

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

**Tuesday, June 23, 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/87538936216?pwd=M2lFdHJ1U1psb2lVU0JHQUdRb05qUT09>**

**Meeting ID: 875 3893**

**Password: 561963**

**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 and June 9, 2020
4. Public Hearing for 2020-2021 Final Budget and Property Tax Levy of Flagstaff Downtown Business Improvement and Revitalization District.
5. Convene Special Meeting
6. 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
7. Reconvene Regular Meeting
8. Consideration and Approval: Amendment Three to Hinton Burdick Agreement
9. FDBA Director Report
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

**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=cjkxSUIpdENKYys3LzV5eHhnSTcyQT09>**

**Meeting ID: 820 8125 8328**

**Password: 130014**

**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

Vice Chairwoman Kinne-Herman called the Regular Meeting of June 9, 2020 to order at 10:03 a.m.

2. Roll Call

**MEMBERS PRESENT:**

Vice Chairwoman Karen Kinne-Herman  
Member Jerry McLaughlin  
Member John VanLandingham

**MEMBERS ABSENT:**

Chairman David Stilley  
Member Steve Chatinsky

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

Ms. Saltzburg explained that there was an oversight on the posted agenda; a public hearing was scheduled to occur at this meeting however it was not appropriately agendized. The Board discussed the options available for postponing the meeting and determined that it would be prudent to re-advertise the public hearing for June 23, 2020 and the agenda for today would be carried over to that meeting.

**Member Jerry McLaughlin moved to continue the matters set on the June 9, 2020 agenda to the next regularly scheduled meeting of June 23, 2020; seconded by Member John VanLandingham; passed unanimously**

3. Approval of Minutes of the Regular Board Meeting of May 26, 2020

Item postponed to the June 23, 2020 meeting.

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

Item postponed to the June 23, 2020 meeting.

5. Contract for review of Financial Statement for FY2020

Item postponed to the June 23, 2020 meeting.

6. FDBA Director Report

Item postponed to the June 23, 2020 meeting.

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.*

There were no members of the public in attendance.

8. Adjournment

The Regular Meeting of the Flagstaff Downtown Business Improvement District of June 9, 2020 adjourned at 10:11 a.m.

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David Stilley, Chairman

ATTEST:

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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 23rd day of June, 2020.

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Chairman

ATTEST:

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District Clerk

APPROVED AS TO FORM:

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District Attorney

Exhibits:

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

**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 23, 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
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 <b>current year</b> 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) <b>Current</b> year's levy	\$ _____	
(2) Prior years' levies	_____	
(3) Total primary property taxes	\$ _____	
B. Secondary property taxes		
(1) <b>Current</b> 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
<b>SPECIAL REVENUE FUNDS</b>			
Intergovernmental	\$ _____	\$ _____	\$ _____
Payment in Lieu of Taxes	35,617	35,617	35,158
Interest Income	500	500	150
	\$ 36,117	\$ 36,117	\$ 35,308
<b>Total Special Revenue Funds</b>	\$ 36,117	\$ 36,117	\$ 35,308
<b>TOTAL ALL FUNDS</b>	\$ 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**

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

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

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

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

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

**AMENDMENT THREE**

**AGREEMENT FOR AUDIT SERVICES  
FLAGSTAFF DOWNTOWN BUSINESS  
IMPROVEMENT AND REVITALIZATION DISTRICT  
and  
HINTON BURDICK, PLLC**

This Amendment Three is made as of \_\_\_\_\_, 2020 to the Agreement for Audit Services (the "Agreement") made July 15, 2016 by and between the Flagstaff Downtown Business Improvement and Revitalization District ("District") and Hinton Burdick, PLLC ("Provider"), collectively referred to as the "Parties."

**RECITALS**

- A. The Parties wish to extend the duration of the Agreement pursuant to Section 9 of the Agreement and provide for compensation to Provider for one additional year of the Agreement.
- B. Pursuant to Section 8.9 of the Agreement, the Parties may modify the terms of the Agreement through a written amendment signed by duly authorized representatives of the Parties.

For the reasons recited above, the District and Provider agree to amend the Agreement as follows, with deleted text stricken and new text in uppercase and underlined:

**2. COMPENSATION OF PROVIDER**

Provider agrees to provide all of the Services for prices not to exceed the amounts set forth below:

JUNE 30, 2020  
FINANCIAL STATEMENT PREPARATION AND REVIEW \$3,760

**9. DURATION**

This Agreement shall become effective on and from the Effective Date, and shall continue in force until ~~four (4)~~ FIVE (5) years from the Effective Date unless sooner terminated as provided above. The District reserves the right to unilaterally extend the period of the Agreement for ninety (90) days beyond the stated termination date. In addition, by written amendments, the Agreement may be renewed for up to ~~three (3)~~ TWO (2) additional one (1) year terms.

Attached to this Amendment Three as Exhibit 1 is an engagement letter from Provider which sets forth terms specific to government auditing standards and other matters not addressed directly in the Agreement or this Amendment Three. In the event of an inconsistency or conflict between the Agreement or this Amendment Three and the attached Exhibit 1, the terms of the Agreement shall prevail, as stated in Section 3.5 of the Agreement.

Signed as of the date first written above by the duly authorized representatives of the Parties.

**Flagstaff Downtown Business  
Improvement and Revitalization  
District**

**Hinton Burdick, PLLC**

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David Stilley, Chair

  
By: R. McKay Hall  
Title: Audit Partner

Attest:

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District Clerk

Approved as to form:

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Attorney for the District

# Exhibit 1





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

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Title

# Exhibit 1



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

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Title