

**REGULAR MEETING OF THE
FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT
AND REVITALIZATION DISTRICT**

**Tuesday, April 9, 2019 – 10:00 AM
Council Offices - Second Floor
Flagstaff City Hall – 211 West Aspen, Flagstaff, Arizona**

A G E N D A

NOTICE OF OPTION TO RECESS INTO EXECUTIVE SESSION

Pursuant to A.R.S. §38-431.02, notice is hereby given to the members of the FDBIRD Board of Directors and to the general public that, at this meeting, the Board may vote to go into executive session, which will not be open to the public, for legal advice and discussion with the District's attorney on any item listed on the following agenda, pursuant to A.R.S. §38-431.03(A) (3).

1. Call to Order
2. Roll Call
3. Approval of Minutes of the Board Meeting of February 26, 2019.
4. Acceptance of Monthly Financial Reports:
 - A. November 2018
 - B. December 2018
5. Discussion and Direction: Extension of Auditor's Contract.
6. Approval of Semi-Annual Payment to Flagstaff Downtown Business Alliance in the amount of \$79,250.
7. Consideration of 2020 Budget Documents
8. Review of the 2020 Budget Calendar
9. Discussion and Direction: Contract Negotiations with Flagstaff Downtown Business Alliance.
10. PUBLIC PARTICIPATION

Public Participation enables the public to address the Board about an item that is not on the agenda. Comments relating to items that are on the agenda will be taken at the time that the item is discussed.
11. Adjournment

CERTIFICATE OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Flagstaff City Hall on _____, at _____ a.m./p.m. in accordance with the statement filed by the Board with the District Clerk.

_____ Stacy Saltzburg, MMC, District Clerk

**SPECIAL MEETING OF THE
FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT
AND REVITALIZATION DISTRICT**

**Tuesday, February 26, 2019 – 10:00 AM
Council Offices - Second Floor
Flagstaff City Hall – 211 West Aspen, Flagstaff, Arizona**

MINUTES

NOTICE OF OPTION TO RECESS INTO EXECUTIVE SESSION

Pursuant to A.R.S. §38-431.02, notice is hereby given to the members of the FDBIRD Board of Directors and to the general public that, at this meeting, the Board may vote to go into executive session, which will not be open to the public, for legal advice and discussion with the District's attorney on any item listed on the following agenda, pursuant to A.R.S. §38-431.03(A) (3).

1. Call to Order

Chairman Stilley called the Special Meeting of February 26, 2019 to order at 10:00 a.m.

2. Roll Call

MEMBERS PRESENT:

Chairman David Stilley
Vice Chairwoman Karen Kinne-Herman
Member Steve Chatinsky
Member John VanLandingham

MEMBERS ABSENT:

Member Antoinette Beiser

Others present: District Attorney Dana Kjellgren; District Clerk Stacy Saltzburg; FDBA Director Terry Madeksza; incoming Board Member Jerry McLaughlin

3. Approval of Minutes of the Board Meeting of January 8, 2019.

Vice-Chairwoman Karen Kinne-Herman moved to approve the minutes of January 8, 2019; seconded; passed unanimously.

4. Consideration of Resolution No. 2019-03: A resolution of the Board of the Flagstaff Downtown Business Improvement and Revitalization District of Flagstaff cancelling the special election of March 5, 2019, and declaring the names of the Board of Directors and respective terms.

Vice-Chairwoman Karen Kinne-Herman moved to adopt Resolution No. 2019-03; seconded; passed unanimously.

5. Flagstaff Downtown Business Alliance (FDBA) Agreement and Work Program.

Ms. Kjellgren stated that the current agreement terminates on September 22, 2019 unless the Board renews the agreement. If the intent is to renew the agreement there will need to be a new scope of work and a new budget developed. She added that the designation of another public improvement project may be helpful.

Member VanLandingham asked why a second project would be needed. Ms. Kjellgren explained that the statute states that the entity has to do a public infrastructure project, she believes that it is safer to do another project given that the first one was delayed and still not installed. She suggested a possible second phase that would be quite easy to manage.

Ms. Kjellgren also suggested selecting one person to work with the DBA to develop a scope of work and bring that information back to the Board for consideration. That person can also bring periodic updates and status to the Board for any feedback along the way.

Chairman Stilley stated that he would be willing to be the person to work with the Board assuming it can be done by early June prior to him travelling. Member VanLandingham indicated that if a broad outline could be negotiated by April and brought back to the Board in May there would still be time to make any adjustments needed by June. Ms. Kjellgren stated that it could even come back in July for final consideration if needed; the Board often cancels their July meeting, but it is an option if needed.

6. Consideration of a letter to the City of Flagstaff regarding parking.

Ms. Madeksza reported that when the City brought forward the Proposition 412 ballot measure for a new municipal court house a parking structure with 200 spaces was included in the discussion and information to the public. The intent was for there to be a co-located City and County courthouse. The City approached the DBA about getting involved in advocating for the measure from the downtown perspective if they were supportive. The DBA agreed to support the measure because of the parking garage element and advocated for the passage of the bond. Since that time the City and County have separated and there will be no co-located courthouse.

What has been reported is that the City now has plans to build the courthouse without the structured parking. Their plan is to not have structured parking but to have surface parking three blocks south at the existing municipal court site to fulfill the parking needs of the new courthouse. After learning that, she and the DBA Board have been strongly advocating through City leadership for a different solution. A possible solution is perhaps going into a shared garage just north of the courthouse near the redevelopment of the catholic school project which will have a garage associated with it. It is early enough in that design stage to have more structured parking.

The conversation is if there is an opportunity for the City to have dedicated courthouse parking in that garage to almost fulfill the promise of the Prop 412 with about 150 spaces and is there the potential for Park Flag to possibly purchase the old municipal courthouse site for true parking. There is interest from the City and the developers, they have met last week and there seems to be agreement to move forward with investigating the possibilities. It is promising, but it will not happen without daily reminders to City leadership. Continued pressure in the sense that DBA and FDBIRD are partners and trying to get to a solution.

Member VanLandingham indicated that up to this point, Ms. Madeksza has been doing most of the heavy lifting with advocating that the City be accountable for their commitment to parking. For consideration of the Board is a letter to the City regarding parking. It is time for the Board to say something publicly to the City. Five years ago, when the District was formed, it was formed based on parking and advocacy. The way to resolve that is to manage parking and provide additional supply. The City was on board with that and now there will be a generational building that will not have adequate parking, structured parking, and the parking that does exist is three blocks away.

Ms. Madeksza stated that there is language in the letter that talks about the broader community voting on the issue and it was something desired by the entire community. There are other ways to engage the broader community and invite people to help with this issue. Right now, they are seeing some movement from the City in a positive way. And now is the time that the DBA and FDBIRD formally say that they are watching.

Parking is for downtown customers, it is an economic development tool and the structure is needed for the future of downtown. She is proposing a letter on behalf of the FDBIRD Board and DBA stating their position, and she is asking Board members to contact the Council asking for the leadership and pressure on leadership to see this through and make it happen. As long as there is movement towards a good solution, she would like to follow that approach before going any bigger.

Chairman Stilley asked if there is resistance at the City from the cost perspective. Ms. Madeksza stated that she thinks it was something that they did not look at and they went for the easiest

approach of building the courthouse first. It was the easiest solution for them but not in the best interest of downtown.

Chairman Stillely indicated that there is opportunity to acquire the lot so that there is not another outside partner. There is concern that the City committed to 200 structured parking spaces and now they are contemplating surface lots, and if there are not 200 spaces there should then be some offset in the cost of the lot or accommodations for the City not meeting their obligation.

Ms. Kjellgren stated that there is a lot of discussion about contract negotiations and she reminded the Board that they have the ability to go into an Executive Session regarding legal advice and property negotiations.

Ms. Madeksza provided a copy of a draft letter for consideration.

Member VanLandingham offered appreciation to Ms. Madeksza for the work she is doing on behalf of the District. Forming the District has given her a seat at the table to advocate for downtown and make sure things are going in a positive direction.

Ms. Madeksza stated that the City was planning to build the new courthouse, put surface parking in and then go through the charrette process and invite the community to give information on what they want to see on the lot. The DBA was able to say that there needed to be a vision of the whole downtown and not just a piecemeal of various sites. The City is now looking to the DBA to lead a visioning process for the downtown. They are in the process of negotiating who the financial partners are and she is happy to keep the Board updated on their progress. It is exciting to be able to actually influence what is happening with the downtown and it is a strong statement that helps position FDBIRD and DBA in the community.

There was discussion about possible edits to the draft letter. Ms. Madeksza asked that suggestions be sent to her via email.

7. Consideration of a letter to Coconino County regarding continued investment.

Ms. Madeksza stated that the letter to Coconino County has not been drafted yet. The County is planning to relocate out of downtown to a location on King Street. They will be moving the assessor, recorder and other offices out of downtown; they will be moving other departments into downtown, but it leads to an opportunity to ask the County what they are going to do to show their continued support and investment in downtown. There is going to be redevelopment of their existing property, maybe it is a financial contribution of vision or a shared parking structure, or some other opportunity. Her suggestion is a letter to the County similar to City stating that FDBIRD wants their commitment and investment of downtown.

Member VanLandingham indicated that the information presented by the County was that the move out of downtown was largely due to parking. It is an opportunity for the Board to discuss the acceleration of their plans and understand what their intention is.

Vice Chairwoman Kinne-Herman offered that since the FDBIRD are partners with the County in the District, approaching them from a partnership perspective is very important. The County has made that commitment by paying the tax for the District and we want to work with them.

The Board agreed that Ms. Madeksza should draft the letter and send it out to the County.

8. PUBLIC PARTICIPATION

Public Participation enables the public to address the Board about an item that is not on the agenda. Comments relating to items that are on the agenda will be taken at the time that the item is discussed.

Member VanLandingham noted that it is Ms. Madeksza's four-year anniversary and the DBA is working on her performance evaluation. If there are any comments or feedback any Board members would like to provide, please provide them to him offline.

Ms. Madeksza gave an update on the public infrastructure project. Due to weather the site walk was rescheduled for February 28th. All the pieces are in place and ready for installation. Kinney Construction Services will be doing the work and the impact to the public will be minor. Not all ten bike racks will be done at one time but two or three should be installed within a month.

9. Informational Items and Reports To and From Board and Staff

None

10. Adjournment

Special Meeting of February 26, 2019 adjourned at 10:54 a.m.

DRAFT



Flagstaff Downtown Business Improvement

Dear Board of Directors:

I have prepared the accompanying balance sheet of Flagstaff Downtown Business Improvement (a not for profit organization) as of November 30, 2018, as well as a Budget to Actual Income Statement and General Ledger in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. I have not audited, reviewed or compiled the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with U.S. generally accepted accounting principles.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with U.S. generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the organization's assets, liabilities, net assets, revenue, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Johanna Klomann, CPA
January 7, 2019

2:25 PM

01/07/19

Accrual Basis

FDBIRD
Balance Sheet
As of November 30, 2018

	<u>Nov 30, 18</u>
ASSETS	
Current Assets	
Checking/Savings	
BBVA Checking	7,777.92
BBVA Money Mkt	84,878.17
Total Checking/Savings	<u>92,656.09</u>
Total Current Assets	<u>92,656.09</u>
TOTAL ASSETS	<u>92,656.09</u>
LIABILITIES & EQUITY	
Equity	
Unrestricted Net Assets	94,124.34
Net Income	-1,468.25
Total Equity	<u>92,656.09</u>
TOTAL LIABILITIES & EQUITY	<u>92,656.09</u>

FDBIRD
Budget to Actual Income Statement
 July through November 2018

	Jul - Nov 18	Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
BID Prop. Tax Assess. May	76,190.25	75,265.00	925.25
BID Prop. Tax Assess. Nov.	0.00	75,265.00	-75,265.00
Carry Forwards	0.00	83,991.00	-83,991.00
City of Flagstaff	9,422.00	9,422.00	0.00
Coconino County	0.00	25,350.00	-25,350.00
Interest Earned	404.16	120.00	284.16
Total Income	86,016.41	269,413.00	-183,396.59
Expense			
Contingency	0.00	34,000.00	-34,000.00
Management	79,250.00	158,500.00	-79,250.00
Overhead			
Advertising	0.00	600.00	-600.00
Dues & Subscriptions	0.00	450.00	-450.00
Insurance	1,492.00	1,800.00	-308.00
Total Overhead	1,492.00	2,850.00	-1,358.00
Professional Services			
Accounting (Audit & Tax)	4,500.00	5,400.00	-900.00
Bookkeeping	540.00	1,400.00	-860.00
Contract Clerk & Treasurer	1,260.00	3,300.00	-2,040.00
Legal Counsel	442.66	3,300.00	-2,857.34
Total Professional Services	6,742.66	13,400.00	-6,657.34
Total Expense	87,484.66	208,750.00	-121,265.34
Net Ordinary Income	-1,468.25	60,663.00	-62,131.25
Net Income	-1,468.25	60,663.00	-62,131.25

FDBIRD
General Ledger
As of November 30, 2018

Type	Date	Num	Adj	Name	Memo	Split	Debit	Credit	Balance
BBVA Checking									91,797.92
Check	11/05/2018	1108		Flagstaff DBA		Management		79,250.00	12,547.92
Check	11/13/2018	1109		Hinton Burdick		Accounting (Au...		4,500.00	8,047.92
Check	11/14/2018	1110		Johanna Klomann C...		Bookkeeping		270.00	7,777.92
Total BBVA Checking							0.00	84,020.00	7,777.92
BBVA Money Mkt									43,007.76
Deposit	11/01/2018				Interest	Interest Earned	110.41		43,118.17
Deposit	11/14/2018				Deposit	BID Prop. Tax ...	41,760.00		84,878.17
Total BBVA Money Mkt							41,870.41	0.00	84,878.17
Accounts Receivable									0.00
Total Accounts Receivable									0.00
Undeposited Funds									0.00
Total Undeposited Funds									0.00
Furniture and Equipment									0.00
Total Furniture and Equipment									0.00
Marketable Securities									0.00
Total Marketable Securities									0.00
Other Assets									0.00
Total Other Assets									0.00
Security Deposits Asset									0.00
Total Security Deposits Asset									0.00
Accounts Payable									0.00
Total Accounts Payable									0.00
Payroll Liabilities									0.00
Total Payroll Liabilities									0.00
Other Liabilities									0.00
Total Other Liabilities									0.00
Opening Balance Equity									0.00
Total Opening Balance Equity									0.00
Perm. Restricted Net Assets									0.00
Total Perm. Restricted Net Assets									0.00
Temp. Restricted Net Assets									0.00
Total Temp. Restricted Net Assets									0.00
Unrestricted Net Assets									-94,124.34
Total Unrestricted Net Assets									-94,124.34
BID Prop. Tax Assess. May									-34,430.25
Deposit	11/14/2018				Deposit	BBVA Money Mkt		41,760.00	-76,190.25
Total BID Prop. Tax Assess. May							0.00	41,760.00	-76,190.25
BID Prop. Tax Assess. Nov.									0.00
Total BID Prop. Tax Assess. Nov.									0.00
Carry Forwards									0.00
Total Carry Forwards									0.00
City of Flagstaff									-9,422.00
Total City of Flagstaff									-9,422.00
Coconino County									0.00
Total Coconino County									0.00
Events									0.00
Total Events									0.00
Grants									0.00
Total Grants									0.00
Interest Earned									-293.75
Deposit	11/01/2018				Interest	BBVA Money Mkt		110.41	-404.16
Total Interest Earned							0.00	110.41	-404.16
Other Contributions									0.00
City of Flagstaff IGA									0.00
Total City of Flagstaff IGA									0.00
One Time Infrastructure Project									0.00
Total One Time Infrastructure Project									0.00
Other Contributions - Other									0.00
Total Other Contributions - Other									0.00
Total Other Contributions									0.00
Sponsorships									0.00
Total Sponsorships									0.00

FDBIRD
General Ledger
As of November 30, 2018

Type	Date	Num	Adj	Name	Memo	Split	Debit	Credit	Balance
Contingency									0.00
Total Contingency									0.00
District Formation Expenses									0.00
Election Expenses									0.00
Total Election Expenses									0.00
One Time Infrastructure Project									0.00
Total One Time Infrastructure Project									0.00
District Formation Expenses - Other									0.00
Total District Formation Expenses - Other									0.00
Total District Formation Expenses									0.00
Management									0.00
Check	11/05/2018	1108		Flagstaff DBA		BBVA Checking	79,250.00		79,250.00
Total Management							79,250.00	0.00	79,250.00
Overhead									1,492.00
Advertising									0.00
Total Advertising									0.00
Dues & Subscriptions									0.00
Total Dues & Subscriptions									0.00
Insurance									1,492.00
Total Insurance									1,492.00
Overhead - Other									0.00
Total Overhead - Other									0.00
Total Overhead									1,492.00
Payroll Expenses									0.00
Total Payroll Expenses									0.00
Professional Services									1,972.66
Accounting (Audit & Tax)									0.00
Check	11/13/2018	1109		Hinton Burdick		BBVA Checking	4,500.00		4,500.00
Total Accounting (Audit & Tax)							4,500.00	0.00	4,500.00
Bookkeeping									270.00
Check	11/14/2018	1110		Johanna Klomann C...		BBVA Checking	270.00		540.00
Total Bookkeeping							270.00	0.00	540.00
Contract Clerk & Treasurer									1,260.00
Total Contract Clerk & Treasurer									1,260.00
Legal Counsel									442.66
Total Legal Counsel									442.66
Parking Development									0.00
Total Parking Development									0.00
Professional Services - Other									0.00
Total Professional Services - Other									0.00
Total Professional Services							4,770.00	0.00	6,742.66
Website									0.00
Total Website									0.00
Ask My Accountant									0.00
Total Ask My Accountant									0.00
No acct									0.00
Total no acct									0.00
TOTAL							125,890.41	125,890.41	0.00



Johanna Klomann, CPA, PLLC

ITEM 4-B

419 W Aspen Ave, Flagstaff, AZ 86001

(Office) [928-774-8995](tel:928-774-8995) (Fax) [866-706-1017](tel:866-706-1017) KlomannCPA.com

Flagstaff Downtown Business Improvement

Dear Board of Directors:

I have prepared the accompanying balance sheet of Flagstaff Downtown Business Improvement (a not for profit organization) as of December 31, 2018, as well as a Budget to Actual Income Statement and General Ledger in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. I have not audited, reviewed or compiled the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with U.S. generally accepted accounting principles.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with U.S. generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the organization's assets, liabilities, net assets, revenue, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Johanna Klomann, CPA
January 11, 2019

8:27 AM

01/11/19

Accrual Basis

FDBIRD
Balance Sheet
As of December 31, 2018

	<u>Dec 31, 18</u>
ASSETS	
Current Assets	
Checking/Savings	
BBVA Checking	7,252.92
BBVA Money Mkt	112,865.79
Total Checking/Savings	<u>120,118.71</u>
Total Current Assets	<u>120,118.71</u>
TOTAL ASSETS	<u>120,118.71</u>
LIABILITIES & EQUITY	
Equity	
Unrestricted Net Assets	94,124.34
Net Income	25,994.37
Total Equity	<u>120,118.71</u>
TOTAL LIABILITIES & EQUITY	<u>120,118.71</u>

FDBIRD
Budget to Actual Income Statement
 July through December 2018

	Jul - Dec 18	Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
BID Prop. Tax Assess. May	76,190.25	75,265.00	925.25
BID Prop. Tax Assess. Nov.	27,919.01	75,265.00	-47,345.99
Carry Forwards	0.00	83,991.00	-83,991.00
City of Flagstaff	9,422.00	9,422.00	0.00
Coconino County	0.00	25,350.00	-25,350.00
Interest Earned	472.77	120.00	352.77
Total Income	114,004.03	269,413.00	-155,408.97
Expense			
Contingency	0.00	34,000.00	-34,000.00
Management	79,250.00	158,500.00	-79,250.00
Overhead			
Advertising	0.00	600.00	-600.00
Dues & Subscriptions	0.00	450.00	-450.00
Insurance	1,492.00	1,800.00	-308.00
Total Overhead	1,492.00	2,850.00	-1,358.00
Professional Services			
Accounting (Audit & Tax)	4,500.00	5,400.00	-900.00
Bookkeeping	540.00	1,400.00	-860.00
Contract Clerk & Treasurer	1,785.00	3,300.00	-1,515.00
Legal Counsel	442.66	3,300.00	-2,857.34
Total Professional Services	7,267.66	13,400.00	-6,132.34
Total Expense	88,009.66	208,750.00	-120,740.34
Net Ordinary Income	25,994.37	60,663.00	-34,668.63
Net Income	25,994.37	60,663.00	-34,668.63

FDBIRD
General Ledger
As of December 31, 2018

Type	Date	Num	Adj	Name	Memo	Split	Debit	Credit	Balance
BBVA Checking									7,777.92
Check	12/17/2018	1111		Stacy Salzburg		Contract Clerk ...		525.00	7,252.92
Total BBVA Checking							0.00	525.00	7,252.92
BBVA Money Mkt									84,878.17
Deposit	12/03/2018				Interest	Interest Earned	68.61		84,946.78
Deposit	12/14/2018				Deposit	BID Prop. Tax ...	27,919.01		112,865.79
Total BBVA Money Mkt							27,987.62	0.00	112,865.79
Accounts Receivable									0.00
Total Accounts Receivable									0.00
Undeposited Funds									0.00
Total Undeposited Funds									0.00
Furniture and Equipment									0.00
Total Furniture and Equipment									0.00
Marketable Securities									0.00
Total Marketable Securities									0.00
Other Assets									0.00
Total Other Assets									0.00
Security Deposits Asset									0.00
Total Security Deposits Asset									0.00
Accounts Payable									0.00
Total Accounts Payable									0.00
Payroll Liabilities									0.00
Total Payroll Liabilities									0.00
Other Liabilities									0.00
Total Other Liabilities									0.00
Opening Balance Equity									0.00
Total Opening Balance Equity									0.00
Perm. Restricted Net Assets									0.00
Total Perm. Restricted Net Assets									0.00
Temp. Restricted Net Assets									0.00
Total Temp. Restricted Net Assets									0.00
Unrestricted Net Assets									-94,124.34
Total Unrestricted Net Assets									-94,124.34
BID Prop. Tax Assess. May									-76,190.25
Total BID Prop. Tax Assess. May									-76,190.25
BID Prop. Tax Assess. Nov.									0.00
Deposit	12/14/2018				Deposit	BBVA Money Mkt		27,919.01	-27,919.01
Total BID Prop. Tax Assess. Nov.							0.00	27,919.01	-27,919.01
Carry Forwards									0.00
Total Carry Forwards									0.00
City of Flagstaff									-9,422.00
Total City of Flagstaff									-9,422.00
Coconino County									0.00
Total Coconino County									0.00
Events									0.00
Total Events									0.00
Grants									0.00
Total Grants									0.00
Interest Earned									-404.16
Deposit	12/03/2018				Interest	BBVA Money Mkt		68.61	-472.77
Total Interest Earned							0.00	68.61	-472.77
Other Contributions									0.00
City of Flagstaff IGA									0.00
Total City of Flagstaff IGA									0.00
One Time Infrastructure Project									0.00
Total One Time Infrastructure Project									0.00
Other Contributions - Other									0.00
Total Other Contributions - Other									0.00
Total Other Contributions									0.00
Sponsorships									0.00
Total Sponsorships									0.00
Contingency									0.00
Total Contingency									0.00

FDBIRD
General Ledger
As of December 31, 2018

Type	Date	Num	Adj	Name	Memo	Split	Debit	Credit	Balance
District Formation Expenses									0.00
Election Expenses									0.00
Total Election Expenses									0.00
One Time Infrastructure Project									0.00
Total One Time Infrastructure Project									0.00
District Formation Expenses - Other									0.00
Total District Formation Expenses - Other									0.00
Total District Formation Expenses									0.00
Management									79,250.00
Total Management									79,250.00
Overhead									1,492.00
Advertising									0.00
Total Advertising									0.00
Dues & Subscriptions									0.00
Total Dues & Subscriptions									0.00
Insurance									1,492.00
Total Insurance									1,492.00
Overhead - Other									0.00
Total Overhead - Other									0.00
Total Overhead									1,492.00
Payroll Expenses									0.00
Total Payroll Expenses									0.00
Professional Services									6,742.66
Accounting (Audit & Tax)									4,500.00
Total Accounting (Audit & Tax)									4,500.00
Bookkeeping									540.00
Total Bookkeeping									540.00
Contract Clerk & Treasurer									1,260.00
Check	12/17/2018	1111		Stacy Salzburg		BBVA Checking	525.00		1,785.00
Total Contract Clerk & Treasurer							525.00	0.00	1,785.00
Legal Counsel									442.66
Total Legal Counsel									442.66
Parking Development									0.00
Total Parking Development									0.00
Professional Services - Other									0.00
Total Professional Services - Other									0.00
Total Professional Services							525.00	0.00	7,267.66
Website									0.00
Total Website									0.00
Ask My Accountant									0.00
Total Ask My Accountant									0.00
No acctnt									0.00
Total no acctnt									0.00
TOTAL							28,512.62	28,512.62	0.00

**HINTONBURDICK**
CPAs & ADVISORS

March 12, 2019

Flagstaff Downtown Business Improvement
and Revitalization District
P.O. Box 1546
Flagstaff, AZ 86002

We are pleased to confirm our understanding of the services we are to provide Flagstaff Downtown Business Improvement and Revitalization District for the year ended June 30, 2019. We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of Flagstaff Downtown Business Improvement and Revitalization District as of and for the year ended June 30, 2019. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Flagstaff Downtown Business Improvement and Revitalization District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Flagstaff Downtown Business Improvement and Revitalization District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Budgetary Comparison Schedules

We have also been engaged to report on supplementary information other than RSI that accompanies Flagstaff Downtown Business Improvement and Revitalization District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a separate written report accompanying our auditor's report on the financial statements OR in a report combined with our auditor's report on the financial statements:

- 1) Schedule of Expenditures of Federal Awards

Our responsibility for other information included in documents containing the entity's audited financial statements and auditor's report, if applicable, does not extend beyond the financial information identified in the report. We have no responsibility for determining whether such other information contained in these documents is properly stated.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on—



- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Board of Flagstaff Downtown Business Improvement and Revitalization District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our

responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Flagstaff Downtown Business Improvement and Revitalization District's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of Flagstaff Downtown Business Improvement and Revitalization District's major programs. The purpose of these procedures will be to express an opinion on Flagstaff Downtown Business Improvement and Revitalization District's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Other Services

We will also assist in preparing the financial statements and related notes of Flagstaff Downtown Business Improvement and Revitalization District in conformity with U.S. generally accepted accounting principles and the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services

are limited to the financial statements and related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for (1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review by the time we begin our audit.

With regard to including the auditor's report in an exempt offering document, you agree that the aforementioned auditor's report, or reference to HintonBurdick, PLLC, will not be included in any such offering document without our prior permission or consent. Any agreement to perform work in connection with an exempt offering document, including an agreement to provide permission or consent, will be a separate engagement.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes

and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to [include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon OR make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon]. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all schedules we normally request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide copies of our reports to Flagstaff Downtown Business Improvement and Revitalization District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of HintonBurdick, PLLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the cognizant or oversight agency for the audit or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of HintonBurdick, PLLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by the cognizant agency, oversight agency for audit, or pass-through entity. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately June 15, 2019 and to issue our reports no later than September 30, 2019. R. McKay Hall, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our price for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$5,650. If applicable, our fee for single audit will not exceed \$2,800. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit.

The above fee is based on anticipated cooperation from your personnel, timely receipt of information, and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If, for whatever reason, your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

If requested or required, fees for additional accounting, consultation and any other non-audit services will be billed separately and will be dependent on the level of service provided. If our fees for these services will be significantly more than in prior years, we will discuss the situation with you before we proceed.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. Interim billings may be submitted as work progresses and expenses are incurred. In the event any statement or invoice rendered by us to you is not paid within thirty (30) days of the date of the invoice, a late charge shall be accrued on the unpaid balance at the rate of 1.5 percent per month until paid. If billings are not paid within thirty (30) days of the invoice date, at our election, we may stop all work until your account is brought current or we may withdraw from this engagement. You acknowledge and agree that we are not required to continue work in the event of your failure to pay on a timely basis for services rendered as required by this engagement letter. You further acknowledge and agree that in the event we stop work or withdraw

from this engagement we shall not be liable to you for any damages that occur as a result of our ceasing to render services.

Our liability as auditors shall be limited to the period covered by our audit and shall not extend to periods for which we are not engaged as auditors.

It is our policy to keep work papers related to this engagement for seven (7) years. Upon the expiration of the seven (7) year period, you agree that we shall be free to destroy our work papers. When records are returned to you, it is your responsibility to retain and protect your records for possible future uses, including potential examination by governmental or regulatory agencies.

In the event of any dispute, claim, question, or disagreement arising from or relating to this Agreement or the breach thereof, the parties hereto shall use their best efforts to settle the dispute, claim, question, or disagreement. To this effect, they shall consult and negotiate with each other in good faith and recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to both parties. If the dispute cannot be settled through direct discussions, the parties agree to endeavor first to settle the dispute in an amicable manner by mediation administered by the American Arbitration Association under its Commercial Mediation Rules before resorting to other legal remedies. If the parties are unable to resolve the dispute through mediation within sixty (60) days from the date notice is first given, then they may proceed to resolve the matter by arbitration. Such arbitration shall be binding and final. Any dispute over fees will be submitted for resolution by arbitration in accordance with the rules of the American Arbitration Association. In agreeing to arbitration both parties acknowledge that, in the event of a dispute each party is giving up the right to have the dispute decided in a court of law before a judge or jury and instead are accepting the use of arbitration for resolution. Costs of any mediation proceeding shall be shared equally by all parties. The prevailing party in the arbitration shall be entitled to an award of reasonable attorney's fees and costs incurred in connection with the application of the dispute in an amount to be determined by the arbitrator.

We appreciate the opportunity to be of service to Flagstaff Downtown Business Improvement and Revitalization District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



R. McKay Hall, CPA
HintonBurdick, PLLC

RESPONSE:

This letter correctly sets forth the understanding of Flagstaff Downtown Business Improvement and Revitalization District.

Management Signature (required): _____

Title: _____

Governance Signature (optional): _____

Title: _____