



Independent Accountant's Report on Applying Agreed-Upon Procedures

City of Prescott, Arizona
Prescott, Arizona

We have performed the procedures enumerated below, which were agreed to by the City of Prescott, Arizona (the City) solely to assist you with respect to the accounting records of the City as of June 30, 2016. The City's management is responsible for the City's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the 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 purpose.

Our procedures and findings are as follows:

- 1) Obtain an understanding of the development fees subject to Arizona Revised Statutes, Section 9-463.
- 2) Obtain a copy of the Infrastructure Improvement Plan (IIP).
- 3) Obtain an understanding of which funds pertain to which IIP.
- 4) Obtain a summary of the progress of the IIP.
- 5) Obtain a two year roll-forward of development fee activity, with supporting schedules showing detail of all development fee revenue and all development fee expenses.
- 6) Sample the development fee revenue to determine that they are in accordance with the IIP.
- 7) Sample the development fee expenses to determine that they are for allowable costs per the Arizona Revised Statutes, Section 9-463 and the IIP.

Results:

- 1) Based upon the aforementioned samples collected, the impact fee revenues and expenses were in accordance with the IIP. Impact fee revenues were assessed correctly and expenses incurred were allowable costs per the IIP, with the exception of the following:
 - a. Two out of fifty assessments were tested and found to be charged the incorrect fee. Both instance were charged impact fees that corresponded to area "J", when they should have been charged assessments corresponding to area "I".
 - b. There was approximately \$80,000 of wastewater impact fee revenues improperly recorded in the water fund revenue impact fee.

Management's Response:

The problem identified by the auditor has been corrected and was the result of an issue with our current software. The system in question is being upgraded in the current fiscal year and steps have been taken to keep this error from being made in the future.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. 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 City of Prescott, Arizona and is not intended to be and should not be used by anyone other than those specified parties.


Phoenix, Arizona
December 9, 2016