



INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

Yiannis Kalaitzidis, Finance Director and Town Council  
Town of Marana  
11555 W. Civic Center Drive  
Marana, AZ 85653

We have performed the procedures enumerated below, which were agreed to by the Town of Marana (the specified parties), on the receipt and use of fees relating to the Town's Infrastructure Improvement Plans (IIPs), as adopted in 2014 and 2017, for the Town of Marana's biennial period ending June 30, 2018. The Town of Marana's management is responsible for receipt and use of fees relating to the Town's Infrastructure Improvement Plans (IIPs), as adopted in 2014 and 2017. The sufficiency of these procedures is solely the responsibility of the Town Management. 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.

The procedures and associated findings are as follows:

- 1) Selected a sample 25 receipts and determine fees were charged in accordance with authorized fee schedules.
  - a) No exceptions noted.
- 2) Recalculated fees for a sample of 25 transactions to determine that each developer/unit is charged the same rate as another equivalent developer/unit to demonstrate "inequities" and "level of service".
  - a) For 4 of 25 transactions tested, we noted errors in the calculation of impact fees charged to the permit.
- 3) Selected a sample of 20 expenditures and determine that the expenditure was associated with an approved project in the IIPs.
  - a) No exceptions 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 the receipt and use of fees relating to the Town's Infrastructure Improvement Plans (IIPs), as adopted in 2014 and 2017. 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 Town of Marana's management and is not intended to be and should not be used by anyone other than those specified parties.

Casa Grande, Arizona  
January 16, 2019



## **Official Response to the Independent Accountant's on Applying Agreed-Upon Procedures**

Town of Marana staff have provided a response to the auditor finding discovered during the Infrastructure Improvement Plan agreed-upon procedures delivered on January 16, 2019.

**Finding:** *For 4 of 25 transactions tested (to determine that each developer/unit is charged the same rate as another equivalent developer/unit), we noted errors in the calculation of impact fees charged to the permit.*

### Town of Marana Response:

Town of Marana staff agree with the auditors' comments.

For 2 of the 4 errors noted by the auditor, permits were overpaid due to timing of fee schedule changes and permit issuance. The fees were calculated in December before the new schedule went into effect. The permits were issued in February of the following year after the new fee schedule (with lower impact fees) went into effect. A refund has been issued for the overpayment.

For the remaining 2 errors noted by the auditor the Town did not collect any impact fees due to a clerical error at the time of review by Town staff. Each of the permits were for Custom Single Family Permits. The permits not collected were the road impact fee and park impact fee. Upon further review, it was determined that for one of these two permits an impact fee was not owed as the work completed was for an existing home. For the last error noted by the auditor, after review of applicable Arizona Revised Statutes, staff determined that we are no longer able to pursue collection of the fees for the second permit, as that permit was issued more than two years after the obligation to pay.

In addition to the above-mentioned corrective action, Town staff have reviewed all custom home permits issued during the audit period discovering one other instance of uncollected fees. A letter has been sent out requesting remittance of the uncollected fees.

In order to improve the proper collection of impact fees, Town staff responsible for the processing of permits have received additional training to ensure permits are processed correctly. Further, by the end of June 2019, Town staff will prepare and review a report of all fees processed on a quarterly basis.