

RESOLUTION NO. 2017-22

A RESOLUTION APPROVING THE BEARD AND ASSOCIATES REVIEW OF PROCEDURES REPORT

WHEREAS, the Board of Directors of the Downtown Community Improvement District (the "District") approved the Beard and Associates Review of Procedures Report.

WHEREAS, the Board of Directors of the District desires to approve the report attached hereto as Exhibit A.

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

1. The Board of Directors of the District hereby approves the Beard and Associates Review of Procedures Report.

PASSED this 13th day of June, 2017.

_____, Chairman of the Board
of Directors

Attest:

_____, Secretary of
the Board of Directors

EXHIBIT A
TO RESOLUTION NO. 2017-22
OF THE BOARD OF DIRECTORS OF THE
DOWNTOWN COMMUNITY IMPROVEMENT DISTRICT

Beard and Associates Review of Procedures Report

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

March 20, 2017

To the Board of Directors
Downtown Community Improvement District
Columbia, MO 65201

We have performed the procedures enumerated below, which were agreed to by Downtown Community Improvement District, solely to assist you with respect to a review of the financial accounting records of Downtown Community Improvement District as of and for the year ended September 30, 2016. Downtown Community Improvement District's management is responsible for the financial accounting records.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Downtown Community Improvement District. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

Our procedures and associated findings are as follows:

1. Cash

- a. Review bank statements and bank reconciliations along with certificates of deposit information at September 30, 2016, to determine that the proper cash balance was reported on the financial statements.

We noted no exceptions regarding the reporting of total cash.

- b. Determine whether proper collateral security was obtained on the bank accounts at September 30, 2016, if the total balance in the respective bank accounts exceeded the Federal Deposit Insurance Coverage (FDIC) maximum of \$250,000.

We noted no exceptions regarding obtaining collateral security on bank balances exceeding the FDIC limit.

- c. Review cash transactions from detail of accounting system for any unusual receipts or disbursements. Review for any possible misuse of cash during each year of the engagement period.

We noted no unusual receipts or disbursements or any misuse of cash.

- d. Select a test of 20 invoices from checks written during the review period to ensure proper documentation is attached and that proper reviews and approvals are indicated.

Our review of 20 invoices noted the following exceptions:

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APPLYING AGREED-UPON PROCEDURES
SOUTHERN BOONE LEARNING GARDEN (CONTINUED)**

Best practices for internal controls include a documented review and approval process that indicates who approved the invoice to be paid, the invoice be cancelled to avoid duplication of payment and how the invoice should be coded.

- Sixteen source documents had no indication of review or approval of transactions.
- Fifteen invoices did not have a notation for proper coding of transactions.

2. Property and Sales Tax Receipts

- a. Calculate tax revenue for each year and compare tax receipts for each year in the financial statements for reasonableness to ensure tax receipts were posted correctly.

Based on the assessed valuation and tax rate provided by Boone County, tax collections recorded in the financial statements appear reasonable. Our review of tax receipt entries in the financial statements noted the following exception:

- Property tax receipts received during the year ended September 30, 2016, and sales tax receipts received from May 1 through September 30, 2016, were posted to a liability account rather than posted as income in the fiscal year the payments were received.
- b. Confirm property tax receipts with the County Treasurer that were paid to the District during the review period and agree to the financial records, if necessary.

Our review of property tax receipts noted two deposits totaling \$155.77 included in deferred property tax revenue that were not paid by Boone County during the year ended September 30, 2016.

- c. Confirm sales tax receipts with the MO Department of Revenue that were paid to the District during the review period and agree to the financial records, if necessary.

We noted no exceptions of recording revenues for sales tax receipts.

3. Payroll

- a. Compare the total of the 941 wages reported to the total of salaries and wages on the financial statements.

We noted no exceptions regarding the reporting of salaries and wages on the financial statements.

- b. Review the District's policy on accrual of sick leave, vacation leave, and compensatory time and compare to the year-end payroll reports to determine that the policy has been adhered to.

Our review of year-end payroll reports noted the following exceptions:

- The District's personnel policy seems to contradict itself on methods of PTO accrual, anniversary dates, and how those items are to be tracked. In some places of the policy references are made to anniversary dates, other places references are made to monthly and annual accruals.
- The personnel policy states on page 21, "PTO begins to accrue upon the employee's start date and may be used as it is earned, beginning after 3 months of services." One new employee was paid PTO before the 3 month period.
- The personnel policy states on page 21 PTO accrues "according to the employee's anniversary date, and is credited to the employee at the end of each month." The District is not accruing PTO each month but instead credits each employee as of January 1 the maximum accrual hours based on a calendar year

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instead of anniversary year. Terminated employees potentially could have used more PTO hours than they accrued.

- According to page 21 of the personnel policy, employees may carry over up to 80 hours of PTO from one calendar year to the next. PTO balances are not being tracked on a monthly basis, so carry over amounts potentially are incorrect.

4. Board Meeting Minutes, Public Notices, and Agendas

- a. Select one third of the board meeting minutes during the review period and review the minutes and public notices / agendas for compliance with the Sunshine Law.

Our review of the board minutes and public notices / agendas noted the following exceptions:

- Downtown Community Improvement District does not have a written Sunshine Law policy as required by RSMo, Section 610.028.2.
- The public notices / agendas do not indicate the board meetings are open to the public.
- One month's public notice / agenda stated there would be a closed session. The notice did not reference the state statute of why they were going into a closed session as required by RSMo, Section 610.022.2.
- One month's board meeting minutes did not announce the state statute of why they were entering a closed session as required by RSMo, Section 610.022.2 nor was a roll-call vote taken to go into the closed session as required by RSMo, Section 610.022.1. The board minutes also did not note the board came out of the closed session before adjourning the meeting. Votes taken during the closed session were not made public within the time specified for certain requirements as specified in RSMo, Section 610.021.
- The four board minutes sampled did not include the time the board meeting began or adjourned as required by RSMo, Section 610.020.7.

- b. Review the sample board meeting minutes to determine that the Board is approving the financial statements and major expenditure items.

We noted no exceptions regarding the Board approving financial statements and major expenditure items.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the review of the financial accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Downtown Community Improvement District and is not intended to be and should not be used by anyone other than the specified party.

Beard-Boehmer & Associates, PC
Columbia, MO