

CITY OF PAGE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2023
WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF PAGE, ARIZONA
Annual Expenditure Limitation Report
June 30, 2023

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Independent Accountants' Report on AELR

The Auditor General of the State of Arizona and
The Honorable Mayor and City Council
City of Page, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the City of Page, Arizona, for the year ended June 30, 2023, and the related notes to the report. The City of Page, Arizona's management is responsible for presenting this report in accordance with the uniform expenditure reporting system as described in note 1. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the uniform expenditure reporting system in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the annual expenditure limitation report referred to above is presented in accordance with the uniform expenditure reporting system as described in note 1 in all material respects.

As described in Note 10 of the report, the City restated its exclusions for dividends, interest, and gains on the sale or redemption of investment securities for fiscal years 2018 through 2021 and its grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes for 2022 to correct misstatements in its previously issued Annual Expenditure Limitation Reports. Our opinion is not modified with respect to this matter.

HintonBurdick, PLLC

Gilbert, Arizona
March 15, 2024

CITY OF PAGE, ARIZONA
Annual Expenditure Limitation Report – Part II
Year Ended June 30, 2023

<u>Description</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
A. Amounts reported on the Reconciliation Line D	\$ 26,941,908	\$ 21,169,536	\$ 47,443	\$ 48,158,887
B. Less exclusions claimed:				
2. Debt service requirements (Note 3)	437,305	196,214	-	633,519
3. Dividends, interest and gains on the sale or redemption of investment securities	775,611	746,966	47,443	1,570,020
5. Grants and aid from the Federal government (Note 5)	7,606,154	-	-	7,606,154
6. Grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes. (Note 6)	350,723	-	-	350,723
7. Amounts received from the State of Arizona (Note 7)	101,146	-	-	101,146
10. Highway user revenues in excess of those received in fiscal year 1979-80. (Note 8)	617	-	-	617
14. Prior years carryforward (Note 9)	637,327	202,241	-	839,568
	<u>9,908,883</u>	<u>1,145,421</u>	<u>47,443</u>	<u>11,101,747</u>
16. Total exclusions claimed				
C. Amount subject to the expenditure limitation (If an individual fund type amount is negative, reduce exclusions claimed to net to zero.)	<u>\$ 17,033,025</u>	<u>\$ 20,024,115</u>	<u>\$ -</u>	<u>\$37,057,140</u>

See accompanying notes to report

CITY OF PAGE, ARIZONA
Annual Expenditure Limitation Report - Reconciliation
Year Ended June 30, 2023

<u>Description</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund-based financial statements	<u>\$ 26,941,908</u>	<u>\$ 21,710,217</u>	<u>\$ 47,443</u>	<u>\$ 48,699,568</u>
B. Subtractions:				
1. Items not requiring use of current financial resources:				
Depreciation	-	2,816,291	-	2,816,291
Loss on disposal of capital assets	-	15,149	-	15,149
Pension and other postemployment benefits (OPEB) expense	-	209,988	-	209,988
6. Total subtractions	<u>-</u>	<u>3,041,428</u>	<u>-</u>	<u>3,041,428</u>
C. Additions:				
1. Principal payments on long-term debt	-	69,455	-	69,455
2. Capital asset acquisitions	-	2,090,455	-	2,090,455
4. Pension/OPEB contributions paid in the current year	-	340,837	-	340,837
6. Total additions	<u>-</u>	<u>2,500,747</u>	<u>-</u>	<u>2,500,747</u>
D. Amounts reported on Part II, Line A	<u>\$ 26,941,908</u>	<u>\$ 21,169,536</u>	<u>\$ 47,443</u>	<u>\$ 48,158,887</u>

See accompanying notes to report

CITY OF PAGE, ARIZONA
Notes to the Annual Expenditure Limitation Report
June 30, 2023

Note 1 Summary of Significant Accounting Policies

The Annual Expenditure Limitation Report (AELR) is presented on the basis of accounting prescribed by the *Uniform Expenditure Reporting System* (UERS), as required by Arizona Revised Statutes §41-1279.07. The AELR excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX §20, from the total expenditures, expenses or deductions reported in the fund financial statements.

In accordance with the UERS requirements, a note to the AELR is presented below for any exclusion claimed in part II and each subtraction or addition in the Reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds, Statement of Revenues, Expenses, and Changes in Net Position for the Proprietary Funds, Statement of Cash Flows for the Proprietary Funds, and the Statement of Changes in Fiduciary Net Position for the Fiduciary Funds.

Note 2 Reconciliation Subtractions and Additions

The subtractions for depreciation, loss on disposal of capital assets and pension expense and the additions for the acquisition of capital assets and pension contributions are all provided in the Statement of Cash Flows for the Proprietary Funds and the financial statement footnote 6 and 7. The subtraction for pension expense is based on the calculated change in the net pension liability as reported in the Statement of Cash Flows for the Proprietary Funds.

Note 3 Debt Service Requirements

The exclusion claimed in Part II for debt service requirements consists of principal retirement of \$432,344 (\$426,847 reported as principal payment and \$5,497 as departmental expense) and interest expense of \$4,961 on the City's notes payable and leases obligations as listed in the financial statements and footnote 7.

CITY OF PAGE, ARIZONA
Notes to the Annual Expenditure Limitation Report
June 30, 2023

Note 4 Reconciliation of Intergovernmental Revenue

The following schedule presents revenues from which exclusions have been claimed for federal grants and aid, amounts received from the State of Arizona, highway user revenues, and contracts with other political subdivisions in the Governmental Funds. The amounts excluded do not exceed expenditures for such revenues.

<u>Description</u>	<u>Governmental Funds</u>
Grants and aid from the Federal government	\$ 7,606,154
Grants, aid and contributions from others	350,723
Amounts received from the State	101,146
Highway user revenues in excess of those received in fiscal year 1979-80	-
Contracts with other political subdivisions	617
Other revenues (nonexcludable):	-
State Revenue Sharing	1,399,049
State Sales Tax	1,090,180
Auto Lieu Tax	414,889
County Library District	336,846
Other	130,246
Highway user revenues adjustment	915,469
Total intergovernmental revenues	<u>12,345,319</u>
Amounts recorded as misc revenues	(834,565)
Total intergovernmental revenues as reported in the financial statements	<u>\$ 11,510,754</u>

Note 5 Grants and Aid from Federal Government

The \$7,606,154 exclusion claimed for grants and aid from the Federal Government consists of \$69,397 in airport improvement grants and \$97,841 ADOT grant recorded in the Capital Projects fund, \$4,285,036 payments for essential air services grant, \$301,378 Coronavirus Relief Fund grant, \$2,463,425 ARPA grant, and \$389,077 in various other small grants recorded in the Grants Fund.

Note 6 Grants, Aid and Contributions from Others

The \$350,723 exclusion for grants, aid and contributions received from other organizations consists mainly of \$122,750 in recreational grants, \$191,788 in grants and assistance for the library, and other miscellaneous grants and contributions recorded in the Grants Fund.

CITY OF PAGE, ARIZONA
Notes to the Annual Expenditure Limitation Report
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Note 7 Amounts Received from the State

The \$101,146 exclusion for amounts received from the state consists of \$53,846 in capital projects grant reported in the Capital Projects fund and \$47,300 in magistrate assistance from the Administrative Office of the Court.

Note 8 Highway User Revenues in Excess of Fiscal Year 1979-80

The deduction for highway user revenues in excess of fiscal year 1979-80 was calculated as follows:

Current year highway user revenues	\$	916,086
Less revenues received in 1979-80		(198,928)
Revenues available for exclusion		<u>717,158</u>
Actual expenditures of highway user revenues		221,249
Amount equal to 1979-80 revenues expended in current fiscal year		(198,928)
Amounts covered by other funding sources		<u>(21,704)</u>
Excludable revenues expended in current fiscal year		<u>617</u>
Revenues available for exclusion in current fiscal year		717,158
Revenues expended and claimed as an exclusion in the current fiscal year		<u>(617)</u>
Carryforward	\$	<u>716,541</u>

Note 9 Carryforwards

The carryforward amounts used exclusions claimed in Part II consists of dividends, interest and gains on the sale or redemption of investment securities consists of interest earned on investments held by the City, and of grant amounts received in prior years and expended in the current year. Interest amounts carried forward from prior years (See note 10) have been utilized in the current year and the remaining interest income is being carried forward.

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
Prior year carryforward balance	\$ 2,126,735	\$ 669,664
Interest income added	-	-
Interest income utilized	<u>(426,304)</u>	<u>(202,241)</u>
Carryforward to future years	<u>\$ 1,700,431</u>	<u>\$ 467,423</u>

CITY OF PAGE, ARIZONA
Notes to the Annual Expenditure Limitation Report
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Note 9 Carryforwards, Continued

Grant fund amounts carried forward from prior years (See note 10) have been utilized in the current year, when they were expended.

	Governmental Funds	Enterprise Funds
Prior year carryforward balance	\$ 211,023	\$ -
grant funds utilized	(211,023)	-
Carryforward to future years	\$ -	\$ -

Carryforward HURF funds additions and utilization in the current year were:

	Governmental Funds
Prior year carryforward balance	\$ 174,131
HURF Carryforward added	716,541
HURF Carryforward utilized	-
Carryforward to future years	\$ 890,672

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CITY OF PAGE, ARIZONA
Notes to the Annual Expenditure Limitation Report
June 30, 2023

Note 10 Restatement

During the fiscal years 2018 to 2021 the City excluded dividends, interest, and gains on the sale or redemption of investment securities which should have been carried forward. The City is restating its dividends, interest, and gains on the sale or redemption of investment securities for these fiscal years and carrying forward the amounts to future years as follows:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Dividends, interest, and gains on the sale or redemption of investment securities exclusions as previously reported	\$ 437,623	\$ 785,771	\$ 1,004,502	\$ 568,503
Less: Carryforwards as restated	437,623	785,771	1,004,502	568,503
As restated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Economic Estimates Commission expenditure limitation	\$ 33,065,196	\$ 33,908,940	\$ 34,607,298	\$ 35,449,895
Amounts subject to the expenditure limitation as previously reported:	25,258,619	29,123,999	27,309,313	27,944,223
Plus adjustments	437,623	785,771	1,004,502	568,503
Amounts subject to the expenditure limitation, as restated	<u>\$ 25,696,242</u>	<u>\$ 29,909,770</u>	<u>\$ 28,313,815</u>	<u>\$ 28,512,726</u>
Amount under the expenditure limitation, as restated	<u>\$ 7,368,954</u>	<u>\$ 3,999,170</u>	<u>\$ 6,293,483</u>	<u>\$ 6,937,169</u>

During the fiscal year 2022 the City excluded \$211,023 in grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes for revenue which was received in fiscal year 2022 but expended in fiscal year 2023 and should have been carried forward. The City is restating its grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes for fiscal years 2022 and carrying forward the amount to future years as follows:

	<u>2022</u>
Grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes exclusions as previously reported	\$ 239,922
Less: Carryforwards as restated	211,023
As restated	<u>\$ 28,899</u>
Economic Estimates Commission expenditure limitation	\$ 35,215,260
Amounts subject to the expenditure limitation as previously reported:	31,448,812
Plus adjustments	211,023
Amounts subject to the expenditure limitation, as restated	<u>\$ 31,659,835</u>
Amount under the expenditure limitation, as restated	<u>\$ 3,555,425</u>