

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

Tuesday, June 9, 2020 – 10:00 AM

To reduce the spread of COVID-19 and protect the safety of district members and the public, in person attendance at the district meeting has been suspended until further notice.

The public and the board members may access the online meeting via Zoom Video Conference at:

<https://us02web.zoom.us/j/82081258328?pwd=cjkxSUlpdENKYys3LzV5eHhnSTcyQT09>

Meeting ID: 820 8125 8328

Password: 130014

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 Regular Board Meeting of May 26, 2020
4. Consideration of Resolution No. 2020-02: A Resolution of the District Board of the Flagstaff Downtown Business Improvement and Revitalization District of Flagstaff adopting the budget for Fiscal Year 2020-2021
5. Contract for review of Financial Statement for FY2020
6. FDBA Director Report
7. 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.

8. 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

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

Tuesday, May 26, 2020 – 10:00 AM

To reduce the spread of COVID-19 and protect the safety of district members and the public, in person attendance at the district meeting has been suspended until further notice.

The public and the board members may access the online meeting via Zoom Video Conference at:

<https://us02web.zoom.us/j/83574412021?pwd=UUIGRFNoSzVKZU5rNEJkdUxidTNwdz09>

Meeting ID: 835 7441 2021

Password: 327030

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 David Stilley called the Regular Meeting of May 26, 2020 to order at 10:03 a.m.

2. Roll Call

MEMBERS PRESENT:

Chairman David Stilley (virtually)
Vice Chairwoman Karen Kinne-Herman (virtually)
Member Steve Chatinsky (virtually)
Member Jerry McLaughlin (virtually)
Member John VanLandingham (virtually)

MEMBERS ABSENT:

Others present: District Attorney Ashley DeBoard; District Treasurer Brandi Suda; District Clerk Stacy Saltzburg; FDBA Director Terry Madeksza

3. Approval of Minutes of the Regular Board Meeting of April 14, 2020

Vice Chairwoman Karen Kinne-Herman moved to approve the minutes of April 14, 2020; seconded by Chairman David Stilley; passed unanimously.

4. Consideration of Resolution No. 2020-01: A resolution of the District Board of the Flagstaff Downtown Business Improvement and Revitalization District (District) adopting the tentative estimates of the amounts required for the public expense for the District for the Fiscal Year 2020-2021; adopting a tentative budget; setting forth the receipts and expenditures; the amount proposed to be raised by District Property Taxation; and giving notice of the time for hearing taxpayers

Ms. Suda reported that the resolution is to approve the tentative budget for the District. The approval of the tentative budget sets forth the process to finalize the budget and the adoption of the tentative budget has the effect of establishing an amount that cannot be exceeded in the final

adoption of the budget. The adoption of the tentative budget sets into motion a legally mandated time sequence of actions to which the District must adhere to adopt a final budget and to levy property taxes.

In two weeks, the final budget will be presented for adoption and two weeks following that the property tax will be presented for adoption. The total budget is just over \$220,000 which includes a flat tax revenue which collects just over \$155,000 in tax assessments.

Chairman David Stilley moved to read Resolution No. 2020-01 by title only; seconded by Member John VanLandingham; passed unanimously.

A RESOLUTION OF THE DISTRICT BOARD OF THE FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT AND REVITALIZATION DISTRICT (DISTRICT) ADOPTING THE TENTATIVE ESTIMATES OF THE AMOUNTS REQUIRED FOR THE PUBLIC EXPENSE FOR THE DISTRICT FOR THE FISCAL YEAR 2020-2021; ADOPTING A TENTATIVE BUDGET; SETTING FORTH THE RECEIPTS AND EXPENDITURES; THE AMOUNT PROPOSED TO BE RAISED BY DISTRICT PROPERTY TAXATION; AND GIVING NOTICE OF THE TIME FOR HEARING TAXPAYERS

Member John VanLandingham moved to adopt Resolution No. 2020-01; seconded by Member Steve Chatinsky; passed unanimously.

5. FDBA Director Report

Ms. Madeksza reported that the DBA continues to be the resource that communicates to all downtown businesses. They have shifted their focus from general information to providing resources about federal funding opportunities for businesses. They are communicating about businesses resuming operations and providing information to the public about what is open and at what capacities.

Some of the efforts that the DBA is involved in has included looking at best practices across the country. Many communities are asking for street closures to better provide people the ability to be physically distanced while in downtown through more space on the sidewalks and into the street. Street closures have also been beneficial for restaurants because it allows them the ability to set up outside to increase the number of people they can safely serve. The DBA is currently working with the City to develop a way to set up street closures to encourage people to come into the area and feel safe.

The DBA is also working with the City to have flowers downtown throughout the summer. There will be 11 light poles that will have double hanging flower baskets starting in mid-June. This is a pilot program and the maintenance will be provided by the City. A pollinator garden is also being planned for the planter in Heritage Square that will be funded and maintained by the City.

The Clean Team continues to work and do a great job throughout downtown. They are picking up litter and they are cleaning and disinfecting the trash cans, benches, and railings. Power washing sidewalks has also been added to their schedule.

Ms. Madeksza further reported that the coming weekend would have been the first Movies on the Square for the summer. The DBA is working to move Movies on the Square to a drive-in type set up. They plan to kick this off on the first Saturday in June and each following Saturday through the summer. The plan is to utilize the Coconino County lot at Cherry and Leroux for the event. The set up includes a larger screen and provides sound directly to each vehicle through a specific radio station. Movie goers are being asked to sign up in advance for the event to prevent the lot from becoming overwhelmed with too many vehicles. It will be a ticketed event but will remain

free. They are working with the businesses to develop box dinner options so people can order a meal in advance to pick up and enjoy during the movie. Sponsors for the event are welcomed and appreciated.

The Downtown Vision process has continued to move forward. There have been numerous one-on-one calls between the consultants and investors and business owners. The consultant is getting a good sense of Flagstaff, including parking and possible solutions. There has been a lot of progress made, and the consultants are discussing the possibility of a visit mid-June. DBA is working on a reception to welcome them and provide an opportunity for stakeholders to meet and interact with them in a safe format.

Ms. Madeksza indicated that she has been working with Mayor Evans and other downtown champions to develop a small business grant program. The goal is to raise \$200,000 and have a very short application process with a quick turnaround time to get some cash in the hands of small businesses that did not get other funding or resources related to the Covid-19 pandemic. They hope to launch the program in the coming week, and she will report more on it in the future.

Chairman Stilley offered that some downtown businesses are concerned about security and asked if there had been any discussion about utilizing staff to help walk areas and monitor activity. Ms. Madeksza stated that the Clean Team has been extra eyes and ears for the police to help monitor what is going on downtown. Their hours have been changed slightly, and they are coming in very early in the morning to do power washing. Those early morning hours are generally when they see nuisance behavior. They have also been working with the Police Department to have the officers covering downtown out of their cars and walking the areas.

Member McLaughlin asked about the proposed street closures and which streets were being considered for closure. Ms. Madeksza indicated that it is unknown at this point and it will depend on what the businesses are comfortable with. There have been initial discussions about Aspen and Leroux.

Member McLaughlin brought up concerns about restroom availability in the downtown area and suggested that with the street closures there should be portable restrooms and hand washing stations brought in. He also indicated that it would send a good message to people visiting downtown if the Clean Team would wear masks while working in the area. Ms. Madeksza indicated that the Team should be wearing face coverings and gloves consistently, so she will address that with them to make sure everyone is operating safely and setting an example for the public. Ms. Madeksza also indicated that with any street closure, there would be portable restrooms and hand washing stations brought in. She noted that the Heritage Square Alley restrooms have been opened and an extra restroom trailer has been placed at the library, so there are additional resources on the west side as well.

Vice Chairwoman Kinne-Herman indicated her support for hand washing stations downtown. She also asked how the soft opening of the businesses was going. Ms. Madeksza stated that it was very busy over the weekend and there were a lot of people up from the Valley. She has seen a hesitation and nervousness from businesses because many customers were not wearing masks. The City has developed messaging that is promoting Stay, Play, and Mask Responsibly, and they are working to get materials to the businesses for their promotion. There have been a range of different protocols put in place by businesses such as providing hand sanitizer and limiting the number of people being permitted in the business. She estimated that 75% of the businesses were open and anticipates about 90-95% will be open by the end of May.

Member VanLandingham added that the City also developed a restroom map, and he suggested that the businesses be provided with the map so they may display it in their windows. Consistent signage throughout downtown is helpful to visitors.

Member McLaughlin discussed his experience over the holiday weekend and shared that his business required patrons to wear a face mask and provided a hand washing station with the requirement to wash hands upon entrance. He indicated that the measures were generally well received, with particular appreciation for the hand washing station. He indicated that he would like to see more mask wearing requirements and that it is important that the community lead by example.

Member Chatinsky offered that his business remained locked and people were permitted in for certain needs only. They limit the number of people that can enter at one time, and the process is working well for them.

Member VanLandingham reported that his businesses had been closed since May 18, 2020 and patrons are now being permitted by appointment only through June 1, 2020. After June 1st there will be limited capacity and people will have to wear a mask while on property. They are hiring security and greeting staff who will provide information to people about the rules.

Member VanLandingham also offered that the City Council has put out a great video about wearing masks, and Discover Flagstaff has put out their information attached to the CDC guidelines that encourages responsible behaviors. Having willing businesses put that messaging up in their windows will send a good message to the public

6. 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.

There were no members of the public in attendance.

7. Adjournment

The Regular Meeting of the Flagstaff Downtown Business Improvement District of May 26, 2020 adjourned at 10:35 a.m.

David Stilley, Chairman

ATTEST:

Stacy Saltzburg, District Clerk

**FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT
AND REVITALIZATION DISTRICT OF FLAGSTAFF, ARIZONA**

RESOLUTION NO. 2020-02

A RESOLUTION OF THE DISTRICT BOARD OF THE FLAGSTAFF
DOWNTOWN BUSINESS IMPROVEMENT AND REVITALIZATION DISTRICT
OF FLAGSTAFF ADOPTING THE BUDGET FOR FISCAL YEAR 2020-2021

WHEREAS, in accordance with the provisions of A.R.S. Title 42, Chapter 17, Articles 1 – 5, the District Board did on May 26, 2020, make an estimate of the different amounts required to meet the public expenditures for the ensuing year, also an estimate of revenues from sources other than direct taxation, and the amount to be raised by taxation upon real property within the Flagstaff Downtown Business Improvement and Revitalization District (the “District”); and

WHEREAS, in accordance with said sections of said Title, and following due public notice, the District met on May 26, 2020, at which meeting any taxpayer was privileged to appear and be heard in favor of or against any of the proposed expenditures or tax levies; and

WHEREAS, it appears that publication has been duly made as required by law, of said estimates together with a notice that the District Board would meet on June 9, 2020, for the purpose of hearing taxpayers and making tax levies as set forth in said estimates.

**NOW, THEREFORE, BE IT RESOLVED BY THE DISTRICT BOARD OF THE FLAGSTAFF
DOWNTOWN BUSINESS IMPROVEMENT AND REVITALIZATION DISTRICT OF
FLAGSTAFF, ARIZONA AS FOLLOWS:**

That said estimates of revenues and expenditures shown on the accompanying schedules as now increased, reduced, or changed, are hereby adopted as the budget of the Flagstaff Downtown Business Improvement and Revitalization District for Fiscal Year 2020-2021.

PASSED by the District Board of the Flagstaff Downtown Business Improvement and Revitalization District this 9th day of June, 2020.

Chairman

ATTEST:

District Clerk

APPROVED AS TO FORM:

District Attorney

Exhibits:

- SCHEDULE A
- SCHEDULE B
- SCHEDULE C
- SCHEDULE D
- SCHEDULE E
- SCHEDULE F
- SCHEDULE G

OFFICIAL BUDGET FORMS

Flagstaff Downtown Business Improvement and Revitalization District

Fiscal Year 2021

Flagstaff Downtown Business Improvement and Revitalization District

TABLE OF CONTENTS

Fiscal Year 2021

[Resolution for the Adoption of the Budget](#)

[Schedule A—Summary Schedule of Estimated Revenues and Expenditures/Expenses](#)

[Schedule B—Tax Levy and Tax Rate Information](#)

[Schedule C—Revenues Other Than Property Taxes](#)

[Schedule D—Other Financing Sources/\(Uses\) and Interfund Transfers](#)

[Schedule E—Expenditures/Expenses by Fund](#)

[Schedule F—Expenditures/Expenses by Department \(as applicable\)](#)

[Schedule G—Full-Time Employees and Personnel Compensation](#)

**Flagstaff Downtown Business Improvement and Revitalization District
Summary Schedule of Estimated Revenues and Expenditures/Expenses
Fiscal Year 2021**

THE FINAL OPPORTUNITY FOR PUBLIC INPUT ON THE FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT AND REVITALIZATION DISTRICT BUDGET WILL OCCUR ON JUNE 9, 2020 AT 10:00 A.M. DUE TO THE COVID-19 PANDEMIC DISTRICT MEETINGS MAY BE HELD VIRTUALLY, PLEASE REFER TO THE POSTED AGENDA FOR HOW TO ATTEND THE MEETING AND SUBMIT COMMENTS

The budget may be reviewed at the City of Flagstaff City Hall in the City Clerk's Office, 211 W. Aspen Avenue, Flagstaff AZ 86001
or at the website: <http://downtownflagstaff.org>

Fiscal Year	S c h	FUNDS							
		General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Permanent Fund	Enterprise Funds Available	Internal Service Funds	Total All Funds
2020	E	1	0	227,500	0	0	0	0	227,500
2020	E	2	0	199,650	0	0	0	0	199,650
2021		3		100,363					100,363
2021	B	4	0						0
2021	B	5		155,934					155,934
2021	C	6	0	35,308	0	0	0	0	35,308
2021	D	7	0	0	0	0	0	0	0
2021	D	8	0	0	0	0	0	0	0
2021	D	9	0	0	0	0	0	0	0
2021	D	10	0	0	0	0	0	0	0
2021		11							
LESS:									0
									0
									0
									0
									0
2021		12	0	291,605	0	0	0	0	291,605
2021	E	13	0	220,050	0	0	0	0	220,050

EXPENDITURE LIMITATION COMPARISON

- 1 Budgeted expenditures/expenses
- 2 Add/subtract: estimated net reconciling items
- 3 Budgeted expenditures/expenses adjusted for reconciling items
- 4 Less: estimated exclusions
- 5 Amount subject to the expenditure limitation
- 6 EEC expenditure limitation

	2020	2021
1	\$ 227,500	\$ 220,050
2		
3	227,500	220,050
4		
5	\$ 227,500	\$ 220,050
6	n/a	n/a

The city/town does not levy property taxes and does not have special assessment districts for which property taxes are levied. Therefore, Schedule B has been omitted.

* Includes Expenditure/Expense Adjustments Approved in the current year from Schedule E.

** Includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.

*** Amounts on this line represent Fund Balance/Net Position amounts except for amounts not in spendable form (e.g., prepaids and inventories) or legally or contractually required to be maintained intact (e.g., principal of a permanent fund).

**Flagstaff Downtown Business Improvement and Revitalization District
Tax Levy and Tax Rate Information
Fiscal Year 2021**

	2020	2021
1. Maximum allowable primary property tax levy. A.R.S. §42-17051(A)	\$ _____	\$ _____
2. Amount received from primary property taxation in the current year in excess of the sum of that year's maximum allowable primary property tax levy. A.R.S. §42-17102(A)(18)	\$ _____	
3. Property tax levy amounts		
A. Primary property taxes	\$ _____	\$ _____
B. Secondary property taxes	155,934	155,934
C. Total property tax levy amounts	\$ 155,934	\$ 155,934
4. Property taxes collected*		
A. Primary property taxes		
(1) Current year's levy	\$ _____	
(2) Prior years' levies	_____	
(3) Total primary property taxes	\$ _____	
B. Secondary property taxes		
(1) Current year's levy	\$ 155,934	
(2) Prior years' levies	_____	
(3) Total secondary property taxes	\$ 155,934	
C. Total property taxes collected	\$ 155,934	
5. Property tax rates		
A. City/Town tax rate		
(1) Primary property tax rate	_____	_____
(2) Secondary property tax rate	1.6637	1.5795
(3) Total city/town tax rate	1.6637	1.5795
B. Special assessment district tax rates		
Secondary property tax rates - As of the date the proposed budget was prepared, the city/town was operating _____ special assessment districts for which secondary property taxes are levied. For information pertaining to these special assessment districts and their tax rates, please contact the city/town.		

* Includes actual property taxes collected as of the date the proposed budget was prepared, plus estimated property tax collections for the remainder of the fiscal year.

**Flagstaff Downtown Business Improvement and Revitalization District
Revenues Other Than Property Taxes
Fiscal Year 2021**

SOURCE OF REVENUES	ESTIMATED REVENUES 2020	ACTUAL REVENUES* 2020	ESTIMATED REVENUES 2021
SPECIAL REVENUE FUNDS			
Intergovernmental	\$ _____	\$ _____	\$ _____
Payment in Lieu of Taxes	35,617	35,617	35,158
Interest Income	500	500	150
	\$ 36,117	\$ 36,117	\$ 35,308
Total Special Revenue Funds	\$ 36,117	\$ 36,117	\$ 35,308
TOTAL ALL FUNDS	\$ 36,117	\$ 36,117	\$ 35,308

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

**Flagstaff Downtown Business Improvement and Revitalization District
Other Financing Sources/(Uses) and Interfund Transfers
Fiscal Year 2021**

FUND	OTHER FINANCING 2021		INTERFUND TRANSFERS 2021	
	SOURCES	(USES)	IN	(OUT)
SPECIAL REVENUE FUNDS				
None	\$ _____	\$ _____	\$ _____	\$ _____
Total Special Revenue Funds	\$ _____	\$ _____	\$ _____	\$ _____
TOTAL ALL FUNDS	\$ _____	\$ _____	\$ _____	\$ _____

**Flagstaff Downtown Business Improvement and Revitalization District
Expenditures/Expenses by Fund
Fiscal Year 2021**

FUND/DEPARTMENT	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2020	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2020	ACTUAL EXPENDITURES/ EXPENSES* 2020	BUDGETED EXPENDITURES/ EXPENSES 2021
SPECIAL REVENUE FUNDS				
Revitalization District	\$ 227,500	\$	\$ 199,650	\$ 220,050
Total Special Revenue Funds	\$ 227,500	\$	\$ 199,650	\$ 220,050
TOTAL ALL FUNDS	\$ 227,500	\$	\$ 199,650	\$ 220,050

* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

**Flagstaff Downtown Business Improvement and Revitalization District
Expenditures/Expenses by Department
Fiscal Year 2021**

DEPARTMENT/FUND	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2020	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2020	ACTUAL EXPENDITURES/ EXPENSES* 2020	BUDGETED EXPENDITURES/ EXPENSES 2021
Revitalization District				
Special Revenue Funds	\$ 227,500	\$	\$ 199,650	\$ 220,050
Department Total	\$ 227,500	\$	\$ 199,650	\$ 220,050

* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

**Flagstaff Downtown Business Improvement and Revitalization District
Full-Time Employees and Personnel Compensation
Fiscal Year 2021**

FUND	Full-Time Equivalent (FTE) 2021	Employee Salaries and Hourly Costs 2021	Retirement Costs 2021	Healthcare Costs 2021	Other Benefit Costs 2021	Total Estimated Personnel Compensation 2021
SPECIAL REVENUE FUNDS						
Downtown Revitalization	None	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Total Special Revenue Funds		\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
TOTAL ALL FUNDS		\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT & REVITALIZATION DISTRICT

PROPOSED BUDGET 07/01/2020 - 06/30/2021

	FY2019 Actuals	FY2020 Year End Estimate	Proposed FY2021 Budget	
REVENUE BUDGET				Notes
Property Owner Tax Assessments	\$ 150,531	\$ 155,934	\$ 155,934	a
Municipalities Payments in Lieu of Tax	34,772	35,617	35,158	b
Contribution/Grant	-	-	-	c
Interest Income	1,219	600	150	
Carryforward (Fund Balance)	94,538	107,862	100,363	
Total Income	\$ 281,060	\$ 300,013	\$ 291,605	
EXPENDITURE BUDGET				Notes
Management & Administration	\$ 158,500	\$ 176,500	\$ 176,500	d
Professional Services	13,206	10,500	10,700	e
Overhead	1,492	2,650	2,850	f
One Time Infrastructure Project	-	10,000	-	g
Contingency	-	-	30,000	
Total Expenditures	\$ 173,198	\$ 199,650	\$ 220,050	
Balance	\$ 107,862	\$ 100,363	\$ 71,555	

NOTES

- a) Annual property tax assessment revenues
- b) Annual in lieu of tax assessments from City of Flagstaff and Coconino County
- c) Contribution from another government or grant
- d) Management Service contract
- e) Monthly bookkeeping, clerk & treasurer, required annual accounting audit, legal counsel
- f) Professional dues, insurance, bank fees, etc
- g) One time Infrastructure costs (cost of construction, installation etc)

FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT & REVITALIZATION DISTRICT

PROPOSED BUDGET

	FY2019 Actuals 07/01/18-06/30/19	FY2020 Budget 07/01/19-06/30/20	FY2020 Year End Estimate 07/01/19-06/30/20	Flat Revenue FY2021 Budget 07/01/20-06/30/21
INCOME				
BID Property Owner Tax Assessments	\$ 150,531	\$ 155,934	\$ 155,934	\$ 155,934
City of Flagstaff (in lieu of tax assessment) July	9,422	9,895	9,895	9,863
Coconino County (in lieu of tax assessment) July	25,350	25,722	25,722	25,295
Interest Income	1,219	500	600	150
Carry Forwards	94,538	106,798	107,862	100,363
Total Income	\$ 281,060	\$ 298,849	\$ 300,013	\$ 291,605
EXPENSES				
Management (Administration)	\$ 158,500	\$ 181,600	\$ 176,500	\$ 176,500
Overhead				
Dues/Subscriptions (e.g. International Downtown Association)	-	450	450	450
Insurance (property, liability, worker's comp.)	1,492	1,800	1,600	1,800
Advertising (newspaper)	-	600	600	600
Overhead	1,492	2,850	2,650	2,850
Professional Services				
Contract Clerk & Treasurer	3,256	3,500	3,500	3,500
Bookkeeping	622	1,400	1,200	1,200
Accounting (annual audit)	5,500	5,650	3,300	3,500
Legal Counsel (board meetings, issues, heritage square legal review)	3,828	2,500	2,500	2,500
Professional Services	13,206	13,050	10,500	10,700
One Time District Formation Related Expenses				
One Time Infrastructure Project	-	-	10,000	-
One Time District Formation Related Expenses	-	-	10,000	-
Contingency		30,000		30,000
Total Expenses	\$ 173,198	\$ 227,500	\$ 199,650	\$ 220,050
Net Income/Carry Forward	\$ 107,862	\$ 71,349	\$ 100,363	\$ 71,555
Minimum Fund Balance (25% of Ongoing Revenues)				\$ 47,811



June 3, 2020

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

We are pleased to confirm our acceptance and understanding of the services we are to provide for the year ended June 30, 2020.

You have requested that we prepare the financial statements of Flagstaff Downtown Business Improvement and Revitalization District, which comprise the governmental activities, each major fund, and the aggregate remaining fund information as of June 30, 2020, and the related notes to the financial statements, and perform a review engagement with respect to those financial statements.

In addition, required supplementary information will be presented with the financial statements. Such supplementary information is the responsibility of management. We will not audit or review the information.

Our Responsibilities

The objective of our engagement is to—

- 1) prepare financial statements in accordance with accounting principles generally accepted in the United States of America based on information provided by you, and
- 2) obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

We will conduct our review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA and comply with applicable professional standards, including the AICPA's *Code of Professional Conduct*, and its ethical principles of integrity, objectivity, professional competence, and due care, when preparing the financial statements and performing the review engagement.

A review engagement includes primarily applying analytical procedures to your financial data and making inquiries of management. A review engagement is substantially less in scope than an audit engagement, the objective of which is the expression of an opinion regarding the financial statements as a whole. A review engagement does not contemplate obtaining an understanding of the Company's internal control; assessing fraud risk; testing accounting records by obtaining sufficient appropriate audit evidence through inspection, observation, confirmation, or the examination of source documents; or other procedures ordinarily performed in an audit engagement. Accordingly, we will not express an opinion regarding the financial statements.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the District or noncompliance with laws and regulations. However, we will inform the appropriate level of management of any material errors and any evidence or information that comes to our attention during the performance of our review procedures that indicates fraud may have occurred. In addition, we will inform you of any evidence or information that comes to our attention during the performance of our review procedures regarding noncompliance with laws and regulations that may have occurred, unless they are clearly inconsequential. We have no responsibility to identify and communicate deficiencies or material weaknesses in your internal control as part of this engagement.

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 since performing those procedures or taking such action would impair our independence.

Your Responsibilities

The engagement to be performed is conducted on the basis that you acknowledge and understand that our role is to prepare financial statements in accordance with accounting principles generally accepted in the United States of America and to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements in order for the statements to be in accordance with accounting principles generally accepted in the United States of America. You have the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARS:

- 1) The selection of accounting principles generally accepted in the United States of America as the financial reporting framework to be applied in the preparation of the financial statements.
- 2) The preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in the United States of America and the inclusion of all informative disclosures that are appropriate for accounting principles generally accepted in the United States of America.
- 3) The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.
- 4) The prevention and detection of fraud.
- 5) To ensure that the District complies with the laws and regulations applicable to its activities.
- 6) The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement.
- 7) To provide us with—
 - access to all information of which you are aware is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - additional information that we may request from you for the purpose of the review engagement.
 - unrestricted access to persons within the District of whom we determine it necessary to make inquiries.
- 8) To provide us, at the conclusion of the engagement, with a letter that confirms certain representations made during the review.

You are also responsible for all management decisions and responsibilities and for designating an individual with suitable skills, knowledge, and experience to oversee our preparation of your financial statements. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

Our Report

We will issue a written report upon completion of our review of Company's financial statements. Our report will be addressed to the management of Flagstaff Downtown Business Improvement and Revitalization District. We cannot provide assurance that an unmodified accountant's review report will be issued. Circumstances may arise in which it is necessary for us to report known departures from accounting principles generally accepted in the United States of America, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. If, for any reason, we are unable to complete the review of your financial statements, we will not issue a report on such statements as a result of this engagement.

You agree to include our accountant's review report in any document containing financial statements that indicates that such financial statements have been reviewed by us and, prior to inclusion of the report, to obtain our permission to do so.

The required supplementary information accompanying the financial statements will be presented for purposes of additional analysis. Our report will state we did not audit or review the information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Other Relevant Information

R. McKay Hall, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

We estimate that our fees for these services will not exceed \$3,760 for the financial statement preparation and review.

The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the review. If at any time during this engagement any extraordinary matters come to our attention or the requirements of the engagement change, and an extension of our services beyond the normal scope appears to be necessary, we will immediately discuss the matter with you and obtain your verbal or written instructions to proceed before incurring further costs.

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 thirty (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 accountants shall be limited to the period covered by our review and shall not extend to periods for which we are not engaged as accountants.

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 you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you acknowledge and agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,



R. McKay Hall, CPA
HintonBurdick, PLLC

Acknowledged:
Flagstaff Downtown Business Improvement and Revitalization District

Title