISCAL YEARS**

Overlapping Rates			
Fiscal Year Ended June 30	City of Page	Coconino County	Arizona State
2011	0.03	1.13	6.6
2010	0.03	1.13	6.6
2009	0.03	1.13	5.6
2008	0.03	1.13	5.6
2007	0.03	1.13	5.6
2006	0.03	0.93	5.6
2005	0.03	0.93	5.6
2004	0.03	0.93	5.6
2003	0.02	0.93	5.6
2002	0.02	0.93	5.6

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

CITY OF PAGE, ARIZONA
TAXABLE SALES BY CATEGORY
LAST 10 FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Construction	\$ 404,265	\$ 151,596	\$ 247,290	\$ 426,565	\$ 374,266
Manufacturing	181,350	206,285	222,674	225,845	210,350
Transportation, Communications & Utilities	623,650	570,762	541,232	548,935	473,800
Wholesale Trade	41,413	153,761	105,217	98,553	151,155
Retail Trade	2,858,788	2,849,320	3,089,180	3,029,379	2,465,381
Restaurants and Bars	910,057	879,893	872,832	773,271	684,632
Finance, Insurance & Real Estate	348,948	318,610	355,823	311,841	288,508
Hotels and Other Lodging	1,312,374	1,238,544	1,419,117	880,620	917,388
Services	140,424	166,676	221,238	215,671	195,254
All Others Not Specified	81,140	41,382	47,325	131,677	98,902
	<u>6,902,409</u>	<u>6,576,830</u>	<u>7,121,927</u>	<u>6,642,357</u>	<u>5,859,635</u>
Total	<u>\$ 6,902,409</u>	<u>\$ 6,576,830</u>	<u>\$ 7,121,927</u>	<u>\$ 6,642,357</u>	<u>\$ 5,859,635</u>

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Construction	\$ 544,869	\$ 158,940	\$ 157,305	\$ 96,021	\$ 281,290
Manufacturing	199,535	167,168	68,866	24,606	36,549
Transportation, Communications & Utilities	414,733	398,475	305,422	214,578	352,100
Wholesale Trade	148,180	108,175	101,832	79,844	117,547
Retail Trade	2,464,728	2,146,631	2,081,608	1,530,201	1,777,438
Restaurants and Bars	578,233	449,832	411,892	542,220	599,721
Finance, Insurance & Real Estate	250,208	231,712	165,762	140,741	183,250
Hotels and Other Lodging	729,748	592,113	538,867	485,948	410,417
Services	190,569	175,571	189,353	158,930	192,318
All Others Not Specified	87,538	60,378	159,059	25,381	30,080
	<u>5,608,341</u>	<u>4,488,996</u>	<u>4,179,964</u>	<u>3,298,469</u>	<u>3,980,710</u>
Total	<u>\$ 5,608,341</u>	<u>\$ 4,488,996</u>	<u>\$ 4,179,964</u>	<u>\$ 3,298,469</u>	<u>\$ 3,980,710</u>

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

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

Fiscal Year Ended June 30	Governmental Activities				Business-type Activities		Total Outstanding Debt			
	General Obligation and Other Bonds	Notes and Loans Payable	Capital Leases	Total	General Obligation Bonds	Capital Leases	Total Debt	Percentage of Estimated Actual Value	Percentage of Personal Income	Per Capita
2011	\$ 14,134,033	\$ -	\$ 860,659	\$ 14,994,692	\$ -	\$ 78,747	\$ 15,073,439	0.23 %	0.30 %	2,080
2010	14,296,469	-	\$ 431,782	14,728,251	-	136,456	14,864,707	0.98	0.30	2,087
2009	14,433,802	5,391	502,481	14,941,674	-	307,858	15,249,532	1.00	0.29	2,151
2008	14,537,204	16,838	527,319	15,081,361	-	280,971	15,362,332	1.01	0.26	2,177
2007	14,633,140	28,518	685,595	15,347,253	-	121,289	15,468,542	1.22	0.24	2,204
2006	20,081,534	39,411	353,781	20,474,726	-	97,632	20,572,358	1.80	0.17	2,966
2005	20,955,783	-	423,906	21,379,689	-	60,886	21,440,575	2.01	0.15	3,096

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

Note: Information prior to FY 2005 was not available.

**CITY OF PAGE, ARIZONA
LEGAL DEBT MARGIN INFORMATION
LAST 10 FISCAL YEARS**

Total Legal Debt Margin Calculation for Fiscal Year 2011:

Secondary assessed valuation	\$ 70,924,548
Debt limit (26%)	18,440,382
Debt applicable to limit	
Legal debt margin	<u><u>\$ 18,440,382</u></u>

	Fiscal Year Ended June 30				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Total Debt limit	\$ 18,440,382	\$ 17,908,670	\$ 17,122,646	\$ 16,330,023	\$ 14,208,309
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u><u>\$ 18,440,382</u></u>	<u><u>\$ 17,908,670</u></u>	<u><u>\$ 17,122,646</u></u>	<u><u>\$ 16,330,023</u></u>	<u><u>\$ 14,208,309</u></u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Debt limit	\$ 13,344,326	\$ 13,505,535	\$ 13,953,177	\$ 12,652,885	\$ 12,525,504
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u><u>\$ 13,344,326</u></u>	<u><u>\$ 13,505,535</u></u>	<u><u>\$ 13,953,177</u></u>	<u><u>\$ 12,652,885</u></u>	<u><u>\$ 12,525,504</u></u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

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

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

Excise Tax and State Shared Revenue Bonds				
Fiscal Year	Excise Tax and State Shared Revenues	Debt Service Principal	Debt Service Interest	Coverage
2011	\$ 6,902,409	\$	\$ 593,488	11.63
2010	6,246,647		593,487	10.53
2009	7,121,927	304,042	740,696	6.82
2008	6,600,000	274,523	793,492	6.18
2007	5,861,890	5,448,394	1,124,082	0.89
2006	5,608,928	874,249	996,541	3.00
2005	4,489,875	854,217	979,590	2.45

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

Note: Information prior to FY 2005 was not available.

CITY OF PAGE, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2011

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Amount Overlapping Debt</u>
Direct:			
City of Page		100%	<u>15,073,439</u>
Total Direct Debt			<u><u>\$ 15,073,439</u></u>

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

Note:

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

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

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Income</u>	<u>Arizona Unemployment Rate</u>	<u>Coconino County Unemployment Rate</u>	<u>City of Page Unemployment Rate</u>
2010	7,247	\$ 4,481,137	\$ 34,510	10.00 %	8.90 %	8.00 %
2009	7,122	4,408,897	34,330	9.70	8.30	7.50
2008	7,086	4,056,682	31,855	5.90	5.30	4.80
2007	7,057	3,767,194	29,879	3.80	3.70	3.30
2006	7,018	3,493,415	28,008	4.10	4.30	3.80
2005	6,937	3,258,728	26,431	4.70	4.90	4.40
2004	6,925	2,999,350	24,692	5.00	5.30	4.70
2003	6,970	2,908,992	24,160	5.70	5.70	5.10
2002	6,961	2,787,863	23,666	6.00	5.40	4.90
2001	6,921	2,661,712	22,806	4.70	4.70	4.20

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

**CITY OF PAGE, ARIZONA
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND FISCAL YEAR 2002**

Employer	2011			2002		
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment	
Aramark, Inc.	705	14.30	%			%
Navajo Generating Station	530	10.75		545	14.08	
Page Unified School District No. 8	400	8.11		480	12.40	
Super Wal-Mart	281	5.70		150	3.87	
City of Page (Including Page Electric Utility)	213	4.32		170	4.39	
Gary Yamamoto Custom Baits	142	2.88				
Courtyard by Marriott LLP	74	1.50				
Page Steel / Page Lumber	90	1.83		140	3.62	
Canyonlands Community Health	66	1.34				
Page Hospital	140	2.84		201	5.19	
Safeway	100	2.03		80	2.07	
Total	<u>2,741</u>	<u>55.60</u>	%	<u>1,766</u>	<u>45.62</u>	%
Total employment	<u>4,930</u>			<u>3,871</u>		

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

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

CITY OF PAGE, ARIZONA
FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST 10 FISCAL YEARS

Full-time Equivalent Employees as of June 30					
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Function					
General Government	27	27	26	23	24
Public Safety	56	55	54	57	51
Judicial	5	6	6	6	5
Public works	16	16	16	15	15
Culture and recreation	21	22	18	19	18
Community support	9	8	6	6	6
Electric	19	19	19	19	19
Water	14	16	16	16	14
Total	<u>167</u>	<u>168</u>	<u>161</u>	<u>161</u>	<u>152</u>
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Function					
General Government	24	22	20	18	19
Public Safety	46	43	42	41	26
Judicial	5	5	5	5	5
Public works	15	13	16	16	16
Culture and recreation	16	21	18	15	15
Community support	5	6	6	6	6
Electric	20	24	20	16	19
Water	14	13	13	13	13
Total	<u>144</u>	<u>147</u>	<u>140</u>	<u>130</u>	<u>119</u>

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

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

	Fiscal Year Ended June 30									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>Function</u>										
Highways and Streets										
Streets (miles)	47.0	47.0	45.5	44.7	44.7	43.5	43.4	43.4	43	43
Streetlights	811	811	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Traffic Signals	53	53	53	53	53	53	53	53	53	53
Culture and recreation										
Parks acreage	17.73	17.73	17.23	17.23	17.23	17.23	17.23	17.23	17.23	17.23
Parks	6	6	6	6	6	6	6	6	6	6
Community centers	1	1	1	1	1	1	1	1	1	1
Sewer										
Sanitary sewers (miles)	38.46	32.46	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Storm sewers (miles)	8.3	8.3	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9
Maximum daily treatment capacity (gallons)	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	N/A	N/A
Average daily treatment (gallons)	901,000	872,000	841,000	795,000	835,000	847,000	757,000	765,000	N/A	N/A
Water										
Water lines (miles)	58.64	54.64	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Raw water lines (miles)	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Maximum daily treatment capacity (gallons)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	4,000,000	4,000,000	4,000,000	4,000,000	N/A
Average daily treatment (gallons)	1,921,000	1,918,000	2,001,000	2,085,000	1,989,000	1,905,000	1,790,000	1,690,000	1,824,000	N/A

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

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

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

	Fiscal Years				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Planning and Building Safety					
Building permits issued (new single family homes)	6	23	16	25	21
Highway and Streets					
Street resurfacing (miles)	2.4	1.4	0.6	3.1	2.2
Streets striped (miles)	17	17	17	16	16
Culture and Recreation					
Summer recreation camps	12	11	19	16	19
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Planning and Building Safety					
Building permits issued (new single family homes)	48	19	14	N/A	N/A
Highway and Streets					
Street resurfacing (miles)	0.3	2.0	N/A	N/A	N/A
Streets striped (miles)	16	15	N/A	N/A	N/A
Culture and Recreation					
Summer recreation camps	19	20	N/A	N/A	N/A

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

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