



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, 2018 through June 30, 2020

**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), with the requirement 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”. As such, we have performed the procedures identified below, solely to assist users in evaluating the Town’s compliance with the progress reporting requirements of the infrastructure improvement plan for the period from July 1, 2018 through June 30, 2020, as specified in A.R.S. 9-463.05.G.2. Town of Queen Creek, Arizona’s management is responsible for its compliance with those requirements.

Town of Queen Creek, Arizona’s management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in determining whether the Town complied with the specified requirements. 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.

We have applied the following procedures:

The progress of the infrastructure improvements plan.

- 1) Compared growth projections for 2019 and 2020 related to population, number of housing units (single family homes and multi-family units), and nonresidential square footage (industrial, commercial, office/other), as reported in the Infrastructure Improvements Plan (IIP) 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, 2020 to the underlying accounting records.

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

- 3) Selected a sample of 40 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 20 building permits issued after February 10, 2020 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.

We were engaged by Town of Queen Creek, Arizona's management 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 examination or review engagement, 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.

We are required to be independent of Town of Queen Creek, Arizona's management 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 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
September 4, 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.

		2019			
		<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
	Population	45,898	53,138	7,240	16%
	Housing Units	14,516	16,262	1,746	12%
	Nonresidential Sq. Ft. (in 1,000's)				
	Industrial	75	-	(75)	-100%
	Commercial	307	110	(197)	-64%
	Office/Other Services	195	243	48	25%

		2020			
		<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
	Population	50,511	61,727	11,216	22%
	Housing Units	16,080	19,499	3,419	21%
	Nonresidential Sq. Ft. (in 1,000's)				
	Industrial	77	-	(77)	-100%
	Commercial	134	184	50	37%
	Office/Other Services	340	65	(275)	-81%

Note: Due to the nature of growth data available, the nonresidential square footage for the 2019 and 2020 tables are presented as a comparison of incremental growth by year rather than cumulative totals.

Management Response:

The development impact fee reports that were subject to this audit were dated May 2014 and November 2019 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 surprisingly, exceeded projections. In February 2020, as a result of the November 2019 impact fee report, 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 18-19</u>	<u>FY 19-20</u>
<u>Fire Facilities Development Impact Fee</u>			
MF007	Fire Station #4	\$ 193,636	\$ 1,040,378
MF008	Fire Ladder Truck	532,670	68,280
MF009	Fire Station #5	1,402	361,230
MF010	Fire Station #2 Permanent Facility	-	7,674
MF011	Fire Resource Center	-	9,029
Total		\$ 727,708	\$ 1,486,591
<u>Parks and Recreation Development Impact Fee</u>			
P0620	East Park	\$ -	\$ 68,755
TE100	QC Wash Trail: Crismon-Rittenhouse	-	37,833
TE200	Sonoqui Wash: Hawes To Ellsworth	-	47,633
TE210	Sonoqui Wash: Ellsworth To Crismon	-	30,146
Total		\$ -	\$ 184,367
<u>Police Facilities Development Impact Fee</u>			
MF007	Fire Station #4	\$ 59,120	\$ 273,784
MF009	Fire Station #5	428	2,275
MF010	Fire Station #2 Permanent Facility	-	2,020
Total		\$ 59,548	\$ 278,079
<u>Transportation Facilities Development Impact Fee</u>			
A0107	Ocotillo Rd-Recker To Power	\$ 196,146	\$ -
A0115	Ocotillo: 226th To Ironwood	64,265	68,891
A0116	Ocotillo: Sossaman To Hawes	92,014	150,339
A0306	Rittenhouse: Village Lp To Alliance	1,058,010	2,424,284
A0307	Rittenhouse Bridge At Qc Wash	-	1,662,242
A0510	Riggs: Ellworth To Meridian	3,086,742	674,640
A0520	Riggs Rd: Power To Hawes	264,440	484,653
A0603	Chandler Hts: Sossaman To Power	44,923	177,150
A1002	QC Rd-Ellsworth To Signal Butte	441,864	1,219,409
A1403	Power: Ocotillo To Brooks Farm	272,364	16,583
A1404	Power: Brooks Farm To Chand Hgts	22,121	36,064
A1505	Meridian: Combs To Qc Wash	7,015	187,279
A1802	196Th: Ocotillo To Appleby2	377,152	26,086
A1803	Appleby2: Sossaman To 196Th	400,298	25,064
A2001	Ryan: Crismon To 220Th	-	2,598
I0028	Riggs @ Hawes (T.S.)	159,466	-
I0060	Ellsworth @ Via De Palmas (Ts)	54,440	-
I0061	Ocotillo @ Victoria (Ts)	-	215,267
Total		\$ 6,541,260	\$ 7,370,549