



**City of Flagstaff, Arizona**  
**Report on Applying Agreed-Upon Procedures**  
**Biennial Certification of Land Use**  
**Assumptions, Infrastructure Improvement Plan**  
**and Development Impact Fees**  
For the Period July 1, 2016 through June 30, 2018

**CITY OF FLAGSTAFF, ARIZONA  
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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Mayor and Members of the City Council

We have performed the procedures identified below, which were agreed to by the management of City of Flagstaff, Arizona, related to the City of Flagstaff, Arizona's compliance with the requirements set forth in Arizona Revised Statutes (A.R.S.) 9-463.05 for the period from July 1, 2016 through June 30, 2018. Management is responsible for City of Flagstaff, Arizona's compliance with those requirements. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purposes.

We have applied the following procedures:

*The progress of the infrastructure improvements plan.*

- a. Compare the following growth projections included in the Land Use Assumption Report adopted by Ordinance No. 2014-10 on May 6 and May 13, 2014 to actual results. A list of all variances will be reported.
  - a. Housing Units
  - b. Peak Population
  - c. Jobs
  - d. Non-Residential Floor Area
  - e. Non-Residential Vehicle Trips

*The collection and expenditures of development impact fees for each project in the plan.*

- b. Select a sample of 25 building permits issued and determine fees were charged in accordance with authorized fee schedules and that each permit holder is charged the same rate as another equivalent permit holder. Any inequities in the imposition of development fees will be reported.
- c. Compare budgeted project expenditures to actual expenditures to date. Any variances will be reported.

*Evaluating any inequities in implementing the plan or imposing the development impact fee.*

- d. Determine each developer/unit is charged the same rate as another equivalent developer/unit by recalculating impact fees at the transaction level for the sample mentioned in step b. above.

The accompanying Summary of Findings describes the findings we noted.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the specified requirements. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of City of Flagstaff, Arizona, and is not intended to be and should not be used by anyone other than these specified parties.

*Heinfeld, Meech & Co., P.C.*

Heinfeld, Meech & Co., P.C.  
Flagstaff, Arizona  
December 20, 2018

**CITY OF FLAGSTAFF, ARIZONA  
SUMMARY OF FINDINGS**

**EXCEPTION NO. 1**

Variations were noted for growth projections related to population, number of dwelling units, job figures, and non-residential floor area as reported in the Land Use Assumptions report when compared to actual results. The City was unable to provide information related to non-residential vehicle trips and as a result, growth projections in the Land Use Assumptions report could not be compared to actual results. All other variances are reported below.

<b>2017</b>				
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
Population	78,889	71,656	(7,233)	(9.2%)
<b><u>Dwelling units</u></b>				
Single Family	17,273	17,691	418	2.4%
Multi-Family	10,594	11,201	607	5.7%
Jobs	39,569	38,838	(731)	(1.9%)
Non-Residential Floor Area (Increase)	149,000	153,612	4,612	3.1%
Non-Residential Vehicle Trips	106,662	N/A	N/A	N/A

<b>2018</b>				
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
Population	79,558	72,961	(6,597)	(8.3%)
<b><u>Dwelling units</u></b>				
Single Family	17,385	17,959	574	3.3%
Multi-Family	10,662	11,465	803	7.5%
Jobs	39,935	38,748	(1,187)	(3.0%)
Non-Residential Floor Area (Increase)	152,000	241,852	89,852	59.1%
Non-Residential Vehicle Trips	107,637	N/A	N/A	N/A

**CITY OF FLAGSTAFF, ARIZONA  
SUMMARY OF FINDINGS**

EXCEPTION NO. 2

The City did not expend or budget any expenditures related to the collection of impact fees authorized by the City's Land Use Assumption Report adopted by Ordinance No. 2014-10 on May 6 and May 13, 2014.