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CITIZENS SUMMARY

Findings in the audit of the Black Mountain Community Improvement District

<p>Misappropriation of District Revenues</p>	<p>The Black Mountain Community Improvement District (CID), which was approved by the City of Van Buren to create a sales tax for the purpose of making public infrastructure improvements inside the district's boundaries, was instead used by its creators and former Board members to pay off private business debts and to improve private commercial property for resale. Also, documentation was not retained to support some payments made to companies owned by board members.</p>
<p>Noncompliance with State Law</p>	<p>The CID Board did not prepare or post meeting notices with agendas, meeting minutes were not always maintained, and the board has not adopted a written policy regarding public access to district records as required by state law. The CID Board did not enter into a written contract to support the agreement to reimburse \$135,000 in construction costs to a developer. The Board repeatedly failed to submit the required annual performance reports to the city and the state's Department of Economic Development as required by state law. The CID Board failed to submit its annual budgets for the years ended December 31, 2010 through December 31, 2017, to the city as required by state law. Also, district budgets did not contain all the elements required by state law.</p>

In the areas audited, the overall performance of this entity was **Poor**.*

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.



Recommendations in the audit of Black Mountain Community Improvement District

Misappropriation of District Revenues

The new CID Board work with law enforcement officials regarding criminal prosecution of the improper payments made for private business loans, private convenience store renovations, and Subway construction expenses, and take the necessary actions to seek restitution. In addition, supporting documentation should be obtained to support all district expenditures and ensure that expenditures do not violate state law and are a reasonable use of public funds.

Noncompliance With State Law

The new CID Board:

- 2.1 Ensure proper notification and agendas for public meetings are given, meeting minutes are prepared and maintained for all CID Board meetings, and develop written policies regarding procedures to obtain access to, or copies of, public records.
- 2.2 Ensure all contracts are in writing. Additionally, consult with legal counsel to determine if continuing to make payments pursuant to the verbal agreement is in the best interest of the district.
- 2.3 Ensure annual performance reports and annual financial reports are filed with the appropriate entities within the time frames established by state law.
- 2.4 Ensure compliance with state law by submitting the budgets timely to the city and including a budget message describing the important features of the budget and major changes from the preceding year along with a general budget summary in the district's budgets.