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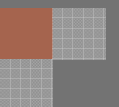
City of Page, Arizona

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2013



697 Vista Avenue, Page, Arizona 86040



On February 20, 2013, a landslide ripped through a section of US 89 along a mountain slope 25 miles south of Page, buckling more than 150 feet of the roadway and tearing the pavement up in six-foot-high sections.

The significant roadway damage caused closure of a 23-mile-long stretch of the highway between the US 89A junction near Bitter Springs and the State Route 98 junction located on the outskirts of Page.

All visitors traveling North through Page were detoured through US 160 and SR 98.

Photo courtesy of the Arizona Department of Transportation

CITY OF PAGE, ARIZONA

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December 2, 2013

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, 2013.

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, 2013, 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, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

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

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

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

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

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

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

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

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

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

During FY2012/13, the Mayor and Council continued to focus on budget reduction and revenue acquisition.

The City addressed its “bond debt” obligations requiring an annual \$1.2M bond debt payment until 2026, by committing land sale revenues and debt assessment fees (collected on utilities) to reduce the demand on the general fund. The Common Council will address additional debt assessment fees and potential increases in existing franchise fees to meet this end.

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

The Common Council approved a “Financial Management Policy”, consistent with Government Accounting Standards Board (GASB) 54, which provides structure and transparency to all public finance matters. The policy was adopted shortly at the close of the last fiscal year.

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

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

AWARDS AND ACKNOWLEDGEMENTS

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

Bill Diak	Mayor
John Kocjan	Vice Mayor
Michael Bryan	Councilor
Scott Sadler	Councilor
Levi Tappan	Councilor
David Tennis	Councilor
Dennis Warner	Councilor

City Manager

Rick E. Olson

City Clerk

Kim Larson – Interim

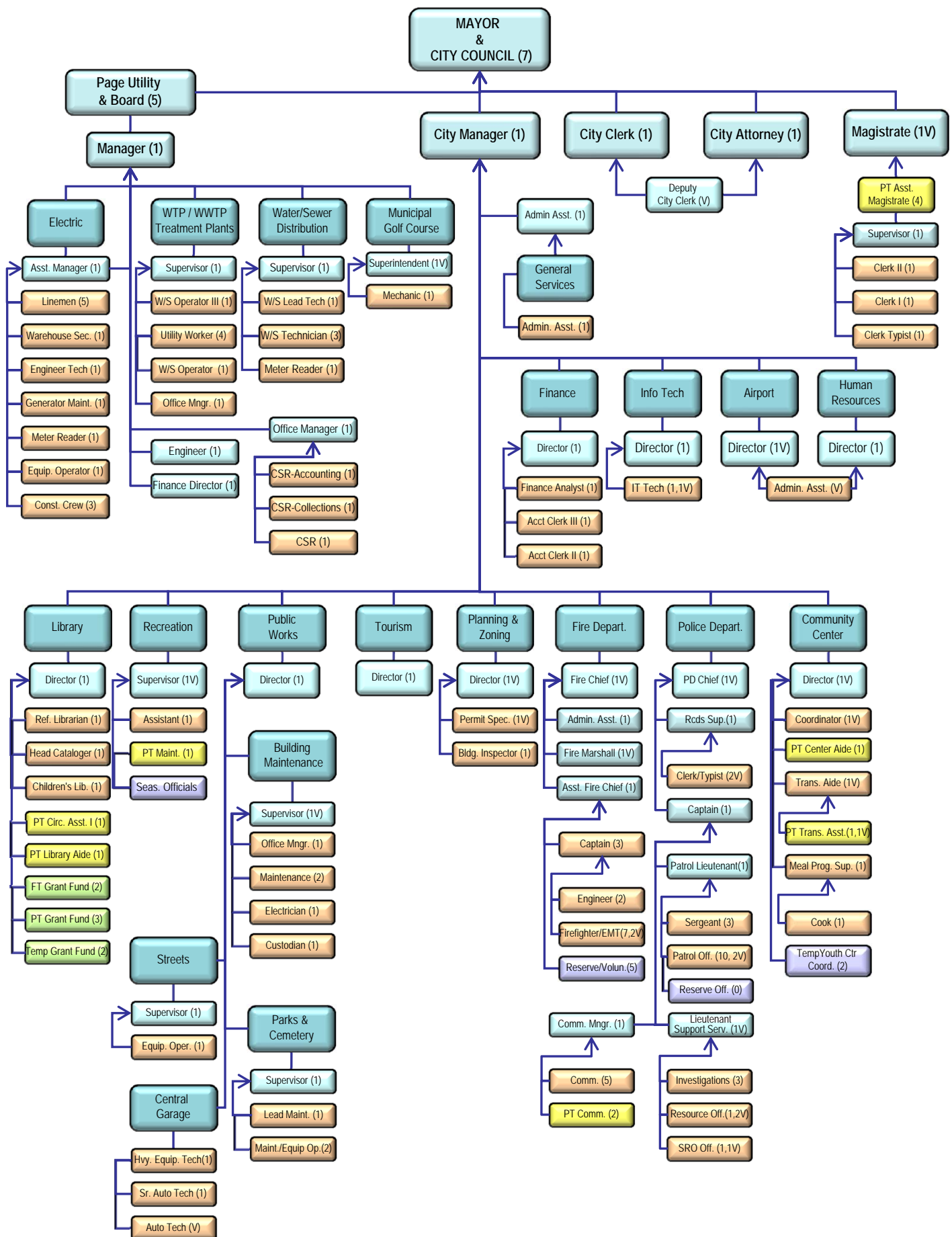
City Magistrate

Vacant

Departments

Airport	Rick E. Olson
Community Center	Rick E. Olson
Engineering	Matthew Wood
Finance	Linda Watson
Fire Department	Rick E. Olson
Golf	ARAMARK
Human Resources	Rick E. Olson
Information Tech.	Michael Bergner
Library	Debbie Winlock
Page Utility Enterprises	Bryan Hill
Planning & Zoning	Rick E. Olson
Police Department	Rick E. Olson
Public Works	Clifford Linker
Recreation	Rick E. Olson
Tourism	Lee McMichael

City of Page – Organizational Chart



Vacancies (V) are shown as of June 30, 2013



Government Finance Officers Association

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

Presented to

**City of Page
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

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FINANCIAL SECTION

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MEMBERS:

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

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Page, Arizona, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Page, Arizona, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in fiscal year 2013, the City adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13, the public safety retirement system information on pages 58 and 59 and the budgetary comparison information on pages 62 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The supplementary budget and actual schedules, combining nonmajor fund financial statements, and the nonmajor fund budget and actual schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary budget and actual schedules, the combining nonmajor fund financial statements and the nonmajor fund budget and actual schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2013, on our consideration of the City of Page, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Page, Arizona's internal control over financial reporting and compliance.

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

HintonBurdick, PLLC
Flagstaff, Arizona
October 22, 2013

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**CITY OF PAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013**

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, 2013. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity (3) identify changes in the City's financial position (4) identify any material deviations from the financial plan (the approved budget) and (5) identify individual fund issues or concerns.

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

FINANCIAL HIGHLIGHTS

- The City's total net position at the close of the fiscal year was \$124,471,539. This amount is comprised of \$97,019,589 in capital assets net of related debt, \$2,113,080 of restricted net assets and \$25,338,870 in unrestricted net assets. This position reflects an overall net increase of \$3,386,152. This is a result of various actions that occurred throughout the year including \$1.8 million reduction in operating costs for the general government and \$1.46 increase for the enterprise funds due to cost savings measures taken with electric fund.
- City Sales tax remains the single largest revenue source in the general fund budget for the City of Page. This fiscal year, revenue increased over last year by almost \$400,000. Budgeting conservatively to receive \$6.5 million, our actual figures were \$7.35 million by June 2013. While the retail category is the prime driver of the tax revenue, other tax categories also support the revenue stream. In October 2011, the City Council increased the additional tax on the Hotel/Motel category from 3% to 4.263% and part of this increase in revenue is realized by this change.
- The City received federal grant funding in the amount of \$1.65 million strengthen the apron at the Page Municipal Airport this fiscal year, increasing our capital assets for the year.
- The City's cash reserves still remain an important focus for management and the City Council. The City has continued to build its cash reserves and by the end of June 2013, was showing a balance in the Local Government Investment Pool of approximately \$5.8 million.
- In October 2011, the City restructured their bond debt from 1999. This fiscal year, the City made its first principal payment on the restructured bond debt. The restructure allowed for the City to ease into future repayment of the bond payments at a graduated payment rate, while applying a portion of that payment toward the principal of the bond. The balance of the principal amount for the 2011 bond is \$11,380,000. In addition, the City has an outstanding principal bond for the Airport in the amount of approximately \$1.48 million. Overall, the total principal bond debt currently held by the City of Page is \$12.8 million.

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 21 and 24.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the City's financial position. The City's combined assets exceed liabilities by \$124 million as of June 30, 2013 as shown in the following condensed statement of net assets. The City has chosen to account for its utility operations in enterprise funds which are shown as Business Activities.

City of Page Statement of Net Position

	Governmental activities		Business-type activities		Combined Total	
	6/30/2013	6/30/2012	6/30/2013	6/30/2012	6/30/2013	6/30/2012
Current and other assets	\$ 6,854,839	\$ 5,016,729	\$ 24,452,837	\$ 22,404,943	\$ 31,307,676	\$ 27,421,672
Capital assets	79,219,917	79,760,735	31,228,277	31,368,394	110,448,194	111,129,129
Total assets	<u>86,074,756</u>	<u>84,777,464</u>	<u>55,681,114</u>	<u>53,773,337</u>	<u>141,755,870</u>	<u>138,550,801</u>
Total deferred outflows of resources	523,169	594,918	-	-	523,169	594,918
Long-term liabilities outstanding	13,318,686	14,301,484	99,023	124,264	13,417,709	14,425,748
Other liabilities	1,947,681	1,661,292	2,442,110	1,973,292	4,389,791	3,634,584
Total liabilities	<u>15,266,367</u>	<u>15,962,776</u>	<u>2,541,133</u>	<u>2,097,556</u>	<u>17,807,500</u>	<u>18,060,332</u>
Net position:						
Net investment in capital assets	65,791,312	66,231,720	31,228,277	31,211,950	97,019,589	97,443,670
Restricted	2,113,080	1,936,741	-	-	2,113,080	1,936,741
Unrestricted	3,427,166	1,241,145	21,911,704	20,463,831	25,338,870	21,704,976
Total net position	<u>\$ 71,331,558</u>	<u>\$ 69,409,606</u>	<u>\$ 53,139,981</u>	<u>\$ 51,675,781</u>	<u>\$ 124,471,539</u>	<u>\$ 121,085,387</u>

The City has \$141,755,870 in total assets, with \$110,448,194 in capital assets (net of depreciation). The City's water, sewer, sanitation, and electric enterprise fund operations are included in the Business-type activities column. These operations are capital intensive, using a large portion of their resources to maintain and replace major equipment and facilities.

Governmental Activities

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

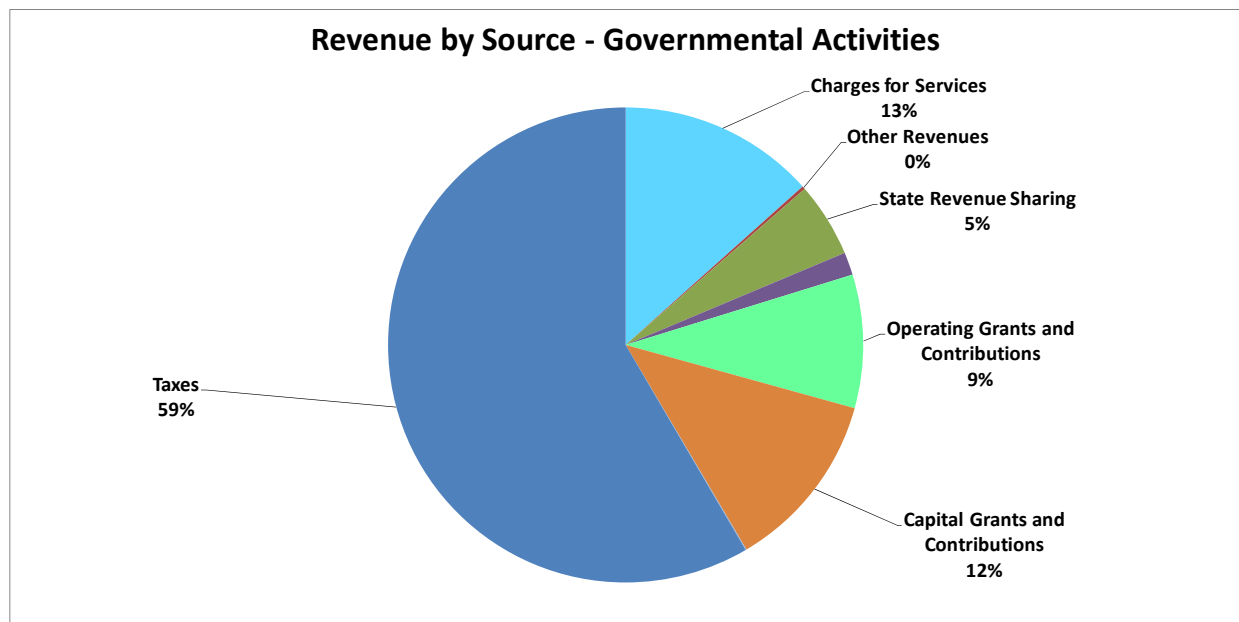
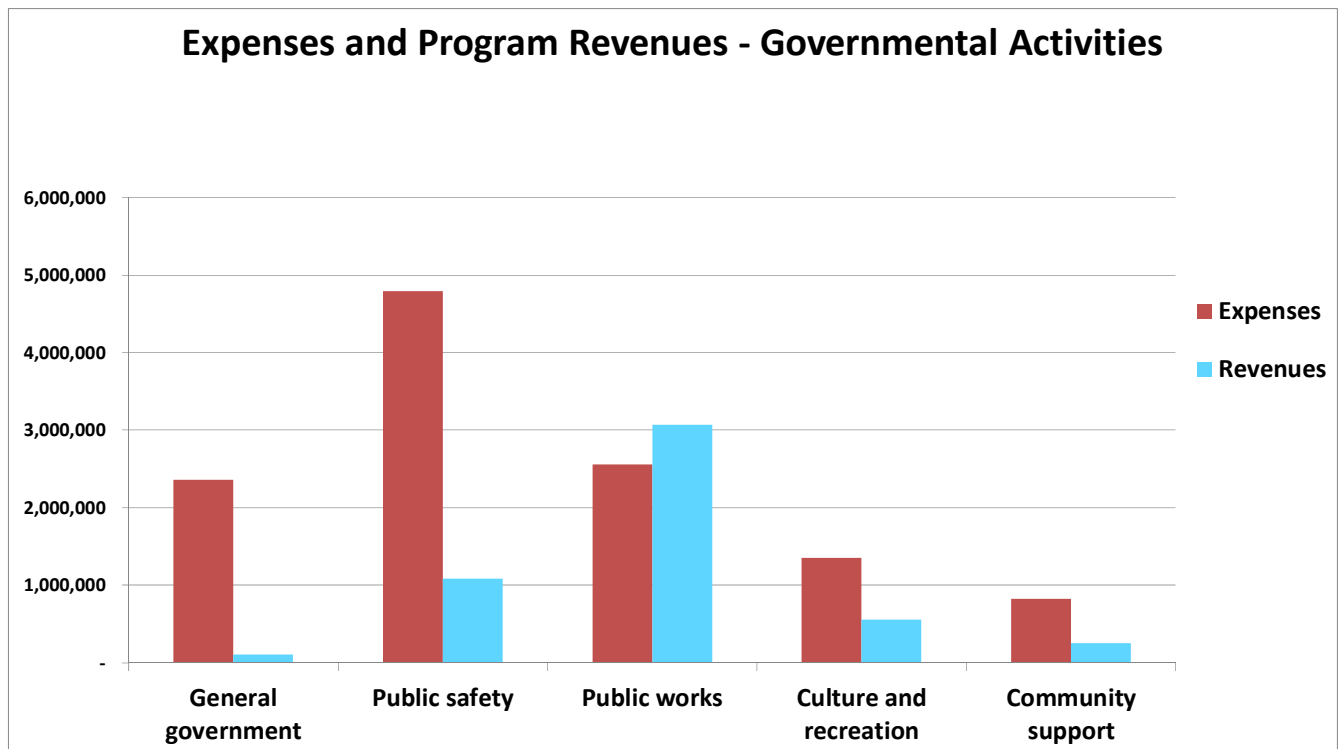
City of Page
Changes in Net Position

	Governmental activities		Business-type activities		Combined Total	
	6/30/2013	6/30/2012	6/30/2013	6/30/2012	6/30/2013	6/30/2012
Revenues:						
Program revenues:						
Charges for services	\$ 1,952,852	\$ 2,246,849	\$ 13,147,863	\$ 12,532,472	\$ 15,100,715	\$ 14,779,321
Operating grants and contributions	1,324,153	911,426	-	-	1,324,153	911,426
Capital grants and contributions	1,783,868	1,398,753	-	-	1,783,868	1,398,753
General revenues:						
Taxes	8,526,316	8,036,319	-	-	8,526,316	8,036,319
State revenue sharing	740,265	611,652	-	-	740,265	611,652
Investment Income	9,699	11,653	111,565	-	121,264	11,653
Gain on disposal of asset	227,038	377,650	-	-	227,038	377,650
Other revenue/(expense)	30,093	147,311	-	(15,279)	30,093	132,032
Total revenues	14,594,284	13,741,613	13,259,428	12,517,193	27,853,712	26,258,806
Expenses:						
General government	2,360,309	2,862,521	-	-	2,360,309	2,862,521
Public safety	4,793,356	5,397,651	-	-	4,793,356	5,397,651
Public works/Streets	2,559,162	2,934,715	-	-	2,559,162	2,934,715
Culture and recreation	1,351,765	1,815,364	-	-	1,351,765	1,815,364
Community support	823,049	959,067	-	-	823,049	959,067
Interest on long-term debt	547,454	1,027,886	-	-	547,454	1,027,886
Water	-	-	1,518,786	1,545,058	1,518,786	1,545,058
Sewer	-	-	1,407,188	1,419,674	1,407,188	1,419,674
Electric	-	-	7,817,693	7,445,984	7,817,693	7,445,984
Sanitation	-	-	639,129	619,764	639,129	619,764
Total expenses	12,435,095	14,997,204	11,382,796	11,030,480	23,817,891	26,027,684
Increase (Decrease) in net position before transfers	2,159,189	(1,255,591)	1,876,632	1,486,713	4,035,821	231,122
Transfers	454,622	727,485	(454,622)	(727,485)	-	-
Net position, beginning	69,409,606	69,937,712	51,675,781	51,083,243	121,085,387	121,020,955
Restatement/Prior period adjustment	(691,859)	-	42,190	(166,690)	(649,669)	(166,690)
Net position, ending	<u>\$ 71,331,558</u>	<u>\$ 69,409,606</u>	<u>\$ 53,139,981</u>	<u>\$ 51,675,781</u>	<u>\$ 124,471,539</u>	<u>\$ 121,085,387</u>

The cost of all governmental activities this year was \$12.4 million, while the cost of all business-type activities totaled \$11.3 million, bringing the total expenses for the government to \$23.8 million. The net cost of the governmental activities was \$7.3 million for the year. This amount was financed by general revenues which are primarily made up of the sales tax collections and state shared revenues received by the City that total \$8.9 million. The balance was funded from general revenues collected by the City for fees, charges and grant funds.

The business-type activities expenses were funded by the Enterprise Funds and the service fees charges for electric, water, sewer and garbage services. The total revenue received for the Governmental Funds during the year was \$14.6 million, reporting an increase of \$1.9 million over the prior year. This increase is retained in the general fund balance and reflects the amount of cost savings in unspent budget for fiscal year 2013.

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



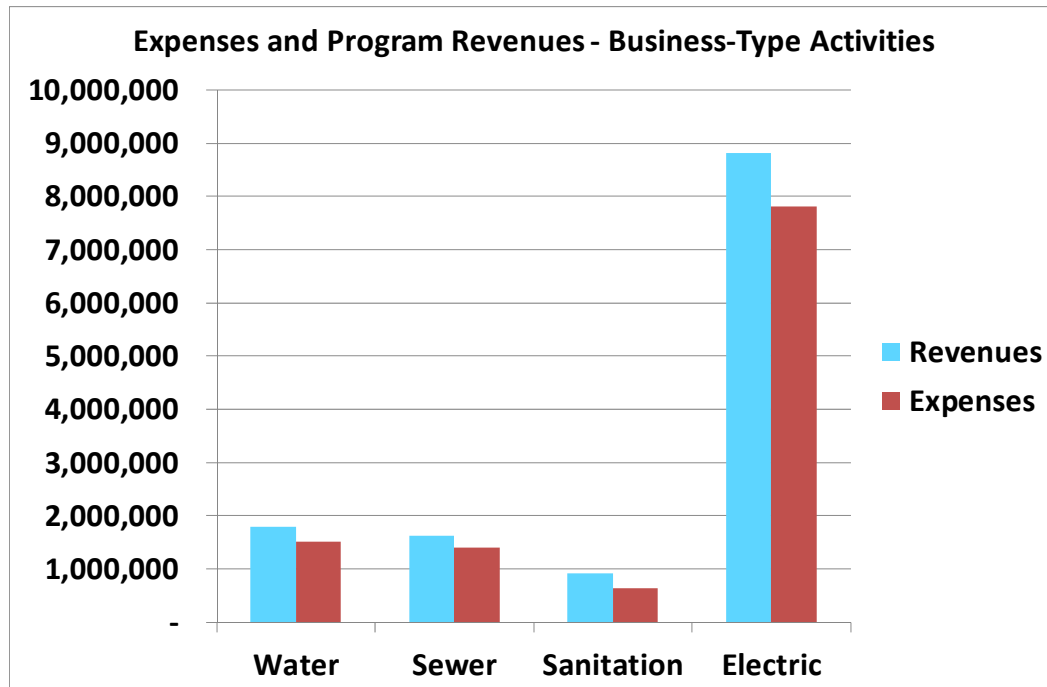
Business Type Activities

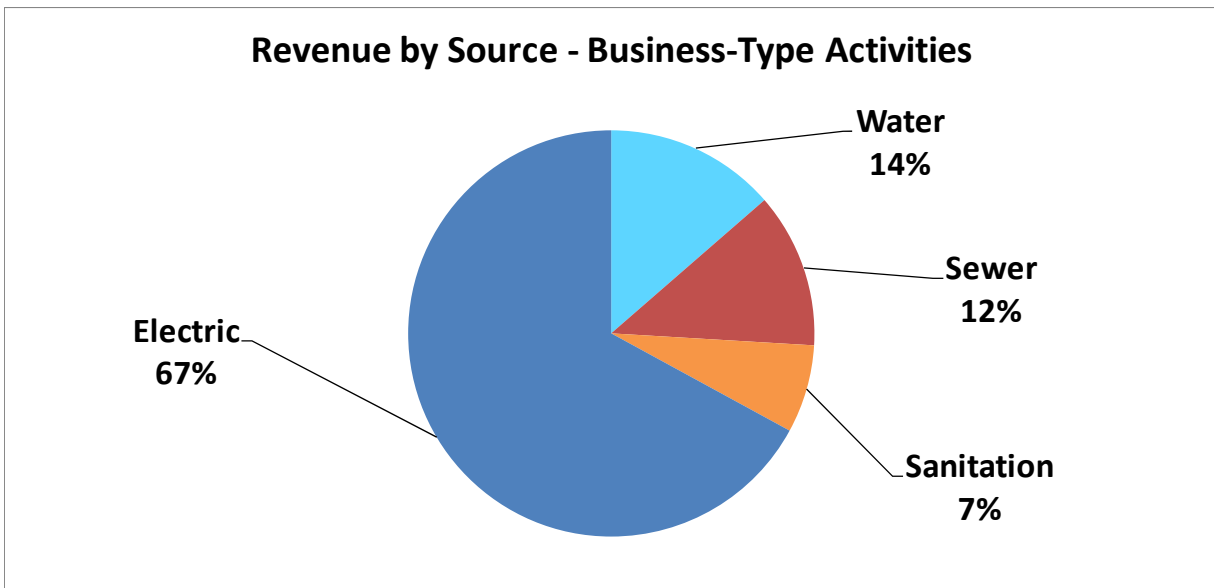
The net position of the Business Type activities at June 30, 2013 as reflected in the Statement of Net Position was \$53 million. The cost of providing all Proprietary (Business Type) activities this year was \$11.3 million. As shown in the statement of Changes in Net Position, the amounts paid by users of the system were \$13.1 million reflecting a \$615,000 gain in revenue from the prior year. The Net Position increased by \$592,538 due to cost savings on power and reallocation of the inventory on one of the enterprise funds.

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

Fiscal year 2012-13 was another good year for the Electric Utility with continued stability in the power market. The relatively low cost of purchased power enabled the Utility to continue its aggressive modernization of the infrastructure. At the same time, Management began an ambitious five year plan to modernize the infrastructure of both the Water and Sewer Utilities.

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





Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Page's governmental funds reported a combined ending fund balance of \$6.3 million, an increase of \$2.6 million in comparison with the prior year. Approximately, 53 % of this total amount or \$3.3 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 \$3,340,840, 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 41% of total general fund expenditures.

The Highway User Revenue Fund has a total fund balance of \$1,356,977, all of which is restricted for road and street construction and improvements. The net increase in the fund balance during the current year was \$191,519 and was due to planned appropriations of fund balance for future road work.

The Capital Projects Fund balance increased by \$45,863 this fiscal year. The Capital Projects Fund covers all of the major airport grants as well as any community development block grants awarded by the federal and state government. Capital projects for the airport were limited this fiscal year, and some projects were not completed. This reflects the slight increase in the overall Capital Projects fund balance.

The Electric Fund shows an increase of \$1.1 million to its net position from last fiscal year. This increase is a direct reflection on the cost savings of power that was purchased throughout the year.

The Water Fund experienced a \$314,117 increase in net position for 2013 primarily due to reallocation and building of the fund's inventory surplus for the year.

General Fund Budgetary Highlights

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

General Fund actual revenues for the year were \$11,144,330. The amount budgeted for the year was \$10,529,696, hence, showing the City bringing in excess revenue of \$614,634 over budget. The variance in budget to actual numbers was primarily due to a conservative revenue projection that was under budgeted in city sales tax revenue. Actual expenditures of \$8,168,537 were 76% of the budgeted expenditures of \$10,773,651. The \$2.6 million variance in budget to actual expenditures was due to several factors such as across the board cost savings throughout various departments in the general operating budget along with unspent contingency funds.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the City are those assets that are used in performance of City functions, including infrastructure assets. Capital Assets include equipment, vehicles, buildings, land, park facilities and roads. At the end of fiscal year 2013, net capital assets of the government activities totaled \$79.7 million and the net capital assets of the business-type activities totaled \$31.2 million. Depreciation on capital assets is recognized in the Government-Wide financial statements. (See note 6 of the financial statements.)

Debt

At year-end, the City had \$14.7 million in governmental long-term debt outstanding. The debt is a liability of the government and includes our two bonds and our capital lease obligations. After the restructure of the City's Series 1999 bond debt to what is now called the Series 2011 Bond. The current debt balance as of June 30, 2013 was \$11,380,000 on this restructure, while the City also continues to pay on the Airport bond debt, carrying a current principal balance owing as of \$1,486,334 at year end. The initial 1999 Series Bond was issued to cover the costs of constructing the public safety facility and the library, costs associated with closing the landfill, and costs associated with improvements made to the water and wastewater treatment plants. (See note 7 to the financial statements for detailed descriptions.)

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

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

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

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

For FY 2014-2015, our focus is to:

- 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 new revenue sources that will be dedicated to relieving the General Fund of its annual bond debt obligations.
- Provide a replacement program for funding the 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 2013-2014 budget amount for the General Fund expenditures (including inter-fund transfers) is balanced with anticipated revenue of \$10,248,471. The adopted fiscal year 2013-2014 budget for the entire City of Page is \$32,922,412, which includes capital projects of \$2 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, 2013

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 7,552,872	\$ 19,374,397	\$ 26,927,269
Receivables (net of allowance)	896,967	1,363,911	2,260,878
Prepaid expenses	-	265,036	265,036
Inventories	-	1,080,815	1,080,815
Internal balances	(1,625,000)	1,625,000	-
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	30,000	743,678	773,678
Capital assets (net of accumulated depreciation)			
Land and improvements	45,151,002	133,245	45,284,247
Construction in progress	197,481	224,811	422,292
Buildings and improvements	9,466,393	4,494,275	13,960,668
Furniture, equipment and vehicles	2,332,614	2,904,034	5,236,648
Infrastructure	22,072,427	-	22,072,427
Power distribution system	-	13,823,713	13,823,713
Water distribution system	-	7,044,895	7,044,895
Sewer distribution system	-	2,603,304	2,603,304
Total assets	<u>86,074,756</u>	<u>55,681,114</u>	<u>141,755,870</u>
Deferred Outflows of Resources			
Deferred charge on refunding	523,169	-	523,169
Total deferred outflows of resources	<u>523,169</u>	<u>-</u>	<u>523,169</u>
Liabilities			
Accounts payable and other current liabilities	473,734	1,514,531	1,988,265
Customer deposits	-	743,678	743,678
Interest payable	15,269	-	15,269
Unearned revenue	58,050	-	58,050
Noncurrent liabilities:			
Due within one year	1,400,628	183,901	1,584,529
Due in more than one year	13,318,686	99,023	13,417,709
Total liabilities	<u>15,266,367</u>	<u>2,541,133</u>	<u>17,807,500</u>
Net Position			
Net investment in capital assets	65,791,312	31,228,277	97,019,589
Restricted for:			
Debt service	-	-	-
Capital projects	270,316	-	270,316
Highways and streets	1,356,977	-	1,356,977
Perpetual care	315,227	-	315,227
Grants and other purposes	170,560	-	170,560
Unrestricted	3,427,166	21,911,704	25,338,870
Total net position	<u>\$ 71,331,558</u>	<u>\$ 53,139,981</u>	<u>\$ 124,471,539</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, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 2,360,309	\$ 106,805	\$ -	\$ -	\$ (2,253,504)	\$ -	\$ (2,253,504)
Public safety	4,793,356	1,015,015	63,114	7,112	(3,708,115)	-	(3,708,115)
Public works	2,559,162	617,876	672,479	1,776,756	507,949	-	507,949
Culture and recreation	1,351,765	177,454	375,916	-	(798,395)	-	(798,395)
Community support	823,049	35,702	212,644	-	(574,703)	-	(574,703)
Interest on long-term debt	547,454	-	-	-	(547,454)	-	(547,454)
Total governmental activities	12,435,095	1,952,852	1,324,153	1,783,868	(7,374,222)	-	(7,374,222)
Business-type activities:							
Water	1,518,786	1,788,473	-	-	-	269,687	269,687
Sewer	1,407,188	1,621,033	-	-	-	213,845	213,845
Sanitation	639,129	921,727	-	-	-	282,598	282,598
Electric	7,817,693	8,816,630	-	-	-	998,937	998,937
Total business-type activities	11,382,796	13,147,863	-	-	-	1,765,067	1,765,067
Total primary government	23,817,891	15,100,715	1,324,153	1,783,868	(7,374,222)	1,765,067	(5,609,155)
General Revenues:							
Taxes:							
City sales tax					7,359,792	-	7,359,792
Franchise tax					297,102	-	297,102
State sales tax (unrestricted)					593,180	-	593,180
Auto lieu tax (unrestricted)					276,242	-	276,242
State revenue sharing (unrestricted)					740,265	-	740,265
Land sales					227,038	-	227,038
Unrestricted investment earnings (losses)					9,699	111,565	121,264
Other general revenues					30,093	-	30,093
Transfers					454,622	(454,622)	-
Total general revenues & transfers					9,988,033	(343,057)	9,644,976
Change in net assets					2,613,811	1,422,010	4,035,821
Net position - beginning					69,409,606	51,675,781	121,085,387
Restatement/prior period adjustment					(691,859)	42,190	(649,669)
Net position - ending					\$ 71,331,558	\$ 53,139,981	\$ 124,471,539

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

CITY OF PAGE, ARIZONA
Balance Sheet
Governmental Funds
June 30, 2013

	<u>General</u>	<u>Highway User Fund</u>	<u>Debt Service Fund</u>
Assets			
Cash and cash equivalents	\$ 4,566,249	\$ 1,310,925	\$ -
Other receivables	93,572	-	22,149
Due from other funds	22,149	-	-
Due from other governments	682,675	64,552	-
Restricted cash and cash equivalents	16,434	-	-
Total assets	<u>\$ 5,381,079</u>	<u>\$ 1,375,477</u>	<u>\$ 22,149</u>
Liabilities			
Accounts payable	\$ 247,568	\$ 14,483	\$ -
Accrued liabilities	151,237	4,017	-
Deposits payable	16,434	-	-
Due to other funds	1,625,000	-	22,149
Unearned revenue	-	-	-
Total liabilities	<u>2,040,239</u>	<u>18,500</u>	<u>22,149</u>
Fund Balances			
Restricted:			
Roads and highways	-	1,356,977	-
Capital outlay	-	-	-
Debt service	-	-	-
Perpetual care	-	-	-
Public safety	-	-	-
Community support	-	-	-
Committed:			
Public works	-	-	-
Culture and recreation	-	-	-
Community support	-	-	-
Unassigned	3,340,840	-	-
Total fund balances	<u>3,340,840</u>	<u>1,356,977</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 5,381,079</u>	<u>\$ 1,375,477</u>	<u>\$ 22,149</u>

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

Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<hr/>	<hr/>	<hr/>
\$ 258,816	\$ 1,416,882	\$ 7,552,872
-	8,574	124,295
-	-	22,149
12,986	12,459	772,672
-	13,566	30,000
<hr/>	<hr/>	<hr/>
\$ 271,802	\$ 1,451,481	\$ 8,501,988
<hr/>	<hr/>	<hr/>
\$ 1,486	\$ 19,700	\$ 283,237
-	5,243	160,497
-	13,566	30,000
-	-	1,647,149
-	58,050	58,050
<hr/>	<hr/>	<hr/>
1,486	96,559	2,178,933
<hr/>	<hr/>	<hr/>
-	-	1,356,977
270,316	-	270,316
-	-	-
-	315,227	315,227
-	45,527	45,527
-	125,033	125,033
-	526,754	526,754
-	44,185	44,185
-	298,196	298,196
-	-	3,340,840
<hr/>	<hr/>	<hr/>
270,316	1,354,922	6,323,055
<hr/>	<hr/>	<hr/>
\$ 271,802	\$ 1,451,481	\$ 8,501,988
<hr/>	<hr/>	<hr/>

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CITY OF PAGE, ARIZONA
Reconciliation of Total Governmental Fund Balances
To Net Position of Governmental Activities
June 30, 2013

Total governmental fund balances	\$ 6,323,055
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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	\$ 102,975,642	
Less: accumulated depreciation	<u>(23,755,725)</u>	
		79,219,917

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	\$ (11,380,000)	
Airport lease purchase	(1,486,334)	
Capital leases	(468,522)	
Compensated absences	(767,539)	
Bond premiums	(616,918)	
Deferred amount on refunding	<u>523,169</u>	
		(14,196,144)

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>(15,270)</u>

Total net position of governmental activities	<u><u>\$ 71,331,558</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, 2013

	General	Highway User Fund	Debt Service Fund
Revenues			
Taxes	\$ 7,656,894	\$ -	\$ -
Licenses, permits and fees	114,268	-	-
Intergovernmental revenue	1,808,726	660,619	-
Charges for services	945,010	-	-
Fines and forfeitures	340,829	-	-
Rental revenue	-	-	-
Investment earnings	8,790	860	48
Land sales	233,487	-	-
Other revenues	36,326	2,841	-
Total revenues	<u>11,144,330</u>	<u>664,320</u>	<u>48</u>
Expenditures			
Current:			
General government	2,004,343	-	2,750
Public safety	4,166,004	-	-
Public works	499,980	403,801	-
Culture and recreation	755,558	-	-
Community support	542,793	-	-
Capital outlay	28,646	33,593	-
Debt service:			
Principal	148,606	33,952	526,866
Interest	22,607	1,455	501,888
Total expenditures	<u>8,168,537</u>	<u>472,801</u>	<u>1,031,504</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,975,793</u>	<u>191,519</u>	<u>(1,031,456)</u>
Other Financing Sources (Uses)			
Operating transfers in	52,399	-	1,137,376
Operating transfers out	(906,172)	-	-
Total other financing sources and uses	<u>(853,773)</u>	<u>-</u>	<u>1,137,376</u>
Net change in fund balances	2,122,020	191,519	105,920
Fund balances, beginning of year	1,218,820	1,165,458	38,364
Prior period adjustment	-	-	(144,284)
Fund balances, end of year	<u>\$ 3,340,840</u>	<u>\$ 1,356,977</u>	<u>\$ -</u>

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

Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 7,656,894
-	-	114,268
1,914,742	286,804	4,670,891
-	62,814	1,007,824
-	-	340,829
-	364,764	364,764
-	-	9,698
-	-	233,487
-	162,907	202,074
<u>1,914,742</u>	<u>877,289</u>	<u>14,600,729</u>
137,987	-	2,145,080
-	64,107	4,230,111
-	361,946	1,265,727
-	220,592	976,150
-	220,935	763,728
1,777,425	-	1,839,664
-	-	709,424
-	-	525,950
<u>1,915,412</u>	<u>867,580</u>	<u>12,455,834</u>
<u>(670)</u>	<u>9,709</u>	<u>2,144,895</u>
80,000	342,236	1,612,011
<u>(33,468)</u>	<u>(217,748)</u>	<u>(1,157,388)</u>
<u>46,532</u>	<u>124,488</u>	<u>454,623</u>
45,862	134,197	2,599,518
224,454	1,220,725	3,867,821
-	-	(144,284)
<u>\$ 270,316</u>	<u>\$ 1,354,922</u>	<u>\$ 6,323,055</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, 2013

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

Net change in fund balances - total governmental funds	\$ 2,599,518
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between depreciation expense and capital outlays in the current period.

Capital outlay	2,090,813	
Depreciation expense	<u>(2,368,186)</u>	(277,373)

The net effect of various miscellaneous transaction involving capital assets (i.e., sales, donations, and disposals) is a decrease in net position.	(263,445)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal paid	670,706	
Amortization of deferred amount on refunding	(71,749)	
Amortization of bond premiums	49,027	

Interest expense that is accrued and reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.	1,218
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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.

(94,091)

Change in net position of governmental activities	<u><u>\$ 2,613,811</u></u>
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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, 2013

	<u>Water</u>	<u>Sewer</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,080,971	\$ 993,302
Receivables, net of allowance	194,805	221,258
Due from other funds	-	-
Inventories	101,838	39,004
Prepaid expenses	29,333	22,667
Total current assets	<u>3,406,947</u>	<u>1,276,231</u>
Noncurrent assets:		
Restricted cash	90,595	-
Capital assets:		
Land	-	-
Construction-in-progress	7,590	-
Buildings and improvements	2,364,468	4,515,825
Machinery, equipment, vehicles	1,660,435	1,729,562
Distribution system	15,824,746	10,687,403
Less accumulated depreciation	(11,782,396)	(11,170,460)
Total noncurrent assets	<u>8,165,438</u>	<u>5,762,330</u>
Total assets	<u>\$ 11,572,385</u>	<u>\$ 7,038,561</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 146,552	\$ 60,006
Accrued liabilities	24,888	23,125
Customer deposits	90,595	-
Current portion of long-term liabilities	33,968	33,509
Total current liabilities	<u>296,003</u>	<u>116,640</u>
Noncurrent liabilities		
Compensated absences	18,289	18,044
Total noncurrent liabilities	<u>18,289</u>	<u>18,044</u>
Total liabilities	<u>314,292</u>	<u>134,684</u>
Net Position		
Net investment in capital assets	8,074,843	5,762,330
Restricted for:		
Other purposes	-	-
Unrestricted	3,183,250	1,141,547
Total net position	<u>\$ 11,258,093</u>	<u>\$ 6,903,877</u>

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

<u>Sanitation</u>	<u>Electric</u>	<u>Total</u>
\$ 145,762	\$ 15,154,362	\$ 19,374,397
91,878	855,970	1,363,911
-	1,625,000	1,625,000
-	939,973	1,080,815
-	213,036	265,036
<u>237,640</u>	<u>18,788,341</u>	<u>23,709,159</u>
-	653,083	743,678
-	133,245	133,245
-	217,221	224,811
-	2,827,118	9,707,411
-	3,371,188	6,761,185
-	31,350,162	57,862,311
-	(20,507,830)	(43,460,686)
<u>-</u>	<u>18,044,187</u>	<u>31,971,955</u>
<u>\$ 237,640</u>	<u>\$ 36,832,528</u>	<u>\$ 55,681,114</u>
\$ 53,515	1,127,782	\$ 1,387,855
-	78,663	126,676
-	653,083	743,678
-	116,424	183,901
<u>53,515</u>	<u>1,975,952</u>	<u>2,442,110</u>
<u>-</u>	<u>62,690</u>	<u>99,023</u>
<u>-</u>	<u>62,690</u>	<u>99,023</u>
<u>53,515</u>	<u>2,038,642</u>	<u>2,541,133</u>
-	17,391,104	31,228,277
-	-	-
<u>184,125</u>	<u>17,402,782</u>	<u>21,911,704</u>
<u>\$ 184,125</u>	<u>\$ 34,793,886</u>	<u>\$ 53,139,981</u>

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

CITY OF PAGE, ARIZONA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	<u>Water</u>	<u>Sewer</u>
Operating revenues		
Service fees	\$ 1,778,992	\$ 1,621,033
Other revenues	9,481	-
	<u>1,788,473</u>	<u>1,621,033</u>
Operating expenses		
Salaries and wages	320,072	328,339
Employee benefits	139,290	142,374
Insurance	14,667	9,917
Service, supplies and other	480,072	422,996
Power costs	-	-
Contract services	-	-
Depreciation	563,891	503,562
	<u>1,517,992</u>	<u>1,407,188</u>
Total operating expenses	<u>1,517,992</u>	<u>1,407,188</u>
Operating income	<u>270,481</u>	<u>213,845</u>
Nonoperating revenues (expenses)		
Interest income	2,240	583
Interest expense	(794)	-
	<u>1,446</u>	<u>583</u>
Total nonoperating revenues (expenses)	<u>1,446</u>	<u>583</u>
Income (loss) before transfers	271,927	214,428
Transfers from other funds	-	-
Transfers to other funds	-	(228,597)
	<u>271,927</u>	<u>(14,169)</u>
Change in net position	<u>271,927</u>	<u>(14,169)</u>
Total net position, beginning of year	10,943,976	6,918,046
Prior period adjustment	42,190	-
Total net position, end of year	<u><u>\$ 11,258,093</u></u>	<u><u>\$ 6,903,877</u></u>

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

<u>Sanitation</u>	<u>Electric</u>	<u>Total</u>
\$ 921,580	\$ 8,809,620	\$ 13,131,225
147	7,010	16,638
<u>921,727</u>	<u>8,816,630</u>	<u>13,147,863</u>
-	1,001,617	1,650,028
-	349,852	631,516
-	77,515	102,099
18,009	182,614	1,103,691
-	4,605,722	4,605,722
621,120	116,424	737,544
-	1,483,949	2,551,402
<u>639,129</u>	<u>7,817,693</u>	<u>11,382,002</u>
<u>282,598</u>	<u>998,937</u>	<u>1,765,861</u>
-	108,742	111,565
-	-	(794)
<u>-</u>	<u>108,742</u>	<u>110,771</u>
282,598	1,107,679	1,876,632
-	-	-
(226,025)	-	(454,622)
56,573	1,107,679	1,422,010
127,552	33,686,207	51,675,781
-	-	42,190
<u>\$ 184,125</u>	<u>\$ 34,793,886</u>	<u>\$ 53,139,981</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, 2013

	<u>Water</u>	<u>Sewer</u>
Cash Flows From Operating Activities		
Cash received from customers, service fees	\$ 1,765,985	\$ 1,481,653
Cash received from other operating revenues	9,481	-
Cash paid to suppliers	(540,797)	(451,586)
Cash paid to employees	(453,622)	(459,911)
Net cash flows from operating activities	<u>781,047</u>	<u>570,156</u>
Cash Flows From Noncapital Activities:		
Transfers (to) / from other funds	-	(228,597)
Net cash flows from noncapital activities	<u>-</u>	<u>(228,597)</u>
Cash Flows From Capital and Related Financing Activities:		
Interest paid	(794)	-
Purchase of capital assets	(620,035)	(229,972)
Other capital asset activity	-	-
Principal payments on capital leases	(18,545)	-
Net cash flows from capital and related financing activities:	<u>(639,374)</u>	<u>(229,972)</u>
Cash Flows From Investing Activities:		
Interest on investments	2,240	583
Net cash flows from investing activities	<u>2,240</u>	<u>583</u>
Net change in cash and cash equivalents	<u>143,913</u>	<u>112,170</u>
Cash and cash equivalents, beginning of year, including temporarily restricted cash	<u>3,027,653</u>	<u>881,132</u>
Cash and cash equivalents, end of year, including temporarily restricted cash	<u><u>\$ 3,171,566</u></u>	<u><u>\$ 993,302</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Net operating income	\$ 270,481	\$ 213,845
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation/amortization	563,891	503,562
Changes in operating assets and liabilities:		
(Increase) Decrease in receivables	(13,007)	(139,380)
(Increase) Decrease in prepaid expenses	(29,333)	-
(Increase) Decrease in inventories	(40,666)	(39,002)
Increase (Decrease) in accounts payable	5,835	10,248
Increase (Decrease) in compensated absences	5,740	10,802
Increase (Decrease) in accrued liabilities	18,106	10,081
Net cash flows from operating activities	<u><u>\$ 781,047</u></u>	<u><u>\$ 570,156</u></u>

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

Sanitation	Electric	Total
\$ 904,137	\$ 8,901,959	\$ 13,053,734
147	7,010	16,638
(636,838)	(4,598,627)	(6,227,848)
-	(1,347,253)	(2,260,786)
<u>267,446</u>	<u>2,963,089</u>	<u>4,581,738</u>
 (226,025)	 -	 (454,622)
<u>(226,025)</u>	<u>-</u>	<u>(454,622)</u>
 -	 -	 (794)
-	(1,561,276)	(2,411,283)
-	-	-
<u>-</u>	<u>-</u>	<u>(18,545)</u>
 -	 (1,561,276)	 (2,430,622)
<u>-</u>	<u>108,742</u>	<u>111,565</u>
 -	 108,742	 111,565
<u>41,421</u>	<u>1,510,555</u>	<u>1,808,059</u>
 104,341	 14,296,890	 18,310,016
<u>\$ 145,762</u>	<u>\$ 15,807,445</u>	<u>\$ 20,118,075</u>
 \$ 282,598	 \$ 998,937	 \$ 1,765,861
-	1,483,949	2,551,402
(17,443)	92,339	(77,491)
-	117,120	87,787
-	(128,269)	(207,937)
2,291	378,874	397,248
-	4,216	20,758
<u>-</u>	<u>15,923</u>	<u>44,110</u>
<u>\$ 267,446</u>	<u>\$ 2,963,089</u>	<u>\$ 4,581,738</u>

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

CITY OF PAGE, ARIZONA
Statement of Net Position
Fiduciary Funds
June 30, 2013

	Volunteer Firefighters' Pension
Assets	
Current assets:	
Cash and cash equivalents	\$ 463,697
Total assets	<u>463,697</u>
Liabilities	
Current liabilities:	
Accounts payable	<u>-</u>
Total liabilities	<u>-</u>
Net position	
Held in trust	<u><u>\$ 463,697</u></u>

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

CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2013

	Volunteer Firefighters' Pension
Additions	
Contributions	
Employer	\$ 1,048
Employee	2,599
State fire insurance premium	16,174
Other	66
	<hr/>
Total contributions	19,887
	<hr/>
Investment income	
Net appreciation (depreciation) in fair value of investments	38,993
Interest	10
	<hr/>
Net investment income	39,003
	<hr/>
Total additions	58,890
	<hr/>
Deductions	
Benefits	5,862
Administration	-
	<hr/>
Total deductions	5,862
	<hr/>
Net increase (decrease)	53,028
Net position held in trust for pension benefits	
Beginning of year	410,669
	<hr/>
End of year	\$ 463,697
	<hr/> <hr/>

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

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 1. Summary of Significant Accounting Policies

Description of government-wide financial statements

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

Reporting Entity

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

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

Blended component units included within the reporting entity:

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

Basis of presentation – government-wide financial statements

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

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 1. Summary of Significant Accounting Policies, Continued

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

Basis of presentation – fund financial statements

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 1. Summary of Significant Accounting Policies, Continued

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

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

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

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

Measurement focus and basis of accounting

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

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 1. Summary of Significant Accounting Policies, Continued

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

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

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

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

Cash and cash equivalents

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

Investments

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

Receivables and Payables

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

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 1. Summary of Significant Accounting Policies, Continued

Inventories and Prepaid Items

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

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

Capital Assets

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

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

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

Deferred outflows/inflows of resources

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

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 1. Summary of Significant Accounting Policies, Continued

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

Net position flow assumption

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

Fund balance flow assumptions

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

Fund balance policies

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

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

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 1. Summary of Significant Accounting Policies, Continued

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

Revenues and expenditures/expenses

Program revenues

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

Property taxes

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

Compensated absences

Vacation and Sick Leave

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

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

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 1. Summary of Significant Accounting Policies, Continued

Proprietary funds operating and nonoperating revenues and expenses

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

New Pronouncements

In April 2012, the GASB issued statement No. 65, *Items Previously Reported as Assets and Liabilities*. Beginning with fiscal year 2013, the City implemented the provisions of this statement, which establishes accounting standards and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of these new Statements resulted in a restatement of beginning net position in the City's government-wide and proprietary fund financial statements (see Note 13).

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

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

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

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 3. Stewardship, Compliance, and Accountability

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

Budgets and Budgetary Accounting

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

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

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

There were no supplementary budgetary appropriations made during the year ended June 30, 2013.

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 3. Stewardship, Compliance, and Accountability, Continued

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, 2013, 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.

Note 4. Deposits and Investments

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

Cash and cash equivalents	\$ 26,927,269
Restricted cash and cash equivalents	773,678
Fiduciary Fund cash and cash equivalents	<u>463,697</u>
Total	<u><u>\$ 28,164,644</u></u>

Deposits

Custodial Credit Risk

For deposits this is the risk that in the event of a bank failure, the City's deposit may not be returned to it. The City does not have a formal policy for custodial credit risk. As of June 30, 2013, none of the City's bank balance of \$9,281,224 was exposed to custodial credit risk. All deposits were either covered by FDIC insurance or collateralized with securities held by the pledging financial institution's trust department or agent.

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 4. Deposits and Investments, Continued

Investments

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

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

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

As of June 30, 2013 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	\$ 150	N/A	N/A
Cash in bank	9,078,887	N/A	N/A
Investments:			
State Treasurer's Investment Pool	18,572,082	(1)	15 days
Mutual Funds	433,175	N/A	N/A
Certificates of deposit	<u>80,350</u>	N/A	N/A
Total cash and investments	<u><u>\$ 28,164,644</u></u>		

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

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

Interest rate risk

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

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 4. Deposits and Investments, Continued

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

Credit risk

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

Note 5. Restricted Assets

Restricted assets at June 30, 2013 consisted of the following cash reserves:

<u>Restricted Cash</u>	
Magistrate Bond Deposits	\$ 2,759
Refundable Deposits	13,675
Airport - Refundable Deposits	13,176
Community Center - Refundable Deposits	390
Water Fund - Customer Deposits	90,595
Electric Fund - Customer Deposits	<u>653,083</u>
Total Restricted Cash	<u><u>\$ 773,678</u></u>

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 6. Capital Assets

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

Governmental Activities:	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets, not being depreciated				
Land	\$ 45,157,451	\$ -	\$ (6,449)	\$ 45,151,002
Construction in progress	174,163	1,960,521	(1,937,203)	197,481
Total capital assets, not being depreciated	<u>45,331,614</u>	<u>1,960,521</u>	<u>(1,943,652)</u>	<u>45,348,483</u>
Capital assets, being depreciated				
Buildings and improvements	17,393,988	26,953	-	17,420,941
Furniture, equipment, and vehicles	9,551,291	69,747	(328,961)	9,292,078
Infrastructure	29,266,842	1,970,796	(323,497)	30,914,140
Total capital assets being depreciated	<u>56,212,121</u>	<u>2,067,496</u>	<u>(652,458)</u>	<u>57,627,159</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,467,065)	(487,483)	-	(7,954,548)
Furniture, equipment, and vehicles	(6,609,322)	(678,207)	328,066	(6,959,463)
Infrastructure	(7,706,614)	(1,202,496)	67,396	(8,841,714)
Total accumulated depreciation	<u>(21,783,001)</u>	<u>(2,368,186)</u>	<u>395,462</u>	<u>(23,755,725)</u>
Total capital assets, being depreciated, net	<u>34,429,120</u>	<u>(300,690)</u>	<u>(256,996)</u>	<u>33,871,434</u>
Governmental activities capital assets, net	<u>\$ 79,760,734</u>	<u>\$ 1,659,831</u>	<u>\$ (2,200,648)</u>	<u>\$ 79,219,917</u>

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

Governmental Activities:	
General government	\$ 227,272
Public safety	515,694
Public works	1,207,737
Culture and recreation	365,820
Community support	51,663
Total depreciation expense - governmental activities	<u>\$ 2,368,186</u>

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 6. Capital Assets, Continued

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

Business Type Activities:	Balance June 30, 2012	Additions	Deletions	Reclassifications/ Adjustments	Balance June 30, 2013
Capital assets, not being depreciated					
Land	\$ 133,245	\$ -	\$ -	\$ -	\$ 133,245
Construction in progress	143,171	81,640	-	-	224,811
Total capital assets, not being depreciated	276,416	81,640	-	-	358,056
Capital assets, being depreciated					
Buildings and improvements	9,556,442	150,969	-	-	9,707,411
Furniture, equipment, and vehicles	6,575,316	185,866	-	-	6,761,182
Power distribution system	30,138,325	1,220,520	-	(8,683)	31,350,162
Water distribution system	15,237,163	587,583	-	-	15,824,746
Sewer distribution system	10,494,016	193,387	-	-	10,687,403
Total capital assets being depreciated	72,001,262	2,338,325	-	(8,683)	74,330,904
Less accumulated depreciation for:					
Buildings and improvements	(4,999,452)	(213,684)	-	-	(5,213,136)
Furniture, equipment, and vehicles	(3,392,121)	(465,030)	-	-	(3,857,151)
Power distribution system	(16,394,746)	(1,131,703)	-	-	(17,526,449)
Water distribution system	(8,338,621)	(441,230)	-	-	(8,779,851)
Sewer distribution system	(7,784,345)	(299,754)	-	-	(8,084,099)
Total accumulated depreciation	(40,909,285)	(2,551,401)	-	-	(43,460,686)
Total capital assets, being depreciated, net	31,091,977	(213,076)	-	(8,683)	30,870,218
Business-type activities capital assets, net	<u>\$ 31,368,393</u>	<u>\$ (131,436)</u>	<u>\$ -</u>	<u>\$ (8,683)</u>	<u>\$ 31,228,274</u>

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

Business-Type Activities:	
Water	\$ 563,891
Sewer	503,562
Sanitation	-
Electric	1,483,949
Total depreciation expense business-type activities	<u>\$ 2,551,402</u>

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 7. Long-Term Debt

The following is a summary of changes in long-term obligations for the year ended June 30, 2013:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Current Portion
Governmental activities:					
General Obligation:					
Airport Lease Purchase, Series 2004	\$ 1,663,200	\$ -	\$ (176,866)	\$ 1,486,334	\$ 176,250
Capital Lease Obligations	612,363	-	(143,841)	468,522	125,477
Total General Obligation	2,275,563	-	(320,706)	1,954,857	301,727
Revenue Obligation:					
Pledged Revenue Refunding Bonds, Series 2011	11,730,000	-	(350,000)	11,380,000	600,000
Bond Premiums	665,945	-	(49,027)	616,918	-
Total Revenue Obligation	12,395,945	-	(399,027)	11,996,918	600,000
Accrued compensated absences	673,448	575,655	(481,564)	767,539	498,901
Total Governmental Activity Long-term Liabilities	<u>\$ 15,344,956</u>	<u>\$ 575,655</u>	<u>\$ (1,201,297)</u>	<u>\$ 14,719,314</u>	<u>\$ 1,400,628</u>
Business-type activities:					
General Obligation:					
Capital Lease Obligations	\$ 18,545	\$ -	\$ (18,545)	\$ -	\$ -
Accrued compensated absences	262,166	106,369	(85,611)	282,924	183,901
Total Business-type Activity Long-term Liabilities	280,710	106,369	(104,155)	282,924	183,901
Total Long-Term Liabilities	<u>\$ 15,625,667</u>	<u>\$ 682,024</u>	<u>\$ (1,305,452)</u>	<u>\$ 15,002,238</u>	<u>\$ 1,584,528</u>

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 7. Long-Term Debt, Continued

The following is a listing of bonds outstanding as of June 30, 2013:

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. \$ 1,486,334

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>11,380,000</u>
Total bonds payable	<u><u>\$ 12,866,334</u></u>

Debt service requirements for bonds payable are as follows:

Governmental Activities		
Fiscal Period Ending 30-Jun	Principal	Interest
2014	\$ 776,250	\$ 495,505
2015	908,896	477,860
2016	936,580	453,275
2017	959,306	427,900
2018	987,072	401,884
2019-2023	5,058,229	1,489,061
2024-2026	<u>3,240,000</u>	<u>329,500</u>
Total	<u><u>\$ 12,866,333</u></u>	<u><u>\$ 4,074,986</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 amortized over the old debt's life, which is shorter than the refunded debt. The transaction resulted in an economic gain of \$125,266 and an increase of approximately \$1,449,082 in future debt service payments; however, the debt service payments will be paid over 15 years through 2026 instead of 7 years through 2019.

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 7. Long-Term Debt, Continued

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
2014	\$ 142,266
2015	131,711
2016	82,711
2017	77,847
2018	77,847
Total remaining lease payments	512,383
Less: amounts representing interest	(43,861)
Present value of net remaining minimum lease	<u>\$ 468,522</u>

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

	Governmental Activities
Furniture, Equipment, and Vehicles	\$ 1,768,588
Less: Accumulated Depreciation	(1,297,581)
Total	<u>\$ 471,007</u>

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 8. Interfund Receivables, Payables and Transfers

As of June 30, 2013, interfund receivables and payables that resulted from various interfund transactions were as follows:

Due To:	Due From:		
	General Fund	Debt Service Fund	Total
General	\$ -	\$ 22,149	\$ 22,149
Electric	1,625,000	-	1,625,000
Total	<u>\$ 1,625,000</u>	<u>\$ 22,149</u>	<u>\$ 1,647,149</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, 2013 are as follows:

	Transfers In:				
	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Transfers Out:					
General Fund	\$ -	\$ 483,936	\$ 80,000	\$ 342,236	\$ 906,172
Capital Projects Fund	33,468	-	-	-	33,468
Sewer Fund	-	228,597	-	-	228,597
Sanitation Fund	-	226,025	-	-	226,025
Non-Major Governmental	18,930	198,818	-	-	217,748
Total Transfers Out	<u>\$ 52,398</u>	<u>\$ 1,137,376</u>	<u>\$ 80,000</u>	<u>\$ 342,236</u>	<u>\$ 1,612,010</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, 2013

Note 9. Retirement and Pension Plans

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

Funding Policy - The Arizona State Legislature establishes and may amend active plan members' and the City's contribution rate. For the current fiscal year, active plan members were required by statute to contribute at the actuarially determined rate of 11.14 percent (10.9 percent for retirement, and 0.24 percent for long-term disability) of the members' annual covered payroll and the City was required to contribute 11.14 percent (10.25 percent for retirement, 0.65 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>
2011	377,362	24,711	10,471
2012	388,623	23,231	9,056
2013	402,562	25,528	9,426

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 9. Retirement and Pension Plans, Continued

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

Funding Policy - For the current fiscal year, active PSPRS members were required by statute to contribute 9.55 percent of the members' covered compensation, and the City was required to contribute at the actuarially determined rate of 18.47 and 15.10 percent of covered compensation, for Police and Firefighters' plans. The health insurance premium portion of these contribution rates were actuarially set at 0.82 and 0.71 percent respectively, of covered payroll.

Actuarial Methods and Assumptions - The significant actuarial methods and assumptions used for the PSPRS plan and related benefits (health insurance subsidies and long-term disability), and the actuarial assumptions used to establish the contribution requirements are as follows:

The PSPRS contribution requirements for the year ended June 30, 2013 were established by the June 30, 2011 actuarial valuations using the projected unit credit method. The actuarial assumptions include (a) 8.25 percent investment rate of return and (b) projected salary increases ranging from 5.0 to 8.0 percent per year. The assumptions did not include cost-of-living adjustments and healthcare cost trend rates are not applicable. The actuarial value of assets are determined using techniques that smooth the effects of short-term volatility in the market value of investments and spreads differences between actual and assumed investment return over a seven year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2011, was 25 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, 2013

Note 9. Retirement and Pension Plans, Continued

Annual Pension/OPEB Cost - During the year ended June 30, 2013 the City's annual pension costs of \$265,799 for Police and \$140,386 for Firefighters, and the annual OPEB costs of \$12,950 and \$7,286 were equal to the City's required and actual contributions.

Police				
<u>Plan</u>	<u>Year Ended June 30,</u>	<u>Annual Pension/ OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net Pension/ OPEB Obligation</u>
Pension	2011	191,888	100%	\$ -
	2012	196,965	100%	-
	2013	265,799	100%	-
Health Insurance	2011	13,450	100%	\$ -
	2012	12,671	100%	-
	2013	12,950	100%	-

Fire Fighters				
<u>Plan</u>	<u>Year Ended June 30,</u>	<u>Annual Pension/ OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net Pension/ OPEB Obligation</u>
Pension	2011	105,113	100%	\$ -
	2012	110,215	100%	-
	2013	140,386	100%	-
Health Insurance	2011	5,790	100%	\$ -
	2012	6,135	100%	-
	2013	7,286	100%	-

Funded Status and Funding Progress – The funded status of the plan as of June 30, 2013 is as follows:

	Police Retirement	Police Insurance Subsidy	Fire Retirement	Fire Insurance Subsidy
Actuarial accrued liability (AAL)	\$ 5,713,006	\$ 86,913	\$ 1,866,895	\$ 46,589
Actuarial value of plan assets	4,208,818	-	1,704,611	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 1,504,188</u>	<u>\$ 86,913</u>	<u>\$ 162,284</u>	<u>\$ 46,589</u>
Funded ratio (actuarial value of plan assets/AAL)	73.7%	0.0%	91.3%	0.0%
Covered payroll (active plan members)	\$ 1,116,130	\$ 1,116,130	\$ 764,833	\$ 764,833
UAAL as a percentage of covered payroll	134.8%	7.8%	21.2%	6.1%

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 9. Retirement and Pension Plans, Continued

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.

Note 10. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City's current risk management, property and liability insurance is obtained through Willis of Arizona. The limit for claims general liability is \$2,000,000 per occurrence on a claims made basis. The City's Worker's Compensation program is through SCF Western for approximately 126 members. The City has had comparable insurance coverage for the past 47 years, and has had no claims exceeding this insurance coverage.

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

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

Note 11. Contingent Liabilities and Commitments

The City is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of City management, based on the advice of the City Attorney with respect to such litigation, such matters will not have a material adverse effect on the City's financial position at June 30, 2013.

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

<u>Project</u>	<u>Estimated Cost</u>	<u>Construction in Progress</u>
TE - LP BLVD Sidewalk	\$ 489,550	\$ 43,101
Runway 15/33 Overlay	1,028,467	100,847
South Navajo Rehab (7th to Sage)	784,125	16,619
Aviation Apron Strengthening (P3,P5)	1,578,225	36,914
	<u>\$ 3,880,367</u>	<u>\$ 197,481</u>

CITY OF PAGE, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 12. Landfill Post Closure Care Costs

The City leased a landfill site from the Bureau of Reclamation in prior years. State and Federal laws and regulators required the City to place a final cover on the landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The City closed the landfill in the year 2000 and thus, all closure costs have been paid in previous years. Post-closure care costs will continue to be paid in future years. The City does not report a portion of these post-closure care costs as an operation expense in each period based on landfill capacity used as of each balance sheet date, since only that portion of the liability that “would normally be liquidated with the expendable available resources” would be reported as an expenditure in the General Fund. The landfill post-closure care liability at year end is \$555,388 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, 2013. The remaining estimated cost of post-closure care is \$555,388. This amount is based on an estimated annual post-closure cost estimate of \$32,095 multiplied by an annual inflation factor of 1.79% and the number of years remaining or 17. The figure is based on what it would cost to perform all post-closure care in 2013. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The City has utilized a local government guarantee rather than establishing a trust fund or other financial mechanism to demonstrate financial responsibility for post-closure costs.

Note 13. Prior Period Adjustments and Restatements and Reclassifications

Prior Period Adjustments:

The prior year financial statement incorrectly reported \$144,284 as cash held by trustee when in fact the trustee had released the funds for debt service. The prior period adjustment in the Debt Service fund reduces beginning fund balance in the Debt Service Fund and the beginning equity in the City’s Governmental Statement of Net Position by this amount.

In addition, the Water fund recorded a prior period adjustment to record inventory on the books at \$61,169 and to write off an old outstanding trailer park receivable in the amount of \$18,979. The net result of these two adjustments increases Water fund equity by \$42,190.

Restatements and Reclassifications:

As mentioned in Note 1 to the financial statements, the City implemented GASB statement No. 65, *Items Previously Reported as Assets and Liabilities*. The provisions of this statement require that bond issuance costs be expensed in the year they are incurred. Previously bond issuance costs had been treated as an asset and amortized over the life of the related debt. In order to implement GASB statement No. 65, bond issuance costs previously reported as assets had to be removed from the financial statements. This resulted in a restatement of beginning equity in the City’s Governmental Statement of Net Position in the amount of \$547,575. Assets of the Governmental Activities were reduced by the same amount. In addition, deferred charges on refunding in the amount of \$523,169 were classified as Deferred Outflows of Resources instead of netting the amount against noncurrent liabilities due in more than one year.

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, 2008 through June 30, 2013, based on actuarial valuations follows:

POLICE

Valuation Date June 30,	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Annual Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
2008	\$ 3,020,196	\$ 3,730,761	\$ 710,565	81.0%	\$ 1,226,424	57.9%
2009 *	3,328,881	4,250,786	921,905	78.3%	1,285,572	71.7%
2010 *	3,481,181	4,560,767	1,079,586	76%	1,264,930	85.3%
2011 *	3,885,266	5,334,036	1,448,770	73%	1,432,483	101.1%
2012 *	4,080,689	5,830,428	1,749,739	70%	1,256,185	139.3%
2013 *	4,208,818	5,713,006	1,504,188	74%	1,116,130	134.8%

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

Valuation Date June 30,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Annual Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
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%
2013 *	-	86,913	86,913	0.0%	1,116,130	7.79%

No health insurance subsidy payments were reported for fiscal year 2013.

* 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, 2008 through June 30, 2013, based on actuarial valuations follows:

FIRE FIGHTERS

Valuation Date June 30,	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Annual Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
2008	\$ 636,020	\$ 940,464	\$ 304,444	67.63%	\$ 859,242	35.4%
2009 *	767,851	1,104,997	337,146	69.49%	896,862	37.6%
2010 *	594,412	1,243,686	649,274	47.79%	950,319	68.3%
2011 *	1,321,022	1,842,813	521,791	71.69%	930,804	56.1%
2012 *	1,501,966	1,808,650	306,684	83.04%	789,214	38.9%
2013 *	1,704,611	1,866,895	162,284	91.31%	764,833	21.2%

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

Valuation Date June 30,	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Annual Covered Payroll	Unfunded AAL Percentage of Covered Payroll
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%
2013 *	-	46,589	46,589	0.0%	764,833	6.09%

Health insurance subsidy payments reported for fiscal year 2013 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, 2013

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Taxes:				
City sales tax	6,500,000	6,500,000	7,359,792	859,792
Franchise taxes	257,000	257,000	297,102	40,102
Total Taxes	6,757,000	6,757,000	7,656,894	899,894
Licenses, Permits and Fees:				
Plat fees	2,000	2,000	-	(2,000)
Site plan review fees	2,000	2,000	5,000	3,000
Dog licenses	1,500	1,500	940	(560)
Business registration fees	1,500	1,500	1,650	150
Building permits	100,000	100,000	92,890	(7,110)
Other	10,000	10,000	13,788	3,788
Total Licenses, Permits and Fees	117,000	117,000	114,268	(2,732)
Intergovernmental:				
State revenue sharing	740,198	740,198	740,265	67
Auto lieu taxes	296,113	296,113	276,242	(19,871)
State sales taxes	605,996	605,996	593,180	(12,816)
County library district	178,000	178,000	178,574	574
Other	13,500	13,500	20,465	6,965
Total Intergovernmental	1,833,807	1,833,807	1,808,726	(25,081)
Charges for Services:				
Recreation	70,000	70,000	59,834	(10,166)
Rescue services	847,000	847,000	640,923	(206,077)
Golf course	157,986	157,986	67,845	(90,141)
Swimming pool	28,000	28,000	4,642	(23,358)
Public safety	44,500	44,500	48,310	3,810
Rents	56,500	56,500	66,884	10,384
Other	74,500	74,500	56,572	(17,928)
Total Charges for Services	1,278,486	1,278,486	945,010	(333,476)
Fines and Forfeitures:				
Fines & forfeitures	370,000	370,000	340,829	(29,171)
Total Fines and Forfeitures	370,000	370,000	340,829	(29,171)
Interest	7,753	7,753	8,790	1,037
Other Revenues:				
Land sales	139,150	139,150	233,487	94,337
Miscellaneous	26,500	26,500	36,326	9,826
Total Other Revenues	165,650	165,650	269,813	104,163
TOTAL REVENUES	10,529,696	10,529,696	11,144,330	614,634

(continued)

CITY OF PAGE, ARIZONA
GENERAL FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Continued)
For the Year Ended June 30, 2013

EXPENDITURES:	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General Government:				
Mayor & Council	\$ 86,995	\$ 86,995	\$ 74,336	\$ 12,659
City Manager	236,102	236,102	223,181	12,921
City Clerk	177,681	177,681	173,687	3,994
City Attorney	188,608	188,608	153,396	35,212
Finance	330,811	330,811	308,776	22,035
Human Resources	77,996	77,996	52,918	25,078
General Services	1,932,893	1,932,893	791,178	1,141,715
Information Technology	238,156	238,156	226,871	11,285
Total General Government	3,269,242	3,269,242	2,004,343	1,264,899
Public Safety:				
Patrol	1,870,975	1,870,975	1,516,719	354,256
Communications	445,661	445,661	388,614	57,047
Community Resource	62,850	62,850	58,286	4,564
Investigations	418,919	418,919	382,288	36,631
Fire	1,636,436	1,636,436	1,482,405	154,031
Magistrate	399,978	399,978	264,242	135,736
Building and Safety	76,461	76,461	73,450	3,011
Total Public Safety	4,911,280	4,911,280	4,166,004	745,276
Public Works				
Planning and Zoning	17,534	17,534	11,628	5,906
Engineering	109,275	109,275	386	108,889
Central Garage	358,416	358,416	281,767	76,649
Buildings & Grounds	233,551	233,551	206,199	27,352
Total Public Works	718,776	718,776	499,980	218,796
Culture and Recreation:				
Library	296,579	296,579	282,603	13,976
Parks Maintenance	279,180	279,180	266,341	12,839
Recreation	217,187	217,187	153,761	63,426
Golf Course	252,686	252,686	52,853	199,833
Total Culture and Recreation	1,045,632	1,045,632	755,558	290,074

(continued)

CITY OF PAGE, ARIZONA
GENERAL FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Continued)
For the Year Ended June 30, 2013

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Community Support				
Community Center	207,921	207,921	162,793	45,128
Transit	50,000	50,000	-	50,000
Other	380,000	380,000	380,000	-
	<u>637,921</u>	<u>637,921</u>	<u>542,793</u>	<u>95,128</u>
Capital Outlay	<u>68,500</u>	<u>68,500</u>	<u>28,646</u>	<u>39,854</u>
Debt Service				
Principal	103,000	103,000	148,606	(45,606)
Interest	<u>19,300</u>	<u>19,300</u>	<u>22,607</u>	<u>(3,307)</u>
Total Debt Service	<u>122,300</u>	<u>122,300</u>	<u>171,213</u>	<u>(48,913)</u>
TOTAL EXPENDITURES	<u>10,773,651</u>	<u>10,773,651</u>	<u>8,168,537</u>	<u>2,605,114</u>
Excess of Revenues Over (Under)				
Expenditures	<u>(243,955)</u>	<u>(243,955)</u>	<u>2,975,793</u>	<u>3,219,748</u>
Other Financing Sources (Uses):				
Transfers in	-	-	52,399	52,399
Transfers out	<u>(689,688)</u>	<u>(689,688)</u>	<u>(906,172)</u>	<u>(216,484)</u>
Total Other Financing Sources (Uses)	<u>(689,688)</u>	<u>(689,688)</u>	<u>(853,773)</u>	<u>(164,085)</u>
Net change in fund balance	(933,643)	(933,643)	2,122,020	3,055,663
Fund balance, beginning of year	<u>1,218,820</u>	<u>1,218,820</u>	<u>1,218,820</u>	<u>-</u>
Fund balance, end of year	<u>\$ 285,177</u>	<u>\$ 285,177</u>	<u>\$ 3,340,840</u>	<u>\$ 3,055,663</u>

CITY OF PAGE, ARIZONA
HIGHWAY USER REVENUE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Revenues				
Intergovernmental Revenue:				
Highway user revenue	\$ 709,151	\$ 709,151	\$ 660,619	\$ (48,532)
Investment earnings	2,000	2,000	860	(1,140)
Other revenues	-	-	2,841	2,841
Total revenues	711,151	711,151	664,320	(46,831)
Expenditures				
Streets and Highways				
Current:				
Salaries, wages and benefits	239,750	239,750	214,828	24,922
Service, supplies and other	202,600	202,600	188,973	13,627
Capital outlay	621,000	621,000	33,593	587,407
Debt service:				
Principal	34,000	34,000	33,952	48
Interest	1,460	1,460	1,455	5
Total expenditures	1,098,810	1,098,810	472,801	626,009
Excess of revenues over (under) expenditures	(387,659)	(387,659)	191,519	579,178
Fund balance, beginning of year	1,165,458	1,165,458	1,165,458	-
Fund balance, end of year	\$ 777,799	\$ 777,799	\$ 1,356,977	\$ 579,178

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, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Investment earnings	-	48	48
Total revenues	-	48	48
Expenditures			
General government	2,750	2,750	-
Debt service:			
Principal	527,500	526,866	634
Interest	497,938	501,888	(3,950)
Total expenditures	1,028,188	1,031,504	(3,316)
Excess of revenues over (under) expenditures	(1,028,188)	(1,031,456)	(3,268)
Other financing sources (uses)			
Transfers in	1,028,188	1,137,376	109,188
Total other financing sources (uses)	1,028,188	1,137,376	109,188
Net change in fund balances	-	105,920	105,920
Fund balance, beginning of year	38,364	38,364	-
Prior period adjustment	-	(144,284)	(144,284)
Fund balance, end of year	<u>\$ 38,364</u>	<u>\$ -</u>	<u>\$ (38,364)</u>

CITY OF PAGE, ARIZONA
CAPITAL PROJECTS FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2013

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental revenue	\$ 3,085,770	\$ 1,914,742	\$ (1,171,028)
Total Revenues	3,085,770	1,914,742	(1,171,028)
Expenditures			
Service, supplies and other	251,799	137,987	113,812
Capital outlay	2,800,471	1,777,425	1,023,046
Total Expenditures	3,052,270	1,915,412	1,136,858
Excess of revenues over (under) expenditures	33,500	(670)	(34,170)
Other Financing Sources (Uses)			
Transfer in	-	80,000	80,000
Transfer out	(33,500)	(33,468)	32
Total other financing sources (uses)	(33,500)	46,532	80,032
Net change in fund balances	-	45,862	45,862
Fund balance, beginning of year	224,454	224,454	-
Fund balance, end of year	<u>\$ 224,454</u>	<u>\$ 270,316</u>	<u>\$ 45,862</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, 2013

	Special Revenue			
	Substance Abuse	Miscellaneous Grants	Balloon Regatta	Tourism and Promotion
Assets				
Cash and cash equivalents	\$ 45,146	\$ 182,074	\$ 36,153	\$ 305,273
Receivables:				
Other	-	-	-	-
Due from other governments	-	8,653	-	-
Restricted cash and cash equivalents	-	390	-	-
Total assets	<u>\$ 45,146</u>	<u>\$ 191,117</u>	<u>\$ 36,153</u>	<u>\$ 305,273</u>
Liabilities				
Accounts payable	\$ -	\$ 5,939	\$ -	\$ 3,550
Accrued liabilities	-	4,374	-	477
Deposits payable	-	390	-	-
Unearned revenue	-	55,000	-	3,050
Total liabilities	<u>-</u>	<u>\$ 65,703</u>	<u>-</u>	<u>7,077</u>
Fund Balances				
Restricted for:				
Perpetual care	-	-	-	-
Public safety	45,146	381	-	-
Community support	-	125,033	-	-
Committed for:				
Public works - airport	-	-	-	-
Culture and recreation	-	-	36,153	-
Community support	-	-	-	298,196
Total fund balances	<u>45,146</u>	<u>125,414</u>	<u>36,153</u>	<u>298,196</u>
Total liabilities and fund balances	<u>\$ 45,146</u>	<u>\$ 191,117</u>	<u>\$ 36,153</u>	<u>\$ 305,273</u>

			Permanent Fund	
Airport	Airport Events	Total	Perpetual Care	Total Nonmajor Governmental Funds
\$ 525,261	\$ 8,032	\$ 1,101,939	\$ 314,943	\$ 1,416,882
6,661	-	6,661	1,913	8,574
3,806	-	12,459	-	12,459
13,176	-	13,566	-	13,566
<u>\$ 548,904</u>	<u>\$ 8,032</u>	<u>\$ 1,134,625</u>	<u>\$ 316,856</u>	<u>\$ 1,451,481</u>
\$ 8,582	\$ -	\$ 18,071	\$ 1,629	\$ 19,700
392	-	5,243	-	5,243
13,176	-	13,566	-	13,566
-	-	58,050	-	58,050
<u>22,150</u>	<u>-</u>	<u>94,930</u>	<u>1,629</u>	<u>96,559</u>
-	-	-	315,227	315,227
-	-	45,527	-	45,527
-	-	125,033	-	125,033
526,754	-	526,754	-	526,754
-	8,032	44,185	-	44,185
-	-	298,196	-	298,196
<u>526,754</u>	<u>8,032</u>	<u>1,039,695</u>	<u>315,227</u>	<u>1,354,922</u>
<u>\$ 548,904</u>	<u>\$ 8,032</u>	<u>\$ 1,134,625</u>	<u>\$ 316,856</u>	<u>\$ 1,451,481</u>

CITY OF PAGE, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Special Revenue			
	Substance Abuse	Miscellaneous Grants	Balloon Regatta	Tourism and Promotion
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	7,020	279,784	-	-
Charges for services	-	-	6,890	-
Rental revenue	-	-	-	-
Other revenues	-	15,677	18,200	1,079
Total revenues	7,020	295,461	25,090	1,079
Expenditures				
Current:				
Public safety	9,700	54,407	-	-
Public works	-	-	-	-
Culture and recreation	-	187,347	26,400	-
Community support	-	64,020	-	139,844
Capital outlay	-	-	-	-
Total expenditures	9,700	305,774	26,400	139,844
Excess (deficiency) of revenues over (under) expenditures	(2,680)	(10,313)	(1,310)	(138,765)
Other Financing Sources (Uses)				
Operating transfers in	-	-	-	342,236
Operating transfers out	-	(18,930)	-	-
Total other financing sources and uses	-	(18,930)	-	342,236
Net change in fund balances	(2,680)	(29,243)	(1,310)	203,471
Fund balances, beginning of year	47,826	154,657	37,463	94,725
Fund balances, end of year	\$ 45,146	\$ 125,414	\$ 36,153	\$ 298,196

			Permanent Fund	
Airport	Airport Events	Total	Perpetual Care	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	286,804	-	286,804
41,469	-	48,359	14,455	62,814
364,764	-	364,764	-	364,764
104,727	11,364	151,047	11,860	162,907
510,960	11,364	850,974	26,315	877,289
-	-	64,107	-	64,107
361,946	-	361,946	-	361,946
-	6,845	220,592	-	220,592
-	-	203,864	17,071	220,935
-	-	-	-	-
361,946	6,845	850,509	17,071	867,580
149,014	4,519	465	9,244	9,709
-	-	342,236	-	342,236
(198,818)	-	(217,748)	-	(217,748)
(198,818)	-	124,488	-	124,488
(49,804)	4,519	124,953	9,244	134,197
576,558	3,513	914,742	305,983	1,220,725
\$ 526,754	\$ 8,032	\$ 1,039,695	\$ 315,227	\$ 1,354,922

**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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Substance abuse revenue	<u>\$ 7,000</u>	<u>\$ 7,020</u>	<u>\$ 20</u>
Expenditures			
Public safety:			
Substance abuse expenditures	<u>46,000</u>	<u>9,700</u>	<u>36,300</u>
Excess of revenue over(under) expenditures	(39,000)	(2,680)	36,320
Fund balance, beginning of year	<u>47,826</u>	<u>47,826</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 8,826</u></u>	<u><u>\$ 45,146</u></u>	<u><u>\$ 36,320</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, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental revenue	\$ 1,850,400	\$ 279,784	\$ (1,570,616)
Other revenue	<u>68,000</u>	<u>15,677</u>	<u>(52,323)</u>
Total Revenues	<u>1,918,400</u>	<u>295,461</u>	<u>(1,622,939)</u>
Expenditures			
Public safety	258,722	54,407	204,315
Public works	1,155,000	-	1,155,000
Culture and recreation	294,100	187,347	106,753
Community support	<u>205,120</u>	<u>64,020</u>	<u>141,100</u>
Total Expenditures	<u>1,912,942</u>	<u>305,774</u>	<u>1,607,168</u>
Excess of revenues over (under) expenditures	<u>5,458</u>	<u>(10,313)</u>	<u>(15,771)</u>
Other financing sources (uses)			
Operating transfers:			
Transfers out	<u>(19,400)</u>	<u>(18,930)</u>	<u>470</u>
Total other financing sources (uses)	<u>(19,400)</u>	<u>(18,930)</u>	<u>470</u>
Net change in fund balance	(13,942)	(29,243)	(15,301)
Fund balance, beginning of year	<u>154,657</u>	<u>154,657</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 140,715</u></u>	<u><u>\$ 125,414</u></u>	<u><u>\$ (15,301)</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, 2013**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Charges for services	\$ 3,815	\$ 6,890	\$ 3,075
Donations and other	<u>17,900</u>	<u>18,200</u>	<u>300</u>
Total revenues	<u>21,715</u>	<u>25,090</u>	<u>3,375</u>
Expenditures			
Culture and recreation	<u>26,400</u>	<u>26,400</u>	<u>-</u>
Total expenditures	<u>26,400</u>	<u>26,400</u>	<u>-</u>
Excess of revenues over (under) expenditures	(4,685)	(1,310)	3,375
Fund balance, beginning of year	<u>37,463</u>	<u>37,463</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 32,778</u></u>	<u><u>\$ 36,153</u></u>	<u><u>\$ 3,375</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, 2013**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Miscellaneous	\$ -	\$ 1,079	\$ 1,079
Total revenues	<u>-</u>	<u>1,079</u>	<u>1,079</u>
Expenditures			
Community support	<u>300,000</u>	<u>139,844</u>	<u>160,156</u>
Total expenditures	<u>300,000</u>	<u>139,844</u>	<u>160,156</u>
Other financing sources (uses)			
Transfer from general fund	<u>300,000</u>	<u>342,236</u>	<u>42,236</u>
Total other financing sources (uses)	<u>300,000</u>	<u>342,236</u>	<u>42,236</u>
Net change in fund balance	-	203,471	161,235
Fund balance, beginning of year	<u>94,725</u>	<u>94,725</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 94,725</u></u>	<u><u>\$ 298,196</u></u>	<u><u>\$ 203,471</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, 2013

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Charges for services	\$ 39,000	\$ 41,469	\$ 2,469
Rents and royalties	349,000	364,764	15,764
Intergovernmental	-	-	-
Interest income	-	-	-
Miscellaneous	50,000	104,727	54,727
Total revenues	438,000	510,960	72,960
Expenditures			
Public works	384,990	361,946	23,044
Total expenditures	384,990	361,946	23,044
Excess of revenues over (under) expenditures	53,010	149,014	96,004
Other Financing Sources (uses)			
Transfer to General Fund	(198,850)	(198,818)	32
Total other financing sources (uses)	(198,850)	(198,818)	32
Net change in fund balance	(145,840)	(49,804)	96,036
Fund balance, beginning of year	576,558	576,558	-
Fund balance, end of year	<u>\$ 430,718</u>	<u>\$ 526,754</u>	<u>\$ 96,036</u>

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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Miscellaneous	\$ 7,000	\$ 11,364	\$ 4,364
Total revenues	<u>7,000</u>	<u>11,364</u>	<u>4,364</u>
Expenditures			
Culture and recreation	<u>7,000</u>	<u>6,845</u>	<u>155</u>
Total expenditures	<u>7,000</u>	<u>6,845</u>	<u>155</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>4,519</u>	<u>4,519</u>
Fund balance, beginning of year	<u>3,513</u>	<u>3,513</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 3,513</u></u>	<u><u>\$ 8,032</u></u>	<u><u>\$ 4,519</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Charges for services	\$ 18,000	\$ 14,455	\$ (3,545)
Other revenues	<u>15,000</u>	<u>11,860</u>	<u>(3,140)</u>
Total revenues	<u>33,000</u>	<u>26,315</u>	<u>(6,685)</u>
Expenditures			
Current:			
Community support	20,000	4,071	15,929
Capital outlay	<u>13,000</u>	<u>13,000</u>	<u>-</u>
Total expenditures	<u>33,000</u>	<u>17,071</u>	<u>15,929</u>
Excess of revenues over (under) expenditures	-	9,244	9,244
Fund balance, beginning of year	<u>305,983</u>	<u>305,983</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 305,983</u></u>	<u><u>\$ 315,227</u></u>	<u><u>\$ 9,244</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	82
<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	93
<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	95
<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.....	99
<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	101
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

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

	Fiscal Year Ended June 30				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental activities:					
Net investment in capital assets	\$ 65,791,312	\$ 66,231,720	\$ 65,842,704	\$ 63,941,276	\$ 64,158,299
Restricted	2,113,080	1,936,741	3,743,731	6,362,771	7,274,508
Unrestricted	3,427,166	1,241,145	351,277	403,210	1,775,818
Total governmental activities net assets	<u>\$ 71,331,558</u>	<u>\$ 69,409,606</u>	<u>\$ 69,937,712</u>	<u>\$ 70,707,257</u>	<u>\$ 73,208,625</u>
Business-type activities:					
Net investment in capital assets	\$ 31,228,277	\$ 31,211,950	\$ 32,749,251	\$ 32,746,623	\$ 31,195,816
Unrestricted	21,911,704	20,463,831	18,333,993	16,555,666	16,066,568
Total business-type activities net assets	<u>\$ 53,139,981</u>	<u>\$ 51,675,781</u>	<u>\$ 51,083,244</u>	<u>\$ 49,302,289</u>	<u>\$ 47,262,384</u>
Primary government					
Net investment in capital assets	\$ 97,019,589	\$ 97,443,670	\$ 98,591,955	\$ 96,687,899	\$ 95,354,115
Restricted	2,113,080	1,936,741	3,743,731	6,362,771	7,274,508
Unrestricted	25,338,870	21,704,976	18,685,270	16,958,876	17,842,386
Total net assets	<u>\$ 124,471,539</u>	<u>\$ 121,085,387</u>	<u>\$ 121,020,956</u>	<u>\$ 120,009,546</u>	<u>\$ 120,471,009</u>

(Continued)

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

	Fiscal Year Ended June 30				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental activities:					
Invested in capital assets, net of related debt	\$ 57,156,213	\$ 53,990,134	\$ 4,331,413	\$ 2,676,551	\$ (2,063,503)
Restricted	8,783,796	11,642,059	4,789,843	5,052,678	6,193,876
Unrestricted	2,567,251	467,508	8,185,890	3,226,104	1,169,496
Total net assets	<u>\$ 68,507,260</u>	<u>\$ 66,099,701</u>	<u>\$ 17,307,146</u>	<u>\$ 10,955,333</u>	<u>\$ 5,299,869</u>
Business-type activities:					
Invested in capital assets, net of related debt	\$ 33,655,654	\$ 34,929,519	\$ 33,127,443	\$ 33,101,981	\$ 34,480,390
Unrestricted	17,123,338	16,072,488	13,433,715	13,357,908	14,683,464
Total net assets	<u>\$ 50,778,992</u>	<u>\$ 51,002,007</u>	<u>\$ 46,561,158</u>	<u>\$ 46,459,889</u>	<u>\$ 49,163,854</u>
Primary government					
Invested in capital assets, net of related debt	\$ 90,811,867	\$ 88,919,653	\$ 37,458,856	\$ 35,778,532	\$ 32,416,887
Restricted	8,783,796	11,642,059	4,789,843	5,052,678	6,193,876
Unrestricted	19,690,589	16,539,996	21,619,605	16,584,012	15,852,960
Total net assets	<u>\$ 119,286,252</u>	<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.

(Concluded)

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

	Fiscal Year Ended June 30				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Expenses					
Governmental activities:					
General government	\$ 2,360,309	\$ 2,862,521	\$ 2,957,556	\$ 2,393,812	\$ 1,769,799
Public safety	4,529,114	5,020,723	5,055,399	5,151,308	5,150,544
Judicial	264,242	376,928	335,018	324,255	297,986
Public works	2,559,162	2,934,715	3,051,926	2,820,598	2,668,319
Culture and recreation	1,351,765	1,815,364	2,081,624	1,853,122	955,919
Community Support	823,049	959,067	977,583	1,275,054	1,046,935
Interest on long-term debt	547,454	1,027,886	358,964	684,889	740,696
Total governmental activities	<u>12,435,095</u>	<u>14,997,204</u>	<u>14,818,070</u>	<u>14,503,038</u>	<u>12,630,198</u>
Business-type activities:					
Water	1,518,786	1,545,058	1,502,106	1,518,213	1,705,665
Sewer	1,407,188	1,419,674	1,286,837	1,264,840	1,248,754
Electric	7,817,693	7,445,984	7,269,317	7,454,824	8,125,091
Sanitation	639,129	619,764	656,820	656,690	650,679
Golf	-	-	-	-	747,732
Total business-type activities	<u>11,382,796</u>	<u>11,030,480</u>	<u>10,715,080</u>	<u>10,894,567</u>	<u>12,477,921</u>
Total expenses	<u>23,817,891</u>	<u>26,027,684</u>	<u>25,533,150</u>	<u>25,397,605</u>	<u>25,108,119</u>
Program Revenues					
Governmental activities:					
Charges for services					
General government	106,805	69,360	841,902	136,644	298,141
Public safety	692,620	847,143	60,112	853,783	587,706
Judicial	322,395	366,378	310,299	235,153	304,979
Public works	617,876	592,057	677,174	653,235	407,572
Culture and recreation	177,454	339,833	301,734	350,873	120,762
Community support	35,702	32,078	31,615	36,955	30,554
Operating grants and contributions	1,324,153	911,426	513,129	507,960	625,466
Capital grants and contributions	1,783,868	1,398,753	1,477,168	355,618	714,132
Total governmental activities	<u>5,060,873</u>	<u>4,557,028</u>	<u>4,213,133</u>	<u>3,130,221</u>	<u>3,089,312</u>
Business-type activities:					
Charges for services					
Water	1,788,473	1,819,551	1,787,363	1,580,427	1,610,704
Sewer	1,621,033	1,140,122	1,150,514	1,389,585	1,155,636
Electric	8,816,630	8,888,259	8,639,770	9,082,700	8,972,826
Sanitation	921,727	684,540	663,340	657,801	640,769
Golf	-	-	-	-	306,188
Total business-type activities	<u>13,147,863</u>	<u>12,532,472</u>	<u>12,240,987</u>	<u>12,710,513</u>	<u>12,686,123</u>
Total program revenues	<u>18,208,736</u>	<u>17,089,500</u>	<u>16,454,120</u>	<u>15,840,734</u>	<u>15,775,435</u>
Net (Expense)/Revenue	<u>\$ (5,609,155)</u>	<u>\$ (8,938,184)</u>	<u>\$ (9,079,030)</u>	<u>\$ (9,556,871)</u>	<u>\$ (9,332,684)</u>

(Continued)

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

	Fiscal Year Ended June 30				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Expense					
Governmental activities:					
General government	\$ 2,678,476	\$ 3,910,499	\$ 2,133,649	\$ 2,365,257	\$ 2,391,134
Public safety	4,899,005	4,063,285	2,913,477	2,276,619	2,280,139
Judicial	270,890	231,207	210,225	192,015	189,596
Public works	2,479,358	1,741,645	1,679,145	1,226,919	2,086,961
Culture and recreation	934,386	802,569	770,277	785,429	775,232
Community Support	2,143,673	939,608	894,432	535,587	650,120
Interest on long-term debt	793,492	854,302	1,048,232	1,116,392	895,300
Total governmental activities	<u>14,199,280</u>	<u>12,543,115</u>	<u>9,649,437</u>	<u>8,498,218</u>	<u>9,268,482</u>
Business-type activities:					
Water	1,490,548	2,297,582	1,837,126	1,818,606	2,027,772
Sewer	1,155,973	-	-	-	-
Electric	9,669,296	10,707,320	10,218,081	9,355,671	7,720,112
Sanitation	618,380	561,077	659,676	501,523	504,416
Golf	895,285	754,841	521,887	629,901	886,726
Total business-type activities	<u>13,829,482</u>	<u>14,320,820</u>	<u>13,236,770</u>	<u>12,305,701</u>	<u>11,139,026</u>
Total expenses	<u>28,028,762</u>	<u>26,863,935</u>	<u>22,886,207</u>	<u>20,803,919</u>	<u>20,407,508</u>
Program Revenues					
Governmental activities:					
Charges for services					
General government	151,465	193,369	114,581	114,644	126,074
Public safety	411,626	535,781	414,469	452,562	476,195
Judicial	304,439	292,725	202,528	216,980	198,591
Public works	527,778	185,784	187,674	209,281	207,271
Culture and recreation	116,433	361,690	329,899	294,271	217,682
Community support	23,355	77,623	80,699	108,826	67,030
Operating grants and contributions	1,247,712	216,323	242,073	146,684	-
Capital grants and contributions	1,435,306	4,868,742	2,474,669	3,382,217	1,407,578
	<u>4,218,114</u>	<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	1,622,927	2,699,566	2,768,059	2,139,572	2,378,837
Sewer	1,157,021	-	-	-	-
Electric	9,715,945	9,587,909	8,228,579	6,961,461	7,295,828
Sanitation	610,124	612,745	584,390	560,733	561,930
Golf	290,805	349,384	337,243	284,068	583,987
	<u>13,396,822</u>	<u>13,249,604</u>	<u>11,918,271</u>	<u>9,945,834</u>	<u>10,820,582</u>
Total program revenues	<u>17,614,936</u>	<u>19,981,641</u>	<u>15,964,863</u>	<u>14,871,299</u>	<u>13,521,003</u>
Net (Expense)/Revenue	<u><u>\$ (10,413,826)</u></u>	<u><u>\$ (6,882,294)</u></u>	<u><u>\$ (6,921,344)</u></u>	<u><u>\$ (5,932,620)</u></u>	<u><u>\$ (6,886,505)</u></u>

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

(Concluded)

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

	Fiscal Year Ended June 30				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net Revenue/(Expense)	\$ (7,374,222)	\$ (10,440,176)	\$ (10,604,937)	\$ (11,372,817)	\$ (9,540,886)
General Revenues:					
Governmental activities:					
Taxes:					
City Sales taxes	7,359,792	6,960,801	6,902,409	6,768,417	7,121,927
State Sales taxes	593,180	566,283	-	-	-
Property taxes	-	-	-	-	-
Franchise taxes	297,102	236,028	-	-	-
Auto lieu tax	276,242	273,207	-	-	-
Unrestricted state shared revenue	740,265	611,652	2,252,850	2,301,972	2,707,524
Land Sales	227,038	377,650	138,750	-	-
Investment earnings (losses)	9,699	11,653	34,830	19,021	150,463
Miscellaneous	30,093	147,311	90,892	194,989	207,718
Gain/(loss) on disposal of asset	-	-	153,126	-	-
Transfers	<u>454,622</u>	<u>727,485</u>	<u>262,535</u>	<u>-</u>	<u>404,352</u>
Total governmental activities	<u>9,988,033</u>	<u>9,912,070</u>	<u>9,835,392</u>	<u>9,284,399</u>	<u>10,591,984</u>
Changes in Net Assets	<u>\$ 2,613,811</u>	<u>\$ (528,106)</u>	<u>\$ (769,545)</u>	<u>\$ (2,088,418)</u>	<u>\$ 1,051,098</u>
Net Revenue/(Expense)	\$ 1,765,067	\$ 1,501,992	\$ 1,525,907	\$ 1,815,946	\$ 208,202
General Revenues:					
Business-type activities:					
Investment earnings (losses)	111,565	(15,279)	13,098	9,092	117,075
Miscellaneous	-	-	214,753	214,867	212,734
Gain/(loss) on disposal of asset	-	-	289,732	-	-
Transfers	<u>(454,622)</u>	<u>(727,485)</u>	<u>(262,535)</u>	<u>-</u>	<u>(404,352)</u>
Total business-type activities	<u>(343,057)</u>	<u>(742,764)</u>	<u>255,048</u>	<u>223,959</u>	<u>(74,543)</u>
Changes in Net Assets	<u>\$ 1,422,010</u>	<u>\$ 759,228</u>	<u>\$ 1,780,955</u>	<u>\$ 2,039,905</u>	<u>\$ 133,659</u>

(Continued)

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

	Fiscal Year Ended June 30				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Net Revenue/(Expense)	\$ (9,981,166)	\$ (5,811,078)	\$ (5,602,845)	\$ (3,572,753)	\$ (6,568,061)
General Revenues:					
Governmental activities:					
Taxes:					
City Sales taxes	6,642,357	6,861,887	5,608,928	4,489,875	4,179,964
State Sales taxes	633,999	-	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	2,870,063	-	712,898	625,935	613,963
Land Sales	-	-	4,196,055	1,465,767	638,100
Investment earnings (losses)	626,313	1,434,293	399,605	201,836	61,085
Miscellaneous	215,938	7,592,158	1,006,794	941,178	1,015,288
Gain/(loss) on disposal of asset	-	31,555	-	555,990	-
Transfers	-	(953,833)	(1,029,760)	-	319,755
Total governmental activities	<u>10,988,670</u>	<u>15,773,299</u>	<u>11,954,658</u>	<u>9,228,217</u>	<u>7,713,461</u>
Changes in Net Assets	<u>\$ 1,007,504</u>	<u>\$ 9,962,221</u>	<u>\$ 6,351,813</u>	<u>\$ 5,655,464</u>	<u>\$ 1,145,400</u>
Net Revenue/(Expense)	\$ (432,660)	\$ (1,071,216)	\$ (1,318,499) #	\$ (2,359,867)	\$ (318,444)
General Revenues:					
Business-type activities:					
Investment earnings (losses)	274,910	407,955	390,008	211,882	97,043
Miscellaneous	313,944	1,374,804	-	-	6,486
Gain/(loss) on disposal of asset	-	-	-	-	-
Transfers	-	953,833	1,029,760	(555,990)	(319,755)
Total business-type activities	<u>588,854</u>	<u>2,736,592</u>	<u>1,419,768</u>	<u>(344,108)</u>	<u>(216,226)</u>
Changes in Net Assets	<u>\$ 156,194</u>	<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.

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

	Fiscal Year Ended June 30				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Fund:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted			-	-	-
Committed		-	-	-	-
Assigned	-	-	-	-	-
Unassigned	3,340,840	1,218,820	1,210,172	-	-
Reserved	-	-	-	-	-
Unreserved	-	-	-	1,311,241	4,103,474
Total General Fund	<u>\$ 3,340,840</u>	<u>\$ 1,218,820</u>	<u>\$ 1,210,172</u>	<u>\$ 1,311,241</u>	<u>\$ 4,103,474</u>
All Other Governmental Funds:					
Nonspendable					
Restricted	\$ 2,113,080	\$ 1,936,741	\$ 2,847,695	\$ -	\$ -
Committed	869,135	712,259	896,036	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Reserved	-	-	-	266,889	237,536
Unreserved, reported in:					
Special revenue funds	-	-	-	3,074,754	3,351,167
Capital projects funds	-	-	-	3,660,289	3,666,392
Debt service fund	-	-	-	(365,360)	(325,509)
Total all other governmental funds	<u>\$ 2,982,215</u>	<u>\$ 2,649,000</u>	<u>\$ 3,743,731</u>	<u>\$ 6,636,572</u>	<u>\$ 6,929,586</u>
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund:					
Unreserved	\$ 2,092,289	\$ 203,673	\$ 3,025,518	\$ 788,894	\$ (286,681)
Total General Fund	<u>\$ 2,092,289</u>	<u>\$ 203,673</u>	<u>\$ 3,025,518</u>	<u>\$ 788,894</u>	<u>\$ (286,681)</u>
All Other Governmental Funds:					
Reserved	\$ 219,756	\$ 219,695	\$ 246,466	\$ 1,414,470	\$ 2,546,893
Unreserved, reported in:					
Special revenue funds	4,265,497	2,376,369	2,362,650	1,397,637	1,231,897
Capital projects funds	3,972,537	4,054,657	2,933,647	305,352	(410,415)
Debt service fund	85,904	1,161,303	1,241,424	1,146,688	1,014,634
Total all other governmental funds	<u>\$ 8,543,694</u>	<u>\$ 7,812,024</u>	<u>\$ 6,784,187</u>	<u>\$ 4,264,147</u>	<u>\$ 4,383,009</u>

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

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

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

Fiscal Year Ended June 30					
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Taxes	\$ 7,656,894	\$ 7,196,829	\$ 6,902,409	\$ 6,246,647	\$ 7,121,927
Licenses and permits	114,268	85,254	382,509	339,228	325,810
Intergovernmental	4,670,891	3,784,784	2,676,147	3,687,320	4,047,122
Charges for services	1,007,824	1,239,203	1,127,736	1,285,140	713,664
Fines and forfeitures	340,829	381,075	327,704	249,338	318,058
Rents and royalties	364,764	422,509	384,887	392,937	392,182
Investment income	9,698	11,653	34,830	19,021	150,463
Land sales	233,487	377,650	138,750	1,065,800	1,393,163
Miscellaneous	202,074	213,983	1,796,642	194,989	1,532,718
Total revenues	\$ 14,600,729	\$ 13,712,940	\$ 13,771,614	\$ 13,480,420	\$ 15,995,107
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Taxes	\$ 6,642,357	\$ 5,861,890	\$ 5,608,928	\$ 4,489,875	\$ 4,179,964
Licenses and permits	272,035	218,468	215,491	223,794	179,985
Intergovernmental	5,553,081	7,123,406	4,716,955	5,281,691	3,079,362
Charges for services	582,789	649,480	528,664	571,279	599,332
Fines and forfeitures	317,509	338,154	258,694	281,426	234,378
Rents and royalties	362,763	542,279	835,954	845,346	754,949
Investment income	626,313	773,569	399,605	201,836	61,085
Land sales	1,632,166	8,578,709	4,196,055	1,465,767	638,100
Miscellaneous	215,938	359,765	270,664	236,678	366,972
Total revenues	\$ 16,204,951	\$ 24,445,720	\$ 17,031,010	\$ 13,597,692	\$ 10,094,127

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

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

	Fiscal Year Ended June 30				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Expenditures:					
Current -					
General government	\$ 2,145,080	\$ 2,453,151	\$ 2,823,491	\$ 2,799,265	\$ 3,001,616
Public safety	3,965,869	4,700,348	4,729,248	4,691,379	4,908,255
Judicial	264,242	376,928	357,364	327,582	316,731
Public works	1,265,727	1,610,576	1,958,048	1,901,620	1,819,622
Culture and recreation	976,150	1,466,996	1,830,562	1,509,629	968,168
Community support	763,728	931,457	1,001,266	1,258,244	1,045,489
Capital outlay	1,839,664	1,510,175	3,822,407	1,783,885	3,062,118
Debt service -					
Principal retirement	709,424	482,895	422,727	684,889	304,042
Interest, premium and fiscal charges	525,950	546,587	358,964	358,366	740,696
Total expenditures	<u><u>\$ 12,455,834</u></u>	<u><u>\$ 14,079,113</u></u>	<u><u>\$ 17,304,077</u></u>	<u><u>\$ 15,314,859</u></u>	<u><u>\$ 16,166,737</u></u>
Expenditures for capitalized assets	\$ 2,090,813	\$ 1,646,937	\$ 4,822,255	\$ 2,005,905	\$ 4,022,778
Debt service as a percentage of noncapital expenditures	12%	8%	6%	8%	9%

(Continued)

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Expenditures:					
Current -					
General government	\$ 2,902,324	\$ 3,756,073	\$ 1,908,150	\$ 2,096,199	\$ 2,129,004
Public safety	4,299,388	4,512,471	2,989,020	2,668,810	2,263,352
Judicial	261,409	227,783	211,096	194,518	189,596
Public works	1,741,406	1,652,989	1,226,587	1,895,698	1,922,981
Culture and recreation	867,728	792,663	743,558	756,578	743,701
Community support	2,025,354	930,866	883,737	583,086	638,883
Capital outlay	3,769,135	5,165,432	2,604,596	3,590,398	333,359
Debt service -					
Principal retirement	274,523	5,448,394	960,963	893,392	1,185,000
Interest, premium and fiscal charges	793,492	1,287,353	1,039,791	993,310	963,470
Total expenditures	<u><u>\$ 16,934,759</u></u>	<u><u>\$ 23,774,024</u></u>	<u><u>\$ 12,567,498</u></u>	<u><u>\$ 13,671,989</u></u>	<u><u>\$ 10,369,346</u></u>
Expenditures for capitalized assets	\$ 3,183,409	\$ 5,085,298	\$ 3,195,307	\$ 5,118,476	N/A
Debt service as a percentage of noncapital expenditures	8%	36%	21%	21%	20%

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

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

(Concluded)

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

	Fiscal Year Ended June 30				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Excess (deficiency) of revenues over expenditures	\$ 2,144,895	\$ (366,173)	\$ (3,532,463)	\$ (1,834,439)	\$ (171,630)
Other financing sources (uses):					
Issuance of long-term debt	-	11,730,000			
Premium on long-term debt issuance	-	678,203			
Payment to refunded bond	-	(13,351,076)			
Proceeds from capital leases	-	61,935	688,968	29,451	164,355
Transfers in	1,612,011	1,896,780	2,314,412	1,182,086	2,545,758
Transfers out	(1,157,388)	(1,169,295)	(2,051,877)	(1,182,086)	(2,141,406)
Total other financing sources (uses)	<u>454,623</u>	<u>(153,453)</u>	<u>951,503</u>	<u>29,451</u>	<u>568,707</u>
Changes in fund balances	<u>\$ 2,599,518</u>	<u>\$ (519,626)</u>	<u>\$ (2,580,960)</u>	<u>\$ (1,804,988)</u>	<u>\$ 397,077</u>
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Excess (deficiency) of revenues over expenditures	\$ (729,808)	\$ 671,696	\$ 4,463,512	\$ (74,297)	\$ (275,219)
Other financing sources (uses):					
Issuance of long-term debt					
Premium on long-term debt issuance					
Payment to refunded bond					
Proceeds from capital leases	8,630	413,128	56,000	463,081	200,000
Transfers in	2,427,134	6,363,892	4,436,095	3,894,715	4,737,128
Transfers out	(2,427,134)	(7,317,725)	(4,197,718)	(3,338,725)	(4,417,373)
Total other financing sources (uses)	<u>8,630</u>	<u>(540,705)</u>	<u>294,377</u>	<u>1,019,071</u>	<u>519,755</u>
Changes in fund balances	<u>\$ (721,178)</u>	<u>\$ 130,991</u>	<u>\$ 4,757,889</u>	<u>\$ 944,774</u>	<u>\$ 244,536</u>

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

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

Overlapping Rates			
Fiscal Year Ended June 30	City of Page	Coconino County	Arizona State
2013	3.0	1.125	5.6
2012	3.0	1.125	6.6
2011	3.0	1.125	6.6
2010	3.0	1.125	6.6
2009	3.0	1.125	5.6
2008	3.0	1.125	5.6
2007	3.0	1.125	5.6
2006	3.0	0.925	5.6
2005	3.0	0.925	5.6
2004	3.0	0.925	5.6

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

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

Fiscal Year Ended June 30					
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Construction	\$ 150,935	\$ 127,505	\$ 404,265	\$ 151,596	\$ 247,290
Manufacturing	182,183	86,876	181,350	206,285	222,674
Transportation, Communications & Utilities	672,357	633,976	623,650	570,762	541,232
Wholesale Trade	106,875	104,809	41,413	153,761	105,217
Retail Trade	2,915,898	2,921,545	2,858,788	2,849,320	3,089,180
Restaurants and Bars	933,878	928,366	910,057	879,893	872,832
Finance, Insurance & Real Estate	391,759	362,710	348,948	318,610	355,823
Hotels and Other Lodging	1,774,479	1,538,461	1,312,374	1,238,544	1,419,117
Services	166,140	153,249	140,424	166,676	221,238
All Others Not Specified	65,286	103,303	81,140	41,382	47,325
	<u>7,359,792</u>	<u>6,960,801</u>	<u>6,902,409</u>	<u>6,576,830</u>	<u>7,121,927</u>
Total	<u><u>\$ 7,359,792</u></u>	<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>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Construction	\$ 426,565	\$ 374,266	\$ 544,869	\$ 398,475	\$ 157,305
Manufacturing	225,845	210,350	199,535	158,940	68,866
Transportation, Communications & Utilities	548,935	473,800	414,733	167,168	305,422
Wholesale Trade	98,553	151,155	148,180	108,175	101,832
Retail Trade	3,029,379	2,465,381	2,464,728	2,146,631	2,081,608
Restaurants and Bars	773,271	684,632	578,234	231,712	411,892
Finance, Insurance & Real Estate	311,841	288,508	250,268	449,832	165,762
Hotels and Other Lodging	880,620	917,388	729,748	592,113	538,867
Services	215,671	195,254	190,569	175,571	189,353
All Others Not Specified	131,677	98,902	87,538	60,378	159,059
	<u>6,642,357</u>	<u>5,859,635</u>	<u>5,608,402</u>	<u>4,488,996</u>	<u>4,179,964</u>
Total	<u><u>\$ 6,642,357</u></u>	<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>

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

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

Fiscal Year Ended June 30	Governmental Activities				Business-type Activities		Total Outstanding Debt			
	General Obligation and Other Bonds	Notes and Loans Payable	Capital Leases	Total	General Obligation Bonds	Capital Leases	Total Debt	Percentage of Estimated Actual Value	Percentage of Personal Income	Per Capita
2013	\$ 12,866,334	\$ -	\$ 468,522	\$ 13,334,856	\$ -	\$ -	\$ 13,334,856	19.64 %	0.35 %	1,815
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 TEN FISCAL YEARS**

Total Legal Debt Margin Calculation for Fiscal Year 2012:

Secondary assessed valuation	\$ 67,912,010
Debt limit (26%)	17,657,123
Debt applicable to limit	-
Legal debt margin	<u><u>\$ 17,657,123</u></u>

Fiscal Year Ended June 30

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Total Debt limit	\$ 17,657,123	\$ 17,955,775	\$ 18,440,382	\$ 18,168,670	\$ 17,122,646
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u><u>\$ 17,657,123</u></u>	<u><u>\$ 17,955,775</u></u>	<u><u>\$ 18,440,382</u></u>	<u><u>\$ 18,168,670</u></u>	<u><u>\$ 17,122,646</u></u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Debt limit	\$ 16,330,023	\$ 14,208,309	\$ 13,344,326	\$ 13,505,535	\$ 13,953,177
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u><u>\$ 16,330,023</u></u>	<u><u>\$ 14,208,309</u></u>	<u><u>\$ 13,344,326</u></u>	<u><u>\$ 13,505,535</u></u>	<u><u>\$ 13,953,177</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 NINE FISCAL YEARS
(Accrual basis of accounting)

Excise Tax and State Shared Revenue Bonds

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

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

Note: Information prior to FY 2005 was not available.

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

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

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

CITY OF PAGE, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2013

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Amount Overlapping Debt</u>
Direct:			
City of Page		100%	<u>13,334,856</u>
Total Direct Debt			<u><u>\$ 13,334,856</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>	
2012	7,346	\$	4,620,811	\$	34,353	8.30	%	8.10	%	7.30	%
2011	7,369		4,725,407		35,105	9.50		9.20		8.30	
2010	7,247		4,481,137		34,510	10.00		8.90		8.00	
2009	7,122		4,408,897		34,330	9.70		8.30		7.50	
2008	7,086		4,056,682		31,855	5.90		5.30		4.80	
2007	7,057		3,767,194		29,879	3.80		3.70		3.30	
2006	7,018		3,493,415		28,008	4.10		4.30		3.80	
2005	6,937		3,258,728		26,431	4.70		4.90		4.40	
2004	6,925		2,999,350		24,692	5.00		5.30		4.70	
2003	6,970		2,908,992		24,160	5.70		5.70		5.10	

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 2012**

Employer	2013			2012		
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment	
Aramark, Inc.	700	16.06	%	700	16.56	%
Navajo Generating Station	498	11.42		532	12.59	
Page Unified School District No. 8	394	9.04		394	9.32	
Super Wal-Mart	283	6.49		205	4.85	
City of Page (Including Page Electric Utility)	188	4.31		208	4.92	
Gary Yamamoto Custom Baits	160	3.67		160	3.79	
Courtyard by Marriott LLP	82	1.88		78	1.85	
Page Steel / Page Lumber	76	1.74		76	1.80	
Canyonlands Community Health	59	1.35		59	1.40	
Page Hospital	107	2.45		105	2.48	
Safeway	80	1.83		80	1.89	
Total	<u>2,627</u>	<u>60.24</u>	%	<u>2,597</u>	<u>61.45</u>	%
 Total employment	 <u>4,360</u>			 <u>4,226</u>		

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

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

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

Full-time Equivalent Employees as of June 30					
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Function					
General Government	14	17	24	27	26
Public Safety	42	45	56	55	54
Judicial	5	5	5	6	6
Public works	12	14	16	16	16
Culture and recreation	12	18	24	22	18
Community support	4	3	9	8	6
Electric	19	19	19	19	19
Water	17	15	14	16	16
Total	<u>125</u>	<u>136</u>	<u>167</u>	<u>168</u>	<u>161</u>

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Function					
General Government	23	24	24	22	20
Public Safety	57	51	46	43	42
Judicial	6	5	5	5	5
Public works	15	15	15	13	16
Culture and recreation	19	18	16	21	18
Community support	6	6	5	6	6
Electric	19	19	20	24	20
Water	16	14	14	13	13
Total	<u>161</u>	<u>152</u>	<u>144</u>	<u>147</u>	<u>140</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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Function										
Highways and Streets										
Streets (miles)	47.2	47.2	47.0	47.0	45.5	44.7	44.7	43.5	43.4	43.4
Streetlights	817	817	811	811	N/A	N/A	N/A	N/A	N/A	N/A
Traffic Signals	53	53	53	53	53	53	53	53	53	53
Culture and recreation										
Parks acreage	17.73	17.73	17.73	17.73	17.23	17.23	17.23	17.23	17.23	17.23
Parks	6	6	6	6	6	6	6	6	6	6
Community centers	1	1	1	1	1	1	1	1	1	1
Sewer										
Sanitary sewers (miles)	38.94	38.71	38.46	32.46	N/A	N/A	N/A	N/A	N/A	N/A
Storm sewers (miles)	8.8	8.8	8.3	8.3	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	2,500,000
Average daily treatment (gallons)	918,000	945,000	901,000	872,000	841,000	795,000	835,000	847,000	757,000	765,000
Water										
Water lines (miles)	59.61	58.92	58.64	54.64	N/A	N/A	N/A	N/A	N/A	N/A
Raw water lines (miles)	3	3	3	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	5,000,000	4,000,000	4,000,000	4,000,000
Average daily treatment (gallons)	1,890,000	1,988,000	1,921,000	1,918,000	2,001,000	2,085,000	1,989,000	1,905,000	1,790,000	1,690,000

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

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

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

	Fiscal Years				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Planning and Building Safety					
Building permits issued (new single family homes)	6	1	6	23	16
Highway and Streets					
Street resurfacing (miles)	0.0	0.0	2.4	1.4	0.6
Streets striped (miles)	9.3	16.7	16.5	16.5	16.5
Culture and Recreation					
Summer recreation camps	0	13	12	11	19
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Planning and Building Safety					
Building permits issued (new single family homes)	25	21	48	19	14
Highway and Streets					
Street resurfacing (miles)	3.1	2.2	0.3	2.0	N/A
Streets striped (miles)	15.7	15.7	15.6	15.4	N/A
Culture and Recreation					
Summer recreation camps	16	19	19	20	N/A

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

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OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS

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KEVIN L. STEPHENS, CPA
MARK E. TICHENOR, CPA

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

The Honorable Mayor and
City Council
Page, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Page, Arizona, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Page, Arizona's basic financial statements and have issued our report thereon dated October 22, 2013.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and recommendations dated October 22, 2013 that we consider to be significant deficiencies.

Compliance and Other Matters

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

Purpose of this Report

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



HintonBurdick, PLLC

Flagstaff, Arizona

October 22, 2013



MEMBERS:

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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, 2013, and have issued our report thereon dated October 22, 2013. Our audit also included test work on the City of Page's compliance with selected requirements identified in the State of Arizona Revised Statutes and the Arizona State Constitution including, but not limited to, Title 28, Chapter 18, Article 2.

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

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

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

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

In our opinion, The City of Page, Arizona complied, in all material respects, with the requirements identified above for the year ended June 30, 2013.

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

HintonBurdick, PLLC
Flagstaff, Arizona
October 22, 2013

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