

TOWN OF TUSAYAN, ARIZONA

Annual Financial Statements
and Independent Auditors' Report
June 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Town Council
Town of Tusayan, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Tusayan, Arizona as of and for the year ended June 30, 2020, 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 and each major fund of the Town of Tusayan, Arizona as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules and pension/OPEB schedules 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 January 26, 2021, on our consideration of the Town of Tusayan, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Tusayan, Arizona's internal control over financial reporting and compliance.

Compliance Over the Use of Highway User Revenue Fund and Other Dedicated State Transportation Revenue Monies

In connection with our audit, nothing came to our attention that caused us to believe that the Town failed to comply with the authorized transportation purposes, insofar as they relate to accounting matters, for Highway User Revenue Fund monies it received pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2 and any other dedicated state transportation revenues it received. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Town's noncompliance with the authorized transportation purposes referred to above, insofar as they relate to accounting matters.

The communication related to compliance over the use of Highway User Revenue Fund and other dedicated state transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, the Auditor General of the State of Arizona, the Board of Supervisors, management, and other responsible parties within the Town and is not intended to be and should not be used by anyone other than these specified parties.

Lobby & Powell, PLC

January 26, 2021



TOWN OF TUSAYAN, ARIZONA
Management's Discussion and Analysis
June 30, 2020

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, 2020. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The Town's assets exceeded its liabilities by \$19,700,058 (net position) for the fiscal year.
- Total revenues from all sources were \$3,637,963 and the total cost of all Town programs was \$1,925,025 resulting in an increase in net position of \$1,712,938 from the prior year.
- Town sales tax collections of \$2,834,924 were down from the prior year amount of \$4,348,679.
- Total governmental fund balance Increased by \$3,592,460 to end the fiscal year at \$11,160,290.
- Total General Fund revenues exceeded total General Fund expenditures by \$1,611,611.

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

TOWN OF TUSAYAN, ARIZONA
Management's Discussion and Analysis
June 30, 2020

The statement of net position and the statement of activities, present information about the following:

- Governmental activities – All of the Town's basic services are considered to be governmental activities, including general government, public safety, facilities and grounds, public works and streets and parks and recreation. Sales taxes, state revenue sharing, intergovernmental revenues, investment earnings, and charges for services finance most of these activities.
- Proprietary activities/business type activities – The Town currently does not maintain any proprietary activities.

Reporting the Town's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information the Town's funds—not the Town as a whole. Some funds are required to be established by state law and by bond covenants. However, management establishes many other funds which aid in the management of money for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The Town's funds use the accounting approach as explained below.

- Governmental funds – 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 a current financial resources measurement focus, 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.

TOWN OF TUSAYAN, ARIZONA
Management's Discussion and Analysis
June 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position: Net position may serve over time as a useful indicator of the Town's financial position. The table reflects the Condensed Statement of Net Position of the Town showing that net position increased by \$1,712,938 in total as compared to the prior year.

Condensed Statement of Net Position

	Governmental Activities	
	2020	2019
ASSETS		
Current and other assets	\$ 11,274,674	\$ 7,682,534
Capital assets, not being depreciated	8,782,304	8,677,434
Capital assets, being depreciated, net	2,109,899	2,039,568
Total assets	22,166,877	18,399,536
DEFERRED OUTFLOWS OF RESOURCES	118,774	105,605
LIABILITIES		
Current and other liabilities	450,317	126,678
Long-term liabilities	2,106,131	331,802
Total liabilities	2,556,448	458,480
DEFERRED INFLOWS OF RESOURCES	29,145	43,518
NET POSITION		
Net investment in capital assets	10,892,203	10,717,002
Restricted for:		
Debt service	351,428	-
Highways and streets	190,133	209,284
Unrestricted (deficit)	8,266,294	7,060,834
Total net position	\$ 19,700,058	\$ 17,987,120
CHANGE IN NET POSITION	\$ 1,712,938	\$ 1,749,055

Net position consists of three components. The largest portion of the Town's net position reflects its investment in capital assets; consequently, these assets are not available for future spending. An additional portion of the Town's net position represents resources that are subject to external restrictions on how they may be used. The Town's restrictions are related to monies received from the State of Arizona that are restricted for highway and street purposes and monies that are required by debt covenants to be used for debt service. The remaining balance of the net position is unrestricted and may be used to meet the Town's ongoing obligations to citizens.

TOWN OF TUSAYAN, ARIZONA
Management's Discussion and Analysis
June 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

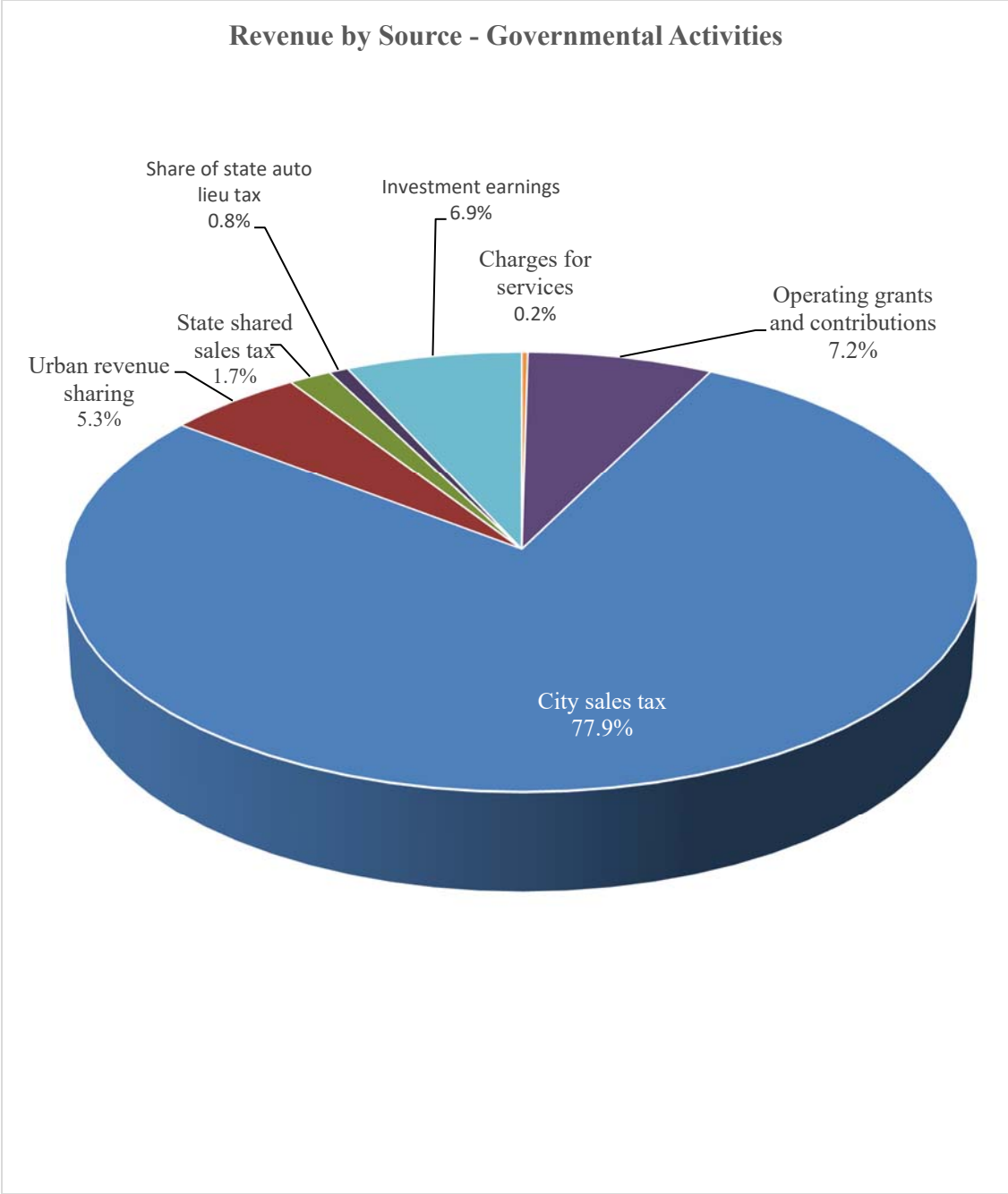
Governmental Activities

The cost of all governmental activities this year was \$1,925,025. As shown on the statement of activities, \$8,550 of this cost was paid for by those who directly benefited from the programs; \$263,052 was subsidized by grants received from other governmental organizations for operating activities. General taxes, state revenue sharing and investment earnings totaled \$3,366,361.

Condensed Statement of Changes in Net Position

	Governmental Activities	
	2020	2019
Revenues:		
<u>Program revenues</u>		
Charges for services	\$ 8,550	\$ 44,270
Operating grants and contributions	263,052	118,989
<u>General revenues</u>		
City sales tax	2,834,924	4,348,679
Urban revenue sharing	193,972	181,650
State shared sales tax	60,570	58,607
Share of state auto lieu tax	27,386	27,722
Other revenue	75	-
Investment earnings	249,434	260,024
Total Revenues	3,637,963	5,039,941
 <u>Expenses:</u>		
General government	1,192,518	1,514,529
Public safety	257,000	1,399,956
Facilities and grounds	131,639	162,038
Public works/streets	299,689	101,525
Parks and recreation	44,179	112,838
Total Expenses	1,925,025	3,290,886
 Change in net position	1,712,938	1,749,055
Beginning net position	17,987,120	16,238,065
Ending net position	\$ 19,700,058	\$ 17,987,120

TOWN OF TUSAYAN, ARIZONA
Management's Discussion and Analysis
June 30, 2020



TOWN OF TUSAYAN, ARIZONA
Management's Discussion and Analysis
June 30, 2020

Financial Analysis of the Government's Funds

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

Governmental funds: The focus of the Town of Tusayan'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 of Tusayan's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of Tusayan's governmental funds reported combined ending fund balances of \$11,160,290, an increase of \$3,592,460 in comparison with the prior year. \$10,600,385 of this total amount constitutes unassigned fund balance, which is available for new spending at the government's discretion. \$351,428 is restricted for debt service and \$190,133 is restricted for street purposes.

The General Fund is the chief operating fund of the Town of Tusayan. At the end of the current fiscal year, unassigned fund balance in the General Fund was \$10,600,385. As a measure of liquidity, it may be useful to compare unassigned fund balance as a percentage of total fund expenditures. Total General Fund unassigned fund balance represents approximately 600% of total General Fund expenditures excluding transfers. During the year, the Town of Tusayan's General Fund balance increased by \$3,611,611.

The Streets Fund has a total fund balance of \$190,133 all of which is restricted for street and road purposes. The net decrease in the streets fund balance during the current year was \$19,151.

Change in Fund Balances

	2020	2019	Change
Governmental			
General Fund	\$ 10,970,157	\$ 7,358,546	\$ 3,611,611
Streets Fund	190,133	209,284	(19,151)
Total governmental fund balances	\$ 11,160,290	\$ 7,567,830	\$ 3,592,460

Budgetary Highlights

The General Fund's revenues of \$3,374,936 were less than budgeted revenues of \$5,009,812 by \$1,634,876 and the General Fund's expenditures of \$1,763,325 were less than budgeted expenditures of \$19,054,466 by \$17,291,141. General Fund other financing sources from revenue bonds issued of \$2,000,000 were less than budgeted revenue bonds issued of \$17,500,000.

TOWN OF TUSAYAN, ARIZONA
Management's Discussion and Analysis
June 30, 2020

Budgetary Highlights – Continued

Streets Fund revenues of \$263,027 were less than budgeted revenues of \$266,423 by \$3,396 and Street Fund expenditures of \$282,178 were less than budgeted expenditures of \$369,346 by \$87,168.

CAPITAL ASSETS 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 furniture, equipment, vehicles, buildings, improvements other than buildings, park facilities and roads. At the end of fiscal year 2020, net capital assets of the government activities totaled \$10,892,203. Significant capital asset additions during fiscal year 2020 were construction in progress of Tusayan affordable housing project for a total of \$133k and drainage studies of \$163k. Depreciation on capital assets for government activities is recognized in the government-wide financial statements.

	Governmental Activities	
	2020	2019
Governmental activities:		
Capital assets not being depreciated:		
Construction in progress	\$ 8,782,304	\$ 8,677,434
Capital assets being depreciated:		
Buildings	1,191,735	1,191,735
Improvements other than buildings	1,254,941	1,059,942
Furniture, equipment, & vehicles	335,246	335,246
Total	2,781,922	2,586,923
Less accumulated depreciation for:		
Buildings	(222,473)	(183,592)
Improvements other than buildings	(251,726)	(202,350)
Furniture, equipment, & vehicles	(197,824)	(161,413)
Total	(672,023)	(547,355)
Total capital assets being depreciated, net	2,109,899	2,039,568
Governmental activities capital assets, net	\$ 10,892,203	\$ 10,717,002

Debt Administration – At year-end, the Town had \$2,442,904 in long-term debt outstanding with \$336,773 due within one year. Long-term debt increased by \$2,098,260 which was made up mostly of a \$2,000,000 revenue bond received in FY 2019-20. Additional information on the Town's long-term debt can be found in Note 5 of the financial statements.

TOWN OF TUSAYAN, ARIZONA
Management's Discussion and Analysis
June 30, 2020

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

The Town of Tusayan's revenues are greatly dependent on tourism. Grand Canyon National Park is one of the natural wonders of the world and under normal conditions, continues to be visited by ever-increasing numbers of visitors. As long as the economy and international travel continues, the annual revenues are expected to continue and grow. Any slowing of the economy or world travel will adversely affect Town revenues. FY 2019-20 represented an unprecedented year nationwide due the COVID-19 Pandemic. Not only was the toll on public health and human life devastating, the economic impact was deep and unprecedented. For the first time the Town of Tusayan was required to utilize emergency expenditure authority authorized by state law. It is uncertain how long the ripple effects of the pandemic will continue to impact international tourism and consequently the Town's economy. Some experts estimate that tourism will not start to re-bounce until calendar year 2022.

FY 2018-19 ended with an unanticipated change in regard to the Town's annual spending limit. In November 2018 the Town voters approved the four-year home rule option, as they have every four years since the Town incorporated in April 2010. An administrative error reporting the results to the State of Arizona resulted in the State invalidating the election. The Town in May 2019 asked voters for a one-year, one-time override of the State's spending limits. The ballot question failed by two votes, meaning that in FY2019-20 the Town was required to limit spending to the State-mandated \$1.4M. This was despite the Town receiving more than \$4M a year in revenues, and holding savings of more than \$6M at the time of the election.

Operating under the state-imposed spending limit starting July 1, 2019 required that the Town drastically reduce spending, including the financial support that the Town usually provided to the School District, the Fire District, the Chamber of Commerce, and other community partners. All work on new Town capital projects had to end, including work on the sports complex and the housing authority. State law provides for municipalities to finance capital projects, so the Town did pursue that option in order to continue progress on capital projects. The Town continued progress towards adopting a 5- year CIP to make its spending and investment plans clearer.

The Town successfully went to voters in May 2020 requesting a one-time, one-year override of the State imposed spending limit. The Council also choose to pursue the four-year Home Rule option in November 2020. Voters approved that ballot question as well and the Town will again be able to budget and spend its revenues without the state-imposed spending limit, starting in FY 2021-22.

At the close of FY2019-20 the Town underwent significant leadership changes. The Town has now seated a new mayor, council member, manager, and key staff members.

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.

FINANCIAL SECTION

TOWN OF TUSAYAN, ARIZONA
Statement of Net Position
June 30, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 10,416,614
Cash with fiscal agent - <i>restricted</i>	686,624
Taxes receivable	146,115
Due from other governments	6,137
Prepaid expense	1,215
Other receivable	17,129
Net other postemployment benefits asset	840
Capital assets, not being depreciated	8,782,304
Capital assets, being depreciated, net	2,109,899
Total assets	22,166,877
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions and other postemployment benefits	118,774
LIABILITIES	
Accounts payable	94,344
Accrued liabilities	19,200
Noncurrent liabilities:	
Due within 1 year	336,773
Due in more than 1 year	2,106,131
Total liabilities	2,556,448
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions and other postemployment benefits	29,145
NET POSITION	
Net investment in capital assets	10,892,203
Restricted for:	
Debt service	351,428
Highways and streets	190,133
Unrestricted (deficit)	8,266,294
Total net position	\$ 19,700,058

See accompanying notes to financial statements.

TOWN OF TUSAYAN, ARIZONA
Statement of Activities
Year Ended June 30, 2020

Functions / Programs	Expenses	Program Revenue			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government					
Governmental activities					
General government	\$ 1,192,518	\$ 8,550	\$ -	\$ -	\$ (1,183,968)
Public safety	257,000	-	-	-	(257,000)
Facilities and grounds	131,639	-	-	-	(131,639)
Public works/streets	299,689	-	263,027	-	(36,662)
Parks and recreation	44,179	-	25	-	(44,154)
Total governmental activities	<u>1,925,025</u>	<u>8,550</u>	<u>263,052</u>	<u>-</u>	<u>(1,653,423)</u>
Total primary government	<u>\$ 1,925,025</u>	<u>\$ 8,550</u>	<u>\$ 263,052</u>	<u>\$ -</u>	<u>\$ (1,653,423)</u>
General revenue:					
Taxes:					
					2,834,924
					60,570
					193,972
					27,386
					249,434
					75
					<u>3,366,361</u>
					1,712,938
					<u>17,987,120</u>
					<u>\$ 19,700,058</u>

See accompanying notes to financial statements.

TOWN OF TUSAYAN, ARIZONA
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Streets Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 10,231,412	\$ 185,201	\$ 10,416,613
Cash with fiscal agent - <i>restricted</i>	686,624	-	686,624
Taxes receivable	142,987	-	142,987
Due from other governments	4,334	4,932	9,266
Prepaid expenses	1,215	-	1,215
Due from other funds	17,129	-	17,129
Total assets	11,083,701	190,133	11,273,834
LIABILITIES			
Accounts payable	94,344	-	94,344
Accrued liabilities	19,200	-	19,200
Total liabilities	113,544	-	113,544
FUND BALANCES			
Nonspendable	18,344	-	18,344
Restricted for:			
Debt service	351,428	-	351,428
Highways and streets	-	190,133	190,133
Unassigned	10,600,385	-	10,600,385
Total fund balances	10,970,157	190,133	11,160,290
Total liabilities, deferred inflows of resources, and fund balances	\$ 11,083,701	\$ 190,133	\$ 11,273,834

See accompanying notes to financial statements.

TOWN OF TUSAYAN, ARIZONA
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2020

Fund balances-total governmental funds		\$ 11,160,290
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.		10,892,203
Net pension assets held in trust for future benefits are not available for operations and, therefore, are not reported in the funds.		840
Deferred outflows and inflow of resources related to pensions/OPEB are applicable to future reporting periods and, therefore, are not reported in the funds.		
Pension/OPEB related deferred outflows	118,774	
Pension/OPEB related deferred inflows	<u>(29,145)</u>	
		89,629
Some liabilities, including the net pension/OPEB liabilities, bonds payable, and compensated absences payable are not due and payable in the current period and, therefore are not reported in the funds.		
Compensated absences	(8,773)	
Net pension liability/OPEB	(434,131)	
Revenue bonds payable	<u>(2,000,000)</u>	
		<u>(2,442,904)</u>
Net position of governmental activities		<u>\$ 19,700,058</u>

See accompanying notes to financial statements.

TOWN OF TUSAYAN, ARIZONA
Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2020

	General Fund	Streets Fund	Total Governmental Funds
Revenue			
Taxes	\$ 2,834,924	\$ -	\$ 2,834,924
Intergovernmental	281,927	263,027	544,954
Investment income	249,434	-	249,434
Licenses and permits	8,550	-	8,550
Miscellaneous	76	-	76
Contributions	25	-	25
Total revenue	<u>3,374,936</u>	<u>263,027</u>	<u>3,637,963</u>
Expenditures			
Current			
General government	1,091,221	-	1,091,221
Public safety	257,000	-	257,000
Facilities and grounds	73,605	-	73,605
Public works and streets	-	282,178	282,178
Parks and recreation	5,130	-	5,130
Debt service			
Bond issuance costs	36,500	-	36,500
Capital outlay	299,869	-	299,869
Total expenditures	<u>1,763,325</u>	<u>282,178</u>	<u>2,045,503</u>
Excess (deficiency) of revenue over (under) expenditures	<u>1,611,611</u>	<u>(19,151)</u>	<u>1,592,460</u>
Other financing sources			
Revenue bonds issued	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>
Net change in fund balances	3,611,611	(19,151)	3,592,460
Fund balances, beginning of year	<u>7,358,546</u>	<u>209,284</u>	<u>7,567,830</u>
Fund balances, end of year	<u>\$ 10,970,157</u>	<u>\$ 190,133</u>	<u>\$ 11,160,290</u>

See accompanying notes to financial statements.

TOWN OF TUSAYAN, ARIZONA
Reconciliation of the Statement of Revenue, Expenditures,
and Changes in Fund Balances to the Statement of Activities
Governmental Funds
Year Ended June 30, 2020

Net change in fund balances-total governmental funds \$ 3,592,460

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

Governmental funds report capital outlays as expenditures. However, in the
statement of activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense.

Capital outlay	299,869	
Depreciation expense	<u>(124,668)</u>	
		175,201

Town pension/OPEB 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 reported net pension/OPEB liability is measured a year before the
Town's report date. Pension/OPEB expense, which is the change in the
net pension/OPEB liability adjusted for changes in deferred outflows and
inflows of resources related to pensions/OPEB, is reported in the
statement of activities.

Town pension/OPEB contributions	38,089	
Pension/OPEB expense	<u>(98,308)</u>	
		(60,219)

Debt proceeds provide current financial resources to governmental funds, but
issuing debt increases long-term liabilities in the statement of net position.
Repayment of debt principal is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the Statement of Net Position.

Proceeds from revenue bonds		(2,000,000)
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Under the modified accrual basis of accounting used in the governmental
funds, expenditures are not recognized for transactions that are not
normally paid with expendable available resources. In the statement of
activities, however, which is presented on the accrual basis of
accounting, expenses are reported regardless of when the financial
resources are available.

Decrease in compensated absences payable		<u>5,496</u>
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Change in net position of governmental activities		<u><u>\$ 1,712,938</u></u>
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See accompanying notes to financial statements.

TOWN OF TUSAYAN, ARIZONA
Statement of Fiduciary Net Position
Agency Fund
June 30, 2020

	<u>STILO Agency Fund</u>
ASSETS	
Accounts receivable	<u>17,129</u>
Total assets	<u>17,129</u>
LIABILITIES	
Due to other funds	<u>17,129</u>
Total liabilities	<u>17,129</u>
NET POSITION	
Net Position Held in Trust	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

TOWN OF TUSAYAN, ARIZONA
Notes to Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Tusayan, Arizona have been prepared in conformity with U.S. generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the Town’s more significant accounting policies follows.

A. Reporting Entity

The Town is a general purpose local government that is governed by a separately elected Town Council. The accompanying financial statements present the activities of the Town.

B. Basis of Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the Town as a whole, while the fund statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the information’s usefulness.

Government-wide statements—provide information about the primary government (the Town). The statements include a statement of net position and a statement of activities. These statements report the overall government’s financial activities. Governmental activities generally are financed through taxes and intergovernmental revenues.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the Town’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Town does not allocate indirect expenses to programs or functions.

Program revenues include:

- charges to customers or applicants for goods, services, or privileges provided;
- operating grants and contributions; and
- capital grants and contributions, including special assessments.

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes the Town levies or imposes, are reported as general revenues.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double-counting of internal activities. However, charges for

TOWN OF TUSAYAN, ARIZONA
Notes to Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

interfund services provided and used are not eliminated if the prices approximate their external exchange values.

Fund financial statements—provide information about the Town’s funds. 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. The Town of Tusayan has elected to reported all funds as major funds for reporting purposes.

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 required to be accounted for in another fund.

The ***Streets Fund*** accounts for specific revenue received from the State of Arizona Highway User Revenue Fund which are legally restricted to expenditures for authorized street and highway purposes.

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.

C. Basis of Accounting

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

TOWN OF TUSAYAN, ARIZONA
Notes to Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Under the terms of grant agreements, the Town funds certain programs by a combination of grants and general revenues. Therefore, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. The Town applies grant resources to such programs before using general revenues.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. The Town's major revenue sources that are susceptible to accrual are special assessments, intergovernmental, charges for services, and investment earnings. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, and pollution remediation obligations, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

D. Cash and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, investments in the State Treasurer's local government investment pool, and only those highly liquid investments with a maturity of three months or less when purchased.

E. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

F. Budgets

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year end. The 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.

TOWN OF TUSAYAN, ARIZONA
Notes to Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Expenditures may not legally exceed budgeted appropriations at the department level. The individual Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual reports as listed in the table of contents present all departments which incurred an excess of expenditures/expenses over appropriations for the year ended June 30, 2020, if any.

G. Capital Assets

Capital assets are reported at actual cost (or estimated historical cost if historical records are not available). Donated assets are reported at acquisition value.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$ 1,000	N/A	N/A
Construction in progress	1,000	N/A	N/A
Buildings	1,000	Straight-line	25-50
Building improvements	1,000	Straight-line	20-40
Machinery and equipment	1,000	Straight-line	5-10
Infrastructure - Streets and sidewalks	1,000	Straight-line	20
Storm drains and inlets	1,000	Straight-line	20

H. Investment Income

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments.

I. Fund Balance Reporting

The governmental funds’ fund balances are reported separately within classifications based on a hierarchy of the constraints placed on those resources’ use. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form, such as inventories, or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.

TOWN OF TUSAYAN, ARIZONA
Notes to Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The unrestricted fund balance category is composed of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations that the Town Council has approved, which is the highest level of decision-making authority within the Town. Only the Town Council can remove or change the constraints placed on committed fund balances.

Assigned fund balances are resources constrained by the Town's intent to be used for specific purposes, but that are neither restricted nor committed. The Town Council has authorized the Town manager to assign resources for a specific purpose.

The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it is the Town's policy to use (the Town will use) restricted fund balance first. It is the Town's policy to use (the Town will use) committed amounts first when disbursing unrestricted fund balances, followed by assigned amounts, and lastly unassigned amounts.

J. Compensated Absences

Town employees accrue between 10 and 25 days of vacation leave each year depending on years of service. Sick days do not vest under the Town's policy, and accordingly a liability for sick leave is not recorded in the financial statements.

Employees may accumulate vacation up to 40 hours. All vacation leave accrued in excess of the 40 hours shall be forfeited at the end of the pay period which includes December 31st of each year. Upon termination of employment, all unused vacation benefits are paid to employees up to 40 hours. Accordingly, vacation benefits are accrued as a liability in the financial statements.

K. Deferred Outflows/Inflows of Resources

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as a revenue in future periods.

TOWN OF TUSAYAN, ARIZONA
Notes to Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

L Postemployment benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

NOTE 2 – DEPOSITS AND INVESTMENTS

Arizona Revised Statutes (A.R.S.) authorize the Town to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds, notes, and other evidences of indebtedness; interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; specified commercial paper issued by corporations organized and doing business in the United States; specified bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars; and certain open-end and closed-end mutual funds, including exchange traded funds. In addition, the Town Treasurer may invest trust funds in certain fixed income securities of corporations doing business in the United States or District of Columbia.

Credit risk - The Town's investment policy allows for investments in obligations guaranteed by the full faith and credit of the United States of America, government sponsored enterprises, government bonds with minimum credit ratings of Aa or AA, commercial paper with a minimum short term rating of P1 or A1, negotiable certificates of deposit, corporate bonds carrying a minimum credit rating of A, and the Local Government Investment Pool.

Custodial credit risk - Statutes require collateral for deposits at 102 percent of all deposits federal depository insurance does not cover.

Concentration of credit risk - Statutes do not include any requirements for concentration of credit risk.

Interest rate risk - Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years. The maximum maturity for investments in repurchase agreements is 180 days.

Foreign currency risk - Statutes do not allow foreign investments unless the investment is denominated in United States dollars.

TOWN OF TUSAYAN, ARIZONA
Notes to Financial Statements
June 30, 2020

NOTE 2 – DEPOSITS AND INVESTMENTS – Continued

Deposits — At June 30, 2020, the carrying amount of the Town’s total nonpooled cash in bank was \$922,503, and the bank balance was \$954,471. The bank balance was covered by Federal Depository Insurance or collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the Town’s name.

Restricted cash consists of the required debt service reserve fund and cash held for debt service. Its future use will be for the repayments on outstanding revenue bond debt.

As of June 30, 2020 the Town had the following deposits and investments:

Deposits	
Cash in bank	\$ 922,503
Investments	
Money market funds	270,541
Negotiable certificates of deposit	4,030,022
State Treasurer's investment pool	<u>5,880,172</u>
Total deposits and investments	11,103,238
Restricted deposits	<u>(686,624)</u>
Total deposits and investments	<u><u>\$ 10,416,614</u></u>

Investments – The State Investment Board provides oversight for the State Treasurer’s pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant’s position in the pool approximates the value of the participant’s pool shares. The shares are not identified with specific investments and are not subject to custodial risk.

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town manages its exposure to declines in fair values by structuring the investment portfolio so that maturities of investments are concurrent with the anticipated cash requirements for ongoing operations and investing funds primarily in shorter-term investment pools.

	Investment maturities (in years)			
	Amount	Less than 1	1-3	4-5
Money market funds	\$ 270,541	\$ 270,541	\$ -	\$ -
Negotiable certificates of deposit	4,030,022	2,000,134	2,029,888	-
State Treasurer's investment pool	<u>5,880,172</u>	<u>2,327,540</u>	<u>2,056,477</u>	<u>1,496,155</u>
	<u><u>\$ 10,180,735</u></u>	<u><u>\$ 4,598,215</u></u>	<u><u>\$ 4,086,365</u></u>	<u><u>\$ 1,496,155</u></u>

Credit Risk. The Town limits its investments to the State Treasurer’s Investment Pool, U.S. agency securities, and negotiable certificates of deposits.

TOWN OF TUSAYAN, ARIZONA
Notes to Financial Statements
June 30, 2020

NOTE 2 – DEPOSITS AND INVESTMENTS – Continued

The Town’s investment rating based on investment type is shown below:

	Rating	Rating Agency	Fair Value
Money market funds	AAm	S&P	\$ 270,541
Negotiable certificates of deposit	N/R	N/R	4,030,022
State Treasurer's investment pool 5	AAAf/S1+	S&P	1,064,860
State Treasurer's investment pool 7	AAA	S&P	1,262,679
State Treasurer's investment pool 500	AA-2	S&P	2,056,477
State Treasurer's investment pool 700	AAA	S&P	1,496,156
			<u>\$ 10,180,735</u>

Fair

Value Measurements. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Investments categorized as Level 1 are valued using prices quoted in active markets for those investments. Investments categorized as Level 2 are valued using other significant observable inputs.

	June 30, 2020	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Observable Inputs (Level III)
Investments by Fair Value Level				
Debt Securities				
Negotiable certificates of deposit	\$ 4,030,022	\$ -	\$ 4,030,022	\$ -
Investments Measured at Fair Value				
State Treasurer's Investment Pools	5,880,172			
Total investments measured at fair value	<u>9,910,194</u>			
Investments Measured at Amortized Cost				
Money market funds	270,541			
Total investments	<u>\$ 10,180,735</u>			

Investment Valuation Techniques. U.S. treasuries, agencies, money market, and equity securities in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for identical securities. Governmental bonds, corporate bonds, and other fixed income instruments, classified in Level 2 of the fair value hierarchy are valued based on significant other observable inputs, which may include, but are not limited to, quoted prices for similar or identical assets or liabilities in markets that are active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market corroborated inputs.

NOTE 3 – DUE (TO) FROM OTHER GOVERNMENTS

TOWN OF TUSAYAN, ARIZONA
Notes to Financial Statements
June 30, 2020

Amounts due (to) from other governments at June 30, 2020 consisted of the following:

	General Fund	Streets Fund
State of Arizona		
State sales tax revenues	\$ 3,128	\$ -
Highway user revenues	-	4,932
Auto lieu tax revenues	1,206	-
	\$ 4,334	\$ 4,932

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 8,677,434	\$ 299,869	\$ 194,999	\$ 8,782,304
Capital assets being depreciated:				
Buildings	1,191,735	-	-	1,191,735
Improvements other than buildings	1,059,942	194,999	-	1,254,941
Furniture, equipment, & vehicles	335,246	-	-	335,246
Total	2,586,923	194,999	-	2,781,922
Less accumulated depreciation for:				
Buildings	(183,592)	(38,881)	-	(222,473)
Improvements other than buildings	(202,350)	(49,376)	-	(251,726)
Furniture, equipment, & vehicles	(161,413)	(36,411)	-	(197,824)
Total	(547,355)	(124,668)	-	(672,023)
Total capital assets being depreciated, net	2,039,568	70,331	-	2,109,899
Governmental activities capital assets, net	\$ 10,717,002	\$ 370,200	\$ 194,999	\$ 10,892,203

Depreciation expense was charged to functions as follows:

Governmental activities:	
Facilities and grounds	\$ 58,034
Parks and recreation	39,049
General government	27,585
Total	\$ 124,668

TOWN OF TUSAYAN, ARIZONA
Notes to Financial Statements
June 30, 2020

NOTE 5 – LONG-TERM LIABILITIES

The following schedule details the Town’s long-term liability and obligation activity for the year ended June 30, 2020.

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due within one year
Governmental activities:					
Compensated absences	\$ 14,269	\$ -	\$ 5,496	\$ 8,773	\$ 8,773
Net pension and other postemployment benefits liability	330,375	103,756	-	434,131	-
Revenue bonds payable	-	2,000,000	-	2,000,000	328,000
	<u>\$ 344,644</u>	<u>\$ 2,103,756</u>	<u>\$ 5,496</u>	<u>\$ 2,442,904</u>	<u>\$ 336,773</u>

Bonds Payable – In May 2020, The Town issued bonds totaling \$2,000,000. The proceeds will be used to finance capital projects for the benefit of the Town. The principal and interest on the bonds are payable from excise tax revenues and state shared revenues. The Town has pledged future excise tax and state shared revenues to repay the bond.

Description	Original Amount	Maturity Ranges	Interest Rates	Outstanding Principal June 30, 2020
Revenue Bond, Series 2020	<u>\$ 2,000,000</u>	<u>2020-2026</u>	<u>1.97%</u>	<u>\$ 2,000,000</u>

The following schedule details debt service requirements to maturity for the Town’s bond payable:

Year Ending June 30,	Governmental Activities	
	2020 Bond Payable	
	Principal	Interest
2021	\$ 328,000	\$ 22,488
2022	321,000	29,776
2023	328,000	23,384
2024	334,000	16,864
2025	341,000	10,215
2026	348,000	3,428
Total	<u>\$ 2,000,000</u>	<u>\$ 106,155</u>

TOWN OF TUSAYAN, ARIZONA
Notes to Financial Statements
June 30, 2020

NOTE 6- 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; injuries to employees; and natural disasters. The Town carries commercial insurance for all such risks of loss, including workers' compensation and employees' health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 7 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

At June 30, 2020, the Town reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities
Net OPEB assets	\$ 840
Net pension and OPEB liabilities	434,131
Deferred outflows of resources related to pension and OPEB	118,774
Deferred inflows of resources related to pension and OPEB	29,145
Pension and OPEB expense	98,308

The Town reported \$38,089 of pension expenditures in the governmental funds related to all pension plans to which it contributes.

TOWN OF TUSAYAN, ARIZONA
Notes to Financial Statements
June 30, 2020

NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

A. Arizona State Retirement System

Plan Description – Town employees not covered by the other pension plans described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

Benefits Provided – The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefits 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	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 months of last 120 months	Highest 60 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 retirement benefit option chosen determines the survivor benefit. 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.

TOWN OF TUSAYAN, ARIZONA
Notes to Financial Statements
June 30, 2020

NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

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, 2020, statute required active ASRS members to contribute at the actuarially determined rate of 12.11 percent (11.94 percent for retirement and 0.17 percent for long-term disability) of the members' annual covered payroll, and statute required the Town to contribute at the actuarially determined rate of 12.11 percent (11.45 percent for retirement, 0.49 percent for health insurance premium benefit, and 0.17 percent for long-term disability) of the active members' annual covered payroll. In addition, the Town was required by statute to contribute at the actuarially determined rate of 10.41 percent (10.29 percent for retirement, 0.05 percent for health insurance premium benefit, and 0.07 percent for long-term disability) of annual covered payroll of retired members who worked for the Town in positions that an employee who contributes to the ASRS would typically fill. The Town's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2020, were \$36,013, \$1,541, and \$535, respectively.

During fiscal year 2020, the Town paid for ASRS pension and OPEB contributions as follows: 68 percent from the General Fund and 32 percent from HURF Fund.

TOWN OF TUSAYAN, ARIZONA
Notes to Financial Statements
June 30, 2020

NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Liability - At June 30, 2020, the Town reported the following asset and liabilities for its proportionate share of the ASRS’ net pension/OPEB asset or liability.

	Net Pension/OPEB (Asset) Liability
Pension	\$ 432,170
Health insurance premium benefit	(840)
Long-term disability	1,961

The net asset and net liabilities were measured as of June 30, 2019. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2018, to the measurement date of June 30, 2019.

The Town’s proportion of the net asset or net liability was based on the Town’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2019. The Town’s proportions measured as of June 30, 2019, and the change from its proportions measured as of June 30, 2018, were:

	Proportion June 30, 2019	Increase (decrease) from June 30, 2018
Pension	0.00297%	0.00061%
Health insurance premium benefit	0.00304%	0.00063%
Long-term disability	0.00301%	0.00064%

Expense – For the year ended June 30, 2020, the Town recognized the following pension and OPEB expense.

	Pension/OPEB Expense
Pension	96,578
Health insurance premium benefit	1,055
Long-term disability	675

TOWN OF TUSAYAN, ARIZONA
Notes to Financial Statements
June 30, 2020

NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Deferred Outflows/Inflows of Resources—At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension		Health Insurance		Long-Term Disability	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,807	\$ 81	\$ -	\$ 1,004	\$ 232	\$ -
Changes of assumptions or other inputs	1,827	17,210	1,652	-	293	-
Net difference between projected and actual earnings on pension plan investments	-	9,714	-	1,093	-	42
Changes in proportion and differences between Town contributions and proportionate share of contributions	68,588	-	2	1	284	-
Town contributions subsequent to the measurement date	36,013	-	1,541	-	535	-
Total	\$ 114,235	\$ 27,005	\$ 3,195	\$ 2,098	\$ 1,344	\$ 42

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ended June 30,	Pension	Health Insurance Premium Benefit	Long-Term Disability
	2021	\$ 33,917	\$ (362)
2022	16,563	(364)	89
2023	(1,865)	102	129
2024	2,602	204	137
2025	-	(24)	121
Thereafter	-	-	203

TOWN OF TUSAYAN, ARIZONA
Notes to Financial Statements
June 30, 2020

NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

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

ASRS	
Actuarial valuation date	June 30, 2018
Actuarial roll forward date	June 30, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7 - 7.2% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on ASRS plan investments was determined to be 7.5 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Geometric Real Rate of Return</u>
Equity	50%	6.09%
Credit	20%	5.36%
Interest rate sensitive bonds	10%	1.62%
Real estate	20%	5.85%
Total	<u>100%</u>	

Discount Rate – The discount rate used to measure the ASRS total pension/OPEB liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

TOWN OF TUSAYAN, ARIZONA
Notes to Financial Statements
June 30, 2020

NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Sensitivity of the Town’s Proportionate Share of the ASRS Net Pension/OPEB (Asset) Liability to Changes in the Discount Rate – The following table presents the Town’s proportionate share of the net pension/OPEB liability calculated using the discount rate of 7.5 percent, as well as what the Town’s proportionate share of the net pension/OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Town's Proportionate share of the			
Net pension liability	\$ 615,077	\$ 432,170	\$ 279,306
Net insurance premium benefit - liability (asset)	4,256	(840)	(5,182)
Net long-term disability liability	2,170	1,961	1,758

Plan Fiduciary Net Position – Detailed information about the plans’ fiduciary net position is available in the separately issued ASRS financial report.

TOWN OF TUSAYAN, ARIZONA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue				
Taxes	\$ 4,500,000	\$ 4,500,000	\$ 2,834,924	\$ (1,665,076)
Intergovernmental	322,863	322,863	281,927	(40,936)
Other revenue	-	-	76	76
Contributions	5,000	5,000	25	(4,975)
Investment income	128,949	128,949	249,434	120,485
Licenses and permits	53,000	53,000	8,550	(44,450)
Total revenue	<u>5,009,812</u>	<u>5,009,812</u>	<u>3,374,936</u>	<u>(1,634,876)</u>
Expenditures				
Mayor & council	180,107	175,307	137,589	37,718
City manager	421,440	728,285	695,046	33,239
Legal	75,000	125,700	125,645	55
Planning & development	156,500	151,500	133,907	17,593
Magistrate	40,000	35,800	35,534	266
Contingency	348,545	-	-	-
Public safety	259,400	259,400	257,000	2,400
Parks and recreation	12,500	4,000	3,689	311
Facilities and grounds	60,974	74,474	75,046	(572)
Capital outlay	17,500,000	17,500,000	299,869	17,200,131
Total expenditures	<u>19,054,466</u>	<u>19,054,466</u>	<u>1,763,325</u>	<u>17,291,141</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(14,044,654)</u>	<u>(14,044,654)</u>	<u>1,611,611</u>	<u>15,656,265</u>
Other financing sources (uses)				
Revenue bonds issued	17,500,000	17,500,000	2,000,000	(15,500,000)
Net change in fund balance	3,455,346	3,455,346	3,611,611	156,265
Fund balances, beginning of year	7,358,546	7,358,546	7,358,546	-
Fund balances, end of year	<u>\$ 10,813,892</u>	<u>\$ 10,813,892</u>	<u>\$ 10,970,157</u>	<u>\$ 156,265</u>

See accompanying notes to budgetary comparison schedule.

TOWN OF TUSAYAN, ARIZONA
Required Supplementary Information
Budgetary Comparison Schedule
Streets Fund
Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Intergovernmental	\$ 266,423	\$ 266,423	\$ 263,027	\$ (3,396)
Expenditures				
Current				
Public works and streets	369,346	369,346	282,178	87,168
Excess (deficiency) of revenue over (under) expenditures	(102,923)	(102,923)	(19,151)	(90,564)
Net change in fund balance	(102,923)	(102,923)	(19,151)	(90,564)
Fund balances, beginning of year	209,284	209,284	209,284	-
Fund balances, end of year	<u>\$ 106,361</u>	<u>\$ 106,361</u>	<u>\$ 190,133</u>	<u>\$ (90,564)</u>

See accompanying notes to budgetary comparison schedule.

TOWN OF TUSAYAN, ARIZONA
Required Supplementary Information
Notes to Budgetary Comparison Schedules
June 30, 2020

NOTE 1 – BUDGETING AND BUDGETARY CONTROL

A.R.S. requires the Town to prepare and adopt a balanced budget annually for each governmental fund. The Town Council must approve such operating budgets on or before the third Monday in July to allow sufficient time for the legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August. A.R.S. prohibits expenditures or liabilities in excess of the amounts budgeted.

Expenditures may not legally exceed appropriations at the department level. In certain instances, transfers of appropriations between departments or from the contingency account to a department may be made upon the Town Council's approval. With the exception of the General Fund, each fund includes only one department.

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING

The Town's budget is prepared on a basis consistent with generally accepted accounting principles.

NOTE 3 – EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the year ended June 30, 2020, expenditures exceeded final budget amounts at the department level (the legal level of budgetary control) in the Facilities and Grounds department.

TOWN OF TUSAYAN, ARIZONA
Required Supplementary Information
Schedule of the Town's Proportionate
Share of the Net Pension/OPEB Liability
Cost-Sharing Plans
June 30, 2020

ASRS-Pension

Reporting Fiscal Year (Measurement Date)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2011
Town's proportion of the net pension liability	0.002970%	0.002360%	0.002250%	0.001900%	0.002090%	N/A	Information not available
Town's proportionate share of the net pension liability	\$ 432,170	\$ 330,375	\$ 350,506	\$ 306,679	\$ 325,465	N/A	
Town's covered payroll	\$ 313,113	\$ 234,991	\$ 231,115	\$ 227,278	\$ 177,108	N/A	
Town's proportionate share of the net pension liability as a percentage of its covered payroll	138.02%	140.59%	151.66%	134.94%	183.77%	N/A	
Plan fiduciary net position as a percentage of the total pension liability	73.24%	73.40%	69.92%	67.06%	68.35%	N/A	

ASRS-Health Insurance Premium Benefit

Reporting Fiscal Year (Measurement Date)	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2011
Town's proportion of the net OPEB (asset)	0.003040%	0.002410%	0.002280%	Information not available
Town's proportionate share of the net OPEB (asset)	\$ (840)	\$ (868)	\$ (1,241)	
Town's covered payroll	\$ 313,113	\$ 234,991	\$ 231,115	
Town's proportionate share of the net pension liability as a percentage of its covered payroll	-0.27%	-0.37%	-0.54%	
Plan fiduciary net position as a percentage of the total pension liability	101.62%	102.20%	103.57%	

ASRS-Long-Term Disability

Reporting Fiscal Year (Measurement Date)	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2011
Town's proportion of the net OPEB (asset)	0.003010%	0.002370%	0.002260%	Information not available
Town's proportionate share of the net OPEB (asset)	\$ 1,961	\$ 1,238	\$ 819	
Town's covered payroll	\$ 313,113	\$ 234,991	\$ 231,115	
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.63%	0.53%	0.35%	
Plan fiduciary net position as a percentage of the total pension liability	72.85%	77.83%	84.44%	

TOWN OF TUSAYAN, ARIZONA
Required Supplementary Information
Schedule of Town Pension/OPEB Contributions
June 30, 2020

ASRS-Pension								2013 through 2011
Reporting Fiscal Year	2020	2019	2018	2017	2016	2015	2014	
Statutorily required contribution	\$ 36,013	\$ 35,006	\$ 25,614	\$ 24,500	\$ 19,225	N/A	N/A	Information not available
Town's contributions in relation to the statutorily required contribution	(36,013)	(35,006)	(25,614)	(24,500)	(19,225)	N/A	N/A	
Town's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	
Town's covered payroll	\$ 314,524	\$ 313,113	\$ 234,991	\$ 227,273	\$ 177,189	N/A	N/A	
Town's contributions as a percentage of covered payroll	11.45%	11.18%	10.90%	10.78%	10.85%	N/A	N/A	
					2016 through 2011			
ASRS-Health Insurance Premium Benefit	2020	2019	2018	2017	2016 through 2011			
Statutorily required contribution	\$ 1,541	\$ 1,440	\$ 1,034	\$ 1,227	Information not available			
Town's contributions in relation to the statutorily required contribution	(1,541)	(1,440)	(1,034)	(1,227)	Information not available			
Town's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	Information not available			
Town's covered payroll	\$ 314,524	\$ 313,113	\$ 234,991	\$ 227,273	Information not available			
Town's contributions as a percentage of covered payroll	0.49%	0.46%	0.44%	0.54%	Information not available			
					2016 through 2011			
ASRS-Long-Term Disability	2020	2019	2018	2017	2016 through 2011			
Statutorily required contribution	\$ 535	\$ 501	\$ 376	\$ 307	Information not available			
Town's contributions in relation to the statutorily required contribution	(535)	(501)	(376)	(307)	Information not available			
Town's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	Information not available			
Town's covered payroll	\$ 314,524	\$ 313,113	\$ 234,991	\$ 227,273	Information not available			
Town's contributions as a percentage of covered payroll	0.17%	0.16%	0.16%	0.14%	Information not available			



**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***

To the Town Council
Town of 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 and each major fund of the Town of Tusayan, Arizona as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Tusayan, Arizona's basic financial statements and have issued our report thereon dated January 26, 2021.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Tusayan, Arizona's financial statements are free from 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.

Lobby & Powell, PLC

January 26, 2021

TOWN OF TUSAYAN, ARIZONA

Annual Expenditure Limitation Report
and Independent Accountants' Report
June 30, 2020

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INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the accompanying Annual Expenditure Limitation Report of the Town of Tusayan for the year ended June 30, 2020, and the related notes to the report. The Town's management is responsible for presenting this report in accordance with the uniform expenditure reporting system as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

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

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

Colby & Powell, PLC

January 26, 2021

TOWN OF TUSAYAN, ARIZONA
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2020

1. Economics Estimates Commission expenditure limitation	\$ 1,414,517
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	1,195,138
3. Board-authorized expenditures necessitated by a disaster declared by the Governor	<u>(160,132)</u>
4. Amount under the expenditure limitation	<u>\$ 379,511</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: Charlie Hendrix – Town Manager

Telephone Number: 928-638-9909 Date: January 26, 2021

See accompanying notes to report.

TOWN OF TUSAYAN, ARIZONA
Annual Expenditure Limitation Report – Part II
Year Ended June 30, 2020

Description	Governmental Funds
A. Amounts reported on the reconciliation, line D	\$ 2,043,968
B. Less exclusions claimed	
Debt proceeds	299,869
Debt service requirements	36,500
Dividends, interest and gains on the sale or redemption of investment securities	249,434
Highway user revenue in excess of those received in fiscal year 1979-1980	263,027
Total exclusions claimed	848,830
C. Amounts subject to the expenditure limitation	\$ 1,195,138

See accompanying notes to report.

TOWN OF TUSAYAN, ARIZONA
Annual Expenditure Limitation Report – Reconciliation
Year Ended June 30, 2020

Description	Governmental Funds
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 2,045,503
B. Subtractions Required fees paid to the Arizona Department of Revenue	<div style="border-top: 1px solid black; display: inline-block;">1,535</div>
C. Additions	<div style="border-top: 1px solid black; display: inline-block;">-</div>
D. Amounts reported on part II, line A	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block;">\$ 2,043,968</div>

See accompanying notes to report.

TOWN OF TUSAYAN, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2020

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. The AELR excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX §20, from the total expenditures, expenses, or deductions report in the fund financial statements.

In accordance with the UERS, a note to the AELR is presented below for any exclusion claimed on part II and each subtraction or addition in the reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the statement of revenues, expenditures, and changes in fund balances for the governmental funds; statement of revenues, expenses, and changes in fund net position for the proprietary funds; statement of cash flows for the proprietary funds; and the statement of changes in fiduciary net position for the fiduciary funds.

NOTE 2 – DEBT PROCEEDS

The exclusion claimed for debt proceeds consisted of proceeds from revenue bonds for capital projects totaling \$299,869.

NOTE 3 – DEBT SERVICE REQUIREMENTS

The exclusion claimed for debt service requirements consisted of bond issuance costs of \$36,500.

NOTE 4 – HIGHWAY USER REVENUE EXCLUSION AND CARRYFORWARD

Actual expenditures of highway user revenues in the current fiscal year.	\$	282,178
Amount equal to 1979-80 revenues expended in the current fiscal year.		-
Excludable revenues expended in the current fiscal year.	\$	<u>263,027</u>
Revenues available for exclusion in the current fiscal year.	\$	<u>263,027</u>
Unspent excludable revenue available as carryforward in future years.	\$	<u>190,133</u>

NOTE 5 – REQUIRED FEES PAID TO THE ARIZONA DEPARTMENT OF REVENUE

The subtraction of \$1,535 are fees paid to the Arizona Department of Revenue pursuant to ARS §42-5041 to recover a portion of administrative, program, and other operating costs the Department incurred in providing administrative and collection services to the Town of Tusayan.