

AGENDA

TUSAYAN TOWN COUNCIL REGULAR MEETING

PURSUANT TO A.R.S. § 38-431.02 & §38-431.03

Wednesday, March 23, 2016 at 6:00pm

TUSAYAN TOWN HALL BUILDING

845 Mustang Drive, Tusayan Arizona

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Tusayan Town Council and to the general public that the Tusayan Town Council will hold a meeting open to the public on Wednesday, March 23, 2016 at the Tusayan Town Hall Building. If authorized by a majority vote of the Tusayan Town Council, an executive session may be held immediately after the vote and will not be open to the public. The Council may vote to go into executive session pursuant to A.R.S. § 38-431.03.A.3 for legal advice concerning any matter on the agenda, including those items set forth in the consent and regular agenda sections. The Town Council may change, in its discussion, the order in which any agenda items are discussed during the course of the meeting.

Persons with a disability may request a reasonable accommodation by contacting the Town Manager at (928) 638-9909 as soon as possible.

As a reminder, if you are carrying a cell phone, electronic pager, computer, two-way radio, or other sound device, we ask that you silence it at this time to minimize disruption of today's meeting.

TOWN COUNCIL REGULAR MEETING AGENDA

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

2. ROLL CALL *One or two Council Members may attend by telephone*

MAYOR CRAIG SANDERSON
VICE MAYOR JOHN RUETER

COUNCILOR AL MONTOYA
COUNCILOR JOHN SCHOPPMANN
COUNCILOR BECKY WIRTH

3. CALL TO THE PUBLIC FOR ITEMS NOT ON THE AGENDA

Members of the public may address the Council on items not on the printed agenda. The Council may not discuss, consider or act upon any matter raised during public comment. Comments will be limited to three minutes per person.

Members of the audience who wish to speak to the Council on an item listed as Public Hearing should complete a Request to Speak Card and turn it into the Town Clerk. Speakers will be limited to three minutes each.

4. CEREMONIAL AND/OR INFORMATIONAL MATTERS

None

5. CONSENT AGENDA

Items on the consent agenda are routine in nature and will be acted on with one motion and one vote. Members of the council or staff may ask the mayor to remove any item from the consent agenda to be discussed and acted upon separately.

A. Minutes of the Town Council Workshop and Meeting on March 2, 2016

B. Accounts Payable Billings

6. WORK GROUP AND COMMITTEE REPORTS

A. Update on the Sports Complex Work Group

B. Update on the Planning and Zoning Commission

C. Update on Affordable Housing

D. Update on Broadband development

7. ACTION ITEMS

- A. Consideration, discussion, and possible approval of joint Town of Tusayan / Grand Canyon School District letter notifying the US Forest Service of planned action at the Sports Complex**
- B. Consideration, discussion, and possible approval of Shuttle Bus Extension Agreement between the Town of Tusayan and the National Park Service**
- C. Consideration, discussion, and possible approval of Town of Tusayan Fiscal Year ended June 30, 2015 Financial Statements, Audit Report, Findings and Recommendations, and Annual Expenditure Limitation Report**

8. DISCUSSION ITEMS

- A. Return of United States Forest Service Roadway and Easement application**
- B. Earth Day Community Activity**
- C. Legal advice concerning the Housing Authority of Town of Tusayan Guidelines**

9. TOWN MANAGER'S REPORT

10. FUTURE AGENDA ITEMS

11. COUNCIL MEMBERS' REPORTS

12. MAYOR'S REPORT

13. MOTION TO ADJOURN

CERTIFICATION OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at the General Store in Tusayan, Arizona on this _____ day of March 2016, at _____ am / pm in accordance with the statement filed by the Tusayan Town Council.

Signature of person posting the agenda

ITEM NO. 5A

TUSAYAN TOWN COUNCIL WORKSHOP MEETING

PURSUANT TO A.R.S. § 38-431.02 & §38-431.03

Wednesday, March 2, 2016 at 5:00pm

TUSAYAN TOWN HALL BUILDING

845 Mustang Drive, Tusayan Arizona

TOWN COUNCIL SUMMARIZED MINUTES

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

Meeting was called to order by Vice Mayor Rueter at 5:07pm and the Pledge of Allegiance was recited.

2. ROLL CALL

MAYOR CRAIG SANDERSON - arrived at 5:22pm

VICE MAYOR JOHN RUETER

COUNCILOR AL MONTOYA

COUNCILOR JOHN SCHOPPMAN - excused

COUNCILOR BECKY WIRTH

Also present were: Eric Duthie, Town Manager
Melissa M. Drake, Town Clerk

3. DISCUSSION OF ITEMS

A. Tusayan Subdivision Regulations

Manager Duthie noted changes made to the Subdivision Regulations Draft since the Council last reviewed them. He noted that these changes were made on the advice of the Town Attorney creating certain exclusions, allowed by state law, for the Town to facilitate the affordable housing project.

Manager Duthie stated that the Planning and Zoning Commission will be meeting on Monday, March 7th to review this document with hopes that it will come back to the Council at their next meeting on March 16th.

B. Tusayan Housing Authority and Guidelines

Manager Duthie stated that the Guidelines are currently in progress but the Bylaws are in the packet and up for approval in the meeting at 6pm tonight. He noted that the majority of the document is "boiler plate" based on State Statute and Town Attorney David Benton is available by phone if the Council has any questions for him.

C. Flood Plain Administration

Manager Duthie stated that the document in the Agenda Packet was provided by Vice Mayor Rueter and the Coconino County Flood District. It identifies the options the Town has in regards to the Flood Plain Administrator for the Town of Tusayan.

Vice Mayor Rueter reported on his meeting with Coconino County Supervisor Art Babbott related to this subject and stated his opinion that he preferred that the Town of Tusayan become the Administrator. He noted errors in the FEMA maps and disagreement between studies in the past.

Manager Duthie stated that representatives of the Flood Control District told him that there are no projects planned for the Tusayan area and that there is no money available for projects. They stated that the Schultz Flood has used all funding as well as additional funds from the Coconino County General Fund. He also noted that administration by the Town would cost additional funds and require additional manpower.

Manager Duthie suggested adding this topic to the agenda for a Regular Meeting and involve the Town Engineers as well as representatives from the Flood District. The Council agreed.

4. MOTION TO ADJOURN

Vice Mayor Rueter made a motion to adjourn the meeting at 6:05pm. Councilor Montoya seconded the motion and it passed on unanimous vote.

Craig Sanderson, Mayor Date

ATTEST:

Melissa M. Drake, Town Clerk

CERTIFICATION

State of Arizona)
) ss.
Coconino County)

I, Melissa M. Drake, do hereby certify that I am the Town Clerk of the Town of Tusayan, County of Coconino, State of Arizona, and that the above minutes are a true and correct summary of the meeting of the Council of the Town of Tusayan held on March 2, 2016. I further certify that the meeting was duly called and held, and that a quorum was present.

DATED this 2nd day of March, 2016

Town Clerk

TUSAYAN TOWN COUNCIL REGULAR MEETING

PURSUANT TO A.R.S. § 38-431.02 & §38-431.03
Wednesday, March 2, 2016 at 6:00pm
TUSAYAN TOWN HALL BUILDING
845 Mustang Drive, Tusayan Arizona

TOWN COUNCIL SUMMARIZED MINUTES

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

Mayor Sanderson called the meeting to order at 6:15pm and the Pledge of Allegiance was recited.

2. ROLL CALL

MAYOR CRAIG SANDERSON
VICE MAYOR JOHN RUETER
COUNCILOR AL MONTOYA
COUNCILOR JOHN SCOPPMANN - excused
COUNCILOR BECKY WIRTH

Also present were: Eric Duthie, Interim Town Manager
Melissa M. Drake, Town Clerk

3. CALL TO THE PUBLIC FOR ITEMS NOT ON THE AGENDA

None

4. CEREMONIAL AND/OR INFORMATIONAL MATTERS

None

5. CONSENT AGENDA

A. Minutes of the Town Council Regular Meeting of February 17, 2016

B. Accounts Payable Billings

Vice Mayor Rueter made a motion to approve the Consent Agenda. Councilor Montoya seconded the motion and it passed on unanimous vote.

6. WORKGROUP AND COMMITTEE REPORTS

A. Update on the Sports Complex Work Group

Manager Duthie stated that the Sports Complex Work Group met yesterday and had a very productive meeting discussing placement of the sports fields. He thanked Pete Shearer from the School Board for providing copies of the documents where the US Forest Service granted the land to the Grand Canyon School District. Mayor Sanderson stated that they are looking forward getting, what they hope is, a final plan from the engineers.

B. Update from the Planning and Zoning Commission

Manager Duthie stated that there will be a Planning and Zoning Commission on Monday, March 7th, where the Commission will appoint a Chair and review the revised Subdivision Regulations Draft.

C. Update on Affordable Housing

A meeting (conference call) will be held on Friday with the Forest Service to get a status on the access application.

D. Update on Broadband development

The feasibility study report was scheduled to be complete at the end of February but as of today we have not received it. Vice Mayor Rueter has been working on a proposal for Xanterra regarding access for broadband along the railroad. Vice Mayor Rueter stated that this is more of a draft of talking points.

Doug Lentz, GCNP, stated that Commnet had requested permission to look at bringing fiber to the area using telegraph poles. GCNP approved the study.

7. ACTION ITEMS

A. Consideration, discussion, and possible appointment of Mrs. Anavon Harris to the Tusayan Planning and Zoning Commission

Mayor Sanderson stated that Mrs. Harris' application was in the Agenda Packet. He asked Manager Duthie if Mrs. Harris is fully qualified for the Commission. Manager Duthie stated that she was.

Councilor Montoya made a motion to appoint Mrs. Anavon Harris to the Planning and Zoning Commission. Councilor Wirth seconded the motion and it was approved on unanimous vote.

B. Consideration, discussion, and possible approval of Resolution 2016-01, adopting the 2016 Coconino County Multi-Jurisdictional Hazard Mitigation Plan

Manager Duthie stated that the resolution and the Table of Contents of the Plan were in the Agenda Packet. He also noted that the entire document was provided to the Council several weeks ago.

The Plan has been approved by FEMA and the Coconino County Board of Supervisors.

Vice Mayor Rueter made a motion to adopt the 2016 Coconino County Multi-Jurisdictional Hazard Mitigation Plan and approve Resolution 2016-01. Mayor Sanderson read the resolution. Councilor Wirth seconded the motion and it was approved on unanimous vote.

C. Consideration, discussion, and possible approval of Tusayan Town Policy 2016-01, establishing purpose, procedures, and application for Community Funding Requests

Mayor Sanderson thanked Manager Duthie for developing this policy since a need for the policy has been demonstrated by recent requests.

Manager Duthie stated that the intent of the policy is to allow Council to financially support the community but ensure that requesting organizations are stable and financially sound. He highlighted certain requirements in the policy.

The Council discussed the policy.

Councilor Wirth made a motion to approve Tusayan Town Policy 2016-01. Vice Mayor Rueter seconded the motion and it was approved on unanimous vote.

D. Consideration, discussion, and possible approval of joint Town of Tusayan / Grand Canyon School District letter notifying the US Forest Service of planned action at the Sports Complex

Manager Duthie stated that the placement of sports fields at the Complex would require movement of the road which affects current easements. A letter may be drafted to the Forest Service noting the intent to make those changes.

Mayor Sanderson stated that the documents provided by Mr. Shearer granting the land to the School District had provisions for possible changes to the road easements in the Sports Complex. Vice Mayor Rueter clarified that these changes will have no effect on Long Jim Loop and are only required due to adding a track to the plan for the Sports Complex.

The Council directed the Town Manager to draft a joint letter from the Town of Tusayan and the Grand Canyon School District notifying the US Forest Service of the plans for the Sports Complex. The School Board will have the opportunity approve the letter at their meeting next week and the Council may approve at the next meeting on March 16th.

E. Consideration, discussion, and possible approval of Resolution 2016-02, creating the Tusayan Housing Authority and By-Laws

Mayor Sanderson noted that the resolution and By-Laws were in the packet. He read highlights of the resolution.

Manager Duthie noted that the By-Laws are the administrative function of creating the Commission and the authority it and its commissioners have.

Vice Mayor Rueter made a motion to approve Resolution 2016-02 creating the Tusayan Housing Authority and By-Laws. Councilor Montoya seconded the motion and it was approved on unanimous vote.

8. DISCUSSION ITEMS

A. Preliminary FY 2016-17 budget (Justice Court & Law Enforcement)

Manager Duthie stated that the Justice Court does not have any funding changes planned for this upcoming fiscal year. The Town is currently in negotiations with the Coconino County Sheriff's Department for the possible renewal of the

contract expiring June 30, 2016. At a recent meeting with the Sheriff's Department, Sheriff Pribil stated that they will re-evaluate the costs and definitions of calls for service for the next meeting.

The Council discussed options for the contract and of law enforcement, including the possibility of creating its own police force.

B. Update of GCNP signage request

Manager Duthie stated that he and Tim Stine met with Dawn Ryan of GCNP about her signage request at the last meeting. The Town will be handling the encroachment permit requests. He noted that the entrance into the parking lot is not accessible for the shuttle buses so the visitors parking in the lot will have to walk down to the shuttle stop in front of IMAX to catch a bus.

C. Update of United States Forest Service Roadway and Easement application review process and current status

Manager Duthie stated that a conference call will be held on Friday to discuss the status of the request.

9. TOWN MANAGER'S REPORT

Manager Duthie stated the following:

- All of the piping work, potable water, and electrical work at the Sports Complex restroom project is complete and the project is on schedule. John and Clarinda Vail stated that the project has gone well and that the contractor has done a great job.
- Welcome banners are up in Town
- Discussed cooperative efforts with the Chamber and Visitors' Bureau
- A member of the community contacted him about renewing a dog license. He noted that licensing is handled by Coconino County, not the Town.
- Attended the National Park Winter Carnival last week which was well attended
- Attended the walk-through at the Grand Canyon Clinic this morning

10. FUTURE AGENDA ITEMS

3/16/16 – approval of the joint letter to the USFS

11. COUNCIL MEMBERS' REPORTS

Vice Mayor Rueter stated that he attended a NACOG meeting recently and the Town needs to revise a funding request list for NACOG. He will have that in a few weeks.

12. MAYOR'S REPORT

Mayor Sanderson stated that he has already covered everything in earlier discussion.

13. MOTION TO ADJOURN

ITEM NO. 7A

TOWN OF TUSAYAN

at the entrance to Grand Canyon National Park



Heather Provencio
Forest Supervisor
Kaibab National Forest
800 S. 6th St.
Williams, AZ 86046

March 3, 2016

The United States Forest Service (USFS) transferred land, now within the boundary of the Town of Tusayan, to the Grand Canyon School District (GCSD), through certain instruments including a Quit Claim Deed, recorded as an official record of Coconino County on April 10, 2008; Purchase and Sale Agreement, signed by Gilbert Zepeda, Deputy Regional Forester on April 8, 2008; and Decision Notice and Finding of No Significant Impact, signed by Michael R. Williams, Forest Supervisor, Kaibab National Forest on October 30, 2006 for property described as Gila and Salt River Meridian, T.30N., R. 3 E. secs. 23 and 24—Tract 39.

The Town of Tusayan (Town) and the Grand Canyon School District (GCSD) have a well-established cooperative relationship concerning land use of the property for development of mutually beneficial facilities. The Town and GCSD have cooperatively installed multi-use basketball courts, a child playground, and a public restroom with accompanying sidewalks and parking areas. The next phase of development includes the installation of a regulation baseball field, a soccer field, a running track, spectator bleachers and parking. Long term future improvements include the development of a full school facility and associated infrastructure.

This letter serves as notice of intent for the GCSD and Town to relocate the existing unpaved road (see Exhibit A, June 2007) which traverses the majority of the property from the northeast corner, in a southwest direction which interferes with the practical and usable portion of the property designated for a soccer field, track, bleachers and parking. The road will be moved closer to the northern boundary while providing improved vehicle, bus, and emergency vehicle ingress, egress, and parking. The improved road will exceed the current standard of "unpaved road".

Should the USFS have question or comment, please submit such comment, within 30 days of receipt of this notice, to both of the following:

Town of Tusayan
Town Manager Eric Duthie
P.O. Box 709
Tusayan, AZ 86023

Grand Canyon School District
Superintendent Dr. Shonny Bria
P.O. Box 519
Grand Canyon, AZ 86023

TOWN OF TUSAYAN

at the entrance to Grand Canyon National Park



Approved by Grand Canyon School Board:

Date: 3-8-2016

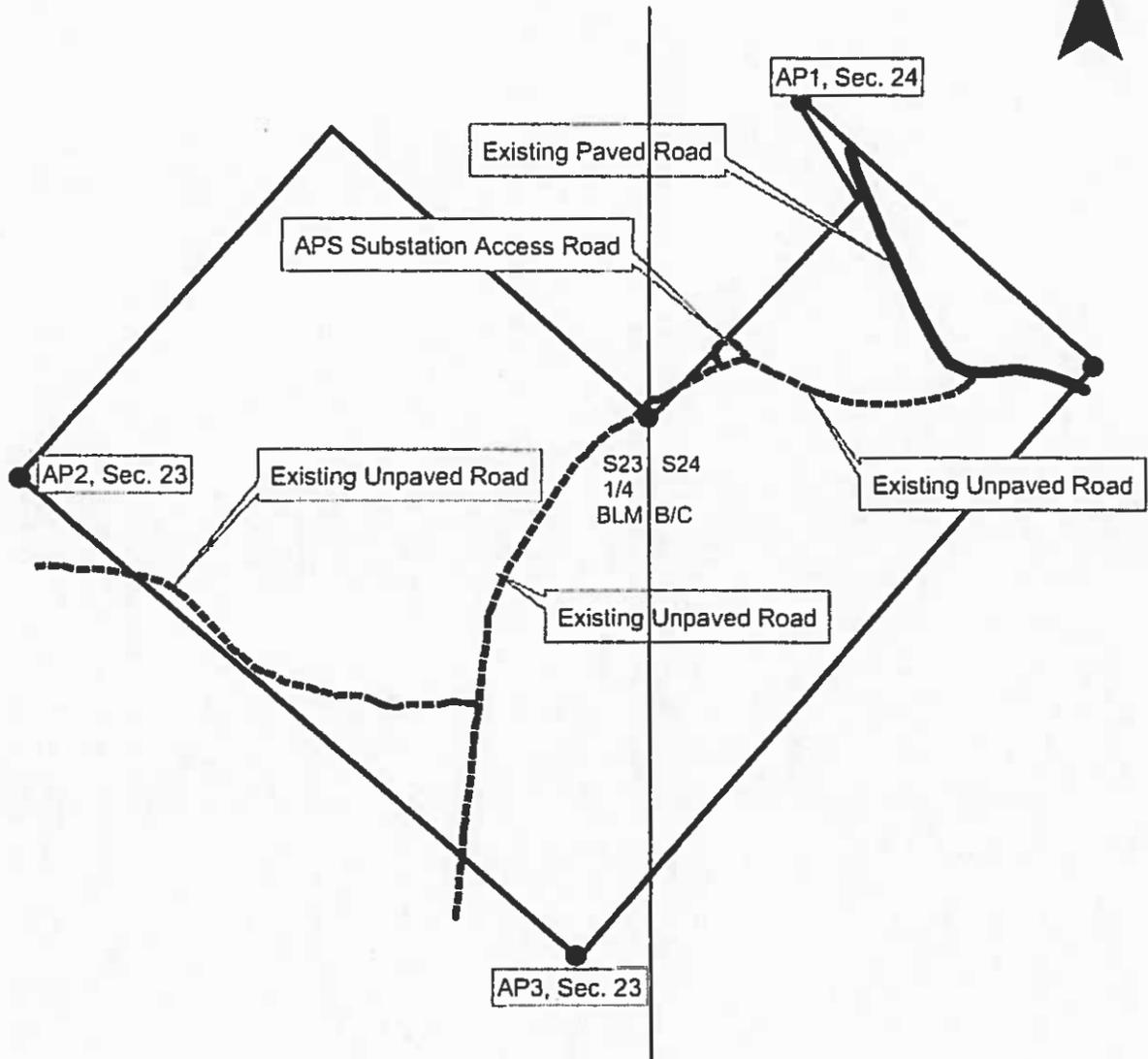
[Signature]
Pete Shearer
[Signature]
[Signature]
[Signature]

Approved by Tusayan Town Council:

Date: _____

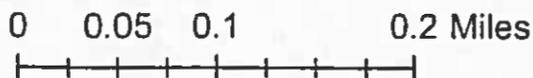
EXHIBIT A

N



Roads Reserved by the United States Across Tract 39, Sections 23 and 24, T. 30 N., R. 2 E., G&SRM

-  Existing Paved Road (Forest Road 605C)
-  Existing Unpaved Roads (Including Forest Road 2607, the APS Substation Access Segment of Road 2607, and a Segment of Road from Forest Road 2607 to the Boundary Line of Tract 39)



Tract 39

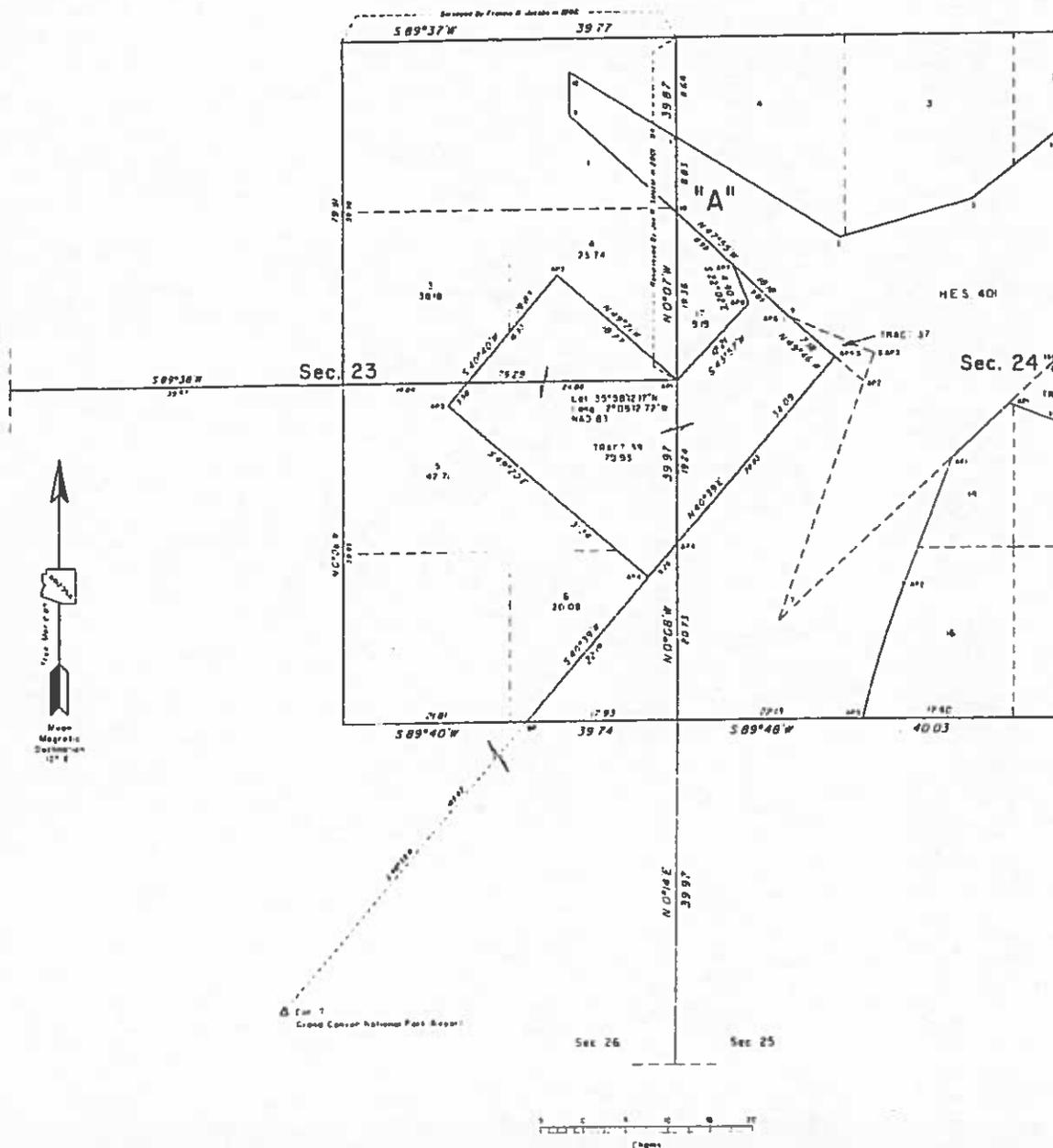
Scale 1:6,000

June 2007

1247-C

TOWNSHIP 30 NORTH, RANGE 2 EAST, OF THE GILA AND SALT RIVER MERIDIAN, ARIZONA

SURVEY OF TRACT 39 IN SECTIONS 23 AND 24

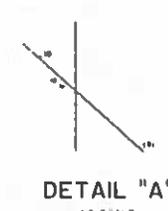


The history of surveys is contained in the field notes.

This plat represents the dependent roadway of a portion of the subdivision lines, a portion of Homestead Entry Survey No. 401 and a portion of Tract 37, designed to restore the corners in their true original locations according to the best available evidence, the subdivision of section 23, survey of Tract 39 and a metes-and-bounds survey in section 23, Township 30 North, Range 2 East, Gila and Salt River Meridian, Arizona.

Except as indicated hereon, the bearings and areas are as shown on the plats accepted June 22, 1964, and November 18, 2004.

This survey was executed by Geoffrey A. Graham, Cadastral Surveyor beginning August 29, 2005, and completed September 1, 2005, pursuant to Special Instructions dated August 25, 2005, for Group No. 968, Arizona.



UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Phoenix, Arizona April 6, 2006

This plat is strictly conformable to the approved field notes, and the survey, having been correctly executed in accordance with the requirements of law and the regulations of the Bureau, is hereby accepted.

For the Director

Stephen K. Hansen
Chief Cadastral Surveyor of Arizona

acc

Grand Canyon Unified School

March 8, 2016

Work Session 5:30 PM & Regular Board Meeting 6:30 PM

Agenda

Members of the Governing Board may attend either in person or by telephone conference call.

Pursuant to A.R.S. 38-341.02, notice is hereby given to the public that the Governing Board of the Grand Canyon Unified School District #4 will convene for a 5:30 PM meeting open to the public. To be held, Tuesday, March 8, 2016 in the School Library, 100 Boulder Street, Grand Canyon, Arizona 86023.

The Governing Board reserves the right to move into Executive Session for discussion and consideration of employment, assignment, promotion, demotion, salaries etc and/or legal advice with its attorneys for any item listed on the agenda, in person or telephonically, pursuant to A.R.S. 38-431.03(A)(3)(1)

Member of the Governing Board may attend either in person or by telephone conference call.

All items on the agenda may be discussed, considered or decided at this meeting.

WORK SESSION

- I. Discussion and Possible Action related to Vision and Mission Statements
- II. Executive Session

The Governing Board reserves the right to move into Executive Session for Administration to provide updates related to ongoing legal issues and/or for legal advice with its attorneys, in person or telephonically, pursuant to A.R.S. 39-341.03 (A)(2)(3).

III. Executive Session

Executive Session for Superintendent Evaluation pursuant to A.R.S. Section 38-431.03 (A) (1) for the purpose of: (1) discussion or consideration of employment, assignment, appointment, promotion, demotion, dismissal, salaries, disciplining or resignation of a public officer, appointee or employee may demand that the discussion or consideration occur at a public meeting. The public body shall provide the officer, appointee or employee with written notice of the executive session as is appropriate but not less than twenty-four hours for the officer, appointee or employee to determine whether the discussion or consideration should occur at a public meeting.

The Superintendent's Executive Session may recess due to time and then convene after the regular meeting if needed.

REGULAR BOARD MEETING

- I. CALL TO ORDER
- II. PLEDGE OF ALLEGIANCE
- III. APPROVAL OF THE AGENDA
- IV. CALL TO THE COMMUNITY

We value input from our community. This time has been set aside for anyone from the audience who wishes to address the Board. Please remember, this is not an appropriate venue to evaluate, discuss, or criticize district personnel.

Member of the Board may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. 38-431.01(G), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism or scheduling the matter for further consideration and decision at a later date. Items listed on the agenda under Old Business and New Business may have call to the Community at the beginning of those items. This is at the discretion of the Board President.

The Governing Board President may elect to place a time limit on remarks

V. CORRESPONDENCE (10 Min)

- A. Introductions of School Resource Officer
- B. Recognition for Carrie Fisher
- C. Recognition for Rita Linneman

VI. REPORTS

Business Manager Report - Brenda Martinez (10 Min)

- Operating Statement and Cash flow statements

Principal Report - Tom Rowland (5Min)

- Observations- 2nd round
- Collaboration meetings
- School Calendar
- Site-Base Team meetings
- AdvancEd preparations
- 6th Grade Outdoor Education Update
- 3 day extravaganza for the class of 2016 during AzMERIT

Maintenance/Transportation Report - Ivan Landry (5 Min)

- Facilities - Bldg 600, Door; Bldg 300, Boiler; Bldg 400, Roof leak; Door Access system, work scheduled for 3-23-16; Head Start, Play area possible progress toward proposal; Cinder Spreader, waiting on delivery; Mid-State, system Upgrade; Lab 109, Chalkboard removal for Smart Board;
- Transportation - Bus 2, Heater/Defrost; Bus 4, Fuel leak
- Housing - PT position, hired; Unit 49B Boulder, water leak; Unit 1494 ponderosa, water heater replaced;

IT Report - Charles Ramirez (5 Min)

- Attempted attacks on primary Domain Controller
- Website transfer
- DNS issues
- Trouble Tickets
- Upcoming Projects

VII. CONSENT AGENDA (5 Min)

- A. Approval of Governing Board Meeting Minutes: (BEDG, BEDG-R)
February 9th Regular Meeting Minutes
- B. Vouchers
Payroll #21 \$ 126,294.10 #22 \$ 117,593.27
- C. Expense Vouchers #8019 \$ 110,285.58 #8020 \$ 45,501.66
- D. Approval of Travel and Fundraising Events
Charles Ramirez - 3/3 Through 3/5 Phoenix - Website Virtual Training
Karen Lehman - 3/27 Through 4/2 Tuscon - CPI Training/Vail District Visit
6th Grade - Camp Colton - May 2016

VIII. OLD BUSINESS (10 Min)

- * → A. Possible Discussion and Action - approve progress of the Sports Complex Fields - Pete & Kevin

IX. NEW BUSINESS (30 Min)

- A. Approval of School Calendar for 2016-2017
- B. Possible Approval of facilities use agreement between Grand Canyon USD and Community Recreational Center
- C. Discussion and Possible Approval of the Intergovernmental Governmental Agreement between Grand Canyon Unified School District and Beyond Textbook Program
- D. Approval of Policy JJE - Student Fund-Raising Activities
- E. Approval of Policies IKE- Promotion & Retention of Students and IKF-Graduation Requirements

X. SUPERINTENDENT REPORT (15 Min)

Superintendent Report - Dr. Shonny Bria

- Stilo
- GCF-EB - Professional Staff Hiring Background Check
- Grand Canyon Unified School District Spending - Arizona AG: 2013, 2014, & 2015
- Health Insurance

XI. CONSIDERATION OF ITEMS FOR NEXT REGULAR BOARD MEETING

XII. ADJOURNMENT

Dated this ____ day of March 2016

Barb Shields, Board Secretary

I hereby certify that the above agenda was posted on the ____ day of March 2016
at _____ a.m. / p.m.

Signature

If any member of the public wishes to attend the Open Meeting and requires reasonable accessibility accommodation, please notify Barb Shields, Board Secretary, at 928-638-2461 ext. 400 24-Hours prior to the meeting. Public document related to the Board Meeting are available for public review in the District Office normally 72 hours prior to the time stated for the Governing Board meeting to convene. Additional documents related to the public meeting may be updated 24 hours prior to the meeting.

Sports Complex Committee meeting yesterday, the group wants to revise the plan as attached.
the the following documents:

ent
g of No Significant Impact

n EA was completed in 2006 and construction was allowed.
e EA from the USFS.

d revised draft is:

out the complex

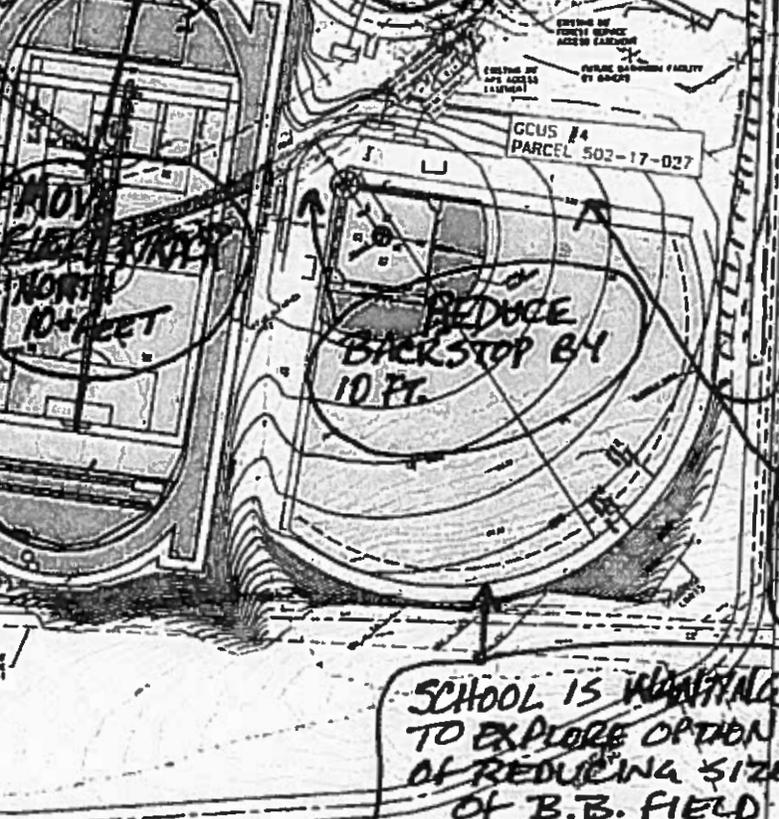
t 10 feet
l needs

dge of the north drop off
terior of the parking road loop at northwest corner

ortheast corner (east of the basketball courts)
d extending to the baseball left field area

ks only. No buses or larger vehicles.

ested in resizing/reducing the baseball dimensions.
ximately 10 feet (the current field at the school has a 28' backstop)
mensions to less than 400'



GCUS #4
PARCEL 502-17-027

ADOT
AERONAUTICS
PARCEL
502-16-011

MOVE BASEBALL
FIELD NORTH
10 FT. - REDUCES
FILL VOLUME.

PRELIMINARY
NOT FOR CONSTRUCTION
OR RECORDING

SCHOOL IS WANTING
TO EXPLORE OPTION
OF REDUCING SIZE
OF B.B. FIELD

- PARKING REQUIREMENTS**
- 1) PER HANDBOOK OF LANDSCAPE ARCHITECTURAL CONSTRUCTION (1978)
MINIMUM PARKING = 36 SPACES
 - 2) PER COCHISE COUNTY ZONING ORDINANCE (RECREATION USE)
 - A) ASSEMBLING 60 BASEBALL PLAYERS AND SPECTATORS
 - B) ASSEMBLING 25 SOCCER PLAYERS AND SPECTATORS
 - C) TOTAL = 105 PEOPLE AT SITE
 - D) MINIMUM PARKING SPACES = 105 / 4 = 26 SPACES
- 50 FT. = BALL HEIGHT OF RETAINING WALL

GENERAL NOTES

FIELD ELEVATIONS AND SLOPE INDICATED WERE USED TO PREPARE THIS GRADING AND FILL PLAN. FIELD AND ADJACENT AREAS PLAYED IN 2008/2009/2010.

ALL ELEVATIONS SHOWN ON THIS PLAN ARE FINISHED SURFACE ELEVATIONS (EXCEPT AS NOTED).

THE INFORMATION ON THESE CONSTRUCTION PLANS CONCERNING THE TYPE, SIZE, AND LOCATION OF UTILITIES HAS BEEN OBTAINED FROM THE MOST INFORMATION AVAILABLE. THE CONTRACTOR SHALL BE RESPONSIBLE FOR DETERMINATION OF EXACT LOCATION OF ALL EXISTING UTILITIES PRIOR TO CONSTRUCTION. IT IS THE CONTRACTOR'S RESPONSIBILITY TO PROTECT ALL EXISTING UTILITIES. IN PLANS, UNLESS SPECIFIC NOTED OR SPECIFIED.

WOODSON
ENGINEERING AND SURVEYING, INC.
226 N. BIRD ST.
FLAGSTAFF, AZ 86001
PHONE: (928) 771-4444 FAX: (928) 771-4445

BALLFIELD CONSTRUCTION
TUSAYAN COMMUNITY PARK

BASEBALL AND SOCCER
GRADING SHEET

DATE	BY	APP'D

TO DISPERSE PARKING THROUGHOUT FACILITY
AND REDUCE FILL DIRT NEEDS

WOODSON ENGINEERING AND SURVEYING
114 N. BIRD ST. • FLAGSTAFF, AZ 86001 • PHONE: (928) 771-4444
12/23/2015
BALLFIELD CONSTRUCTION
Tusayan Community Park
CONSTRUCTION PLANS

PURCHASE AND SALE AGREEMENT
(Grand Canyon Unified School District #4)

THIS PURCHASE AND SALE AGREEMENT, (hereafter called the Agreement) is made effective as of the date of the last authorized signature below, between **GRAND CANYON UNIFIED SCHOOL DISTRICT #4**, 1 Boulder Street, Grand Canyon, AZ, 86023, hereinafter referred to as the Purchaser, and the **UNITED STATES OF AMERICA**, acting by and through the Forest Service, U.S. Department of Agriculture, hereinafter referred to as the Forest Service. This Agreement is hereby executed pursuant to provisions of the Education Land Grant Act (P.L. 106-577, 114 Stat. 3068, 16 U.S.C. 479a), approved on December 28, 2000.

WITNESSETH:

WHEREAS, a parcel of land, with improvements, described below, totaling approximately 79.93 record acres, more or less, located in Coconino County, State of Arizona, was offered for sale to the Purchaser at the legislated nominal fee of \$10.00 per acre:

GILA AND SALT RIVER MERIDIAN
T. 30 N., R. 2 E.,
secs. 23 and 24--Tract 39.

(A parcel of land described and depicted on the attached plat approved by the Bureau of Land Management on April 6, 2006, by Stephen K. Hansen.)

EXCEPTING AND RESERVING TO THE UNITED STATES:

1. All mineral and water rights.
2. An exclusive easement, acting through the Forest Service, Department of Agriculture and its permittees, contractors, and assigns, for existing roads including all timber thereon, in the land above described.

The said easement hereby excepted and reserved is for the reconstruction, maintenance, and full, free, and quiet use and enjoyment of the existing roads as they are presently located and in place over and across the above-described premises and are shown approximately on Exhibit A, attached hereto and made a part hereof, and Forest Road 605C is depicted as Easement A on Easement Survey prepared by Shepard-Wesnitzer, Inc., and recorded March 9, 2000 in Record of Survey Book 16, Pages 35 and 35A, records of Coconino County, Arizona.

The width of said easement shall be 66 feet, 33 feet on each side of the centerline for the existing unpaved roads crossing Tract 39; and 80 feet wide, 40 feet each side of centerline for Forest Road 605C as depicted as Easement A on Easement Survey prepared by Shepard-Wesnitzer, Inc., and recorded March 9, 2000 in Record of Survey Book 16, Pages 35 and 35A, records of Coconino County, Arizona, or more if necessary to accommodate cuts and fills. The boundary lines of said easement shall be prolonged or shortened to begin and end on, and conform to, the Grantee's property line.

The United States excepts and reserves unto itself, its successors and assigns all timber on said easement. The United States further excepts and reserves the right to harvest future forest crops on said easement to maintain easement safety standards.

The Grantee has the right to cross and re-cross the easement at any point and for any purpose in such manner as will not materially interfere with the United States' use of the road.

The Grantee, has the right to use the existing road for all proper and lawful purposes to serve the Grantee's property subject to compliance with the rules and regulations of the Secretary of Agriculture (36 CFR 212.5-212.10) as the same may be amended.

If the Grantee, subsequently grants the United States of America and its assigns a satisfactory easement with acceptable title thereto for a new location of said easement for the roads or a portion thereof and the Grantee, at their expense, relocates thereon the road to standards equal to or better than the existing road or segment of road and in a manner satisfactory to the Forest Supervisor of the Kaibab National Forest, then the easement for the road or segment of road presently herein excepted and reserved shall cease and terminate. In the event the easement or a portion thereof shall cease and terminate as hereinabove provided, the United States of America shall furnish the Grantee with such evidence of termination as is in accordance with existing law and regulation.

PROVIDED, that if the Regional Forester determines that the said easement, or any segment thereof, is no longer needed, for the purposes excepted and reserved, the easement shall terminate upon execution and delivery of a statement in recordable form furnished by the Regional Forester to the Grantee.

Subject To:

1. A private road easement [Forest Road 605C] and rights incident thereto, the easement being 80 feet wide, 40 feet each side of centerline, for Easement "A" as shown on the Easement Survey prepared by Shephard-Wesnitzer, Inc. and recorded in Record of Survey Book 16, Pages 35 and 35A, records of Coconino County, Arizona, over and across a portion of section 24, T. 30 N., R. 2 E., outstanding to the South Grand Canyon Sanitary District of Tusayan, Arizona, as set forth in that certain Private Road Easement dated February 17, 2000, recorded March 9, 2000, Coconino County, Instrument 3042100.
2. A Hazardous Substance Notification attached hereto.
3. The following Reversionary Clause in the land pursuant to the Education Land Grant Act, Sec. 202(e).

In the even the Grantee attempts to transfer title to, or control over the land to another entity, or if the lands are devoted to a use other than the use for which the lands were conveyed, title to the lands shall revert to the United States

WHEREAS, the Purchaser agrees to pay the full sales price of \$799.30, for purchase of said property;

NOW THEREFORE, in consideration of the terms and conditions of this Agreement the parties agree as follows:

A. The Purchaser shall:

1. Make payment (lump sum) in the full amount of \$799.30
2. When survey costs are incurred, bear the cost of said survey work. (*paid, \$8,500.00*)
3. Work in conjunction with the Forest Service to replace existing special use permits with easements. This shall be performed in order to protect the interests and rights of current special use permit holders following conveyance of the Federal land to the school district.
4. Bear the cost of Title Insurance for the property, if so desired.
5. Be advised and willing to accept the property with attached Notice regarding Hazardous Substances. Said notice will also be attached to the Quitclaim Deed.
6. Be advised and willing to accept the property with a reservation to the United States for existing paved and non-paved roads including all timber thereon, over the parcel of land (attached--Exhibit A.)
7. Be advised and willing to accept the property with a reservation to the United States for mineral and water rights.
8. Be advised and willing to accept the property with a Reversionary Clause to the United States should the School District attempt to transfer title to another entity.

B. The Forest Service shall:

1. Remove any personal property and equipment that is not included in the sale, prior to the date of closing.
2. Terminate, and/or amended existing Forest Service special use permits of record. *Said uses will be recognized by easements between the School District and special use permittee holders. The easements will be recorded following the sales transaction between the Forest Service and School District.*
3. Work with the School District to prepare an Easement to South Grand Canyon Sanitary District for ingress, egress and for reclaimed water lines, and rights incident thereto. *Said easement shall be recorded after the conveyance between the Forest Service and GCUSD.*
4. Recognize and cite the recorded Private Road Easement to South Grand Canyon Sanitary District within the Quitclaim Deed to the school district. (*Document No. 3042100*).
5. Issue a Private Road Easement under the authority of the Federal Land Policy and Management Act (FLPMA), to Grand Canyon Unified School District #4.
6. Obtain documentation from School District whereby the Superintendent agrees to accept property with a trailer encroachment. (*letter dated 12/22/2005 on file*)

7. Bear the cost of recordation services involving the Quitclaim Deed and Easements. Note that the Federal government does not pay for, or provide title insurance, title commitments, or other title documents.
8. Not convey mineral/water rights as directed by the Education Land Grant Act, Sec. 202(c).
9. Insert a reversionary clause into the Quitclaim Deed in the event the Grantee (Purchaser) attempts to transfer title to or control over the land to another entity, or if the lands are devoted to a use other than the use for which the lands were conveyed as directed by the Education Land Grant Act, Sec. 202(e).
10. Insert a Notice in the Quitclaim Deed regarding Hazardous Substances. The Notice is attached to this Agreement.
11. Execute and deliver a recorded Quitclaim Deed conveying the property to the Purchaser. Such deed shall be prepared by the Forest Service. At closing, the property shall be free and clear of all exceptions to title, liens, easements, covenants, restrictions, encumbrances, etc., now known as Exceptions, except for those shown below, which will appear in the Quitclaim Deed.

C. Other Terms and Conditions:

1. The Purchaser understands that the Forest Service does not furnish title insurance for the property it conveys, and if needed by the Purchaser, title insurance will be the responsibility of the Purchaser.
2. The Purchaser agrees that no representative or agent of the United States has made any representations or promise with respect to this agreement not expressly contained herein.
3. The terms of this contract shall be binding on the Purchaser and the Forest Service, subject to the terms and conditions herein provided:
 - a. The agreement is not terminated by mutual consent or upon such terms as may be provided in the agreement.
 - b. No substantial loss or damage occurs to the property from any cause.
 - c. No undisclosed hazardous substances are found on the property prior to the conveyance.
4. In accordance with State law, either party may record this Agreement in the appropriate county land records.

IN WITNESS THEREOF, the parties hereto have executed this agreement.

PURCHASER:

USDA FOREST SERVICE:

By: Sheila Breen
SHEILA BREEN, J.D.
Superintendent
Grand Canyon Unified School District #4

By: Gilbert Zepeda
GILBERT ZEPEDA
Deputy Regional Forester
Southwestern Region
USDA Forest Service

Date: 3/27/08

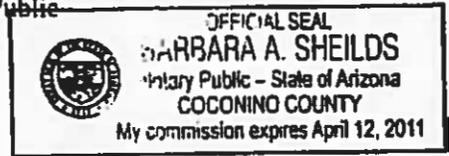
Date: 04/08/2008

ACKNOWLEDGEMENTS

The foregoing instrument was acknowledged before me this 27 day of March, 2008, by Sheila Breen, J.D., known to me to be the Superintendent of the Grand Canyon Unified School District #4, and she executed same as the free act therein contained.

My Commission expires: 4/12/2011

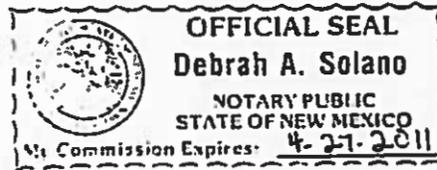
Barbara A. Shields
Notary Public



The foregoing instrument was acknowledged before me this 8th day of April, 2008, by Gilbert Zepeda, known to me to be the Deputy Regional Forester, Region 3, Forest Service, United States Department of Agriculture, who being duly sworn stated that he signed said instrument on behalf of the United States of America under authority duly given, and he executed same as the free act on behalf of the United States of America for the purposes therein contained.

Commission expires: 4-27-2011

Debrah A. Solano
Notary Public





RECORDING REQUESTED BY:
United States of America, Forest Service.

AND WHEN RECORDED MAIL TO:
Sheila Breen, J.D.
Superintendent
Grand Canyon Unified School District #4
P.O. Box 519
Grand Canyon, AZ 86023

CAPTION HEADING: QUITCLAIM DEED

This document is being re-recorded solely for the purpose of correcting a typographical error found on page 1 of Quitclaim Deed previously recorded April 10, 2008, as Instrument No. 3482502. The Range identifier in the legal description is corrected to read Range 2 E.

WHEN RECORDED MAIL TO:

(Kaibab NF)

Sheila Breen, J.D.
Superintendent
Grand Canyon Unified School District #4
1 Boulder Street
Grand Canyon, AZ 86023

Exempt from Affidavit of Property Value Pursuant to ARS 11-1134(A)(3).

QUITCLAIM DEED

THIS DEED, made this 8th. day of April, 2008, between the **UNITED STATES OF AMERICA**, acting by and through the Forest Service, Department of Agriculture, 333 Broadway SE, Albuquerque, New Mexico 87102, hereinafter called Grantor, and **GRAND CANYON UNIFIED SCHOOL DISTRICT #4**, 1 Boulder Street, Grand Canyon, Arizona, 86023, County of Coconino, State of Arizona, hereinafter called Grantee.

WITNESSETH: The Grantee has applied for conveyance of National Forest System lands under the Education Land Grant Act of 2000, approved on December 28, 2000, (P.L. 106-577, 114 Stat. 3068, 16 U.S.C. 479a), the provisions of which have been met.

NOW THEREFORE, the Grantor, for and in consideration of the sum of Seven Hundred Ninety Nine Dollars and 30/100 (\$799.30), the receipt whereof is hereby duly acknowledged, does hereby remise, release, and quitclaim unto the Grantee all its right, title, interest, and claim in and to the following described land, situated in the County of Coconino, State of Arizona:

GILA AND SALT RIVER MERIDIAN
T. 30 N., R. 3 E.
secs. 23 and 24--Tract 39.

(Containing 79.93 record acres, more or less, according to the United States Department of the Interior Bureau of Land Management plat approved April 6, 2006, and officially filed April 14, 2006, attached hereto and made a part hereof.)

EXCEPTING AND RESERVING TO THE UNITED STATES:

1. All mineral and water rights in the land above described pursuant to the Education Land Grant Act, Sec. 202(c).
2. An exclusive easement, acting through the Forest Service, Department of Agriculture and its permittees, contractors and assigns, for existing roads, including all timber thereon, in the land above described, as depicted on Exhibit A, attached hereto.

Approved as to description, consideration and the condition of conveyance.
Deborah Solano

The said easement hereby excepted and reserved is for the reconstruction, maintenance, and full, free, and quiet use and enjoyment of the existing roads as they are presently located and in place over and across the above-described premises and are shown approximately on Exhibit A, attached hereto and made a part hereof, and Forest Road 605C is depicted as Easement A on Easement Survey prepared by Shepard-Wesnitzer, Inc., and recorded March 9, 2000 in Record of Survey Book 16, Pages 35 and 35A, records of Coconino County, Arizona.

The width of said easement shall be 66 feet, 33 feet on each side of the centerline for the existing unpaved roads crossing Tract 39; and 80 feet wide, 40 feet each side of centerline for Forest Road 605C as depicted as Easement A on Easement Survey prepared by Shepard-Wesnitzer, Inc., and recorded March 9, 2000 in Record of Survey Book 16, Pages 35 and 35A, records of Coconino County, Arizona, or more if necessary to accommodate cuts and fills. The boundary lines of said easement shall be prolonged or shortened to begin and end on, and conform to, the Grantee's property line.

The United States excepts and reserves unto itself, its successors and assigns all timber on said easement. The United States further excepts and reserves the right to harvest future forest crops on said easement to maintain easement safety standards.

The Grantee has the right to cross and re-cross the easement at any point and for any purpose in such manner as will not materially interfere with the United States' use of the road.

The Grantee, has the right to use the existing road for all proper and lawful purposes to serve the Grantee's property subject to compliance with the rules and regulations of the Secretary of Agriculture (36 CFR 212.5-212.10) as the same may be amended.

If the Grantee, subsequently grants the United States of America and its assigns a satisfactory easement with acceptable title thereto for a new location of said easement for the roads or a portion thereof and the Grantee, at their expense, relocates thereon the road to standards equal to or better than the existing road or segment of road and in a manner satisfactory to the Forest Supervisor of the Kaibab National Forest, then the easement for the road or segment of road presently herein excepted and reserved shall cease and terminate. In the event the easement or a portion thereof shall cease and terminate as hereinabove provided, the United States of America shall furnish the Grantee with such evidence of termination as is in accordance with existing law and regulation.

PROVIDED, that if the Regional Forester determines that the said easement, or any segment thereof, is no longer needed, for the purposes excepted and reserved, the easement shall terminate upon execution and delivery of a statement in recordable form furnished by the Regional Forester to the Grantee.

The foregoing reservation is in accordance with the provisions of the Act of February 28, 1925 (43 U.S.C. 486).

SUBJECT TO:

1. A private road easement [Forest Road 605C] and rights incident thereto, the easement being 80 feet wide, 40 feet each side of centerline, for Easement "A" as shown on the Easement Survey prepared by Shephard-Wesnitzer, Inc. and recorded in Record of Survey Book 16, Pages 35 and 35A, records of Coconino County, Arizona, over and across a portion of section 24, T. 30 N., R. 2 E., outstanding to the South Grand Canyon Sanitary District of Tusayan, Arizona, as set forth in that certain Private Road Easement dated February 17, 2000, recorded March 9, 2000, Coconino County, Instrument 3042100.
2. A Hazardous Substance Notification attached hereto.
3. The following Reversionary Clause in the land pursuant to the Education Land Grant Act, Sec. 202(e):

In the event the Grantee attempts to transfer title to, or control over the land to another entity, or if the lands are devoted to a use other than the use for which the lands were conveyed, title to the lands shall revert to the United States.

IN WITNESS WHEREOF, the Grantor, by its duly authorized representative has executed this deed pursuant to the delegation of authority promulgated in 7 CFR 2.

UNITED STATES OF AMERICA

BY: *Gilbert Zepeda*
 GILBERT ZEPEDA
 Deputy Regional Forester
 Southwestern Region
 United States Department of Agriculture

ACKNOWLEDGEMENT

STATE OF NEW MEXICO)
) ss.
 COUNTY OF BERNALILLO)

The foregoing instrument was acknowledged before me this 8th day of April, 2008, by Gilbert Zepeda, known to me to be the Deputy Regional Forester, Southwestern Region, Forest Service, United States Department of Agriculture, who being by me duly sworn, stated that he signed said instrument on behalf of the United States of America under authority duly given and he executed same as the free act and deed of the United States of America for the consideration and purposes therein contained.

Given under my hand and seal on this 8th day of April, 2008.

Debrah A. Solano
 Notary Public

My Commission expires: 4-27-2011

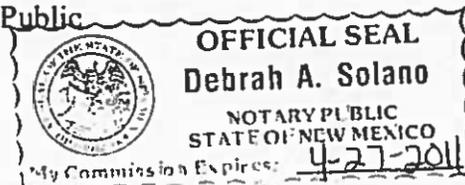
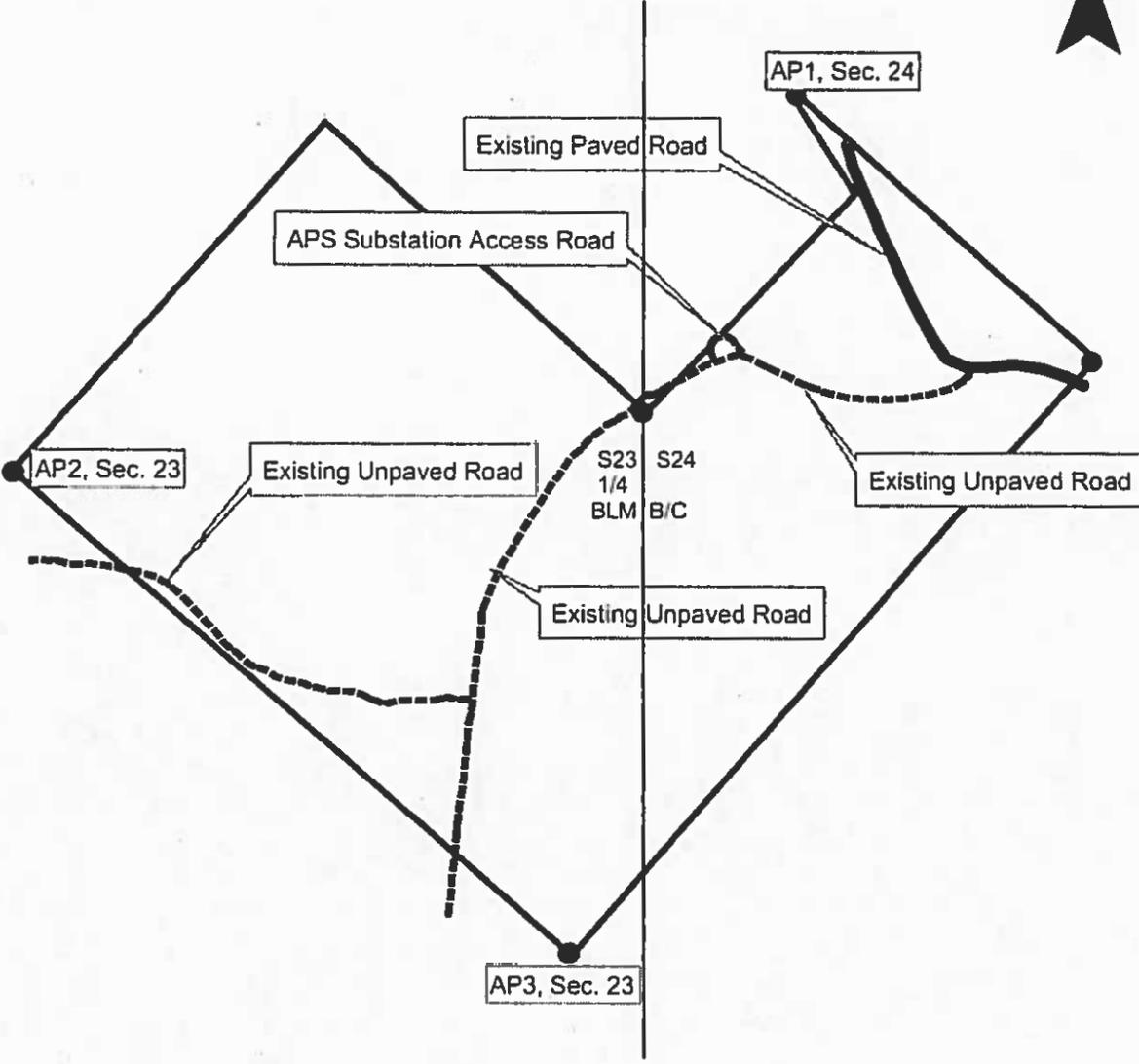
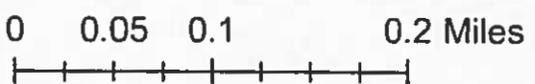


EXHIBIT A



Roads Reserved by the United States Across Tract 39, Sections 23 and 24, T. 30 N., R. 2 E., G&SRM

- Existing Paved Road (Forest Road 605C)
- - - Existing Unpaved Roads (Including Forest Road 2607, the APS Substation Access Segment of Road 2607, and a Segment of Road from Forest Road 2607 to the Boundary Line of Tract 39)



Tract 39 Scale 1:6,000 June 2007

NOTICES AND COVENANTS

HAZARDOUS SUBSTANCE NOTIFICATION

(A) Pursuant to Section 120(h)(3)(A)(i) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (CERCLA)(42 U.S.C. §9620(h)(3)(A)(i)), and based upon a complete search of agency files, the United States gives notice that an undetermined amount of hazardous materials, including pesticides and strychnine were stored on the property in and around 1992. All hazardous materials were removed prior to conveyance of the property. In 2005, it was discovered that the powder house building was constructed using creosote-treated wood. In May 2006, the building was demolished and removed from the Property. All creosote-contaminated material has been removed from the Property. In addition, debris/trash from a small solid waste dump was removed from the Property.

(B) Grantor warrants that all remedial action necessary to protect human health and the environment has been taken before the date of this conveyance. Grantor warrants that it shall take any additional response action found to be necessary after the date of this conveyance regarding hazardous substances located on the Property on the date of this conveyance.

(1) This covenant shall not apply:

(a) in any case in which Grantee, its successor(s) or assign(s), or any successor in interest to the Property or part thereof is a Potentially Responsible Party (PRP) with respect to the Property immediately prior to the date of this conveyance; OR

(b) to the extent that such additional response action or part thereof found to be necessary is the result of an act or failure to act of the Grantee, its successor(s) or assign(s), or any party in possession after the date of this conveyance that either:

(i) results in a release or threatened release of a hazardous substance that was not located on the Property on the date of this conveyance; OR

(ii) causes or exacerbates the release or threatened release of a hazardous substance the existence and location of which was known and identified to the applicable regulatory authority as of the date of this conveyance.

(2) In the event Grantee, its successor(s) or assign(s), seeks to have Grantor conduct any additional response action, and, as a condition precedent to Grantor incurring any additional cleanup obligation or related expenses, the Grantee, its successor(s) or assign(s), shall provide Grantor at least 45 days written notice of such a claim. In order for the 45-day period to commence, such notice must include credible evidence that:

(a) the associated contamination existed prior to the date of this conveyance; and

(b) the need to conduct any additional response action or part thereof was not the result of any act or failure to act by the Grantee, its successor(s) or assign(s), or any party in possession.

(C) Grantor reserves a right of access to all portions of the Property for environmental investigation, remediation or other corrective action. This reservation includes the right of access to and use of available utilities at reasonable cost to Grantor. These rights shall be exercisable in any case in which a remedial action, response action or corrective action is found to be necessary after the date of this conveyance, or in which access is necessary to carry out a remedial action, response action, or corrective action on adjoining property. Pursuant to this reservation, the United States of America, and its respective officers, agents, employees, contractors and subcontractors shall have the right (upon reasonable advance written notice to the record title owner) to enter upon the Property and conduct investigations and surveys, to include drilling, test-pitting, borings, data and records compilation and other activities related to environmental investigation, and to carry out remedial or removal actions as required or necessary, including but not limited to the installation and operation of monitoring wells, pumping wells, and treatment facilities. Any such entry, including such activities, responses or remedial actions, shall be coordinated with record title owner and shall be performed in a manner that minimizes interruption with activities of authorized occupants.

3. NOTICE REGARDING LEAD-BASED PAINT (LBP)

(A) Every purchaser of any interest in real property on which a building was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to converting the property to a residential dwelling.

4. ASBESTOS CONTAINING MATERIALS (ACM)

(A) Except for the statements made above in paragraphs (A) and (B) in the section titled "Hazardous Substance Notification," no warranties either express or implied are given with regard to the condition of the property including, without limitation, whether the property does or does not contain asbestos or is or is not safe for a particular purpose. The failure of any bidder to inspect, or to be fully informed as to the condition of all or any portion of the property offered, will not constitute grounds for any claim or demand for adjustment or withdrawal of a bid or offer after its opening or tender.

(B) The description of the property set forth in the Invitation for Bids and any other information provided therein with respect to said property is based on the best information available to the Grantor and is believed to be correct, but an error or omission, including but not limited to the omission of any information available to the agency having custody over the property and/or any other Federal agency, shall not constitute grounds or reason for nonperformance of the contract of sale, or any claim by the Grantee against the Grantor including, without limitation, any claim for allowance, refund, or deduction from the purchase price.

(C) Grantee hereby agrees to comply with any and all applicable Federal, State, and local laws relating to the management of lead-based paint and asbestos-containing material associated with the property, including, but not limited to, any such laws relating to the mitigation, abatement, remediation, cleanup, renovation, demolition, and disposal of lead-based paint and asbestos-containing building material. Accordingly, Grantee hereby agrees to indemnify, release, defend, and hold harmless the United States, its agencies, employees, agents, assigns, and successors from and against any liability, judgment, claim, penalty, fine, or other adverse action (whether legal or equitable in nature, and including without limitation, court costs and attorneys' fees) brought against the United States after the date of this agreement by an person or entity under any Federal, State, or local law, including, but not limited to environmental and tort laws, with respect to any lead-based paint and/or asbestos-containing building material associated with the property. This covenant to indemnify, release, defend, and hold harmless the United States shall survive the subsequent conveyance of all or any portion of the property to any person and shall be construed as running with the real property, and may be enforced by the United States in a court of competent jurisdiction.

10-30-06

**Decision Notice
and
Finding of No Significant Impact
Conveyance of National Forest System Land
to the
Grand Canyon Unified School District #4**

USDA Forest Service
Tusayan Ranger District, Kaibab National Forest
Coconino County, Arizona
[T. 30 N., R. 2 E., portions of sections 23 and 24]

Decision and Reasons for the Decision

Background

In 2000, Congress passed legislation authorizing the conveyance of National Forest System (NFS) lands to public school districts for educational purposes. Under the Education Land Grant Act of 2000 (ELGA), public school districts may use conveyed lands only for a public or publicly-funded elementary or secondary school, and to provide grounds or facilities related to that school. The law specifies that only a reasonable amount of land may be conveyed as is necessary for the proposed purpose. It also states that no conveyance may exceed eighty (80) acres unless the applicant can demonstrate a need for more land.

The Grand Canyon Unified School District #4 (GCUSD) originally requested an additional 25 acres from the Grand Canyon National Park (GCNP) for expansion adjacent to their current school site (K-12 school located on GCNP land). Their request was denied on January 11, 2002 [Project Record (PR) #2 contains copy of letter]. GCUSD then submitted an application through ELGA on April 10, 2002 to the Kaibab National Forest Supervisor for 29.98 acres of National Forest System (NFS) land for school expansion and teacher housing (PR #2). The Kaibab National Forest Supervisor requested that the school district address and comply with all of the criteria listed under ELGA (see page 2) and resubmit their application. The conveyance of NFS land for teacher housing was not allowed under ELGA. The school was also advised to work with local community members and the Tusayan District Ranger in order to identify a suitable tract of NFS land that would meet their needs and best serve the public interest.

GCUSD formed an ELGA-Grand Canyon School Committee in order to find a suitable site for the construction of a new high school and associated facilities. The committee looked at five distinct sites on NFS land adjacent to the community of Tusayan (Alternatives 2, D, E, F, and G). Criteria for site selection included safety and noise (particularly in relation to the GCNP Airport flight path), good access, and proximity to existing utilities and residential centers. Once site selection was completed, GCUSD resubmitted their written application through ELGA that met all of the criteria and requested 80 acres of NFS land on the Tusayan Ranger District, Kaibab National Forest, on which to build a new high school (application dated July 6, 2005, PR #9). Eighty acres, allowed under ELGA, were requested in order for the site to accommodate other school-related uses and current uses on the property. It also allows the school to retain more of the natural elements on the site and accommodate the terrain during development, as well as the

ability to more fully mitigate safety and noise concerns, and consolidate land ownership by joining its boundaries to the GCNP Airport, private land, and NFS lands. Their application was accepted by the Tusayan District Ranger on July 15, 2005 (PR #10) and met the following ELGA criteria:

1. The application must be in writing.
2. The land must be used by a publicly-funded school district either for elementary or secondary public school grounds or facilities related to those schools or both.
3. The conveyance must be in the public interest.
4. The land requested is no longer needed for the purposes of the National Forest System and the land is identified for disposal in the applicable land and resource management plan under the Forest and Rangeland Renewable Resources Planning Act.
5. The total acreage does not exceed the amount reasonably necessary for the educational use and does not exceed 80 acres.
6. The land will be used for an established or proposed project described in detail in the application and the conveyance would serve public objectives that outweigh the objectives and values served by keeping the land in Federal ownership.
7. The applicant is financially and otherwise capable of implementing the proposed project.
8. The public must be provided an opportunity to comment on disposal of this land, including at least one public hearing or meeting.

Following acceptance of GCUSD's application, the Forest conducted the required analysis, documentation, and public scoping/notification required under the National Environmental Policy Act (NEPA) and ELGA. The environmental assessment (EA) documents the detailed analysis of the proposed action alternative designed to meet the purpose and need, and the no action alternative. Seven additional alternatives were also considered but not analyzed in detail.

Legal Description of the Federal Land to be Sold

The legal description for the federal land to be sold and deeded to GCUSD is:

GILA AND SALT RIVER MERIDIAN, Coconino County, Arizona
T. 30 N., R. 2 E., Sections 23 and 24 – Tract 39, 79.93 acres
(BLM Plat approved April 6, 2006 and Field Notes, Book 5773, BLM Records; PR 167)

The Federal land to be sold and deeded to GCUSD in T. 30 N., R 2 E. section 23 is Reserved Public Domain established September 5, 1902 through Forest Lieu Selection Quitclaim Deed under authority of the Organic Act of June 4, 1897. This land has been in continuous Federal ownership since that time. The Federal land to be sold and deeded to GCUSD in T. 30 N., R. 2 E. in section 24 was reserved as National Forest System Land on February 20, 1893 under the Creative Act of March 3, 1891. This land has been in continuous Federal ownership since that time. (See Figure 1. Alternative 2 – Proposed Action Project Area)

Decision

I have decided to implement Alternative 2, the Forest Service Proposed Action and preferred alternative. Alternative 2 conveys 79.93 acres of NFS land at a cost of \$10 per acre to Grand Canyon Unified School District #4 for the purpose of constructing a secondary school and

related facilities that include a high school building, athletic fields and environmental education areas, a school district office, maintenance facility, and cooperative use facilities that support education in the Grand Canyon/Tusayan area. The value of the property has been established by the Education Land Grant Act. My decision will update the Kaibab National Forest Land Management Plan by means of an administrative action. This action will update the Forest Plan's Land Adjustment Map to identify this parcel as available for disposal and acquisition.

GCUSD has met all requirements for ELGA in their written application including detailed plans for the 3-phase development of the land over a 5-10 year period, and the identification of multiple funding sources which demonstrates that they are financially capable of implementing their project proposal (PR #9; EA, pages 14-19).

I selected Alternative 2 because it is the only alternative of the two analyzed in detail that will best serve the public interest, and meet the needs of GCUSD and the educational needs of the communities served by the school district. This particular parcel is adjacent to the Grand Canyon National Park (GCNP) Airport, an Arizona Public Service (APS) Substation, a paved access road, the community of Tusayan, and private residences. Current uses include access to residential areas and the Tusayan Water Reclamation Facility (South Grand Canyon Sanitary District), commercial ATV tour access, and an overhead 69 kilovolt (kV) power line (including a Qwest communication line) that passes through the property. The area has been treated with thinnings and prescribed burns to open up the tree canopy and make the area more resistant to catastrophic wildfire that could threaten Tusayan and important infrastructure. This area is a small portion of wildland-urban interface habitat that is impacted by many uses and borders the community of Tusayan and the Airport. Further, this land is not in a high value timber area of the district; does not support any threatened, endangered, or sensitive species habitat; and does not provide a high level of recreation use. The public has had ample opportunity, including a public meeting, to participate in and comment on the proposal (see Public Involvement and Issues sections on pages 7-11). For these reasons, I believe this conveyance to be in the public interest, and will serve public objectives that outweigh the objectives and values served by keeping the land in Federal ownership.

Coconino County through its Board of Supervisors is currently evaluating the proposal to accept the portion of the South Long Jim Canyon Loop Drive that provides access to and through the proposed school property (PR #'s 170, 172, 176). If Coconino County declines jurisdiction for the road, then a FLPMA (Federal Land Policy and Management Act) Private Road Easement will be issued to the Grand Canyon Unified School District #4. The decision being made here includes issuance of a FRTA (Forest Roads and Trails Act) Public Road Easement to Coconino County through its Board of Supervisors or issuance of a FLPMA Private Road Easement to the Grand Canyon Unified School District #4.

This alternative meets requirements in the Kaibab National Forest Land Management Plan (as amended), the Education Land Grant Act of 2000, and the National Environmental Policy Act. The United States will be retained a reversionary interest (and cited in the Quitclaim Deed to the United States) in all land conveyed under this law. If at any time after the land is conveyed, the School District attempts to transfer title to or control over the land to another or the land is devoted to a use other than the use for which the land is conveyed, title to the land shall revert to the United States as required by Sec. 202(e) of the Education Land Grant Act. (A Quitclaim Deed is a legal instrument used to release one person's right, title, or interest to another.)

Mitigation Measures and Agreements for Alternative 2 – Proposed Action

Mitigation measures are measures that are taken to minimize potential negative impacts that may occur due to implementation of the proposed action. Mitigation measures are also developed in response to public comments on the proposal. Since this is a land conveyance, special use permits and current easements were also identified for GCUSD, as well as the protocol to manage these uses. The following mitigation measures, agreements, and monitoring activities are included as part of my decision to implement Alternative 2 and will be incorporated into the Quitclaim deed as noted:

1. The 79.93-acre proposed school site has a common boundary with Grand Canyon National Park Airport. Sue Pratt, Coconino County Community Development Office, advised that Coconino County does not have regulations prohibiting the placement of a school near the Airport (pers. comm. with Pratt and Utley, 10/2005, PR #46). An aviation easement developed by Arizona Department of Transportation's (ADOT) Aeronautics Division for a limited development buffer zone, 500 feet wide, along the shared boundary with the Airport and the school site will be executed by the school as the owner of the property at the time of conveyance of the property to the school (PR #'s 92, 172).
2. The United States will retain all water and mineral rights on the 79.93-acre proposed school site.
3. Construction activities and development will be in accordance with those environmental controls required by the State of Arizona, Coconino County Planning and Zoning, Arizona Public Service, and the Tusayan Area Plan. These entities include many layers of guidelines and regulations, including building height restrictions and color schemes. Building materials proven to reduce noise will be used.
4. The proposed school site is located at a high point in elevation adjacent to the community of Tusayan and GCNP Airport. Natural vegetation will be retained as much as possible for screening, using native plants for landscaping. Building materials/colors that blend into the natural setting will be used. Artificial lighting that meets multiple needs while being responsive to the need for low impacts to the natural environment (i.e. protecting dark sky) will be used. Main aspects include visual issues, ordinances, sources, energy conservation, structure, roadways and walkways, parking lots, and outdoor sports. This site will be under the mandates of lighting control by Coconino County and the Tusayan Area Plan which both require protection of dark skies in this area.
- 5. Forest Road (FR) 2607 goes directly through the middle of the project area and provides the quickest response time for personnel responding to wildfires and emergencies in the area. The Forest Service will reserve a public right-of-way (ROW) for FR 2607 through the school site property to access adjacent National Forest lands. As school development occurs, GCUSD may with Forest Service approval, relocate the ROW to a new location. GCUSD will be responsible for all costs, including construction costs of any agreed upon new road.
6. Access to the school site is by a paved road called the South Long Jim Canyon Loop Drive that intersects with State Highway 64 at the south end of Tusayan. This road crosses a short section of National Forest System (NFS) land, and then crosses Grand Canyon National Park Airport property and the school site to the non-federal land at Tusayan. In 1999, the State of Arizona, Arizona Department of Transportation, Aeronautics Division, granted an easement to the United States and its assigns for the portion of the road that crosses airport property.

Coconino County through its Board of Supervisors is currently evaluating the proposal to accept the portion of the South Long Jim Canyon Loop Drive that provides access to and through the proposed school property (PR #'s 170, 172, 176). If Coconino County accepts jurisdiction for this road, then a FRTA (Forest Roads and Trails Act) Public Road Easement will be issued to Coconino County through its Board of Supervisors. An inter-agency agreement would also be developed between the County, the School, and the Sanitary District for annual and long-term road maintenance. If Coconino County declines jurisdiction for the road, then a FLPMA (Federal Land Policy and Management Act) Private Road Easement will be issued to the Grand Canyon Unified School District #4. The United States, Forest Service, will reserve the right to use the road that crosses the school property with disclosure of this right in the Quitclaim deed.

On February 17, 2000, the Forest Service issued a non-exclusive FLPMA Private Road Easement to the South Grand Canyon Sanitary District for the South Long Jim Canyon Loop Drive for access to their facilities in Tusayan. The Quitclaim deed to the school district will recognize this road easement as an outstanding right of the Sanitary District.

7. Easement deeds (GCUSD as Grantor) protecting the outstanding rights holders (APS for electrical power line; Qwest for a communication line; and South Grand Canyon Sanitary District for a reclaimed water line) will be prepared and recorded subsequent to recordation of the Quitclaim deed to GCUSD. GCUSD has agreed to comply with development restrictions underneath and immediately adjacent to APS's power line.
8. The Forest has one outfitter/guide Special Use Permit for a commercial ATV tour that operates on established roads through the proposed school site. The Forest Service has reissued this permit for calendar year 2006. GCUSD is aware of this use and is in agreement with the terms of the 2006 permit. When the ELGA case is finalized, the special use permit for calendar year 2007 will be amended by the Forest Service to omit the roads on the school property. The Permittee and GCUSD understand that an agreement will need to be transacted between them in order for Grand Canyon ATV Adventures to continue with their use of the property for tour access to NFS land. As school development occurs, this use may become incompatible. At that time, the Forest Service will work with the Permittee to mutually agree upon a public access route to NFS land that does not cross school property.
9. There is an expired Special Use Permit dated September 5, 1987 to Grand Canyon Airlines for encroachment of a private residence onto NFS land. The encroachment area is used primarily to meet the 10 foot Coconino County setback requirements in Canyon Pines Mobile Home Park. GCUSD is aware of the encroachment and is willing to accept it during the conveyance (Breen, 12/22/05 letter; PR #42).
10. During the Lands Transaction Screening Process (LTSP), a process to examine land being conveyed for the presence of hazardous substances and petroleum products, it was discovered and documented that creosote, a suspected carcinogen, did exist in the interior wood boards of the Forest Service powder-house building on Site. It was further discovered and documented that lead-based paint and strychnine were not present in the powder-house building. On May 3 and 4, 2006, the powder-house building was demolished, removed, and disposed of at an appropriate facility. All creosote-contaminated material has been removed from the Site. In addition, debris contained in a small waste dump was removed from the Site.

The LTSP conducted for the GCUSD #4 Site complies with Forest Service Manual (FSM) 2160, Hazardous Materials Management, and Section 120(h) of CERCLA (Comprehensive

Environmental Response, Compensation, and Liability Act commonly known as the Superfund Act) which states that "for any real property owned by the United States on which a hazardous substance was stored for a year or more, released, or disposed of, the United States must give notice in the deed of 1) the type and quantity of hazardous substance stored for a year or more, release, or disposed of; and (2) the time when the storage, release, or disposal took place. The deed must also give (3) a description of the remedial activity taken at the site." As a result of the removal of the powder house building containing creosote-contaminated material, no other hazardous substances or petroleum products exist at the Site and no further investigation is required (PR #174).

The transfer of the Federal land will require a special reservation in the deed for future access, notice of hazardous materials stored, released, or disposed of on the property, and an indemnity clause. Full disclosure of any and all site hazards has been made to GCUSD throughout the process and full remediation (including costs) of identified hazardous conditions was completed by the Forest Service (EA, pages 45-46; PR #'s 28, 33, 45, 56, 72, 93, 95, 96, 97, 98, 116, 146, 152, 156, 158, 174).

11. Drought and Bark Beetles: During site development, the timing of tree thinning and management of downed material must be well thought-out before thinning due to the Ips bark beetle's ability to utilize tree remains (slash) greater than 4 inches in diameter. Winter thinning can avoid increases in bark beetle populations because the beetles will usually not start searching for suitable host material until April at the higher elevations. If recently cut trees and slash are left on the ground for more than 30 days, after April 1, many species of bark beetles will utilize the green down material and begin to build up high population levels. Thinning of pine should be curtailed in February if the slash is not hauled away or chipped. When chipping on site, chips should not be piled next to live trees as the chips may attract bark beetles. Chip piles must be kept in the open sun and as far from live trees as possible. If slash removal or chipping is not an option, then it is best to wait until October to begin thinning. Lopping of slash so that slash height is not more than one foot above the ground (dries out faster) also decreases the availability of bark beetle brooding sites (DeGomez, 2/07/06). The Forest Service will work with GCUSD in an advisory capacity during the early stages of site development to ensure compliance with this mitigation.

Other Alternatives Considered

In addition to the selected alternative, I considered eight additional alternatives; one considered in detail (No Action) and seven alternatives considered, but eliminated from detailed analysis. A comparison of the no action and proposed action alternatives can be found in the EA (October 2006), on pages 23-26. No significant issues were generated during public scoping that required the development of additional action alternatives. Key features of the alternatives are summarized below with accompanying rationale for non-selection:

Alternative 1 - No Action: Under the No Action alternative, the 79.93-acre parcel of NFS land would remain under federal ownership. Current management plans would continue to guide management of this area. I did not select Alternative 1 because the public objectives of expanding the school, and the lack of available public and private land for this expansion in the local area outweighed the objectives and values served by keeping the land in Federal ownership.

Alternatives not Considered in Detail (clarified in EA to more fully respond to public comments)

Alternative A (PR #40)

The original boundary of the proposed site did not include a small triangle-shaped sliver of NFS land on the northeast side of the property. This "sliver" was added in order to include the right of way (ROW) for the main access road. The boundaries were adjusted slightly to keep the parcel at approximately 80 acres.

Alternative B (PR #2, #9)

GCUSD initially requested an additional 25 acres of land from Grand Canyon National Park in order to meet their expansion needs. This land was adjacent to the current school location in the park. Their request was denied by the Park Superintendent "given the existing development, infrastructure, and environmental concerns of the South Rim Village." (PR #2, EA, page 3)

Alternative C (PR #2)

GCUSD originally applied through ELGA for 29.89 acres of NFS land to meet school expansion needs and provide teacher housing in a letter dated April 10, 2002 (PR #2). The conveyance of NFS land for teacher housing was not allowed under ELGA. Following preferred site selection (Alternative 2), the Kaibab National Forest and GCUSD agreed to an 80-acre conveyance as allowed under ELGA in order for the site to accommodate school-related uses and current uses, give the school greater flexibility in retaining more of the natural elements on the site and accommodate the terrain during development, give the school the ability to better mitigate safety and noise issues, and also be able to consolidate land ownership by joining its boundaries to the GCNP Airport, private land, and NFS lands.

Alternative D (PR #55, #60)

A site just north of the South Rim Mobile Home Park along Highway 64, and on NFS land, was considered as a potential school site due to its proximity to residential centers, utilities, and accessibility. It was rejected because the location was directly under the final approach path to GCNP Airport and the site had experienced a fatal airplane crash a few years ago.

Alternative E (PR #55, #60)

A site near the Red Feather water storage tank on the eastern edge of Tusayan, and on NFS land, was considered due to nearby utilities, proximity to community residential centers, and good access. This site was rejected because it was in the direct flight path of most helicopter tour operations, and had the potential to disrupt current business operations.

Alternative F (PR #55, #60)

This site, adjacent to and just north of the IMAX Theater, and on NFS land, was rejected because it was directly underneath GCNP Airport's flight path. The previous Canyon Forest Village proposal also precluded serious consideration of this parcel.

Alternative G (PR #55, #60)

The Moqui site on NFS land was strongly considered as a potential school site, but it was not a viable option since there was no firm decision on whether the site would become available, and the planning for GCUSD's application and proposal took several years, from 2002 to 2005 (PR #'s 2, 9). The Moqui site was under Forest Service Special Use Permit to Xanterra, the concessionaire in Grand Canyon National Park. Xanterra was required to comply with Coconino County and bring Moqui Lodge and associated facilities up to code. Xanterra made the decision to demolish and remove the buildings and infrastructure instead of bringing the facilities up to code. When the Moqui site became an option, all infrastructure had been removed from the site. The cost of constructing a reclaimed water pipeline from Tusayan to the Moqui site also made it

a very expensive option, and the options for using reclaimed or potable water for athletic fields was considered cost prohibitive. The site is also in the Airport's flight path, although fixed wing aircraft are at a higher elevation; therefore, it was safer than the other three sites (Alternatives D, E, and F) that were considered, but not as safe as the preferred site analyzed in the EA as Alternative 2. This area could also be impacted in the near future as a result of the GCNP's South Rim Transportation Plan which is now in the early planning stages. This Plan was considering the Moqui site area for a potential bus bypass road and bus maintenance facility.

Public Involvement

As described in the Background section above, the need for this action arose in July 2005 when the Forest Service accepted GCUSD's application for 80 acres of NFS Land for educational purposes. A proposal to convey approximately 80 acres of NFS land to GCUSD was listed in the Schedule of Proposed Actions (SOPA) in July 2005, and has been listed quarterly since that time. The initial proposal was provided to the public and other agencies for comment during scoping on September 19, 2005 (PR #30). In addition, as part of the public involvement process and to satisfy ELGA requirements, the agency held a public meeting on September 27, 2005 and published a public notice in the Arizona Daily Sun and the Williams-Grand Canyon News for four consecutive weeks beginning September 14, 2005 and ending October 5, 2005 (PR #'s 21, 27, 39). Other scoping efforts included a press release on September 12, 2005 and subsequent newspaper articles (PR #'s 22, 26, 32). Twenty comments from individuals were received that expressed strong support for this project (PR #87).

The Forest Tribal Liaison conducted scoping (via letter) on August 26, 2005 with the Havasupai, Hualapai, and Hopi, and the Navajo Nation Chapters of Bodaway-Gap, Cameron, Coalmine Canyon, LeChee, Leupp, and Tuba City. This initial tribal scoping was completed on August 30, 2005 with the Navajo Nation, Yavapai-Prescott Indian Tribe, and the Pueblo of Zuni (PR #18). On September 20, 2005, the Forest Archaeology Staff officially consulted with the Hopi about projects listed on the 4th quarter SOPA that included the Forest Service/Grand Canyon School project (PR #81). On September 30, 2005, the Forest Archaeology Staff and Clarinda Vail, Grand Canyon School District board member, officially consulted with the Havasupai on projects listed on the 4th quarter SOPA with attention given to the Forest Service/Grand Canyon School project (PR #81).

Individual meetings and site visits were conducted to discuss concerns and resolve issues, as needed. A meeting and site visit were held with the Grand Canyon National Park Airport's Air Traffic Manager [Federal Aviation Administration (FAA)] and Papillon Helicopter's Chief Pilot on October 6, 2005 (PR #50); a meeting was held with a local pilot on October 27, 2005 (PR #58); meetings were held with the Director of the FAA-ADOT Aeronautics Division on November 4, 2005 and December 8, 2005 (PR #'s 59, 92); and a meeting with the Havasupai Tribal Council was held on December 9, 2005 (PR #86). Coordination with APS also occurred with their local representative to address development issues on the proposed site in the vicinity of their 69 kV overhead power line (PR #'s 34, 38, 42, 95, and 163).

Finally, the environmental assessment was sent out for 30-day Notice and Comment on February 22, 2006 to 49 individuals and organizations (PR #105). The EA was also posted to the Kaibab National Forest website. The Legal Notice for the 30-day Notice and Comment period was published in the Arizona Daily Sun on February 19, 2006 with a tandem notice in the Williams-

Grand Canyon News on February 22, 2006 (PR #101). Other scoping efforts included a press release on February 21, 2006 to various media, and subsequent newspaper articles in the Arizona Daily Sun and the Williams-Grand Canyon News (PR #'s 103, 104, 106, 107). Two letters dated April 21, 2006 and April 27, 2006, respectively, were sent from the Kaibab National Forest Supervisor to the Havasupai Tribal Chairman Siyuja (PR #'s 153, 155) in an attempt to address their issue (#4 below) which resurfaced during this formal public scoping period. The Office of the General Counsel for the Forest Service was also contacted for their interpretation of the Havasupai's issue with the ELGA property (PR #159).

The EA scoping/ mailing elicited many more comments than the public meeting and the proposed action scoping/ mailing. A summary of supportive comments (23) can be found in the Project Record (#154). Comments requiring consideration and agency responses are documented in the Project Record (#157). The EA has been finalized (October 2006) to clarify and incorporate information (currently in the Project Record) that addresses these comments.

The Forest Service, Grand Canyon Unified School District, South Grand Canyon Sanitary District, and ELGA School Committee met with representatives of Coconino County on August 21, 2006 to propose that the County accept jurisdiction for the paved road known as the South Long Jim Canyon Loop Drive that provides the best access to the proposed school site. A public easement would be in the best interests of everyone involved. The County is currently reviewing and considering acceptance of the easement (PR #176). If the County does not accept the road, then a FLPMA Private Road Easement will be issued to the Grand Canyon Unified School District #4.

Issues

Using the comments from the public, other agencies, and local tribes, several issues were identified regarding the effects of the proposed action. To address these concerns, the Forest Service created mitigations to the proposed action alternative as noted below. More detailed responses are contained in the Consideration to Comments in Project Record (#157). Main issues of concern included:

1. Safety: Concerns were expressed regarding the potential for airplane and helicopter crashes within the proposed school site due to the site's proximity to the GCNP Airport (PR #'s 39, 43, 58). Comments from the second scoping period focused on student safety such as school security and health issues from smoke and dust from Forest Service project activities (PR #'s 58, 114, 119).

Agency Response to Safety Issue (Mitigation Measure #1, EA, page 19; PR #157)

The community of Tusayan and surrounding NFS lands are impacted by varying degrees by GCNP Airport from both a safety and noise standpoint. The ELGA Grand Canyon School Committee considered five distinct locations within the Tusayan area for the proposed school site (PR #55 and #60). All five sites were reviewed by the committee using the FAA's crash/near-miss site map as a safety criteria. All of the sites, with the exception of the proposed site, were rejected because they were all located under the Airport's final approach flight path apron for either fixed wing aircraft or helicopters, and/or there had been fatal crashes on or very near those sites. The Moqui Site was also rejected because the costs to construct a reclaimed water line to the site would be prohibitive, and reclaimed water is a necessity for the proposed

athletic fields. The preferred school site is skirted by fixed wing aircraft and has an occasionally used helicopter flight path that can be addressed with use restrictions. Face-to-face meetings with Airport personnel, pilots, and FAA personnel successfully resolved this issue (PR #'s 50, 58, 59, 92, 172). There was agreement that the selected site was the safest of the proposed locations and that it also shared additional benefits of being close to residential centers and businesses, reclaimed water, all utilities, a paved access road (South Long Jim Canyon Loop Drive), and the proposed co-generation power plant. There was also agreement on a 500-foot wide aviation easement, or buffer zone, along the shared boundary with the Airport and the proposed school site in which no habitable buildings could be placed or constructed (approximately 26 acres of the proposed school site) [PR #172]. Parking lots, open-air assembly areas such as athletic fields, and non-habitable buildings such as restrooms or storage sheds would be allowed within the easement. Also, Coconino County also has no zoning restrictions that prevent the construction of a school facility next to an airport (PR #46).

In regard to Forest Service projects, the impacts and the mitigation of those impacts are completed on a site-specific basis. Projects currently underway have mitigations in place for the communities of Tusayan and Grand Canyon that address safety concerns and impacts from noise, dust, and smoke. Future project planning adjacent to or near Tusayan will continue to address and mitigate any concerns.

Tusayan currently has a working group in place with ADOT and has already made recommendations to change the traffic pattern through town, including adding crosswalks to make both vehicular and foot traffic safer in the area. Some digital speed signs and other slowing practices are planned for the very near future with larger plans by 2009. Public meetings began in May 2006 concerning this process and are continuing (PR #151).

Coconino County, National Park Service, Forest Service, and local residents and business leaders developed the Tusayan Area Plan. All facilities at the proposed school site would fall under this plan. Lighting, building colors and styles, heights, etc., would have to comply with this plan and be subject to public hearings through the Coconino County Community Development Department, as well as Planning and Zoning, and the County Health Department.

2. Noise: Concerns were expressed over the impact of aircraft noise and resource project activity noise on daily school operations due to the proximity of GCNP Airport and Forest Service lands to the proposed school site (PR #'s 39, 43, 58, 114, 119, 140, 147).

Agency Response to Noise Issue (Mitigation Measure #3, EA, page 19; PR #157)

Airport officials (ADOT-Aeronautics) and FAA officials have visited the proposed site and have worked with the school district to mitigate concerns of both safety and noise (EA, pages 6-10, 19-20; PR #'s 50, 58, 59, 78, 92, 148, 149, 165, 172). The community of Tusayan is adjacent to and just north of the GCNP Airport. Airport noise impacts the entire area, particularly beneath flight path corridors. The proposed school site was the only one of the five sites under consideration that would not have school buildings and facilities located underneath a regularly-used flight path. The preferred school site is skirted by fixed-wing aircraft and has an occasionally used helicopter flight path (used about once a month) in the northern part of the site that can be addressed with use restrictions (PR #'s 50, 78).

GCUSD is developing plans for the proposed 79.93-acre school site with consideration for both safety and noise mitigation. The 500-foot wide aviation easement immediately adjacent to the Airport property and the proposed location of improvements on the property afford the best safety of any flight operations over the site. This 500-foot easement, or buffer zone, is also an important design element that will help mitigate the impact of aircraft noise on school facilities. The aviation easement, the proposed location of the high school building approximately one-quarter mile away from the Airport perimeter (and on the opposite end of the property from the Airport), and the location of that building below the grade of the Airport and behind a natural rise in the ground (berm), all contribute toward reducing the impact of aircraft noise on the facility. If the 79.93 acres of NFS land are conveyed to GCUSD, the ADOT-Aeronautics Division, which oversees the GCNP Airport, has agreed to work with the school district to ensure the greatest possible compatibility between both entities (PR #'s 92, 165, 172). Technological advances and building materials exist to virtually eliminate noise when indoors. Mitigation measures in the EA (pages 19-20, #'s 1, 3, and 4) also address this concern.

The school property will be adjacent to NFS lands and ongoing and future hazardous fuels reduction projects. These projects are site-specific and address health, safety, and noise issues during the planning process. Mitigation measures that address these issues are developed and followed during project implementation. Project activities generally involve short-term impacts, or can be mitigated (EA, pages 27-48).

3. Arizona Public Service (APS) 68 kV Power Line Right of Way: Concerns were expressed with the school's initial facility site plan that displayed development underneath the APS's power line that goes through the project area (PR #'s 34, 38).

Agency Response to APS Power Line (Mitigation Measures #3, #7, EA, pages 19-20; PR #157)

Both the School and Forest Service recognize APS's right to maintain their power line including access, line clearance, and public safety. APS will be requested to prepare an easement to protect their outstanding right and restrict development underneath and immediately adjacent to the power line, and that easement will be recorded subsequent to conveyance of the property to the school district (PR #163). After conveyance of the property, APS will retain their rights to a power line across the property as evidenced by the recorded easement and will work directly with the school district on issues related to line clearing, access, and public safety.

4. Havasupai Tribal Claims to NFS Land Identified for GCUSD School Site: The Havasupai Tribal Council believes that the Forest did not transfer title of the entire Rain Tank Grazing Allotment to the Havasupai Tribe in accordance with the 1975 Grand Canyon Enlargement Act (GCEA); that the land parcel proposed for the Grand Canyon School Site is not Forest land (part of Rain Tank Allotment); and the proposed Forest Service/GCUSD land conveyance project violates GCEA (PR #'s 62, 75, 145).

Agency Response to Havasupai Claim (EA, pages 10-11; PR #'s 86, 153, 155, 157, 159)

The proposed parcel is part of NFS lands and was never subject to or associated with the Grand Canyon Enlargement Act (GCEA) of 1975. In 1975, when the GCEA was passed, the subject parcel was part of the Anita Grazing Allotment. The parcel was part of the Grand Canyon Allotment prior to becoming part of the Anita Allotment. Forest Service Allotment Analysis Reports for the Anita (2005) and Rain Tank Allotments (1996) have been completed. The Anita Allotment Range Improvement map (1985), and the Grazing Permit Modification Form for

Permit No. 07-735 Modification No. 1, show that the parcel only became part of the Rain Tank Allotment in 1987. The proposed parcel was not part of the Rain Tank Allotment in 1975.

Only a part of the Rain Tank Allotment within the lands designated for the Havasupai Reservation Enlargement and within the Kaibab National Forest was designated to be transferred to the Tribe after the grazing permits/leases expired according to the GCEA, Section 10 (d). This portion of the Rain Tank Allotment has been transferred to the Tribe as required by GCEA. Records show that the USDA Forest Service has legal title to the lands proposed for the school site conveyance (PR #'s 77, 95, 167). This issue has been researched by Forest Service Archaeologists and reviewed by the Office of the General Counsel (PR #159). Therefore, the Forest will not be in violation of the Grand Canyon Enlargement Act of 1975 by conveying those lands (relevant documents are located at the Kaibab National Forest Headquarters in Williams, Arizona).

Finding of No Significant Impact

After considering the environmental effects described in the EA, I have determined that these actions will not have a significant effect on the quality of the human environment considering the context and intensity of impacts (40 CFR 1508.27). Thus, an environmental impact statement will not be prepared. I base my finding on the following:

A. Context: The setting of the proposed action is local as it pertains to short and long-term effects on both human and natural resources. The effects of this site-specific project, including cumulative effects, are limited to a small portion of Coconino County on the Tusayan Ranger District.

B. Intensity: The following discussion is organized around the Ten Significance Criteria described in the National Environmental Policy Act (NEPA) regulations (40 CFR 1508.27).

1. Impacts that may be both beneficial and adverse.

My finding of no significant environmental effects is not biased by the beneficial effects of the action. Both beneficial and adverse effects were considered in the environmental analysis. The adverse effects are short-term in nature, or can be mitigated. The land conveyance achieves the level of educational experience and development desired by the Grand Canyon Unified School District's (GCUSD) administration, faculty, and students, and best serves the public interest.

2. Effects on public health and safety.

The effects of conveying 79.93 acres of NFS lands to the GCUSD, including cumulative effects, are limited to a small portion of Coconino County on the Tusayan Ranger District. There will be no significant effects on public health and safety because the Forest Service will comply with CERCLA 120(h)(3) which states that "for any real property owned by the United States on which a hazardous substance was stored for a year or more, released, or disposed of, the United States must give notice in the deed of 1) the type and quantity of hazardous substance stored for a year or more, release, or disposed of; and (2) the time when the storage, release, or disposal took place. The deed must also give (3) a description of the remedial activity taken at the site." The Forest Service must remove or remediate hazardous materials prior to conveying NFS lands. Full disclosure of any and all site hazards has been made to GCUSD throughout the process with

full remediation (including costs) of any hazardous conditions completed prior to conveyance (EA, pages 44; PR #'s 28, 33, 45, 56, 72, 93, 95, 96, 97, 98, 116, 146, 152, 156, 158, 174). Since the original Environmental Assessment was completed, the FS powder-house building was examined and found to contain creosote-contaminated interior boards. The Forest Service contracted for its demolition and removal from the proposed site and the work was completed over a two-day period from May 3-4, 2006 (PR #'s 156, 158, 174).

Further, following land conveyance, construction will be in accordance with those environmental controls required by the State of Arizona, Coconino County Planning and Zoning, APS, and the Tusayan Area Plan, including building height restrictions and color schemes. Construction practices that have the least impact to the environment will be followed. Building materials proven to reduce noise will be used. An aviation easement developed by Arizona Department of Transportation's (ADOT) Aeronautics Division for a limited development buffer zone, 500 feet wide, along the shared boundary with the Airport and the school site will be executed by the school at the time of conveyance of the property to the school. Easement deeds (GCUSD as Grantor) protecting the outstanding rights holders (APS for electrical power line; Qwest for a communication line; and South Grand Canyon Sanitary District for a reclaimed water line) will be prepared and recorded subsequent to recordation of the Quitclaim deed to GCUSD. APS will work with GCUSD on development restrictions underneath and immediately adjacent to the power line as part of their easement deed. (See EA, pages 19-21; 44-45.)

NFS land adjacent to the project area will continue to be treated to reduce the threat of wildfire. Forest Service projects will be mitigated to avoid negative effects from fuels reduction activities in the vicinity of the school. The FS considers impacts and the mitigation of those impacts on a project-specific basis. Projects currently underway have mitigations in place for the communities of Tusayan and Grand Canyon that address safety concerns and impacts from noise, dust, and smoke. Future project planning adjacent to or near Tusayan will continue to address and mitigate these concerns (EA, page 34).

The FS and public would have access through the school site for fire protection and other purposes during the early stages of development, via existing Forest Road 2607. As development intensifies, a replacement FS public access road may need to be constructed (EA, page 20, Mitigation #5). In addition, the Tusayan Fire Department will provide fire protection in the event of a fire at the school.

3. Unique characteristics of the geographic area.

There will be no significant effects on unique characteristics of the area because the project area does not contain unique characteristics, but rather is typical of many areas in the Coconino Plateau Basin in regards to geology, soils, vegetative complexes, wildlife species, and heritage resources. The intended action will have no significant or adverse effects on historic or cultural resources, or Park lands. The intended action will have no significant or adverse effects on prime farmlands, wetlands, wild and scenic rivers, fisheries, or ecologically sensitive areas since they do not exist in the project area or in the cumulative effects area. (See EA, pages 23-26; Chapter 3, pages 27-48; Appendix 1 on page 53; and Appendix 2 on pages 54-58.)

4. The degree to which the effects on the quality of the human environment are not likely to be controversial.

Overall, the effects on the quality of the human environment are not likely to be highly controversial because there were no significant issues identified from public comments received, and there is no known scientific controversy over the impacts of the project (see EA, Chapter 3, pages 27-48). The setting of the intended action is local as it pertains to short-term and long-term effects on both human and natural resources.

During scoping of the proposed action and EA, the Havasupai Tribe claimed that the NFS land identified for conveyance to GCUSD, were given to them under the Grand Canyon Enlargement Act (GCEA) of 1975. This issue has been researched by Forest Service Archaeologists and reviewed by the Office of the General Counsel. Our conclusion is that the claim is not valid; however, we continue to work with the Tribe to gain a better understanding of their concerns (see EA, page 10, Project Record #'s 62, 75, 76, 77, 81, 145, 153, 155, and 159).

5. The degree to which the possible effects on the human environment are highly uncertain or involve unique or unknown risks.

The effects analysis shows the effects are not uncertain, and do not involve unique or unknown risks (see EA, pages 23-26; Chapter 3, pages 27-48). Any adverse effects will be short-term in nature.

6. The degree to which the action may establish a precedent for future actions with significant effects, or represents a decision in principle about a future consideration.

This action is not precedent setting, because NFS lands have been conveyed in the past for public school expansion. Each land transaction is developed using the Education Land Grant Act of 2000 or the Sisk Act and evaluated through the NEPA planning process, and will stand on their own related to environmental effects, public issues, and project feasibility. The action is not likely to establish a precedent for future actions with significant effects, because the analysis of effects for Alternative 2 states that there will be no significant effects (see EA, Chapter 3, pages 27-48). Additionally, future projects within the area or in surrounding areas will be analyzed on their own merits and implemented or not, independent of the actions currently selected.

7. Cumulatively significant effects of action.

Cumulative effects for all resources were considered in the EA (EA, Chapter 3, pages 27-48) with the determination that there are no known significant cumulative impacts from implementation of the intended action. Other past, present, and foreseeable future actions were also considered in this determination (EA, Table 2, pages 29-30). The limited size of the proposed land conveyance suggests minimal individual effects as well as minimal cumulative effects to the Tusayan Ranger District, the Kaibab National Forest, and Region 3.

8. The degree to which the action may adversely affect districts, sites, highways, structures, or objects listed or eligible for listing in the National Historic Register of Historic Places, or may cause the loss or destruction of significant scientific, cultural, or historical resources.

This action will have no significant adverse effect on districts, sites, highways, structures, or objects listed in or eligible for listing in the National Register of Historic Places, or cause the loss or destruction of significant scientific, cultural, or historical resources, because all sites deemed

eligible for the Register did not meet the minimum eligibility criteria (EA, pages 25, 39-40). State Historic Preservation Office (SHPO) concurrence is documented in the "ELGA Grand Canyon School District Land Grant" report (PR #73, 11/09/2005).

9. The degree to which the action may adversely affect an endangered or threatened species or its habitat that has been determined to be critical under the Endangered Species Act of 1973, as amended.

Biological Assessments and Evaluations (BA&Es) were prepared for federally listed plant and wildlife species (Johnson, 11/30/05, and Nelson/Bennetsen, 12/05/06 respectively) and are included in the project record (PR #'s 80 and 82-A).

The BA&E for Plant Species made the determination that according to the USDI Fish and Wildlife Service (USFWS), there are no federally threatened or endangered plant species that occur in the South Zone (Williams and Tusayan ranger districts) of the Kaibab National Forest (KNF); therefore, there are no effects from the intended action. It also made the determination that there are no known locations and suitable habitat for the seven evaluated sensitive species that were considered to have a high likelihood of occurring or are known to occur on the South Zone of the KNF; therefore, the intended action is unlikely to cause any trend toward listing of any sensitive plant species by USFWS.

The BA&E for Wildlife Species made a determination that the proposed action would not result in negative effects or impacts to species populations or habitat trends for any federally listed species or Forest Service sensitive species. No suitable or critical habitat is present in the project area for any Threatened and Endangered listed species. The BA&E identified two sensitive species, the Navajo Mountain Mexican vole and northern goshawk. The BA&E determined that the intended action may impact individual voles, but there would be no trend toward listing for the species. The intended action would have "no effect" to northern goshawk nest areas or post-fledging family areas because they were not found in the project area. There may be a slight negative impact to northern goshawk potential foraging habitat as a result of the conveyance and subsequent alterations to the landscape, but there would be no impacts to forest population and habitat trends.

10. Legality of the action.

The selected alternative conforms to all applicable Federal, State, and local laws and requirements (EA, pages 5, 19-22). The action complies with the Education Land Grant Act of 2000, the National Forest Management Act, and the National Environmental Policy Act. This action responds to the goals and objectives outlined in the Kaibab National Forest Land Management Plan, as amended. This decision, to convey the 79.93-acre parcel of NFS land to GCUSD, will update the Kaibab National Forest Land Management Plan by means of an administrative action. The Forest Plan's Land Adjustment Map will be updated to identify this parcel of NFS land as available for disposal and acquisition. Updating the Kaibab Forest Plan with an administrative action, in itself, has no direct effects on the environment. Public involvement has occurred during project planning, and potential environmental effects were considered and documented in the EA (see EA, pages 6-11; 23-26, and Chapter 3, pages 27-48).

Findings Required by Other Laws and Regulations

The decision to implement Alternative 2, the Proposed Action, meets the requirements of the Federal Land Policy and Management Act of 1976, the National Forest Management Act of 1976, the National Environmental Policy Act of 1969 (and their amendments), and the Education Land Grant Act of 2000.

This decision also complies with the following:

National Forest Management Act The Kaibab National Forest Land Management Plan was adopted on April 15, 1988 and has been amended seven times. Projects are to be consistent with the Forest Plan per regulations at 36 CFR 219.8(e) per 2005 NFMA regulations. The project was designed in conformance with the Kaibab LMP long-term goals and objectives on public land for realty management. I find that all actions included in Alternative 2 are consistent with direction in the Kaibab National Forest Land Management Plan, as amended. The Forest Plan's Land Adjustment Map will be administratively updated to identify this 79.93-acre parcel of NFS land as available for disposal and acquisition to the GCUSD #4 through ELGA.

Endangered Species Act of 1973, as amended This action complies with the Endangered Species Act, and specifically with Section 7 of this Act, in that potential effects of this decision on listed species have been analyzed and documented.

Management Indicator Species (MIS) Requirements for the relevant Management Indicator Species in the Kaibab National Forest Land Management Plan are summarized in the EA on pages 24-25 and 34-39, and the MIS project-specific report is filed as Project Record 82(B). Other Management Indicator Species listed for EMA 8 are noted in Appendix 2 [EA, pages 54-58, PR #82(A)] as not having habitat or potential habitat in the project area (pronghorn antelope, Lucy's warbler, yellow-breasted chat, and aquatic invertebrates). The juniper titmouse is discussed in the EA on pages 37-38 under Migratory Bird Species of Concern. Forest Plan management direction for wildlife in EMA 8 is to provide for intensive management, and make habitat surveys, analyses, and formulate plans in concert with the Arizona Game and Fish Department to ensure a high level of habitat diversity and capability. The project-specific report for Management Indicator Species found that the selected alternative would have no effect on elk or mule deer populations and habitat, and habitat trends due to the small area (79.93 acres) available for conveyance. It also found that the selected alternative would have slightly negative effects to the hairy woodpecker, turkey, and the juniper titmouse, but the impacts would not influence the habitat or population trends for these species at the forest level because of the small area available for conveyance. This population analysis and habitat information meets NFMA obligations for Management Indicator Species under 36 CFR 219.14(f). This analysis also references the Management Indicator Species for the Kaibab National Forest report (October 15, 2003).

National Historic Preservation Act of 1966, as amended Section 106 requirements for survey and evaluation have been met for all undertakings in this decision.

Forest Service Handbook (FSH) 5509.11 – Title Claims, Sales, and Grants Handbook, Chapter 30 – Grants

Forest Service Guide to Land Transactions (EM-2160-2)

Forest Service Manual (FSM) 2160, Hazardous Materials Management

Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) 1986
[amended by the Superfund Amendments and Reauthorization Act (SARA) 1986]

This decision will administratively update the Kaibab National Forest Land Management Plan's Land Adjustment Map to identify this particular tract of NFS land as available for disposal and acquisition. This conveyance will best serve the public interest and meet the needs for the expansion of school facilities within the Grand Canyon Unified School District #4's boundaries, and in particular, the Grand Canyon and Tusayan communities.

Implementation Date

If no appeals are filed within the 45-day time period, implementation of the decision may occur on, but not before, 5 business days from the close of the appeal filing period. When appeals are filed, implementation may occur on, but not before, the 15th business day following the date of the last appeal disposition.

Administrative Review or Appeal Opportunities

This decision is subject to appeal for administrative review by written notice pursuant to 36 CFR Part 215. The appeal must be filed (regular mail, fax, email, hand-delivery, or express delivery) with the Appeal Deciding Officer. Written comments must be submitted to:

Appeal Deciding Officer
Harv Forsgren, Regional Forester
Southwestern Region
USDA Forest Service
333 Broadway Blvd., SE
Albuquerque, NM 87102

The office business hours for those submitting hand-delivered appeals are: 8:00 AM to 4:30 PM, Monday through Friday, excluding holidays. Appeals may be faxed to the Appeal Deciding Officer at (505) 842-3173. Electronic appeals must be submitted in a format such as an email message, plain text (.txt), rich text format (.rtf), or Word (.doc) to appeals-southwestern-regional-office@fs.fed.us. The appeal must have an identifiable name attached or verification of identity will be required. A scanned signature may serve as verification on electronic appeals. Please put the project name in the "subject" line.

Appeals, including attachments, must be filed within 45 days from the publication date of the Legal Notice for the decision in the *Arizona Daily Sun*, the newspaper of record. Attachments received after the 45-day appeal period will not be considered. The publication date in the *Arizona Daily Sun* is the exclusive means for calculating the time to file an appeal. Those wishing to appeal this decision should not rely on dates or timeframe information provided by any other source.

Individuals or organizations who submitted comments during the comment period specified at 215.6 may appeal this decision. The notice of appeal must meet the appeal content requirements at 36 CFR 215.14. The appeal must include:

1. Appellant's name and address, with a telephone number, if available;

2. Signature or other verification of authorship upon request;
3. When multiple names are listed on an appeal, identification of the lead appellant and verification of the identity of the lead appellant upon request;
4. The name of the project for which the decision was made, the name and title of the Responsible Official, and the date of the decision;
5. The regulation under which the appeal is being filed;
6. Any specific change(s) in the decision that the appellant seeks and rationale for those changes;
7. Any portion(s) of the decision with which the appellant disagrees, and explanation for the disagreement;
8. Why the appellant believes the Responsible Official's decision failed to consider the substantive comments; and
9. How the appellant believes the decision specifically violates law, regulation, or policy.

Contact

For additional information concerning this decision or the Forest Service appeal process, contact:

Barbara McCurry, South Zone NEPA Planner
PO Box 3088
Grand Canyon, AZ 86023
Phone: 928-635-8220
E-mail: bmccurry@fs.fed.us



MICHAEL R. WILLIAMS
 Forest Supervisor
 Kaibab National Forest

10/30/06

 Date

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because of all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means of communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.

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ELGA Tusayan

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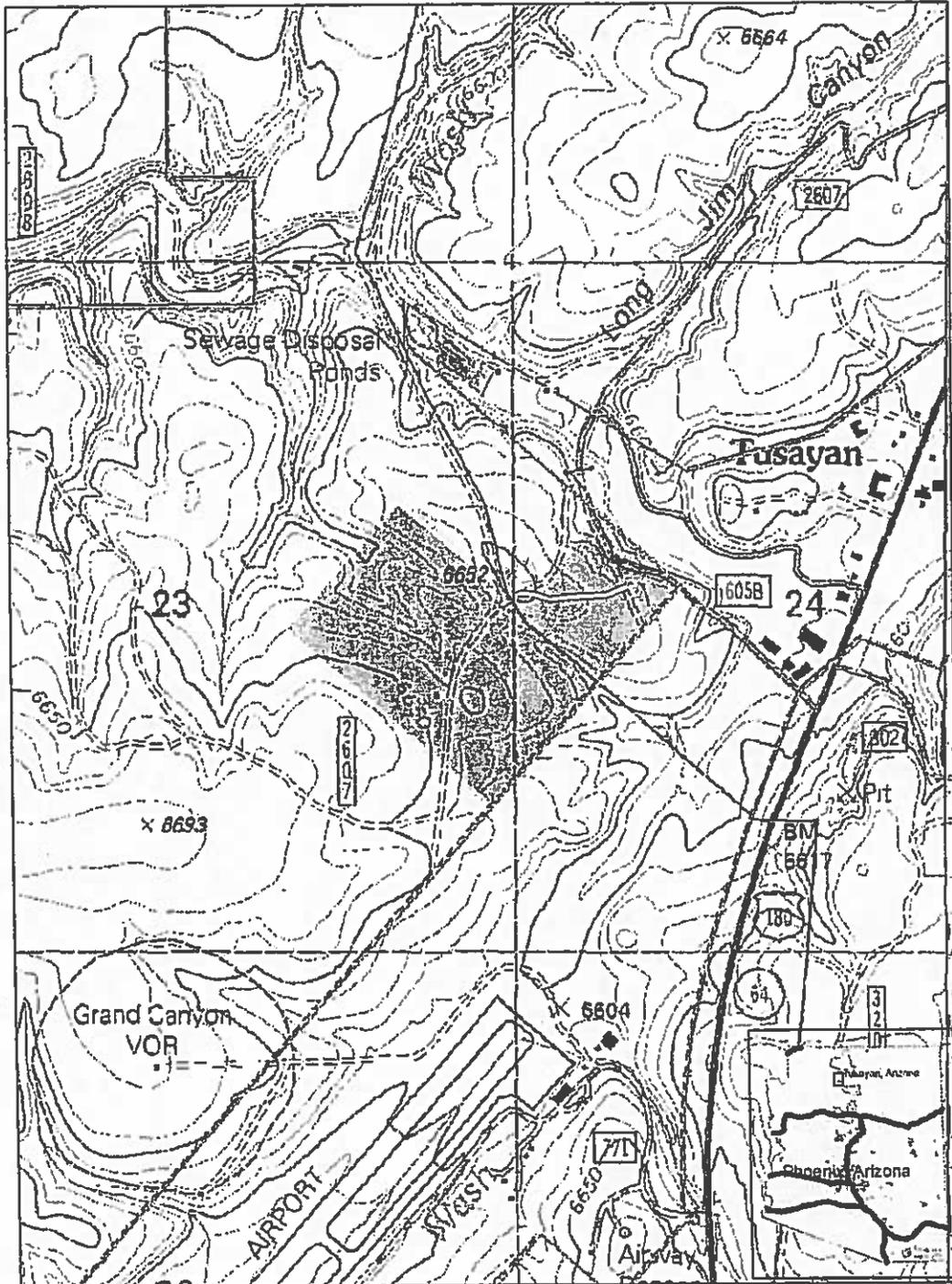


Figure 1. Alternative 2 – Selected Alternative Project Area (School Site Location)

ITEM NO. 7B

**General Agreement
between
The United States Department of the Interior
National Park Service
and
The Town of Tusayan, Arizona**

This Agreement is entered into by and between the National Park Service (hereinafter "NPS"), United States Department of the Interior, acting through the Superintendent of Grand Canyon National Park (hereinafter "Park"), and The Town of Tusayan, Arizona (hereinafter "Tusayan").

ARTICLE I – BACKGROUND AND OBJECTIVES

The objective of this Agreement is to establish the terms and conditions under which the Park will provide shuttle bus service between the Grand Canyon Visitor Center on the South Rim and Tusayan for an additional five weeks during the 2016 season. With increased visitation to the Grand Canyon and congestion at the South Entrance Station and South Rim parking areas, the five-week extension will give visitors more opportunity to leave their cars in Tusayan and take a shuttle bus into the park, providing for a better visitor experience and reducing vehicular emissions. Tusayan will reimburse the NPS for the additional five weeks, which includes driver hours, fuel, and shuttle bus maintenance and repair costs and parts.

The Tusayan Shuttle Bus Route began in 2008 as part of the South Rim Visitor Transportation Plan. It normally operates for 17 weeks each season during the busy summer months and is paid for by the NPS. In 2015, Tusayan approached the NPS about extending the route in 2016 and offering to pay for the extension. After conversations between NPS and Tusayan officials, the five-week extension was determined to be the best option for the 2016 season. The Tusayan Shuttle Bus Route will operate from May 7 through October 9, 2016.

Park visitation has increased by approximately 16 percent in 2015 and ridership on the Tusayan Route increased by approximately 64 percent in 2015. The Tusayan Route can have an integral role in reducing congestion at the South Rim entrance station and South Rim parking areas. Extending the route gives the NPS and Tusayan the opportunity to proactively address this congestion. By giving visitors more opportunity to leave their cars in Tusayan and ride a shuttle bus into the park, we are not only improving the visitor experience, but showing our environmental commitment by reducing vehicular emissions, including greenhouse gases.

ARTICLE II - AUTHORITY

This Agreement is entered into under the authority of *16 U.S.C. §1b(5)*, and *NPS Director's Order #20(7), General Agreements (July 23, 2003)*.

ARTICLE III – STATEMENT OF WORK

A. TUSAYAN agrees to:

1. Reimburse the NPS for costs of shuttle bus operations between Tusayan and Grand Canyon Visitor Center for the dates specified below Article III. A. 2. This includes driver hours, mechanics hours, parts, and fuel. Tusayan will only be billed for actual hours and costs, which will be determined by the NPS. Cost of the five-week extension will not exceed \$75,000.
2. Cover the cost of the Tusayan Shuttle Bus Route from May 7 through May 27, 2016 and September 24 through October 9, 2016.
3. Recognize that shuttle service will operate between Tusayan and Grand Canyon Visitor Center from May 7 through October 9, 2016. Buses will run every twenty minutes from 8:00 a.m. to 9:45 p.m. weather permitting.
4. Recognize that Paul Revere Transportation, the park's shuttle bus contractor, makes all final determinations as to whether roads are safe and passable for shuttle bus operations.
5. Work directly through the NPS when addressing Tusayan Route shuttle bus operations and not work directly with Paul Revere Transportation, the park's shuttle bus service contractor.

B. The NPS agrees to:

1. Conduct all shuttle bus operations in accordance with National Park Service transportation policy.
2. Cover the cost of the Tusayan Shuttle Bus Route from May 28 through September 23, 2016.
3. Provide shuttle service between Tusayan and Grand Canyon Visitor Center from May 7 through October 9, 2016. Buses will run every twenty minutes from 8:00 a.m. to 9:45 p.m. weather permitting.
4. Adhere to the schedule during five-week extension unless Paul Revere Transportation determines the roads are not safe or passable for shuttle bus operations.
5. Bill Tusayan for (1) driver hours, (2) mechanics hours (maintenance and repair), (3) shuttle bus parts, and (4) natural gas fuel directly related to Tusayan Route shuttle bus operations within two months immediately following the dates during which the services occurred – see Article III. A. 1 and III. A. 2 and Article VI. E. Cost of the five-week extension will not exceed \$75,000.

C. Both parties agree to:

Cooperate in all activities related to the provision of transportation services being provided to Tusayan as it supports Grand Canyon National Park.

ARTICLE IV – TERM OF AGREEMENT

This Agreement will be effective from May 7, 2016 through October 9, 2016 unless it is terminated earlier by one of the parties pursuant to Article X that follows.

ARTICLE V – KEY OFFICIALS

A. Key officials are essential to ensure maximum coordination and communications between the parties and the work being performed. They are:

1. For the NPS:

Pamela Edwards, Transportation Program Manager
National Park Service
Grand Canyon National Park
PO Box 129
Grand Canyon, AZ 86023
E-mail: pamela_edwards@nps.gov
Telephone: 928-638-7713
Facsimile: 928-638-7701

2. For Tusayan:

Eric A. Duthie, Town Manager
Town of Tusayan
PO Box 709
845 Mustang Drive
Tusayan, AZ 86023
Email: tusayantownmanager@gmail.com
Telephone: 928-638-9909

B. Communications - Tusayan will address any communication regarding this Agreement to the Transportation Program Manager with a copy to the Park Superintendent.

C. Changes in Key Officials - Neither the NPS nor Tusayan may make any permanent change in a key official without written notice to the other party reasonably in advance of the proposed change. The notice will include a justification with sufficient detail to

permit evaluation of the impact of such a change on the scope of work specified within this Agreement.

ARTIVLE VI – PAYMENT

- A. In order to ensure proper billing and receipt of payments, Tusayan must register with the Pay.Gov system, accessed at <http://www.pay.gov>.
- B. Frequency of payments: as specified in Article III. A. 1 and III. A. 2 and III. B. 5.
- C. NPS Account number into which funds will be deposited: PRR.GRCA1609.00.1.
- D. Bills will be issued to:

Town of Tusayan
PO Box 709
845 Mustang Drive
Tusayan, AZ 86023
- E. The NPS will bill Tusayan for (1) driver hours (currently determined by the Grand Canyon shuttle bus contract and federal acquisition regulations), (2) maintenance mechanic hours (currently determined by the Grand Canyon shuttle bus contract and federal acquisition regulations), (3) repair mechanic hours (currently determined by the Grand Canyon shuttle bus contract and federal acquisition regulations), (4) shuttle bus parts, and (5) natural gas fuel (currently determined via the Southern California Boarder Index) directly related to Tusayan Route shuttle bus operations. NPS reserves the right to change driver hour rates and mechanic hour rates (maintenance and repair) due to changes and other considerations per the NPS shuttle bus contract and natural gas fuel rates due to changes in fuel prices and other considerations per the NPS natural gas fuel supply contract. All changes will be completed by written notice.
- F. For purposes of the NPS reimbursable account number, the not-to-exceed (NTE) amount is \$75,000 for the five-week extension to the Tusayan Route shuttle bus operations during calendar year 2016.
- G. Nothing contained in this Agreement will be construed as binding the NPS to expend in any one fiscal year any sum in excess of appropriations made by Congress, for purposes of this Agreement for that fiscal year.

ARTICLE VII – PRIOR APPROVAL

Not applicable.

ARTICLE VIII – REPORTS AND/OR OTHER DELIVERABLES

Not applicable.

ARTICLE IX – PROPERTY UTILIZATION

All buses used for Tusayan Route shuttle bus operations are NPS property and all operations are performed by an NPS contractor, Paul Revere Transportation.

ARTICLE X – MODIFICATION AND TERMINATION

- A. This Agreement may be modified only by a written instrument executed by the parties. NPS reserves the right to change driver hour rates and mechanic hour rates (maintenance and repair) due to changes and other considerations per the NPS shuttle bus contract and natural gas fuel rates due to changes in fuel prices and other considerations per the NPS natural gas fuel supply contract. All changes will be completed by written notice.
- B. Either party may terminate this Agreement by providing the other party with thirty (30) days advance written notice. In the event that one party provides the other party with notice of its intention to terminate, the parties will meet promptly to discuss the reasons for the notice and to try to resolve their differences.

ARTICLE XI – STANDARD CLAUSES

A. Civil Rights

During the performance of this Agreement, the participants agree to abide by the terms of U.S. Department of the Interior - Civil Rights Assurance Certification, Nondiscrimination and will not discriminate against any person because of race, color, religion, sex, or national origin. The participants will take affirmative action to ensure that applicants are employed without regard to their race, color, sexual orientation, national origin, disabilities, religion, age, or sex.

B. Promotions

Tusayan will not publicize or otherwise circulate promotional material (such as advertisements, sales brochures, press releases, speeches, still and motion pictures, articles, manuscripts, or other publications) which states or implies Governmental, Departmental, Bureau, or Government employee endorsement of a product, service, or position which Tusayan represents. No release of information relating to this Agreement may state or imply that the Government approves of Tusayan's work product or considers Tusayan's work product to be superior to other products or services.

C. Public Information Release

- 1. Tusayan will ensure that all information submitted for publication or other public releases of information regarding this product will carry the following disclaimer:

“The views and conclusions contained in this document are those of the authors and should not be interpreted as representing the opinions or policies of the U.S. Government. Mention of trade names or commercial products does not constitute their endorsement by the U.S. Government.”

- 2. Tusayan will obtain prior NPS approval from the Park public affairs office for any public information release that refers to the Department of the Interior or any bureau or employee (by name or title) or to this Agreement. The specific text, layout, photographs, etc. of the proposed release must be submitted to the transportation program manager, who will forward such materials to the public affairs office along with the request for approval.

ARTICLE XII – SIGNATURES

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date(s) set forth below.

FOR THE NATIONAL PARK SERVICE:

Signature: _____
 Name: David Uberuaga
 Title: Superintendent
 Grand Canyon National Park
 Date: _____

FOR TOWN OF TUSAYAN:

Signature: _____
 Name: Eric A. Duthie
 Title: Tusayan Town Manager
 Date: _____

<i>EXTENSION DATES</i>	<i>EXTENSION DATES</i>	<i>EXTENSION DATES</i>	<i>EXTENSION DATES</i>	<i>EXTENSION DATES</i>	21 <i>EXTENSION DATES</i>
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EXTENSION DATES	EXTENSION DATES	EXTENSION DATES	EXTENSION DATES	30 EXTENSION DATES	

More Calendars from WinCalendar.com: [2016 Calendar](#), [2017 Calendar](#).

October 2016					
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					1 EXTENSION DATES
EXTENSION DATES	8 EXTENSION DATES				
11	12	13	14	15	
18	19	20	21	22	
25	26	27	28	29	

More Calendar Templates [2016 Calendar](#) [2017 Calendar](#)

ITEM NO. 7C

TOWN OF TUSAYAN, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
For the Year Ended June 30, 2015
WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF TUSAYAN, ARIZONA
Annual Expenditure Limitation Report
For the Year Ended June 30, 2015

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Independent Accountants' Report

The Auditor General of the State of Arizona and
The Honorable Mayor and Town Council
Town of Tusayan, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the Town of Tusayan, Arizona, for the year ended June 30, 2015. This report is the responsibility of the Town of Tusayan, Arizona's management. 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 and, accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Annual Expenditure Limitation Report of the Town of Tusayan, Arizona, referred to above presents, in all material respects, the information prescribed by the uniform expenditure reporting system as described in Note 1.

HintonBurdick, PLLC

HintonBurdick, PLLC
February 15, 2016

TOWN OF TUSAYAN, ARIZONA
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2015

1. Economic Estimates Commission expenditure limitation	N/A	
2. Voter-approved alternative expenditure limitation (Approved 8/26/2014)	<u>\$ 4,089,800</u>	
3. Enter applicable amount from line 1 or line 2		\$ 4,089,800
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	1,511,977	
5. Board-authorized expenditures necessitated by a disaster declared by the Governor (Article IX, Sec. 20(2)(a), Arizona Constitution)	N/A	
6. Board-authorized expenditures necessitated by a disaster not declared by the Governor (Article IX, Sec. 20(2)(b), Arizona Constitution)	N/A	
7. Prior-year voter-approved expenditures to exceed the expenditure limitation for the reporting fiscal year (Article IX, Sec. 20(2)(c), Arizona Constitution)	N/A	
8. Qualifying capital improvement expenditures repaid in accordance with ARS Sec. 41-1279.07(1)	<u>N/A</u>	
9. Subtotal	1,511,977	
10. Board-authorized excess expenditures for the previous fiscal year necessitated by a disaster not declared by the Governor and not approved by the voters (Article IX, Sec. 20(2)(b), Arizona Constitution)	<u>N/A</u>	
11. Total adjusted amount subject to the expenditure limitation		<u>1,511,977</u>
12. Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation)		<u>\$ 2,577,823</u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of Chief Fiscal Officer: 

Name and Title: Eric Duthie, Town Manager

Telephone Number: 928-638-9909 Date: 3/9/16

TOWN OF TUSAYAN, ARIZONA
Annual Expenditure Limitation Report – Part II
Year Ended June 30, 2015

Description	Governmental Funds	Enterprise Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation Line D	\$ 1,511,977	\$ -	\$ -	\$ 1,511,977
B. Less exclusions claimed:				
1. Bond proceeds	-	-	-	-
Debt service requirements on bonded indebtedness	-	-	-	-
Proceeds from other long-term obligations	-	-	-	-
Debt service requirements on other long-term obligations	-	-	-	-
2. Dividends, interest and gains on the sale or redemption of investment securities	-	-	-	-
3. Trustee or custodian	-	-	-	-
4. Grants and aid from the Federal government	-	-	-	-
5. Grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes	-	-	-	-
6. Amounts received from the State of Arizona	-	-	-	-
7. Quasi-external interfund transactions	-	-	-	-
8. Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	-	-	-	-
9. Highway user revenues in excess of those received in fiscal year 1979-80	-	-	-	-
10. Contracts with other political subdivisions	-	-	-	-
11. Refunds, reimbursements, and other recoveries	-	-	-	-
12. Voter-approved exclusions not identified above (attach resolution)	-	-	-	-
13. Prior years carryforward	-	-	-	-
14. 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>\$ 1,511,977</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,511,977</u>
	<u>\$ 1,511,977</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,511,977</u>

TOWN OF TUSAYAN, ARIZONA
Annual Expenditure Limitation Report - Reconciliation
Year Ended June 30, 2015

Description	Governmental Funds	Enterprise Funds	Fiduciary Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	<u>\$ 1,511,977</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,511,977</u>
B. Subtractions:				
1. Items not requiring use of working capital:				
Depreciation	-	-	-	-
Loss on disposal of fixed assets	-	-	-	-
Bad debt expense	-	-	-	-
Other postemployment benefits expense	-	-	-	-
Claims incurred but not reported	-	-	-	-
Landfill closure and postclosure care costs	-	-	-	-
2. Expenditures of separate legal entities established under Arizona Revised Statutes	-	-	-	-
3. Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements	-	-	-	-
4. Involuntary court judgments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
5. Total subtractions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
C. Additions:				
1. Principal payments on long-term debt	-	-	-	-
2. Acquisition of capital assets	-	-	-	-
3. Other postemployment benefits paid in the current year but reported as expenses in previous years	-	-	-	-
4. Claims paid in the current year but reported as expenses incurred but not reported in previous years	-	-	-	-
5. Landfill closure and postclosure care costs paid in the current year but reported as expenses in previous years	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
6. Total additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
D. Amounts reported on Part II, Line A	<u>\$ 1,511,977</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,511,977</u>

TOWN OF TUSAYAN, ARIZONA
Notes to the Annual Expenditure Limitation Report
June 30, 2015

Note 1. Summary of Significant Accounting Policies

The Annual Expenditure Limitation Report (AELR) is presented as prescribed by the *Uniform Expenditure Reporting System* (UERS), as required by Arizona Revised Statutes §41-1279.07, and in accordance with the voter-approved alternative expenditure limitation adopted August 26, 2014, as authorized by the Arizona Constitution, Article IX, §20(9).

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 annual fund-based 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.

Note 2. Reconciliation Subtractions and Additions

The Town currently does not operate any Enterprise funds; thus, there are no subtractions or additions for enterprise funds that would be applicable.

There are also no subtractions or additions applicable for any of the governmental activities for the current year.

Note 3. Exclusions

Exclusions from local revenues, including those enumerated in the Constitution, may be taken against alternative expenditure limitation only if such exclusions are specifically identified in the resolution and the publicity pamphlet. There are no such exclusions specifically identified.



MEMBERS

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KEVIN L. STEPHENS, CPA
MARK E. TICHENOR, CPA
MICHAEL J. TORGERSON, CPA

February 15, 2016

To the Honorable Mayor and Town Council
Town of Tusayan, Arizona

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Tusayan, Arizona (the Town) for the year ended June 30, 2015, and have issued our report thereon dated February 15, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated October 21, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town are described in Note 1 to the financial statements. The Town changed accounting policies related to financial reporting by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 68 *Accounting and Financial Reporting for Pensions* and No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date* in fiscal year 2015. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Town's financial statements.

We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of depreciation expense is based on the useful lives of the underlying assets. We evaluated the key factors and assumptions used to develop depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

For purposes of measuring the deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, management's estimates have been determined on the same basis as they are reported by the Arizona State Retirement System (ASRS). The key factors and assumptions used to develop the valuation and the accrual appear reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear

Difficulties Encountered in Performing the Audit

Outside of the additional work to implement GASB 68, we encountered no significant difficulties in performing the audit and there were no difficulties dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. A list of adjustments has been provided to management and management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 15, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of Town Council and management of the Town and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



HintonBurdick, PLLC



**Findings and Recommendations
For the Year Ended June 30, 2015**

The Honorable Mayor and
Town Council
Tusayan, Arizona

Professional standards require that we communicate, in writing, deficiencies in internal control over financial reporting that are considered significant deficiencies or material weaknesses that are identified during the audit of the financial statements. We wish to commend the Town for their administrative achievements and oversight of the Town's accounting and budget system. During our audit of the funds of the Town of Tusayan for the fiscal year ended June 30, 2015 we noted a few areas that may need corrective action in order for the Town to be in compliance with laws and regulations and we found a few circumstances that, if improved, would strengthen the Town's accounting system and control over its assets. These items are discussed below for your consideration.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

Significant Deficiencies:

11-1. Year-end Accounting -prior year reissued

Finding

During our audit we made recommendations for a few significant journal entries that were necessary to record year end accruals and other miscellaneous adjustments. Management did a good job reconciling accounts and getting current year journal entries posted. However, Statement on Auditing Standards number 115 requires us to consider and report material audit adjustments as a deficiency in controls over financial reporting.

Recommendation

We recommend that management review the journal entries and discuss them with us to ensure you agree with the entries, and understand the purpose and underlying accounting principles associated with each entry and that management make every effort to record all year-end adjustments in a timely manner.

11-2. Segregation of Duties-prior year reissued

Finding

The Town's cash receipts and disbursements cycles lack a complete segregation of duties. We understand that the size of the Town's administrative staff prohibits the complete and proper segregation of duties within its accounting functions. Such segregation of duties provide important safeguards and controls to insure the proper recording, deposit and disposition of the Town's funds. During fiscal year 2015, the same individual who recorded cash receipts and cash disbursements in the accounting system also, prepared cash disbursements and prepared bank reconciliations. Monthly review of financial reports and cash disbursements by the Town Council and the Town Manager mitigates this weakness somewhat. We mention proper segregation in order to remind management of its importance until such time as the Town can fully segregate custody of assets and recording functions. For example, those who have access to the accounting system and those who perform reconciling functions should be segregated from handling cash receipts and cash disbursements.

Recommendation

The Town Council and management should consider ways that segregation of duties can be improved or additional mitigating controls can be established within the accounting and administrative functions as the Town continues to grow and additional staff are considered necessary.

11-3. Policies and Procedures-prior year reissued

Finding

We noted that the Town does not have a complete Policies and Procedures Manual. Such a manual is important in establishing the financial policies and procedures, flow of documents, job descriptions, responsibilities and duties, and general operating environment of any type of organization. Items that should be addressed as a part of a complete Policies and Procedures Manual include:

- Budgetary Procedures
- Purchasing Procedures (including purchase order policy)
- Cash Management - Treasury Functions
- Capital Asset Management Procedures
- Personnel Duties and Responsibilities (Job Descriptions)
- Access to Computer Data/Programs/Software
- Records Retention Policy
- EEOC Policy, Drug Free Workplace Policy
- Related Party Policy
- Conflict of Interest Policy
- Chart of organization
- Compensation and fringe benefit policies
- Vacation and Holiday policies

Recommendation

We recommend that the Town develop and implement a Policies and Procedures Manual as described above. The Town may consider consulting with our firm or local governmental entities of similar size to obtain Policies and Procedures manuals or materials that may help you in developing and implementing policies and procedures specific to the Town.

COMPLIANCE AND OTHER MATTERS:

None noted

Responses

Please respond to the above Findings and Recommendations in letter form.

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

It has been a pleasure to be of service to the Town this past year. We would like to express special thanks to all those who assisted us so efficiently in this year's audit. We invite you to ask questions of us throughout the year as you feel necessary. We look forward to a continued professional relationship.

Sincerely,



HintonBurdick, PLLC
February 15, 2016

**Other Items Communicated to Management
For the Year Ended June 30, 2015**

Eric Duthie, Town Manager
Town of Tusayan, Arizona

The following are findings and recommendations that have not been included with our findings and recommendations letter since they are only related to suggestions for improvements to accounting functions or they may be deemed to be less significant and/or management is aware of the findings and are working on resolutions.

Control Deficiencies:

11-4. Fraud Risk Management-prior year reissued

The Town has not formally developed a documented fraud risk management program that is appropriate for the size and complexity of the Town, including identifying fraud risks and taking appropriate action to reduce or eliminate the risks.

Recommendations

We recommend that the Town formally develop and adopt a fraud risk management program that is appropriate for the size and complexity of the Town, including identifying fraud risks and taking appropriate action to reduce or eliminate the risks. We would be happy to provide guidance or assistance to the Town in developing such a policy.

A formal written response to these findings and recommendations is not necessary.

This report is intended solely for the information and use of the Town management and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

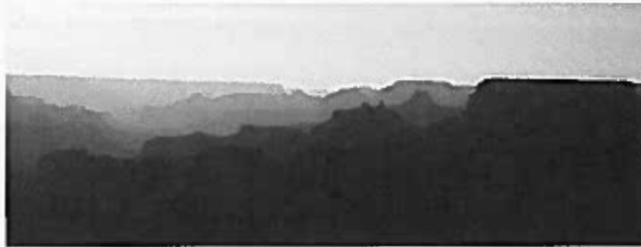
It has been a pleasure to be of service to the Town this past year. We would like to express special thanks to all those who assisted us so efficiently in this year's audit. We invite you to ask questions of us throughout the year as you feel necessary. We look forward to a continued professional relationship.

Sincerely,



HintonBurdick, PLLC
February 15, 2016

TOWN OF TUSAYAN, ARIZONA



FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2015

WITH REPORT OF

CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF TUSAYAN

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MEMBERS

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MICHAEL J. TORGERSON, CPA

Independent Auditors' Report

The Honorable Mayor and
Town Council
Tusayan, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Tusayan, Arizona, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town'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, each major fund, and the aggregate remaining fund information of the Town of Tusayan as of June 30, 2015, and the respective changes in financial position and the budgetary comparison for the General fund for the year then ended in conformity 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 and budgetary comparison information as listed in 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2016, on our consideration of the Town of Tusayan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Tusayan's internal control over financial reporting and compliance.



HintonBurdick, PLLC
Flagstaff, Arizona
February 15, 2016

**TOWN OF TUSAYAN, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

As management of the Town of Tusayan (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- Total assets exceeded total liabilities (net position) by \$9,271,467 at the end of the fiscal year.
- Total revenues from all sources were \$3,744,488 and the total cost of all Town programs was \$1,453,421 resulting in an increase of net position of \$2,291,067.
- Sales tax collections of \$3,359,167 were up from the prior year amount of \$2,802,777.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$7,740,134.
- At the end of the fiscal year, restricted fund balance for the HURF Fund was \$144,567 and unrestricted fund balance was \$66,318.

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 Position and the Statement of Activities. These statements provide information about the activities of the Town 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 Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. (3) Notes to the financial statements.

Reporting the Town as a Whole

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

A frequently asked question regarding the Town's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the Town 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 Town's net position and its changes. Net position, the difference between assets and liabilities, are one way to measure the Town's financial health, or financial position. Over time, an increase or decrease in net position is 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 condition of the Town's roads to accurately assess the overall health of the Town.

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

- **Government activities** – All of the Town's basic services are considered to be governmental activities, including general government, public safety, public works/streets, culture and recreation, economic development, health and welfare and interest on long-term debt. Sales taxes, State Revenue Sharing, intergovernmental revenues and charges for services finance most of these activities.
- **Proprietary activities/Business type activities** – The Town currently does not maintain any proprietary activities; all activities are accounted for as governmental activities.

Reporting the Town's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, management may establish 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 Town's two major funds use the accounting approach as explained below.

- **Governmental funds** – All of the Town'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 Town'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 Town'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 a reconciliation included with the Basic Financial Statements and in footnote 2.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the Town’s financial position. The Town’s combined assets exceed liabilities by \$9.3 million as of June 30, 2015 as shown in the following condensed statement of net position.

**TOWN OF TUSAYAN, ARIZONA
Statement of Net Position**

	Governmental activities	
	6/30/2015	6/30/2014
Current and other assets	\$ 8,107,250	\$ 5,842,175
Capital assets	1,289,333	1,254,870
Total assets	<u>9,396,583</u>	<u>7,097,045</u>
Deferred outflows of resources	24,093	-
Long-term liabilities outstanding	-	-
Other liabilities	149,209	116,645
Total liabilities	<u>149,209</u>	<u>116,645</u>
Net position:		
Net investment in capital assets	1,289,333	1,254,870
Restricted	144,567	133,377
Unrestricted	7,837,567	5,592,153
Total net position	<u>\$ 9,271,467</u>	<u>\$ 6,980,400</u>

Governmental Activities

The cost of all Governmental activities this year was \$1,453,421 as shown on the Changes in Net Position statement on the following page. \$37,367 of this cost was paid for by those who directly benefited from the programs. \$82,357 was subsidized by grants received from other governmental organizations for both capital and operating activities. Overall governmental program revenues, including intergovernmental aid and fees for services were \$119,724. General taxes, State Revenue Sharing and investment earnings totaled \$3.6 million.

The Town’s programs include: General Government, Public Safety, Public Works/Streets, Culture & Recreation, and Economic Development. Each program’s net cost (total cost less revenues generated by the activities) are presented on the following page. The net cost shows the extent to which the Town’s general revenues or taxes support each of the Town’s programs.

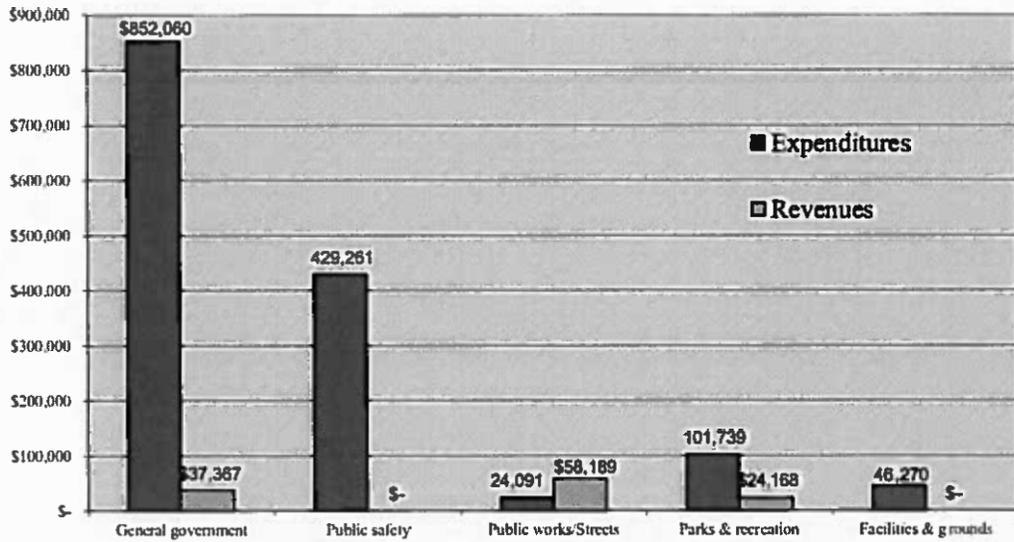
TOWN OF TUSAYAN, ARIZONA
Changes in Net Position

	Governmental activities	
	6/30/2015	6/30/2014
Revenues:		
Program revenues:		
Charges for services	\$ 37,367	\$ 5,379
Operating grants and contributions	58,189	52,133
Capital grants and contributions	24,168	11,250
General revenues:		
Taxes	3,433,118	2,802,777
Urban revenue sharing	181,584	167,194
Investment earnings	10,062	3,925
Other revenue/(expense)	-	911
Total revenues	<u>3,744,488</u>	<u>3,043,569</u>
Expenses:		
General government	852,060	624,697
Public safety	429,261	400,171
Public works/Streets	24,091	11,321
Parks and recreation	101,739	54,015
Facilities and grounds	46,270	53,437
Total expenses	<u>1,453,421</u>	<u>1,143,641</u>
Increase (Decrease) in net assets before transfers	2,291,067	1,899,928
Transfers	-	-
Net position, beginning	6,980,400	5,080,472
Net position, ending	<u>\$ 9,271,467</u>	<u>\$ 6,980,400</u>

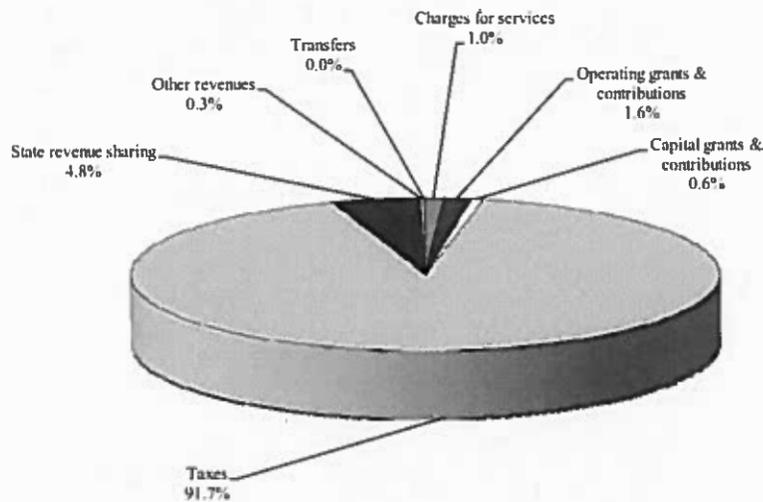
Total resources available during the year to finance governmental operations were \$10.7 million consisting of net position at July 1, 2014 of \$6.98 million, program revenues of \$119,724 and General Revenues of \$3.6 million. Total Governmental Activities during the year were \$1.45 million; thus Governmental Net Position increased by \$2.3 million to a total of \$9,271,467.

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

Expenses and Program Revenues - Governmental Activities
(In Thousands)



Revenue By Source - Governmental Activities



Financial Analysis of the Government's Funds

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

Governmental funds: The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved 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 Town's governmental funds reported combined ending fund balances of \$7,958,041, an increase of \$2,232,511 in comparison with the prior year. Approximately 98% or \$7,806,452 constitutes unassigned fund balance which is available for spending at the government's discretion. The remainder of the fund balance, or \$144,567, is restricted to indicate that it is not available for new spending because it has already been committed to pay for highways and streets.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance in the General fund was \$7,740,134. As a measure of liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The unassigned fund balance at year end represents 537% of the total General Fund fiscal year 2015 expenditures. During the year, the General Fund balance increased by \$2,198,365. The Town budgeted to increase the fund balance by \$47,700. The excess revenues over expenditures (fund balance) are anticipated to be expended in future years.

The Highway User Revenue Fund has a total fund balance of \$210,885, of which \$144,567 is restricted for road construction and maintenance. The fund balance increased during the current year by \$34,146.

Budgetary Highlights

General Fund revenues of \$3,639,175 were \$1,026,675 greater than budgeted revenues of \$2,612,500. Greater than anticipated revenue from city sales taxes was the major factor contributing to this variance. General Fund expenditures were \$1,123,990 less than budgeted. The Town had many planned capital outlay and other expenditures that were not made during the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the Town are those assets that are used in performance of Town functions including infrastructure assets. Capital assets include land, buildings, improvements other than buildings, equipment, vehicles, park facilities and roads. At the end of fiscal year 2015, net capital assets of the government activities totaled \$1,289,333. Significant capital asset additions during fiscal year 2015 were the Town Hall parking improvements of \$14,586, solar powered blinker at \$16,000, sidewalk improvements of \$24,104 and affordable housing construction in progress of \$32,575. Depreciation on capital assets for government activities is recognized in the Government-Wide financial statements. (See note 5 to the financial statements.)

Debt

At year-end, the Town did not have any long-term debt.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the Town Budget for fiscal year 2015/2016, the Town Council and management were cautious as to the growth of revenues and expenditures due to a slow economy. Overall governmental fund operating expenditures were budgeted to increase slightly due to increased levels of service.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact: Town of Tusayan, Finance Department, P.O. Box 709, Tusayan, Arizona 86023.

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BASIC FINANCIAL STATEMENTS

TOWN OF TUSAYAN, ARIZONA
Statement of Net Position
June 30, 2015

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 7,779,929
Receivables (net of allowance)	320,299
Prepaid expense	7,022
Inventories	-
Capital assets (net of accumulated depreciation):	
Construction in progress	53,347
Buildings	622,106
Improvements other than buildings	465,885
Furniture, equipment & vehicles	147,995
Infrastructure/Roads	-
Total assets	9,396,583
Deferred Outflows of Resources	
Deferred outflows related to pensions	24,093
Total deferred outflows of resources	24,093
Liabilities	
Accounts payable and other current liabilities	149,209
Total liabilities	149,209
Net Position	
Net investment in capital assets	1,289,333
Restricted for:	
Highways & streets	144,567
Unrestricted	7,837,567
Total net position	\$ 9,271,467

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

	\$ 852,060	\$ 37,367	\$ -	\$ -	\$ (814,693)	\$ (814,693)
	429,261	-	-	-	(429,261)	(429,261)
	24,091	-	58,189	-	34,098	34,098
	101,739	-	-	24,168	(77,571)	(77,571)
	46,270	-	-	-	(46,270)	(46,270)
l activities	<u>1,453,421</u>	<u>37,367</u>	<u>58,189</u>	<u>24,168</u>	<u>(1,333,697)</u>	<u>(1,333,697)</u>
nt	<u>\$ 1,453,421</u>	<u>\$ 37,367</u>	<u>\$ 58,189</u>	<u>\$ 24,168</u>	<u>(1,333,697)</u>	<u>(1,333,697)</u>

General Revenues:

Taxes:

City sales tax		3,359,167	3,359,167
State sales tax		50,995	50,995
Auto lieu tax		22,956	22,956
Franchise tax		-	-
Urban revenue sharing		181,584	181,584
Unrestricted investment earnings		10,062	10,062
Total general revenues & transfers		<u>3,624,764</u>	<u>3,624,764</u>
Change in net position		2,291,067	2,291,067
Net position - beginning		6,980,400	6,980,400
Net position - ending		<u>\$ 9,271,467</u>	<u>\$ 9,271,467</u>

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

TOWN OF TUSAYAN ARIZONA
Balance Sheet
Governmental Funds
June 30, 2015

Assets	<u>General Fund</u>	<u>Highway Users Revenue Fund</u>	<u>Non-major Grants Fund</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 7,576,731	\$ 203,198	\$ -	\$ 7,779,929
Receivables, net:				
Intergovernmental	282,644	7,687	13,279	303,610
Due from other funds	16,689	-	-	16,689
Prepaid insurance	7,022	-	-	7,022
Total Assets	<u><u>\$ 7,883,086</u></u>	<u><u>\$ 210,885</u></u>	<u><u>\$ 13,279</u></u>	<u><u>\$ 8,107,250</u></u>
 Liabilities				
Accounts Payable	\$ 86,218	\$ -	\$ -	\$ 86,218
Accrued wages and benefits	49,712	-	-	49,712
Due to other funds	-	-	13,279	13,279
Total Liabilities	<u><u>135,930</u></u>	<u><u>-</u></u>	<u><u>13,279</u></u>	<u><u>149,209</u></u>
 Fund Balances				
Nonspendable:				
Prepaid items	7,022	-	-	7,022
Restricted for:				
Public works/streets	-	144,567	-	144,567
Unassigned	7,740,134	66,318	-	7,806,452
Total fund balances	<u><u>7,747,156</u></u>	<u><u>210,885</u></u>	<u><u>-</u></u>	<u><u>7,958,041</u></u>
Total Liabilities and fund balances	<u><u>\$ 7,883,086</u></u>	<u><u>\$ 210,885</u></u>	<u><u>\$ 13,279</u></u>	<u><u>\$ 8,107,250</u></u>

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

TOWN OF TUSAYAN ARIZONA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2015

Total fund balances - governmental funds \$ 7,958,041

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	\$ 1,440,377	
Accumulated depreciation	<u>(151,044)</u>	
		<u>1,289,333</u>

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

24,093

Total net position - governmental activities \$ 9,271,467

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

TOWN OF TUSAYAN ARIZONA
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
For the Year Ended June 30, 2015

REVENUES	General Fund	Highway Users Revenue Fund	Non-major Grants Fund	Total Governmental Funds
Sales taxes	\$ 3,359,167	\$ -	\$ -	\$ 3,359,167
Licenses and permits	37,367	-	-	37,367
Intergovernmental	232,579	81,145	24,168	337,892
Interest revenue	10,062	-	-	10,062
Total revenues	<u>3,639,175</u>	<u>81,145</u>	<u>24,168</u>	<u>3,744,488</u>
EXPENDITURES				
Current:				
General government	842,927	-	-	842,927
Public safety	429,261	-	-	429,261
Public works/streets	-	46,999	-	46,999
Parks & recreation	57,966	-	24,168	82,134
Facilities & grounds	46,270	-	-	46,270
Capital outlay	64,386	-	-	64,386
Total expenditures	<u>1,440,810</u>	<u>46,999</u>	<u>24,168</u>	<u>1,511,977</u>
Excess of Revenues Over (Under) Expenditures	<u>2,198,365</u>	<u>34,146</u>	<u>-</u>	<u>2,232,511</u>
Fund balances, beginning of year	<u>5,548,791</u>	<u>176,739</u>	<u>-</u>	<u>5,725,530</u>
Fund balances, end of year	<u>\$ 7,747,156</u>	<u>\$ 210,885</u>	<u>\$ -</u>	<u>\$ 7,958,041</u>

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

TOWN OF TUSAYAN 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, 2015

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

Net change in fund balances - total governmental funds	\$ 2,232,511
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between capital outlay and depreciation in the current period.

Capital outlay	\$ 100,478	
Depreciation expense	<u>(66,015)</u>	
		34,463

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 Town'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.

	<u>24,093</u>
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Change in net position of governmental activities	<u><u>\$ 2,291,067</u></u>
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The accompanying notes are an integral part of the financial statements.

TOWN OF TUSAYAN ARIZONA
Statement of Fiduciary Net Position
Agency Fund
June 30, 2015

	<u>STILO Agency Fund</u>
ASSETS	
Accounts receivable	\$ 3,410
Total assets	<u>3,410</u>
LIABILITIES	
Accounts payable	\$ -
Due to other funds	<u>3,410</u>
Total liabilities	<u>3,410</u>
NET POSITION	
Net Position (Deficit) Held in Trust	<u><u>\$ -</u></u>

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

TOWN OF TUSAYAN, ARIZONA
Notes to the Financial Statements
June 30, 2015

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 Town of Tusayan (Town) was incorporated in April 2010, under the provisions of Article 13, Sections 1 through 6, of the Constitution of Arizona and Title 9 of the Arizona Revised Statutes. The Town is a municipal corporation governed by an elected five member council (council). The council members appoint the mayor and vice-mayor. The accompanying financial statements present the Town and its component units, entities for which the Town 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. 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 Town. Currently, there are no blended or discretely presented component units reported with the Town.

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. Separate financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of presentation – fund financial statements

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

TOWN OF TUSAYAN, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 1. Summary of Significant Accounting Policies, Continued

The Town reports the following major governmental funds:

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

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

Additionally, the Town reports the following fund types:

The **Agency Fund** accounts for assets held by the Town as an agent for a developer, the STILO Group. The developer is paying for planning services and all application costs based upon an agreement between the developer and the Town. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

During the course of operations the Town 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 and agency funds) are eliminated so that only the net amount is included as internal balances in the governmental 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.

Measurement focus and basis of accounting

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

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

TOWN OF TUSAYAN, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 1. Summary of Significant Accounting Policies, Continued

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 Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Sales taxes, other 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 Town.

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

Deposits and investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, deposits in cash management pools that have the general characteristics of demand deposits accounts and short-term investments with original maturities of three months or less from the date of acquisition. The Town's policy for investments is provided in Note 4. 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.

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 "due to" or "due from other funds. Due to the nature of the accounts receivable in governmental type activities, management does not consider an allowance for uncollectible accounts receivable necessary or material. Therefore, no allowance for uncollectible accounts receivable is presented.

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

TOWN OF TUSAYAN, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 1. Summary of Significant Accounting Policies, Continued

Inventories

The cost of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

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 activity column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of three years.

As the Town constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

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 primary government are depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	25 to 50 years
Machinery, vehicles and equipment	5 to 10 years
Storm drains and inlets	20 years
Infrastructure - Streets and sidewalks	20 years

Unearned revenue

Unearned revenues arise when potential revenue is received by the Town from various granting agencies before it has a legal claim to them or when grant monies are received prior to the incurrence of qualifying expenditures, i.e., contract and grant receipts received in excess of expenditures incurred are recognized as unearned revenue. In subsequent periods, when the revenue recognition criteria is met, or when the Town has a legal claim to the resources, the liability or unearned revenue is removed from the balance sheet and the revenue is recognized.

TOWN OF TUSAYAN, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 1. Summary of Significant Accounting Policies, Continued

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 government currently has one item which qualifies for reporting in this category. This item is a pension related item reported on the government-wide financial statements. See note 8 for more information.

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 Town has no items that qualify for reporting under this category.

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 additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by ASRS. 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 Town 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 financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions

Sometimes the Town 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 Town'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.

TOWN OF TUSAYAN, ARIZONA
Notes to the Financial Statements
June 30, 2015

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 Town 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 Town's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the Town 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 Town for specific purposes but do not meet the criteria to be classified as committed. The Town Manager is authorized to assign amount to a specific purpose in accordance with the Town's budget 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.

Taxes

The Town does not currently have any primary or secondary real property tax levies.

Normally, property tax revenues are recognized as revenues in the year collected or if collected within 60 days thereafter unless they are prepaid.

TOWN OF TUSAYAN, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 1. Summary of Significant Accounting Policies, Continued

Compensated absences

For governmental funds, amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Currently, the Town has no full time employees and no liabilities for compensated absences.

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.

New pronouncements

For the year ended June 30, 2015, the Town implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension assets and liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits. Implementation of these new Statements will not result in a restatement of beginning net position in the Town's government-wide financial statements until fiscal year 2016 (see Note 8).

TOWN OF TUSAYAN, ARIZONA
Notes to the Financial Statements
June 30, 2015

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 this difference are reported in the reconciliation on page 15.

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 17.

Note 3. Stewardship, Compliance, and Accountability

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

Budgets and Budgetary Accounting

The Town Council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Arizona Revised Statutes, the Town Manager submits a proposed budget for the fiscal year commencing the following July 1 to the Town 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 August, the expenditure limitation for the Town is legally enacted through passage of an ordinance. 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 Town expenditures from the audited financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).
4. The Town follows a voter-approved alternative expenditure limitation that was adopted on August 26, 2014.

TOWN OF TUSAYAN, ARIZONA
Notes to the Financial Statements
June 30, 2015

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 Town adopts a budget by department for the General Fund and in total by fund for other funds. The Town Manager, subject to Town Council approval, may at any time transfer any unencumbered appropriation balance or portion thereof between a department or activity. The adopted budget cannot be amended in any way without Town Council approval.
6. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

The Town is subject to the State of Arizona's Spending Limitation Law for Towns and Cities. This law does not permit the Town 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 Town complied with this law during the year.

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, 2015.

Encumbrances

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, is not employed by the Town.

Note 4. Deposits and Investments

A reconciliation of cash and investments as shown on the statement of net position follows:

Cash and cash equivalents	\$ 7,779,929
Investments	-
Restricted cash and cash equivalents	-
Total cash and investments	<u>\$ 7,779,929</u>

TOWN OF TUSAYAN, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 4. Deposits and Investments, Continued

Deposits

Custodial Credit Risk

For deposits this is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The Town does not have a formal policy for custodial credit risk. At June 30, 2015, cash on hand was \$0, and the carrying amount of the Town's deposits was \$7,779,929. As of June 30, 2015, the Town's bank balance was \$7,824,616 and \$7,324,616 of that balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

Investments

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

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

The provisions of State law (A.R.S. 35-323) govern the investment of funds in excess of \$100,000. A.R.S. 35-323 allows for investments 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 "P-1" by Moody's investors or "A-1" 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, 2015 the Town did not hold any funds in the LGIP or any other investments.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town'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) which requires that the Town's investment portfolio maturities do not exceed five years from the time of purchase.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town's policy for reducing its exposure to credit risk is to comply with State law (A.R.S. 35-323) which 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.

TOWN OF TUSAYAN, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 5. Capital Assets

Governmental Activities:	Balance 6/30/2014	Additions	Deletions	Balance 6/30/2015
Capital assets, not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	13,791	39,556	-	53,347
Total capital assets, not being depreciated	<u>13,791</u>	<u>39,556</u>	<u>-</u>	<u>53,347</u>
Capital assets, being depreciated:				
Buildings	676,843	-	-	676,843
Improvements other than buildings	471,026	54,690	-	525,716
Furniture, equipment & vehicles	178,239	6,232	-	184,471
Infrastructure	-	-	-	-
Total capital assets, being depreciated	<u>1,326,108</u>	<u>60,922</u>	<u>-</u>	<u>1,387,030</u>
Less accumulated depreciation for:				
Buildings	(34,579)	(20,158)	-	(54,737)
Improvements other than buildings	(33,903)	(25,928)	-	(59,831)
Furniture, equipment & vehicles	(16,547)	(19,929)	-	(36,476)
Infrastructure	-	-	-	-
Total accumulated depreciation	<u>(85,029)</u>	<u>(66,015)</u>	<u>-</u>	<u>(151,044)</u>
Total capital assets, being depreciated, net	<u>1,241,079</u>	<u>(5,093)</u>	<u>-</u>	<u>1,235,986</u>
Governmental activities capital assets, net	<u>\$ 1,254,870</u>	<u>\$ 34,463</u>	<u>\$ -</u>	<u>\$ 1,289,333</u>

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

Governmental Activities:	
General government	\$ 29,214
Public works/streets	17,196
Parks & recreation	19,605
Total depreciation expense - governmental activities	<u>\$ 66,015</u>

TOWN OF TUSAYAN, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 6. Long-Term Debt

The Town does not have any long-term obligations or capital leases outstanding for the year ended June 30, 2015.

Note 7. Interfund Receivables, Payables and Transfers

As of June 30, 2015, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 16,689	\$ -
Grants Fund	-	13,279
STILO Fund	-	3,410
	\$ 16,689	\$ 16,689

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All amounts are expected to be repaid within one year.

Note 8. Retirement and Pension Plans

Arizona State Retirement System (ASRS)

The Town contributes to the Arizona State Retirement System (ASRS) as described below. The plan is a component unit of the State of Arizona.

Plan Description – The Town participates in the Arizona State Retirement System. 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.azars.gov.

TOWN OF TUSAYAN, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 8. Retirement and Pension Plans, Continued

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.

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, 2015, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.6 percent (11.48 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll, and the Town was required by statute to contribute at the actuarially determined rate of 11.6 percent (10.89 percent for retirement, 0.59 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll.

TOWN OF TUSAYAN, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 8. Retirement and Pension Plans, Continued

The Town'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
2013	\$ -	\$ -	\$ -
2014	\$ -	\$ -	\$ -
2015	\$ 24,093	\$ 1,305	\$ 265

Pension liability – At June 30, 2015, the Town did not report a liability for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2014. 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, 2013, to the measurement date of June 30, 2014. Since the Town did not participate in the plan until fiscal year 2015, the net pension liability is not applicable at that date. The Town's proportion of the net pension liability will be based on the Town's actual contributions to the plan relative to the total of all participating employers' contributions in future years.

Pension expense and deferred outflows/inflows of resources – For the year ended June 30, 2015, the Town recognized pension expense for ASRS of \$0 in the statement of activities. At June 30, 2015, the Town 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	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between contributions and proportional share of contributions	-	-
Contributions subsequent to the measurement date	24,093	-
Total	<u>\$ 24,093</u>	<u>\$ -</u>

The \$24,093 reported as deferred outflows of resources related to ASRS pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense during subsequent years.

Due to the fact the set-up was completed after the measurement date of the actuarial report, additional information is not available for disclosure.

TOWN OF TUSAYAN, ARIZONA
Notes to the Financial Statements
June 30, 2015

Note 9. Risk Management

The Town 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 Town's insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the Town is a participating member. The limit for general liability, professional liability, auto liability and physical damage coverage is for \$2,000,000 per occurrence on a claims made basis.

The Arizona Municipal Risk Retention Pool is structured such that members' premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has the authority to assess its member's additional premiums should reserves and annual premiums be insufficient to meet the pool's obligations.

Note 10. Contingencies

The Town is involved with various matters of litigation from year to year. It is the opinion of Town officials that these cases will either be handled by the Town's insurance coverage or that they will not have a material effect on the Town's financial condition.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount if any, of the expenditures that may be disallowed by the grantor cannot be determined at this time, although the Town does not anticipate any such amounts.

Note 11. Stabilization Arrangement

The Town has established a General Fund reserve policy to set aside funds that may be needed in the event of an emergency or other unknown event that may adversely affect the Town's financial condition. An emergency reserve of \$250,000, an operating reserve of \$750,000 and a budget stabilization reserve of \$500,000 must be maintained before any expenditure can be authorized. The trigger amount for usage of the operating reserve and the budget stabilization reserve is \$300,000. As of June 30, 2015 the total reserve is \$1,500,000 and is included in the unassigned fund balance of the General Fund.

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TOWN OF TUSAYAN, ARIZONA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

FOR THE FOLLOWING MAJOR FUNDS:

General Fund

The **General Fund** is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

Major Special Revenue Funds

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

- **Highway User Revenue Fund (Streets)** – This fund is used to account for the Town's share of motor fuel tax revenues which are restricted for the maintaining, repairing, and upgrading of streets.

TOWN OF TUSAYAN, ARIZONA
Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund
Budget & Actual
For the Year Ended June 30, 2015

REVENUES:	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Taxes:				
City sales tax	\$ 2,300,000	\$ 2,300,000	\$ 3,359,167	\$ 1,059,167
Total Taxes	<u>2,300,000</u>	<u>2,300,000</u>	<u>3,359,167</u>	<u>1,059,167</u>
Licenses, Permits and Fees:				
Licenses and permits	100	100	530	430
Building permits	<u>75,000</u>	<u>75,000</u>	<u>36,837</u>	<u>(38,163)</u>
Total Licenses, Fees and Permits	<u>75,100</u>	<u>75,100</u>	<u>37,367</u>	<u>(37,733)</u>
Intergovernmental:				
State sales tax	50,000	50,000	50,995	995
Urban revenue sharing	<u>182,400</u>	<u>182,400</u>	<u>181,584</u>	<u>(816)</u>
Total Intergovernmental	<u>232,400</u>	<u>232,400</u>	<u>232,579</u>	<u>179</u>
Interest:				
Interest revenue	<u>5,000</u>	<u>5,000</u>	<u>10,062</u>	<u>5,062</u>
Total Interest	<u>5,000</u>	<u>5,000</u>	<u>10,062</u>	<u>5,062</u>
TOTAL REVENUES	<u>2,612,500</u>	<u>2,612,500</u>	<u>3,639,175</u>	<u>1,026,675</u>

(continued)

TOWN OF TUSAYAN, ARIZONA
Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund
Budget & Actual (Continued)
For the Year Ended June 30, 2015

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
General Government:				
Mayor & Council	96,000	96,000	57,582	38,418
City Manager	468,000	468,000	324,466	143,534
Legal	144,000	144,000	35,829	108,171
Planning & Development	330,000	330,000	277,583	52,417
Magistrate	20,000	20,000	21,350	(1,350)
Contingency	250,000	250,000	126,117	123,883
Total General Government	<u>1,308,000</u>	<u>1,308,000</u>	<u>842,927</u>	<u>465,073</u>
Public Safety:				
Sheriff	505,000	505,000	429,261	75,739
Total Public Safety	<u>505,000</u>	<u>505,000</u>	<u>429,261</u>	<u>75,739</u>
Parks & Recreation				
Parks & Recreation	95,000	95,000	57,966	37,034
Total Parks & Recreation	<u>95,000</u>	<u>95,000</u>	<u>57,966</u>	<u>37,034</u>
Facilities & Grounds:				
Facilities & Grounds	73,500	73,500	46,270	27,230
Total Facilities & Grounds	<u>73,500</u>	<u>73,500</u>	<u>46,270</u>	<u>27,230</u>
Capital Outlay:				
Capital Outlay	583,300	583,300	64,386	518,914
Total Capital Outlay	<u>583,300</u>	<u>583,300</u>	<u>64,386</u>	<u>518,914</u>
TOTAL EXPENDITURES	<u>2,564,800</u>	<u>2,564,800</u>	<u>1,440,810</u>	<u>1,123,990</u>
Excess of Revenues Over/(Under) Expenditures	47,700	47,700	2,198,365	2,150,665
Fund balance, beginning of year	<u>5,548,791</u>	<u>5,548,791</u>	<u>5,548,791</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,596,491</u>	<u>\$ 5,596,491</u>	<u>\$ 7,747,156</u>	<u>\$ 2,150,665</u>

TOWN OF TUSAYAN, ARIZONA
Schedule of Revenues, Expenditures and Changes in Fund Balance
Highway User Revenue Special Revenue Fund
Budget & Actual
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental revenue	\$ 78,800	\$ 78,800	\$ 81,145	\$ 159,945
Total revenue	<u>78,800</u>	<u>78,800</u>	<u>81,145</u>	<u>159,945</u>
EXPENDITURES:				
Current:				
Public works/streets	<u>75,000</u>	<u>75,000</u>	<u>46,999</u>	<u>28,001</u>
Total expenditures	<u>75,000</u>	<u>75,000</u>	<u>46,999</u>	<u>28,001</u>
Excess of Revenues Over (Under) Expenditures	153,800	153,800	34,146	187,946
Fund balance, beginning of year	<u>176,739</u>	<u>176,739</u>	<u>176,739</u>	<u>-</u>
Fund balance, end of year	<u>\$ 330,539</u>	<u>\$ 330,539</u>	<u>\$ 210,885</u>	<u>\$ 187,946</u>

TOWN OF TUSAYAN, ARIZONA
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
NONMAJOR 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.

- **Grants Fund** – This fund is used to account for federal and state grants and other contributions that are restricted for specific use.

TOWN OF TUSAYAN, ARIZONA
Schedule of Revenues, Expenditures and Changes in Fund Balance
Grants Special Revenue Fund
Budget & Actual
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental revenue	\$ 200,000	\$ 200,000	\$ 24,168	\$ (175,832)
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>24,168</u>	<u>(175,832)</u>
EXPENDITURES:				
Parks and recreation	<u>200,000</u>	<u>200,000</u>	<u>24,168</u>	<u>175,832</u>
Total Expenditures	<u>200,000</u>	<u>200,000</u>	<u>24,168</u>	<u>175,832</u>
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS

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KEVIN L. STEPHENS, CPA
MARK E. TICHENOR, CPA
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
Town Council
Tusayan, 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, each major fund, and the aggregate remaining fund information of the Town of Tusayan, Arizona as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Town of Tusayan, Arizona's basic financial statements and have issued our report thereon dated February 15, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Tusayan, 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 Town of Tusayan, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Tusayan, 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying

schedule of findings and recommendations that we consider to be significant deficiencies.

- 11-1 Year-End Accounting and Financial Statement Controls
- 11-2 Segregation of Duties
- 11-3 Policies and Procedures

Compliance and Other Matters

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

Purpose of this Report

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



HintonBurdick, PLLC
Flagstaff, Arizona
February 15, 2016



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

The Honorable Mayor and
Town Council
Tusayan, Arizona

We have audited the basic financial statements of the Town of Tusayan, Arizona for the year ended June 30, 2015, and have issued our report thereon dated February 15, 2016. Our audit also included test work on the Town of Tusayan'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 Town of Tusayan is responsible for the Town'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 Town of Tusayan has established separate funds to account for Highway User Revenue funds. Highway user revenue fund monies received by the Town of Tusayan 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 Town's compliance with annual expenditure limitations has been issued separately with the Town'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 Town's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Town of Tusayan complied, in all material respects, with the requirements identified above for the year ended June 30, 2015.

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

HintonBurdick, PLLC

HintonBurdick, PLLC
Flagstaff, Arizona
February 15, 2016

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ITEM NO. 8A



File Code: 2720
Date: March 4, 2016

CRAIG SANDERSON
MAYOR, TOWN OF TUSAYAN
P.O. BOX 709
TUSAYAN, AZ 86203-0709

Dear Mayor Sanderson:

The Forest Service (FS) has been working to address your application for authorization to improve and maintain roads and install utilities on National Forest System (NFS) land. The FS verbally accepted your application on June 5, 2014, and documented acceptance in a letter dated July 1, 2014. The roads and associated infrastructure would provide improved access to the Kotzin and Ten-X Ranch properties, and would allow significant residential and commercial development. Pursuant to 36 CFR 251.54(g)(2), the FS began the process of evaluating the proposed use of NFS lands to consider authorization of that use. The first step in this process was to notify potentially affected Federal, State, and local government agencies and the public of the proposal and provide them an opportunity to comment. During this initial scoping process, the FS received 2,447 unique comment letters, 85,693 form letters, 86 comments connected to a blog, and two petitions with 105,698 signatures attached on the project. Subsequent to the close of the initial formal scoping period, the FS has received in excess of 35,000 additional comment letters. The vast majority of the commenters opposed the FS authorizing the proposed roads and infrastructure.

Based on the comments received, and considering the other information I have regarding the proposed project, I have decided to reconsider application of the screening criteria to the proposal, as set forth under 36 CFR 251.54(e), which provides that any proposal for use or occupancy of NFS land must meet all of 9 minimum requirements before the FS may consider processing an application for authorization. See 36 CFR 251.54(e)(1)(i)-(ix). If the proposal does not meet all of the screening criteria, the proposal shall not receive further evaluation and processing by the FS. See 36 CFR 251.54(e)(2). Your proposal does not meet certain minimum requirements under initial screening criteria, as follows:

CFR 251.54(e)(1)(ii) requires that the proposed use must be consistent, or can be made consistent, with the Kaibab Forest Plan. The Forest Plan envisions management at a landscape-scale by taking an "all-lands approach," and specifies strategies to achieve the desired conditions and objectives in the Plan, including working closely with partners and across administrative boundaries to meet common objectives. The development that would be enabled by authorization of the proposed use of NFS lands could substantially and adversely affect Tribal lands and the Grand Canyon National Park.

36 CFR 251.54(e)(1)(iv) states that the proposed use will not create an exclusive or perpetual right of use or occupancy. The proposed use has the potential to create a perpetual right of use or



occupancy because even though the authorization is temporally limited, once road improvements, infrastructure installation, and development of the private parcels take place, that improved level of access will continue even after the authorization expires. Therefore, it would be premature for FS to process an application which may create perpetual rights until/unless the serious concerns raised by the Tribes, Park and public are addressed by the applicant.

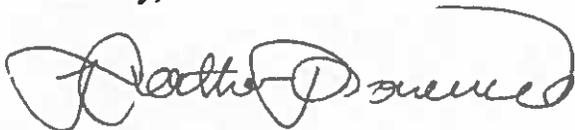
36 CFR 251.54(e)(1)(v) provides that the proposed use must not unreasonably interfere with the use of adjacent non-National Forest System lands. The FS received written comments from the National Park Service (NPS) through the Principal Deputy Assistant Secretary of the Interior for Fish Wildlife and Parks which pointed out that potential impacts to the Outstanding Universal Value of the Grand Canyon National Park (GCNP), either from the roads that would be authorized by easement or the reasonably foreseeable development on the two private properties that would be enabled by the roads and other facilities, are of concern. The GCNP also raised concerns in a meeting regarding impacts on infrastructure that they share with the Town of Tusayan. The NPS was concerned that any activity that would result in significant increases in visitation or occupation near the Park would affect the Park's capacity to absorb the additional use.

Consequently, because your proposal does not meet the above minimum requirements for initial screening under 36 CFR 251.54(e)(1), your proposal cannot receive further evaluation and processing. See 36 CFR 251.54(e)(2). Moreover, even if the proposal passed initial screening, which it does not, the proposal would then proceed to "second-level screening" to ensure that the proposal meets all of 5 additional criteria. See 36 CFR 251.54(e)(5)(i)-(v).

Based on information received in the record, I have determined that the Tusayan proposal is deeply controversial, is opposed by local and national communities, would stress local and Park infrastructure, and have untold impacts to the surrounding Tribal and National Park lands. For example, the current fresh water conveyance system serving the Park is marginally capable of meeting their needs and could not absorb the additional needs of the connected development. Water would then have to be secured from other sources potentially impacting the Park. Given the information above, even if your proposal were to proceed through to second-level screening, based upon the record before me, I find that the proposal would be rejected as there is significant evidence the proposal is not in the public interest, 36 CFR 251.54(e)(5)(ii).

Given the evaluation of these screening criteria, I have determined the project does not meet the 36 CFR 251.54 requirements for initial and second level screenings. I am therefore returning your proposal, as the FS may not process such an application for authorization. If you wish to submit another application, I would encourage you to develop a proposal that addresses the above-stated concerns and criteria. If you have any questions, please direct them to my office.

Sincerely,



HEATHER PROVENCIO
Forest Supervisor

cc: Tracy Parker, Nick Pino