

DOWNTOWN MANISTEE

————— *michigan* —————

The Mission of the Manistee Downtown Development Authority is to foster the development and promotion of an identifiable and attractive downtown area that will strengthen business and a sense of community ownership.

Wednesday, January 8th, 2019 at 8 am
City Hall Council Chambers, 3rd Floor

1. Call to order – Chair
2. Approval of Agenda
3. Public comment. (Limit 5 minutes per person).
4. Election of Officers
 - a. Chairperson
5. Approval of December 11th, Meeting Minutes
6. Approval of the December Financial Report
7. Committee Reports
 - a. Economic Development -K. Goodman
 - b. Spark – V. Bergstrom
 - c. Business Development – V. Bergstrom
 - d. Design – B. Lind
8. Director’s Report
9. Old Business
 - a. Action: Consideration of the Manistee DDA and City of Manistee Service Agreement
 - b. Action: Consideration of the Manistee DDA and Chamber Economic Development Agreement
10. New Business
 - a. Action: Approval of a new 2020 Downtown Dollars Bank Account
 - b. Action: Approval to move forward with 2020 Victorian Sleighbell Parade & Old Christmas Weekend, Kendra Remai as event chair
 - c. Action: Approval for \$5000 for Sleighbell television production to market and promote Downtown Manistee/Sleighbell Parade
 - d. Action: Approval for budget amendment for \$1,000 out of the general fund for additional 248-902 Legal Fees
 - e. Discussion: Event Sponsorships requirements
 - f. Discussion: Accounting Form
11. Board Member comments
12. Public Comment. (Limit 5 minutes per person).

13. Adjournment

DOWNTOWN MANISTEE

————— michigan —————

The Mission of the Manistee Downtown Development Authority is to foster the development and promotion of an identifiable and attractive downtown area that will strengthen business and a sense of community ownership.

DRAFT COPY

Strategic Planning Meeting 2020

Wednesday, January 8th, 2020 9 am to 3:30pm

City of Manistee City Hall City Council Chambers, 3rd Floor

9:00 AM – 12:00PM	Consensus Building Workshop	MSU Extension
12:00 PM -12:45 PM	Lunch	
1:00 PM – 2:30 PM	Prioritizing Activities and Goals 2020	MSU Extension
3:00 PM	Your Board Binder – The tools moving forward	Caitlyn M Berard

Committee Reports reported by Executive Director:

- Project Rising Tide/Manistee Forward: Progress on Economic Development Worksheet from City of Manistee Economic Development
- TIF Committee: Please note City Council packet dates for the Development and TIF plan process. Special meetings may be needed in the next couple of months if needed actions are required in order to

Conferences and Trainings

- Leadership Day – December 19th

Administrative

- Pay Authorizations/deposits, invoicing, phone coordination, credit card communication
- 2020 Downtown Dollars Set up
- Attend and present at Merchant meeting – December 17th
- Revolving Loan Process and Checklists
- Development and TIF plan updates/adjustments, City Master Contract Edits and updates
- ED and Chamber contract conversations
- Strategic Planning Day and Binder
- Library Mileage Conversations
- Prepared for Special Board Meeting December 30th

Reporting PA 57

- Communication with State Treasury Department – Deadline December 31st
- Website updates
- Financial Annual Report
- TIF Plan and Contract
- Strategic Planning Board Packet

Fully Support Spark

- SBDC Presentation Training at the Vogue Theatre December 11th
- Spark Communication with SBDC and Brain Veine for our Video presentations
- Ramsdell Theatre negotiations
- Tour Set up Downtown

American Cleaners project

- Communicating for financial partnership on community-oriented projects
- Phase 1 and 2 new assessments
- Forwarded Environmental Plans and Site history

Support Design Committee Initiatives

- Example research on Capital Improvements Plan on water infrastructure

Support Project Rising Tide

- Communication on MEDC Façade Grant Application
- Communication on upcoming board training

Business Development Committee

- 2020 Spark Manistee



We wish you and your family a safe, happy and peaceful holiday season and extend our sincerest thanks for your support this year.

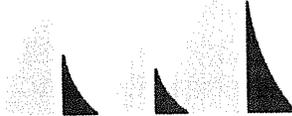
Scott Weesies

Jubana Berstein

Ryan Weesies

MAY THIS HOLIDAY SEASON
BRING YOU JOY.

*Joni
Angela*



WEST SHORE BANK

*Shirley
Janet
Dore*

WestShoreBank.com | 888.295.4373
Photo courtesy of ToddandBradReed.com

Manistee Downtown Development Authority Sponsored Events -- Draft

DRAFT MANISTEE DDA EVENT SPONSORSHIP REQUIREMENTS

Benefits of DDA Sponsorship of an Event

Benefits for an event to be DDA Sponsored include: liability insurance provided, event liquor license availability, accounting including payment of invoices, deposits for sponsorship and event proceeds, event liquor license application fees and DDA board approval of the state application (subject to state requirements for events). The DDA funds the event and keeps the event profits.

DDA Sponsorship Requirements

Manistee Downtown Development Authority events are planned and executed by the event committees. DDA staff responsibilities include the communication for invoices and deposits to the accountant and event liquor license. The responsibility of the work plan and event operations are the responsibilities of the event committees, not the DDA staff. An event qualifies to be a downtown development authority event and be advertised and promoted as such, if the following requirements are met without exception:

Event Requirement	Deadline	Other Conditions
1. Approved Work Plan -- A Work plan for the Event must be submitted with a cost estimate list of supplies, costs and advertising dollars included in the plan.	No later than February 28 each year.	<ul style="list-style-type: none"> • The format for the work plan must be followed. • Sample workplan documents are included. • The work plan must be completed with an estimate of the budget. • The completed work plan must be submitted to the DDA Executive Director by the February 28th deadline.
2. Date of the Event --The Event Date must be submitted with the work plan.	No later than February 28 each year.	<ul style="list-style-type: none"> • The date can <u>not</u> be changed once it is approved. • Approval is final once the annual budget has been approved by the DDA and the Manistee City Council. • The DDA annual calendar year begins in June through the end of May annually.
3. Approved Event Chair	No later than February 28 each year.	<ul style="list-style-type: none"> • The name of a volunteer event chair must be submitted with the work plan for the event sponsorship requirements to be met.
4. Volunteer Requirement -- Every event must have a volunteer committee chair and a minimum of 3 volunteer committee members. The Manistee Sleigh bell and Hops and Props must have a minimum of 5 volunteer committee members.	No later than February 28 each year.	<ul style="list-style-type: none"> • Should the volunteer event chair change after the event is approved, the new chair must be approved by the DDA. • Changes in the event chair should happen by exception and not occur often or the event will not be considered as a DDA event in future years. • The DDA Director is not responsible for the event and can only be used as an advisor; not the event chair. • The event chair will make every effort to manage the entire event. This includes but is not limited to developing a workplan, soliciting committee members, soliciting fliers and

Manistee Downtown Development Authority Sponsored Events -- Draft

Event Requirement	Deadline	Other Conditions
		collecting from sponsors. Every effort should be made to ensure that the event stays within the budget workplan guidelines.
5. Updated Work Plan - An updated work plan and list of key committee members must be completed by the chair prior to the event.	An updated plan must be submitted no later than 60 – 90 days prior to the event depending on the event date and the board meeting schedule.	<ul style="list-style-type: none"> Updated workplans must be submitted to the DDA Executive Director and approved by the Manistee DDA board at least 30 days prior to the event. This approval must be planned considering the DDA board annual meeting plan schedule.
6. Sponsorships - Sponsorships must cover most of the cost of the event whenever possible.	<ul style="list-style-type: none"> An event sponsor list submitted 90 prior to the event to the Executive Director. Sponsorships identified after 90 days should be communicated to the Executive Director in writing as soon as sponsorship details are finalized. 	<ul style="list-style-type: none"> The Sponsorship list must include the following: Name of the Sponsor, address of the sponsor, amount of the sponsorship, what portion of the event the sponsorship is for, and when to expect sponsorship checks Sponsor list and late sponsorships dollars must be submitted to the Executive Director within the 90-day deadline and then as soon as possible when the sponsorships have been finalized. The event chair can request that sponsor invoices be mailed the sponsor list is sent the ED. Collecting sponsorship dollars is the responsibility of the event chair, not the Executive Director. All sponsor checks must be submitted to the Executive Director following the DDA Accounting procedures with instructions on the Deposit & Payment Authorization Form.
7. Accounting – Invoices and change orders should be submitted by the event chair three weeks prior to the event to the Executive Director in order to ensure timely payment.	<ul style="list-style-type: none"> A list of vendors including name, address, phone number and key contact person should be submitted to the Executive Director three weeks before the event. An order for change needed for the event and any invoices must be submitted three weeks prior to the event to the Executive Director using the Pay Authorization form. Remaining invoices must be submitted within three weeks 	<ul style="list-style-type: none"> All efforts should be made to follow the Manistee Downtown Development Authority DDA Policy 002 including selection and payment of vendors. The event chair must follow DDA accounting procedures. Directions for processing payments or invoices are included on the Deposit & Payment Authorization form. Two weeks prior to the event and within two weeks after the event. The Volunteer Event Chairperson will be sent a final profit and loss statement to review by the Executive Director to note any payments or invoices that are not recorded. Any check requests shorter than the three week request will NOT receive special privilege for processing.

Manistee Downtown Development Authority Sponsored Events -- Draft

Event Requirement	Deadline	Other Conditions
	<p>after the event to the Executive Director using the Pay Authorization form.</p>	
<p>8. Event Debrief with Updated Work Plan – This debrief should be scheduled with committee members and may also include interested sponsors and vendors.</p>	<ul style="list-style-type: none"> • An event debrief should be held within two-weeks after the event. • A summary of recommended changes should be sent to the Executive Director and an updated work plan for the next year should be submitted within 30 days of the event. 	<ul style="list-style-type: none"> • The debrief should focus on what went well and what needs to be reevaluated for future events. • Suggestions on how to improve the event should be encouraged and not minimized. • The goal of the events is to encourage the local community and outside visitors to have the best experience while attending an event and visiting the downtown. • Every effort should be made to improve the event each year including planning, organization, volunteer support, sponsorship and the event experience.

MANISTEE DOWNTOWN DEVELOPMENT AUTHORITY

DRAFT DEPOSIT & PAYMENT AUTHORIZATION FORM

DEPOSIT FORM

INSTRUCTIONS: COMPLETE THE FORM BELOW AND ATTACH A COPY OF THIS FORM TO THE CHECK RECEIVED. THE DEPOSIT ACCOUNT NUMBER IS FOUND ON THE DDA CHART OF ACCOUNTS. CASH SHOULD BE ENCLOSED IN AN ENVELOP ALONG WITH THE FORM. MAKE A SEPARATE DEPOSIT FORM FOR EACH CHECK OR CASH PAYMENT RECEIVED. THE EVENT CHAIR WILL FORWARD THE COMPLETED FORM TO THE EXECUTIVE DIRECTOR WHO WILL SIGN THE AUTHORIZATION FORM, MAKE THE BANK DEPOSIT AND FORWARD A COPY OF THIS FORM AND THE BANK DEPOSIT SLIP TO THE ACCOUNTANT.

CHECK NUMBER OR CASH:	
AMOUNT:	
REASON:	
CHECK DATE:	
ACCOUNT NUMBER:	
EVENT CHAIR APPROVAL/DATE:	
EXECUTIVE DIRECTOR APPROVAL/DATE:	
RECEIVED DATE:	
DEPOSIT DATE:	

PAYMENT AUTHORIZATION FORM

INSTRUCTIONS: COMPLETE THE FOLLOWING FORM FOR EVERY INVOICE RECEIVED AND ATTACH A COPY OF THE COMPLETED FORM AND THE INVOICE. MAKE A SEPARATE FORM FOR EACH INVOICE. THE PAY AUTHORIZATION ACCOUNT NUMBER IS FOUND ON THE DDA CHART OF ACCOUNTS. NOTE ANY INSTRUCTIONS. THE EVENT CHAIR WILL SIGN TO AUTHORIZE PAYMENT AND WILL FORWARD THE FORM AND INVOICE TO THE ACCOUNTANT. IF NO INSTRUCTIONS ARE NOTED, THE CHECK WILL BE MAILED AFTER PROCESSED BY THE ACCOUNTANT AND OBTAINING TWO SIGNATURES TO THE COMPANY ADDRESS LISTED BELOW.

PAY TO THE ORDER OF:	
MAILING ADDRESS:	
ACCOUNT NUMBER:	
REASON REQUESTED:	
INVOICE NUMBER:	
INVOICE DATE:	
INSTRUCTIONS:	
EVENT CHAIR APPROVAL/DATE:	
EXECUTIVE DIRECTOR APPROVAL/DATE:	
RECEIVED DATE:	
DATE OF CHECK:	

2019 DECEMBER BOARD OF REVIEW
Change Notice

Dec 11, 2019

MANISTEE DOWNTOWN DEVELOPMENT AUTH
A MI PUBLIC BODY CORP
70 MAPLE ST
MANISTEE MI 49660

Re: December Board of Review Change Notice

51-448-712-01

285 RIVER ST

Dear Property Owner:

On Dec 11, 2019 , the December Board of Review made the following correction to the assessed, capped and taxable values or to the Principal Residence Exemption for the above referenced parcel.

Original				Corrected			
<u>Year</u>	<u>Assessed</u>	<u>Capped</u>	<u>Taxable</u>	<u>Year</u>	<u>Assessed</u>	<u>Capped</u>	<u>Taxable</u>
2019	78,600	76,844	78,600 <	2019	0 <	76,844	0 <
Principal Residence Exemption 0.0000				Principal Residence Exemption 0.0000			
Reason: CLERICAL ERROR							

The action of the December Board of Review may be appealed to the Michigan Tax Tribunal within 35 days after the final decision, ruling or determination. To appeal to the Michigan Tax Tribunal, file a petition with the MTT that can be obtained from their website:

<http://www.michigan.gov/taxtrib>

If you have any questions regarding the above changes, please do not hesitate to contact us at (231) 398-2802

Sincerely

CITY OF MANISTEE
Board of Review

TREASURER: 5151-448-712-01
 CITY OF MANISTEE
 CITY OF MANISTEE
 EDWARD BRADFORD, TREASURER
 70 MAPLE ST
 MANISTEE, MI 49660-1688
 (231) 398-2804

OWNER/TAXPAYER:
 MANISTEE DOWNTOWN DEVELOPMENT AUTH
 70 MAPLE ST
 MANISTEE MI 49660

**CITY OF MANISTEE
 2019 SUMMER TAX BILL**

Property #: 5151-448-712-01 Bill # 02078
 Taxable Value: 0 School District: 51070

TAX PAYMENT INFORMATION

Total Due: \$0.00

Amount Paid: _____

SUMMER TAXES NOT REFLECTED ON THIS BILL
This tax is due by: 08/20/2019
After 08/20/2019 additional interest and fees may apply



PROPERTY ADDRESS: 285 RIVER ST

MAKE CHECK PAYABLE TO: CITY OF MANISTEE

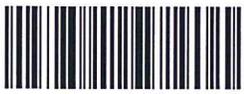
PLEASE REMIT PAYMENT TO ADDRESS IN UPPER LEFT CORNER

TREASURER'S COPY (Please return top portion with payment)

TAXPAYER'S COPY (Please retain bottom portion for your records)

2019 SUMMER TAX BILL CITY OF MANISTEE

<p>TREASURER: 5151-448-712-01 CITY OF MANISTEE CITY OF MANISTEE EDWARD BRADFORD, TREASURER 70 MAPLE ST MANISTEE, MI 49660-1688 (231) 398-2804</p> <hr/> <p>OWNER/TAXPAYER: MANISTEE DOWNTOWN DEVELOPMENT AUTH 70 MAPLE ST MANISTEE MI 49660</p> <hr/> <p>PROPERTY ADDRESS: 285 RIVER ST</p> <hr/> <p style="text-align: center;">----- LEGAL DESCRIPTION ----- (NOT RESPONSIBLE IF PAID ON WRONG DESCRIPTIONS) FILER + SMITHS ADD PT LOTS 1, 2 + 7 COM 16.7 FT W OF NE COR LOT 1, SLY ALG W LI US 31 TO W LI LOT 7, N 35.3 FT, W 31.35 FT, N TO N LI LOT 2, E 80.89 FT TO POB. BLOCK 7 P.ADDR: 283-5 RIVER ST [(SALE(81) 1100 4401 0378, 6409 0292 (85)4461 0962 (86) 3472 0242, 2481 0937 (91) 3552 0022 (93) 3578 0247 (99) 1100 1709 0897</p>	<p>Property #: 5151-448-712-01 Bill # 02078</p> <p>PRE/AG Exemption: %0.0000 Class: 201 Assessed Value: \$0 School Dist: 51070 State Equalized Value: \$0 Mort Code: Taxable Value: \$0</p> <p style="text-align: center;">***TAXES ARE BASED ON TAXABLE VALUE***</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">TAXING UNIT</th> <th style="width: 30%;">MILLS</th> <th style="width: 40%;">TAX</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: center;">0.00000</td> <td style="text-align: right;">0.00</td> </tr> <tr> <td>ADMINISTRATION FEE</td> <td></td> <td style="text-align: right;">0.00</td> </tr> <tr> <td>TOTAL AMOUNT DUE</td> <td></td> <td style="text-align: right;">0.00</td> </tr> </tbody> </table>	TAXING UNIT	MILLS	TAX	TOTAL	0.00000	0.00	ADMINISTRATION FEE		0.00	TOTAL AMOUNT DUE		0.00
TAXING UNIT	MILLS	TAX											
TOTAL	0.00000	0.00											
ADMINISTRATION FEE		0.00											
TOTAL AMOUNT DUE		0.00											



NOTE --->
SEE BACK FOR ADDITIONAL INFORMATION

TREASURER: 5151-448-712-01

CITY OF MANISTEE
 CITY OF MANISTEE
 EDWARD BRADFORD, TREASURER
 70 MAPLE ST
 MANISTEE, MI 49660-1688
 (231) 398-2804

OWNER/TAXPAYER:

MANISTEE DOWNTOWN DEVELOPMENT AUTH
 70 MAPLE ST
 MANISTEE MI 49660

CITY OF MANISTEE
2019 WINTER TAX BILL

Property #: 5151-448-712-01 Bill # 02071

Taxable Value: 0 School District: 51070

TAX PAYMENT INFORMATION

Total Due: \$0.00

Amount Paid: _____

****SUMMER TAXES NOT REFLECTED ON THIS BILL****

This tax is due by: 02/14/2020
After 02/14/2020 additional interest and fees may apply



PROPERTY ADDRESS: 285 RIVER ST

MAKE CHECK PAYABLE TO: CITY OF MANISTEE

PLEASE REMIT PAYMENT TO ADDRESS IN UPPER LEFT CORNER

TREASURER'S COPY (Please return top portion with payment)

TAXPAYER'S COPY (Please retain bottom portion for your records)

2019 WINTER TAX BILL CITY OF MANISTEE

TREASURER: 5151-448-712-01

CITY OF MANISTEE
 CITY OF MANISTEE
 EDWARD BRADFORD, TREASURER
 70 MAPLE ST
 MANISTEE, MI 49660-1688
 (231) 398-2804

OWNER/TAXPAYER:

MANISTEE DOWNTOWN DEVELOPMENT AUTH
 70 MAPLE ST
 MANISTEE MI 49660

PROPERTY ADDRESS: 285 RIVER ST

----- LEGAL DESCRIPTION -----
 (NOT RESPONSIBLE IF PAID ON WRONG DESCRIPTIONS)

FILER + SMITHS ADD PT LOTS 1, 2 + 7 COM 16.7 FT W OF NE COR LOT 1, SLY
 ALG W LI US 31 TO W LI LOT 7, N 35.3 FT, W 31.35 FT, N TO N LI LOT 2, E
 80.89 FT TO POB. BLOCK 7 P.ADDR: 283-5 RIVER ST [(SALE(81) 1100
 4401 0378, 6409 0292 (85)4461 0962 (86) 3472 0242, 2481 0937 (91) 3552
 0022 (93) 3578 0247 (99) 1100 1709 0897

Property #: 5151-448-712-01	Bill # 02071	
PRE/AG Exemption: %0.0000	Class: 201	
Assessed Value: \$0	School Dist: 51070	
State Equalized Value: \$0	Mort Code:	
Taxable Value: \$0		
TAXES ARE BASED ON TAXABLE VALUE		
TAXING UNIT	MILLS	TAX
SCH OPER/51070	18.00000	EXEMPT
TOTAL	18.00000	0.00
ADMINISTRATION FEE		0.00
TOTAL AMOUNT DUE		0.00

NOTE --->
SEE BACK FOR ADDITIONAL INFORMATION

MANISTEE DOWNTOWN DEVELOPMENT AUTHORITY
MEETING MINUTES OF DECEMBER 11, 2019
8:00 A.M., MANISTEE CITY HALL

PRESENT: Valarie Bergstrom, Rachel Brooks, Tamara DePonio, Barry Lind, Kyle Mosher, Thad Taylor, Jodi Walter, T. Eftaxiadis

EXCUSED ABSENCE: Karen Goodman

ALSO PRESENT: Caitlyn Berard, Roger Zielinski, Kyle Storey (County Planner I/Zoning Administrator), Mike Szokola (County Planner I/GSI Tech)

CALL TO ORDER.

Meeting called to order by the Chair at 8:01 a.m.

APPROVAL OF AGENDA.

MOTION by Thad Taylor, second by Jodi Walter to adopt the agenda as presented.
Voice vote—Motion approved.

PUBLIC COMMENT.

None

APPROVAL OF MINUTES.

MOTION by Kyle Mosher, second by Barry Lind to approve the minutes from November 13, 2019 with corrections.
Voice vote—Motion approved.

MOTION by T. Eftaxiadis, second by Kyle Mosher to approve the minutes from November 20, 2019 Special Meeting.
Voice vote—Motion approved.

APPROVAL OF FINANCIAL REPORTS.

MOTION by T. Eftaxiadis, second by Thad Taylor to approve the October Financial Report.
Voice vote—Motion approved.

MOTION by T. Eftaxiadis, second by Thad Taylor to approve the November Financial Report.

Voice vote—Motion approved.

COMMITTEE REPORTS.

- a.) **Project Rising Tide**
- i.) Board Training – Trainer in place. Staff will advise who trainer will be as soon as that information is available. Training will be in late January or early February 2020.
 - ii.) Branding Up-date – Branding is ready to go when Board is ready to roll-out.
- b.) **Economic Development**—K. Goodman
No report.
- c.) **TIF**—C. Berard
Discussed WSCC desire to know funding is in place before beginning work.
Discussed process for approving the DDA TIF Plan through the City Council. Staff to give Board information in writing (email) once required steps in process are understood.
TIF Plan completed and the City Council will want to approve it in conjunction with the Service Agreement.
- d.) **Spark**—C. Berard
SBDC/SCORE Presentation and interviews with finalists today.
- e.) **Manistee Forward**—C. Berard
Received the chart and timeline; DDA is included in Tasks only.
- f.) **Design**—B. Lind
Consumers Energy presented at the last meeting, December 10, in reference to the graffiti on their equipment located on the Riverwalk. Consumers Energy will provide an inventory of their equipment; they are willing paint over graffiti at DDA's cost on inventoried equipment.

Little River Land Company and WSCC were invited to present but unable to attend—standing invites remain to keep Board updated on Gateway Project and College Project.

Discussed Downtown Refuse Corral Project. Brought up concern over perception that this is a “DDA” project instead of a City project with contribution from the DDA. Mentioned a sub-optimal location of one of the refuse corrals. An invoice for the project has already been received from Spicer Group; Staff to forward details of invoice on to City Manager to discuss with DPW Director.

Questioned \$28,000 budgeted for the tear down of the American Cleaners building. Holding off reallocating funds to another project until sale of property is complete.

Going forward committee reports will be added to the Consent Agenda and only removed at the meetings if requested.

APPROVAL OF CONSENT AGENDA.

- a.) Business Development—V. Bergstrom

MOTION by T. Eftaxiadis, second by Barry Lind to approve the Consent Agenda.
Voice vote—Motion approved.

DIRECTOR'S REPORT.

- a.) Board Strategic Planning Day, January 8, 2020, in City Council Chambers.
- b.) Leadership Program Day of Serving, June 6, 2020.
Projects TBA.
- c.) December and January: Strategic Planning; TIF and City Master Service Agreement; PA-57 Reporting; RRC Recertification.
TIF Plan not yet finalized won't be a problem with end of year documents as the Department of Treasury is aware of the progress. DDA website transparency and reporting are good. Still need contracts posted.
- d.) Project Bloom – Letter was sent and officially responded to. Owner is unwilling to sell property.

OLD BUSINESS.

- a.) **Action: RFP for a DDA Attorney.**
Discussed need for the RFP for a DDA Attorney or whether City Attorney is sufficient unless situation of conflict of interest arises.

MOTION by Valerie Bergstrom, second by T. Eftaxiadis to start RFP process for a DDA Attorney.

With Roll Call vote this motion failed 4 to 4.

Yes: Valerie Bergstrom, Rachel Brooks, Tamara DePonio, T. Eftaxiadis

No: Barry Lind, Kyle Mosher, Thad Taylor, Jodi Walter

Staff will check with City to see what contractual services the City Attorney is to provide to the DDA, if any, and will provide information to the Board for further review.

- b.) **Discussion: DDA Office Support Staff.**

MOTION by T. Eftaxiadis, second by Barry Lind to table until the January meeting after Staff Review.

Voice vote—Motion approved.

- c.) **Action: Hiring for Marketing and Promotions of the New Branding Adopted October 9, 2019.**
Discussed this fitting into Design Committee budget.

MOTION by Thad Taylor, second by T. Eftaxiadis to table until February meeting.
Voice vote—Motion approved.

NEW BUSINESS.

- a.) **Discussion: Manistee County Planning Department Requesting Feedback from Housing Plan for Direction and Implementation—Planning Department.**
- i.) Discussion: Prepared recommendation on housing in first floor mixed use buildings.
Discussed—Board consensus was that they would recommend this and would like language clarified in current ordinance as pertaining to permitted use. Planning Department will bring back that language to the Board at a letter date.
- ii.) Discussion: Long-term and short-term rental use, tax incentives for improving upper level housing, and City of Manistee Housing Plan.
Board asked the Planning Commission to inform Staff of the meeting that these topics will be discussed—presentation only at this point. Should be January 8, 2020 meeting but PC will advise.
- b.) **Action: Approval for the Manistee Merchants Request to be Under the Manistee DDA Event Insurance for Frostbite in February—R. Brooks.**
Acknowledged Frostbite is DDA Event though Merchants will run event and pay vendors directly through money provided through their Sponsors.
- MOTION* by Barry Lind, second by Kyle Mosher to have Manistee Merchants fall under the DDA Event Insurance for the Frostbite Festival in February.
Voice vote—Motion approved.
- c.) **Discussion: West Shore Community College Financing—C. Berard**
Staff informed the Board of the conversation with Bond Attorney last month. Described the type of funding that the DDA would be providing WSCC for their façade project. DDA will enter into a lease/rent agreement with WSCC for the parking lot instead of financing a lump sum for the project. Will need to consider insurance/maintenance/liability issues when drafting the lease/rent agreement.
- d.) **Action: Renewal of Liability Insurance for American Cleaners Building until Purchase Option—C. Berard**
- MOTION* by T. Eftaxiadis, second by Valerie Bergstrom to make payment on the renewal of liability insurance for the American Cleaners building.
Voice vote—Motion approved.

Rachel Brooks left at 9:55 a.m.

- e.) **Discussion: Library Millage**—C. Berard
Staff informed Board of the reimbursement of the library millage capture that should have ended. Between \$8,000 and \$9,000 will need to be reimbursed to the library per year for 2 years. Still discussing other options with the library.
- f.) **Discussion: January 8, 2020 Strategic Planning Priorities.**
Staff requested Board to provide topics for the Strategic Planning meeting.
Suggestions: Procedures for events and finances, committee priorities, operational issues.
Staff was requested to email Board list of possible topics for consideration. Also, Staff to send Strategic Planning Binder electronically to Board before the meeting.
- g.) **Action: Consideration of Executive Director Performance Review and Executive Director Self Appraisal Forms**—V. Bergstrom
Review process was discussed. Forms have all been updated by committee.
Staff Review Timeline:
- Staff Self Appraisal—Due December 25
 - Board Comments—Due January 8
 - Compilation of Both—Due January 15
 - Special Meeting—Week of January 20 (TBD)

MOTION by Barry Lind, second by T. Eftaxiadis to approve staff review process—accept the committee’s recommended forms, timeline, and special board meeting for Staff Review.

Voice vote—Motion approved.

BOARD COMMENT.

Documents attached to packet are drafts only; please provide your input.
Service Agreement needs to be completed as the City Council will not approve TIF Plan without it. Committees need to be aware of the tight timeline—final documents by January 8, 2020.

PUBLIC COMMENT.

None

ADJOURN.

Next meeting is scheduled for Wednesday, January 8, 2020 at 8 a.m. in the City Council Chambers, City Hall, 70 Maple Street, Manistee, Michigan.

MOTION by Thad Taylor to adjourn at 10:15 a.m.

Kelly McColl
Acting Recording Secretary

DOWNTOWN MANISTEE

————— *michigan* —————

The Mission of the Manistee Downtown Development Authority is to foster the development and promotion of an identifiable and attractive downtown area that will strengthen business and a sense of community ownership.

Anderson, Tackman & Company, PLC
16978 S. Riley Avenue
Kincheloe, MI 49788

This representation letter is provided in connection with your audit of the financial statements of Manistee Downtown Development Authority (a component unit of the City of Manistee, Michigan), which comprise the respective financial position of the governmental activities and major fund, as of June 30, 2019, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of _____, 2019, the following representations made to you during your audit.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 29, 2019, including our responsibility for the preparation and fair presentation of the financial statements.
- The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the component unit required by generally accepted accounting principles to be included in the financial reporting entity.

- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- Adjustments or disclosure have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements, or in the statement of findings and responses.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit.
- The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- Guarantees, whether written or oral, under which the Authority is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the Authority and involves:

- a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements communicated by employees, former employees, regulators, or others.

- We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing the financial statements.
- We are not aware of any pending or threatening litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.

Government – specific

- There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse that you have reported to us.
- We have a process to track the status of audit findings and recommendations.
- We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- The Authority has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax on debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objective.

- There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it related to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferable with senior management, who possesses suitable skill, knowledge, or experience, evaluate the adequacy and result of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- The Authority has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34
- All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to the financial statement users.
- Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (Nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- Provisions for uncollectible receivables have been properly identified and recorded.
- Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- Deposits and investment securities and derivative instruments are properly classified as to risk, and are properly disclosed.
- Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

- We have appropriately disclosed the Authority's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signed:



Title:

Executive Director

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Manistee Downtown Development Authority

BASIC FINANCIAL STATEMENTS

June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Manistee Downtown Development Authority
Manistee, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Manistee Downtown Development Authority (a component unit of the City of Manistee, Michigan), as of and for the year ended June 30, 2019, and related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Authority Board
Manistee Downtown Development Authority

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Manistee Downtown Development Authority, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and page 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2019 on our consideration of the Manistee Downtown Development Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Manistee Downtown Development Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Manistee Downtown Development Authority's internal control over financial reporting and compliance.

Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

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Management's Discussion and Analysis

As management of the Manistee Downtown Development Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole, which can be found in this report.

Financial Highlights

The assets of the Authority exceeded its liabilities at the close of this fiscal year by \$415,750 (shown as *Net Position*), representing a decrease of \$43,805 over the previous fiscal year. Of this amount, \$415,750 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

During the year, the Authority received \$275,077 in revenues and incurred \$318,882 in expenses, resulting in an decrease in net position of \$43,805.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$234,540 or 58% of the General Fund's total expenditures.

Overview of the Financial Statements

The Manistee Downtown Development Authority's financial statements consist of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to financial statements, and 4) required supplementary information.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Authority's financial position. They are presented using a method of accounting that is similar to a private-sector business.

The *statement of net position* presents information on all of the Authority's assets and liabilities, the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statement of activities* presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (for example, earned but unused vacation leave, prepaid items, etc.).

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Each fund is operated similar to a completely separate entity, with its own set of balancing accounts. The Manistee Downtown Development Authority uses fund accounting to ensure compliance with finance-related legal requirements. The Authority tracks all of its activities in one governmental fund (the General Fund).

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This is known as the modified accrual system of accounting. Under this reporting system, capital items, debt payments and certain other items are treated differently than on the government-wide financial statements. These items are recorded in the government fund balance as expenditures. No depreciation is recorded on capital items. The balance sheet for governmental funds does not include any capital items or long-term debt.

Because the focus of the general fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the general fund with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the general fund balance sheet and the general fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the general fund and the government-wide statements.

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the information provided in both the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, the report further presents required supplementary information (RSI) that explains the information presented in the financial statements.

Government-wide Financial Analysis

The following tables reflect a comparative analysis of government-wide data.

Statement of Net Position

	Governmental Activities	
	2019	2018
Assets		
Current Assets	\$ 332,567	\$ 358,214
Noncurrent Assets	97,520	117,531
Total Assets	\$ 430,087	\$ 475,745
Liabilities		
Current Liabilities	\$ 14,337	\$ 16,190
Net Position		
Unrestricted	415,750	459,555
Total Net Position	\$ 415,750	\$ 459,555

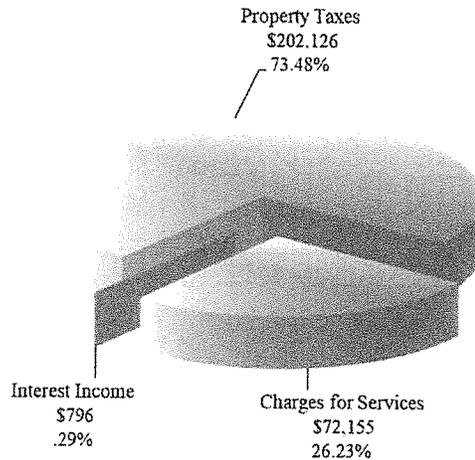
Statement of Change in Net Position

	Activities	
	2019	2018
Revenues		
Program Revenues		
Charges for Services	\$ 72,155	\$ 72,324
General Revenues		
Property Taxes	202,126	323,068
Interest Income	796	515
Total Revenues	<u>275,077</u>	<u>395,907</u>
Expenses		
Downtown Development	180,882	215,057
Transfers to Local Government	138,000	137,475
Total Expenses	<u>318,882</u>	<u>352,532</u>
Changes in Net Position	(43,805)	43,375
Net Position - Beginning	459,555	416,180
Net Position - Ending	<u><u>\$ 415,750</u></u>	<u><u>\$ 459,555</u></u>

Governmental Activities

The following chart summarizes the revenue sources for the governmental activities of the Authority for the most recent fiscal year end:

Governmental Activities Revenues



The Authority transferred \$138,000 to reimburse the City of Manistee for debt service payments made on behalf of the Authority. The transfer out was 43% of the Authority's expenses. Downtown development expenses of \$180,882 represented the remaining 57% of the total expenses of the governmental activities.

Financial analysis of the Government's Funds

Governmental Activities. At the completion of the Authority's fiscal year, its governmental funds (the General Fund) reported a fund balance of \$318,230. Of this amount \$234,540 or 74% is unassigned. This was a decrease of \$28,939 in unassigned fund balance from the previous year.

General Fund Budgetary Highlights

When the budget was drafted, the revenue was estimated on a conservative basis with the expenditures estimated on a liberal basis. Difference between the original and final amended budgets and between final amended budgets and actual expenditures were relatively minor for the year.

Capital Asset and Debt Administration

Capital Assets

The authority's net investment in capital assets as of June 30, 2019, amounted to \$84,160. This investment in capital assets includes land for future relocation of the authority.

Long-term Debt

At the end of the current fiscal year, the Authority has no debt outstanding. However, the Authority does reimburse the City of Manistee for principal and interest on long-term debt obtained by the City for certain downtown improvements (treated as a transfer out).

Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing the Authority's budget for the 2019/2020 fiscal year:

- The Authority continues to take on additional responsibility for the maintenance and physical care of Manistee's downtown district. Fiscal year 2018/2019 was the ninth year that the Authority was completely responsible for the Riverwalk landscaping and maintenance.

Contacting the Authority's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional information, please direct your requests to:

Manistee Downtown Development Authority
Director – Manistee Downtown Development Authority
294 River Street, Suite 2
Manistee, Michigan 49660

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Basic Financial Statements

Statement of Net Position
June 30, 2019

	Primary Government <hr/> Governmental Activities <hr/>
ASSETS:	
Cash and Equivalents - Unrestricted	\$ 322,710
Accounts Receivable	5,719
Other Assets	4,138
Notes Receivable	13,360
Capital Assets - Not Depreciated	84,160
Total Assets	<hr/> <u>\$ 430,087</u>
LIABILITIES:	
Accounts Payable	\$ 426
Accrued Liabilities	1,397
Unearned Revenue	12,514
Total Liabilities	<hr/> <u>14,337</u>
NET POSITION:	
Unrestricted	415,750
Total Net Position	<hr/> <u>\$ 415,750</u>

Manistee Downtown Development Authority

**Statement of Activities
For the Year Ended June 30, 2019**

	Program Revenues	Expenses	Net (Expense) Revenue and Changes in Net Position
	Charges for Services		Primary Government Governmental Activities
Functions/Programs			
Primary Government			
Governmental Activities:			
Downtown Development	\$ 72,155	\$ 180,882	\$ (108,727)
Transfer to Local Government	-	138,000	(138,000)
Total General Government	72,155	\$ 318,882	(246,727)
General Revenues			
Property Taxes			202,126
Interest Income			796
Total General Revenues			202,922
			(43,805)
Change in Net Position			
Net Position - Beginning			459,555
Net Position - Ending			\$ 415,750

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Balance Sheet
 Governmental Fund
 June 30, 2019

	<u>General</u>
Assets:	
Cash and Equivalents - Unrestricted	\$ 322,710
Accounts Receivable	5,719
Other Assets	4,138
	<u>4,138</u>
Total Assets	<u>\$ 332,567</u>
Liabilities:	
Accounts Payable	\$ 426
Sponsorship Liabilities	12,514
Payroll Liabilities	1,397
	<u>1,397</u>
Total Liabilities	<u>14,337</u>
Fund Balance:	
Committed	83,690
Unassigned	234,540
	<u>234,540</u>
Total Fund Balances	<u>318,230</u>
	<u>318,230</u>
Total Liabilities and Fund Balances	<u>\$ 332,567</u>

**Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Position
June 30, 2019**

Total fund balances – governmental fund \$ 318,230

Amounts reported for governmental activities in the statement of net position is different because:

The notes receivable will not be collected within 60 days of the end of the fiscal year is unavailable for the government statements, and, accordingly is not included in the funds

Notes Receivable 13,360

Capital assets used in government activities are not current financial resources, and therefore, are not reported in the funds.

Governmental Capital Assets 84,160

Net Position of General Government \$ 415,750

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Manistee Downtown Development Authority

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds For the Year Ended June 30, 2019

	<u>General</u>
REVENUES:	
Property Taxes	\$ 202,126
Event Revenues	66,355
Other	109,971
Interest Income	<u>796</u>
 TOTAL REVENUES	 <u>379,248</u>
EXPENDITURES:	
Office Expenses	8,353
Personnel and Consulting	36,449
Design Committee	68,605
Economic Restructuring	10,343
Organization Committee	6,895
Professional Fees	11,737
Marketing and Promotions	38,500
Transfer to Local Government	<u>138,000</u>
 TOTAL EXPENDITURES	 <u>318,882</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 60,366
 FUND BALANCES, JULY 1	 342,024
Prior Period Adjustment	<u>(84,160)</u>
 FUND BALANCES, JUNE 30	 <u><u>\$ 318,230</u></u>

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balance of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019

Net Change in Fund Balance – Total Governmental Funds \$ 60,366

The change in net position reported for governmental activities in the statement of activities is different because:

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund financial statements.

Notes Receivable (104,171)

Changes in Net Position of Governmental Activities \$ (43,805)

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Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A – Financial Reporting Entity:

The Manistee Downtown Development Authority (the “Authority”) is a component unit of the City of Manistee, Michigan. The purpose of the Authority is to act as the Development Authority for the City, in accordance with Act 197, P.A. 1975 as amended, including, but not limited to: to correct and prevent deterioration in the Downtown Development District, to encourage historic preservation, to create and implement development plans, and to promote economic growth.

The Authority is governed by a nine-member board consisting of the Mayor of the City of Manistee and at least five (5) persons having an interest in property located in the downtown district. At least one of the board members shall be a resident of the downtown district if it has one hundred or more persons residing within it.

B – Government-Wide and Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Authority. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by property tax revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. The Authority has no business-type funds or component units.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

C – Measurement Focus, Basis of Accounting and Financial Statement Presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are received. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenue consist of charges to downtown merchants for promotional costs.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Authority reports the following major governmental fund:

General Fund – The general fund is the Authority’s primary operating fund. It accounts for all financial resources for the Authority.

D - Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance:

Cash and Equivalents – Cash and equivalents are considered to be cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Deposits are recorded at cost.

Accounts and Notes Receivable – Credit has been extended to certain customers and other units of government. Accounts receivable are presented net of allowance for doubtful accounts. Notes receivable are recorded in the government-wide statements and are formal extensions of credit granted by the Authority for downtown economic and cultural development purposes. Notes will be collected. The current portion of notes receivable reflects collection on notes expected to occur within one year of the financial statement date. The balance of notes receivable will be collected outside of one year.

Deferred Outflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has no items that qualify for reporting in this category.

Deferred Inflows of Resources – In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has no items that qualify for reporting in this category.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Authority has classified no items as being Nonspendable.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Authority. These amounts cannot be used for any other purpose unless the Authority removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned: This classification includes amounts that are constrained by the Authority's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Authority through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Authority would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Use of Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information – Annual budgets are adopted on a basis consistent with generally accepted accounting principles and State Law for the General Fund. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Authority to have its budget in place by July 1st. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits authorities to amend their budget during the year. During the year, the budget was amended in a legally permissible manner.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year.

Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

NOTE 3 - CASH AND EQUIVALENTS

State statutes and the Authority's investment policy authorize the Authority to make deposits in the accounts of federally insured banks, credit unions, and saving and loan associations that have an office in Michigan; the Authority is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, mutual funds, and investment pools that are composed of authorized investment vehicles. The Authority's deposits are in accordance with statutory authority.

NOTE 3 - CASH AND EQUIVALENTS (Continued)

At year end, the Authority’s cash and equivalents were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>
Cash and Equivalents:	
- Unrestricted	\$ <u>322,710</u>
Total	\$ <u>322,710</u>

The breakdowns for deposits are as follows:

Bank deposits (checking and savings accounts, certificates of deposit)	\$ 244,022
Money Market	<u>78,688</u>
Total	\$ <u>322,710</u>

Investment and Deposit Risk

Interest rate risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the following list of authorized investments. The Authority’s investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. The Authority’s investment policy does not have specific limits in excess of state law on investment credit risk. The Authority has no investments for which ratings are required.

Custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned. State law does not require and the Authority does not have a policy for deposit custodial credit risk. As of year end, the amount exposed to custodial credit risk cannot be determined because the Authority’s cash is pooled with the City’s funds.

Fair value measurement. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the measurements required judgement and considers factors specific to each asset or liability.

NOTE 3 - CASH AND EQUIVALENTS (Continued)

Statutory Authority:

Public Act 152, entitled “An act relative to the investment of funds of public corporations of the state; and to validate certain investments,” by amending section 1 (MCL 129.91), as amended by 2009 PA 21.

Except as provided in section 5, the governing body by resolution may authorize its investment officer to invest the funds of that public corporation in one or more of the following:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (2); certificates of deposit obtained through a financial institution as provided in subsection (5); or deposit accounts of a financial institution as provided in subsection (6).
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures not more than 270 days after the date of purchase.
- d. Repurchase agreements consisting of instruments listed in subdivision (a).
- e. Bankers’ acceptances of United States banks.
- f. Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- g. Mutual funds registered under the investment company act of 1940, 15 USC 80a-1 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of any of the following:
 - (i) The purchase of securities on a when-issued or delayed delivery basis.
 - (ii) The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.
 - (iii) The limited ability to borrow and pledge a like portion of the portfolio’s assets for temporary or emergency purposes.
- h. Obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- i. Investment pools organized under the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118.
- j. The investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.

NOTE 4 - RISK MANAGEMENT

The Manistee Downtown Development Authority is insured under policies held by the City of Manistee.

NOTE 5- CAPITAL ASSETS

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<i>Capital assets not being depreciated:</i>				
Land	\$ 84,160	\$ -	\$ -	\$ 84,160
Total Capital Assets, not being depreciated	<u>\$ 84,160</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,160</u>

NOTE 6- COMMITMENTS / LONG-TERM LIABILITIES

The City of Manistee makes annual debt service payments on the behalf of the Manistee Downtown Development Authority. The Authority in turn transfers funds annually to the City in an amount equal to principal plus interest. The reimbursements were recorded as a Transfer to Local Government in the amount of \$138,000.

NOTE 7- CONTINGENT LIABILITIES

The Authority, in connection with the normal conduct of its affairs, is involved in various claims, judgments, and litigation. The Authority's management estimates that the potential claims against the Authority, not covered by insurance resulting from such litigation, would not materially affect the financial statements of the Authority.

NOTE 8 - PRIOR PERIOD ADJUSTMENT

The accompanying financial statements have been restated to correct a misclassification made in prior years. The misclassification relates to an understatement of capital assets by \$84,160 on the statement of Net Position. The effect of the restatement was to increase governmental capital assets by \$84,160 and reduce fund balance by \$84,160 at June 30, 2018. Fund balance at the beginning of 2018 has been adjusted for the effects of the restatement on prior years.

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Required Supplementary Information

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES:				
Taxes	\$ 282,667	\$ 282,667	\$ 202,126	\$ (80,541)
Event Revenues	77,900	77,900	66,355	(11,545)
Other Revenues	7,500	7,500	109,971	102,471
Interest Income	100	100	796	696
TOTAL REVENUES	<u>368,167</u>	<u>368,167</u>	<u>379,248</u>	<u>11,081</u>
EXPENDITURES:				
Community and Economic Development:				
Office Expenses	6,880	6,880	8,353	(1,473)
Personnel and Consulting	65,000	65,000	36,449	28,551
Design Committee	71,800	71,800	68,605	3,195
Economic Restructuring	-	-	10,343	(10,343)
Organization Committee	7,200	7,200	6,895	305
Professional Fees	7,350	7,350	11,737	(4,387)
Marketing and Promotions	70,900	70,900	38,500	32,400
Transfer to Local Government	140,000	140,000	138,000	2,000
TOTAL EXPENDITURES	<u>369,130</u>	<u>369,130</u>	<u>318,882</u>	<u>50,248</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (963)</u>	<u>\$ (963)</u>	60,366	<u>\$ 61,329</u>
FUND BALANCE, JULY 1			342,024	
Prior Period Adjustment			(84,160)	
FUND BALANCE, JUNE 30			<u>\$ 318,230</u>	

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Report on Compliance

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Manistee Downtown Development Authority
Manistee, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the Manistee Downtown Development Authority, Michigan, (a component unit of the City of Manistee, Michigan), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Manistee Downtown Development Authority, Michigan's basic financial statements and have issued our report thereon dated _____.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Manistee Downtown Development Authority, Michigan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Manistee Downtown Development Authority, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Manistee Downtown Development Authority, Michigan's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Authority Board
Manistee Downtown Development Authority

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency listed as 2019-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Manistee Downtown Development Authority, Michigan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Manistee Downtown Development Authority, Michigan's Response to Findings

The Manistee Downtown Development Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Manistee Downtown Development Authority, Michigan's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

Internal Control Over Financial Reporting

Significant Deficiency

Preparation of Financial Statements in Accordance with GAAP

Finding 2019-001

Criteria: All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is the responsibility of the Downtown Development Authority's management. The preparation of financial statements in accordance with GAAP requires internal controls over both 1) recording, processing and summarizing accounting data (maintaining internal accounting books and records); and 2) reporting government-wide and fund financial statements, including the related notes to financial statements (external financial reporting).

Condition: As many small and medium-sized governmental entities do, the Downtown Development Authority has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements, fund financial statements, and notes to financial statements as part of its external financial reporting process. Accordingly, the Downtown Development Authority's auditors, who cannot by definition, be considered to be a part of the Downtown Development Authority's internal controls.

Cause: This condition was caused by the Downtown Development Authority's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for Downtown Development Authority personnel to prepare them internally.

Effect: The Downtown Development Authority lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this duty.

Recommendation: While there are, of course, no easy answers to the challenge of balancing the costs and benefits of internal controls and segregation of duties, we would nevertheless encourage management to actively seek ways to further strengthen its internal controls by requiring as much independent review, reconciliation, and approval of accounting transactions by qualified members of management or the Downtown Development Authority Council.

Management Response-Planned Corrective Action: The board of directors has hired a certified public accounting firm to help them put into place additional internal controls to better safe guard the Downtown Development Authority assets

- *Contact Person(s) Responsible for Correction:*
Caitlyn Berard, Director

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Board of Directors
Manistee Downtown Development Authority
Manistee, Michigan

We have audited the financial statements of the governmental activities and major fund of the Manistee Downtown Development Authority for the year ended June 30, 2019, and have issued our report thereon dated, _____. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information about our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated August 29, 2019, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Authority. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Authority's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the management's discussion and analysis and budgetary comparison schedules, which supplement(s) the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters on August 29, 2019.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Manistee Downtown Development Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

- Management's estimate of the allowance for uncollectible accounts receivable is based on past experience and future expectations for collection of various account balances and has been determined to be \$0. We evaluated the key factors and assumptions used to develop the allowance for uncollectible accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreement with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated _____.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Comments and Recommendations

There were no observations with suggestions for improvements we believe should be brought to your attention. We noted no material matters involving the internal control over financial reporting and compliance, as reported in a separate letter in accordance with Government Auditing Standards of the basic financial statement audit report.

Other Matters

We applied certain limited procedures to the management's discussion and analysis and budgetary comparison schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquires of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and our knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Conclusion

This information is intended solely for the use of the Authority Board, federal awarding agencies, pass through entities, and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

**MANISTEE DOWNTOWN DEVELOPMENT AUTHORITY
DOWNTOWN DOLLARS FUND
BALANCE SHEET**

ASSETS	<u>Dec. 31, 2019</u>
Current Assets	
Checking/Savings	
248-014 · Downtown Dollars Checking 2018	600
248-015 · Downtown Dollars Checking 2019	784
248-016 · Downtown Dollars Checking 2020	1,800
Total Checking/Savings	<u>3,184</u>
TOTAL ASSETS	<u><u>\$ 3,184</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2018 Downtown \$ Outstanding	1,384
2019 Downtown \$ Outstanding	2,042
2020 Downtown \$ Outstanding	2,300
Total Liabilities	<u>3,684</u>
 Equity	
248-390 · Fund Balance	(157)
Net Income	(343)
Total Equity	<u>(500)</u>
TOTAL LIABILITIES & EQUITY	<u><u>\$ 3,184</u></u>

**MANISTEE DOWNTOWN DEVELOPMENT AUTHORITY
REVOLVING LOAN FUND
BALANCE SHEET**

ASSETS	<u>Dec. 31, 2019</u>
Current Assets	
Checking/Savings	
Revolving Loan Checking - WSB	17,870
Other Receivable	125
Total Current Assets	<u>17,995</u>
 Other Assets	
Revolving Note Receivable	
RLB Boutique	5,137
Duchon Insurance	1,664
J Catlett's Men's Styling LLC	3,754
Total Other Assets	<u>10,555</u>
 TOTAL ASSETS	 <u><u>\$28,550</u></u>
 LIABILITIES & EQUITY	
 Equity	
Fund Balance	28,360
Net Income	190
Total Equity	<u>28,550</u>
 TOTAL LIABILITIES & EQUITY	 <u><u>\$28,550</u></u>

**MANISTEE DOWNTOWN DEVELOPMENT AUTHORITY
GENERAL FUND
BALANCE SHEET**

ASSETS	<u>Dec. 31, 2019</u>
Current Assets	
Checking/Savings	
248-000 · Petty Cash	1,000
248-010 · Checking - West Shore Bank	285,583
248-008 · Land Acquisition Account - WSB	78,787
248-003 · Façade Grants Checking	5,004
Total Checking/Savings	<u>370,374</u>
248-028 · Accounts Receivable	6,389
12100 · Pre-Paid Expenses	0
Total Other Current Assets	<u>6,389</u>
Total Current Assets	<u>376,763</u>
Other Assets	
248-182 · Investment - Amer Cleaners Prop	84,160
	<u>84,160</u>
TOTAL ASSETS	<u><u>460,923</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
248-202 · Accounts Payable	400
248-204 · Due to Revolving Fund	125
248-210 · Payroll Liabilities	569
Total Current Liabilities	<u>1,094</u>
Total Liabilities	<u>1,094</u>
Equity	
248-392 · Designated Fund Balance	
248-393 · Land Acquisition .	78,787
248-396 · Façade Grant	5,004
Total 248-392 · Designated Fund Balance	<u>83,791</u>
248-390 · Fund Balance	303,078
Net Income	72,960
Total Equity	<u>459,829</u>
TOTAL LIABILITIES & EQUITY	<u><u>460,923</u></u>

**Manistee Downtown Development Authority
Monthly Disbursements
December 2019**

Date	Transaction Type	Number	Vendor Name	Description	Amount
12/02/2019	Check	3847	Muskegon Regional Police Pipes & Drums	Sleighbell	600.00
12/02/2019	Bill Payment (Check)	4825	Connie M Tewes CPA LLC	Accounting	400.00
12/07/2019	Bill Payment (Check)	4826	Ludington Daily News	Advertising	118.76
12/08/2019	Bill Payment (Check)	4829	Fantail Farms LLC	Sleighbell	500.00
12/12/2019	Paycheck	DD	Caitlyn M Berard	Direct Deposit	1,463.99
12/13/2019	Bill Payment (Check)	4590	Mika Meyers Beckett & Jones PLC	Legal Expense	475.00
12/15/2019	Check	3848	ManisteeElks Lodge #250	Façade grant	10,000.00
12/19/2019	Bill Payment (Check)	4831	Douglas Valley	Sleighbell	178.05
12/19/2019	Bill Payment (Check)	4830	Douglas Valley	Sleighbell	618.00
12/20/2019	Check	EFTPS	United States Treasury	941 Payroll taxes	1,052.46
12/26/2019	Paycheck	DD	Caitlyn M Berard	Direct Deposit	1,463.98
12/26/2019	Bill Payment (Check)	4836	MDP Insurance	Insurance	350.00
12/31/2019	Bill Payment (Check)	4835	Grand Rental Station	Sleighbell	1,650.69
12/31/2019	Bill Payment (Check)	4832	Lavender Florals	Sleighbell	132.50
12/31/2019	Bill Payment (Check)	4833	Calvin Lutz Farms	Sleighbell	3,128.00
12/31/2019	Bill Payment (Check)	4834	Accident Fund	W/C Insurance	341.00
12/31/2019	Bill Payment (Check)	4837	Jackpine Business Centers	Office Expense	<u>267.62</u>
			Total Disbursements		<u>\$22,740.05</u>

MANISTEE DOWNTOWN DEVELOPMENT AUTHORITY

Profit & Loss Budget vs. Actual

July 2019 through June 2020

	<u>Jul '19 - June 2020</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
TIF Revenues				
248-401 · TIF Revenue	243,307	251,884	(8,577)	96.60%
248-573 · Local Community Stabilization Revenue	20,872	20,000	872	0.00%
Total TIF Revenues	<u>264,179</u>	<u>271,884</u>	<u>(7,705)</u>	<u>97.17%</u>
Committee Revenue				
248-278 · Spark Manistee	2,500	8,000	(5,500)	31.25%
Event Revenue				
248-280 · Event Revenues				
248-286 · Sleighbell Sponsorships	11,000		11,000	100.00%
248-283 · Sleighbell - Other	1,144	15,000	(13,856)	7.63%
Total 248-283 · Sleighbell	<u>12,144</u>	<u>15,000</u>	<u>(2,856)</u>	<u>80.96%</u>
248-281 · Hops & Props				
248-284 · Hops & Props Sponsors	14,600	-	14,600	100.00%
248-281 · Hops & Props - Other	30,572	33,500	(2,928)	91.26%
Total 248-281 · Hops & Props	<u>45,172</u>	<u>33,500</u>	<u>11,672</u>	<u>134.84%</u>
Total 248-280 · Event Revenues	<u>57,316</u>	<u>48,500</u>	<u>8,816</u>	<u>118.18%</u>
Total Event Revenue	<u>57,316</u>	<u>48,500</u>	<u>8,816</u>	<u>118.18%</u>
248-642 · Miscellaneous Income				
248-261 Downtown Dollars Discount	(300)	-	-	0.00%
248-664 · Interest Income	504	500	4	100.80%
248-704 · Other Income		2,000	(2,000)	0.00%
Transfer In Fund Balance	-	192,566	(192,566)	0.00%
Total 248-642 · Miscellaneous Income	<u>204</u>	<u>195,066</u>	<u>(194,862)</u>	<u>0.11%</u>
Total Income	<u>324,199</u>	<u>523,450</u>	<u>(199,251)</u>	<u>61.94%</u>
Expense				
Office Related Expenses				
248-847 · Advertising	167	300	(133)	55.67%
248-853 · Office Equipment and Supplies	297	1,000	(703)	29.70%
248-854 · Postage	63	300	(237)	21.00%
248-857 · Membership Dues	295	600	(305)	49.17%
248-858 · Miscellaneous-Office Related	232	300	(68)	77.33%
248-859 · Printing & Reproduction	-	250	(250)	0.00%
248-863 · Travel	577	1,000	(423)	57.70%
248-864 · Subscriptions	357	-	357	100.00%
248-865 · Meeting Hosting	22	300	(278)	7.33%
248-866 · Training-Education-Conferences	355	1,250	(895)	28.40%
248-868 · Insurance	1,223	2,350	(1,127)	52.04%
248-870 · Phone/Internet	87	300	(213)	29.00%
Total Office Related Expenses	<u>3,675</u>	<u>7,950</u>	<u>(4,275)</u>	<u>46.23%</u>

MANISTEE DOWNTOWN DEVELOPMENT AUTHORITY

Profit & Loss Budget vs. Actual

July 2019 through June 2020

	<u>Jul '19 - June 2020</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Personnel Related Expense				
248-718 · Gross Salary - Director				
248-705 · Employer FICA Expense	1,931		1,601	100.00%
248-711 · Unemployment	108	-	108	100.00%
248-718 · Gross Salary - Director	25,332	110,000	(84,668)	23.03%
Total 248-718 · Gross Salary - Director	27,371	110,000	(82,629)	24.88%
Total Personnel Related Expense	27,371	110,000	(82,629)	24.88%
Fee Related Expenses				
248-731 · Bank Service Charges	136	100	36	136.00%
248-904 · Annual Audit	1,500	1,500	-	100.00%
248-903 · 1999 Bond Payment-Streetscape	137,700	137,700	-	100.00%
248-902 · Legal Fees	1,425	1,000	425	142.50%
248-901 · Accounting	2,400	5,000	(2,600)	48.00%
248-906 · TIF Plan Redevelopment	607	-	607	100.00%
Total Fee Related Expenses	143,768	145,300	(1,532)	98.95%
Design Committee Related Expense				
248-639 · Landscaping	273	18,000	(17,727)	1.52%
248-665 · Hanging Baskets / Watering Contract	3,632	13,000	(9,368)	27.94%
248-651 · City Maintenance in DDA	-	22,000	(22,000)	0.00%
248-653 · Holiday Decorations	3,128	8,500	(5,372)	36.80%
248-652 · Facade Grant Program	15,000	10,000	5,000	150.00%
248-658 · Downtown Maintenance	-	28,400	(28,400)	0.00%
248-661 · Parking Signage	949	4,500	(3,551)	21.09%
248-663 · Banners	161	-	161	100.00%
Transfer to Property Acquisition	-	25,000	(25,000)	0.00%
Total Design Committee RelatedExpense	23,143	129,400	(106,257)	17.89%
Economic Restructuring				
248-555 · Strategic Plan		1,000	(1,000)	0.00%
248-628 · Property Acquisition	5,483	78,000	(72,517)	7.03%
Total Economic Restructuring	5,483	79,000	(73,517)	6.94%
Organization Committee				
248-600 · Main Street Program Newsletter		300	(300)	0.00%
248-602 · Downtown Dollars Program	198	500	(302)	39.60%
248-608 · Spark Manistee	535	8,000	(7,465)	6.69%
Total Organization Committee	733	8,800	(8,067)	8.33%
Promotions Committee Expenses				
248-751 · Promotions Committee Expense				
248-748 · Website Redevelopment	-	500	(500)	0.00%
248-761 · Hops & Props on the River	30,844	21,500	9,344	143.46%
248-764 · Sleighbell Weekend	16,374	21,500	(5,126)	143.46%

MANISTEE DOWNTOWN DEVELOPMENT AUTHORITY

Profit & Loss Budget vs. Actual

July 2019 through June 2020

	Jul '19 - June 2020	Budget	\$ Over Budget	% of Budget
248-776 · Advertising	-	5,000	(5,000)	76.16%
Total 248-751 · Promotions Committee Expense	47,218	48,500	(1,282)	97.36%
Total Expense	251,391	528,950	(277,559)	47.53%
Net Operating Income	72,808	(5,500)	78,308	