

CITY OF PAGE, ARIZONA

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED JUNE 30, 2012

697 VISTA AVENUE, PAGE, ARIZONA 86040

Cover design and photos taken by Kendra Holcomb

# CITY OF PAGE, ARIZONA

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December 19, 2012

A R I Z O N A  
THE CENTER OF CANYON COUNTRY

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, 2012.

This report consists of management's representations concerning the finances of the City of Page. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Page has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Page's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Page's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free of material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Page's financial statements have been audited by Hinton, Burdick, Hall & Spilker, PLLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Page for the fiscal year ended June 30, 2012, 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, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Page's MD&A can be found immediately following the report of the independent auditors.



## **PROFILE OF THE GOVERNMENT**

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

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

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

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

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

## **FACTORS AFFECTING FINANCIAL CONDITION**

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

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



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

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

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

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

During FY2011/12, the Mayor and Council made significant changes in the financing and management of City operations.

In October 2011, long standing bond debt, dating back to the 1990's, was restructured. Although interest was timely paid on the debt historically, principle payments were not made during the decade of 2000. The Common Council restructured and established a "debt assessment fee" to be paid by utility customers; sewer improvements and land fill closure obligations now have a dependable revenue source dedicated to the payment of principle and interest. In addition, the Common Council directed staff to dedicate all land sale revenues towards re-payment of the restructured bond debt.

The Common Council consolidated the electric, water, and sewer enterprises into one organization governed by City Code (Chapter 2, Article 8) managed by a general manager. Henceforth, the respective enterprise funds will be self-contained and self-sustained such that operations and capital improvements will be self-funded, ideally obviating the need for future bonding.

With regard to infrastructure generally, electric, water, sewer and street replacement/repair are now on a five-year plan for refurbishment or replacement.

The Common Council began drafting a "Financial Management Policy", consistent with Government Accounting Standards Board (GASB) 54, that would provide structure and transparency to all public finance matters. The policy was adopted shortly after the close of the fiscal year.

In adopting a balanced budget, the Common Council reduced operating costs and authorized a substantial reduction in force. The reduction in force was carefully crafted to provide the same level of service without interruption or adverse impact and, at the



same time, accomplish the goals set forth above.


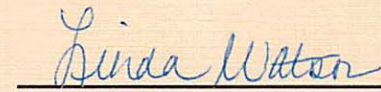
During FY2012/13, the Common Council appointed a new city manager with the directive to increase operational efficiency, reduce operating costs, and increase revenues.

### **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, 2012. In order to be awarded this certificate, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements. We believe the current comprehensive annual financial report continues to meet the program's requirements and are submitting it to GFOA to determine its eligibility for the fiscal year 2012-13 certificate.

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

Respectfully submitted,

  
Rick Olson  
City Manager  
Linda Watson  
Finance Director



# City of Page

## City Council Members

Mayor, Bill Diak  
Vice Mayor, John Kocjan  
Lyle Dimbatt  
Vida Makowski  
John Mayes  
Scott Sadler  
David Tennis

## City Manager

Bo Thomas/Rick E. Olson

## City Attorney

Rick E. Olson/Robert Wingo

## City Clerk

Lori Anderson

## City Magistrate

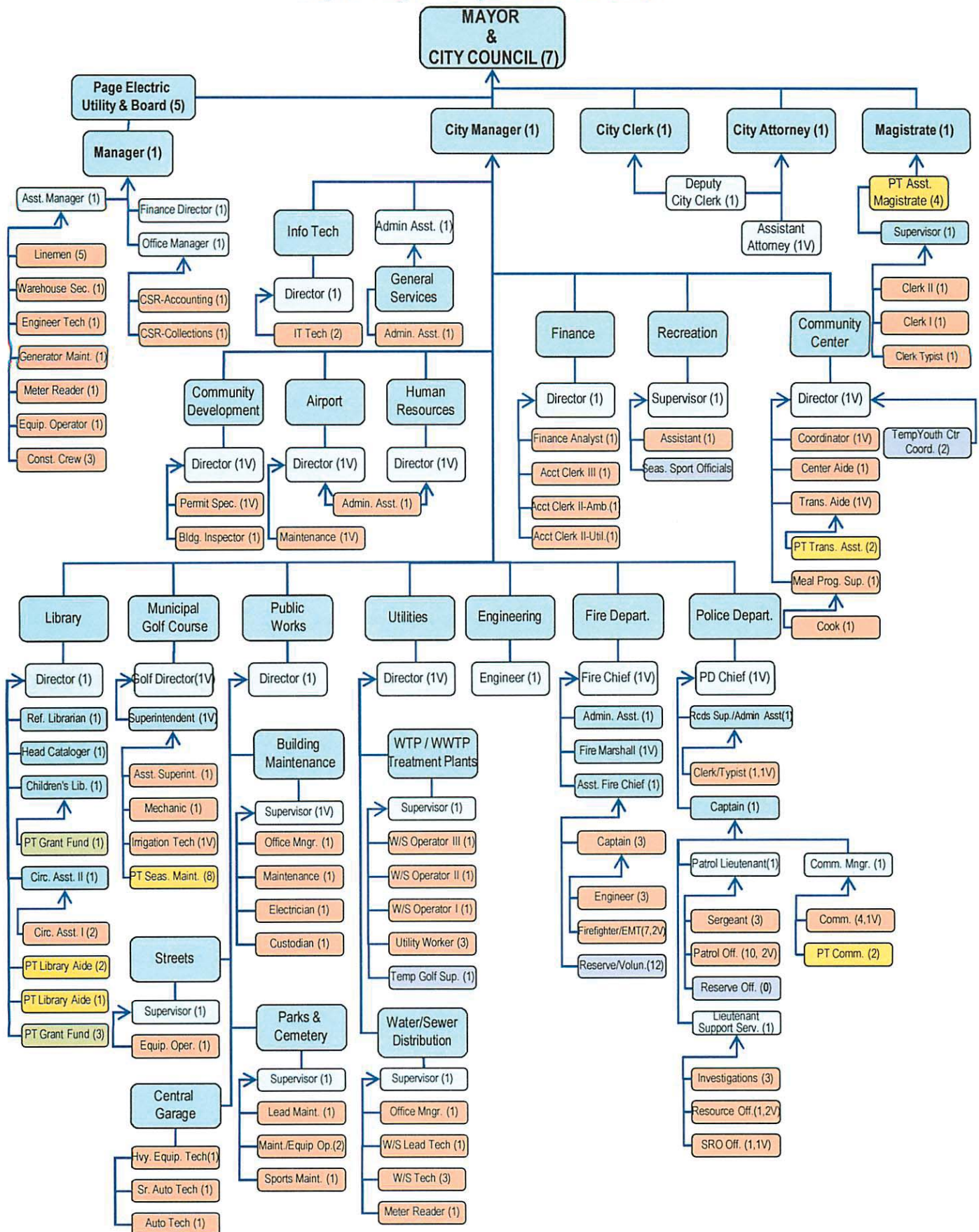
Derek Oliverson/Interim

## Departments

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



## City of Page – Organizational Chart



Vacancies (V) are shown as of June 30, 2012



# 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, 2011

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.



*Christopher P. Moynell*  
President

*Jeffrey R. Enen*  
Executive Director



## **FINANCIAL SECTION**



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MEMBERS:

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

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

## Independent Auditors' Report

The Honorable Mayor and  
City Council  
Page, Arizona

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Page, Arizona, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City of Page's management. Our responsibility is to express an opinion on these basic 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 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 opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Page as of June 30, 2012, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2012, on our consideration of the City of Page'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 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 3 through 11, the public safety retirement system information on pages 56 and 57, and the budgetary comparison information on pages 60 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information



in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Page, Arizona's financial statements as a whole. The introductory section, combining and individual fund financial statements, 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 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.

A handwritten signature in black ink that reads "Hinton Burdick, PLLC". The signature is written in a cursive, flowing style.

HintonBurdick, PLLC  
November 28, 2012

**CITY OF PAGE, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2012**

As management of the City of Page, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2012. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity (3) identify changes in the City's financial position (4) identify any material deviations from the financial plan (the approved budget) and (5) identify individual fund issues or concerns.

The discussion and analysis (MD&A) has a different focus and purpose than the transmittal letter of this report, and is designed to be read in conjunction with the transmittal letter as well as the basic financial statements beginning on page 14 and the accompanying notes to the basic financial statements.

**FINANCIAL HIGHLIGHTS**

- The City's total net position at the close of the fiscal year was \$121,085,387. This amount is comprised of \$97,443,670 in capital assets net of related debt, \$1,936,741 of restricted net assets and \$21,704,976 in unrestricted net assets. This position remains stable from last year reflecting that there were no new projects undertaken or significant capital purchases made within the year.
- Governmental net assets decreased by \$1 million. This decrease is representative of our accumulated depreciation costs exceeding the amount that was invested in capital replacement. The Business-Type net assets show an increase in net assets of \$592,538 mainly due to net income from the Electric fund.
- Total City Sales tax revenue showed a slight increase of \$58,000 as compared to the prior year, however, this tax is still the single largest revenue source in the budget. In October 2011, the City Council increased the additional tax on the Hotel/Motel category from 3% to 4.263%.
- The City received federal grant funding in the amount of \$1.2 million to make repairs and reconstruct the airport runway during the fiscal year.
- In October 2011, the City restructured their bond debt from 1999. This restructure allowed for the City to ease into future repayment of the bond payments at a graduated payment rate, while applying a portion of that payment toward the principal of the bond. The new restructured principal amount for the 2011 bond is \$11,730,000. In addition, the City has an outstanding principal bond for the Airport in the amount of approximately \$1.6 million. Overall, the total principal bond debt currently held by the City of Page is \$13.3 million.
- Due to the restructure of the bond, the Debt Service fund balance has decreased \$1.3 million dollars. This decrease reflects the bond payment and applicable fees that pertained to the restructure of the bond debt.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Assets and the Statement of Activities. These statements provide information about the activities of the City as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. (3) Notes to the financial statements.



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

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

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

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

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

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

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

### **Fund Financial Statements**

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

- Governmental funds – Most of the City's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations included with the Basic Financial Statements on pages 19 and 22.
- Proprietary funds – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the City's financial position. The City's combined assets exceed liabilities by \$121 million as of June 30, 2012 as shown in the following condensed statement of net assets. The City has chosen to account for its utility operations in enterprise funds which are shown as Business Activities.

### City of Page Statement of Net Assets

	Governmental activities		Business-type activities		Combined Total	
	6/30/2012	6/30/2011	6/30/2012	6/30/2011	6/30/2012	6/30/2011
Current and other assets	\$ 5,016,729	\$ 6,428,442	\$ 22,404,943	\$ 20,213,302	\$ 27,421,672	\$ 26,641,744
Capital assets	79,760,735	80,837,196	31,368,394	32,827,998	111,129,129	113,665,194
Total assets	84,777,464	87,265,638	53,773,337	53,041,300	138,550,801	140,306,938
Long-term liabilities outstanding	13,706,566	15,853,387	124,264	253,216	13,830,830	16,106,603
Other liabilities	1,661,292	1,474,539	1,973,292	1,704,840	3,634,584	3,179,379
Total liabilities	15,367,858	17,327,926	2,097,556	1,958,056	17,465,414	19,285,982
Net position:						
Net investment in capital assets	66,231,720	65,842,704	31,211,950	32,749,251	97,443,670	98,591,955
Restricted	1,936,741	3,743,731	-	-	1,936,741	3,743,731
Unrestricted	1,241,145	351,277	20,463,831	18,333,993	21,704,976	18,685,270
Total net position	\$ 69,409,606	\$ 69,937,712	\$ 51,675,781	\$ 51,083,244	\$ 121,085,387	\$ 121,020,956

The City has \$121,085,387 in total assets, with \$97,443,670 in capital assets (net of depreciation). The City's water, sewer, sanitation, and electric enterprise fund operations are included in the Business-type activities column. These operations are capital intensive, using a large portion of their resources to maintain and replace major equipment and facilities.

### Governmental Activities

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

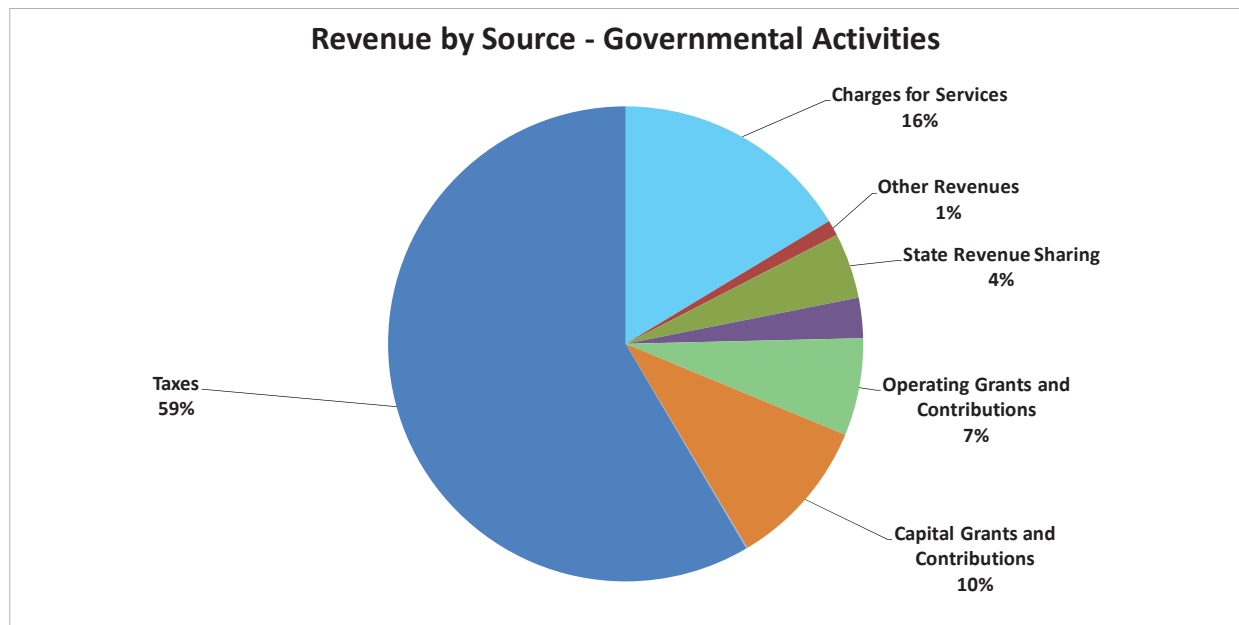
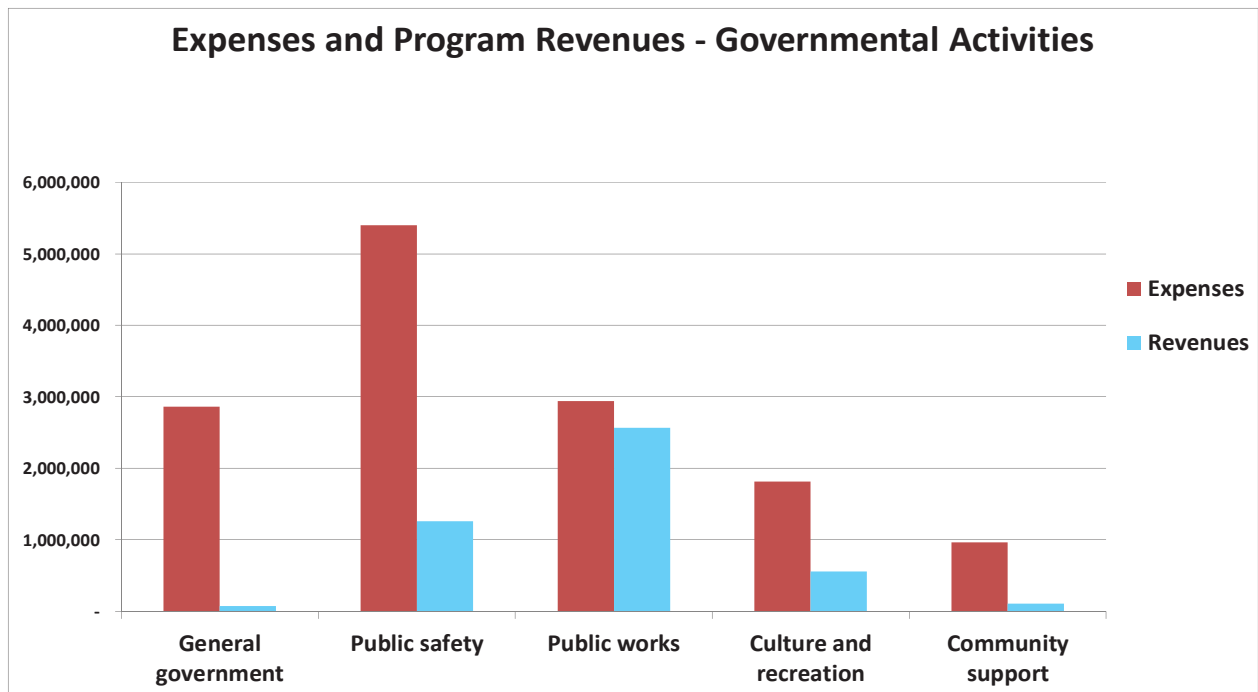


**City of Page**  
**Changes in Net Position**

	activities		activities		Total	
	6/30/2012	6/30/2011	6/30/2012	6/30/2011	6/30/2012	6/30/2011
Revenues:						
Program revenues:						
Charges for services	\$ 2,246,849	\$ 2,222,836	\$ 12,532,472	\$ 12,240,987	\$ 14,779,321	\$ 14,463,823
Operating grants and contributions	911,426	513,129	-	-	911,426	513,129
Capital grants and contributions	1,398,753	1,477,168	-	-	1,398,753	1,477,168
General revenues:						
Taxes	8,036,319	6,902,409	-	-	8,036,319	6,902,409
State revenue sharing	611,652	2,252,850	-	-	611,652	2,252,850
Investment Income	11,653	34,830	-	13,098	11,653	47,928
Gain on disposal of asset	377,650	153,126	-	289,732	377,650	442,858
Other revenue/(expense)	147,311	229,642	(15,279)	214,753	132,032	444,395
Total revenues	<u>13,741,613</u>	<u>13,785,990</u>	<u>12,517,193</u>	<u>12,758,570</u>	<u>26,258,806</u>	<u>26,544,560</u>
Expenses:						
General government	2,862,521	2,957,556	-	-	2,862,521	2,957,556
Public safety	5,397,651	5,390,417	-	-	5,397,651	5,390,417
Public works/Streets	2,934,715	3,051,926	-	-	2,934,715	3,051,926
Culture and recreation	1,815,364	2,081,624	-	-	1,815,364	2,081,624
Community support	959,067	977,583	-	-	959,067	977,583
Interest on long-term debt	1,027,886	358,964	-	-	1,027,886	358,964
Water	-	-	1,545,058	1,502,106	1,545,058	1,502,106
Sewer	-	-	1,419,674	1,286,837	-	-
Electric	-	-	7,445,984	7,269,317	7,445,984	7,269,317
Sanitation	-	-	619,764	656,820	619,764	656,820
Total expenses	<u>14,997,204</u>	<u>14,818,070</u>	<u>11,030,480</u>	<u>10,715,080</u>	<u>24,608,010</u>	<u>24,246,313</u>
Increase (Decrease) in net position before transfers	(1,255,591)	(1,032,080)	1,486,713	2,043,490	231,122	1,011,410
Transfers	727,485	262,535	(727,485)	(262,535)	-	-
Net position, beginning	69,937,712	70,707,257	51,083,243	49,302,289	121,020,955	120,009,546
Prior period adjustment	-	-	(166,690)	-	(166,690)	-
Net position, ending	<u>\$ 69,409,606</u>	<u>\$ 69,937,712</u>	<u>\$ 51,675,781</u>	<u>\$ 51,083,244</u>	<u>\$ 121,085,387</u>	<u>\$ 121,020,956</u>

The cost of all governmental activities this year was \$14.9 million, while the cost of all business-type activities totaled \$11 million, bringing the total expenses for the government to \$24.6 million. The net cost of the governmental activities, which nets the expense against the revenue, was \$10.4 million. This amount was financed by general revenues. These revenues are primarily made up of the sales tax collections in the amount of \$6.9 million and state shared revenues in the amount of \$1.7 million. The balance was funded from general revenues collected by the City for fees, charges and grant funds. The total revenue received for Governmental Activities during the year was \$13.7 million. The Governmental Net Position reported a decrease from the prior year of \$528,106.

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

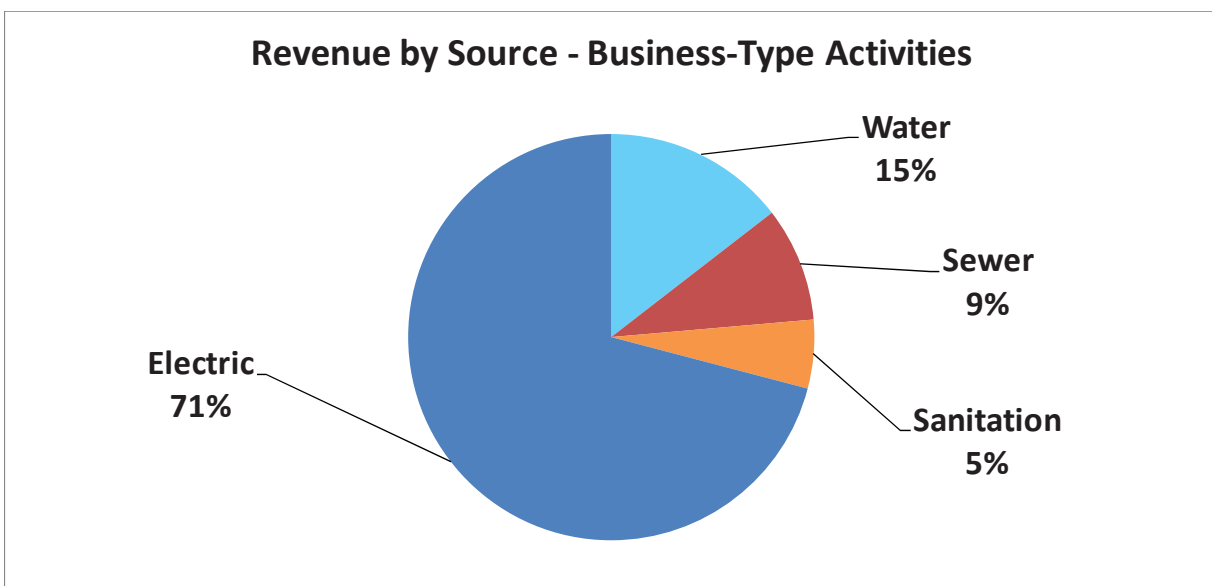
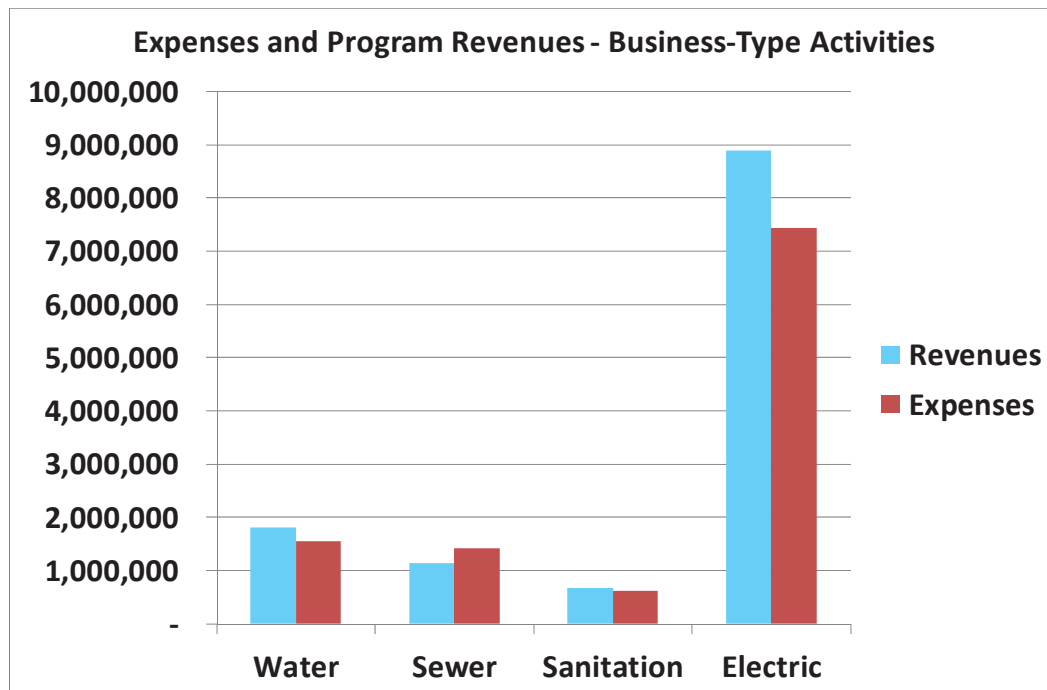




## Business Type Activities

The net position of the Business Type activities at June 30, 2012 as reflected in the Statement of Net Position was \$51.6 million. The cost of providing all Proprietary (Business Type) activities this year was \$11 million. As shown in the statement of Changes in Net Position, the amounts paid by users of the system were \$12.5 million reflecting a \$1.5 million gain in revenue. The Net Position increased by \$592,538.

With regard to the Electric Fund, FY 2011-2012 has been another successful year for the Page Electric Utility showing continued stability in the power market. The relatively low cost of purchase power has enabled the Utility to continue its aggressive infrastructure modernization. Management looks forward to the 2012-2013 fiscal year and plans over the next five years to make infrastructure improvements to the water & sewer utilities as well as continuing with the electric utility.



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

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

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

As of the end of the current fiscal year, the City of Page's governmental funds reported a combined ending fund balance of \$3.8 million, a decrease of \$1 million in comparison with the prior year. Approximately, 32 % of this total amount or \$1.2 million constitutes unassigned fund balance, which is available for new spending at the government's discretion. The remainder of the fund balance is restricted or committed because it has already been committed 1) to pay debt service, 2) to pay for capital improvements or 3) for a variety of other restricted purposes.

The General Fund is the chief operating fund of the City of Page. At the end of the current fiscal year, total fund balance in the General Fund was \$1,218,820, all of which is unassigned. As a measure of liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Both unassigned fund balance and total fund balance represents 11% of total general fund expenditures.

The Highway User Revenue Fund has a total fund balance of \$1,165,458, all of which is restricted for road and street construction and improvements. The net increase in the fund balance during the current year was \$163,435 and was due to planned appropriations of fund balance for future road work.

The Capital Projects Fund balance increased by \$11,535 reflecting that the City has limited its capital projects to that of the Airport Fund, which is primarily funded by grant revenue.

The Water Fund experienced a \$146,453 increase in net position for 2012 primarily due to the annual water rate adjustments that was implemented in February 2012.

The Sewer Fund details a decrease of \$969,803 for the year primarily due to a combined operating loss of approximately \$280,000; the transfer of \$355,000 to the General Fund per Council's directive; approximately \$170,000 transferred to the Debt Service Fund to cover the Sewer Fund's portion of the debt service payment; and the remaining \$165,000 was primarily comprised of a prior period adjustment to assets.

Governed by Ordinance 447-03, the Page Electric Utility has been managed and budgeted separate from the remainder of the City of Page. In May 2012, the Mayor and City Council approved Ordinance 588-12 which provided for the Page City Code, Chapter 2, Article 8, to be amended thereby creating the Page Utility Enterprises to manage the Electric, Water, & Sewer Utilities starting July 1, 2012.

## **General Fund Budgetary Highlights**

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

General Fund revenues of \$10,919,338, on a budgetary basis, were greater than the budget of \$10,620,393 by \$298,945. The variance in budget to actual numbers related to revenues was the result of unanticipated increase in court fines and projected sales tax revenue. Actual expenditures of \$10,794,816



were 96% of budgeted expenditures of \$11,270,228.75. The \$475,412 variance in budget to actual expenditures was a direct result of cutting costs throughout various line-items of the operating budget.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The capital assets of the City are those assets that are used in performance of City functions, including infrastructure assets. Capital Assets include equipment, vehicles, buildings, land, park facilities and roads. At the end of fiscal year 2012, net capital assets of the government activities totaled \$79.7 million and the net capital assets of the business-type activities totaled \$31.3 million. Depreciation on capital assets is recognized in the Government-Wide financial statements. (See note 5 of the financial statements.)

### **Debt**

At year-end, the City had \$13.4 million in governmental long-term debt outstanding. The debt is a liability of the government and amounts to \$1,835 per capita. During the current fiscal year the City restructured its Series 1999 bond debt in the amount of \$11,730,000 and continues to pay on the Airport bond debt, carrying a balance of \$1.6 million at year end. The initial 1999 Series Bond was issued to cover the costs of constructing the public safety facility and the library, costs associated with closing the landfill, and costs associated with improvements made to the water and wastewater treatment plants. (See note 6 to the financial statements for detailed descriptions.)

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

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

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

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

For FY 2012-2103, our focus is to:

- Continue the support of marketing the City of Page with regard to tourism. This industry is a vital part of the funding we receive from sales tax revenues.
- Review the current rates charged City-wide and propose increases where necessary.
- Present to the City Council a new revenue source in the form of a municipal property tax that will be dedicated to relieving the General Fund of its annual bond debt obligations.
- Provide a replacement program for funding fleet vehicles and other needed capital equipment.

- Research and review options for obtaining higher yield rates from our overall investment portfolios.

The City is committed to maintaining cash reserves for General Fund operations at \$3.5 million with the hope of increasing that threshold over the next several years. This reserve must be obtained while maintaining the capital and ongoing operation needs of the community. The fiscal year 2012-2013 budget amount for the General Fund expenditures (including inter-fund transfers) is balanced with anticipated revenue of \$11,292,936. The adopted fiscal year 2012-2013 budget for the entire City of Page is \$35,128,349, which includes capital projects of \$3.6 million.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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



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## **BASIC FINANCIAL STATEMENTS**

**CITY OF PAGE, ARIZONA**  
**Statement of Net Position**  
**June 30, 2012**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 2,790,332	\$ 17,582,206	\$ 20,372,538
Receivables (net of allowance)	1,288,618	1,328,066	2,616,684
Notes receivable	137,650	-	137,650
Deferred charges	547,575	-	547,575
Prepaid expenses	-	330,157	330,157
Inventories	-	811,704	811,704
Internal balances	(1,625,000)	1,625,000	-
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	1,877,554	727,810	2,605,364
Capital assets (net of accumulated depreciation)			
Land and improvements	45,157,451	133,245	45,290,696
Buildings and improvements	9,926,923	5,304,160	15,231,083
Furniture, equipment and vehicles	2,941,970	2,489,762	5,431,732
Construction in progress	174,163	143,171	317,334
Infrastructure	21,560,228	-	21,560,228
Power distribution system	-	14,320,447	14,320,447
Water distribution system	-	6,917,365	6,917,365
Sewer distribution system	-	2,060,244	2,060,244
Total assets	<u>84,777,464</u>	<u>53,773,337</u>	<u>138,550,801</u>
<b>Liabilities</b>			
Accounts payable and other current liabilities	463,684	1,089,036	1,552,720
Customer deposits	-	727,810	727,810
Interest payable	16,486	-	16,486
Deferred revenue	137,650	-	137,650
Noncurrent liabilities:			
Due within one year	1,043,472	156,446	1,199,918
Due in more than one year	13,706,566	124,264	13,830,830
Total liabilities	<u>15,367,858</u>	<u>2,097,556</u>	<u>17,465,414</u>
<b>Net Assets</b>			
Net investment in capital assets	66,231,720	31,211,950	97,443,670
Restricted for:			
Debt service	38,364	-	38,364
Capital projects	224,453	-	224,453
Highways and streets	1,165,458	-	1,165,458
Other purposes	508,466	-	508,466
Unrestricted	1,241,145	20,463,831	21,704,976
Total net position	<u>\$ 69,409,606</u>	<u>\$ 51,675,781</u>	<u>\$ 121,085,387</u>

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



**CITY OF PAGE, ARIZONA**  
**Statement of Activities**  
**For the Year Ended June 30, 2012**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for	Operating	Capital	Governmental	Business-type	Total
		Services	Grants & Contributions	Grants & Contributions	Activities	Activities	
Governmental activities:							
General government	\$ 2,862,521	\$ 69,360	\$ -	\$ -	\$ (2,793,161)	\$ -	\$ (2,793,161)
Public safety	5,397,651	1,213,521	10,792	35,065	(4,138,273)	-	(4,138,273)
Public works	2,934,715	592,057	613,167	1,363,688	(365,803)	-	(365,803)
Culture and recreation	1,815,364	339,833	213,934	-	(1,261,597)	-	(1,261,597)
Community support	959,067	32,078	73,533	-	(853,456)	-	(853,456)
Interest on long-term debt	1,027,886	-	-	-	(1,027,886)	-	(1,027,886)
Total governmental activities	14,997,204	2,246,849	911,426	1,398,753	(10,440,176)	-	(10,440,176)
Business-type activities:							
Water	1,545,058	1,819,551	-	-	-	274,493	274,493
Sewer	1,419,674	1,140,122	-	-	-	(279,552)	(279,552)
Sanitation	619,764	684,540	-	-	-	64,776	64,776
Electric	7,445,984	8,888,259	-	-	-	1,442,275	1,442,275
Total business-type activities	11,030,480	12,532,472	-	-	-	1,501,992	1,501,992
Total primary government	26,027,684	14,779,321	911,426	1,398,753	(10,440,176)	1,501,992	(8,938,184)
General Revenues:							
Taxes:							
City sales tax					6,960,801	-	6,960,801
Franchise tax					236,028	-	236,028
State sales tax (unrestricted)					566,283	-	566,283
Auto lieu tax (unrestricted)					273,207	-	273,207
State revenue sharing (unrestricted)					611,652	-	611,652
Land sales					377,650	-	377,650
Unrestricted investment earnings (losses)					11,653	(15,279)	(3,626)
Other general revenues					147,311	-	147,311
Transfers					727,485	(727,485)	-
Total general revenues & transfers					9,912,070	(742,764)	9,169,306
Change in net assets					(528,106)	759,228	231,122
Net position - beginning					69,937,712	51,083,243	121,020,955
Prior period adjustment					-	(166,690)	(166,690)
Net position - ending					\$ 69,409,606	\$ 51,675,781	\$ 121,085,387

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

**CITY OF PAGE, ARIZONA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

	<u>General</u>	<u>Highway User Fund</u>	<u>Debt Service Fund</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 2,067,852	\$ -	\$ -
Notes receivable	137,650	-	-
Other receivables	485,954	-	-
Due from other governments	694,299	64,101	-
Restricted cash and cash equivalents	-	1,120,129	38,364
Total assets	<u>\$ 3,385,755</u>	<u>\$ 1,184,230</u>	<u>\$ 38,364</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 118,909	\$ 13,860	\$ -
Accrued liabilities	285,376	4,912	-
Due to other funds	1,625,000	-	-
Deferred revenue	137,650	-	-
Total liabilities	<u>2,166,935</u>	<u>18,772</u>	<u>-</u>
Fund Balances:			
Restricted:			
Roads and highways	-	1,165,458	-
Capital outlay	-	-	-
Debt service	-	-	38,364
Perpetual care	-	-	-
Public safety	-	-	-
Community support	-	-	-
Committed:			
Public works	-	-	-
Culture and recreation	-	-	-
Community support	-	-	-
Unassigned	1,218,820	-	-
Total fund balances	<u>1,218,820</u>	<u>1,165,458</u>	<u>38,364</u>
Total liabilities and fund balances	<u>\$ 3,385,755</u>	<u>\$ 1,184,230</u>	<u>\$ 38,364</u>

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

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<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 722,480	\$ 2,790,332
-	-	137,650
-	1,585	487,539
7,159	35,520	801,079
224,441	494,620	1,877,554
<u>\$ 231,600</u>	<u>\$ 1,254,205</u>	<u>\$ 6,094,154</u>

\$ 7,147	\$ 14,014	\$ 153,930
-	19,466	309,754
-	-	1,625,000
-	-	137,650
<u>7,147</u>	<u>33,480</u>	<u>2,226,334</u>

-	-	1,165,458
224,453	-	224,453
-	-	38,364
-	305,983	305,983
-	48,701	48,701
-	153,782	153,782
-	576,558	576,558
-	40,976	40,976
-	94,725	94,725
-	-	1,218,820
<u>224,453</u>	<u>1,220,725</u>	<u>3,867,820</u>
<u>\$ 231,600</u>	<u>\$ 1,254,205</u>	<u>\$ 6,094,154</u>



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**CITY OF PAGE, ARIZONA**  
**Reconciliation of Total Governmental Fund Balances**  
**To Net Position of Governmental Activities**  
**June 30, 2012**

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Total governmental fund balances	\$	3,867,820
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Amounts reported for governmental activities in the statement of net position are different because:

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

Governmental capital assets	\$ 101,543,735	
Less: accumulated depreciation	<u>(21,783,000)</u>	
		79,760,735

Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.

Bond issuance costs (net)	547,575
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Some liabilities, including bonds payable and capital leases, are not due and payable in the current period and therefore are not reported in the funds.

Bonds payable	\$ (11,730,000)	
Airport lease purchase	(1,663,200)	
Capital leases	(612,363)	
Compensated absences	(673,448)	
Bond premiums	(665,945)	
Deferred amount on refunding	<u>594,918</u>	
		(14,750,038)

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

	<u>(16,486)</u>
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Total net position of governmental activities	\$	<u><u>69,409,606</u></u>
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The accompanying notes are an integral part of the financial statements.

**CITY OF PAGE, ARIZONA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2012**

	<b>General</b>	<b>Highway User Fund</b>	<b>Debt Service Fund</b>
<b>Revenues</b>			
Taxes	\$ 7,196,829	\$ -	\$ -
Licenses, permits and fees	85,254	-	-
Intergovernmental revenue	1,560,793	613,167	-
Charges for services	1,180,503	-	-
Fines and forfeitures	381,075	-	-
Rental revenue	-	-	-
Investment earnings	11,085	504	64
Land sales	377,650	-	-
Other revenues	126,149	-	-
Total revenues	<u>10,919,338</u>	<u>613,671</u>	<u>64</u>
<b>Expenditures</b>			
Current:			
General government	2,453,151	-	-
Public safety	5,069,101	-	-
Public works	952,353	393,206	-
Culture and recreation	1,431,983	-	-
Community support	436,727	-	-
Capital outlay	136,438	21,584	-
Debt service:			
Principal	279,466	32,596	170,833
Interest	35,597	2,850	508,140
Refunding bond issuance costs	-	-	566,457
Total expenditures	<u>10,794,816</u>	<u>450,236</u>	<u>1,245,430</u>
Excess (deficiency) of revenues over (under) expenditures	<u>124,522</u>	<u>163,435</u>	<u>(1,245,366)</u>
<b>Other Financing Sources (Uses)</b>			
Operating transfers in	417,593	-	1,164,782
Operating transfers out	(595,402)	-	-
Debt proceeds	61,935	-	-
Refunding bonds issued	-	-	11,730,000
Premium on refunding bonds issued	-	-	678,203
Payment to refunded bond escrow agent	-	-	(13,351,076)
Total other financing sources and uses	<u>(115,874)</u>	<u>-</u>	<u>221,909</u>
Net change in fund balances	8,648	163,435	(1,023,457)
Fund balances, beginning of year	<u>1,210,172</u>	<u>1,002,023</u>	<u>1,061,821</u>
Fund balances, end of year	<u><u>\$ 1,218,820</u></u>	<u><u>\$ 1,165,458</u></u>	<u><u>\$ 38,364</u></u>

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



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<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 7,196,829
-	-	85,254
1,363,688	247,136	3,784,784
-	58,700	1,239,203
-	-	381,075
-	422,509	422,509
-	-	11,653
-	-	377,650
-	87,834	213,983
<u>1,363,688</u>	<u>816,179</u>	<u>13,712,940</u>
-	-	2,453,151
-	8,175	5,077,276
-	265,017	1,610,576
-	35,013	1,466,996
-	494,730	931,457
1,352,153	-	1,510,175
-	-	482,895
-	-	546,587
-	-	566,457
<u>1,352,153</u>	<u>802,935</u>	<u>14,645,570</u>
<u>11,535</u>	<u>13,244</u>	<u>(932,630)</u>
-	314,405	1,896,780
-	(573,893)	(1,169,295)
-	-	61,935
-	-	11,730,000
-	-	678,203
-	-	(13,351,076)
<u>-</u>	<u>(259,488)</u>	<u>(153,453)</u>
11,535	(246,244)	(1,086,083)
<u>212,918</u>	<u>1,466,969</u>	<u>4,953,903</u>
<u>\$ 224,453</u>	<u>\$ 1,220,725</u>	<u>\$ 3,867,820</u>

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

**CITY OF PAGE, ARIZONA**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balance of Governmental Funds**  
**To The Statement of Activities**  
**For the Year Ended June 30, 2012**

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

Net change in fund balances - total governmental funds	\$ (1,086,083)
--	----------------

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

Capital outlay	1,646,937	
Depreciation expense	<u>(2,595,137)</u>	(948,200)

The net effect of various miscellaneous transaction involving capital assets (i.e., sales, donations, and disposals) is a decrease in net position.	(128,261)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt proceeds	(11,791,935)	
Principal paid	12,780,865	
Bond premiums	(678,203)	
Deferred amount on refunding	645,740	
Bond issuance costs	566,457	
Amortization of bond issuance costs and bond premiums	(57,447)	

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 the governmental funds.	(16,486)
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Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

	<u>185,448</u>
Change in net position of governmental activities	<u><u>\$ (528,105)</u></u>

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

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**CITY OF PAGE, ARIZONA**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2012**

	<u>Water</u>	<u>Sewer</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,939,888	\$ 881,132
Receivables, net of allowance	200,777	104,545
Due from other funds	-	-
Inventories	-	-
Prepaid expenses	-	-
Total current assets	<u>3,140,665</u>	<u>985,677</u>
Noncurrent assets:		
Restricted cash	87,765	-
Capital assets:		
Land	-	-
Buildings and improvements	2,359,167	4,515,825
Machinery, equipment, vehicles	1,640,874	1,692,977
Distribution system	15,237,163	10,494,016
Construction-in-progress	-	-
Less accumulated depreciation	<u>(11,218,505)</u>	<u>(10,666,898)</u>
Total noncurrent assets	<u>8,106,464</u>	<u>6,035,920</u>
Total assets	<u>\$ 11,247,129</u>	<u>\$ 7,021,597</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 140,714	\$ 49,756
Accrued liabilities	9,612	13,044
Customer deposits	87,765	-
Current portion of long-term liabilities	<u>41,298</u>	<u>22,754</u>
Total current liabilities	<u>279,389</u>	<u>85,554</u>
Noncurrent liabilities		
Compensated absences	23,764	17,997
Capital leases payable (net of current portion)	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>23,764</u>	<u>17,997</u>
Total liabilities	<u>303,153</u>	<u>103,551</u>
<b>Net Position</b>		
Net investment in capital assets	7,977,401	6,013,166
Restricted for:		
Other purposes	-	-
Unrestricted	<u>2,966,575</u>	<u>904,880</u>
Total net position	<u>\$ 10,943,976</u>	<u>\$ 6,918,046</u>

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<u>Sanitation</u>	<u>Electric</u>	<u>Total</u>
\$ 104,341	\$ 13,656,845	\$ 17,582,206
74,435	948,309	1,328,066
-	1,625,000	1,625,000
-	811,704	811,704
-	330,156	330,156
<u>178,776</u>	<u>17,372,014</u>	<u>21,677,132</u>
-	640,045	727,810
-	133,245	133,245
-	2,681,450	9,556,442
-	3,241,466	6,575,317
-	30,138,326	55,869,505
-	143,171	143,171
-	(19,023,881)	(40,909,284)
-	<u>17,953,822</u>	<u>32,096,206</u>
<u>\$ 178,776</u>	<u>\$ 35,325,836</u>	<u>\$ 53,773,338</u>
\$ 51,224	748,908	\$ 990,602
-	75,778	98,434
-	640,045	727,810
-	92,394	156,446
<u>51,224</u>	<u>1,557,125</u>	<u>1,973,292</u>
-	82,504	124,265
-	-	-
-	82,504	124,265
<u>51,224</u>	<u>1,639,629</u>	<u>2,097,557</u>
-	17,221,383	31,211,950
-	-	-
127,552	16,464,824	20,463,831
<u>\$ 127,552</u>	<u>\$ 33,686,207</u>	<u>\$ 51,675,781</u>

**CITY OF PAGE, ARIZONA**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2012**

	<u>Water</u>	<u>Sewer</u>
<b>Operating revenues</b>		
Service fees	1,818,205	1,140,122
Other revenues	<u>1,346</u>	<u>-</u>
Total operating revenues	<u>1,819,551</u>	<u>1,140,122</u>
<b>Operating expenses</b>		
Salaries and wages	337,279	297,235
Employee benefits	115,449	88,031
Insurance	-	-
Service, supplies and other	521,949	541,103
Power costs	-	-
Outside services	-	-
Bad debts	9,568	-
Depreciation	<u>557,417</u>	<u>493,305</u>
Total operating expenses	<u>1,541,662</u>	<u>1,419,674</u>
Operating income (loss)	<u>277,889</u>	<u>(279,552)</u>
<b>Nonoperating revenues (expenses)</b>		
Interest income	-	-
Interest expense	(3,396)	-
Gain (Loss) on disposal of capital assets	<u>(28,672)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(32,068)</u>	<u>-</u>
Income (loss) before transfers	245,821	(279,552)
Transfers from other funds	33,428	-
Transfers to other funds	<u>(98,022)</u>	<u>(558,334)</u>
<b>Change in net position</b>	181,227	(837,886)
Total net position, beginning of year	10,797,523	7,887,848
Prior period adjustment	<u>(34,774)</u>	<u>(131,916)</u>
<b>Total net position, end of year</b>	<u><u>\$ 10,943,976</u></u>	<u><u>\$ 6,918,046</u></u>

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

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<b>Sanitation</b>	<b>Electric</b>	<b>Total</b>
684,422	8,875,336	\$ 12,518,085
118	12,923	14,387
684,540	8,888,259	12,532,472
-	1,122,803	1,757,317
-	338,587	542,067
-	78,519	78,519
24,672	118,285	1,206,009
-	4,242,279	4,242,279
593,442	99,457	692,899
1,650	-	11,218
-	1,446,054	2,496,776
619,764	7,445,984	11,027,084
64,776	1,442,275	1,505,388
-	6,407	6,407
-	-	(3,396)
-	6,986	(21,686)
-	13,393	(18,675)
64,776	1,455,668	1,486,713
-	-	33,428
(104,557)	-	(760,913)
(39,781)	1,455,668	759,228
167,333	32,230,539	51,083,243
-	-	(166,690)
<u>\$ 127,552</u>	<u>\$ 33,686,207</u>	<u>\$ 51,675,781</u>

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



**CITY OF PAGE, ARIZONA**  
**Statement of Cash Flows**  
**Proprietary Fund Types**  
**For the Year Ended June 30, 2012**

	<u>Water</u>	<u>Sewer</u>
<b>Cash Flows From Operating Activities</b>		
Cash received from customers, service fees	\$ 1,850,741	\$ 1,158,979
Cash received from other operating revenues	1,346	-
Cash paid to suppliers	(462,487)	(859,205)
Cash paid to employees	(434,539)	(369,560)
Net cash flows from operating activities	<u>955,061</u>	<u>(69,786)</u>
<b>Cash Flows From Noncapital Activities:</b>		
Transfers (to) / from other funds	<u>(64,594)</u>	<u>(558,334)</u>
Net cash flows from noncapital activities	<u>(64,594)</u>	<u>(558,334)</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Interest paid	(3,396)	-
Purchase of capital assets	(61,755)	(50,805)
Other capital asset activity	(77,198)	33,428
Principal payments on capital leases	(60,202)	-
Net cash flows from capital and related financing activities:	<u>(202,551)</u>	<u>(17,377)</u>
<b>Cash Flows From Investing Activities:</b>		
Interest on investments	<u>-</u>	<u>-</u>
Net cash flows from investing activities	<u>-</u>	<u>-</u>
Net change in cash and cash equivalents	<u>687,916</u>	<u>(645,497)</u>
Cash and cash equivalents, beginning of year, including temporarily restricted cash	<u>2,339,737</u>	<u>1,526,629</u>
<b>Cash and cash equivalents, end of year, including temporarily restricted cash</b>	<u><u>\$ 3,027,653</u></u>	<u><u>\$ 881,132</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Net operating income (loss)	\$ 277,889	\$ (279,552)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation/amortization	557,417	493,305
Changes in operating assets and liabilities:		
(Increase) Decrease in receivables	42,104	18,857
(Increase) Decrease in prepaid expenses	-	-
(Increase) Decrease in inventories	-	-
Increase (Decrease) in accounts payable	59,270	(322,836)
Increase (Decrease) in compensated absences	18,189	15,706
Increase (Decrease) in accrued liabilities	192	4,734
Net cash flows from operating activities	<u><u>\$ 955,061</u></u>	<u><u>\$ (69,786)</u></u>

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

<b>Sanitation</b>	<b>Electric</b>	<b>Total</b>
\$ 677,134	\$ 8,735,167	\$ 12,422,021
118	12,923	14,387
(615,396)	(4,466,923)	(6,404,011)
-	(1,407,588)	(2,211,687)
61,856	2,873,579	3,820,710
(104,557)	-	(727,485)
(104,557)	-	(727,485)
-	-	(3,396)
-	(1,076,206)	(1,188,766)
-	6,986	(36,784)
-	-	(60,202)
-	(1,069,220)	(1,289,148)
-	6,407	6,407
-	6,407	6,407
(42,701)	1,810,766	1,810,484
147,042	12,486,124	16,499,532
<u>\$ 104,341</u>	<u>\$ 14,296,890</u>	<u>\$ 18,310,016</u>
\$ 64,776	\$ 1,442,275	\$ 1,505,388
-	1,446,054	2,496,776
(5,638)	(140,169)	(84,846)
-	(273,631)	(273,631)
-	(22,678)	(22,678)
2,718	321,941	61,093
-	53,802	87,697
-	45,985	50,911
<u>\$ 61,856</u>	<u>\$ 2,873,579</u>	<u>\$ 3,820,710</u>

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

**CITY OF PAGE, ARIZONA**  
**Statement of Net Position**  
**Fiduciary Funds**  
**June 30, 2012**

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	<b>Volunteer Firefighters' Pension</b>
<b>Assets</b>	
Current assets:	
Restricted cash and cash equivalents	\$ 410,669
Total assets	<u>410,669</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	<u>-</u>
Total liabilities	<u>-</u>
<b>Net position</b>	
Held in trust	<u>\$ 410,669</u>

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

**CITY OF PAGE, ARIZONA**  
**Statement of Changes in Net Position**  
**Fiduciary Funds**  
**June 30, 2012**

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	<b>Volunteer Firefighters' Pension</b>
<b>Additions</b>	
Contributions	
Employer	\$ 1,079
Employee	2,367
State fire insurance premium	13,391
Other	97,714
	<hr/>
Total contributions	114,551
	<hr/>
<b>Investment income</b>	
Net appreciation (depreciation) in fair value of investments	(37,027)
Interest	8
	<hr/>
Net investment income	(37,019)
	<hr/>
Total additions	77,532
	<hr/>
<b>Deductions</b>	
Benefits	18,563
Administration	-
	<hr/>
Total deductions	18,563
	<hr/>
Net increase (decrease)	58,969
Net position held in trust for pension benefits	
Beginning of year	351,700
	<hr/>
End of year	\$ 410,669
	<hr/> <hr/>

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



**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2012**

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

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**General**

The accompanying financial statements include all activities of the City of Page, Arizona (the City). The accounting policies of the City conform to U.S. generally accepted accounting principles (GAAP) as applicable to governments. The following is a summary of the more significant policies.

**Reporting Entity**

The City was incorporated March 1, 1975, under the provisions of Article 13, Sections 1 through 6, of the Constitution of Arizona and Title 9 of the Arizona Revised Statutes. The City operates under a Council-Manager form of government. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. The financial statements include all funds that account for activities over which the City's elected mayor and council exercise primary financial management and oversight responsibility. The following is a brief review of the component units included in defining the City's reporting entity. There are no discretely presented component units and one blended component units.

Blended component units included within the reporting entity:

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

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of Net Position and the statement of changes in Net Position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of the inter-fund activity has been removed from these statements. Exceptions to this general rule occur when elimination of charges between funds would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, 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 is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2012**

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

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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 and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**Government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets is capitalized as assets in the government-wide financial statements, rather than as expenditure. Proceeds from long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of a related liability, rather than expenditure in the government-wide 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 expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, state shared revenues, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2012**

---

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

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The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the City reports the following fund types:

The **Volunteer Firefighters' Pension Fund** is an agency fund which accounts for resources held on behalf of the Volunteer Firefighters' Pension Fund. Agency funds are used to report resources held by the City in a purely custodial capacity. Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

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

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2012**

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

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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 government has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 proprietary funds are charges to customers for sales and services.

Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Deposits and Investments**

Cash includes cash on hand, demand deposits with banks and other financial institutions, deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition. The City's policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the state treasurer's pool, obligations of the U. S. Government and other investments as allowed by Arizona State Statutes. All investments are carried at fair value with unrealized gains and losses recorded as adjustments to interest earnings. Fair market values are based on quoted market prices. The reported value of the state treasurer's pool is the same as the fair value of the pool shares.

**Receivables and Payables**

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



**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2012**

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

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**Inventories and Prepaid Items**

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

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

**Capital Assets**

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

Depreciation is computed using the straight-line method over the following estimated useful lives:

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

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2012**

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

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**Compensated Absences**

For governmental funds, amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of Net Position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements unless they have matured, for example, as a result of employee resignations and retirements. Vested or accumulated vacation and sick leave in the proprietary fund are recorded as an expense and a liability of that fund as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements. Sick leave is paid out at termination on any accumulated hours over 320; however, they are capped at 720 hours. For employees of the Electric fund, sick leave vests after 960 accumulated hours. Vacation leave vests after a six month probationary period has been successfully completed. The employee is compensated at their current pay rate.

**Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the 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 Position. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt. 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 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.

**Net Position and Fund Equity**

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. When both committed, assigned, or unassigned resources are available for use, it is the City's policy to use committed resources first, followed by assigned resources and then unassigned resources as they are needed.

Equity is classified in the government-wide financial statements and in the proprietary fund financial statements as Net Position and is displayed in three components as follows:

**Net investment in capital assets** represents capital assets, net of accumulated depreciation and reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets.

**Restricted Net Position** are Net Position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2012**

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

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**Unrestricted Net Position** are all other Net Position that do not meet the definition of “restricted” or “net investment in capital assets.”

Equity is classified in the governmental fund financial statements as fund balance and is further classified as nonspendable, restricted, committed, assigned or unassigned as follows:

**Nonspendable fund balance** cannot be spent because it is either (1) not in spendable form, or (2) legally or contractually required to be maintained intact.

**Restricted fund balance** is fund balance with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**Committed fund balance** can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority, the City Council. A resolution, ordinance or vote by the City Council is required to establish, modify or rescind a fund balance commitment.

**Assigned fund balance** is constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. The City Manager is authorized to assign amounts to a specific purpose in accordance with the City’s budget policy.

**Unassigned fund balance** is a residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the General Fund.

**Estimates**

Generally Accepted Accounting Principles require management to make estimates and assumptions that affect assets and liabilities, contingent assets and liabilities, and revenues and expenditures. Actual results could differ from those estimates.

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2012**

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**Note 2.           Stewardship, Compliance, and Accountability**

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

**Budgets and Budgetary Accounting**

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

1. In accordance with Arizona Revised Statutes, the City Manager submits a proposed budget for the fiscal year commencing the following July 1 to the City Council. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to the third Monday in July, the expenditure limitation for the City is legally enacted through passage of a resolution. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the State each year. This report, issued under a separate cover, reconciles total City expenditures from the audited financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).
4. The City follows a voter-approved alternative expenditure limitation that was adopted on November 2, 2004.
5. Expenditures may not legally exceed the expenditure limitation of all fund types as a whole. For management purposes, the City adopts a budget by department for the General Fund and in total by fund for other funds. The City Council has adopted a budget transfer policy and all amendments must be done in accordance with this policy.
6. The City has adopted budgets in accordance with A.R.S. requirements and utilizes the budgets as a management control device during the year for the General, Special Revenue, Debt Service and Enterprise funds. The budgets are prepared on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

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



**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2012**

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**Note 2.        Stewardship, Compliance, and Accountability, Continued**

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Supplementary budgetary appropriations were made during the year ended June 30, 2012.

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

**Expenditures over Appropriations**

Expenditures may not legally exceed budgeted appropriations at the department level. The individual Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual reports as listed in the table of contents present all of the departments which incurred an excess of expenditures/expenses over appropriations for the year ended June 30, 2012, if any.

**Highway User Revenue Funds**

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

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**Note 3.        Deposits and Investments**

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

Cash and cash equivalents	\$ 20,372,538
Cash with paying agent	319,433
Restricted cash and cash equivalents	2,285,931
Fiduciary Fund cash and cash equivalents	<u>410,669</u>
Total	<u><u>\$ 23,388,571</u></u>

**Deposits**

*Custodial Credit Risk*

For deposits this is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The City does not have a formal policy for custodial credit risk. As of June 30, 2012, \$165,567 of the City's bank balance of \$7,490,119 was exposed to custodial credit risk because it was not insured or collateralized with securities held by the pledging financial institution's trust department or agent.

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2012**

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**Note 3. Deposits and Investments, Continued**

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**Investments**

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

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

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

As of June 30, 2012 the City had the following deposits and investments:

	<u>Fair Value</u>	<u>Quality Rating</u>	<u>Weighted Average Maturity (2)</u>
Deposits:			
Cash on hand	\$ 102	N/A	N/A
Cash in bank	7,160,185	N/A	N/A
Investments:			
State Treasurer's Investment Pool	15,834,103	(1)	29 days
Mutual Funds	<u>394,181</u>	N/A	N/A
Total cash and investments	<u><u>\$ 23,388,571</u></u>		

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

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

**Interest rate risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the provisions of State law (A.R.S. 35- 323). A.R.S. 35-323 requires that the City's investment portfolio maturities do not exceed five years from the time of purchase.

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2012**

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**Note 3.        Deposits and Investments, Continued**

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**Credit risk**

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

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**Note 4.        Restricted Assets**

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Restricted assets at June 30, 2012 consisted of the following cash reserves:

Restricted Cash

Streets and Other	\$ 1,120,129
Capital Projects	224,441
Debt Service	38,364
Nonmajor Funds:	
Perpetual Care	304,859
Other	189,761
Water Fund - Customer Deposits	87,765
Electric Fund - Customer Deposits	<u>640,045</u>
Subtotal	2,605,364
Volunteer Firefighters Relief and Pension Fund	<u>410,669</u>
 Total Restricted Cash	 <u><u>\$ 3,016,033</u></u>

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2012**

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**Note 5. Capital Assets**

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

<b>Governmental Activities:</b>	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Capital assets, not being depreciated				
Land	\$ 45,157,451	\$ -	\$ -	\$ 45,157,451
Construction in progress	202,643	89,062	(117,542)	174,163
Total capital assets, not being depreciated	<u>45,360,094</u>	<u>89,062</u>	<u>(117,542)</u>	<u>45,331,614</u>
Capital assets, being depreciated				
Buildings and improvements	17,438,894	24,300	(69,206)	17,393,988
Furniture, equipment, and vehicles	9,519,327	192,998	(161,034)	9,551,291
Infrastructure	<u>27,897,593</u>	<u>1,369,249</u>	<u>-</u>	<u>29,266,842</u>
Total capital assets being depreciated	<u>54,855,814</u>	<u>1,586,547</u>	<u>(230,240)</u>	<u>56,212,121</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,047,983)	(487,723)	68,641	(7,467,065)
Furniture, equipment, and vehicles	(5,790,054)	(941,475)	122,208	(6,609,321)
Infrastructure	<u>(6,540,675)</u>	<u>(1,165,939)</u>	<u>-</u>	<u>(7,706,614)</u>
Total accumulated depreciation	<u>(19,378,712)</u>	<u>(2,595,137)</u>	<u>190,849</u>	<u>(21,783,000)</u>
Total capital assets, being depreciated, net	<u>35,477,102</u>	<u>420,608</u>	<u>(39,391)</u>	<u>34,429,121</u>
Governmental activities capital assets, net	<u>\$ 80,837,196</u>	<u>\$ 509,670</u>	<u>\$ (156,933)</u>	<u>\$ 79,760,735</u>

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

<b>Governmental Activities:</b>	
General government	\$ 448,794
Public safety	538,735
Public works	1,193,094
Culture and recreation	371,938
Community support	<u>42,576</u>
Total depreciation expense - governmental activities	<u>\$ 2,595,137</u>

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2012**

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**Note 5. Capital Assets, Continued**

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

<b>Business Type Activities:</b>	Balance June 30, 2011	Additions	Deletions	Reclassifications/ Adjustments	Balance June 30, 2012
Capital assets, not being depreciated					
Land	\$ 133,245	\$ -	\$ -	\$ -	\$ 133,245
Construction in progress	-	143,171	-	-	143,171
Total capital assets, not being depreciated	133,245	143,171	-	-	276,416
Capital assets, being depreciated					
Buildings and improvements	9,745,210	-	(56,851)	(131,917)	9,556,442
Furniture, equipment, and vehicles	6,485,986	346,971	(220,538)	(37,103)	6,575,316
Power distribution system	29,451,850	679,847	-	6,628	30,138,325
Water distribution system	15,120,875	61,755	-	54,533	15,237,163
Sewer distribution system	10,539,552	-	-	(45,536)	10,494,016
Total capital assets being depreciated	71,343,473	1,088,573	(277,389)	(153,395)	72,001,262
Less accumulated depreciation for:					
Buildings and improvements	(4,098,305)	(210,827)	56,851	(747,170)	(4,999,451)
Furniture, equipment, and vehicles	(3,645,840)	(431,225)	192,260	492,684	(3,392,121)
Power distribution system	(14,873,300)	(1,132,430)	-	(389,016)	(16,394,746)
Water distribution system	(7,892,268)	(427,529)	-	(18,824)	(8,338,621)
Sewer distribution system	(8,139,007)	(294,765)	-	649,427	(7,784,345)
Total accumulated depreciation	(38,648,720)	(2,496,776)	249,111	(12,899)	(40,909,284)
Total capital assets, being depreciated, net	32,694,753	(1,408,203)	(28,278)	(166,294)	31,091,978
Business-type activities capital assets, net	\$ 32,827,998	\$ (1,265,032)	\$ (28,278)	\$ (166,294)	\$ 31,368,394

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

<b>Business-Type Activities:</b>	
Water	\$ 557,417
Sewer	493,305
Sanitation	-
Electric	1,446,054
Total depreciation expense business-type activities	<u>\$ 2,496,776</u>



**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2012**

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**Note 6. Long-Term Debt**

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The following is a summary of changes in long-term obligations for the year ended June 30, 2012:

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012	Current Portion
<b>Governmental activities:</b>					
<b>General Obligation:</b>					
Airport Lease Purchase, Series 2004	\$ 1,834,033	\$ -	\$ (170,833)	\$ 1,663,200	\$ 176,866
Capital Lease Obligations	860,459	61,936	(310,032)	612,363	173,148
Total General Obligation	2,694,492	61,936	(480,865)	2,275,563	350,014
<b>Revenue Obligation:</b>					
Excise Tax Revenue Bonds, Series 1999A	12,300,000	-	(12,300,000)	-	-
Pledged Revenue Refunding Bonds, Series 2011	-	11,730,000	-	11,730,000	350,000
Bond Premiums	-	678,202	(12,257)	665,945	-
Deferred amount on refunding	-	(645,740)	50,822	(594,918)	-
Total Revenue Obligation	12,300,000	11,762,462	(12,261,435)	11,801,027	350,000
<b>Accrued compensated absences</b>	858,895	404,069	(589,516)	673,448	343,459
Total Governmental Activity Long-term Liabilities	<u>\$ 15,853,387</u>	<u>\$ 12,228,467</u>	<u>\$ (13,331,816)</u>	<u>\$ 14,750,038</u>	<u>\$ 1,043,472</u>
<b>Business-type activities:</b>					
<b>General Obligation:</b>					
Capital Lease Obligations	\$ 78,747	\$ -	\$ (60,202)	\$ 18,545	\$ 18,545
<b>Accrued compensated absences</b>	174,469	225,598	(137,901)	262,166	137,901
Total Business-type Activity Long-term Liabilities	253,215	225,598	(198,103)	280,710	156,446
<b>Total Long-Term Liabilities</b>	<u>\$ 16,106,602</u>	<u>\$ 12,454,065</u>	<u>\$ (13,529,919)</u>	<u>\$ 15,030,748</u>	<u>\$ 1,199,918</u>

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2012**

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**Note 6. Long-Term Debt, Continued**

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The following is a listing of bonds outstanding as of June 30, 2012:

**General Obligation:**

Series 2004, Lease Purchase with 1.495% variable interest, due in semi-annual principal and interest payments of \$98,909, maturing February 1, 2021. \$ 1,663,200

**Revenue Obligation:**

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

	<u>11,730,000</u>
Total bonds payable	<u><u>\$ 13,393,200</u></u>

Debt service requirements for bonds payable are as follows:

	Governmental Activities		Business-type Activities	
Fiscal Period				
Ending				
30-Jun	Principal	Interest	Principal	Interest
2013	\$ 526,866	\$ 501,890	\$ -	\$ -
2014	776,250	495,505	-	-
2015	908,896	477,860	-	-
2016	936,580	453,275	-	-
2017	959,306	427,900	-	-
2018-2022	5,065,301	1,679,945	-	-
2023-2026	<u>4,220,001</u>	<u>540,500</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 13,393,200</u>	<u>\$ 4,576,875</u>	<u>\$ -</u>	<u>\$ -</u>

The City issued \$11,730,000 Pledged Revenue Refunding Bonds, Series 2011 that were placed in an escrow account to cover all future debt service payments of the \$12,300,000 Excise Tax Revenue Bonds, Series 1999A. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$645,740. This amount is being netted against the new debt and amortized over the old debt's life, which is shorter than the refunded debt. The transaction resulted in an economic gain of \$125,266 and an increase of approximately \$1,449,082 in future debt service payments; however, the debt service payments will be paid over 15 years through 2027 instead of 8 years through 2019.

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2012**

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**Note 6. Long-Term Debt, Continued**

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

Fiscal Year Ending June 30,	Governmental Activities
2013	\$ 194,915
2014	144,985
2015	87,037
2016	77,847
2017	77,847
2018	77,847
Total remaining lease payments	660,478
Less: amounts representing interest	(48,115)
	<hr/>
Present value of net remaining minimum lease	\$ 612,363
	<hr/> <hr/>

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

	Governmental Activities	Business-Type Activities
Furniture, Equipment, and Vehicles	\$ 1,768,588	\$ 335,369
Less: Accumulated Depreciation	(1,044,925)	(160,147)
	<hr/>	<hr/>
Total	\$ 723,663	\$ 175,222
	<hr/> <hr/>	<hr/> <hr/>

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2012**

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**Note 7. Interfund Receivables, Payables and Transfers**

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As of June 30, 2012, interfund receivables and payables that resulted from various interfund transactions were as follows:

Fund	Interfund Receivable	Interfund Payable
General	\$ -	\$ 1,625,000
Electric	1,625,000	-
Total	<u>\$ 1,625,000</u>	<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 the loan will be determined by the City Council and any amounts expected to be paid within one year have not been determined as of the date of the financial statements.

Interfund transfers for the fiscal year ended June 30, 2012 are as follows:

Transfers In:					
Transfers Out:	General Fund	Debt Service Fund	Water Fund	Non-Major Governmental Funds	Total
General Fund	\$ -	\$ 280,997	\$ -	\$ 314,405	\$ 595,402
Water Fund	-	98,022	-	-	98,022
Sewer Fund	355,000	169,906	33,428	-	558,334
Sanitation Fund	-	104,557	-	-	104,557
Non-Major Governmental	62,593	511,300	-	-	573,893
Total Transfers Out	<u>\$ 417,593</u>	<u>\$ 1,164,782</u>	<u>\$ 33,428</u>	<u>\$ 314,405</u>	<u>\$ 1,930,208</u>

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

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2012**

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**Note 8. Retirement and Pension Plans**

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**Arizona State Retirement System (ASRS)**

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

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

**Funding Policy** - The Arizona State Legislature establishes and may amend active plan members' and the City's contribution rate. For the current fiscal year, active plan members were required by statute to contribute at the actuarially determined rate of 10.74 percent (10.5 percent for retirement, and 0.24 percent for long-term disability) of the members' annual covered payroll and the City was required to contribute 10.74 percent (9.87 percent for retirement, 0.63 percent for health insurance premium, and 0.24 percent for long-term disability) of the members' annual covered payroll.

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

<u>Year Ended June 30,</u>	<u>Retirement Fund</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
2010	\$ 354,171	\$ 28,028	\$ 16,987
2011	377,362	27,642	10,471
2012	386,814	24,690	9,406

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2012**

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**Note 8. Retirement and Pension Plans, Continued**

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

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

**Funding Policy** - For the current fiscal year, active PSPRS members were required by statute to contribute 7.65 percent of the members' covered compensation, and the City was required to contribute at the actuarially determined rate of 15.79 and 11.58 percent of covered compensation, for Police and Firefighters' plans. The health insurance premium portion of these contribution rates were actuarially set at 0.90 and 0.58 percent respectively, of covered payroll.

**Actuarial Methods and Assumptions** - The significant actuarial methods and assumptions used for the PSPRS plan and related benefits (unless noted), and the actuarial assumptions used to establish the contribution requirements are as follows:

The PSPRS contribution requirements for the year ended June 30, 2012 were established by the June 30, 2010 actuarial valuations using the projected unit credit method. The actuarial assumptions include (a) 8.50 percent investment rate of return and (b) projected salary increases ranging from 5.50 to 8.50 percent per year. The assumptions did not include cost-of-living adjustments. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a seven year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2010, was 26 years for unfunded actuarial accrued liability and 20 years for excess.

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



**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2012**

**Note 8. Retirement and Pension Plans, Continued**

**Annual Pension/OPEB Cost** - During the year ended June 30, 2011 the City's annual pension costs of \$196,965 for Police and \$110,215 for Firefighters, and the annual OPEB costs of \$12,671 and \$6,135 were equal to the City's required and actual contributions.

<b>Police</b>				
Plan	Year Ended June 30,	Annual Pension/ OPEB Cost	Percentage of Annual Cost Contributed	Net Pension/ OPEB Obligation
Pension	2010	\$ 152,285	100%	\$ -
	2011	191,888	100%	-
	2012	196,965	100%	-
Health Insurance	2010	\$ 8,094	100%	\$ -
	2011	13,450	100%	-
	2012	12,671	100%	-

<b>Fire Fighters</b>				
Plan	Year Ended June 30,	Annual Pension/ OPEB Cost	Percentage of Annual Cost Contributed	Net Pension/ OPEB Obligation
Pension	2010	\$ 92,505	100%	\$ -
	2011	105,113	100%	-
	2012	110,215	100%	-
Health Insurance	2010	\$ 4,726	100%	\$ -
	2011	5,790	100%	-
	2012	6,135	100%	-

**Funded Status and Funding Progress** – The funded status of the plan as of June 30, 2012 is as follows:

	<b>Police</b>	<b>Fire</b>
Actuarial accrued liability (AAL)	\$ 5,830,428	\$ 1,808,650
Actuarial value of plan assets	4,080,689	1,501,966
Unfunded actuarial accrued liability (UAAL)	<u>\$ 1,749,739</u>	<u>\$ 306,684</u>
Funded ratio (actuarial value of plan assets/AAL)	69.99%	83.04%
Covered payroll (active plan members)	\$ 1,256,185	\$ 789,214
UAAL as a percentage of covered payroll	139.3%	38.9%

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2012**

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**Note 8. Retirement and Pension Plans, Continued**

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

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**Note 9. Risk Management**

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The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. In August 1987, the City joined with other cities around the State in the Arizona Municipal Risk Retention Pool, a public entity risk pool currently operating as a common risk management and insurance and workers' compensation program for approximately 73 members. The limit for basic coverage is for \$2,000,000 per occurrence on a claims made basis. The Agreement provides that AMRRP will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$300,000 for general liability claims and \$100,000 for property claims for each insured event. The City has had comparable insurance coverage for the past 20 years, and has had no claims exceeding this insurance coverage.

Premiums are paid annually for the coverage year from July 1 to June 30 and are recorded as prepaid expenditures when paid and charged to expenditures monthly. The Arizona Municipal Risk Retention Pool is structured such that member's premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has the authority to assess its member's additional premiums should reserves and annual premiums be insufficient to meet the Pool's obligations.

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

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**Note 10. Contingent Liabilities and Commitments**

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The City is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of City management, based on the advice of the City Attorney with respect to such litigation, such matters will not have a material adverse effect on the City's financial position at June 30, 2012.

**CITY OF PAGE, ARIZONA**  
**Notes to the Financial Statements**  
**June 30, 2012**

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**Note 11.      Landfill Post Closure Care Costs**

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The City leased a landfill site from the Bureau of Reclamation in prior years. State and Federal laws and regulators required the City to place a final cover on the landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The City closed the landfill in the year 2000 and thus, all closure costs have been paid in previous years. Post-closure care costs will continue to be paid in future years. The City does not report a portion of these post-closure care costs as an operation expense in each period based on landfill capacity used as of each balance sheet date, since only that portion of the liability that “would normally be liquidated with the expendable available resources” would be reported as an expenditure in the General Fund. The landfill post-closure care liability at year end is \$577,717 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, 2012. The remaining estimated cost of post-closure care is \$577,717. 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 18. The figure is based on what it would cost to perform all post-closure care in 2012. 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.

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**Note 12.      Prior Period Adjustments**

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During the course of the year it was discovered that a few capital assets in the Sewer fund had been added to the capital asset listing twice. In order to correct this error, net capital assets were decreased by \$131,916. Equity in the Sewer fund was reduced by the same amount.

In addition, it was learned that \$34,774 in Water fund revenue had been incorrectly recognized in the previous year. The correction of this error resulted in a reduction of Water fund equity and an increase in current year Water fund revenue.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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

An analysis of the progress of the Public Plans (PSPRS) from June 30, 2007 through June 30, 2012, based on actuarial valuations follows:

**POLICE**

<b>Valuation Date June 30,</b>	<b>Actuarial Value of Assets</b>	<b>Entry Age Actuarial Accrued Liability (AAL)</b>	<b>Percent Funded</b>	<b>Unfunded AAL</b>	<b>Annual Covered Payroll</b>	<b>Unfunded AAL As a Percentage of Covered Payroll</b>
2007	\$ 2,939,614	\$ 3,952,404	74.38%	\$ 1,012,790	\$ 1,427,645	70.9%
2008	3,020,196	3,730,761	80.95%	710,565	1,226,424	57.9%
2009 *	3,328,881	4,250,786	78.31%	921,905	1,285,572	71.7%
2010 *	3,481,181	4,560,767	76.33%	1,079,586	1,264,930	85.3%
2011 *	3,885,266	5,334,036	72.84%	1,448,770	1,432,483	101.1%
2012 *	4,080,689	5,830,428	69.99%	1,749,739	1,256,185	139.3%

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

<b>Valuation Date June 30,</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>Unfunded AAL As a Percentage of Covered Payroll</b>
2007	-	\$ 58,934	\$ 58,934	0.0%	\$ 1,427,645	4.13%
2008	-	45,653	45,653	0.0%	1,226,424	3.72%
2009 *	-	75,856	75,856	0.0%	1,285,572	5.90%
2010 *	-	76,578	76,578	0.0%	1,264,930	6.05%
2011 *	-	95,868	95,868	0.0%	1,432,483	6.69%
2012 *	-	90,874	90,874	0.0%	1,256,185	7.23%

No health insurance subsidy payments were reported for fiscal year 2012.

\* For fiscal years prior to 2009 (which were prior to the implementation of GASB Statement Nos. 43 and 45), the pension and health insurance benefit amounts were aggregated. In fiscal year 2009, GASB Statements Nos. 43 and 45 measurements were made and reported; thus, these benefits are disaggregated and reported separately.



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

An analysis of the progress of the Public Plans (PSPRS) from June 30, 2007 through June 30, 2012, based on actuarial valuations follows:

**FIRE FIGHTERS**

<b>Valuation Date June 30,</b>	<b>Actuarial Value of Assets</b>	<b>Entry Age Actuarial Accrued Liability (AAL)</b>	<b>Percent Funded</b>	<b>Unfunded AAL</b>	<b>Annual Covered Payroll</b>	<b>Unfunded AAL As a Percentage of Covered Payroll</b>
2007	\$ 505,498	\$ 895,376	56.46%	\$ 389,878	\$ 689,047	56.6%
2008	636,020	940,464	67.63%	304,444	859,242	35.4%
2009 *	767,851	1,104,997	69.49%	337,146	896,862	37.6%
2010 *	894,412	1,243,686	71.92%	349,274	950,319	36.8%
2011 *	1,321,022	1,842,813	71.69%	521,791	930,804	56.1%
2012 *	1,501,966	1,808,650	83.04%	306,684	789,214	38.9%

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

<b>Valuation Date June 30,</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>Unfunded AAL As a Percentage of Covered Payroll</b>
2007	-	\$ 23,644	\$ 23,644	0.0%	\$ 689,047	3.43%
2008	-	26,445	26,445	0.0%	859,242	3.08%
2009 *	-	23,752	23,752	0.0%	896,862	2.65%
2010 *	-	27,306	27,306	0.0%	950,319	2.87%
2011 *	-	55,841	55,841	0.0%	930,804	6.00%
2012 *	-	42,662	42,662	0.0%	789,214	5.41%

Health insurance subsidy payments reported for fiscal year 2012 were \$1,200.

\* For fiscal years prior to 2009 (which were prior to the implementation of GASB Statement Nos. 43 and 45), the pension and health insurance benefit amounts were aggregated. In fiscal year 2009, GASB Statements Nos. 43 and 45 measurements were made and reported; thus, these benefits are disaggregated and reported separately.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

### **BUDGETARY COMPARISON SCHEDULES**

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

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

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

**CITY OF PAGE, ARIZONA**  
**GENERAL FUND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2012**

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
<b>REVENUES:</b>				
<b>Taxes:</b>				
City sales tax	6,405,000	6,405,000	6,960,801	555,801
Franchise taxes	255,000	255,000	236,028	(18,972)
Total Taxes	6,660,000	6,660,000	7,196,829	536,829
<b>Licenses, Permits and Fees:</b>				
Plat fees	250	250	1,235	985
Site plan review fees	-	-	3,005	3,005
Dog licenses	1,500	1,500	1,011	(489)
Business registration fees	1,500	1,500	2,350	850
Building permits	100,000	100,000	70,242	(29,758)
Other	12,500	12,500	7,411	(5,089)
Total Licenses, Permits and Fees	115,750	115,750	85,254	(30,496)
<b>Intergovernmental:</b>				
State revenue sharing	611,677	611,677	611,652	(25)
Auto lieu taxes	292,434	292,434	273,207	(19,227)
State sales taxes	548,282	548,282	566,283	18,001
County library district	160,000	160,000	103,574	(56,426)
Other	6,250	6,250	6,077	(173)
Total Intergovernmental	1,618,643	1,618,643	1,560,793	(57,850)
<b>Charges for Services:</b>				
Recreation	70,000	70,000	68,073	(1,927)
Rescue services	845,000	845,000	758,965	(86,035)
Golf course	264,000	264,000	193,204	(70,796)
Swimming pool	35,000	35,000	25,055	(9,945)
Public safety	33,000	33,000	44,500	11,500
Rents	46,000	46,000	51,769	5,769
Other	48,000	48,000	38,937	(9,063)
Total Charges for Services	1,341,000	1,341,000	1,180,503	(160,497)
<b>Fines and Forfeitures:</b>				
Fines & forfeitures	315,000	315,000	381,075	66,075
Total Fines and Forfeitures	315,000	315,000	381,075	66,075
<b>Interest</b>	10,000	10,000	11,085	1,085
<b>Other Revenues:</b>				
Land sales	501,500	501,500	377,650	(123,850)
Miscellaneous	58,500	58,500	126,149	67,649
Total Other Revenues	560,000	560,000	503,799	(56,201)
<b>TOTAL REVENUES</b>	10,620,393	10,620,393	10,919,338	298,945

(continued)

**CITY OF PAGE, ARIZONA**  
**GENERAL FUND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2012 (Continued)**

<b>EXPENDITURES:</b>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>General Government:</b>				
Mayor & Council	\$ 86,391	\$ 86,391	\$ 83,567	\$ 2,824
City Manager	296,961	296,961	327,015	(30,054)
Community Programs	104,600	104,600	84,220	20,380
City Clerk	144,636	144,636	127,022	17,614
City Attorney	326,509	326,509	231,605	94,904
Finance	383,361	383,361	377,672	5,689
Human Resources	201,917	201,917	156,794	45,123
General Services	704,906	704,906	826,361	(121,455)
Information Technology	238,356	238,356	238,895	(539)
Total General Government	<u>2,487,637</u>	<u>2,487,637</u>	<u>2,453,151</u>	<u>34,486</u>
<b>Public Safety:</b>				
Patrol	2,067,120	2,067,120	1,887,003	180,117
Communications	452,108	452,108	398,309	53,799
Animal Control	175,197	175,197	111,042	64,155
Investigations	413,791	413,791	392,817	20,974
Fire	1,646,250	1,646,250	1,779,584	(133,334)
Magistrate	409,412	409,412	376,928	32,484
Building and Safety	128,687	128,687	123,418	5,269
Total Public Safety	<u>5,292,565</u>	<u>5,292,565</u>	<u>5,069,101</u>	<u>223,464</u>
<b>Culture and Recreation:</b>				
Library	464,837	464,837	383,679	81,158
Parks Maintenance	273,799	273,799	271,430	2,369
Recreation	250,160	250,160	193,296	56,864
Golf Course	607,780	607,780	583,578	24,202
Total Culture and Recreation	<u>1,596,576</u>	<u>1,596,576</u>	<u>1,431,983</u>	<u>164,593</u>
<b>Community Support</b>				
Page Youth Center	93,820	93,820	70,883	22,937
Senior Center	285,278	285,278	265,844	19,434
Transit	100,000	100,000	100,000	-
	<u>479,098</u>	<u>479,098</u>	<u>436,727</u>	<u>42,371</u>

(continued)

**CITY OF PAGE, ARIZONA**  
**GENERAL FUND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2012 (Continued)**

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
<b>Public Works</b>				
Planning and Zoning	113,440	113,440	110,316	3,124
Engineering	141,526	141,526	117,147	24,379
Central Garage	404,548	404,548	390,168	14,380
Buildings & Grounds	334,375	334,375	334,722	(347)
Total Public Works	993,889	993,889	952,353	41,536
<b>Debt Service</b>				
Principal	283,731	283,731	279,466	4,265
Interest	36,900	36,900	35,597	1,303
Total Debt Service	320,631	320,631	315,063	5,568
<b>Capital Outlay</b>	99,832	99,832	136,438	(36,606)
<b>TOTAL EXPENDITURES</b>	11,270,228	11,270,228	10,794,816	475,412
Excess of Revenues Over (Under)				
Expenditures	(649,835)	(649,835)	124,522	(176,467)
Other Financing Sources (Uses):				
Debt Proceeds	-	-	61,935	61,935
Transfers in	-	-	417,593	417,593
Transfers out	-	-	(595,402)	(595,402)
Total Other Financing Sources (Uses)	-	-	(115,874)	(115,874)
Net change in fund balance	(649,835)	(649,835)	8,648	(292,341)
Fund balance, beginning of year	1,210,172	1,210,172	1,210,172	-
Fund balance, end of year	\$ 560,337	\$ 560,337	\$ 1,218,820	\$ 658,483



**CITY OF PAGE, ARIZONA**  
**HIGHWAY USER REVENUE FUND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
<b>Revenues</b>				
Intergovernmental Revenue:				
Highway user revenue	\$ 718,606	\$ 718,606	\$ 613,167	\$ (105,439)
Investment earnings	2,000	2,000	504	(1,496)
Total revenues	720,606	720,606	613,671	(106,935)
<b>Expenditures</b>				
<b>Streets and Highways</b>				
Current:				
Salaries, wages and benefits	233,229	233,229	225,050	8,179
Service, supplies and other	183,550	183,550	168,156	15,394
Capital outlay	100,000	100,000	21,584	78,416
Debt service:				
Principal	32,600	32,600	32,596	4
Interest	2,900	2,900	2,850	50
Total expenditures	552,279	552,279	450,236	102,043
Excess of revenues over (under) expenditures	168,327	168,327	163,435	(4,892)
Fund balance, beginning of year	1,002,023	1,002,023	1,002,023	-
<b>Fund balance, end of year</b>	<b>\$ 1,170,350</b>	<b>\$ 1,170,350</b>	<b>\$ 1,165,458</b>	<b>\$ (4,892)</b>

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

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

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

**CITY OF PAGE, ARIZONA**  
**DEBT SERVICE FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2012**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Investment earnings	-	64	64
Total revenues	-	64	64
<b>Expenditures</b>			
Debt service:			
Principal	496,000	170,833	325,167
Interest	290,500	508,140	(217,640)
Refunding bond issuance costs	19,000	566,457	(547,457)
Total expenditures	805,500	1,245,430	(439,930)
Excess of revenues over (under) expenditures	(805,500)	(1,245,366)	(439,866)
<b>Other financing sources (uses)</b>			
Transfers in	-	1,164,782	1,164,782
Refunding bonds issued	-	11,730,000	11,730,000
Premium on refunding bonds issued	-	678,203	678,203
Payment to refunded bond escrow agent	-	(13,351,076)	(13,351,076)
Total other financing sources (uses)	-	221,909	221,909
Net change in fund balances	(805,500)	(1,023,457)	(217,957)
Fund balance, beginning of year	1,061,821	1,061,821	-
<b>Fund balance, end of year</b>	<b>\$ 256,321</b>	<b>\$ 38,364</b>	<b>\$ (217,957)</b>

**CITY OF PAGE, ARIZONA**  
**CAPITAL PROJECTS FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Intergovernmental revenue	<u>\$ 3,699,713</u>	<u>\$ 1,363,688</u>	<u>\$ (2,336,025)</u>
Total Revenues	<u>3,699,713</u>	<u>1,363,688</u>	<u>(2,336,025)</u>
<b>Expenditures</b>			
Service, supplies and other	39,567	-	39,567
Capital outlay	<u>3,660,146</u>	<u>1,352,153</u>	<u>2,307,993</u>
Total Expenditures	<u>3,699,713</u>	<u>1,352,153</u>	<u>2,347,560</u>
Excess of revenues over (under) expenditures	-	11,535	11,535
Fund balance, beginning of year	<u>212,918</u>	<u>212,918</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 212,918</u></u>	<u><u>\$ 224,453</u></u>	<u><u>\$ 11,535</u></u>

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

**Special Revenue Funds**

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

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

**Permanent Fund**

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

**CITY OF PAGE, ARIZONA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2012**

	<b>Special Revenue</b>			
	<b>Substance Abuse</b>	<b>Miscellaneous Grants</b>	<b>Balloon Regatta</b>	<b>Tourism and Promotion</b>
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 37,463	\$ 98,564
Receivables:				
Other	-	-	-	-
Due from other governments	-	19,888	-	-
Restricted cash and cash equivalents	48,181	141,580	-	-
Total assets	<u>\$ 48,181</u>	<u>\$ 161,468</u>	<u>\$ 37,463</u>	<u>\$ 98,564</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 355	\$ 5,285	\$ -	\$ -
Accrued liabilities	-	1,526	-	3,839
Total liabilities	<u>355</u>	<u>\$ 6,811</u>	<u>-</u>	<u>3,839</u>
Fund Balances:				
Restricted for:				
Perpetual care	-	-	-	-
Public safety	47,826	875	-	-
Community support	-	153,782	-	-
Committed for:				
Public works - airport	-	-	-	-
Culture and recreation	-	-	37,463	-
Community support	-	-	-	94,725
Total fund balances	<u>47,826</u>	<u>154,657</u>	<u>37,463</u>	<u>94,725</u>
Total liabilities and fund balances	<u>\$ 48,181</u>	<u>\$ 161,468</u>	<u>\$ 37,463</u>	<u>\$ 98,564</u>



			Permanent Fund	Total Nonmajor Governmental Funds
Airport	Aiport Events	Total	Perpetual Care	
\$ 582,940	\$ 3,513	\$ 722,480	\$ -	\$ 722,480
-	-	-	1,585	1,585
15,632	-	35,520	-	35,520
-	-	189,761	304,859	494,620
<u>\$ 598,572</u>	<u>\$ 3,513</u>	<u>\$ 947,761</u>	<u>\$ 306,444</u>	<u>\$ 1,254,205</u>
\$ 7,913	\$ -	\$ 13,553	\$ 461	\$ 14,014
14,101	-	19,466	-	19,466
<u>22,014</u>	<u>-</u>	<u>33,019</u>	<u>461</u>	<u>33,480</u>
-	-	-	305,983	305,983
-	-	48,701	-	48,701
-	-	153,782	-	153,782
576,558	-	576,558	-	576,558
-	3,513	40,976	-	40,976
-	-	94,725	-	94,725
<u>576,558</u>	<u>3,513</u>	<u>914,742</u>	<u>305,983</u>	<u>1,220,725</u>
<u>\$ 598,572</u>	<u>\$ 3,513</u>	<u>\$ 947,761</u>	<u>\$ 306,444</u>	<u>\$ 1,254,205</u>

**CITY OF PAGE, ARIZONA**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2012**

	<b>Special Revenue</b>			
	<b>Substance Abuse</b>	<b>Miscellaneous Grants</b>	<b>Balloon Regatta</b>	<b>Tourism and Promotion</b>
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	9,081	238,055	-	-
Charges for services	-	-	-	-
Rental revenue	-	-	-	-
Other revenues	-	10,743	30,652	3,345
Total revenues	9,081	248,798	30,652	3,345
<b>Expenditures</b>				
Current:				
Public safety	8,175	-	-	-
Public works	-	5,979	-	-
Culture and recreation	-	8,000	21,593	-
Community support	-	251,287	-	235,796
Total expenditures	8,175	265,266	21,593	235,796
Excess (deficiency) of revenues over (under) expenditures	906	(16,468)	9,059	(232,451)
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	-	-	-	314,405
Operating transfers out	-	(62,593)	-	-
Total other financing sources and uses	-	(62,593)	-	314,405
Net change in fund balances	906	(79,061)	9,059	81,954
Fund balances, beginning of year	46,920	233,718	28,404	12,771
Fund balances, end of year	\$ 47,826	\$ 154,657	\$ 37,463	\$ 94,725

			<b>Permanent Fund</b>	
<b>Airport</b>	<b>Airport Events</b>	<b>Total</b>	<b>Perpetual Care</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	247,136	-	247,136
35,365	-	35,365	23,335	58,700
422,509	-	422,509	-	422,509
38,359	4,735	87,834	-	87,834
496,233	4,735	792,844	23,335	816,179
-	-	8,175	-	8,175
259,038	-	265,017	-	265,017
-	5,420	35,013	-	35,013
-	-	487,083	7,647	494,730
259,038	5,420	795,288	7,647	802,935
237,195	(685)	(2,444)	15,688	13,244
-	-	314,405	-	314,405
(511,300)	-	(573,893)	-	(573,893)
(511,300)	-	(259,488)	-	(259,488)
(274,105)	(685)	(261,932)	15,688	(246,244)
850,663	4,198	1,176,674	290,295	1,466,969
\$ 576,558	\$ 3,513	\$ 914,742	\$ 305,983	\$ 1,220,725

**CITY OF PAGE, ARIZONA**  
**SUBSTANCE ABUSE**  
**SPECIAL REVENUE FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Substance abuse revenue	<u>\$ 4,000</u>	<u>\$ 9,081</u>	<u>\$ 5,081</u>
<b>Expenditures</b>			
Public safety	<u>10,000</u>	<u>8,175</u>	<u>1,825</u>
Excess of revenue over(under) expenditures	(6,000)	906	6,906
Fund balance, beginning of year	<u>46,920</u>	<u>46,920</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 40,920</u></u>	<u><u>\$ 47,826</u></u>	<u><u>\$ 6,906</u></u>

**CITY OF PAGE, ARIZONA**  
**MISCELLANEOUS GRANTS**  
**SPECIAL REVENUE FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Miscellaneous revenue	\$ 78,000	\$ 10,743	\$ (67,257)
Intergovernmental revenue	<u>2,074,943</u>	<u>238,055</u>	<u>(1,836,888)</u>
Total Revenues	<u>2,152,943</u>	<u>248,798</u>	<u>(1,904,145)</u>
<b>Expenditures</b>			
Public works	1,243,245	5,979	1,237,266
Culture and recreation	15,000	8,000	7,000
Community support	807,163	251,287	555,876
Capital outlay	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Total Expenditures	<u>2,265,408</u>	<u>265,266</u>	<u>2,000,142</u>
Excess of revenues over (under) expenditures	<u>(112,465)</u>	<u>(16,468)</u>	<u>95,997</u>
<b>Other financing sources (uses)</b>			
Operating transfers:			
Transfers in	-	-	-
Transfers out	<u>(53,380)</u>	<u>(62,593)</u>	<u>(9,213)</u>
Total other financing sources (uses)	<u>(53,380)</u>	<u>(62,593)</u>	<u>(9,213)</u>
Net change in fund balance	(165,845)	(79,061)	86,784
Fund balance, beginning of year	<u>233,718</u>	<u>233,718</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 67,873</u></u>	<u><u>\$ 154,657</u></u>	<u><u>\$ 86,784</u></u>

**CITY OF PAGE, ARIZONA  
BALLOON REGATTA  
SPECIAL REVENUE FUND  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Miscellaneous	\$ 27,700	\$ 30,652	\$ 2,952
Total revenues	<u>27,700</u>	<u>30,652</u>	<u>2,952</u>
<b>Expenditures</b>			
Culture and recreation	<u>26,400</u>	<u>21,593</u>	<u>4,807</u>
Total expenditures	<u>26,400</u>	<u>21,593</u>	<u>4,807</u>
Excess of revenues over (under) expenditures	1,300	9,059	7,759
Fund balance, beginning of year	<u>28,404</u>	<u>28,404</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 29,704</u></u>	<u><u>\$ 37,463</u></u>	<u><u>\$ 7,759</u></u>

**CITY OF PAGE, ARIZONA  
TOURISM AND PROMOTION  
SPECIAL REVENUE FUND  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2012**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Miscellaneous	\$ -	\$ 3,345	\$ 3,345
Total revenues	<u>-</u>	<u>3,345</u>	<u>3,345</u>
<b>Expenditures</b>			
Community support	<u>240,000</u>	<u>235,796</u>	<u>4,204</u>
Total expenditures	<u>240,000</u>	<u>235,796</u>	<u>4,204</u>
<b>Other financing sources (uses)</b>			
Transfer from general fund	<u>240,000</u>	<u>314,405</u>	<u>74,405</u>
Total other financing sources (uses)	<u>240,000</u>	<u>314,405</u>	<u>74,405</u>
Net change in fund balance	-	81,954	7,549
Fund balance, beginning of year	<u>12,771</u>	<u>12,771</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 12,771</u></u>	<u><u>\$ 94,725</u></u>	<u><u>\$ 81,954</u></u>



**CITY OF PAGE, ARIZONA  
AIRPORT  
SPECIAL REVENUE FUND  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2012**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Charges for services	\$ 34,000	\$ 35,365	\$ 1,365
Rents and royalties	390,000	422,509	32,509
Miscellaneous	5,000	38,359	33,359
Total revenues	429,000	496,233	67,233
<b>Expenditures</b>			
Public works	230,031	259,038	(29,007)
Total expenditures	230,031	259,038	(29,007)
Excess of revenues over (under) expenditures	198,969	237,195	38,226
<b>Other Financing Sources (uses)</b>			
Transfer to General Fund	-	(511,300)	(511,300)
Total other financing sources (uses)	-	(511,300)	(511,300)
Net change in fund balance	198,969	(274,105)	(473,074)
Fund balance, beginning of year	850,663	850,663	-
<b>Fund balance, end of year</b>	<b>\$ 1,049,632</b>	<b>\$ 576,558</b>	<b>\$ (473,074)</b>

**CITY OF PAGE, ARIZONA**  
**AIRPORT EVENTS**  
**SPECIAL REVENUE FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2012**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Miscellaneous	\$ 7,000	\$ 4,735	\$ (2,265)
Total revenues	<u>7,000</u>	<u>4,735</u>	<u>(2,265)</u>
<b>Expenditures</b>			
Culture and recreation	<u>7,000</u>	<u>5,420</u>	<u>1,580</u>
Total expenditures	<u>7,000</u>	<u>5,420</u>	<u>1,580</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>(685)</u>	<u>(685)</u>
Fund balance, beginning of year	<u>4,198</u>	<u>4,198</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 4,198</u></u>	<u><u>\$ 3,513</u></u>	<u><u>\$ (685)</u></u>

**CITY OF PAGE, ARIZONA**  
**PERPETUAL CARE**  
**PERMANENT FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2012**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Charges for services	\$ 33,000	\$ 23,335	\$ (9,665)
Total revenues	<u>33,000</u>	<u>23,335</u>	<u>(9,665)</u>
<b>Expenditures</b>			
Community support	<u>20,000</u>	<u>7,647</u>	<u>12,353</u>
Total expenditures	<u>20,000</u>	<u>7,647</u>	<u>12,353</u>
Excess of revenues over (under) expenditures	13,000	15,688	2,688
Fund balance, beginning of year	<u>290,295</u>	<u>290,295</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 303,295</u></u>	<u><u>\$ 305,983</u></u>	<u><u>\$ 2,688</u></u>

## STATISTICAL SECTION

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

Contents	Page
Financial Trends .....	80
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well being have changed over time.</i>	
Revenue Capacity .....	91
<i>These schedules contain information to help the reader assess the government's property taxes and the most significant local revenues source, the sales tax.</i>	
Debt Capacity .....	93
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information.....	97
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information .....	99
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

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

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
<b>Governmental activities:</b>					
Invested in capital assets, net of related debt	\$ 66,231,720	\$ 65,842,704	\$ 63,941,276	\$ 64,158,299	\$ 57,156,213
Restricted	1,936,741	3,743,731	6,362,771	7,274,508	8,783,796
Unrestricted	1,241,145	351,277	403,210	1,775,818	2,567,251
Total governmental activities net assets	<u>\$ 69,409,606</u>	<u>\$ 69,937,712</u>	<u>\$ 70,707,257</u>	<u>\$ 73,208,625</u>	<u>\$ 68,507,260</u>
<b>Business-type activities:</b>					
Invested in capital assets, net of related debt	\$ 31,211,950	\$ 32,749,251	\$ 32,746,623	\$ 31,195,816	\$ 33,655,654
Unrestricted	20,463,831	18,333,993	16,555,666	16,066,568	17,123,338
Total business-type activities net assets	<u>\$ 51,675,781</u>	<u>\$ 51,083,244</u>	<u>\$ 49,302,289</u>	<u>\$ 47,262,384</u>	<u>\$ 50,778,992</u>
<b>Primary government</b>					
Invested in capital assets, net of related debt	\$ 97,443,670	\$ 98,591,955	\$ 96,687,899	\$ 95,354,115	\$ 90,811,867
Restricted	1,936,741	3,743,731	6,362,771	7,274,508	8,783,796
Unrestricted	21,704,976	18,685,270	16,958,876	17,842,386	19,690,589
Total net assets	<u>\$ 121,085,387</u>	<u>\$ 121,020,956</u>	<u>\$ 120,009,546</u>	<u>\$ 120,471,009</u>	<u>\$ 119,286,252</u>

(Continued)

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

	<b>Fiscal Year Ended June 30</b>			
	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>
<b>Governmental activities:</b>				
Invested in capital assets, net of related debt	\$ 53,990,134	\$ 4,331,413	\$ 2,676,551	\$ (2,063,503)
Restricted	11,642,059	4,789,843	5,052,678	6,193,876
Unrestricted	467,508	8,185,890	3,226,104	1,169,496
Total net assets	<u>\$ 66,099,701</u>	<u>\$ 17,307,146</u>	<u>\$ 10,955,333</u>	<u>\$ 5,299,869</u>
<b>Business-type activities:</b>				
Invested in capital assets, net of related debt	\$ 34,929,519	\$ 33,127,443	\$ 33,101,981	\$ 34,480,390
Unrestricted	16,072,488	13,433,715	13,357,908	14,683,464
Total net assets	<u>\$ 51,002,007</u>	<u>\$ 46,561,158</u>	<u>\$ 46,459,889</u>	<u>\$ 49,163,854</u>
<b>Primary government</b>				
Invested in capital assets, net of related debt	\$ 88,919,653	\$ 37,458,856	\$ 35,778,532	\$ 32,416,887
Restricted	11,642,059	4,789,843	5,052,678	6,193,876
Unrestricted	16,539,996	21,619,605	16,584,012	15,852,960
Total net assets	<u>\$ 117,101,708</u>	<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 nine years are shown.

**(Concluded)**

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

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
<b>Expenses</b>					
Governmental activities:					
General government	\$ 2,862,521	\$ 2,957,556	\$ 2,393,812	\$ 1,769,799	\$ 2,678,476
Public safety	5,020,723	5,055,399	5,151,308	5,150,544	4,899,005
Judicial	376,928	335,018	324,255	297,986	270,890
Public works	2,934,715	3,051,926	2,820,598	2,668,319	2,479,358
Culture and recreation	1,815,364	2,081,624	1,853,122	955,919	934,386
Community Support	959,067	977,583	1,275,054	1,046,935	2,143,673
Interest on long-term debt	1,027,886	358,964	684,889	740,696	793,492
Total governmental activities	<u>14,997,204</u>	<u>14,818,070</u>	<u>14,503,038</u>	<u>12,630,198</u>	<u>14,199,280</u>
Business-type activities:					
Water	1,545,058	1,502,106	1,518,213	1,705,665	1,490,548
Sewer	1,419,674	1,286,837	1,264,840	1,248,754	1,155,973
Electric	7,445,984	7,269,317	7,454,824	8,125,091	9,669,296
Sanitation	619,764	656,820	656,690	650,679	618,380
Golf				747,732	895,285
Total business-type activities	<u>11,030,480</u>	<u>10,715,080</u>	<u>10,894,567</u>	<u>12,477,921</u>	<u>13,829,482</u>
Total expenses	<u>26,027,684</u>	<u>25,533,150</u>	<u>25,397,605</u>	<u>25,108,119</u>	<u>28,028,762</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services					
General government	69,360	841,902	136,644	298,141	151,465
Public safety	847,143	60,112	853,783	587,706	411,626
Judicial	366,378	310,299	235,153	304,979	304,439
Public works	592,057	677,174	653,235	407,572	527,778
Culture and recreation	339,833	301,734	350,873	120,762	116,433
Community support	32,078	31,615	36,955	30,554	23,355
Operating grants and contributions	911,426	513,129	507,960	625,466	1,247,712
Capital grants and contributions	1,398,753	1,477,168	355,618	714,132	1,435,306
Total governmental activities	<u>4,557,028</u>	<u>4,213,133</u>	<u>3,130,221</u>	<u>3,089,312</u>	<u>4,218,114</u>
Business-type activities:					
Charges for services					
Water	1,819,551	1,787,363	1,580,427	1,610,704	1,622,927
Sewer	1,140,122	1,150,514	1,389,585	1,155,636	1,157,021
Electric	8,888,259	8,639,770	9,082,700	8,972,826	9,715,945
Sanitation	684,540	663,340	657,801	640,769	610,124
Golf				306,188	290,805
Total business-type activities	<u>12,532,472</u>	<u>12,240,987</u>	<u>12,710,513</u>	<u>12,686,123</u>	<u>13,396,822</u>
Total program revenues	<u>17,089,500</u>	<u>16,454,120</u>	<u>15,840,734</u>	<u>15,775,435</u>	<u>17,614,936</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (8,938,184)</u>	<u>\$ (9,079,030)</u>	<u>\$ (9,556,871)</u>	<u>\$ (9,332,684)</u>	<u>\$ (10,413,826)</u>

(Continued)



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

<b>Fiscal Year Ended June 30</b>				
<b>(As restated)</b>				
	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>
<b>Expenses</b>				
Governmental activities:				
General government	\$ 3,910,499	\$ 2,133,649	\$ 2,365,257	\$ 2,391,134
Public safety	4,063,285	2,913,477	2,276,619	2,280,139
Judicial	231,207	210,225	192,015	189,596
Public works	1,741,645	1,679,145	1,226,919	2,086,961
Culture and recreation	802,569	770,277	785,429	775,232
Community Support	939,608	894,432	535,587	650,120
Interest on long-term debt	854,302	1,048,232	1,116,392	895,300
Total governmental activities	<u>12,543,115</u>	<u>9,649,437</u>	<u>8,498,218</u>	<u>9,268,482</u>
Business-type activities:				
Water	2,297,582	1,837,126	1,818,606	2,027,772
Electric	10,707,320	10,218,081	9,355,671	7,720,112
Sanitation	561,077	659,676	501,523	504,416
Golf	754,841	521,887	629,901	886,726
Total business-type activities	<u>14,320,820</u>	<u>13,236,770</u>	<u>12,305,701</u>	<u>11,139,026</u>
Total expenses	<u>26,863,935</u>	<u>22,886,207</u>	<u>20,803,919</u>	<u>20,407,508</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services				
General government	193,369	114,581	114,644	126,074
Public safety	535,781	414,469	452,562	476,195
Judicial	292,725	202,528	216,980	198,591
Public works	185,784	187,674	209,281	207,271
Culture and recreation	361,690	329,899	294,271	217,682
Community support	77,623	80,699	108,826	67,030
Operating grants and contributions	216,323	242,073	146,684	
Capital grants and contributions	4,868,742	2,474,669	3,382,217	1,407,578
Total governmental activities	<u>6,732,037</u>	<u>4,046,592</u>	<u>4,925,465</u>	<u>2,700,421</u>
Business-type activities:				
Charges for services				
Water	2,699,566	2,768,059	2,139,572	2,378,837
Electric	9,587,909	8,228,579	6,961,461	7,295,828
Sanitation	612,745	584,390	560,733	561,930
Golf	349,384	337,243	284,068	583,987
Total business-type activities	<u>13,249,604</u>	<u>11,918,271</u>	<u>9,945,834</u>	<u>10,820,582</u>
Total program revenues	<u>19,981,641</u>	<u>15,964,863</u>	<u>14,871,299</u>	<u>13,521,003</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (6,882,294)</u>	<u>\$ (6,921,344)</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 nine years are shown.

**(Concluded)**

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

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
<b>Net Revenue/(Expense)</b>	\$ (10,440,176)	\$ (10,604,937)	\$ (11,372,817)	\$ (9,540,886)	\$ (9,981,166)
<b>General Revenues:</b>					
Governmental activities:					
Taxes:					
City Sales taxes	6,960,801	6,902,409	6,768,417	7,121,927	6,642,357
State Sales taxes	566,283				633,999
Property taxes					
Franchise taxes	236,028				
Auto lieu tax	273,207				
Unrestricted state shared revenue	611,652	2,252,850	2,301,972	2,707,524	2,870,063
Land Sales	377,650	138,750			
Investment earnings (losses)	11,653	34,830	19,021	150,463	626,313
Miscellaneous	147,311	90,892	194,989	207,718	215,938
Gain/(loss) on disposal of asset		153,126			
<b>Transfers</b>	<u>727,485</u>	<u>262,535</u>		<u>404,352</u>	
Total governmental activities	<u>9,912,070</u>	<u>9,835,392</u>	<u>9,284,399</u>	<u>10,591,984</u>	<u>10,988,670</u>
<b>Changes in Net Assets</b>	<u>\$ (528,106)</u>	<u>\$ (769,545)</u>	<u>\$ (2,088,418)</u>	<u>\$ 1,051,098</u>	<u>\$ 1,007,504</u>
<b>Net Revenue/(Expense)</b>	\$ 1,501,992	\$ 1,525,907	\$ 1,815,946	\$ 208,202	\$ (432,660)
<b>General Revenues:</b>					
Business-type activities:					
Investment earnings (losses)	(15,279)	13,098	9,092	117,075	274,910
Miscellaneous		214,753	214,867	212,734	313,944
Gain/(loss) on disposal of asset		289,732			
<b>Transfers</b>	<u>(727,485)</u>	<u>(262,535)</u>		<u>(404,352)</u>	
Total business-type activities	<u>(742,764)</u>	<u>255,048</u>	<u>223,959</u>	<u>(74,543)</u>	<u>588,854</u>
<b>Changes in Net Assets</b>	<u>\$ 759,228</u>	<u>\$ 1,780,955</u>	<u>\$ 2,039,905</u>	<u>\$ 133,659</u>	<u>\$ 156,194</u>

(Continued)

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

	<b>Fiscal Year Ended June 30</b>			
	<b>(As Restated)</b>			
	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>
<b>Net Revenue/(Expense)</b>	\$ (5,811,078)	\$ (5,602,845)	\$ (3,572,753)	\$ (6,568,061)
<b>General Revenues:</b>				
Governmental activities:				
Taxes:				
City Sales taxes	6,861,887	5,608,928	4,489,875	4,179,964
State Sales taxes		721,550	630,788	572,842
Property taxes				
Franchise taxes				
Auto lieu tax	807,239	338,588	316,848	312,464
Unrestricted state shared revenue		712,898	625,935	613,963
Land Sales		4,196,055	1,465,767	638,100
Investment earnings (losses)	1,434,293	399,605	201,836	61,085
Miscellaneous	7,592,158	1,006,794	941,178	1,015,288
Gain/(loss) on disposal of asset	31,555		555,990	
<b>Transfers</b>	<u>(953,833)</u>	<u>(1,029,760)</u>		<u>319,755</u>
Total governmental activities	<u>15,773,299</u>	<u>11,954,658</u>	<u>9,228,217</u>	<u>7,713,461</u>
<b>Changes in Net Assets</b>	<u>\$ 9,962,221</u>	<u>\$ 6,351,813</u>	<u>\$ 5,655,464</u>	<u>\$ 1,145,400</u>
<b>Net Revenue/(Expense)</b>	\$ (1,071,216)	\$ (1,318,499)	\$ (2,359,867)	\$ (318,444)
<b>General Revenues:</b>				
Business-type activities:				
Investment earnings (losses)	407,955	390,008	211,882	97,043
Miscellaneous	1,374,804			6,486
Gain/(loss) on disposal of asset				
<b>Transfers</b>	<u>953,833</u>	<u>1,029,760</u>	<u>(555,990)</u>	<u>(319,755)</u>
Total business-type activities	<u>2,736,592</u>	<u>1,419,768</u>	<u>(344,108)</u>	<u>(216,226)</u>
<b>Changes in Net Assets</b>	<u>\$ 1,665,376</u>	<u>\$ 101,269</u>	<u>\$ (2,703,975)</u>	<u>\$ (534,670)</u>

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

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

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

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
General Fund:					
Nond spendable					
Restricted					
Committed					
Assigned					
Unassigned	1,218,820	1,210,172			
Reserved					
Unreserved			\$ 1,311,241	\$ 4,103,474	\$ 2,092,289
Total General Fund	<u>\$ 1,218,820</u>	<u>\$ 1,210,172</u>	<u>\$ 1,311,241</u>	<u>\$ 4,103,474</u>	<u>\$ 2,092,289</u>
All Other Governmental Funds:					
Nond spendable					
Restricted	1,936,741	2,847,695			
Committed	712,259	896,036			
Assigned					
Unassigned					
Reserved			\$ 266,889	\$ 237,536	\$ 219,756
Unreserved, reported in:					
Special revenue funds			3,074,754	3,351,167	4,265,497
Capital projects funds			3,660,289	3,666,392	3,972,537
Debt service fund			(365,360)	(325,509)	85,904
Total all other governmental funds	<u>\$ 2,649,000</u>	<u>\$ 3,743,731</u>	<u>\$ 6,636,572</u>	<u>\$ 6,929,586</u>	<u>\$ 8,543,694</u>
	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>
General Fund:					
Unreserved	\$ 203,673	\$ 3,025,518	\$ 788,894	\$ (286,681)	\$ (1,697,540)
Total General Fund	<u>\$ 203,673</u>	<u>\$ 3,025,518</u>	<u>\$ 788,894</u>	<u>\$ (286,681)</u>	<u>\$ (1,697,540)</u>
All Other Governmental Funds:					
Reserved	\$ 219,695	\$ 246,466	\$ 1,414,470	\$ 2,546,893	\$ 3,523,997
Unreserved, reported in:					
Special revenue funds	2,376,369	2,362,650	1,397,637	1,231,897	976,211
Capital projects funds	4,054,657	2,933,647	305,352	(410,415)	(412,180)
Debt service fund	1,161,303	1,241,424	1,146,688	1,014,634	(178,968)
Total all other governmental funds	<u>\$ 7,812,024</u>	<u>\$ 6,784,187</u>	<u>\$ 4,264,147</u>	<u>\$ 4,383,009</u>	<u>\$ 3,909,060</u>

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

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

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

<b>Fiscal Year Ended June 30</b>					
	<b><u>2012</u></b>	<b>(As Restated) <u>2011</u></b>	<b>(As Restated) <u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
Taxes	\$ 7,196,829	\$ 6,902,409	\$ 6,246,647	\$ 7,121,927	\$ 6,642,357
Intergovernmental	3,784,784	2,676,147	3,687,320	4,047,122	5,553,081
Fines and forfeitures	381,075	327,704	249,338	318,058	317,509
Licenses and permits	85,254	382,509	339,228	325,810	272,035
Charges for services	1,239,203	1,127,736	1,285,140	713,664	582,789
Rents and royalties	422,509	384,887	392,937	392,182	362,763
Investment income	11,653	34,830	19,021	150,463	626,313
Land sales	377,650	138,750	1,065,800	1,393,163	1,632,166
Miscellaneous	213,983	1,796,642	194,989	1,532,718	215,938
<b>Total revenues</b>	<b>\$ 13,712,940</b>	<b>\$ 13,771,614</b>	<b>\$ 13,480,420</b>	<b>\$ 15,995,107</b>	<b>\$ 16,204,951</b>
	<b>(As Restated) <u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>
Taxes	\$ 5,861,890	\$ 5,608,928	\$ 4,489,875	\$ 4,179,964	\$ 3,298,470
Intergovernmental	7,123,406	4,716,955	5,281,691	3,079,362	6,865,812
Fines and forfeitures	338,154	258,694	281,426	234,378	176,237
Licenses and permits	218,468	215,491	223,794	179,985	681,901
Charges for services	649,480	528,664	571,279	599,332	459,461
Rents and royalties	542,279	835,954	845,346	754,949	726,011
Investment income	773,569	399,605	201,836	61,085	58,413
Land sales	8,578,709	4,196,055	1,465,767	638,100	261,710
Miscellaneous	359,765	270,664	236,678	366,972	210,493
<b>Total revenues</b>	<b>\$ 24,445,720</b>	<b>\$ 17,031,010</b>	<b>\$ 13,597,692</b>	<b>\$ 10,094,127</b>	<b>\$ 12,738,508</b>

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

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

	Fiscal Year Ended June 30				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Expenditures:</b>					
Current -					
General government	\$ 2,453,151	\$ 2,823,491	\$ 2,799,265	\$ 3,001,616	\$ 2,902,324
Public safety	4,700,348	4,729,248	4,691,379	4,908,255	4,299,388
Judicial	376,928	357,364	327,582	316,731	261,409
Public works	1,610,576	1,958,048	1,901,620	1,819,622	1,741,406
Culture and recreation	1,466,996	1,830,562	1,509,629	968,168	867,728
Community support	931,457	1,001,266	1,258,244	1,045,489	2,025,354
Capital outlay	1,510,175	3,822,407	1,783,885	3,062,118	3,769,135
Debt service -					
Principal retirement	482,895	422,727	684,889	304,042	274,523
Interest, premium and fiscal charges	546,587	358,964	358,366	740,696	793,492
Refunding bond issuance costs	566,457				
<b>Total expenditures</b>	<u><u>\$ 14,645,570</u></u>	<u><u>\$ 17,304,077</u></u>	<u><u>\$ 15,314,859</u></u>	<u><u>\$ 16,166,737</u></u>	<u><u>\$ 16,934,759</u></u>
Expenditures for capitalized assets	\$ 1,646,937	\$ 4,822,255	\$ 2,005,905	\$ 4,022,778	\$ 3,183,409
Debt service as a percentage of noncapital expenditures	12%	6%	8%	9%	8%

(Continued)

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Expenditures:</b>					
Current -					
General government	\$ 3,756,073	\$ 1,908,150	\$ 2,096,199	\$ 2,129,004	\$ 2,170,733
Public safety	4,512,471	2,989,020	2,668,810	2,263,352	2,170,223
Judicial	227,783	211,096	194,518	189,596	180,987
Public works	1,652,989	1,226,587	1,895,698	1,922,981	2,062,269
Culture and recreation	792,663	743,558	756,578	743,701	763,866
Community support	930,866	883,737	583,086	638,883	466,313
Capital outlay	5,165,432	2,604,596	3,590,398	333,359	2,457,336
Debt service -					
Principal retirement	5,448,394	960,963	893,392	1,185,000	1,680,000
Interest, premium and fiscal charges	1,287,353	1,039,791	993,310	963,470	954,614
Refunding bond issuance costs					
<b>Total expenditures</b>	<u>\$ 23,774,024</u>	<u>\$ 12,567,498</u>	<u>\$ 13,671,989</u>	<u>\$ 10,369,346</u>	<u>\$ 12,906,341</u>
Expenditures for capitalized assets	\$ 5,085,298	\$ 3,195,307	\$ 5,118,476	N/A	N/A
Debt service as a percentage of noncapital expenditures	36%	21%	21%	20%	16%

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

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

**(Concluded)**



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

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (932,630)	\$ (3,532,463)	\$ (1,834,439)	\$ (171,630)	\$ (729,808)
<b>Other financing sources (uses):</b>					
Issuance of long-term debt	11,730,000				
Premium on long-term debt issuance	678,203				
Payment to refunded bond	(13,351,076)				
Proceeds from capital leases	61,935	688,968	29,451	164,355	8,630
Transfers in	1,896,780	2,314,412	1,182,086	2,545,758	2,427,134
Transfers out	(1,169,295)	(2,051,877)	(1,182,086)	(2,141,406)	(2,427,134)
Total other financing sources (uses)	- 153,453	951,503	29,451	568,707	8,630
<b>Changes in fund balances</b>	<b><u>\$ (1,086,083)</u></b>	<b><u>\$ (2,580,960)</u></b>	<b><u>\$ (1,804,988)</u></b>	<b><u>\$ 397,077</u></b>	<b><u>\$ (721,178)</u></b>
	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ 671,696	\$ 4,463,512	\$ (74,297)	\$ (275,219)	\$ (167,833)
<b>Other financing sources (uses):</b>					
Issuance of long-term debt					
Premium on long-term debt issuance					
Payment to refunded bond					
Proceeds from capital leases	413,128	56,000	463,081	200,000	
Transfers in	6,363,892	4,436,095	3,894,715	4,737,128	3,013,235
Transfers out	(7,317,725)	(4,197,718)	(3,338,725)	(4,417,373)	(2,445,816)
Total other financing sources (uses)	(540,705)	294,377	1,019,071	519,755	567,419
<b>Changes in fund balances</b>	<b><u>\$ 130,991</u></b>	<b><u>\$ 4,757,889</u></b>	<b><u>\$ 944,774</u></b>	<b><u>\$ 244,536</u></b>	<b><u>\$ 399,586</u></b>

**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**

<b>Overlapping Rates</b>			
<b>Fiscal Year Ended June 30</b>	<b>City of Page (As Restated)</b>	<b>Coconino County</b>	<b>Arizona State</b>
2012	3.0	1.125	6.6
2011	3.0	1.125	6.6
2010	3.0	1.125	6.6
2009	3.0	1.125	5.6
2008	3.0	1.125	5.6
2007	3.0	1.125	5.6
2006	3.0	0.925	5.6
2005	3.0	0.925	5.6
2004	3.0	0.925	5.6
2003	2.0	0.925	5.6

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

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

<b>Fiscal Year Ended June 30</b>					
	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
Construction	\$ 127,505	\$ 404,265	\$ 151,596	\$ 247,290	\$ 426,565
Manufacturing	86,876	181,350	206,285	222,674	225,845
Transportation, Communications & Utilities	633,976	623,650	570,762	541,232	548,935
Wholesale Trade	104,809	41,413	153,761	105,217	98,553
Retail Trade	2,921,545	2,858,788	2,849,320	3,089,180	3,029,379
Restaurants and Bars	928,366	910,057	879,893	872,832	773,271
Finance, Insurance & Real Estate	362,710	348,948	318,610	355,823	311,841
Hotels and Other Lodging	1,538,461	1,312,374	1,238,544	1,419,117	880,620
Services	153,249	140,424	166,676	221,238	215,671
All Others Not Specified	103,303	81,140	41,382	47,325	131,677
	<u>6,960,801</u>	<u>6,902,409</u>	<u>6,576,830</u>	<u>7,121,927</u>	<u>6,642,357</u>
<b>Total</b>	<u><u>\$ 6,960,801</u></u>	<u><u>\$ 6,902,409</u></u>	<u><u>\$ 6,576,830</u></u>	<u><u>\$ 7,121,927</u></u>	<u><u>\$ 6,642,357</u></u>
<b>(As Restated)</b>					
	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>
Construction	\$ 374,266	\$ 544,869	\$ 398,475	\$ 157,305	\$ 96,021
Manufacturing	210,350	199,535	158,940	68,866	24,606
Transportation, Communications & Utilities	473,800	414,733	167,168	305,422	214,578
Wholesale Trade	151,155	148,180	108,175	101,832	79,844
Retail Trade	2,465,381	2,464,728	2,146,631	2,081,608	1,530,201
Restaurants and Bars	684,632	578,234	231,712	411,892	542,220
Finance, Insurance & Real Estate	288,508	250,268	449,832	165,762	140,741
Hotels and Other Lodging	917,388	729,748	592,113	538,867	485,948
Services	195,254	190,569	175,571	189,353	158,930
All Others Not Specified	98,902	87,538	60,378	159,059	25,381
	<u>5,859,635</u>	<u>5,608,402</u>	<u>4,488,996</u>	<u>4,179,964</u>	<u>3,298,469</u>
<b>Total</b>	<u><u>\$ 5,859,635</u></u>	<u><u>\$ 5,608,402</u></u>	<u><u>\$ 4,488,996</u></u>	<u><u>\$ 4,179,964</u></u>	<u><u>\$ 3,298,469</u></u>

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

**CITY OF PAGE, ARIZONA  
OUTSTANDING DEBT BY TYPE  
LAST EIGHT 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 (As Restated)	Percentage of Personal Income (As Restated)	Per Capita
2012	\$ 13,393,200	\$ -	\$ 612,363	\$ 14,005,563	\$ -	\$ 18,545	\$ 14,024,108	20.31 %	0.34 %	1,903
2011	14,134,033	-	860,659	14,994,692	-	78,747	15,073,439	21.25	0.30	2,080
2010	14,296,469	-	431,782	14,728,251	-	136,456	14,864,707	21.27	0.30	2,087
2009	14,433,802	5,391	502,481	14,941,674	-	307,858	15,249,532	23.16	0.27	2,152
2008	14,537,204	16,838	527,319	15,081,361	-	280,971	15,362,332	24.46	0.25	2,177
2007	14,633,140	28,518	685,595	15,347,253	-	121,289	15,468,542	28.31	0.23	2,204
2006	20,081,534	39,411	353,781	20,474,726	-	97,632	20,572,358	40.08	0.16	2,966
2005	20,955,783	-	423,906	21,379,689	-	60,886	21,440,575	41.28	0.14	3,096

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

**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 2012:**

Secondary assessed valuation	\$ 69,060,674
Debt limit (26%)	17,955,775
Debt applicable to limit	-
Legal debt margin	<u><u>\$ 17,955,775</u></u>

	<b>Fiscal Year Ended June 30</b>				
	<b>(Restated)</b>				
	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
Total Debt limit	\$ 17,955,775	\$ 18,440,382	\$ 18,168,670	\$ 17,122,646	\$ 16,330,023
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u><u>\$ 17,955,775</u></u>	<u><u>\$ 18,440,382</u></u>	<u><u>\$ 18,168,670</u></u>	<u><u>\$ 17,122,646</u></u>	<u><u>\$ 16,330,023</u></u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%
	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>
Debt limit	\$ 14,208,309	\$ 13,344,326	\$ 13,505,535	\$ 13,953,177	\$ 12,652,885
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u><u>\$ 14,208,309</u></u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

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

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

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

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

<b>Excise Tax and State Shared Revenue Bonds</b>					
<b>Fiscal Year</b>	<b>Excise Tax and State Shared Revenues</b>	<b>Debt Service Principal</b>	<b>Debt Service Interest</b>	<b>Coverage</b>	
2012	\$ 6,960,801	\$ -	\$ 485,028	14.35	
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, 2012**

<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>14,024,108</u>
Total Direct Debt			<u><u>\$ 14,024,108</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>
2011	7,369	\$ 4,725,407	\$ 35,105	9.50 %	9.20 %	8.30 %
2010	7,247	4,481,137	34,510	10.00	8.90	8.00
2009	7,122	4,408,897	34,330	9.70	8.30	7.50
2008	7,086	4,056,682	31,855	5.90	5.30	4.80
2007	7,057	3,767,194	29,879	3.80	3.70	3.30
2006	7,018	3,493,415	28,008	4.10	4.30	3.80
2005	6,937	3,258,728	26,431	4.70	4.90	4.40
2004	6,925	2,999,350	24,692	5.00	5.30	4.70
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

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



**CITY OF PAGE, ARIZONA  
PRINCIPAL EMPLOYERS  
CURRENT FISCAL YEAR AND FISCAL YEAR 2011**

<b>Employer</b>	<b>2012</b>			<b>(Restated) 2011</b>		
	<b>Employees</b>	<b>Percentage of Total Employment</b>		<b>Employees</b>	<b>Percentage of Total Employment</b>	
Aramark, Inc.	700	16.56	%	705	15.47	%
Navajo Generating Station	532	12.59		530	11.63	
Page Unified School District No. 8	394	9.32		400	8.78	
Super Wal-Mart	205	4.85		281	6.16	
City of Page (Including Page Electric Utility)	208	4.92		213	4.67	
Gary Yamamoto Custom Baits	160	3.79		142	3.12	
Courtyard by Marriott LLP	78	1.85		74	1.62	
Page Steel / Page Lumber	76	1.80		90	1.97	
Canyonlands Community Health	59	1.40		66	1.45	
Page Hospital	105	2.48		140	3.07	
Safeway	80	1.89		100	2.19	
Total	<u>2,597</u>	<u>61.45</u>	%	<u>2,741</u>	<u>60.13</u>	%
 Total employment	 <u>4,226</u>			 <u>4,558</u>		

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

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

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

Full-time Equivalent Employees as of June 30					
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Function</b>					
General Government	17	24	27	26	23
Public Safety	45	56	55	54	57
Judicial	5	5	6	6	6
Public works	14	16	16	16	15
Culture and recreation	18	24	22	18	19
Community support	3	9	8	6	6
Electric	19	19	19	19	19
Water	15	14	16	16	16
Total	<u>136</u>	<u>167</u>	<u>168</u>	<u>161</u>	<u>161</u>
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Function</b>					
General Government	24	24	22	20	18
Public Safety	51	46	43	42	41
Judicial	5	5	5	5	5
Public works	15	15	13	16	16
Culture and recreation	18	16	21	18	15
Community support	6	5	6	6	6
Electric	19	20	24	20	16
Water	14	14	13	13	13
Total	<u>152</u>	<u>144</u>	<u>147</u>	<u>140</u>	<u>130</u>

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

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

	Fiscal Year Ended June 30									
	<u>2012</u>	<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>
<b>Function</b>										
<b>Highways and Streets</b>										
Streets (miles)	47.2	47.0	47.0	45.5	44.7	44.7	43.5	43.4	43.4	43
Streetlights	817	811	811	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
<b>Culture and recreation</b>										
Parks acreage	17.73	17.73	17.73	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
<b>Sewer</b>										
Sanitary sewers (miles)	38.71	38.46	32.46	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Storm sewers (miles)	8.8	8.3	8.3	6.9	6.9	6.9	6.9	6.9	6.9	6.9
Maximum daily treatment capacity (gallons)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	N/A
Average daily treatment (gallons)	945,000	901,000	872,000	841,000	795,000	835,000	847,000	757,000	765,000	N/A
<b>Water</b>										
Water lines (miles)	58.92	58.64	54.64	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Raw water lines (miles)	3	3	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	5,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Average daily treatment (gallons)	1,988,000	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

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

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

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

	<b>Fiscal Years</b>				
	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
<b>Planning and Building Safety</b>					
Building permits issued (new single family homes)	1	6	23	16	25
<b>Highway and Streets</b>					
Street resurfacing (miles)	0.0	2.4	1.4	0.6	3.1
Streets striped (miles)	16.7	16.5	16.5	16.5	15.7
<b>Culture and Recreation</b>					
Summer recreation camps	13	12	11	19	16
	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>
<b>Planning and Building Safety</b>					
Building permits issued (new single family homes)	21	48	19	14	N/A
<b>Highway and Streets</b>					
Street resurfacing (miles)	2.2	0.3	2.0	N/A	N/A
Streets striped (miles)	15.7	15.6	15.4	N/A	N/A
<b>Culture and Recreation</b>					
Summer recreation camps	19	19	20	N/A	N/A

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

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## **FEDERAL AND STATE REPORTS**

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MEMBERS:

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ROBERT S. COX, CPA  
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K. MARK FROST, CPA

KENNETH A. HINTON, CPA  
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PHILLIP S. PEINE, CPA  
MICHAEL K. SPILKER, CPA  
KEVIN L. STEPHENS, CPA  
MARK E. TICHENOR, CPA

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

The Honorable Mayor and  
City Council  
Page, Arizona

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Page, Arizona as of and for the year ended June 30, 2012, which collectively comprise the City of Page, Arizona's basic financial statements and have issued our report thereon dated November 28, 2012. 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.

**Internal Control over Financial Reporting**

Management of the City of Page, Arizona, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Page, Arizona's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Page, Arizona's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City Page, Arizona's internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the schedule of findings and recommendations dated November 28, 2012 that we consider to be significant deficiencies in internal control over financial reporting.

**12-1 Reconciliations and Year End Accounting**



A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **Compliance and Other Matters**

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

We noted certain other matters that we have reported to the management of the City in the schedule of findings and recommendations dated November 28, 2012.

This report is intended solely for the information of the mayor, audit committee, management, and various federal and state agencies, and is not intended to be an should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Hinton Burdick, PLLC". The signature is written in a cursive, flowing style.

HintonBurdick, PLLC  
November 28, 2012



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

The Honorable Mayor and  
City Council  
Page, Arizona

We have audited the basic financial statements of the City of Page, Arizona for the year ended June 30, 2012, and have issued our report thereon dated November 28, 2012. Our audit also included test work on the City of Page's compliance with selected requirements identified in the State of Arizona Revised Statutes and the Arizona State Constitution including, but not limited to, Title 28, Chapter 18, Article 2.

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

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

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

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

In our opinion, The City of Page complied, in all material respects, with the requirements identified above for the year ended June 30, 2012.

HintonBurdick, PLLC  
November 28, 2012

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