

**RESOLUTION NO. 2017-10**

**A RESOLUTION AUTHORIZING THE EXECUTION BY  
THE CHAIRMAN OF THE DISTRICT OF AN  
AGREEMENT BETWEEN THE DISTRICT AND THE  
ACCOUNTING FIRM OF GKC FOR ACCOUNTING  
SERVICES FOR THE DOWNTOWN COMMUNITY  
IMPROVEMENT DISTRICT**

WHEREAS, the Downtown Community Improvement District (the "District"), which was formed on February 7, 2011, by Ordinance No. 20866 (the "Ordinance") of the City Council of the City of Columbia, Missouri, is a political subdivision of the State of Missouri and is transacting business and exercising powers granted pursuant to the Community Improvement District Act, Sections 67.1401 through 67.1571, RSMo., as amended ("the Act"); and

WHEREAS, 67.1461.1 of the Act grants the board of directors (the "Board of Directors") of the District the authority to possess and exercise all of the District's legislative and executive powers; and

WHEREAS, GKC ("Gerding, Korte and Chitwood CPA's") submitted the proposal/agreement to provide professional accounting services attached hereto as Exhibit A; and

WHEREAS, the Board of Directors determined that GKC has best satisfied the criteria for selection of services under the District's competitive bidding policies and as set forth in the request for qualifications produced by the District with respect to the GKC Agreement, including that GKC has the specialized experience and technical competence with respect to the consulting services sought, the capacity and capability to perform the services in the time required, a history and record of past performance that is acceptable, and familiarity with governmental entities such as a community improvement district; and

WHEREAS, the Board of Directors desires to engage GKC to perform the accounting services for the District as described in the Agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DOWNTOWN COMMUNITY IMPROVEMENT DISTRICT AS FOLLOWS:

1. The Board of Directors hereby approves the GKC Agreement and the Chairman of the District is authorized to execute, and the Secretary is authorized to attest on behalf of the District, an agreement in substantially the form as the GKC Agreement attached hereto as Exhibit A.

2. This resolution shall be in full force and effect from and after its passage by the Board of Directors.

Passed this 10<sup>th</sup> day of January, 2017.

\_\_\_\_\_  
\_\_\_\_\_, Chairman of the Board of  
Directors

(SEAL)

Attest:

\_\_\_\_\_  
\_\_\_\_\_, Secretary of the Board of Directors

**EXHIBIT A  
TO RESOLUTION NO. 2017-10**

**GKC Agreement**



GERDING, KORTE & CHITWOOD CPAS  
Professional Corporation  
Certified Public Accountants

20 South Fifth Street  
Columbia, MO 65201  
(573) 449-1599  
Fax: (573) 443-8603  
www.gkccpas.com

Downtown Community Improvement District  
11 South Tenth Street  
Columbia MO 65201

We are pleased to serve you as your certified public accountants. Current requirements of our profession require that we formalize the arrangements and conditions of our engagement. The purpose of this letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide for Downtown Community Improvement District for the years ended September 30, 2017, 2018 and 2019.

We will prepare the financial statements of Downtown Community Improvement District, which comprise the annual and monthly statements of assets, liabilities, and net assets – cash basis and the related statements of revenues and expenses (budget to actual) – cash basis for the years ended September 30, 2017, 2018 and 2019, and perform a compilation engagement with respect to those financial statements. These financial statements will not include related notes to the financial statements ordinarily included in financial statements prepared in accordance with the cash basis of accounting.

PARTNERS

*Robert A. Gerding*  
*Fred W. Korte, Jr.*  
*Joseph E. Chitwood*  
*Travis W. Hundley*  
*Jeffrey A. Chitwood*  
*Amy L. Watson*  
*Heidi N. Ross*

### **Our Responsibilities**

The objective of our engagement is to –

1. Prepare financial statements in accordance with the cash basis of accounting based on information provided by you and
2. Apply accounting and financial reporting expertise to assist you in the presentation of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements in order for them to be in accordance with the cash basis of accounting.

We will conduct our compilation engagement in accordance with the Statements on Standards for Accounting and Review Services (SSARS) 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 performing the bookkeeping services, preparing the financial statements, and performing the compilation engagement.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion nor provide any assurance on the financial statements.

Our engagement cannot be relied upon to identify or disclose any financial misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations.

We will also perform the services listed below. We have indicated the frequency of the services that you expect us to provide:

Monthly – M      Annually – A      Quarterly – Q      As requested – R

We will perform the following bookkeeping services:

- (M) Post transactions to your general ledger
- (M) Reconcile bank statements
- ( ) Maintain employee earnings records
- (M) Record adjusting entries as needed
- (M) Prepare and update depreciation schedules
- ( ) Prepare trial balance of accounts receivable
- ( ) Prepare trial balance of accounts payable
- ( ) Other services (specify)

We will perform the following tax services:

- ( ) Federal and State Income Tax Returns
- ( ) Tax planning or consultations
- ( ) Federal and State Payroll Tax Returns
- ( ) State Sales Tax Reports
- ( ) Annual Employee Wage and Tax Statements (W-2's, W-3's)
- (A) 1099's (Interest, Dividends, Miscellaneous)
- ( ) Other tax services (specify)

The objective of our tax services portion of the engagement is to prepare the tax returns in accordance with Statements on Standards for Tax Services issued by the AICPA and comply with the AICPA's *Code of Professional Conduct*, including the ethical principles of integrity, objectivity, professional competence, and due care.

You may request that we perform additional services not contemplated by this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional service and the estimated fee. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

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.

### **Your Responsibilities Related to Compilation and Bookkeeping Services**

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 the cash basis of accounting and assist you in the presentation of the financial statements in accordance with the cash basis of accounting. You have the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARS.

1. The selection of the cash basis of accounting 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 the cash basis of accounting and the inclusion of a description of the cash basis of accounting.
3. The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements.
4. The prevention and detection of fraud.
5. To ensure that the Company 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 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 compilation engagement.
  - Unrestricted access to persons within the Company of whom we determine it necessary to make inquiries.

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

## **Your Responsibility Related to Retention of Records**

It will be your responsibility to retain and protect your records for possible future use, including possible examination by local, state, or federal tax or law enforcement authorities.

## **Our Report**

As part of our engagement, we will issue a report that will state that we did not audit or review the financial statements and that, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on them. If, for any reason, we are unable to complete the compilation of your financial statements, we will not issue a report on such statements as a result of this engagement.

We are not independent with respect to Downtown Community Improvement District. We will disclose that we are not independent in our compilation report.

Our report will disclose that the financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles general accepted in the United States of America.

You agree to include our accountant's compilation report in any document containing financial statements that indicates that we have performed a compilation engagement on such financial statements and, prior to the inclusion of the report, to ask our permission to do so.

## **Other Relevant Information**

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

Heidi N. Ross is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Fees for our services are based on the value of the services rendered, using the standard hourly rates in effect for each professional or paraprofessional assigned to the engagement. Out-of-pocket expenses, including computer processing charges, will be added to the invoice. Interim bills may be submitted at periodic dates to cover charges and expenses incurred. All bills for our professional services are payable upon presentation. If turned over for collection, you agree to reimburse us for all costs of collection, including reasonable attorney's fees.

It is agreed that should you bring an action against our firm, its shareholders, directors, officers, partners, or employees, your maximum recovery will be limited to the fees charged and actually paid to us for the particular engagement or segment of the engagement for which the action seeks recovery.

We require that the principal shareholder(s), member(s), or owner(s) of all our closely-held clients be personally responsible for any deficiency in payment of our fees by the Company.

It is agreed that this agreement for services may be terminated by either you or by our firm upon thirty days written notice.

We will, of course, advise you before undertaking any other professional services that would require changes in our fee arrangements.

If during the term of this agreement, you seek or are declared bankrupt by the U. S. Bankruptcy Court, you specifically agree to affirm and remain personally liable for all sums owed to our firm and to pay such amounts after the discharge of the bankruptcy.

Estimated fees in this engagement represent only a small fraction of the damages that you might suffer as a result of our failure to uncover a fraud or embezzlement within your company, even assuming that such irregularities were subject to discovery in accordance with the professional standards (SSARS) applicable to this engagement. Accordingly, our liability to you in such an event shall be no more than our aggregate fees received during the period in which our compilation engagement failed to discover such fraud.

### **Engagement Administration and Other Matters**

In the interest of facilitating services to the Company, we may communicate by facsimile transmission or send electronic mail over the internet. Such communications may include information that is confidential to the Company. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept that we have no control over the unauthorized interception of these communications once they have been sent and consent to our use of these electronic devices during this engagement.

It is our policy to retain engagement documentation for a period of seven years, after which time we will commence the process of destroying the contents of our engagement files. To the extent we accumulate any of your original records during the engagement, the documents will be returned to you promptly upon completion of the engagement. The balance of our engagement file, other than the financial statement, which we will provide to you at the conclusion of the engagement, is our property, and we will provide copies of such documents at our discretion and if compensated for any time and costs associated with the effort.

In the event we are required to respond to a subpoena, court order or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this engagement, you agree to compensate us at our standard hourly rates for the time we expend in connection with such response, and to reimburse us for all of our out-of-pocket costs incurred in that regard.



In the event that we become obligated to pay any judgment or similar award, agree to pay any amount in settlement, and/or incur any costs as a result of any inaccurate or incomplete information that you provide to us during the course of this engagement, you agree to indemnify us, defend us, and hold us harmless against such obligations, agreements, and/or costs.

You agree that any dispute that should arise under this agreement (including those with respect to the scope, nature and quality of services to be performed by us, and our fees) shall be submitted to mediation prior to resorting to litigation and that you will engage in the mediation process in good faith once a written request to mediate has been given by any party to the engagement. Any mediation initiated as a result of this engagement shall be administered within the County of Boone, State of Missouri, by the American Arbitration Association, according to its mediation rules, and any ensuing litigation shall be conducted within said county, according to Missouri law. The results of any such mediation shall be binding only upon agreement of each party to be bound. The costs of any mediation proceeding shall be shared equally by the participating parties. No suit or arbitration proceedings shall be commenced under this agreement until at least 60 days after the mediator's first meeting with the involved parties. In the event that the dispute is required to be litigated, the court shall be authorized to impose litigation costs against any non-prevailing party identified in this letter found not to have participated in the mediation process in good faith.

Any litigation arising out of this engagement, except actions by us to enforce payment of our professional invoices, must be filed within one year from the completion of the engagement, notwithstanding any statutory provision to the contrary. In the event of litigation brought against us, any judgment you obtain shall be limited in amount, and shall not exceed the amount of the fee charged by us, and paid by you, for the services set forth in this engagement letter.


If any of the above sections or clauses are held to be invalid for any reason, or declared to be null and void, all other sections and clauses of this agreement shall remain valid, will not be nullified, and are hereby further affirmed.

If the above terms are in accordance with your understanding with the terms of our engagement and are acceptable to you, please sign and date the duplicate copy of this letter and return it to us.

We very much appreciate the opportunity to serve you, and we would be pleased to discuss the contents of this letter and respond to any questions you may have.

Sincerely,

  
Gerding, Korte & Chitwood, PC, CPA's

By   
Shareholder

**Acknowledgment**

The services described in the foregoing letter are in accordance with our requirements and we understand the terms and conditions recited above.

Client

By \_\_\_\_\_  
Executive Director

Title, and as an individual

Date \_\_\_\_\_