

City of Prescott, Arizona

Development Impact Fees Report

Agreed Upon Procedures

Biennial Period Ended June 30, 2024

Independent Accountants' Report

Honorable Mayor and City Council
Mark Woodfill, Finance Director
City of Prescott, Arizona

We have performed the procedures enumerated below on the receipt and use of fees relating to the City's Infrastructure Improvement Plans (IIPs), as adopted in 2019, for the City of Prescott's biennial period ending June 30, 2024. The City of Prescott is responsible for receipt and use of fees relating to the City's Infrastructure Improvement Plans (IIPs), as adopted in 2019.

The City of Prescott has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of compliance with A.R.S. §9 463.05(G)(2). Additionally, the City of Prescott have agreed to and acknowledged that the procedures performed are appropriate to meet their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

- Selected a sample 40 receipts relating to the City's IIP and determine fees were charged in accordance with authorized IIP fee schedule
 - No exceptions noted.
- Recalculated fees for a sample of 40 transactions related to the City's IIP to determine that each developer/unit is charged the same rate as another equivalent developer/unit to demonstrate "inequities" and "level of service" as interpreted by the City's management.
 - For 1 of 40 transactions tested, we noted an error in the calculation of impact fees charged to the permit. In this transaction, the total square footage of the residence, including all covered areas, was used to determine the fee amount, rather than the livable square footage.
- Selected a sample of 40 expenditures related to the City's IIP and determine that the expenditure was associated with an approved project in the IIPs.
 - No exceptions noted.

We were engaged by City of Prescott to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the receipt and use of fees relating to the City's Infrastructure Improvement Plans (IIPs), as adopted in 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City of Prescott and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Baker Tilly US, LLP

Tempe, Arizona
November 25, 2024