



Town of Queen Creek, 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

**TOWN OF QUEEN CREEK, ARIZONA
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Mayor and Members of the Town Council

We have performed this agreed-upon procedures engagement to assist management of the Town of Queen Creek, Arizona (Town), in complying with the requirement as set forth in Arizona Revised Statutes (A.R.S.) 9-463.05.G.2 “to provide for a biennial certified audit of the municipality’s land use assumptions, infrastructure improvements plan and development fees”. We have performed the procedures identified below, which were agreed to by the management of Town of Queen Creek, Arizona, solely to assist management of the Town in evaluating the Town’s compliance with the progress reporting requirements of the infrastructure improvement plan for the period from July 1, 2016 through June 30, 2018, as specified in A.R.S. 9-463.05.G.2. The Town of Queen Creek, Arizona’s management is responsible for its 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.

- 1) Compared growth projections for 2017 and 2018 related to number of housing units, population and nonresidential square footage (industrial, commercial, office/other), as reported in the Infrastructure Improvements Plan, Land Use Assumptions, and Development Fees report (dated May 7, 2014) to actual results. A list of all variances are reported in the Results of Procedures.
- 2) Obtained Town-prepared report (see Appendix A) documenting the progress of each project identified in the Infrastructure Improvements Plan, Land Use Assumptions, and Development Fees report (dated May 7, 2014, and the updated report dated November 2019), and agreed expenditures as of June 30, 2018 to the underlying accounting records.

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

- 3) Selected a sample of 50 building permits issued and determined fees were charged in accordance with authorized fee schedules and that each permit holder was charged the same rate as another equivalent permit holder. Any inequities in the imposition of development fees are reported in the Results of Procedures.
- 4) Selected a sample of 10 building permits issued during July 2016 and determined the rates charged were in accordance with A.R.S. 9-463.05.F (when applicable).

- 5) Selected a sample of 40 expenditures and determined that the expenditures were associated with an approved project in the Town's Infrastructure Improvements Plan, Land Use Assumptions, and Development Fees report (dated May 7, 2014, and the updated report dated November 2019).

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

- 6) Determined each developer/unit was charged the same rate as another equivalent developer/unit by recalculating impact fees at the transaction level for the sample mentioned in Step 3 above.
- 7) Determined that there were no instances in which the Town waived development impact fees, except as allowed for under A.R.S. 9-499.10.B and A.R.S. 9-500.18.

The accompanying Results of Procedures describes the items 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 or conclusion. 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 Town of Queen Creek, Arizona, and is not intended to be and should not be used by anyone other than these specified parties.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Tucson, Arizona
May 19, 2021

**TOWN OF QUEEN CREEK, ARIZONA
RESULTS OF PROCEDURES**

EXCEPTION NO. 1

Variations were noted for growth projections for population, number of housing units and nonresidential square footage as reported in the Infrastructure Improvement Plan, Land Use Assumptions, and Development Fees report when compared to actual results. All variations are reported in the tables below.

		2017			
		<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
	Population	35,755	40,208	4,453	12%
	Housing Units	11,603	12,350	747	6%
	Nonresidential Sq. Ft. (in 1,000's)				
	Industrial	51	-	(51)	-100%
	Commercial	71	32	(38)	-54%
	Office/Other Services	30	385	354	1165%

		2018			
		<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
	Population	37,788	49,261	11,473	30%
	Housing Units	12,263	15,067	2,804	23%
	Nonresidential Sq. Ft. (in 1,000's)				
	Industrial	51	-	(51)	-100%
	Commercial	71	169	99	140%
	Office/Other Services	30	287	256	843%

Note: Due to the nature of growth data available, the nonresidential square footage for the 2017 and 2018 tables are presented as a comparison of incremental growth by year rather than cumulative totals.

Management Response:

The development impact fee report that was subject to this audit was dated May 7, 2014 and reflected growth projections that were made based on the Land Use Assumptions at that time. During the audit period, population growth (i.e. new, single-family home construction) in the Town was significant and, not surprising, exceeded projections. In February 2020, new development impact fees took effect and the Land Use Assumptions to calculate those new fees were updated to reflect significant population growth and other growth such as the development of new commercial property.

TOWN OF QUEEN CREEK, ARIZONA
APPENDIX A
PROGRESS OF INFRASTRUCTURE IMPROVEMENT PLAN PROJECTS

<u>Project</u>	<u>Project Description</u>	<u>FY 16-17</u>	<u>FY 17-18</u>
<u>Fire Facilities Development Impact Fee</u>			
MF002	Fire Station 1	\$ -	\$ 3,353,455
MF004	Fire Station 413	-	2,415,131
MF007	Fire Station #4	-	562,068
Total		\$ -	\$ 6,330,654
<u>Parks and Recreation Development Impact Fee</u>			
P0610	West Park	\$ 481,250	\$ 13,196,861
TE001	QC Wash: Dmp To Ellsworth	-	428,841
TE100	QC Wash Trail: Crismon-Rittenhouse	-	19,792
Total		\$ 481,250	\$ 13,645,494
<u>Police Facilities Development Impact Fee</u>			
MF001	Public Safety Admin	\$ -	\$ 3,858,681
Total		\$ -	\$ 3,858,681
<u>Transportation Facilities Development Impact Fee</u>			
A0002	Town Center: Ocotillo Rd-Loop To Loop	\$ 1,240,841	\$ -
A0004	TC-Ellsworth Rittenhouse To Ocotillo	106,187	-
A0107	Ocotillo Rd-Recker To Power	-	509,589
A0114	Ocotillo Crismon To 218	-	398,034
A0206	Ellsworth Ryan To Germann	-	428,997
A0301	Rittenhouse Rd-Sossaman To QC Mkplc	1,485,784	-
A0306	Rittenhouse: Village Lp To Alliance	-	116,845
A0510	Riggs: Ellworth To Meridian	-	1,857,232
A0520	Riggs Rd: Power To Hawes	-	352,761
A1002	QC Rd-Ellsworth To Signal Butte	-	43,218
A1403	Power: Ocotillo To Brooks Farm	-	32,383
A1802	196Th: Ocotillo To Appleby2	-	99,650
A1803	Appleby2: Sossaman To 196Th	-	106,199
I0024	Chndlr Hts @ Sossaman (T.S.)	186,348	-
I0028	Riggs @ Hawes (T.S.)	-	85,493
I0060	Ellsworth @ Via De Palmas (Ts)	-	78,197
Total		\$ 3,019,160	\$ 4,108,598