

CITY OF PAGE, ARIZONA

2017

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR YEAR ENDED JUNE 30, 2017

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Crystal Dyches—Golliard Park's new playground (right picture)

Kimberly Johnson—North Lake Powell Blvd Trailhead (left picture)

CITY OF PAGE, ARIZONA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2017

PREPARED BY:

CITY OF PAGE FINANCE DEPARTMENT

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CITY OF PAGE, ARIZONA

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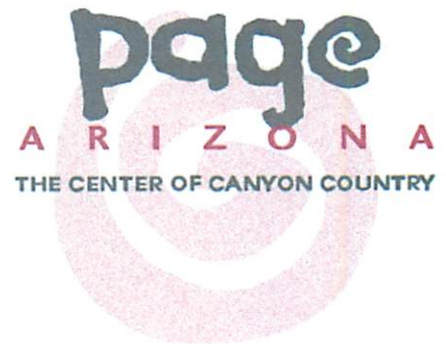
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December 4, 2017



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, 2017.

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

The City of Page's financial statements have been audited by HintonBurdick, PLLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Page for the fiscal year ended June 30, 2017, 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, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

The City of Page, incorporated in 1975, is located in northern Arizona just south of Lake Powell. The City's boundaries currently enclose approximately 37 square miles in Coconino County with a population of 7,582 and an elevation of 4,300 feet.

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

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

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

With regard to general fund departments and operations, the City Manager presents a proposed, balanced budget to the City Council for review. The proposed budget is presented in April of each year. The proposed budget with any additions or deletions becomes the tentative budget, which is usually presented to Council for preliminary adoption in June. The preliminary budget is then presented to the City Council for final adoption no later than July. The legal level of budgetary control is established at the fund level.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy. The City of Page depends on the recreational businesses that serve the visitors that pass through our City during summer months. The National Park Service estimates that the Page/Lake Powell area receives over 3 million visitors annually. Tourism and the distance to other trade centers have created a demand for a variety of consumer goods and services. Therefore, 70

percent of the employers and more than 50 percent of the total workforce are in the retail trade and service sectors.

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

Although the City of Page itself has a population of 7,582, it services the needs of its surrounding communities including an additional 45,000 people within a 75-mile radius.

While the recreation-oriented firms experience seasonal employment peaks from March through November, the Salt River Project's Navajo Generating Station (NGS) has assured the stability of Page. However, earlier this year, the four non-governmental utility owners of NGS made the decision to end their participation in the plant at the end of its current lease on Dec. 23, 2019, because a changing utility landscape has significantly altered the economics of operating the more than 45-year old coal-fired plant.

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

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

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

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

During FY 2016/17, the Mayor and Council continued to focus on debt reduction and revenue acquisition.

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

The City Council, in FY 2013, consolidated the electric, water, and sewer enterprises into one organization governed by City Code (Chapter 2, Article 8) managed by a general manager. Delayed maintenance on electric, water, sewer, and streets were addressed requiring a five-year plan to renovate or reconstruct all of the City’s infrastructure by 2018 without bonding or an increase in taxing sources.

This year’s budget increased approximately \$416,268 from the previous fiscal year to address some capital improvements for the City. These improvements focus on Horse Shoe Bend parking area, Elm Street re-pavement, Airport Taxiway C and Apron Design, vehicle and equipment purchase and the design costs for continued planning of future development at Horse Shoe Bend and John C. Page Memorial Park. With a continued growth in Transaction Privilege Tax (TPT), the City has been able to increase its cash position to guarantee availability of contingency funds.


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, 2016. This is the seventh consecutive year that the City has received this prestigious award, in addition to receiving this award from 1992-2001.

In order to be awarded this certificate, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements. We believe the current comprehensive annual financial report continues to meet the program’s requirements and we are submitting it to GFOA to determine its eligibility for the fiscal year 2016-17 certificate.

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

Respectfully submitted,


J. Crystal Dyches
City Manager


Linda L. Watson
Finance Director

City of Page

Members of City Council

Bill Diak, *Mayor*
John Kocjan, *Vice Mayor*
Michael Bryan
Scott Sadler
Korey Seyler
Levi Tappan
Dennis Warner

City Appointed Officials

J. Crystal Dyches
City Manager

Joshua Smith
City Attorney

Kim Larson
City Clerk

Rick E. Olson
City Magistrate

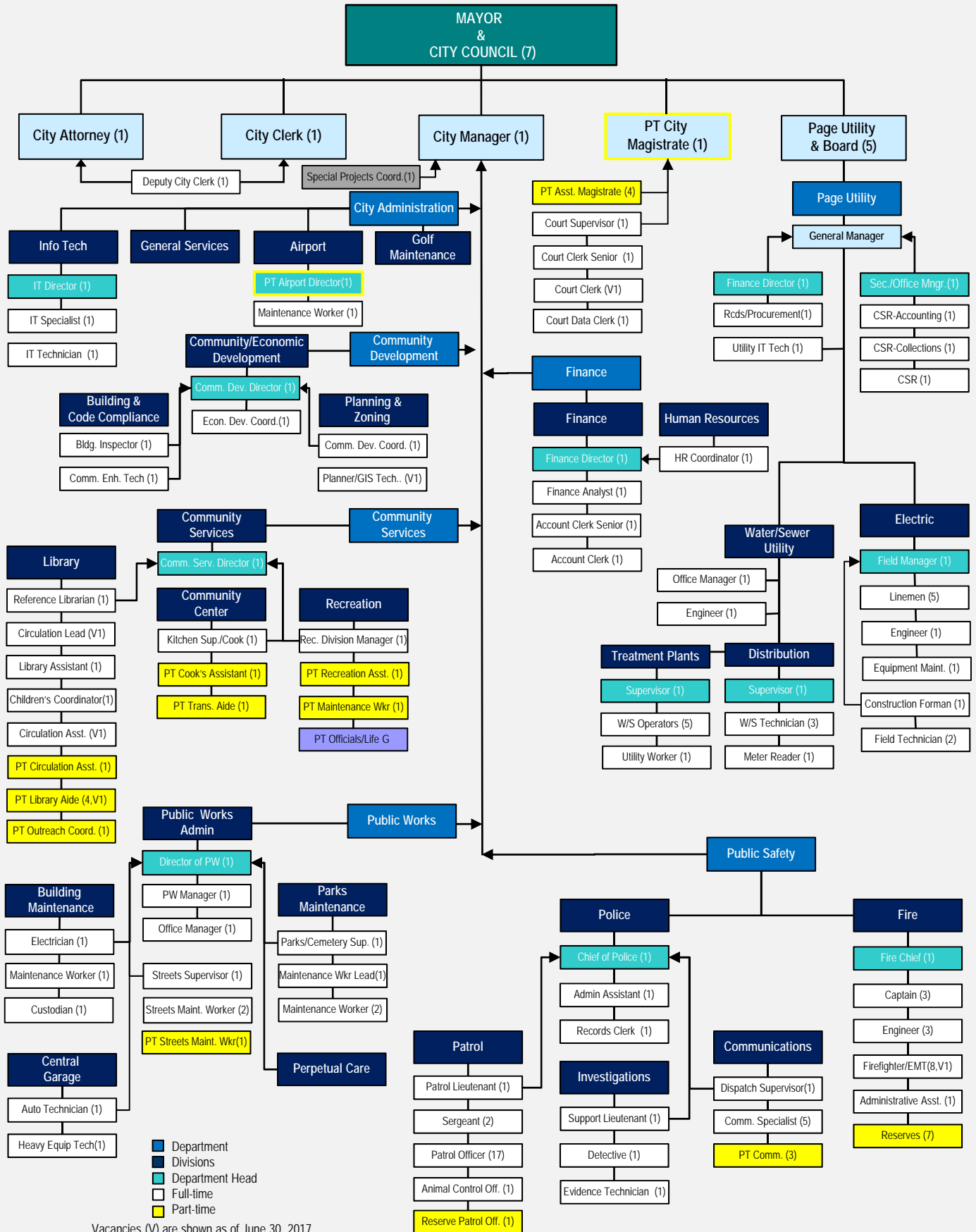
Bryan Hill
Page Utility Enterprises

Departments

Airport
Community Development
Community Services
Finance
Fire
Human Resources
Information Technology
Police
Public Works

Kyle Christiansen
Kim Johnson
Debbie Winlock
Linda Watson
Jeff Reed
Kay Eddlemon
Kane Scott
Frank Balkcom
Kyle Christiansen

City of Page Organizational Chart





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, 2016

Executive Director/CEO

FINANCIAL SECTION

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MEMBERS:

CHAD B. ATKINSON, CPA
KRIS J. BRAUNBERGER, CPA
ROBERT S. COX, CPA
TODD B. FELTNER, CPA
K. MARK FROST, CPA
MORRIS J. PEACOCK, CPA

PHILLIP S. PEINE, CPA
STEVEN D. PALMER, CPA
MICHAEL K. SPILKER, CPA
KEVIN L. STEPHENS, CPA
MARK E. TICHENOR, CPA
MICHAEL J. TORGERSON, 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, 2017, 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, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the proportionate share of the net pension liability, schedule of changes in the net pension liability and related ratios, schedule of contributions, and schedule of agent OPEB plan's funding progress as listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2017, 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 black ink that reads "Hinton Burdick Arizona PLLC". The signature is written in a cursive, flowing style.

HintonBurdick Arizona, PLLC
Flagstaff, Arizona
October 31, 2017

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CITY OF PAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2017

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, 2017. 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 \$136,990,690. This amount is comprised of \$99,008,554 in capital assets net of related debt, 10,106,948 of restricted net assets and \$27,875,188 in unrestricted net assets. This position reflects an overall net increase of \$7,349,790 from prior year and is due primarily to an increase in cash and cash equivalents in both our Governmental and Business Type Activities. This result is directly related to the Governmental Funds conservatively budgeting for sales tax revenue as compared to actual revenue received, along with the overall infrastructure improvements that are being made to the property at Horseshoe Bend, the municipal airport, our streets, and parks. The Business Type activities have also improved their infrastructure within the electric division for the Bus-work upgrade; in the water division with the blasting and recoating of the water tank; and in the sewer division the implementation of the Headworks system. The reporting structure with GASB 68 and the requirement to report long term pension liabilities for both the governmental activities and the business-type activities changes were made in prior year's reporting. This fiscal year we see a total of 1,878,854 in deferred inflows related to pensions for both Governmental and Business-type Activities. This net pension liability totals \$12,092,862 for all City pension plans at the end of the fiscal year and is reported as required by the Governmental Accounting Standards Board (GASB).
- City Sales tax remains the single largest revenue source in the General Fund budget for the City of Page. This fiscal year, city tax revenue increased over last year by almost \$1 million. Budgeting conservatively to receive \$9 million, our actual figures were \$11.3 million by June 2017. While the hotel category is the prime driver of the tax revenue, the retail sales and restaurant categories pulling in the majority of the sales tax revenue to the City of Page
- The City received contributed capital in the amount of \$225,002 from the Federal Aviation Administration and Arizona Department of Transportation for the Taxiway C Design and Main Apron Rehabilitation Design at the Page Municipal Airport, increasing our capital assets once again this fiscal year.
- The City's cash reserves remain an important focus for management and the City Council. Two years ago, the City Council approved the investment of \$6 million to be invested outside of the Local Government Investment Pool in CD's and Government Agency Bonds. As of June 30, 2017, the City had earned a total of \$97,915.02 in interest from those investments, of which \$64,241.76 was earned in fiscal year 2017 alone. The balance remaining in the Local Government Investment Pool as of June 30, 2017 was approximately \$14 million, with \$2.5 being reserved for Highway User Revenue Fund and \$4.9 million reserved toward the early retirement of the 2011 Series Bond Debt in July 2021.

- As of June 2017, the balance on the principal amount for the 2011 Series Bond was \$8,520,000. In addition, the City has an outstanding principal bond for the Airport in the amount of \$759,190. Overall, the total principal bond debt currently held by the City of Page is \$9.279 million. The City Council has identified paying off our existing bond debt as a top priority.

USING THIS ANNUAL REPORT

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

Reporting the City as a Whole

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

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

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

- **Governmental funds** – Most of the City’s basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City’s general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations included with the Basic Financial Statements on pages 21 and 24.
- **Proprietary funds** – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the City’s financial position. The City’s combined assets and deferred outflows exceed liabilities and deferred inflows by \$137 million as of June 30, 2017 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	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Current and other assets	\$ 23,424,950	\$ 18,571,150	\$ 29,218,001	\$ 29,061,189	\$ 52,642,951	\$ 47,632,339
Capital assets	75,793,607	76,768,020	32,807,741	32,210,341	108,601,348	108,978,361
Total assets	99,218,557	95,339,170	62,025,742	61,271,530	161,244,299	156,610,700
Deferred charge on refunding	236,173	307,922	-	-	236,173	307,922
Deferred outflows related to pension	2,485,069	1,835,167	600,235	345,556	3,085,304	2,180,723
Total deferred outflows of resources	2,721,242	2,143,089	600,235	345,556	3,321,477	2,488,645
Long-term liabilities outstanding	17,988,916	18,348,064	3,278,413	3,272,134	21,267,329	21,620,198
Other liabilities	2,272,079	2,432,937	2,156,824	3,783,667	4,428,903	6,216,604
Total liabilities	20,260,995	20,781,001	5,435,237	7,055,801	25,696,232	27,836,802
Deferred inflows of resources	1,434,444	1,356,896	444,410	264,747	1,878,854	1,621,643
Net position:						
Net investment in capital assets	66,200,813	66,219,507	32,807,741	32,210,341	99,008,554	98,429,848
Restricted	10,106,948	5,517,158	-	-	10,106,948	5,517,158
Unrestricted	3,936,599	3,607,697	23,938,589	22,086,197	27,875,188	25,693,894
Total net position	\$ 80,244,360	\$ 75,344,362	\$ 56,746,330	\$ 54,296,538	\$ 136,990,690	\$ 129,640,900

The City has \$161,244,298 in total assets, with \$108,601,348 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.

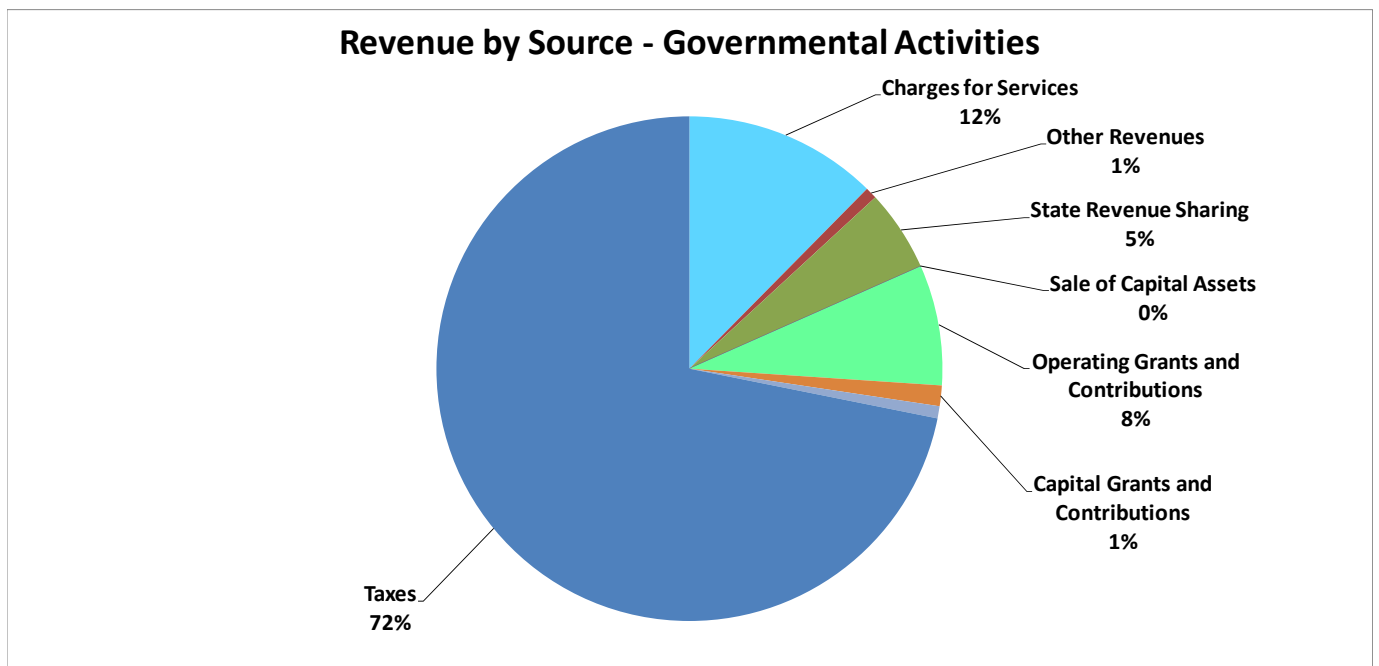
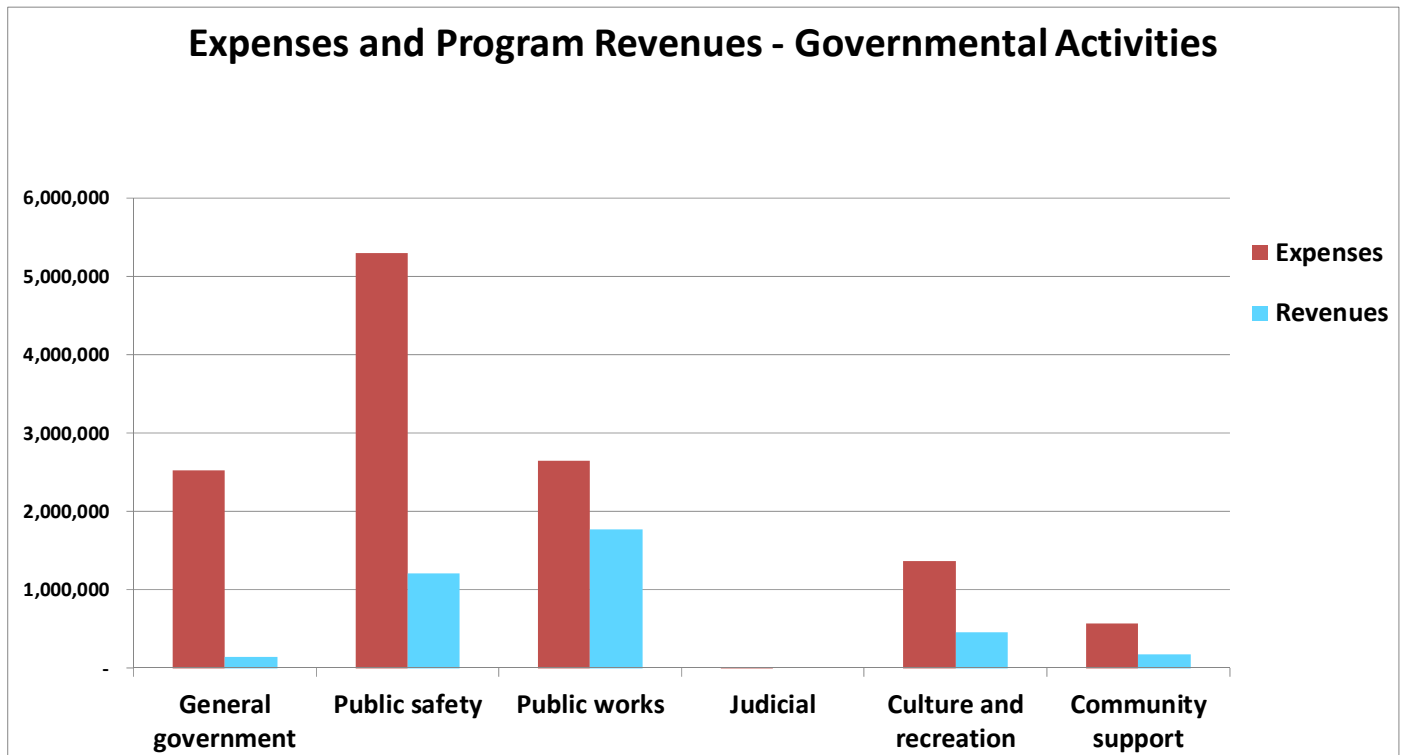
City of Page Changes in Net Position

	Governmental activities		Business-type activities		Combined Total	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Revenues:						
Program revenues:						
Charges for services	\$ 2,168,574	\$ 2,232,920	\$ 13,448,561	\$ 13,615,513	\$ 15,617,135	\$ 15,848,433
Operating grants and contributions	1,350,225	1,433,449	-	-	1,350,225	1,433,449
Capital grants and contributions	232,075	872,703	-	-	232,075	872,703
General revenues:						
Taxes	12,590,555	11,535,216	-	-	12,590,555	11,535,216
State revenue sharing	916,348	872,538	-	-	916,348	872,538
Investment Income	136,796	61,888	58,739	26,831	195,535	88,719
Other revenue/(expense)	132,094	157,195	-	-	132,094	157,195
Total revenues	17,526,667	17,165,909	13,507,300	13,642,344	31,033,967	30,808,253
Expenses:						
General government	2,517,770	2,384,107	-	-	2,517,770	2,384,107
Public safety	5,300,648	5,277,461	-	-	5,300,648	5,277,461
Public works/Streets	2,642,246	3,312,763	-	-	2,642,246	3,312,763
Judicial	13,245	8,348	-	-	13,245	8,348
Culture and recreation	1,368,639	1,259,145	-	-	1,368,639	1,259,145
Community support	567,743	774,053	-	-	567,743	774,053
Interest on long-term debt	448,474	467,237	-	-	448,474	467,237
Water	-	-	1,621,247	1,422,969	1,621,247	1,422,969
Sewer	-	-	1,438,193	1,322,480	1,438,193	1,322,480
Electric	-	-	7,100,576	7,351,933	7,100,576	7,351,933
Sanitation	-	-	665,396	642,385	665,396	642,385
Total expenses	12,858,765	13,483,114	10,825,412	10,739,767	23,684,177	24,222,881
Increase (Decrease) in net position before transfers	4,667,902	3,682,795	2,681,888	2,902,577	7,349,790	6,585,372
Transfers	232,096	364,922	(232,096)	(364,922)	-	-
Change in net position	4,899,998	4,047,717	2,449,792	2,537,655	7,349,790	6,585,372
Net position, beginning	75,344,362	71,296,645	54,296,538	51,758,883	129,640,900	123,055,528
Net position, ending	\$ 80,244,360	\$ 75,344,362	\$ 56,746,330	\$ 54,296,538	\$ 136,990,690	\$ 129,640,900

The cost of all governmental activities this year was \$12.86 million, while the cost of all business-type activities totaled \$10.8 million, bringing the total expenses for the government to \$23.7 million. The cost of the governmental activities of \$12.86 million was financed by general and other revenues which are primarily made up of the sales tax collections and state shared revenues received by the City that total \$13.5 million. The balance was funded from revenues collected by the City for fees, charges and grant funds.

The business-type activities expenses were funded by the Enterprise Funds and the service fees charges for electric, water, sewer and sanitation services. The total revenue received for the business-type activities during the year was \$13.5 million, which is \$135,044 less than the prior year. This resulted in an increase of \$2.68 million before transfers of \$232,096.

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

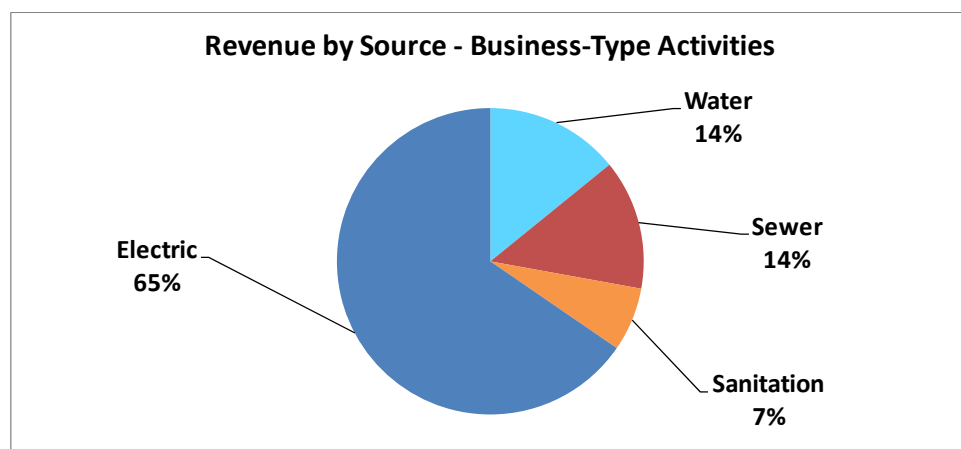
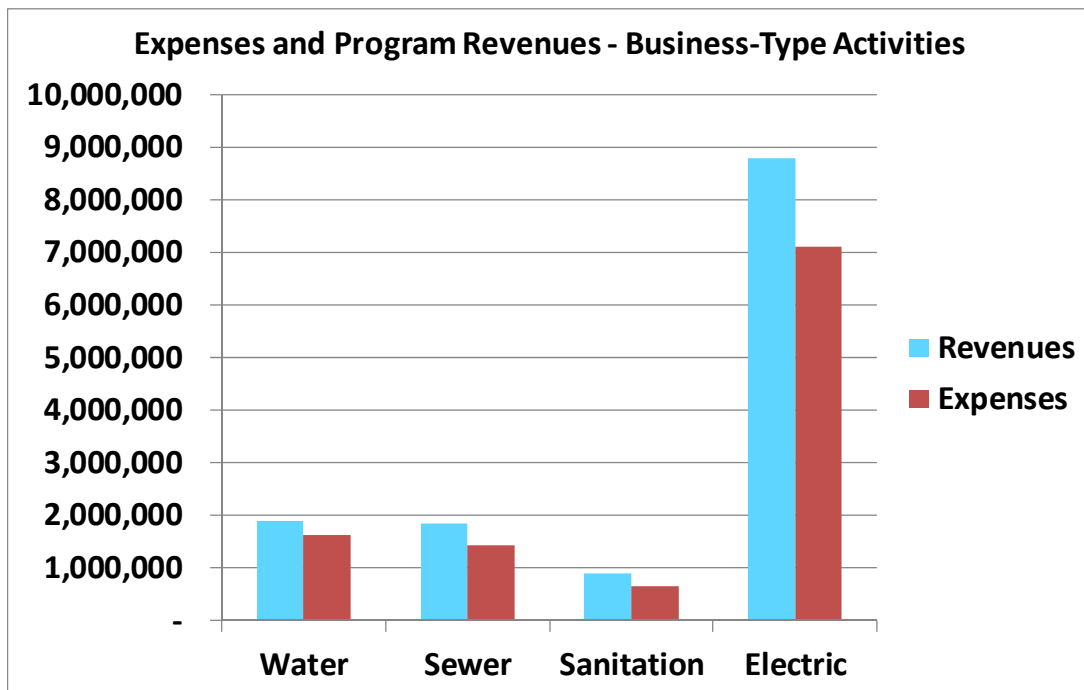


Business Type Activities

The net position of the Business Type activities at June 30, 2017 as reflected in the Statement of Net Position was \$56.75 million. The cost of providing all Proprietary (Business Type) activities this year was \$10.8 million. As shown in the statement of Changes in Net Position, the amounts paid by users of the system were \$13.5 million reflecting a \$135,044 decrease in revenue from the prior year. The Net Position increased by \$2.68 million.

In May 2012, the Mayor and Council passed Ordinance 588-12 which provided for the City Code Chapter 2, Article 8 to be amended and the creation of Page Utility Enterprises to manage the Water and Sewer Utilities as well as Electric, starting on July 1, 2012. Residential sanitation services are provided by Republic Services through a contract with the City of Page and billed through the Utility.

Fiscal year 2016-17 was another good year for the Electric Utility with continued stability in the power market. The relatively low cost of purchased power enabled the Utility to continue its aggressive modernization of the infrastructure. At the same time, Management has been able to continue with its ambitious five-year plan to modernize the infrastructure of both the Water and Sewer Utilities.



Financial Analysis of the Government's Funds

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

Governmental funds – The focus of the City of Page's governmental funds is to provide information on near-term inflows, outflows, and balances of spend-able resources. Such information is useful in assessing the City of Page's financing requirements. 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 \$22.5 million, an increase of \$5.2 million in comparison with the prior year. This growth reflects an addition of \$2.36 million in the Debt Service Fund over the prior year due to the continued transfer of tax revenue set aside for future payments on our Series 2011 Bond Debt balance; an added \$13.2 million in cash was received from sales tax revenue resulting in \$2.3 million more than was initially budgeted. In FY 2017; the remaining half a million dollar fund balance increases are set aside for the Highway User Fund and Capital Projects fund for future improvements that were not completed within the year as scheduled. Approximately 50% of this total amount or \$11.1 million constitutes unassigned fund balance, which is available for new spending at the government's discretion. The remainder of the fund balance is non-spendable, restricted or committed because it has already been committed 1) to pay debt service, 2) to pay for capital improvements or 3) for a variety of other restricted purposes.

The General Fund is the chief operating fund of the City of Page. At the end of the current fiscal year, total fund balance in the General Fund was \$11,148,425, most of which is unassigned. As a measure of liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Both unassigned fund balance and total fund balance represents 116% of total general fund expenditures, with General fund balance exceeding the expenditures for FY 2017.

The Highway User Revenue Fund has a total fund balance of \$2,497,683, all of which is restricted for road and street construction and improvements. The net increase in the fund balance during the current year was \$607,370 and will help in completing future road projects that are planned for the upcoming fiscal year.

The Capital Projects Fund balance increased by \$1,623,476 this fiscal year due to various capital projects seeing completion by the end of the fiscal year. One of the beginning investments took place at Horseshoe Bend as the City began its partnership with the National Park Service on the design for making the attraction safe and accessible to the public. The City worked on grading the parking lot and assisted with the installation of the vault toilets. The Magistrate Court building remodel was completed in a joint effort with Coconino County. The Golliard Park renovation currently displays new playground equipment, shade structures, new landscaping, walking paths, additional shade trees and new fencing for the dog park, with more improvements to follow. Working with Arizona Department of Transportation, the Public Works Streets Department saw the Elm Street Overlay Project to near completion by year's end. The Cemetery installed new curb and gutter for Blocks 7, 8 & 9. The Capital Projects Fund covers all of the major airport grants awarded by the federal and state government. The capital projects at the airport for this year focused on the completion of the Taxiway C Design and the Main Apron Rehabilitation Design. Various departments purchased or upgraded some operating equipment that was needed. The Fire Department added a Stryker Power Pro Gurney to their list of apparatus. The Police Department upgraded their body worn cameras and computer equipment was installed within their patrol vehicles to assist in their daily reporting needs. As a part of the City's vehicle replacement program, the City obtained two new vehicles one for the Police Department and the other for the Public Works Streets Department.

The Electric Fund showed an increase of \$1.739 million to its net position from last fiscal year. This increase is due to a direct decrease in power costs for the year.

The Water Fund experienced an increase of \$293,208 in net position for fiscal year 2017. This increase is due to an increase in service fees and interest earned on investments, along with a significant adjustment for pension expenses as they relate to the reporting for GASB 68.

The Sewer Fund showed an increase of \$317,886 in net position from last fiscal year due to an increase in service fees.

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 \$15,914,716. The amount budgeted for the year was \$13,517,196, showing the City bringing in excess revenue of \$2,397,520 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 \$9,581,202 were 89% of the budgeted expenditures of \$10,744,563.

The \$1,163,361 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 2017, net capital assets of the government activities totaled \$75.79 million and the net capital assets of the business-type activities totaled \$32.8 million. Depreciation on capital assets is recognized in the Government-Wide financial statement. (See note 6 of the financial statements).

Debt

At year-end, the City had \$10.4 million in governmental long-term debt outstanding, not including the net pension liability of \$8.95 million. The debt is a liability of the government and includes our two bonds and our capital lease obligations. After the restructure of the City's Series 1999 bond debt to what is now called the Series 2011 Bond. The current debt balance as of June 30, 2017 was \$8,520,000 on this restructure, while the City also continues to pay on the Airport bond debt, carrying a current principal balance owing as of \$759,190 at year end. The initial 1999 Series Bond was issued to cover the costs of constructing the public safety facility and the library, costs associated with closing the landfill, and costs associated with improvements made to the water and wastewater treatment plants. (See note 7 to the financial statements for detailed descriptions.)

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

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

Even though we all experience some economic challenges, the City still maintains that it has an important responsibility to its citizens to carefully account for public funds, to manage its finances wisely, and to plan for the adequate funding of services desired by the public, including the provision and maintenance of public facilities. In these times of major changes in federal and state policies toward local government and of limited growth in the City's tax base, the City needs to ensure that it is capable of adequately funding and providing

those government services desired by the community. Ultimately, the City's reputation and success will depend on the public's awareness and acceptability of the management and delivery of these services.

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

The City Council set guidelines for their Strategic Goals and Priorities for FY 2017 and are currently focusing on updating and developing the Strategic Goals and Priorities for the upcoming FY 2018 & FY 2019 budget year:

Community Development

Goal: Implement economic development processes that assist in the development of a strong local economy; protect neighborhoods from blighting and deteriorating conditions that have a negative impact on area property values; and encourage residents and business owner's efforts to maintain the physical environment through standards set in local ordinances.

Fiscal Stability:

Goal: Operate in a fiscally prudent manner, assuring the most efficient expenditure of public funds.

High Performing Organization:

Goal: To create an environment that supports engaged, high performing employees; enable the City to recruit, retain and compete for talent; and ensure retention of institutional knowledge.

Improving Infrastructure:

Goal: Maintain and improve critical City infrastructure, including streets, sidewalks, parks, trails and facilities to support economic growth and improve quality of life in Page.

Quality of Life:

Goal: Maximize resources that enhance the quality of life for our residents and visitors.

The City is committed to maintaining cash reserves for General Fund operations at \$3.5 million, per Res. 1078-12, with the hope of increasing that threshold over the next several years. This reserve must be obtained while maintaining the capital and ongoing operation needs of the community. The fiscal year 2017-2018 budget amount for the General Fund expenditures (including inter-fund transfers) is balanced with anticipated revenue of \$13,137,196. The adopted fiscal year 2017-2018 budget for the entire City of Page is \$31,390,650, which includes capital projects of \$3.2 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, 2017

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 23,794,903	\$ 23,401,662	\$ 47,196,565
Receivables (net of allowance)	1,119,639	1,525,183	2,644,822
Note receivable	-	-	-
Prepaid expenses	-	272,191	272,191
Inventories	-	1,554,745	1,554,745
Internal balances	(1,597,414)	1,597,414	-
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	107,822	866,806	974,628
Capital assets (net of accumulated depreciation)			
Land and improvements	45,203,585	133,245	45,336,830
Construction in progress	622,594	506,358	1,128,952
Buildings and improvements	7,874,732	8,937,436	16,812,168
Furniture, equipment and vehicles	1,178,456	3,472,274	4,650,730
Infrastructure	20,914,240	-	20,914,240
Distribution systems	-	19,758,428	19,758,428
Total assets	<u>99,218,557</u>	<u>62,025,742</u>	<u>161,244,299</u>
Deferred Outflows of Resources			
Deferred charge on refunding	236,173	-	236,173
Deferred outflows related to pensions	2,485,069	600,235	3,085,304
Total deferred outflows of resources	<u>2,721,242</u>	<u>600,235</u>	<u>3,321,477</u>
Liabilities			
Accounts payable and other current liabilities	886,524	1,028,985	1,915,509
Customer deposits	-	866,806	866,806
Interest payable	4,628	-	4,628
Unearned revenue	206	-	206
Noncurrent liabilities:			
Due within one year	1,380,721	261,033	1,641,754
Due in more than one year	17,988,916	3,278,413	21,267,329
Total liabilities	<u>20,260,995</u>	<u>5,435,237</u>	<u>25,696,232</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions	1,434,444	444,410	1,878,854
Total deferred inflows of resources	<u>1,434,444</u>	<u>444,410</u>	<u>1,878,854</u>
Net Position			
Net investment in capital assets	66,200,813	32,807,741	99,008,554
Restricted for:			
Debt service	5,170,665	-	5,170,665
Capital projects	2,038,827	-	2,038,827
Highways and streets	2,497,683	-	2,497,683
Perpetual care - expendable	303,466	-	303,466
Grants and other purposes	96,307	-	96,307
Unrestricted	3,936,599	23,938,589	27,875,188
Total net position	<u>\$ 80,244,360</u>	<u>\$ 56,746,330</u>	<u>\$ 136,990,690</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, 2017

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	\$ 2,517,770	\$ 140,530	\$ -	\$ -	\$ (2,377,240)	\$ -	\$ (2,377,240)
Public safety	5,300,648	1,197,174	9,569	2,076	(4,091,829)	-	(4,091,829)
Public works	2,642,246	716,320	875,808	176,355	(873,763)	-	(873,763)
Judicial	13,245	-	-	-	(13,245)	-	(13,245)
Culture and recreation	1,368,639	94,299	359,815	-	(914,525)	-	(914,525)
Community support	567,743	20,251	105,033	53,644	(388,815)	-	(388,815)
Interest on long-term debt	448,474	-	-	-	(448,474)	-	(448,474)
Total governmental activities	12,858,765	2,168,574	1,350,225	232,075	(9,107,891)	-	(9,107,891)
Business-type activities:							
Water	1,621,247	1,902,113	-	-	-	280,866	280,866
Sewer	1,438,193	1,845,445	-	-	-	407,252	407,252
Sanitation	665,396	902,969	-	-	-	237,573	237,573
Electric	7,100,576	8,798,034	-	-	-	1,697,458	1,697,458
Total business-type activities	10,825,412	13,448,561	-	-	-	2,623,149	2,623,149
Total primary government	\$ 23,684,177	\$ 15,617,135	\$ 1,350,225	\$ 232,075	(9,107,891)	2,623,149	(6,484,742)
General Revenues:							
Taxes:							
City sales tax					11,336,994	-	11,336,994
Franchise tax					237,920	-	237,920
State sales tax (unrestricted)					686,412	-	686,412
Auto lieu tax (unrestricted)					329,229	-	329,229
State revenue sharing (unrestricted)					916,348	-	916,348
Unrestricted investment earnings (losses)					136,796	58,739	195,535
Other general revenues					132,094	-	132,094
Transfers					232,096	(232,096)	-
Total general revenues & transfers					14,007,889	(173,357)	13,834,532
Change in net position					4,899,998	2,449,792	7,349,790
Net position - beginning					75,344,362	54,296,538	129,640,900
Net position - ending					\$ 80,244,360	\$ 56,746,330	\$ 136,990,690

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

CITY OF PAGE, ARIZONA
Balance Sheet
Governmental Funds
June 30, 2017

	<u>General</u>	<u>Highway User Fund</u>	<u>Debt Service Fund</u>
Assets			
Cash and cash equivalents	\$ 12,532,500	\$ 2,469,692	\$ 5,073,022
Other receivables	61,316	-	10,035
Due from other funds	15,917	-	11,669
Due from other governments	865,441	80,545	-
Restricted cash and cash equivalents	7,898	-	75,939
Total assets	<u>\$ 13,483,072</u>	<u>\$ 2,550,237</u>	<u>\$ 5,170,665</u>
Liabilities			
Accounts payable	\$ 548,302	\$ 52,554	\$ -
Accrued liabilities	152,811	-	-
Deposits payable	7,898	-	-
Due to other funds	1,625,430	-	-
Unearned revenue	206	-	-
Total liabilities	<u>2,334,647</u>	<u>52,554</u>	<u>-</u>
Fund Balances			
Restricted:			
Roads and highways	-	2,497,683	-
Capital outlay	-	-	-
Debt service	-	-	5,170,665
Perpetual care - expendable	-	-	-
Public safety - substance abuse funds	-	-	-
Community support	-	-	-
Committed:			
Public works	-	-	-
Judicial	-	-	-
Unassigned	11,148,425	-	-
Total fund balances	<u>11,148,425</u>	<u>2,497,683</u>	<u>5,170,665</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 13,483,072</u>	<u>\$ 2,550,237</u>	<u>\$ 5,170,665</u>

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

Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,055,895	\$ 1,663,794	\$ 23,794,903
53,644	29,630	154,625
-	430	28,016
6,821	12,205	965,012
-	23,985	107,822
<u>\$ 2,116,360</u>	<u>\$ 1,730,044</u>	<u>\$ 25,050,378</u>
\$ 77,533	\$ 22,202	\$ 700,591
-	1,239	154,050
-	23,985	31,883
-	-	1,625,430
-	-	206
<u>77,533</u>	<u>47,426</u>	<u>2,512,160</u>
-	-	2,497,683
2,038,827	-	2,038,827
-	-	5,170,665
-	303,466	303,466
-	19,428	19,428
-	76,879	76,879
-	1,235,454	1,235,454
-	47,391	47,391
-	-	11,148,425
<u>2,038,827</u>	<u>1,682,618</u>	<u>22,538,218</u>
<u>\$ 2,116,360</u>	<u>\$ 1,730,044</u>	<u>\$ 25,050,378</u>

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CITY OF PAGE, ARIZONA
Reconciliation of Total Governmental Fund Balances
To Net Position of Governmental Activities
June 30, 2017

Total governmental fund balances	\$	22,538,218
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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	\$	105,536,546	
Less: accumulated depreciation		<u>(29,742,938)</u>	
			75,793,608

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

Deferred outflows	\$	2,485,069	
Deferred inflows		<u>(1,434,444)</u>	
			1,050,625

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	\$	(8,520,000)	
Airport lease purchase		(759,190)	
Capital leases		(128,968)	
Compensated absences		(585,662)	
Net pension liability		(8,955,006)	
Bond premiums		(420,810)	
Deferred amount on refunding		<u>236,173</u>	
			(19,133,463)

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>(4,628)</u>
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Total net position of governmental activities	\$	<u><u>80,244,360</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, 2017

	General	Highway User Fund	Debt Service Fund
Revenues			
Taxes	\$ 11,574,914	\$ -	\$ -
Licenses, permits and fees	294,515	-	-
Intergovernmental revenue	2,293,539	849,664	-
Charges for services	1,080,955	-	-
Fines and forfeitures	252,557	-	-
Rental revenue	-	-	-
Investment earnings	105,217	11,014	20,535
Land sales	293,004	-	-
Other revenues	20,015	-	119,314
Total revenues	<u>15,914,716</u>	<u>860,678</u>	<u>139,849</u>
Expenditures			
Current:			
General government	2,490,846	-	2,250
Public safety	4,978,549	-	-
Public works	995,474	174,502	-
Judicial	-	-	-
Culture and recreation	1,026,040	-	-
Community support	90,293	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	959,329
Interest	-	-	427,201
Total expenditures	<u>9,581,202</u>	<u>174,502</u>	<u>1,388,780</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,333,514</u>	<u>686,176</u>	<u>(1,248,931)</u>
Other Financing Sources (Uses)			
Transfers in	26,326	-	3,613,332
Transfers out	(5,351,261)	(78,806)	-
Debt proceeds	-	-	-
Total other financing sources and uses	<u>(5,324,935)</u>	<u>(78,806)</u>	<u>3,613,332</u>
Net change in fund balances	1,008,579	607,370	2,364,401
Fund balances, beginning of year	<u>10,139,846</u>	<u>1,890,313</u>	<u>2,806,264</u>
Fund balances, end of year	<u>\$ 11,148,425</u>	<u>\$ 2,497,683</u>	<u>\$ 5,170,665</u>

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

Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 11,574,914
-	-	294,515
225,002	114,244	3,482,449
-	64,412	1,145,367
-	-	252,557
-	368,224	368,224
-	-	136,766
-	-	293,004
-	128,146	267,475
<u>225,002</u>	<u>675,026</u>	<u>17,815,271</u>
-	-	2,493,096
-	3,176	4,981,725
-	184,594	1,354,570
-	13,216	13,216
-	9,210	1,035,250
-	419,323	509,616
1,107,036	-	1,107,036
-	-	959,329
1,364	-	428,565
<u>1,108,400</u>	<u>629,519</u>	<u>12,882,403</u>
<u>(883,398)</u>	<u>45,507</u>	<u>4,932,868</u>
2,444,428	344,814	6,428,900
-	(766,737)	(6,196,804)
62,446	-	62,446
<u>2,506,874</u>	<u>(421,923)</u>	<u>294,542</u>
1,623,476	(376,416)	5,227,410
415,351	2,059,034	17,310,808
<u>\$ 2,038,827</u>	<u>\$ 1,682,618</u>	<u>\$ 22,538,218</u>

CITY OF PAGE, ARIZONA
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To The Statement of Activities
For the Year Ended June 30, 2017

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

Net change in fund balances - total governmental funds	\$ 5,227,410
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	\$ 1,171,699
Depreciation expense	<u>(2,143,292)</u>
	(971,593)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, donations, and disposals) is a decrease in net position.	(2,818)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount of land sales sold on installment in the current year net of current year payments.	(288,600)
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.	
Debt proceeds	(62,446)
Principal paid	1,040,885
Amortization of deferred amount on refunding	(71,749)
Amortization of bond premiums	49,027
Interest expense that is accrued and reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.	2,813
Pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the net pension liability is measured a year before the City's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.	
Pension contributions	\$ 936,267
Pension expense	<u>(1,022,230)</u>
	(85,963)
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.	63,032
Change in net position of governmental activities	<u><u>\$ 4,899,998</u></u>

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

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CITY OF PAGE, ARIZONA
Statement of Net Position
Proprietary Funds
June 30, 2017

	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 3,833,918	\$ 2,366,819	\$ 16,656,921
Receivables, net of allowance	223,671	202,427	1,010,515
Due from other funds	-	-	1,625,000
Inventories	191,092	145,207	1,218,446
Prepaid expenses	34,389	20,410	217,392
Total current assets	<u>4,283,070</u>	<u>2,734,863</u>	<u>20,728,274</u>
Noncurrent assets:			
Restricted cash	109,870	-	756,936
Capital assets:			
Land	-	-	133,245
Construction-in-progress	-	114,600	391,758
Buildings and improvements	2,589,896	4,525,333	10,495,424
Machinery, equipment, vehicles	1,783,756	2,092,381	5,379,740
Distribution system	18,018,938	10,858,492	27,619,195
Less accumulated depreciation	<u>(14,069,287)</u>	<u>(13,052,159)</u>	<u>(24,073,571)</u>
Total noncurrent assets	<u>8,433,173</u>	<u>4,538,647</u>	<u>20,702,727</u>
Total assets	<u>12,716,243</u>	<u>7,273,510</u>	<u>41,431,001</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions	<u>120,496</u>	<u>90,939</u>	<u>388,800</u>
Liabilities			
Current liabilities:			
Accounts payable	115,836	94,807	650,320
Accrued liabilities	23,698	22,401	65,694
Customer deposits	109,870	-	756,936
Due to other funds	-	-	15,917
Current portion of long-term liabilities	<u>61,186</u>	<u>24,759</u>	<u>175,088</u>
Total current liabilities	<u>310,590</u>	<u>141,967</u>	<u>1,663,955</u>
Noncurrent liabilities:			
Compensated absences	32,946	13,332	94,278
Net pension liability	<u>629,919</u>	<u>475,404</u>	<u>2,032,534</u>
Total noncurrent liabilities	<u>662,865</u>	<u>488,736</u>	<u>2,126,812</u>
Total liabilities	<u>973,455</u>	<u>630,703</u>	<u>3,790,767</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions	<u>89,214</u>	<u>67,331</u>	<u>287,865</u>
Net Position			
Net investment in capital assets	8,323,303	4,538,647	19,945,791
Unrestricted	<u>3,450,767</u>	<u>2,127,768</u>	<u>17,795,378</u>
Total net position	<u>\$ 11,774,070</u>	<u>\$ 6,666,415</u>	<u>\$ 37,741,169</u>

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

Sanitation (non-major)	Total
\$ 544,004	\$ 23,401,662
88,570	1,525,183
-	1,625,000
-	1,554,745
-	272,191
<u>632,574</u>	<u>28,378,781</u>
-	866,806
-	133,245
-	506,358
-	17,610,653
-	9,255,877
-	56,496,625
-	(51,195,017)
<u>-</u>	<u>33,674,547</u>
<u>632,574</u>	<u>62,053,328</u>
-	600,235
56,229	917,192
-	111,793
-	866,806
11,669	27,586
-	261,033
<u>67,898</u>	<u>2,184,410</u>
-	140,556
<u>-</u>	<u>3,137,857</u>
<u>-</u>	<u>3,278,413</u>
<u>67,898</u>	<u>5,462,823</u>
-	444,410
-	32,807,741
<u>564,676</u>	<u>23,938,589</u>
<u>\$ 564,676</u>	<u>\$ 56,746,330</u>

CITY OF PAGE, ARIZONA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>
Operating revenues			
Service fees	\$ 1,893,503	\$ 1,845,445	\$ 8,791,034
Other revenues	8,610	-	7,000
Total operating revenues	<u>1,902,113</u>	<u>1,845,445</u>	<u>8,798,034</u>
Operating expenses			
Salaries and wages	311,090	345,551	1,006,092
Employee benefits	189,536	92,709	286,135
Insurance	37,753	29,157	74,480
Service, supplies and other	494,423	510,138	167,252
Power costs	-	-	3,864,231
Contract services	2,300	2,300	79,069
Depreciation	586,145	458,338	1,312,285
Total operating expenses	<u>1,621,247</u>	<u>1,438,193</u>	<u>6,789,544</u>
Operating income	<u>280,866</u>	<u>407,252</u>	<u>2,008,490</u>
Nonoperating revenues (expenses)			
Interest income	12,342	3,796	42,105
Gain (loss) on disposal of capital assets	-	-	(311,032)
Total nonoperating revenues (expenses)	<u>12,342</u>	<u>3,796</u>	<u>(268,927)</u>
Income (loss) before transfers	293,208	411,048	1,739,563
Transfers to other funds	-	(93,162)	-
Change in net position	293,208	317,886	1,739,563
Total net position, beginning of year	<u>11,480,862</u>	<u>6,348,529</u>	<u>36,001,606</u>
Total net position, end of year	<u><u>\$ 11,774,070</u></u>	<u><u>\$ 6,666,415</u></u>	<u><u>\$ 37,741,169</u></u>

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

Sanitation (non-major)	Total
\$ 902,969	\$ 13,432,951
-	15,610
902,969	13,448,561
-	1,662,733
-	568,380
-	141,390
2,002	1,173,815
-	3,864,231
663,394	747,063
-	2,356,768
665,396	10,514,380
237,573	2,934,181
496	58,739
-	(311,032)
496	(252,293)
238,069	2,681,888
(138,934)	(232,096)
99,135	2,449,792
465,541	54,296,538
\$ 564,676	\$ 56,746,330

CITY OF PAGE, ARIZONA
Statement of Cash Flows
Proprietary Fund Types
For the Year Ended June 30, 2017

	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>
Cash Flows From Operating Activities			
Cash received from customers, service fees	\$ 1,916,376	\$ 1,813,870	\$ 8,751,070
Cash received from other operating revenues	8,610	-	7,000
Cash paid to suppliers	(561,792)	(468,530)	(5,175,356)
Cash paid to employees	(457,565)	(482,665)	(1,353,254)
Net cash flows from operating activities	<u>905,629</u>	<u>862,675</u>	<u>2,229,460</u>
Cash Flows From Noncapital Activities:			
Transfers (to) / from other funds	-	(93,162)	-
Payments (to) from other funds	-	(24,831)	525
Net cash flows from noncapital activities	<u>-</u>	<u>(117,993)</u>	<u>525</u>
Cash Flows From Capital and Related Financing Activities:			
Purchase of capital assets	(522,634)	(227,372)	(2,502,290)
Proceeds from sale of capital assets	-	-	675
Capital related outlays	-	-	(873,672)
Net cash flows from capital and related financing activities:	<u>(522,634)</u>	<u>(227,372)</u>	<u>(3,375,287)</u>
Cash Flows From Investing Activities:			
Interest on investments	12,342	3,796	42,105
Net cash flows from investing activities	<u>12,342</u>	<u>3,796</u>	<u>42,105</u>
Net change in cash and cash equivalents	<u>395,337</u>	<u>521,106</u>	<u>(1,103,197)</u>
Cash and cash equivalents, beginning of year, including temporarily restricted cash	<u>3,548,451</u>	<u>1,845,713</u>	<u>18,517,054</u>
Cash and cash equivalents, end of year, including temporarily restricted cash	<u><u>\$ 3,943,788</u></u>	<u><u>\$ 2,366,819</u></u>	<u><u>\$ 17,413,857</u></u>
Reconciliation of operating income to net cash provided by operating activities:			
Net operating income	\$ 280,866	\$ 407,252	\$ 2,008,490
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation/amortization	586,145	458,338	1,312,285
Pension expense	92,636	(9,843)	53,570
Employer pension contributions	(41,862)	(31,593)	(135,074)
Changes in operating assets and liabilities:			
(Increase) Decrease in receivables	22,873	(31,575)	(39,964)
(Increase) Decrease in prepaid expenses	(3,008)	-	(9,869)
(Increase) Decrease in inventories	(5,072)	20,950	(183,863)
Increase (Decrease) in accounts payable	(17,070)	57,934	(792,514)
Increase (Decrease) in compensated absences	(7,713)	(2,969)	20,477
Increase (Decrease) in accrued liabilities	(2,166)	(5,819)	(4,078)
Net cash flows from operating activities	<u><u>\$ 905,629</u></u>	<u><u>\$ 862,675</u></u>	<u><u>\$ 2,229,460</u></u>

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

Sanitation (non-major)	Total
\$ 898,716	\$ 13,380,032
-	15,610
(661,221)	(6,866,899)
-	(2,293,484)
<u>237,495</u>	<u>4,235,259</u>
(138,934)	(232,096)
<u>(1,995)</u>	<u>(26,301)</u>
<u>(140,929)</u>	<u>(258,397)</u>
-	(3,252,296)
-	675
<u>-</u>	<u>(873,672)</u>
<u>-</u>	<u>(4,125,293)</u>
496	58,739
<u>496</u>	<u>58,739</u>
<u>97,062</u>	<u>(89,692)</u>
<u>446,942</u>	<u>24,358,160</u>
<u>\$ 544,004</u>	<u>\$ 24,268,468</u>
\$ 237,573	\$ 2,934,181
-	2,356,768
-	136,363
-	(208,529)
(4,253)	(52,919)
-	(12,877)
-	(167,985)
4,175	(747,475)
-	9,795
-	(12,063)
<u>\$ 237,495</u>	<u>\$ 4,235,259</u>

CITY OF PAGE, ARIZONA
Statement of Net Position
Fiduciary Funds
June 30, 2017

	Volunteer Firefighters' Pension
Assets	
Current assets:	
Cash and cash equivalents	\$ 534,381
Total assets	<u>534,381</u>
Liabilities	
Current liabilities:	
Accounts payable	<u>200</u>
Total liabilities	<u>200</u>
Net position	
Restricted for pensions	<u><u>\$ 534,181</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, 2017

	<u>Volunteer Firefighters' Pension</u>
Additions	
Contributions	
Employer	\$ 1,239
Employee	3,064
State fire insurance premium	20,190
Other	<u>2,305</u>
Total contributions	<u>26,798</u>
Investment income	
Net appreciation (depreciation) in fair value of investments	72,643
Interest	<u>19,781</u>
Net investment income	<u>92,424</u>
Total additions	<u>119,222</u>
Deductions	
Benefits	57,853
Administration	<u>4,385</u>
Total deductions	<u>62,238</u>
Net increase (decrease)	56,984
Net position held in trust for pension benefits	
Beginning of year	<u>477,197</u>
End of year	<u><u>\$ 534,181</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, 2017

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
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

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

CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

Note 1. Summary of Significant Accounting Policies, Continued

Additionally, the City reports the following fund types:

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

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

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

Measurement focus and basis of accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual.

CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

Note 1. Summary of Significant Accounting Policies, Continued

accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

Cash and cash equivalents

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

Investments

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

Receivables and Payables

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

CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

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 acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

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

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. The first item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is the pension related items reported on the government-wide and proprietary fund financial statements. See footnote 9 for more information.

CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

Note 1. Summary of Significant Accounting Policies, Continued

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. The first type arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from the land sale note receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second type is pension related items reported on the government-wide and proprietary fund financial statements. See footnote 9 for more information.

Pensions

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

Net position flow assumption

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

Fund balance flow assumptions

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

CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

Note 1. Summary of Significant Accounting Policies, Continued

Fund balance policies

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

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

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

Revenues and expenditures/expenses

Program revenues

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

Property taxes

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

CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

Note 1. Summary of Significant Accounting Policies, Continued

Compensated absences

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

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

Proprietary funds operating and nonoperating revenues and expenses

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

Tax Abatements

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

Use of estimates

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

CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

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

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

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

Note 3. Stewardship, Compliance, and Accountability

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

Budgets and Budgetary Accounting

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

1. In accordance with Arizona Revised Statutes, the City Manager submits a proposed budget for the fiscal year commencing the following July 1 to the City Council. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to the third Monday in July, the expenditure limitation for the City is legally enacted through passage of a resolution. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the State each year. This report, issued under a separate cover, reconciles total City expenditures from the audited financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).
4. State law requires that, prior to April 1, the Economic Estimates Commission provides the City with a final expenditure limit for the coming fiscal year.

CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

Note 3. Stewardship, Compliance, and Accountability, Continued

5. Expenditures may not legally exceed the expenditure limitation of all fund types as a whole. For management purposes, the City adopts a budget by department for the General Fund and in total by fund for other funds. The City Council has adopted a budget transfer policy and all amendments must be done in accordance with this policy.
6. The City has adopted budgets in accordance with A.R.S. requirements and utilizes the budgets as a management control device during the year for the General, Special Revenue, Debt Service and Enterprise funds. The budgets are prepared on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

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

There were no supplementary budgetary appropriations made during the year ended June 30, 2017.

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, 2017, if any.

Highway User Revenue Funds

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

CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

Note 4. Deposits and Investments

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

Cash and cash equivalents	\$ 47,196,565
Restricted cash and cash equivalents	974,628
Fiduciary Fund cash and cash equivalents	<u>534,381</u>
Total	<u><u>\$ 48,705,574</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, 2017, none of the City's bank balance of \$22,637,116 was exposed to custodial credit risk. All deposits were either covered by FDIC insurance or collateralized with securities held by the pledging financial institution's trust department or agent.

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CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

Note 4. Deposits and Investments, Continued

Investments

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

The LGIP is not registered with the SEC as an investment company. The State Board of Investments provides oversight for the State Treasurer's investment pools. Deposits in the LGIP are not insured or otherwise guaranteed by the State of Arizona, and participants share proportionally in any realized gain or losses on investments.

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

As of June 30, 2017 the City had the following deposits and investments:

	Fair Value	Quality Rating	Weighted Average Maturity (2)
Deposits:			
Cash on hand	\$ 200	N/A	N/A
Cash in bank	21,922,755	N/A	N/A
Investments:			
State Treasurer's Investment Pool	26,159,055	(1)	54.75 days
Mutual Funds	527,489	N/A	N/A
Certificates of deposit	96,075	N/A	N/A
Total cash and investments	<u>\$ 48,705,574</u>		

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

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

Interest rate risk

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

CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

Note 4. Deposits and Investments, Continued

Credit risk

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

Fair value measurements

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

The state treasurer's investment pool, mutual funds, and certificates of deposit, as listed above, are valued using quoted market prices (Level 1 inputs).

Note 5. Restricted Assets

Restricted assets at June 30, 2017 consisted of the following cash reserves:

<u>Restricted Cash</u>	
Magistrate Bond Deposits	\$ 1,483
Refundable Deposits	6,415
Cash Restricted for Debt Service	75,939
Airport - Refundable Deposits	23,985
Water Fund - Customer Deposits	109,870
Electric Fund - Customer Deposits	<u>756,936</u>
Total Restricted Cash	<u><u>\$ 974,628</u></u>

CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

Note 6. Capital Assets

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

Governmental Activities:	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets, not being depreciated				
Land	\$ 45,206,556	\$ -	\$ (2,971)	\$ 45,203,585
Construction in progress	848,813	855,527	(1,081,745)	622,594
Total capital assets, not being depreciated	46,055,369	855,527	(1,084,716)	45,826,179
Capital assets, being depreciated				
Buildings and improvements	17,677,818	-	(128,793)	17,549,025
Furniture, equipment, and vehicles	9,653,405	300,333	(2,722,549)	7,231,189
Infrastructure	33,905,190	1,097,585	(72,623)	34,930,153
Total capital assets being depreciated	61,236,413	1,397,918	(2,923,965)	59,710,367
Less accumulated depreciation for:				
Buildings and improvements	(9,372,965)	(430,121)	128,793	(9,674,293)
Furniture, equipment, and vehicles	(8,417,501)	(354,837)	2,719,605	(6,052,733)
Infrastructure	(12,733,296)	(1,358,334)	75,718	(14,015,912)
Total accumulated depreciation	(30,523,762)	(2,143,292)	2,924,116	(29,742,938)
Total capital assets, being depreciated, net	30,712,651	(745,374)	151	29,967,429
Governmental activities capital assets, net	<u>\$ 76,768,020</u>	<u>\$ 110,153</u>	<u>\$ (1,084,565)</u>	<u>\$ 75,793,608</u>

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

Governmental Activities:	
General government	\$ 165,397
Public safety	305,106
Public works	1,284,685
Culture and recreation	331,103
Community support	57,001
Total depreciation expense - governmental activities	<u>\$ 2,143,292</u>

CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

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, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets, not being depreciated				
Land	\$ 133,245	\$ -	\$ -	\$ 133,245
Construction in progress	818,687	506,358	(818,687)	506,358
Total capital assets, not being depreciated	951,932	506,358	(818,687)	639,603
Capital assets, being depreciated				
Buildings and improvements	16,551,770	1,058,883	-	17,610,653
Furniture, equipment, and vehicles	9,040,525	273,329	(57,976)	9,255,878
Electric distribution system	28,532,542	1,749,208	(2,662,555)	27,619,195
Water distribution system	17,559,064	459,874	-	18,018,938
Sewer distribution system	10,835,160	23,332	-	10,858,492
Total capital assets being depreciated	82,519,061	3,564,626	(2,720,531)	83,363,156
Less accumulated depreciation for:				
Buildings and improvements	(8,293,880)	(379,337)	-	(8,673,217)
Furniture, equipment, and vehicles	(5,355,829)	(485,750)	57,976	(5,783,603)
Electric distribution system	(18,546,889)	(735,878)	2,364,428	(16,918,339)
Water distribution system	(10,199,220)	(503,169)	-	(10,702,389)
Sewer distribution system	(8,864,835)	(252,634)	-	(9,117,469)
Total accumulated depreciation	(51,260,653)	(2,356,768)	2,422,404	(51,195,017)
Total capital assets, being depreciated, net	31,258,408	1,207,858	(298,127)	32,168,139
Total capital assets, net	<u>\$ 32,210,340</u>	<u>\$ 1,714,216</u>	<u>\$ (1,116,814)</u>	<u>\$ 32,807,742</u>
Business-Type Activities:				
Water		\$ 586,145		
Sewer		458,338		
Electric		1,312,285		
Total depreciation expense business-type activities		<u>\$ 2,356,768</u>		

CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

Note 7. Long-Term Liabilities

The following is a summary of changes in long-term obligations for the year ended June 30, 2017:

Governmental activities:	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017	Current Portion
General Obligation:					
Airport Lease Purchase, Series 2004	\$ 943,520	\$ -	\$ (184,330)	\$ 759,190	\$ 187,072
Capital Lease Obligations	148,078	62,446	(81,556)	128,968	12,969
Total General Obligation	1,091,598	62,446	(265,885)	888,158	200,040
Revenue Obligation:					
Pledged Revenue Refunding Bonds, Series 2011	9,295,000	-	(775,000)	8,520,000	800,000
Bond Premiums	469,837	-	(49,027)	420,810	-
Total Revenue Obligation	9,764,837	-	(824,027)	8,940,810	800,000
Accrued compensated absences	648,694	165,799	(228,831)	585,662	380,680
Net pension liabilities	8,296,689	658,317	-	8,955,006	-
Total Governmental Activity Long-term Liabilities	<u>\$ 19,801,818</u>	<u>\$ 886,562</u>	<u>\$ (1,318,743)</u>	<u>\$ 19,369,637</u>	<u>\$ 1,380,721</u>
Business-type activities:					
Accrued compensated absences	\$ 391,795	\$ 104,185	\$ (94,391)	\$ 401,589	\$ 261,033
Net pension liabilities	3,135,006	2,851	-	3,137,857	-
Total Business-type Activity Long-term Liabilities	3,526,801	107,036	(94,391)	3,539,446	261,033
Total Long-Term Liabilities	<u>\$ 23,328,619</u>	<u>\$ 993,598</u>	<u>\$ (1,413,134)</u>	<u>\$ 22,909,083</u>	<u>\$ 1,641,754</u>

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

CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

Note 7. Long-Term Liabilities, Continued

The following is a listing of bonds outstanding as of June 30, 2017:

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. \$ 759,190

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.

	8,520,000
Total bonds payable	\$ 9,279,190

Debt service requirements for bonds payable are as follows:

Governmental Activities		
Fiscal Period		
Ending		
30-Jun	Principal	Interest
2018	\$ 987,072	\$ 401,884
2019	1,014,879	375,076
2020	1,047,729	341,289
2021	1,079,511	310,307
2022	930,000	257,500
2023-2026	4,220,000	540,500
Total	\$ 9,279,190	\$ 2,226,558

The City issued \$11,730,000 Pledged Revenue Refunding Bonds, Series 2011 that were placed in an escrow account to cover all future debt service payments of the \$12,300,000 Excise Tax Revenue Bonds, Series 1999A. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$645,740. This amount is being amortized over the old debt's life, which is shorter than the refunded debt..

CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

Note 7. Long-Term Liabilities, Continued

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

Fiscal Year Ending June 30,	Governmental Activities
2018	\$ 91,343
2019	13,496
2020	13,496
2021	13,496
2022	-
Total remaining lease payments	131,831
Less: amounts representing interest	(2,863)
remaining minimum lease payments	<u>\$ 128,968</u>

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

	Governmental Activities
Furniture, Equipment, and Vehicles	\$ 1,831,034
Less: Accumulated Depreciation	(1,776,022)
Total	<u>\$ 55,012</u>

CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

Note 8. Interfund Receivables, Payables and Transfers

As of June 30, 2017, interfund receivables and payables that resulted from various interfund transactions were as follows:

Due To:	Due From:			
	General Fund	Sanitation Fund	Electric Fund	Total
General	\$ -	\$ -	\$ 15,917	\$ 15,917
Capital Project Fund	-	-	-	-
Debt Service Fund	-	11,669	-	11,669
Non-Major Governmental Funds	430	-	-	430
Electric	1,625,000	-	-	1,625,000
Total	<u>\$ 1,625,430</u>	<u>\$ 11,669</u>	<u>\$ 15,917</u>	<u>\$ 1,653,016</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, 2017 are as follows:

Transfers Out:	Transfers In:				
	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
General Fund	\$ -	\$ 3,186,677	\$ 1,819,770	\$ 344,814	\$ 5,351,261
Highway User Fund	-	-	78,806	-	78,806
Sewer Fund	-	93,162	-	-	93,162
Sanitation Fund	-	138,934	-	-	138,934
Non-Major Governmental	26,326	194,559	545,852	-	766,737
Total Transfers Out	<u>\$ 26,326</u>	<u>\$ 3,613,332</u>	<u>\$ 2,444,428</u>	<u>\$ 344,814</u>	<u>\$ 6,428,900</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
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

Note 9. Retirement and Pension Plans

The City contributes to the Arizona State Retirements System and Public Safety Personnel Retirement System plans described below. The plans are component units of the State of Arizona. At June 30, 2017, the City reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of Net Position and Statement of Activities	ASRS	PSPRS	Combined Total	Governmental Activities Total	Business-Type Activities Total
Net pension liability	\$ 7,931,690	\$ 4,161,172	\$ 12,092,862	\$ 8,955,006	\$ 3,137,856
Deferred outflows of resources	1,517,239	1,568,064	3,085,303	2,485,068	600,235
Deferred inflows of resources	1,123,353	755,500	1,878,853	1,434,443	444,410
Pension expense	416,954	566,878	983,832	839,176	144,656

The City reported \$839,176 of pension expenditures in the governmental funds related to all pension plans to which it contributes.

Arizona State Retirement System (ASRS)

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

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

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

* With actuarially reduced benefits.

CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

Note 9. Retirement and Pension Plans, Continued

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

Contributions – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2017, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.48 percent (11.34 percent for retirement and 0.14 percent for long-term disability) of the members' annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of 11.48 percent (10.78 percent for retirement, 0.56 percent for health insurance premium benefit, and 0.14 percent for long-term disability) of the active members' annual covered payroll.

In addition, the City was required by statute to contribute at the actuarially determined rate of 9.47 percent (9.17 percent for retirement, 0.21 percent for health insurance premium benefit, and 0.09 percent for long-term disability) of annual covered payroll of retired members who worked for the City in positions that would typically be filled by an employee who contributes to the ASRS.

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

Year Ended June 30,	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
2015	\$ 504,798	\$ 27,349	\$ 5,563
2016	478,367	22,045	5,291
2017	527,108	27,382	6,846

Pension liability – At June 30, 2017, the City reported a liability of \$7,931,690 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2015, to the measurement date of June 30, 2016. The City's proportion of the net pension liability was based on the City's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The total pension liability as of June 30, 2016, reflects a change in actuarial assumption for a decrease in loads for future potential permanent benefit increases.

The City's proportion of the net pension liability was based on the City's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The City's proportion measured as of June 30, 2016, was 0.049140 percent, which was a decrease of 0.001400 percent from its proportion measured as of June 30, 2015.

CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

Note 9. Retirement and Pension Plans, Continued

Pension expense and deferred outflows/inflows of resources – For the year ended June 30, 2017, the City recognized pension expense for ASRS of \$416,954. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 48,200	\$ 545,642
Net difference between projected and actual earnings on pension plan investments	859,531	-
Changes in proportion and differences between contributions and proportional share of contributions	82,400	158,061
Contributions subsequent to the measurement date	527,108	-
Total	<u>\$ 1,517,239</u>	<u>\$ 1,123,353</u>

The \$527,108 reported as deferred outflows of resources related to ASRS pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year Ended June 30	Deferred Outflows (Inflows) of Resources
2018	\$ (374,839)
2019	(335,246)
2020	335,853
2021	241,010
2022	-
Thereafter	-

CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

Note 9. Retirement and Pension Plans, Continued

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

Actuarial valuation date	June 30, 2015
Actuarial roll forward date	June 30, 2016
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3-6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.75 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Expected Return Arithmetic Basis			
Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity	58%	6.73%	3.90%
Fixed income	25%	3.70%	0.93%
Multi-asset	5%	3.41%	0.17%
Commodities	2%	3.84%	0.08%
Real Estate	10%	4.25%	0.42%
Totals	100%		5.50%
		Inflation	3.25%
		Expected arithmetic nominal return	8.75%

CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

Note 9. Retirement and Pension Plans, Continued

Discount Rate – The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
Proportionate share of			
Net pension (asset) / liability	\$ 10,113,507	\$ 7,931,690	\$ 6,182,349

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

Public Safety Personnel Retirement System (PSPRS)

Plan description – The City contributes to the Public Safety Personnel Retirement System (PSPRS), an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan that covers public safety personnel who are regularly assigned hazardous duty in the employ of the State of Arizona or a political subdivision thereof. The PSPRS, acting as a common investment administrative agent, is governed by a five-member board, known as the Fund Manager, and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for PSPRS. The reports are available on the PSPRS website at www.psprs.com.

CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

Note 9. Retirement and Pension Plans, Continued

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

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

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earnings. In addition the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effects on the plan. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

Note 9. Retirement and Pension Plans, Continued

Employees covered by benefit terms – At June 30, 2017, the following employees were covered by the agent pension plans' benefit terms:

	<u>PSPRS Police</u>	<u>PSPRS Fire</u>
Inactive employees or beneficiaries currently receiving benefits	9	2
Inactive employees entitled to but not yet receiving benefits	2	9
Active employees	16	16
Total	<u>27</u>	<u>27</u>

Contributions and annual OPEB cost – State Statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2017, active PSPRS members were required by statute to contribute 11.65 percent of their annual covered salary to the PSPRS and the City was required to contribute 33.55 percent for police and 15.04 percent for fire, the remaining amounts necessary to fund the PSPRS, as determined by the actuarial basis specified by statute. The health insurance premium portion of the contribution rate was actuarially set at 0.00 percent for police and 0.31 percent for fire.

In addition, the City was required by statute to contribute at the actuarially determined rate of 8 percent of annual covered payroll of retired members who worked for the City in positions that would typically be filled by an employee who contributes to the PSPRS.

For the agent plans, the City's contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended June 30, 2017, were:

Pension	<u>PSPRS Police</u>	<u>PSPRS Fire</u>
Contributions made	\$ 290,159	\$ 119,000
 Health Insurance Premium Benefit		
Annual OPEB cost	\$ -	\$ 2,889
Contributions made	-	2,889

Pension liability – At June 30, 2017, the City reported a net pension liability of \$4,161,172. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liabilities as of June 30, 2016, reflect the following changes of benefit terms and actuarial assumptions.

- In May 2016 voters approved Proposition 124 that authorized certain statutory adjustments to PSPRS, automatic cost-of-living adjustments. The statutory adjustments changed the basis for cost-of-living adjustments from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent.
- Laws 2016, Chapter 2, changed the benefit formula and contribution requirements for members hired on or after July 1, 2017.

CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

Note 9. Retirement and Pension Plans, Continued

- The investment rate of return actuarial assumption was decreased from 7.85 percent to 7.50 percent for PSPRS.

The net pension liabilities measured as of June 30, 2017, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The change in the City's net pension liability as a result of these changes is not known.

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

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal
Discount rate	7.50%
Projected salary increases	4.0% to 8.0%
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table (adjusted by 105% for both males and females)

Actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.50 using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Arithmetic Rate of Return</u>
Short term investments	2.00%	0.75%
Absolute return	5.00%	4.11%
Risk parity	4.00%	5.13%
Fixed income	7.00%	2.92%
Real assets	8.00%	4.77%
GTAA	10.00%	4.38%
Private equity	11.00%	9.50%
Real estate	10.00%	4.48%
Credit opportunities	13.00%	7.08%
Non-U.S. equity	14.00%	8.25%
U.S. equity	16.00%	6.23%
Total	100.00%	

CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

Note 9. Retirement and Pension Plans, Continued

Discount Rate –At June 30, 2016, the discount rate used to measure the PSPRS total pension liability was 7.50 percent, which was a decrease of 0.35 from the discount rate used as of June 30, 2015. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	PSPRS Police			PSPRS Fire		
	Total Pension Liability	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total Pension Liability	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
	(a)			(a)		
Balances at June 30, 2016	\$ 6,327,216	\$ 3,311,806	\$ 3,015,410	\$ 2,260,242	\$ 1,715,641	\$ 544,601
Changes for the year:						
Service cost	175,947	-	175,947	163,277	-	163,277
Interest on total pension liability	482,260	-	482,260	177,931	-	177,931
Changes of benefit terms*	(15,644)	-	(15,644)	61,000	-	61,000
Difference between expected and actual experience in the measurement of the pension liability	32,693	-	32,693	(159,489)	-	(159,489)
Changes of assumptions**	261,084	-	261,084	104,754	-	104,754
Contributions - employer	-	336,612	(336,612)	-	121,210	(121,210)
Contributions - employee	-	107,532	(107,532)	-	102,410	(102,410)
Net investment income	-	18,774	(18,774)	-	10,162	(10,162)
Benefit payments, including refunds of employee contributions	(543,491)	(543,491)	-	(150,490)	(150,490)	-
Other changes	-	6,527	(6,527)	-	(20,575)	20,575
Net changes	392,849	(74,046)	466,895	196,983	62,717	134,266
Balances at June 30, 2017	\$ 6,720,065	\$ 3,237,760	\$ 3,482,305	\$ 2,457,225	\$ 1,778,358	\$ 678,867

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

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

CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

Note 9. Retirement and Pension Plans, Continued

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate –

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
PSPRS Police			
Net pension (asset) / liability	\$ 4,356,154	\$ 3,482,305	\$ 2,761,387
PSPRS Fire			
Net pension (asset) / liability	1,048,290	678,867	377,907

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

Pension expense and deferred outflows/inflows of resources – For the year ended June 30, 2017, the City recognized pension expense for PSPRS of \$566,878. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Police		Fire	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 26,905	\$ 438,834	\$ -	\$ 316,666
Changes in assumptions	580,895	-	241,569	-
Net difference between projected and actual earnings on pension plan investments	199,306	-	110,230	-
Contributions subsequent to the measurement date	290,159	-	119,000	-
Total	<u>\$ 1,097,265</u>	<u>\$ 438,834</u>	<u>\$ 470,799</u>	<u>\$ 316,666</u>

The \$409,159 reported as deferred outflows of resources related to PSPRS pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PSPRS pensions will be recognized in pension expense as follows:

CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

Note 9. Retirement and Pension Plans, Continued

Year Ending June 30	Deferred Outflows (Inflows) of Resources	
	PSPRS Police	PSPRS Fire
2018	\$ 98,329	\$ 12,747
2019	98,328	12,745
2020	71,665	28,610
2021	66,228	15,044
2022	33,722	(10,271)
Thereafter	-	(23,742)

Agent plan OPEB actuarial assumptions – The health insurance premium benefit contribution requirements for the year ended June 30, 2017, were established by the June 30, 2015, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the reported amounts' value and assumptions about the probability of events in the future. Amounts determined regarding the plans' funded status and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress for the health insurance premium benefit presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on (1) the plan as the City and plans' members understand them and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the City and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for all PSPRS plans and related benefits (unless noted), and the following actuarial methods and assumptions were used to establish the fiscal year 2017 contribution requirements:

Actuarial valuation date	June 30, 2015
Actuarial cost method	Individual Entry Age Normal
Amortization Method	Level Percentage of Pay, Closed
Remaining Amortization Period	21 years for unfunded liabilities; 20 years for excess
Asset valuation method	7-Year smoothed market; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4.0%-8.0%
Wage growth	4.0%

CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

Note 9. Retirement and Pension Plans, Continued

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

Plan	Year Ended June 30,	Annual Pension/ OPEB Cost	Percentage of Annual Cost Contributed	Net Pension/ OPEB Obligation
PSPRS Police	2015	\$ 11,213	100%	\$ -
	2016	-	100%	-
	2017	-	100%	-
PSPRS Fire	2015	\$ 5,930	100%	\$ -
	2016	2,732	100%	-
	2017	2,889	100%	-

Agent plan OPEB funded status – The health insurance premium benefit plans' funded status as of the most recent valuation date, June 30, 2016, along with the actuarial assumptions and methods used in those valuations follow.

	PSPRS Police	PSPRS Fire
Actuarial accrued liability (AAL)	\$ 52,765	\$ 59,024
Actuarial value of plan assets	408,127	62,590
Unfunded actuarial accrued liability (UAAL)	\$ (355,362)	\$ (3,566)
Funded ratio (actuarial value of plan assets/AAL)	773.48%	106.04%
Covered payroll (active plan members)	\$ 947,481	\$ 907,097
UAAL as a percentage of covered payroll	0.00%	0.00%

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

Actuarial valuation date	June 30, 2016
Actuarial cost method	Individual Entry Age Normal
Amortization Method	Level Percentage of Pay, Closed
Remaining Amortization Period	20 years for unfunded liabilities; 20 years for excess
Asset valuation method	7-Year smoothed market; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	4.0%-8.0%
Wage growth	4.0%

CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

Note 9. Retirement and Pension Plans, Continued

Firefighters' Relief and Pension Fund

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

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

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

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

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

The State of Arizona is required by statute to contribute a portion of the annual tax received on fire insurance premiums. During the fiscal year ended June 30, 2017, the State's contribution was \$20,190.

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CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

Note 10. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City's current risk management, property and liability insurance is obtained through Willis of Arizona. The limit for claims general liability is \$2,000,000 per occurrence on a claims made basis. The City's Worker's Compensation program is through SCF Western for approximately 115 members. The City has had comparable insurance coverage for the past 48 years, and has had no claims exceeding this insurance coverage.

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

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

Note 11. Contingent Liabilities and Commitments

The City is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of City management, based on the advice of the City Attorney with respect to such litigation, such matters will not have a material adverse effect on the City's financial position at June 30, 2017.

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>
Elm Street Rehabilitation (LP Blvd to Grandview)	\$ 804,297	\$ 58,431
Public Works Building	394,000	1,800
TE - LP BLVD Sidewalk	746,319	44,506
Project 9401-16/Horseshoe Bend	2,500,000	110,488
IGA Justice/Municipal Court Addition	237,977	100,000
NW Taxiway C Rehabilitate Apron	1,033,134	104,066
Playground - Golliard	375,000	122,481
John C. Page Memorial Park	2,700,000	80,822
	<u>\$ 8,790,727</u>	<u>\$ 622,594</u>

CITY OF PAGE, ARIZONA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

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 \$482,278 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, 2017. The remaining estimated cost of post-closure care is \$482,278. This amount is based on an estimated annual post-closure cost estimate of \$36,543 multiplied by an annual inflation factor of 1.01521% and the number of years remaining or 13. The figure is based on what it would cost to perform all post-closure care in 2017. 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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PAGE, ARIZONA
Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
Last Three Fiscal Years

Arizona State Retirement Systems	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)	Reporting Fiscal Year (Measurement Date) 2015 (2014)
Proportion of the net pension liability (asset)	0.049140%	0.050540%	0.049360%
Proportionate share of the net pension liability (asset)	\$ 7,931,690	\$ 7,871,684	\$ 7,303,554
Covered payroll	\$ 4,927,345	\$ 4,832,709	\$ 4,635,081
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	160.97%	162.88%	157.57%
Plan fiduciary net position as a percentage of the total pension liability	67.06%	68.35%	69.49%

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

CITY OF PAGE, ARIZONA
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Three Fiscal Years

Public Safety Personnel Retirement System	PSPRS Police Reporting Fiscal Year (Measurement Date) 2017 (2016)	PSPRS Fire Reporting Fiscal Year (Measurement Date) 2017 (2016)	PSPRS Police Reporting Fiscal Year (Measurement Date) 2016 (2015)	PSPRS Fire Reporting Fiscal Year (Measurement Date) 2016 (2015)	PSPRS Police Reporting Fiscal Year (Measurement Date) 2015 (2014)	PSPRS Fire Reporting Fiscal Year (Measurement Date) 2015 (2014)
Total pension liability						
Service cost	\$ 175,947	\$ 163,277	\$ 178,540	\$ 160,587	\$ 220,361	\$ 144,197
Interest on total pension liability	482,260	177,931	502,665	163,937	440,921	146,905
Changes of benefit terms	(15,644)	61,000	-	-	173,519	44,094
Difference between expected and actual experience of the total net pension liability	32,693	(159,489)	(409,785)	(24,495)	(421,490)	(223,231)
Changes of assumptions	261,084	104,754	-	-	858,808	212,265
Benefit payments, including refunds of employee contributions	(543,491)	(150,490)	(516,607)	(95,733)	(412,722)	(135,179)
Net change in total pension liability	392,849	196,983	(245,187)	204,296	859,397	189,051
Total pension liability - beginning	6,327,216	2,260,242	6,572,403	2,055,946	5,713,006	1,866,895
Total pension liability - ending (a)	<u>\$ 6,720,065</u>	<u>\$ 2,457,225</u>	<u>\$ 6,327,216</u>	<u>\$ 2,260,242</u>	<u>\$ 6,572,403</u>	<u>\$ 2,055,946</u>
Plan fiduciary net position						
Contributions - employer	\$ 336,612	\$ 121,210	\$ 201,140	\$ 107,714	\$ 212,639	\$ 121,193
Contributions - employee	107,532	102,410	125,347	99,301	110,427	88,424
Net investment income	18,774	10,162	123,864	58,052	463,191	193,970
Benefit payments, including refunds of employee contributions	(543,491)	(150,490)	(516,607)	(95,733)	(412,722)	(135,179)
Other (net transfer)	6,527	(20,575)	(199,585)	(2,962)	(254,896)	(204,154)
Net change in plan fiduciary net position	(74,046)	62,717	(265,841)	166,372	118,639	64,254
Plan fiduciary net position - beg	3,311,806	1,715,641	3,577,647	1,549,269	3,459,008	1,485,015
Plan fiduciary net position - end (b)	<u>\$ 3,237,760</u>	<u>\$ 1,778,358</u>	<u>\$ 3,311,806</u>	<u>\$ 1,715,641</u>	<u>\$ 3,577,647</u>	<u>\$ 1,549,269</u>
Net pension liability - ending (a) - (b)	<u>\$ 3,482,305</u>	<u>\$ 678,867</u>	<u>\$ 3,015,410</u>	<u>\$ 544,601</u>	<u>\$ 2,994,756</u>	<u>\$ 506,677</u>
Plan fiduciary net position as a percentage of the total pension liability	48.18%	72.37%	52.34%	75.91%	54.43%	75.36%
Covered payroll	\$ 947,481	\$ 907,097	\$ 858,148	\$ 861,668	\$ 908,313	\$ 902,241
Net pension liability as a percentage of covered payroll	367.53%	74.84%	351.39%	63.20%	329.71%	56.16%

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

See accompanying notes to pension plan schedules.

CITY OF PAGE, ARIZONA
Required Supplementary Information
Schedule of Contributions
Last Three Fiscal Years

Arizona State Retirement System	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)	Reporting Fiscal Year (Measurement Date) 2015 (2014)
Contractually required contribution	\$ 499,192	\$ 506,890	\$ 476,089
Contributions in relation to the contractually required contribution	(499,192)	(506,890)	(476,089)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,927,345	\$ 4,832,709	\$ 4,635,081
Contributions as a percentage of covered payroll	10.13%	10.49%	10.27%

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

Public Safety Personnel Retirement System	PSPRS Police Reporting Fiscal Year (Measurement Date) 2017 (2016)	PSPRS Fire Reporting Fiscal Year (Measurement Date) 2017 (2016)	PSPRS Police Reporting Fiscal Year (Measurement Date) 2016 (2015)	PSPRS Fire Reporting Fiscal Year (Measurement Date) 2016 (2015)	PSPRS Police Reporting Fiscal Year (Measurement Date) 2015 (2014)	PSPRS Fire Reporting Fiscal Year (Measurement Date) 2015 (2014)
Actuarially determined contribution	\$ 336,612	\$ 121,210	\$ 201,140	\$ 107,714	\$ 212,639	\$ 121,193
Contributions in relation to the actuarially determined contribution	(336,612)	(121,210)	(201,140)	(107,714)	(212,639)	(121,193)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 947,481	\$ 907,097	\$ 858,148	\$ 861,668	\$ 908,313	\$ 902,241
Contributions as a percentage of covered-employee payroll	35.53%	13.36%	23.44%	12.50%	23.41%	13.43%

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

CITY OF PAGE, ARIZONA
Required Supplementary Information
Notes to Pension Plan Schedules
June 30, 2017

Note 1. Actuarially Determined Contribution Rates

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

Actuarial cost method	Individual Entry Age Normal
Amortization method	Level Percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period as of the 2015 actuarial valuation	21 years for unfunded actuarial liabilities; 20 years for excess
Asset valuation method	7-Year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	In the 2013 actuarial valuation, the investment rate of return was decreased from 8% to 7.85%
Projected salary increases	In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%-8.5% to 4.0%-8.0%. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5%.
Wage growth	In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0%. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	RP-2000 mortality table (adjusted by 105% for both males and females)

NOTE 2. Factors that Affect Trends

In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law that changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, the PSPRS, changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases. These changes are included in the PSPRS changes in total pension liability for fiscal year 2015 (measurement date 2014) in the schedule of changes in the City's net pension liability and related ratios. These changes also increased the PSPRS required contributions beginning in fiscal year 2016 in the schedule of City pension contributions.

CITY OF PAGE, ARIZONA
Required Supplementary Information
Schedule of Agent OPEB Plans' Funding Progress
June 30, 2017

Health Insurance Premium Benefit

		(a)	(b)	(b) - (a)	(a)/(b)	(c)	Unfunded AAL As a Percentage of Covered Payroll [(b)-(a)] / (c)
	Valuation Date June 30,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	
PSPRS Police	2014	\$ 357,304	\$ 81,118	\$ (276,186)	440.47%	\$ 908,313	0.00%
	2015	382,581	51,378	(331,203)	744.64%	858,148	0.00%
	2016	408,127	52,765	(355,362)	773.48%	947,481	0.00%
	2017	**	**	**	**	**	**
PSPRS Fire	2014	49,997	48,273	(1,724)	103.57%	902,243	0.00%
	2015	57,403	54,408	(2,995)	105.50%	861,668	0.00%
	2016	62,590	59,024	(3,566)	106.04%	907,097	0.00%
	2017	**	**	**	**	**	**

**2017 information is not available.

NOTE 1. Factors that Affect the Identification of Trends

None significant factors noted.

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REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

FOR THE FOLLOWING MAJOR FUNDS:

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

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

Basis of Budgeting:

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

CITY OF PAGE, ARIZONA
GENERAL FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Taxes:				
City sales tax	\$ 9,000,000	\$ 9,000,000	\$ 11,336,994	\$ 2,336,994
Franchise taxes	272,000	272,000	237,920	(34,080)
Total Taxes	9,272,000	9,272,000	11,574,914	2,302,914
Licenses, Permits and Fees:				
Plat fees	1,000	1,000	470	(530)
Site plan review fees	3,000	3,000	2,750	(250)
Dog licenses	1,000	1,000	552	(448)
Business registration fees	2,000	2,000	1,700	(300)
Building permits	100,000	100,000	183,495	83,495
Other	76,250	76,250	105,548	29,298
Total Licenses, Permits and Fees	183,250	183,250	294,515	111,265
Intergovernmental:				
State revenue sharing	916,805	916,805	916,348	(457)
Auto lieu taxes	332,868	332,868	329,229	(3,639)
State sales taxes	705,353	705,353	686,412	(18,941)
County library district	348,000	348,000	348,000	-
Other	16,420	16,420	13,550	(2,870)
Total Intergovernmental	2,319,446	2,319,446	2,293,539	(25,907)
Charges for Services:				
Recreation	56,000	56,000	62,684	6,684
Rescue services	752,000	752,000	836,047	84,047
Library services	25,000	25,000	30,942	5,942
Public safety	47,500	47,500	37,756	(9,744)
Rents	62,500	62,500	80,710	18,210
Other	52,000	52,000	32,816	(19,184)
Total Charges for Services	995,000	995,000	1,080,955	85,955
Fines and Forfeitures:				
Fines & forfeitures	275,000	275,000	252,557	(22,443)
Total Fines and Forfeitures	275,000	275,000	252,557	(22,443)
Interest	30,772	30,772	105,217	74,445
Other Revenues:				
Land sales	406,728	406,728	293,004	(113,724)
Miscellaneous	35,000	35,000	20,015	(14,985)
Total Other Revenues	441,728	441,728	313,019	(128,709)
TOTAL REVENUES	13,517,196	13,517,196	15,914,716	2,397,520

(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, 2017

EXPENDITURES:	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
General Government:				
City Council	84,117	84,117	73,015	11,102
City Administration	230,091	230,091	219,795	10,296
City Clerk	183,373	183,373	131,783	51,590
City Attorney	193,923	193,923	181,691	12,232
Finance	366,837	366,837	366,620	217
Human Resources	572,922	572,922	536,654	36,268
General Services	1,026,740	1,026,740	666,887	359,853
Information Technology	329,824	329,824	314,401	15,423
Total General Government	<u>2,987,827</u>	<u>2,987,827</u>	<u>2,490,846</u>	<u>496,981</u>
Public Safety:				
Administration	278,422	278,422	278,422	-
Patrol	1,787,514	1,789,314	1,694,491	94,823
Communications	454,985	453,185	419,255	33,930
Investigations	409,245	409,245	406,616	2,629
Fire	1,815,079	1,815,079	1,722,419	92,660
Magistrate	368,087	368,087	332,872	35,215
Building and Safety	163,242	163,242	124,474	38,768
Total Public Safety	<u>5,276,574</u>	<u>5,276,574</u>	<u>4,978,549</u>	<u>298,025</u>
Public Works				
Administration	509,581	509,581	359,463	150,118
Planning and Zoning	153,224	153,224	132,337	20,887
Central Garage	320,159	320,159	262,994	57,165
Buildings & Grounds	265,890	265,890	240,680	25,210
Total Public Works	<u>1,248,854</u>	<u>1,248,854</u>	<u>995,474</u>	<u>253,380</u>
Culture and Recreation:				
Library	474,741	474,741	435,631	39,110
Parks Maintenance	399,369	429,369	375,405	53,964
Recreation	201,601	201,601	180,676	20,925
Golf Course	34,329	34,329	34,328	1
Total Culture and Recreation	<u>1,110,040</u>	<u>1,140,040</u>	<u>1,026,040</u>	<u>114,000</u>
				(continued)

CITY OF PAGE, ARIZONA
GENERAL FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Continued)
For the Year Ended June 30, 2017

	Original	Final	Actual	Positive (Negative)
Community Support				
Community Center	91,268	91,268	90,293	975
	<u>91,268</u>	<u>91,268</u>	<u>90,293</u>	<u>975</u>
TOTAL EXPENDITURES	<u>10,714,563</u>	<u>10,744,563</u>	<u>9,581,202</u>	<u>1,163,361</u>
Excess of Revenues Over (Under)				
Expenditures	<u>2,802,633</u>	<u>2,772,633</u>	<u>6,333,514</u>	<u>3,560,881</u>
Other Financing Sources (Uses):				
Transfers in	25,000	25,000	26,326	1,326
Transfers out	<u>(5,571,808)</u>	<u>(5,571,808)</u>	<u>(5,351,261)</u>	<u>220,547</u>
Total Other Financing Sources (Uses)	<u>(5,546,808)</u>	<u>(5,546,808)</u>	<u>(5,324,935)</u>	<u>221,873</u>
Net change in fund balance	(2,744,175)	(2,774,175)	1,008,579	3,782,754
Fund balance, beginning of year	<u>10,139,846</u>	<u>10,139,846</u>	<u>10,139,846</u>	<u>-</u>
Fund balance, end of year	<u>\$ 7,395,671</u>	<u>\$ 7,365,671</u>	<u>\$ 11,148,425</u>	<u>\$ 3,782,754</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, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Revenues				
Intergovernmental Revenue:				
Highway user revenue	\$ 794,682	\$ 794,682	\$ 849,664	\$ 54,982
Investment earnings	2,000	2,000	11,014	9,014
Other revenues	-	-	-	-
Total revenues	796,682	796,682	860,678	63,996
Expenditures				
Streets and Highways				
Current:				
Service, supplies and other	205,400	205,400	174,502	30,898
Total expenditures	205,400	205,400	174,502	30,898
Excess of revenues over (under) expenditures	591,282	591,282	686,176	94,894
Other financing sources (uses)				
Transfers to other funds	(842,000)	(842,000)	(78,806)	763,194
Total other financing sources (uses)	(842,000)	(842,000)	(78,806)	763,194
Net change in fund balance	(250,718)	(250,718)	607,370	858,088
Fund balance, beginning of year	1,890,313	1,890,313	1,890,313	-
Fund balance, end of year	\$ 1,639,595	\$ 1,639,595	\$ 2,497,683	\$ 858,088

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SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
FOR THE FOLLOWING MAJOR FUNDS:

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

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

CITY OF PAGE, ARIZONA
DEBT SERVICE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Investment earnings	\$ 4,500	\$ 20,535	\$ 16,035
Other revenue	112,000	119,314	7,314
Total revenues	116,500	139,849	23,349
Expenditures			
General government	2,250	2,250	-
Debt service:			
Principal	959,383	959,329	54
Interest	427,201	427,201	-
Total expenditures	1,388,834	1,388,780	54
Excess of revenues over (under) expenditures	(1,272,334)	(1,248,931)	23,403
Other financing sources (uses)			
Transfers in	3,723,333	3,613,332	(110,001)
Total other financing sources (uses)	3,723,333	3,613,332	(110,001)
Net change in fund balances	2,450,999	2,364,401	(86,598)
Fund balance, beginning of year	2,806,264	2,806,264	-
Fund balance, end of year	\$ 5,257,263	\$ 5,170,665	\$ (86,598)

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, 2017

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental revenue	\$ 341,000	\$ 225,002	\$ (115,998)
Total revenues	341,000	225,002	(115,998)
Expenditures			
Capital outlay	3,208,689	1,107,036	2,101,653
Debt service	1,480	1,364	116
Total expenditures	3,210,169	1,108,400	2,101,769
Excess of revenues over (under) expenditures	(2,869,169)	(883,398)	1,985,771
Other Financing Sources (Uses)			
Transfer in	3,123,169	2,444,428	(678,741)
Lease proceeds	-	62,446	62,446
Total other financing sources (uses)	3,123,169	2,506,874	(616,295)
Net change in fund balances	254,000	1,623,476	1,369,476
Fund balance, beginning of year	415,351	415,351	-
Fund balance, end of year	\$ 669,351	\$ 2,038,827	\$ 1,369,476

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

Special Revenue Funds

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

- The **Substance Abuse Fund** is used to account for the activity of the City's substance abuse grant.
- The **Miscellaneous Grants Fund** is used to account for grants received by the City which are restricted for specific purposes.
- The **Miscellaneous Donations Fund** is used to account for donations received by the City which are restricted for specific purposes.
- The **Community Development - Tourism Fund** is used to account for activities associated with the City's tourism and promotion.
- The **Airport Fund** is used to account for activities related to the operation of the City's airport.
- The **Judicial Collection Enhancement Fund** is used to account for activities associated with the Magistrate Court.
- The **Perpetual Care Fund** is used to account for resources held by the City for the perpetual care of the cemetery.

CITY OF PAGE, ARIZONA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue			
	Substance Abuse	Miscellaneous Grants	Miscellaneous Donations	Community Development- Tourism
Assets				
Cash and cash equivalents	\$ 19,554	\$ 32,926	\$ 43,700	\$ -
Receivables:				
Other	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	4,231	-	-
Restricted cash and cash equivalents	-	-	-	-
Total assets	<u>\$ 19,554</u>	<u>\$ 37,157</u>	<u>\$ 43,700</u>	<u>\$ -</u>
Liabilities				
Accounts payable	\$ 126	\$ 1,593	\$ 2,385	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Deposits payable	-	-	-	-
Total liabilities	<u>126</u>	<u>1,593</u>	<u>2,385</u>	<u>-</u>
Fund Balances				
Restricted for:				
Perpetual care	-	-	-	-
Public safety	19,428	-	-	-
Community support	-	35,564	41,315	-
Committed for:				
Public works - airport	-	-	-	-
Judicial	-	-	-	-
Community support	-	-	-	-
Total fund balances	<u>19,428</u>	<u>35,564</u>	<u>41,315</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 19,554</u>	<u>\$ 37,157</u>	<u>\$ 43,700</u>	<u>\$ -</u>

<u>Airport</u>	<u>Judicial Collection Enhancement</u>	<u>Perpetual Care</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 1,217,501	\$ 46,961	\$ 303,152	\$ 1,663,794
27,079	-	2,551	29,630
-	430	-	430
7,974	-	-	12,205
23,985	-	-	23,985
<u>\$ 1,276,539</u>	<u>\$ 47,391</u>	<u>\$ 305,703</u>	<u>\$ 1,730,044</u>
\$ 15,861	\$ -	\$ 2,237	\$ 22,202
1,239	-	-	1,239
-	-	-	-
23,985	-	-	23,985
<u>41,085</u>	<u>-</u>	<u>2,237</u>	<u>47,426</u>
-	-	303,466	303,466
-	-	-	19,428
-	-	-	76,879
1,235,454	-	-	1,235,454
-	47,391	-	47,391
-	-	-	-
<u>1,235,454</u>	<u>47,391</u>	<u>303,466</u>	<u>1,682,618</u>
<u>\$ 1,276,539</u>	<u>\$ 47,391</u>	<u>\$ 305,703</u>	<u>\$ 1,730,044</u>

CITY OF PAGE, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue			
	Substance Abuse	Miscellaneous Grants	Miscellaneous Donations	Community Development- Tourism
Revenues				
Intergovernmental revenue	\$ 3,237	\$ 106,255	\$ -	\$ -
Charges for services	-	-	-	-
Rental revenue	-	-	-	-
Other revenues	-	-	6,461	-
	<u>3,237</u>	<u>106,255</u>	<u>6,461</u>	<u>-</u>
Total revenues	<u>3,237</u>	<u>106,255</u>	<u>6,461</u>	<u>-</u>
Expenditures				
Current:				
Public safety	3,176	-	-	-
Public works	-	6,922	-	-
Judicial	-	-	-	-
Culture and recreation	-	4,895	4,315	-
Community support	-	79,951	12,556	320,699
	<u>3,176</u>	<u>91,768</u>	<u>16,871</u>	<u>320,699</u>
Total expenditures	<u>3,176</u>	<u>91,768</u>	<u>16,871</u>	<u>320,699</u>
Excess (deficiency) of revenues over (under) expenditures	<u>61</u>	<u>14,487</u>	<u>(10,410)</u>	<u>(320,699)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	344,814
Transfers out	-	(26,326)	-	(526,029)
	<u>-</u>	<u>(26,326)</u>	<u>-</u>	<u>(181,215)</u>
Total other financing sources and uses	<u>-</u>	<u>(26,326)</u>	<u>-</u>	<u>(181,215)</u>
Net change in fund balances	61	(11,839)	(10,410)	(501,914)
Fund balances, beginning of year	<u>19,367</u>	<u>47,403</u>	<u>51,725</u>	<u>501,914</u>
Fund balances, end of year	<u>\$ 19,428</u>	<u>\$ 35,564</u>	<u>\$ 41,315</u>	<u>\$ -</u>

Airport	Judicial Collection Enhancement	Perpetual Care	Total Nonmajor Governmental Funds
\$ -	\$ 4,752	\$ -	\$ 114,244
44,872	-	19,540	64,412
368,224	-	-	368,224
102,507	30	19,148	128,146
<u>515,603</u>	<u>4,782</u>	<u>38,688</u>	<u>675,026</u>
-	-	-	3,176
177,672	-	-	184,594
-	13,216	-	13,216
-	-	-	9,210
-	-	6,117	419,323
<u>177,672</u>	<u>13,216</u>	<u>6,117</u>	<u>629,519</u>
<u>337,931</u>	<u>(8,434)</u>	<u>32,571</u>	<u>45,507</u>
-	-	-	344,814
(198,542)	-	(15,840)	(766,737)
<u>(198,542)</u>	<u>-</u>	<u>(15,840)</u>	<u>(421,923)</u>
139,389	(8,434)	16,731	(376,416)
<u>1,096,065</u>	<u>55,825</u>	<u>286,735</u>	<u>2,059,034</u>
<u>\$ 1,235,454</u>	<u>\$ 47,391</u>	<u>\$ 303,466</u>	<u>\$ 1,682,618</u>

CITY OF PAGE, ARIZONA
SUBSTANCE ABUSE
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Substance abuse revenue	<u>\$ 7,000</u>	<u>\$ 3,237</u>	<u>\$ (3,763)</u>
Expenditures			
Public safety:			
Substance abuse expenditures	<u>9,344</u>	<u>3,176</u>	<u>6,168</u>
Excess of revenue over(under) expenditures	(2,344)	61	2,405
Fund balance, beginning of year	<u>19,367</u>	<u>19,367</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 17,023</u></u>	<u><u>\$ 19,428</u></u>	<u><u>\$ 2,405</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, 2017

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental revenue	\$ 526,965	\$ 106,255	\$ (420,710)
Total revenues	526,965	106,255	(420,710)
Expenditures			
Public safety	276,100	-	276,100
Public works	59,000	6,922	52,078
Culture and recreation	98,000	4,895	93,105
Community support	92,535	79,951	12,584
Total expenditures	525,635	91,768	433,867
Excess of revenues over (under) expenditures	1,330	14,487	13,157
Other financing sources (uses)			
Transfers:			
Transfers in	13,500	-	(13,500)
Transfers out	(26,330)	(26,326)	4
Total other financing sources (uses)	(12,830)	(26,326)	(13,496)
Net change in fund balance	(11,500)	(11,839)	(339)
Fund balance, beginning of year	47,403	47,403	-
Fund balance, end of year	\$ 35,903	\$ 35,564	\$ (339)

CITY OF PAGE, ARIZONA
MISCELLANEOUS DONATIONS
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Other revenues	<u>\$ 23,300</u>	<u>\$ 6,461</u>	<u>\$ (16,839)</u>
Total revenues	<u>23,300</u>	<u>6,461</u>	<u>(16,839)</u>
Expenditures			
Culture and recreation	15,000	4,315	10,685
Community support	<u>44,700</u>	<u>12,556</u>	<u>32,144</u>
Total expenditures	<u>59,700</u>	<u>16,871</u>	<u>42,829</u>
Excess of revenues over (under) expenditures	(36,400)	(10,410)	25,990
Fund balance, beginning of year	<u>51,725</u>	<u>51,725</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 15,325</u></u>	<u><u>\$ 41,315</u></u>	<u><u>\$ 25,990</u></u>

CITY OF PAGE, ARIZONA
COMMUNITY DEVELOPMENT - TOURISM
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Other revenues	\$ -	\$ -	\$ -
Total revenues	-	-	-
Expenditures			
Community support	583,777	320,699	263,078
Total expenditures	583,777	320,699	263,078
Excess of revenues over (under) expenditures	(583,777)	(320,699)	263,078
Other financing sources (uses)			
Transfers in	550,000	344,814	(205,186)
Transfers out	(412,538)	(526,029)	(113,491)
Total other financing sources (uses)	137,462	(181,215)	(318,677)
Net change in fund balance	(446,315)	(501,914)	(55,599)
Fund balance, beginning of year	501,914	501,914	-
Fund balance, end of year	<u>\$ 55,599</u>	<u>\$ -</u>	<u>\$ (55,599)</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, 2017**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Charges for services	\$ 43,000	\$ 44,872	\$ 1,872
Rents and royalties	373,000	368,224	(4,776)
Miscellaneous	105,300	102,507	(2,793)
	<u>521,300</u>	<u>515,603</u>	<u>(5,697)</u>
Expenditures			
Public works	189,348	177,672	11,676
	<u>189,348</u>	<u>177,672</u>	<u>11,676</u>
Excess of revenues over (under) expenditures	<u>331,952</u>	<u>337,931</u>	<u>5,979</u>
Other Financing Sources (uses)			
Transfers out	(213,566)	(198,542)	15,024
	<u>(213,566)</u>	<u>(198,542)</u>	<u>15,024</u>
Net change in fund balance	118,386	139,389	21,003
Fund balance, beginning of year	<u>1,096,065</u>	<u>1,096,065</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,214,451</u></u>	<u><u>\$ 1,235,454</u></u>	<u><u>\$ 21,003</u></u>

CITY OF PAGE, ARIZONA
JUDICIAL COLLECTION ENHANCEMENT
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental revenue	\$ 7,000	\$ 4,752	\$ (2,248)
Other revenues	<u>35</u>	<u>30</u>	<u>(5)</u>
Total revenues	<u>7,035</u>	<u>4,782</u>	<u>(2,253)</u>
Expenditures			
Public safety:			
Magistrate	<u>30,000</u>	<u>13,216</u>	<u>16,784</u>
Total expenditures	<u>30,000</u>	<u>13,216</u>	<u>16,784</u>
Excess of revenues over (under) expenditures	(22,965)	(8,434)	14,531
Fund balance, beginning of year	<u>55,825</u>	<u>55,825</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 32,860</u></u>	<u><u>\$ 47,391</u></u>	<u><u>\$ 14,531</u></u>

CITY OF PAGE, ARIZONA
PERPETUAL CARE
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Charges for services	\$ 15,000	\$ 19,540	\$ 4,540
Other revenues	<u>15,000</u>	<u>19,148</u>	<u>4,148</u>
Total revenues	<u>30,000</u>	<u>38,688</u>	<u>8,688</u>
Expenditures			
Current:			
Community support	<u>11,300</u>	<u>6,117</u>	<u>5,183</u>
Total expenditures	<u>11,300</u>	<u>6,117</u>	<u>5,183</u>
Excess of revenues over (under) expenditures	<u>18,700</u>	<u>32,571</u>	<u>13,871</u>
Other financing sources (uses)			
Transfers out	<u>(28,000)</u>	<u>(15,840)</u>	<u>12,160</u>
Total other financing sources (uses)	<u>(28,000)</u>	<u>(15,840)</u>	<u>12,160</u>
Net change in fund balances	(9,300)	16,731	26,031
Fund balance, beginning of year	<u>286,735</u>	<u>286,735</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 277,435</u></u>	<u><u>\$ 303,466</u></u>	<u><u>\$ 26,031</u></u>

STATISTICAL SECTION

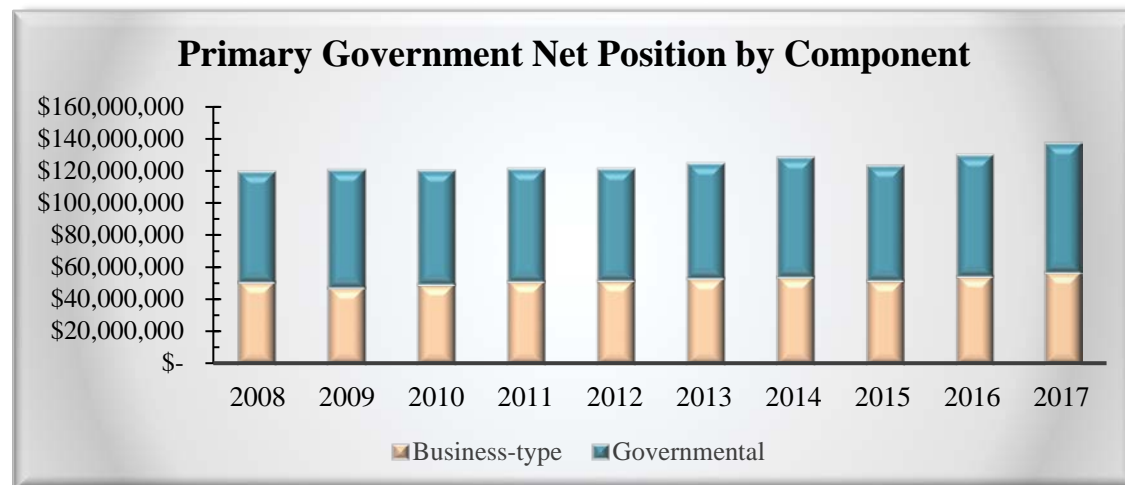
This part of the City of Page's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends	99
<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	107
<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	109
<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.....	115
<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	117
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

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	Fiscal Year Ended June 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
Net investment capital assets	\$ 57,156,213	\$ 64,158,299	\$ 63,941,276	\$ 65,842,704	\$ 66,231,720	\$ 65,791,312	\$ 65,625,222	\$ 66,846,433	\$ 66,219,507	\$ 66,200,813
Restricted	8,783,796	7,274,508	6,362,771	3,743,731	1,936,741	2,113,080	2,677,622	3,636,384	5,517,158	10,106,948
Unrestricted	2,567,251	1,775,818	403,210	351,277	1,241,145	3,427,166	5,940,046	813,828	3,607,697	3,936,599
Total governmental activities net position	\$ 68,507,260	\$ 73,208,625	\$ 70,707,257	\$ 69,937,712	\$ 69,409,606	\$ 71,331,558	\$ 74,242,890	\$ 71,296,645	\$ 75,344,362	\$ 80,244,360
Business-type activities:										
Net investment capital assets	\$ 33,655,654	\$ 31,195,816	\$ 32,746,623	\$ 32,749,251	\$ 31,211,950	\$ 31,228,277	\$ 31,503,885	\$ 32,419,796	\$ 32,210,341	\$ 32,807,741
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	17,123,338	16,066,568	16,555,666	18,333,993	20,463,831	21,911,704	22,449,818	19,339,087	22,086,197	23,938,589
Total business-type activities net position	\$ 50,778,992	\$ 47,262,384	\$ 49,302,289	\$ 51,083,244	\$ 51,675,781	\$ 53,139,981	\$ 53,953,703	\$ 51,758,883	\$ 54,296,538	\$ 56,746,330
Primary government										
Net investment capital assets	\$ 90,811,867	\$ 95,354,115	\$ 96,687,899	\$ 98,591,955	\$ 97,443,670	\$ 97,019,589	\$ 97,129,107	\$ 99,266,229	\$ 98,429,848	\$ 99,008,554
Restricted	8,783,796	7,274,508	6,362,771	3,743,731	1,936,741	2,113,080	2,677,622	3,636,384	5,517,158	10,106,948
Unrestricted	19,690,589	17,842,386	16,958,876	18,685,270	21,704,976	25,338,870	28,389,864	20,152,915	25,693,894	27,875,188
Total primary government net position	\$ 119,286,252	\$ 120,471,009	\$ 120,009,546	\$ 121,020,956	\$ 121,085,387	\$ 124,471,539	\$ 128,196,593	\$ 123,055,528	\$ 129,640,900	\$ 136,990,690

Source: Statement of Net Position



City of Page, Arizona

Change in Net Position (unaudited)

Last Ten Fiscal Years

Statistical Section

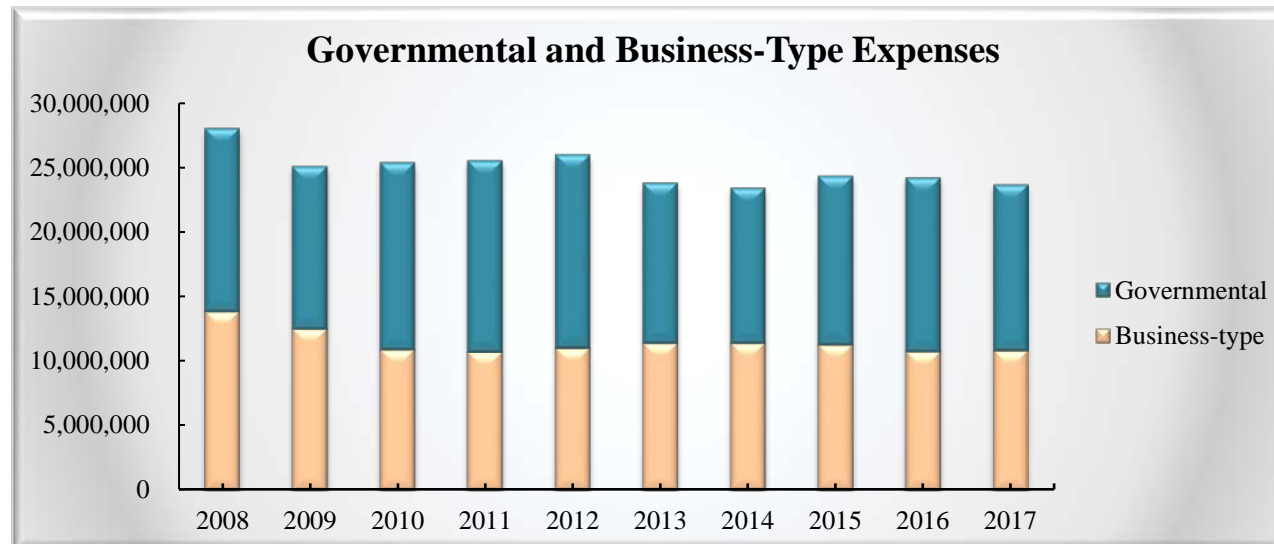
Financial Trends

(Accrual basis of accounting)

	Fiscal Year Ended June 30									
Expenses	2008	2009	2010	2011	2012	2013	2014	2015	2016*	2017
Governmental activities:										
General government	\$ 2,678,476	\$ 1,769,799	\$ 2,393,812	\$ 2,957,556	\$ 2,862,521	\$ 2,360,309	\$ 2,524,762	\$ 2,689,305	\$ 2,384,107	\$ 2,517,770
Public safety	4,899,005	5,150,544	5,151,308	5,055,399	5,020,723	4,529,114	4,548,431	5,088,415	5,277,461	5,300,648
Judicial	270,890	297,986	324,255	335,018	376,928	264,242	272,341	331,636	3,312,763	13,245
Public works	2,479,358	2,668,319	2,820,598	3,051,926	2,934,715	2,559,162	2,298,994	2,515,340	8,348	2,642,246
Culture and recreation	934,386	955,919	1,853,122	2,081,624	1,815,364	1,351,765	1,277,349	1,400,709	1,259,145	1,368,639
Community Support	2,143,673	1,046,935	1,275,054	977,583	959,067	823,049	614,650	569,090	774,053	567,743
Interest on long-term debt	793,492	740,696	684,889	358,964	1,027,886	547,454	511,285	489,762	467,237	448,474
Total governmental activities	14,199,280	12,630,198	14,503,038	14,818,070	14,997,204	12,435,095	12,047,812	13,084,257	13,483,114	12,858,765
Business-type activities:										
Water	1,490,548	1,705,665	1,518,213	1,502,106	1,545,058	1,518,786	1,676,973	1,570,517	1,422,969	1,621,247
Sewer	1,155,973	1,248,754	1,264,840	1,286,837	1,419,674	1,407,188	1,295,142	1,358,747	1,322,480	1,438,193
Electric	9,669,296	8,125,091	7,454,824	7,269,317	7,445,984	7,817,693	7,804,901	7,697,548	7,351,933	7,100,576
Sanitation	618,380	650,679	656,690	656,820	619,764	639,129	616,463	633,182	642,385	665,396
Golf	895,285	747,732	-	-	-	-	-	-	-	-
Total business-type activities	13,829,482	12,477,921	10,894,567	10,715,080	11,030,480	11,382,796	11,393,479	11,259,994	10,739,767	10,825,412
Total Primary Governmental Expenses	28,028,762	25,108,119	25,397,605	25,533,150	26,027,684	23,817,891	23,441,291	24,344,251	24,222,881	23,684,177

Source: Statement of Activities

2016 Restated: Electric and Sanitation numbers in incorrect row.



City of Page, Arizona

Change in Net Position - continued (unaudited)

Last Ten Fiscal Years

Statistical Section

Financial Trends

(Accrual basis of accounting)

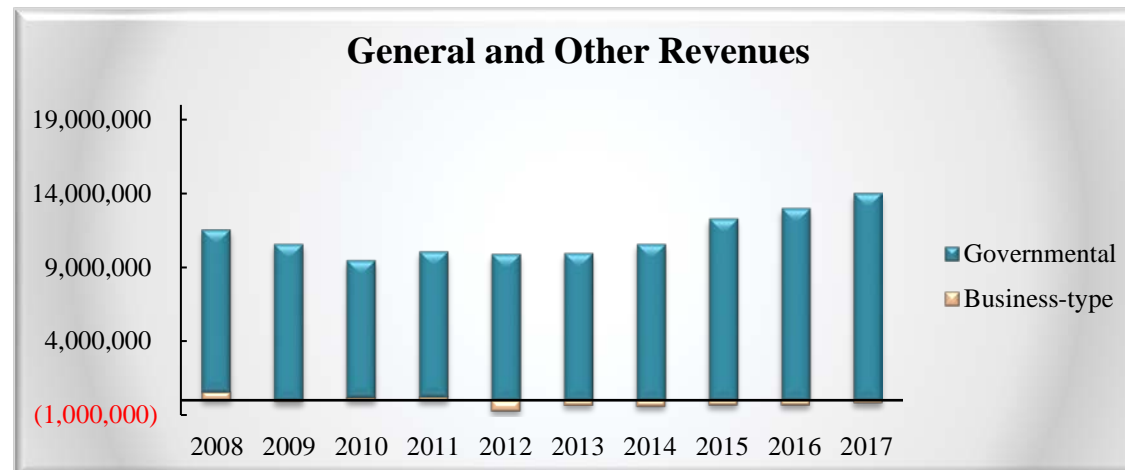
	Fiscal Year Ended June 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Program Revenues										
Governmental activities:										
Charges for services										
General government	151,465	298,141	136,644	841,902	69,360	106,805	105,700	110,537	119,155	140,530
Public safety	411,626	587,706	853,783	60,112	847,143	692,620	594,231	780,392	1,230,660	1,197,174
Judicial	304,439	304,979	235,153	310,299	366,378	322,395	326,320	285,196	0	0
Public works	527,778	407,572	653,235	677,174	592,057	617,876	653,229	675,223	750,676	716,320
Culture and recreation	116,433	120,762	350,873	301,734	339,833	177,454	140,516	137,129	99,874	94,299
Community support	23,355	30,554	36,955	31,615	32,078	35,702	39,470	37,786	32,555	20,251
Operating grants and contributions	1,247,712	625,466	507,960	513,129	911,426	1,324,153	1,369,623	1,248,559	1,433,449	1,350,225
Capital grants and contributions	1,435,306	714,132	355,618	1,477,168	1,398,753	1,783,868	1,139,188	1,184,230	872,703	232,075
Total governmental activities	4,218,114	3,089,312	3,130,221	4,213,133	4,557,028	5,060,873	4,368,277	4,459,052	4,539,072	3,750,874
Business-type activities:										
Charges for services										
Water	1,622,927	1,610,704	1,580,427	1,787,363	1,819,551	1,788,473	1,727,920	1,897,152	1,870,895	1,902,113
Sewer	1,157,021	1,155,636	1,389,585	1,150,514	1,140,122	1,621,033	1,561,479	1,469,034	1,583,968	1,845,445
Electric	9,715,945	8,972,826	9,082,700	8,639,770	8,888,259	8,816,630	8,489,555	8,475,019	9,287,791	8,798,034
Sanitation	610,124	640,769	657,801	663,340	684,540	921,727	845,130	861,008	872,859	902,969
Golf	290,805	306,188	-	-	-	-	-	-	-	-
Total business-type activities	13,396,822	12,686,123	12,710,513	12,240,987	12,532,472	13,147,863	12,624,084	12,702,213	13,615,513	13,448,561
Total Program Revenues	17,614,936	15,775,435	15,840,734	16,454,120	17,089,500	18,208,736	16,992,361	17,161,265	18,154,585	17,199,435

Source: Statement of Activities



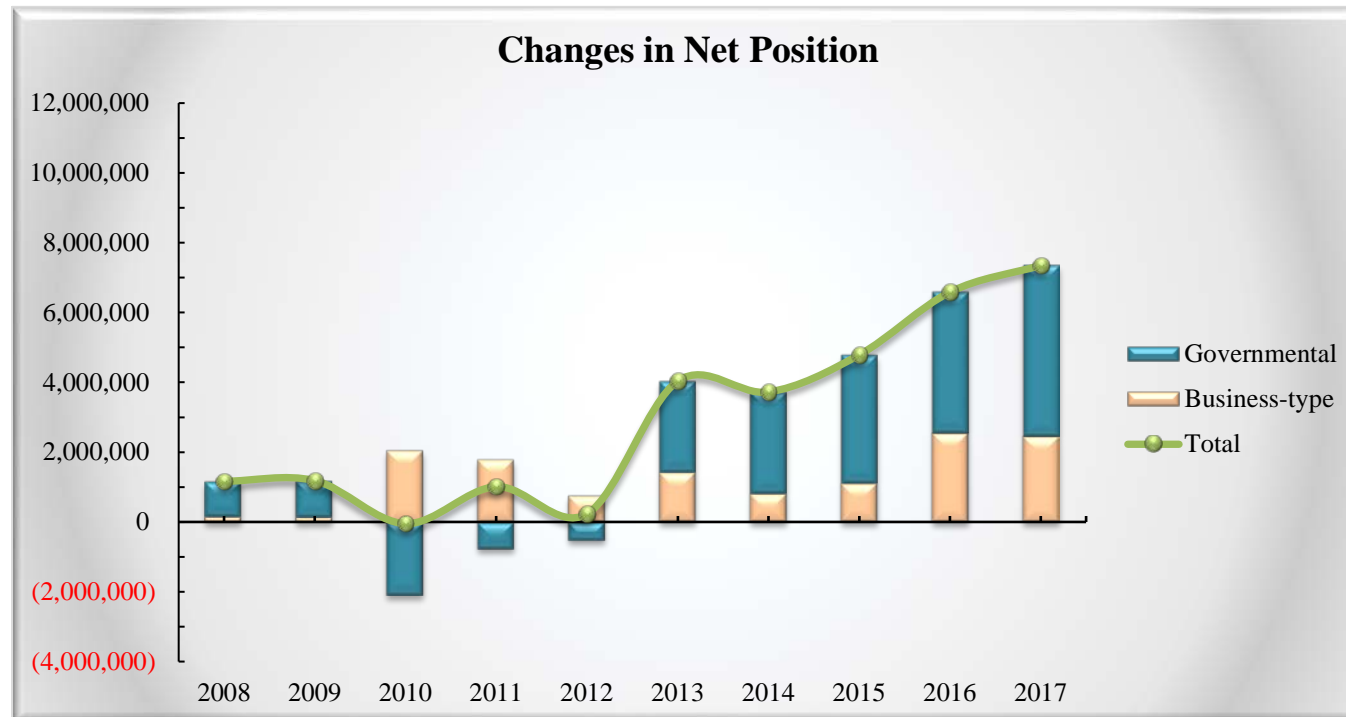
	Fiscal Year Ended June 30									
General and Other Revenues	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Taxes:										
City Sales taxes	6,642,357	7,121,927	6,768,417	6,902,409	6,960,801	7,359,792	7,854,872	9,014,013	10,286,279	11,336,994
State Sales taxes	633,999	-	-	-	566,283	593,180	630,799	658,664	685,284	686,412
Property taxes	-	-	-	-	-	-	-	-	-	-
Franchise taxes	-	-	-	-	236,028	297,102	268,405	241,159	244,342	237,920
Auto lieu tax	-	-	-	-	273,207	276,242	285,107	295,945	319,311	329,229
Unrestricted state shared revenue	2,870,063	2,707,524	2,301,972	2,252,850	611,652	740,265	807,770	877,294	872,538	916,348
Land Sales	-	-	-	138,750	377,650	227,038	229,597	729,101	-	-
Investment earnings (losses)	626,313	150,463	19,021	34,830	11,653	9,699	4,639	7,198	61,888	136,796
Miscellaneous	215,938	207,718	194,989	90,892	147,311	30,093	157,453	136,509	157,195	132,094
Gain/(loss) on disposal of asset	-	-	-	153,126	-	-	-	-	-	-
Transfers	-	404,352	-	262,535	727,485	454,622	351,101	346,838	364,922	232,096
Total Governmental Activities	\$ 10,988,670	\$ 10,591,984	\$ 9,284,399	\$ 9,835,392	\$ 9,912,070	\$ 9,988,033	\$ 10,589,743	\$ 12,306,721	\$ 12,991,759	\$ 14,007,889
Business-type activities										
Investment earnings/(losses)	274,910	117,075	9,092	13,098	(15,279)	111,565	(64,657)	8,824	26,831	58,739
Miscellaneous	313,944	212,734	214,867	214,753	-	-	-	-	-	-
Gain/(loss) on disposal of asset	-	-	-	289,732	-	-	-	1,133	-	-
Transfers	-	(404,352)	-	(262,535)	(727,485)	(454,622)	(352,226)	(346,838)	(364,922)	(232,096)
Total business-type activities	588,854	(74,543)	223,959	255,048	(742,764)	(343,057)	(416,883)	(336,881)	(338,091)	(173,357)
Total General and Other Revenues	11,577,524	10,517,441	9,508,358	10,090,440	9,169,306	9,644,976	10,172,860	11,969,840	12,653,668	13,834,532

Source: Statement of Activities

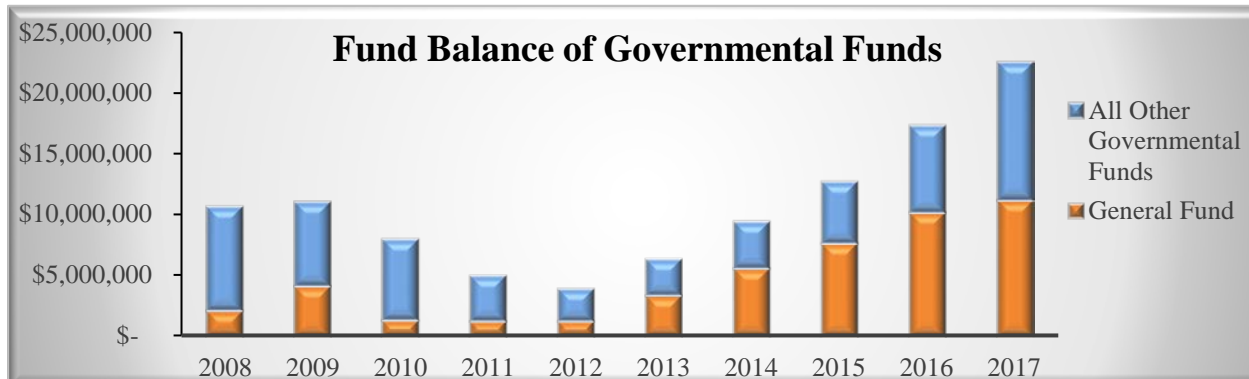


	Fiscal Year Ended June 30									
Summary	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Expenses	(14,199,280)	(12,630,198)	(14,503,038)	(14,818,070)	(14,997,204)	(12,435,095)	(12,047,812)	(13,084,257)	(13,483,114)	(12,858,765)
Program Revenue	4,218,114	3,089,312	3,130,221	4,213,133	4,557,028	5,060,873	4,368,277	4,459,052	4,539,072	3,750,874
Net (Expense) Revenue	(9,981,166)	(9,540,886)	(11,372,817)	(10,604,937)	(10,440,176)	(7,374,222)	(7,679,535)	(8,625,205)	(8,944,042)	(9,107,891)
General Revenues and Other	10,988,670	10,591,984	9,284,399	9,835,392	9,912,070	9,988,033	10,589,743	12,306,721	12,991,759	14,007,889
Total governmental activities	1,007,504	1,051,098	(2,088,418)	(769,545)	(528,106)	2,613,811	2,910,208	3,681,516	4,047,717	4,899,998
Business-type Activities										
Expenses	13,829,482	12,477,921	10,894,567	10,715,080	11,030,480	11,382,796	11,393,479	11,259,994	10,739,767	10,825,412
Program Revenue	13,396,822	12,686,123	12,710,513	12,240,987	12,532,472	13,147,863	12,624,084	12,702,213	13,615,513	13,448,561
General Revenues and Other	588,854	(74,543)	223,959	255,048	(742,764)	(343,057)	(416,883)	(336,881)	(338,091)	(173,357)
Total business-type activities	156,194	133,659	2,039,905	1,780,955	759,228	1,422,010	813,722	1,105,338	2,537,655	2,449,792
Total Primary Government	1,163,698	1,184,757	(48,513)	1,011,410	231,122	4,035,821	3,723,930	4,786,854	6,585,372	7,349,790

Source: Statement of Activities



	Fiscal Year Ended June 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Reserved										
Unreserved	2,092,289	4,103,474	1,311,241							
Nonspendable					0	\$ -	\$ 50,099	\$ 62,976	\$ 73,698	\$ -
Restricted										-
Committed					0					-
Assigned					0					-
Unassigned				1,210,172	1,218,820	3,340,840	5,503,593	7,541,520	10,066,148	11,148,425
Total General Fund	<u>\$ 2,092,289</u>	<u>\$ 4,103,474</u>	<u>\$ 1,311,241</u>	<u>\$ 1,210,172</u>	<u>\$ 1,218,820</u>	<u>\$ 3,340,840</u>	<u>\$ 5,553,692</u>	<u>\$ 7,604,496</u>	<u>\$ 10,139,846</u>	<u>\$ 11,148,425</u>
All Other Governmental Funds:										
Reserved	\$ 219,756	\$ 237,536	\$ 266,889							
Unreserved, reported in:										
Special revenue funds	4,265,497	3,351,167	3,074,754							
Capital projects funds	3,972,537	3,666,392	3,660,289							
Debt service fund	85,904	(325,509)	(365,360)							
Nonspendable										
Restricted				2,847,695	1,936,741	\$ 2,113,080	\$ 2,677,622	\$ 3,636,384	\$ 5,517,158	\$ 10,106,948
Committed				896,036	712,259	869,135	1,166,739	1,419,991	1,653,804	1,282,845
Assigned				0	-	-	-	-	-	-
Unassigned				0	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 8,543,694</u>	<u>\$ 6,929,586</u>	<u>\$ 6,636,572</u>	<u>\$ 3,743,731</u>	<u>\$ 2,649,000</u>	<u>\$ 2,982,215</u>	<u>\$ 3,844,361</u>	<u>\$ 5,056,375</u>	<u>\$ 7,170,962</u>	<u>\$ 11,389,793</u>
Total Government Funds	<u>\$ 10,635,983</u>	<u>\$ 11,033,060</u>	<u>\$ 7,947,813</u>	<u>\$ 4,953,903</u>	<u>\$ 3,867,820</u>	<u>\$ 6,323,055</u>	<u>\$ 9,398,053</u>	<u>\$ 12,660,871</u>	<u>\$ 17,310,808</u>	<u>\$ 22,538,218</u>



Source - Balance Sheet

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

	Fiscal Year Ended June 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Taxes	\$ 6,642,357	\$ 7,121,927	\$ 6,246,647	\$ 6,902,409	\$ 7,196,829	\$ 7,656,894	\$ 8,123,277	\$ 9,255,172	\$ 10,530,621	\$ 11,574,914
Licenses and permits	272,035	325,810	339,228	382,509	85,254	114,268	127,525	186,044	294,055	294,515
Intergovernmental	5,553,081	4,047,122	3,687,320	2,676,147	3,784,784	4,670,891	3,225,006	4,325,745	4,284,524	3,482,449
Charges for services	582,789	713,664	1,285,140	1,127,736	1,239,203	1,007,824	869,669	1,025,308	1,154,090	1,145,367
Fines and forfeitures	317,509	318,058	249,338	327,704	381,075	340,829	352,606	313,388	286,430	252,557
Rents and royalties	362,763	392,182	392,937	384,887	422,509	364,764	390,504	383,710	382,473	368,224
Investment income	626,313	150,463	19,021	34,830	11,653	9,698	4,640	6,892	56,656	136,766
Land sales	1,632,166	1,393,163	1,065,800	138,750	377,650	233,487	246,275	357,700	144,300	293,004
Miscellaneous	215,938	1,532,718	194,989	1,796,642	213,983	202,074	239,400	193,573	177,059	267,475
Total revenues	16,204,951	15,995,107	13,480,420	13,771,614	13,712,940	14,600,729	13,578,902	16,047,532	17,310,208	17,815,271
Expenditures:										
Current -										
General government	\$ 2,902,324	\$ 3,001,616	\$ 2,799,265	\$ 2,823,491	\$ 2,453,151	\$ 2,145,080	\$ 2,344,342	\$ 2,412,666	\$ 2,484,086	\$ 2,493,096
Public safety	4,299,388	4,908,255	4,691,379	4,729,248	4,700,348	3,965,869	4,161,909	4,288,079	4,709,304	4,981,725
Judicial	261,409	316,731	327,582	357,364	376,928	264,242	272,341	331,636	1,320,767	13,216
Public works	1,741,406	1,819,622	1,901,620	1,958,048	1,610,576	1,265,727	1,077,785	1,296,595	8,062	1,354,570
Culture and recreation	867,728	968,168	1,509,629	1,830,562	1,466,996	976,150	929,787	1,018,995	900,986	1,035,250
Community support	2,025,354	1,045,489	1,258,244	1,001,266	931,457	763,728	561,816	546,129	506,816	509,616
Capital outlay	3,769,135	3,062,118	1,783,885	3,822,407	1,510,175	1,839,664	143,081	1,754,289	1,708,821	1,107,036
Debt service -										
Principal	274,523	304,042	684,889	422,727	482,895	709,424	873,963	1,013,504	939,171	959,329
Interest and fiscal charges	793,492	740,696	358,366	358,964	546,587	525,950	491,106	469,660	447,180	428,565
Refunding bond issuance costs					566,457					
Total expenditures	\$ 16,934,759	\$ 16,166,737	\$ 15,314,859	\$ 17,304,077	\$ 14,645,570	\$ 12,455,834	\$ 10,856,130	\$ 13,131,553	\$ 13,025,193	\$ 12,882,403
Revenues over Expenditures	\$ (729,808)	\$ (171,630)	\$ (1,834,439)	\$ (3,532,463)	\$ (932,630)	\$ 2,144,895	\$ 2,722,772	\$ 2,915,979	\$ 4,285,015	\$ 4,932,868
Other Funding Sources										
Issuance of long-term debt	-	-	-	-	11,730,000	-	-	-	-	\$ -
Premium on long-term debt issuance	-	-	-	-	678,203	-	-	-	-	\$ -
Payment to refunded bond	-	-	-	-	(13,351,076)	-	-	-	-	\$ -
Proceeds from capital leases	8,630	164,355	29,451	688,968	61,935	-	-	-	-	\$ -
Transfers in	2,427,134	2,545,758	1,182,086	2,314,412	1,896,780	1,612,011	1,901,044	3,097,016	4,176,746	6,428,900
Transfers out	(2,427,134)	(2,141,406)	(1,182,086)	(2,051,877)	(1,169,295)	(1,157,388)	(1,548,818)	(2,750,178)	(3,811,824)	(6,196,804)
Debt proceeds	-	-	-	-	-	-	-	-	-	62,446
Total other financing sources	8,630	568,707	29,451	951,503	(153,453)	454,623	352,226	346,838	364,922	294,542
Net Change in Fund Balance	\$ (721,178)	\$ 397,077	\$ (1,804,988)	\$ (2,580,960)	\$ (1,086,083)	\$ 2,599,518	\$ 3,074,998	\$ 3,262,817	\$ 4,649,937	\$ 5,227,410

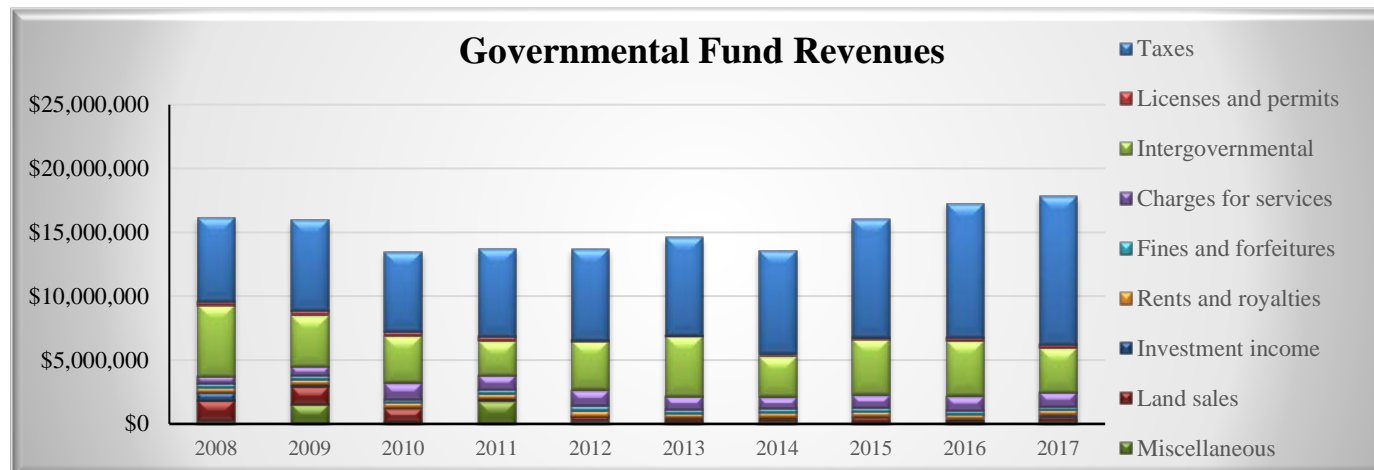
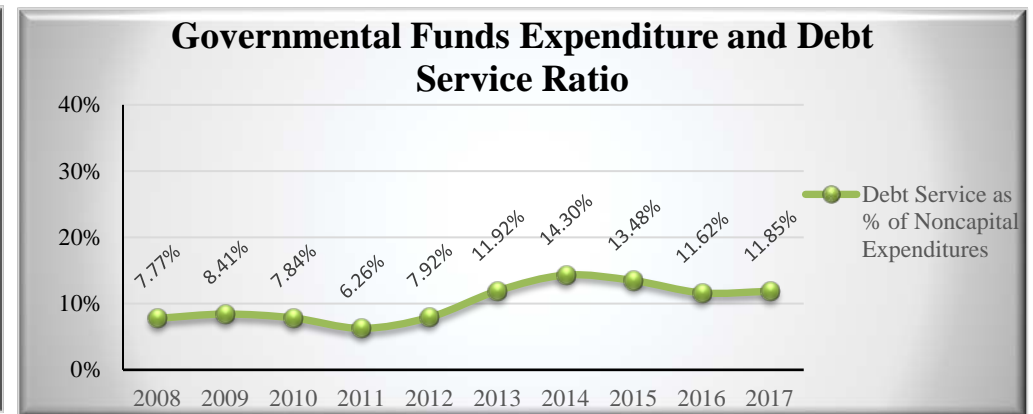
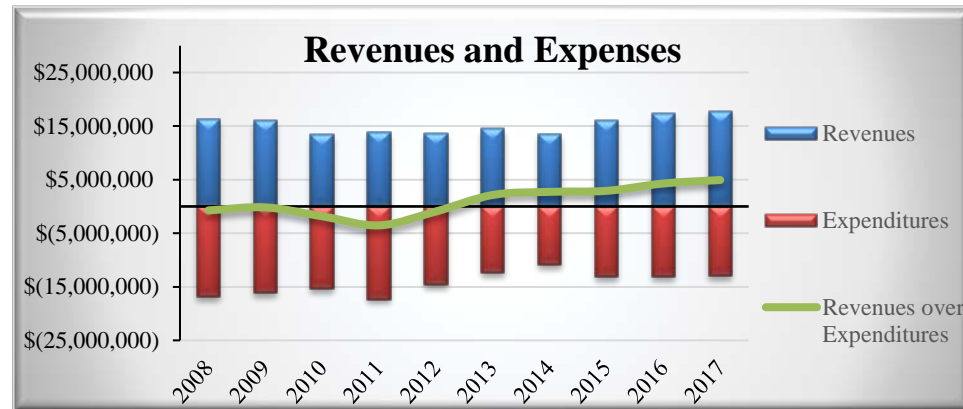
Source: Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds

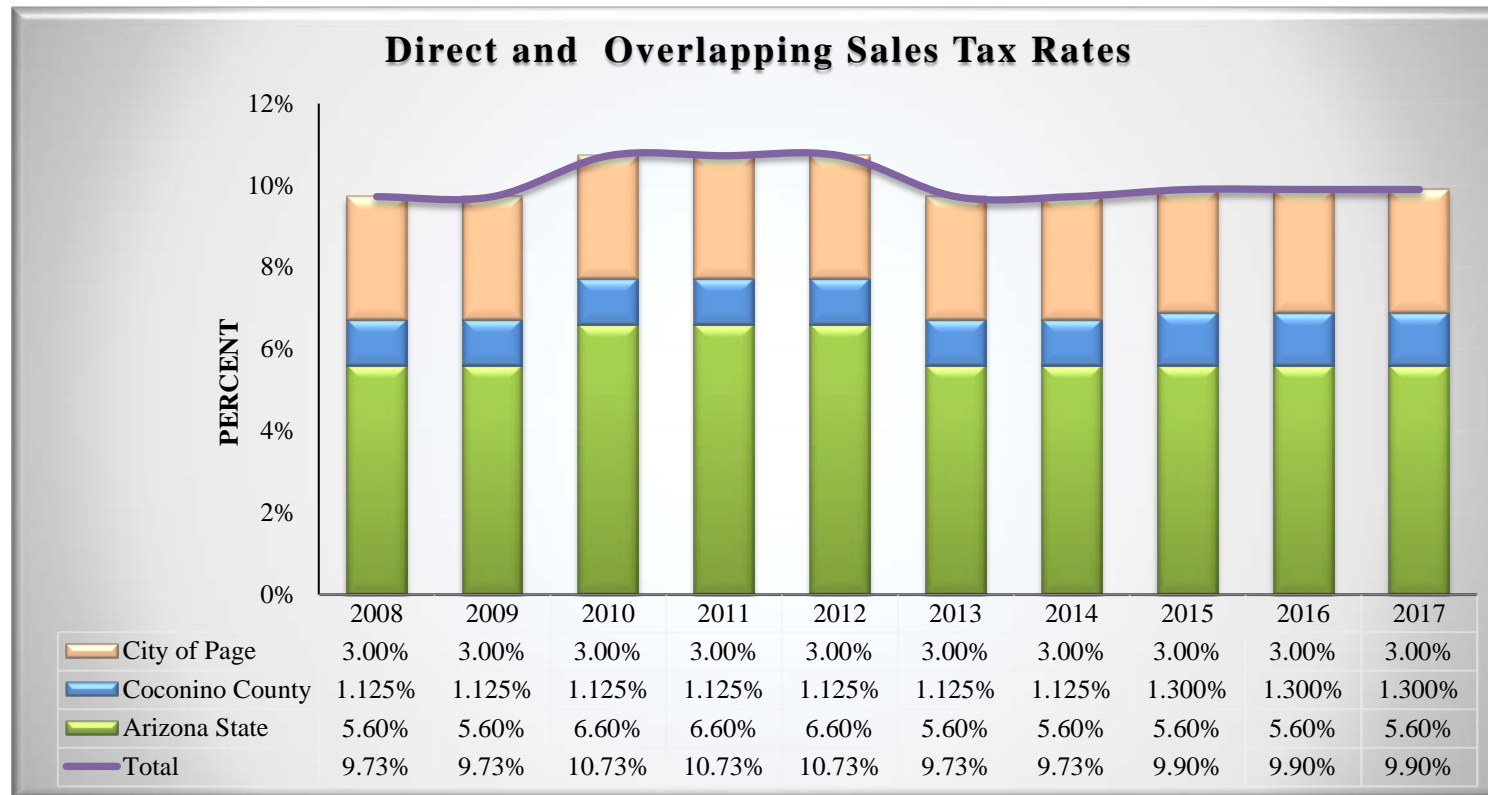
	Fiscal Year Ended June 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Capital Outlay (1)	3,183,409	3,750,581	2,005,905	4,822,255	1,646,937	2,090,813	1,306,959	2,125,001	1,095,959	1,171,699
Debt Ratio										
Total Debt Service	\$ 1,068,015	\$ 1,044,738	\$ 1,043,255	\$ 781,691	\$ 1,029,482	\$ 1,235,374	\$ 1,365,069	\$ 1,483,164	\$ 1,386,351	\$ 1,387,894
Total Noncapital Expenditure (2)	13,751,350	12,416,156	13,308,954	12,481,822	12,998,633	10,365,021	9,549,171	11,006,552	11,929,234	11,710,704
Debt Service as a percentage of noncapital expenditures	7.77%	8.41%	7.84%	6.26%	7.92%	11.92%	14.30%	13.48%	11.62%	11.85%

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

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

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





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

City of Page, Arizona
Taxable Sales by Category
Last Ten Fiscal Years

Statistical Section
Revenue Capacity
(Accrual basis of accounting)

	Fiscal Year Ended June 30									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Categories										
Construction	\$ 426,565	\$ 247,290	\$ 151,596	\$ 404,265	\$ 127,505	\$ 150,935	\$ 312,655	\$ 461,993	\$ 408,699	\$ 370,741
Manufacturing	225,845	222,674	206,285	181,350	86,876	182,183	140,883	139,967	145,124	172,211
Transportation, Communications & Utilities	548,935	541,232	570,762	623,650	633,976	672,357	682,079	744,845	769,986	759,392
Wholesale Trade	98,553	105,217	153,761	41,413	104,809	106,875	91,432	91,675	101,742	128,746
Retail Trade	3,029,379	3,089,180	2,849,320	2,858,788	2,921,545	2,915,898	2,989,931	3,203,563	3,548,038	3,710,587
Restaurants and Bars	773,271	872,832	879,893	910,057	928,366	933,878	977,250	1,074,792	1,156,701	1,271,029
Finance, Insurance & Real Estate	311,841	355,823	318,610	348,948	362,710	391,759	414,060	465,350	532,235	628,326
Hotels and Other Lodging	880,620	1,419,117	1,238,544	1,312,374	1,538,461	1,774,479	2,008,533	2,562,717	3,313,126	3,804,273
Services	215,671	221,238	166,676	140,424	153,249	166,140	181,779	218,461	256,001	378,709
All Others Not Specified	131,677	47,325	41,382	81,140	103,303	65,286	56,270	50,651	54,628	112,983
	<u>6,642,357</u>	<u>7,121,927</u>	<u>6,576,830</u>	<u>6,902,409</u>	<u>6,960,801</u>	<u>7,359,792</u>	<u>7,854,872</u>	<u>9,014,013</u>	<u>10,286,279</u>	<u>11,336,995</u>
Total	<u>\$ 6,642,357</u>	<u>\$ 7,121,927</u>	<u>\$ 6,576,830</u>	<u>\$ 6,902,409</u>	<u>\$ 6,960,801</u>	<u>\$ 7,359,792</u>	<u>\$ 7,854,872</u>	<u>\$ 9,014,013</u>	<u>\$ 10,286,279</u>	<u>\$11,336,995</u>



Source: The source of this information is the City's financial records-Standard Industry (NAICS) Summary for Page, Arizona July 2016 - June 2017 from Monthly Tax Report.

City of Page, Arizona

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Statistical Section

Debt Capacity

(Accrual basis of accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental Activities										
General Obligation Bonds (1)	-	2,133,802	1,996,469	1,834,033	1,663,200	1,486,334	1,309,609	1,127,691	943,520	759,190
Capital Leases	527,319	502,481	431,782	860,459	612,363	468,523	344,412	223,284	148,078	128,968
Notes Payable	16,838	5,391	-	-	-	-	-	-	-	-
Revenue Obligation Bonds (1)	14,537,204	12,300,000	12,300,000	12,300,000	11,801,027	11,996,918	11,347,891	10,568,864	9,764,837	8,940,810
Total Governmental Activities	15,081,361	14,941,674	14,728,251	14,994,492	14,076,590	13,951,775	13,001,912	11,919,839	10,856,435	9,828,968
Business Activities										
Bonds	-	-	-	-	-	-	-	-	-	-
Capital Leases	280,971	192,366	136,456	78,747	18,545	-	-	-	-	-
Total Business Activities	280,971	192,366	136,456	78,747	18,545	-	-	-	-	-
Total Primary Government	<u>15,362,332</u>	<u>15,134,040</u>	<u>14,864,707</u>	<u>15,073,239</u>	<u>14,095,135</u>	<u>13,951,775</u>	<u>13,001,912</u>	<u>11,919,839</u>	<u>10,856,435</u>	<u>9,828,968</u>
% of Assessed Value (2)	23.33%	21.66%	20.96%	21.83%	20.75%	22.29%	20.10%	17.74%	15.62%	13.70%
% of Personal Income (3)	8.95%	8.13%	9.19%	9.22%	7.82%	6.81%	6.57%	7.05%	5.92%	4.90%
Per Capita (4)	\$ 2,177	\$ 2,136	\$ 2,087	\$ 2,036	\$ 1,897	\$ 1,879	\$ 1,734	\$ 1,581	\$ 1,442	\$ 1,293

Source: Notes to the Financial Statements Long-Term Debt

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

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

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

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

City of Page, Arizona

**Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**

Statistical Section

**Debt Capacity
(Accrual basis of accounting)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental Activities										
General Obligation Bonds (1)	2,237,204	2,133,802	1,996,469	1,834,033	1,663,200	1,486,334	1,309,609	1,127,691	943,520	759,190
Less: Amounts Available in Debt Service Fund (5)	<u>(232,538)</u>	<u>(219,980)</u>	<u>(219,980)</u>	<u>(191,815)</u>	<u>(175,149)</u>	<u>(157,382)</u>	<u>(139,994)</u>	<u>(121,953)</u>	<u>(94,339)</u>	<u>(75,939)</u>
Total Primary Government	<u>\$2,004,666</u>	<u>\$1,913,822</u>	<u>\$1,776,489</u>	<u>\$1,642,218</u>	<u>\$1,488,051</u>	<u>\$1,328,952</u>	<u>\$1,169,615</u>	<u>\$1,005,738</u>	<u>\$ 849,181</u>	<u>\$ 683,251</u>
% of Assessed Value (2)	3.04%	2.74%	2.50%	2.38%	2.19%	2.12%	1.81%	1.50%	1.26%	0.95%
% of Personal Income (3)	0.95%	0.85%	0.73%	0.66%	0.58%	0.53%	0.42%	0.34%	0.28%	0.34%
Per Capita (4)	\$ 284	\$ 270	\$ 249	\$ 227	\$ 202	\$ 181	\$ 158	\$ 133	\$ 113	\$ 90

Source: Notes to the Financial Statements Long-Term Debt

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

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

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

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

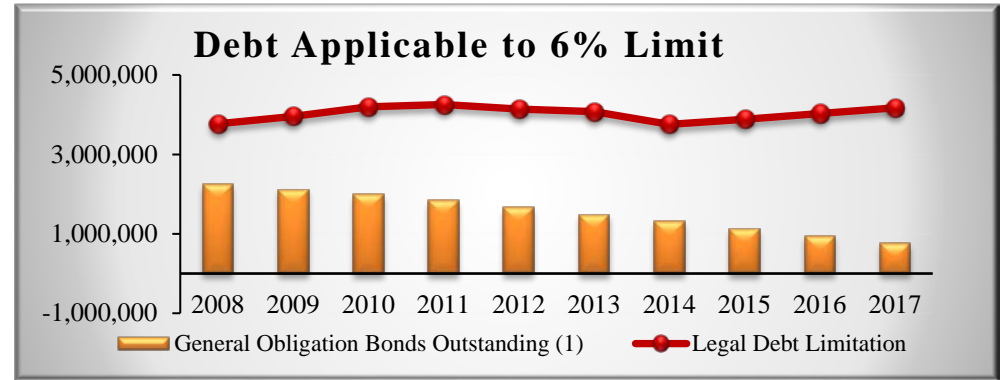
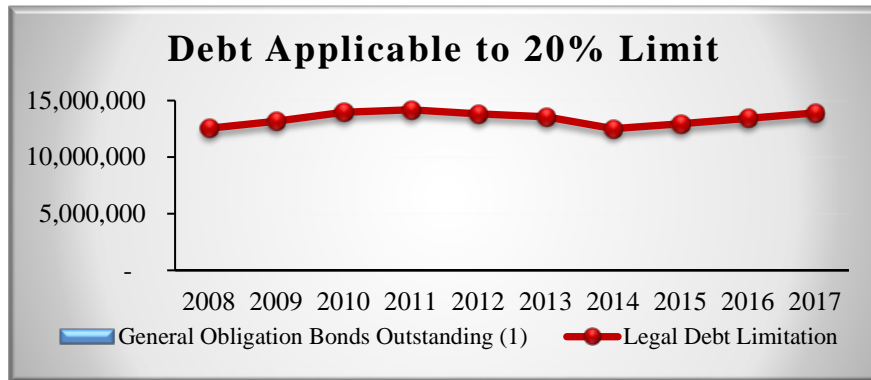
Note (5): Amount from Balance Sheet Government Funds - Restricted cash and cash equivalents in Debt Service Fund.

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

City of Page, Arizona
Legal Debt Margin Information
Last Ten Fiscal Years

Statistical Section
Debt Capacity
(Accrual basis of accounting)

	Fiscal Year Ended June 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Assessed Value of Real Property (2)	\$ 62,807,779	\$ 65,856,330	\$ 69,879,501	\$ 70,924,548	\$ 69,060,674	\$ 67,912,010	\$ 62,585,129	\$ 64,679,910	\$ 67,174,588	\$ 69,491,903
20% Limitation										
Legal Debt Limitation	\$ 12,561,556	\$ 13,171,266	\$ 13,975,900	\$ 14,184,910	\$ 13,812,135	\$ 13,582,402	\$ 12,517,026	\$ 12,935,982	\$ 13,434,918	\$ 13,898,381
General Obligation Bonds Outstanding (1)	-	-	-	-	-	-	-	-	-	-
Debt Margin Available	\$ 12,561,556	\$ 13,171,266	\$ 13,975,900	\$ 14,184,910	\$ 13,812,135	\$ 13,582,402	\$ 12,517,026	\$ 12,935,982	\$ 13,434,918	\$ 13,898,381
Total Net Debt applicable to the 20 %	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6 % Limitation										
Legal Debt Limitation	3,768,467	3,951,380	4,192,770	4,255,473	4,143,640	4,074,721	3,755,108	3,880,795	4,030,475	4,169,514
General Obligation Bonds Outstanding (1)	2,237,204	2,133,802	1,996,469	1,834,033	1,663,200	1,486,334	1,309,609	1,127,691	943,520	759,190
Debt Margin Available	\$ 1,531,263	\$ 1,817,578	\$ 2,196,301	\$ 2,421,440	\$ 2,480,440	\$ 2,588,387	\$ 2,445,499	\$ 2,753,104	\$ 3,086,955	\$ 3,410,324
Total Net Debt applicable to the 20 %	3.56%	3.24%	2.86%	2.59%	2.41%	2.19%	2.09%	1.74%	1.40%	1.09%

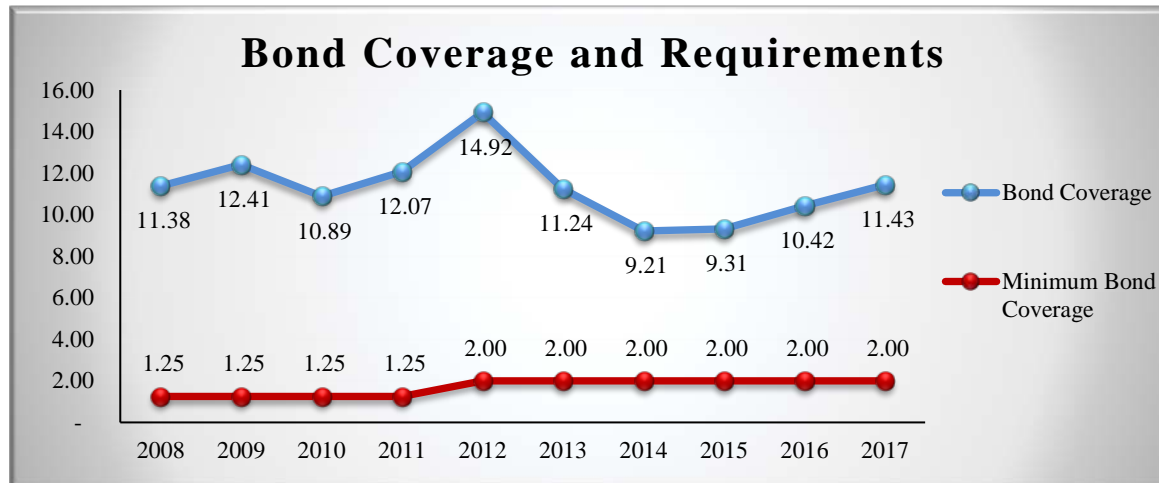


Source: Notes to the Financial Statements Long-Term Debt

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

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

		Debt Service Requirements							
		Series 2011 Bond			Series 1999A Bond				
Fiscal Year	Excise Tax Revenues and State Shared Revenues (2)	Debt Service	Debt	Debt Service	Debt Service	Debt Service	Total Debt	Coverage	Minimum
		Obligation Being Refunded	Service Principal	Interest	Principal	Interest	Service	Ratio (3)	
As restated									
2008	6,754,898	-	-		-	593,488	593,488	11.38	1.25
2009	7,364,312	-	-		-	593,488	593,488	12.41	1.25
2010	6,463,948	-	-		-	593,488	593,488	10.89	1.25
2011	7,162,101	-	-		-	593,488	593,488	12.07	1.25
2012	(1) 8,765,519	470,872	-	116,656			587,528	14.92	2.00
2013	9,341,956	-	350,000	480,938			830,938	11.24	2.00
2014	9,895,806	-	600,000	473,938			1,073,938	9.21	2.00
2015	11,069,485	-	730,000	458,938			1,188,938	9.31	2.00
2016	12,419,490	-	755,000	437,038			1,192,038	10.42	2.00
2017	\$ 13,598,619	\$ -	\$ 775,000	\$ 414,388			\$ 1,189,388	11.43	2.00



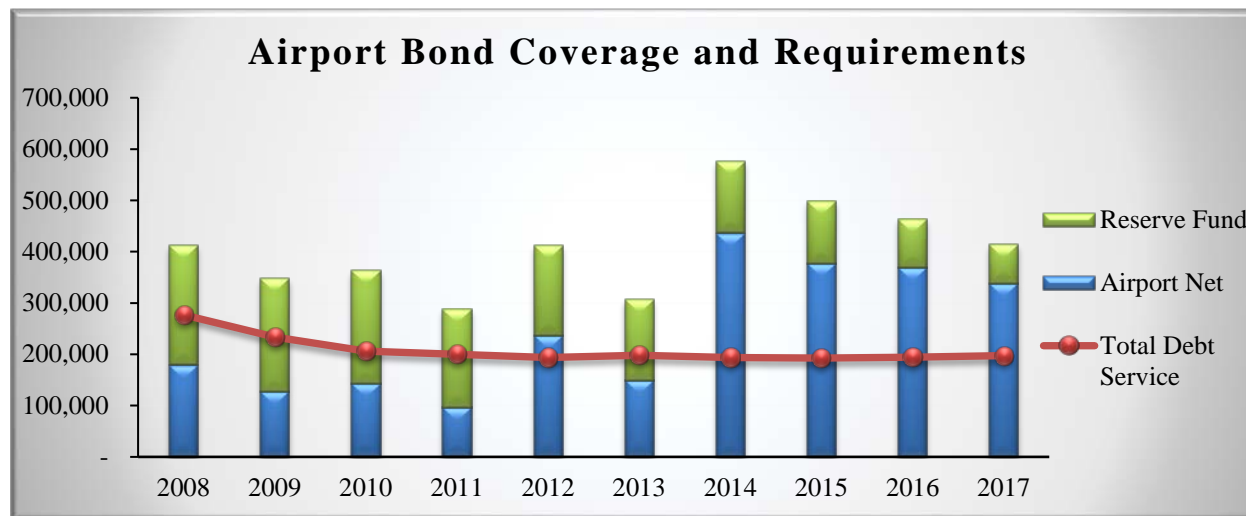
Source: Schedule of Revenues, Expenditures, and Changes in Fund Balance - General Fund and bond debt service schedule.

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

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

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

Fiscal Year	Airport Net Position (Revenue less Expenses)	Debt Service Requirements					
		Series 2004 Airport Bond		Debt Service Interest	Total Debt Service	Coverage Ratio from Net Revenues(2)(4)	Reserve Fund for Debt Service
		Debt Service Principal	Interest Rate (1)				
2008	179,104	95,936	7.596%	180,861	276,797	0.65	232,538
2009	127,591	103,403	4.635%	130,425	233,828	0.55	219,980
2010	143,162	137,333	2.249%	68,550	205,883	0.70	219,980
2011	96,578	162,436	1.642%	37,191	199,627	0.48	191,815
2012 (1)	237,195	170,833	1.027%	23,112	193,945	1.22	175,149
2013	149,014	176,866	1.495%	20,952	197,818	0.75	157,382
2014	436,636	176,724	0.960%	17,168	193,892	2.25	140,004
2015	377,256	181,919	0.763%	10,723	192,642	1.96	121,953
2016	369,299	184,171	1.072%	10,143	194,314	1.90	94,398
2017	\$ 337,931	\$ 184,330	1.703%	\$ 12,814	\$ 197,144	1.71	\$ 75,939



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

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

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

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

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

City of Page, Arizona

Demographic and Economic Statistics

Last Ten Fiscal Years

Statistical Section

Demographic and Economic

(Accrual basis of accounting)

General	Calendar	Population (4)	**Personal Income	Per Capita Income (1)	School Enrollment (3)	Unemployment Rate (2)		
	Year					Arizona	Coconino County	City of Page
Acres 24,532.6	2007	7,057	171,605,069	24,317	2,896	3.9%	3.7%	3.2%
Median Income \$57,161	2008	7,086	186,099,618	26,263	2,847	6.2%	5.6%	4.9%
Below Poverty Level 14.4%	2009	7,122	161,690,766	22,703	2,919	10.3%	8.5%	8.5%
Housing Units 2,710	2010	7,405	163,487,590	22,078	2,829	10.4%	9.9%	6.8%
Occupied - 2,321	2011	7,429	180,212,682	24,258	2,781	9.5%	9.5%	9.4%
Vacant - 389	2012	7,427	204,925,784	27,592	2,675	8.3%	8.6%	9.2%
U.S. Census Bureau American	2013	7,497	197,965,782	26,406	2,613	7.5%	8.1%	8.7%
Fact Finder	2014	7,538	169,054,726	22,427	2,621	6.8%	7.1%	7.6%
	2015	7,531	183,289,478	24,338	2,594	6.1%	6.6%	7.0%
	2016	7,599	\$200,613,600	\$ 26,400 +	2,621	6.1%	6.6%	6.4%

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

Principal Employers - Current Year and Five Years Ago

2017			2012		
Employer	Employees	% of Total Employment	Employer	Employees	% of Total Employment
Page Steel/ Page Lumber	78	2.0%	Canyonlands Community Health	59	1.6%
Gary Yamamoto Custom Baits	125	4.0%	Page Steel / Page Lumber	76	2.0%
City of Page (Includes Page Utility Enterprises)	155	4.0%	Courtyard by Marriott LLP	78	2.1%
Page Hospital	165	5.0%	Safeway	80	2.1%
Infinity of Page Home Health Care	170	5.0%	Page Hospital	105	2.8%
Glen Canyon Nation Park Service	193	5.0%	Gary Yamamoto Custom Baits	160	4.2%
Super Wal-Mart	230	7.0%	Super Wal-Mart	205	5.4%
Antelope Point Holdings, LLC	428	12.0%	City of Page (Including Page Electric Utility)	208	5.5%
Page Unified School District No. 8	430	12.0%	Page Unified School District No. 8	394	10.4%
Navajo Generating Station	463	13.0%	Navajo Generating Station	532	14.0%
Aramark Lake Powell	650	18.0%	Aramark, Inc.	700	18.4%
Total	3,087	87.5%	Total	2,597	68.3%
Other	442	12.5%	Other	1,204	31.7%
Number of Establishments - 241	Labor Force	3,894	Number of Establishments - 276	Labor Force	4,098
(2015 US Census Zip Code Business Patterns)	Total employment	3,529		Total employment	3,801
	Unemployment	365		Unemployment	297
	Unemployment Rate	9.4%		Unemployment Rate	7.2%

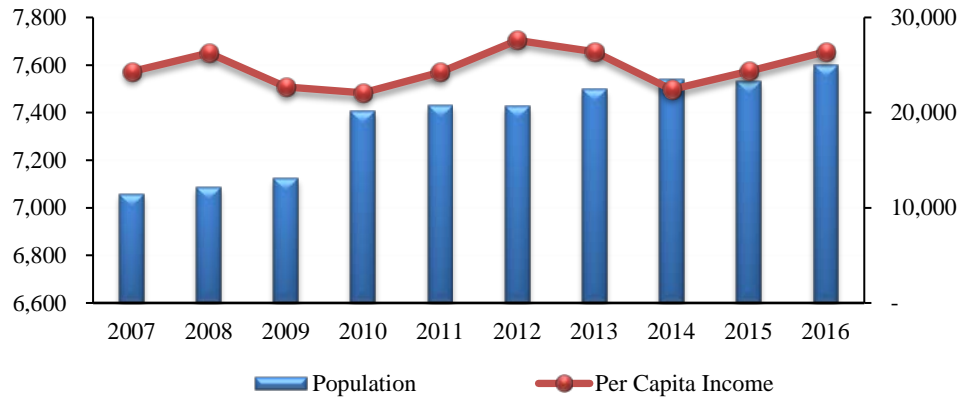
Note (1): (Restated) Source -*Local data 2009- 2015 from U.S. Census Bureau American Fact Finder. Arizona (Nonmetropolitan Portion) data for 2007-2008 from Bureau of Economic Analysis.

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

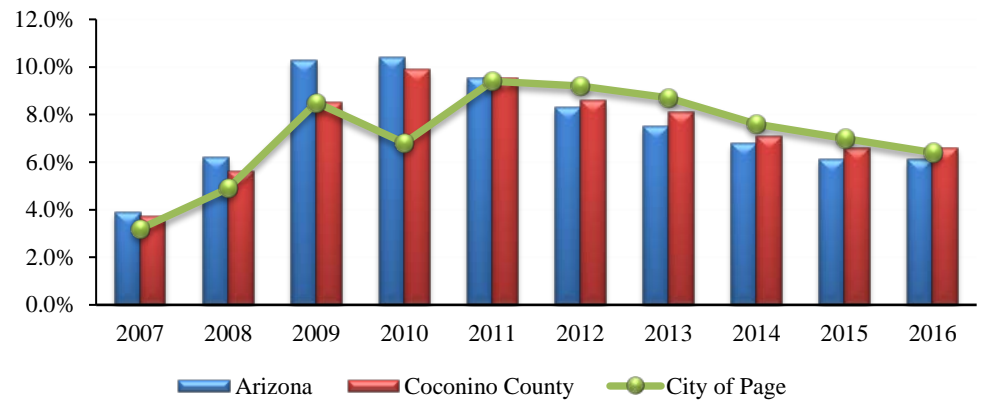
Note (3): Source - Arizona Department of Education. Updated in FY17 to include Resident and Non-Resident students

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

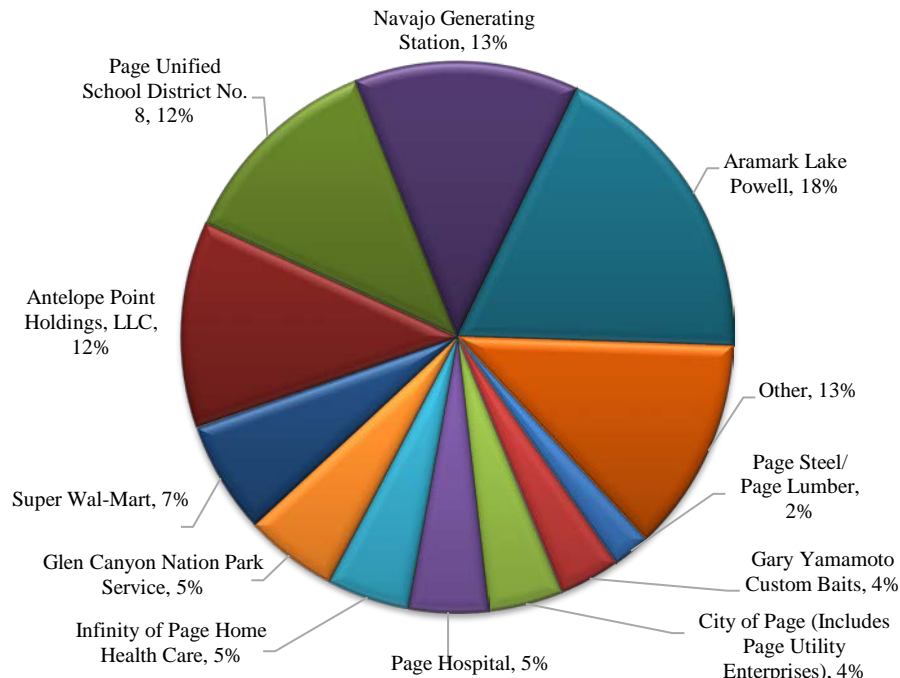
Population vs Per Capita Income



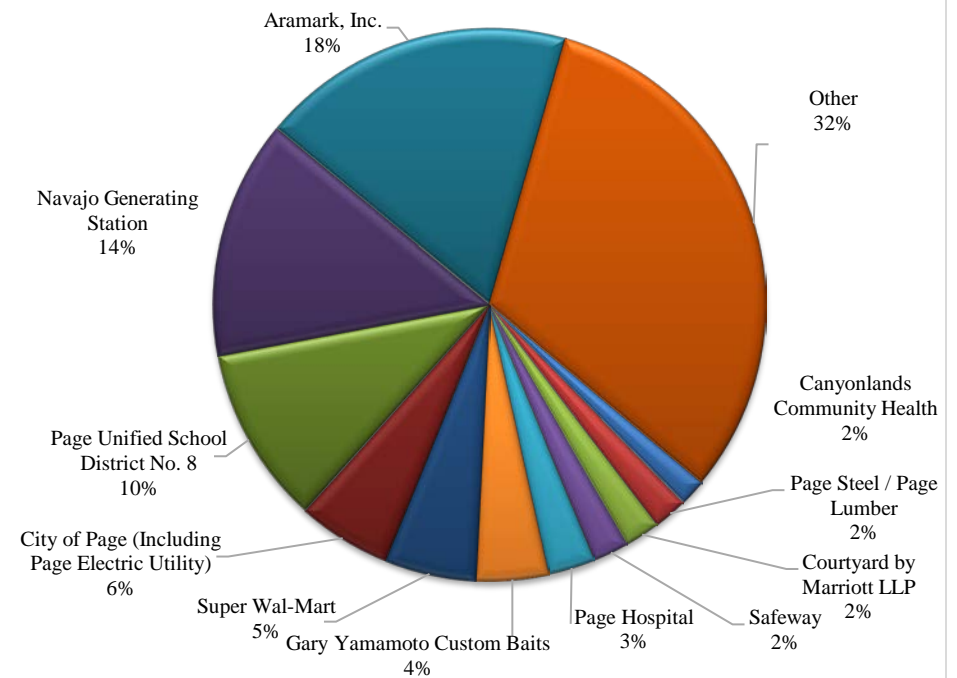
Unemployment Rate



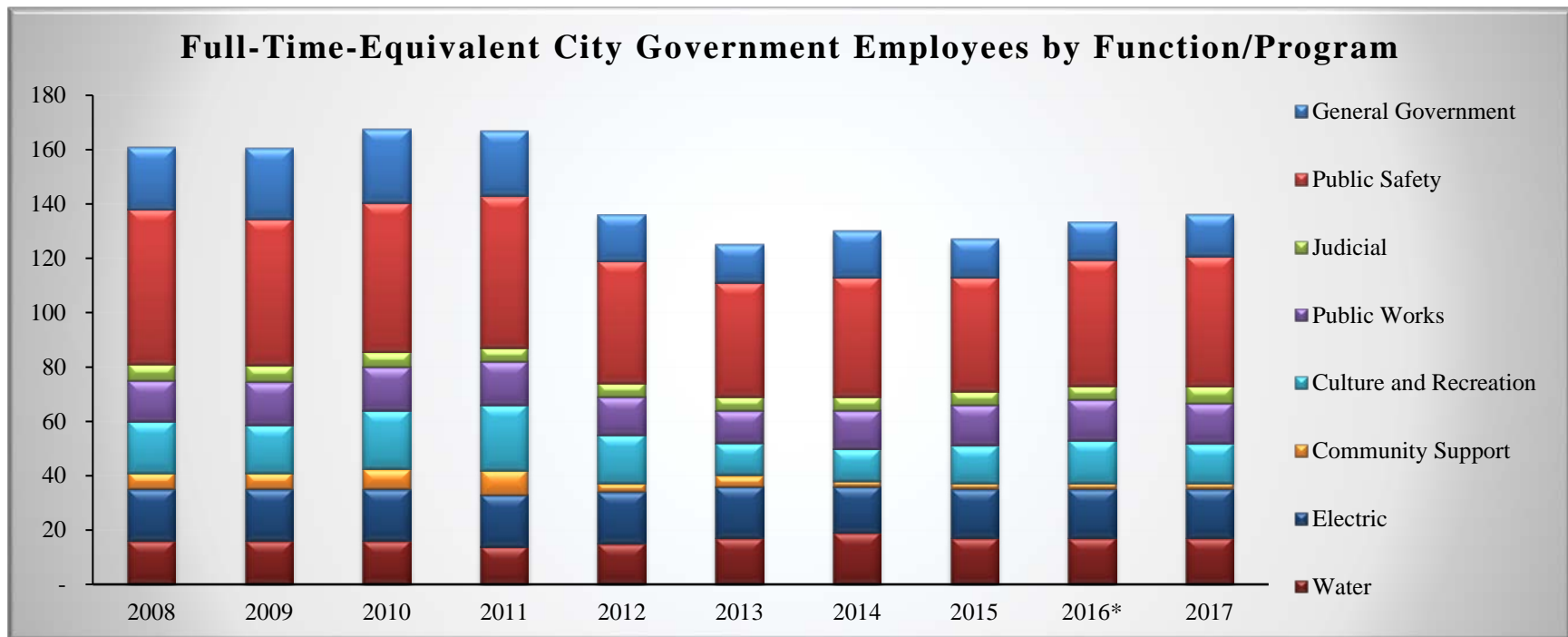
2017 Primary Employers



2012 Primary Employers



Full-time Equivalent Employees as of June 30										
Function	2008	2009	2010	2011	2012	2013	2014	2015	2016*	2017
General Government	23	26	27	24	17	14	17	14	14	15
Public Safety	57	54	55	56	45	42	44	42	46	48
Judicial	6	6	6	5	5	5	5	5	5	6
Public Works	15	16	16	16	14	12	14	15	15	15
Culture and Recreation	19	18	22	24	18	12	12	14	16	15
Community Support	6	6	8	9	3	4	2	2	2	2
Electric	19	19	19	19	19	19	17	18	18	18
Water	16	16	16	14	15	17	19	17	17	17
Total	161	161	168	167	136	125	130	127	133	136



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

*Restated - Corrected FTE for Firefighters

City of Page, Arizona
Operating Indicators by Functions
Last Ten Fiscal Years

Statistical Section
Operating Information
(Accrual basis of accounting)

	Fiscal Years Ended June 30									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Planning and Building Safety										
Building permits issued (new single family homes)	25	16	23	6	1	6	3	3	8	12
Highway and Streets										
Street resurfacing (miles)	3.1	0.6	1.4	2.4	0.0	0.0	0.0	1.0	0.0	0.2
Streets striped (miles)	15.7	16.5	16.5	16.5	16.7	9.3	9.3	7.6	0.0	20.4
Culture and Recreation										
Summer recreation camps	16	19	11	12	13	0	0	0	0	5

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

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

Statistical Section
Operating Information
(Accrual basis of accounting)

Function	Fiscal Year Ended June 30									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Highways and Streets										
Streets (miles)	44.7	45.5	47.0	47.0	47.2	47.2	47.2	47.2	47.2	47.2
Streetlights	N/A	N/A	811	811	817	817	817	817	817	817
Traffic Signals	53	53	53	53	53	53	53	53	53	53
Culture and recreation										
Parks acreage	17.23	17.23	17.73	17.73	17.73	17.73	17.73	17.73	17.73	17.73
Parks	6	6	6	6	6	6	6	6	6	6
Community centers	1	1	1	1	1	1	1	1	1	1
Sewer										
Sanitary sewers (miles)	N/A	N/A	32	38	38.71	38.94	38.94	38.94	49.26	49.26
Storm sewers (miles)	6.9	6.9	8.3	8.3	8.8	8.8	8.8	8.8	8.8	8.8
Maximum daily treatment capacity (gallons)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Average daily treatment (gallons)	795,000	841,000	872,000	901,000	945,000	918,000	908,005	875,000	889,000	882,000
Water										
Water lines (miles)	N/A	N/A	55	58.64	58.92	59.61	60.07	59.94	59.94	60.19
Raw water lines (miles)	N/A	N/A	N/A	3	3	3	3	3	3	3
Maximum daily treatment capacity (gallons)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Average daily treatment (gallons)	2,085,000	2,001,000	1,918,000	1,921,000	1,988,000	1,890,000	1,751,756	1,618,500	1,940,000	1,890,000

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

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

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OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS

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MEMBERS:

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MICHAEL J. TORGERSON, 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, 2017, 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 31, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

HintonBurdick Arizona, PLLC
Flagstaff, Arizona
October 31, 2017



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, 2017, and have issued our report thereon dated October 31, 2017. 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, 2017.

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

HintonBurdick Arizona, PLLC
Flagstaff, Arizona
October 31, 2017

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