

CHARTER TOWNSHIP OF BANGOR
DOWNTOWN DEVELOPMENT AUTHORITY
BAY COUNTY, MICHIGAN

FINANCIAL STATEMENTS
DECEMBER 31, 2022



WEINLANDER FITZHUGH
Certified Public Accountants & Advisors



TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4a-4f
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	5
STATEMENT OF ACTIVITIES	6
FUND FINANCIAL STATEMENTS	
GOVERNMENTAL FUNDS	
BALANCE SHEET	7
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	8
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	9
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	10
NOTES TO FINANCIAL STATEMENTS	11-17
REQUIRED SUPPLEMENTAL INFORMATION	
BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUND	18



WEINLANDER FITZHUGH
Certified Public Accountants & Advisors

1600 Center Avenue • PO Box 775 • Bay City, MI 48707-0775
1-800-624-2400 • 989-893-5577 • www.wf.cpa
Bay City • Clare • Gladwin • West Branch

INDEPENDENT AUDITOR'S REPORT

May 4, 2023

Authority Board
Charter Township of Bangor Downtown Development Authority
Bay County, Michigan

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Charter Township of Bangor Downtown Development Authority (DDA), as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the DDA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Charter Township of Bangor Downtown Development Authority as of December 31, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audit in accordance with U.S. generally accepted auditing standards (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the DDA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles; and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the DDA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



WEINLANDER FITZHUGH

Certified Public Accountants & Advisors

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Charter Township of Bangor's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Charter Township of Bangor's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



WEINLANDER FITZHUGH

Certified Public Accountants & Advisors

Required Supplementary Information

U.S. generally accepted accounting principles requires that the management's discussion and analysis and budgetary comparison information as noted in the table of contents to be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, 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.

Weinlander Fitzhugh

**CHARTER TOWNSHIP OF BANGOR
DOWNTOWN DEVELOPMENT AUTHORITY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2022**

Our discussion and analysis of Bangor Township Downtown Development Authority's (DDA) financial performance provides an overview of the DDA's financial activities for the fiscal year ended December 31, 2022.

Financial Highlights

- The assets of the DDA exceeded its liabilities at the close of the most recent fiscal year by \$432,659 (net position). Of this amount, \$413,558 (restricted net position) may be used to meet the DDA's ongoing obligations to citizens and creditors and \$19,101 was invested in capital assets.
- As of the close of the current fiscal year, the DDA's special revenue governmental fund reported an ending fund balance of \$19,345, a \$1,407 increase. The entire amount is available for spending for the DDA's primary purpose (restricted fund balance).

Using this Annual Financial Report

This annual financial report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the DDA financially as a whole. The Government-wide Financial Statements provide information about the activities of the DDA, presenting both an aggregate view of the DDA's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending.

The fund financial statements look at the DDA's operations in more detail than the Government-wide financial statements by providing information about the DDA's most significant funds – the Special Revenue Fund and Debt Service Fund.

The following summarizes the presentation included in this annual financial report.

Management's Discussion and Analysis (MD&A) (Required Supplemental Information)

Basic Financial Statements

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to the Basic Financial Statements

Budgetary Information for Special Revenue Fund (Required Supplemental Information)

CHARTER TOWNSHIP OF BANGOR
DOWNTOWN DEVELOPMENT AUTHORITY

Management's Discussion and Analysis
For the Year Ended December 31, 2022

Reporting the DDA as a Whole

The Statement of Net Position and Statement of Activities

One of the most important questions asked about the DDA's finances is, "Is the DDA better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the DDA as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the DDA's net position as a way to measure the DDA's financial position. The change in net position provides the reader a tool to assist in determining whether the DDA's financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors such as property tax base, and facility conditions in arriving at their conclusion regarding the overall health of the DDA.

In the Statement of Net Position and the Statement of Activities, the DDA is presented in one activity:

- Governmental Activities – The DDA's basic services are reported here. Property taxes and interest finance most of these activities.

Reporting the DDA's Most Significant Funds

Fund Financial Statements

The DDA's fund financial statements provide detailed information about the most significant fund – not the DDA as a whole. Some funds are required to be established by State law and by bond covenants. Other funds are established to help it control and manage money for particular purposes or to meet legal responsibilities for using certain taxes, grants, and other sources of revenue. The DDA has one type of fund; governmental, that uses different accounting approaches as further described in the notes to the financial statements.

Governmental Funds

The DDA's activities are reported in a governmental fund, which focuses on how money flows into and out of this fund and the balance remaining at year-end available for spending in future periods. This fund is reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the DDA's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources available to spend in the near future to finance the DDA's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

**CHARTER TOWNSHIP OF BANGOR
DOWNTOWN DEVELOPMENT AUTHORITY**

Management's Discussion and Analysis
For the Year Ended December 31, 2022

DDA-wide Financial Analysis

Financial position - The statement of net position provides the perspective of the DDA as a whole. Exhibit A provides a summary of the DDA's net position as of December 31, 2022 and 2021.

<u>Exhibit A</u>	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
Assets		
Current and other assets	\$ 462,150	\$ 523,142
Capital assets	<u>19,101</u>	<u>36,125</u>
Total assets	<u>481,251</u>	<u>559,267</u>
Liabilities		
Accounts payable	<u>405</u>	<u>750</u>
Total liabilities	<u>405</u>	<u>750</u>
Deferred inflows of resources		
Unavailable revenue - property taxes	<u>48,187</u>	<u>53,476</u>
Net Position		
Net investment in capital assets	19,101	36,125
Restricted	<u>413,558</u>	<u>468,916</u>
Total net position	<u>\$ 432,659</u>	<u>\$ 505,041</u>

Exhibit A focuses on net position. The DDA's total net position was \$432,659 at December 31, 2022. Net investment in capital assets, totaling \$19,101 compares the original cost.

The \$413,558 of restricted net position of the governmental activities represents the *accumulated* results of all past years' operations. The operating results of the special revenue fund will have a significant impact on the change in unrestricted assets from year to year.

CHARTER TOWNSHIP OF BANGOR
DOWNTOWN DEVELOPMENT AUTHORITY
 Management's Discussion and Analysis
For the Year Ended December 31, 2022

Results of operations - The results of this year's operations for the DDA as a whole are reported in the statement of activities, which shows the changes in net position for the year ended December 31, 2022. Exhibit B provides a summary of the DDA's operations for the years ended December 31, 2022 and 2021.

<u>Exhibit B</u>	Governmental Activities	
	<u>2022</u>	<u>2021</u>
Revenue		
General revenue:		
Property taxes	\$ 78,319	\$ 85,890
State grants	3,865	3,774
Interest	960	122
Total revenue	83,144	89,786
Function/Program Expenses		
General government	155,526	122,062
Total expenses	155,526	122,062
Increase (decrease) in net position	\$ (72,382)	\$ (32,276)

As reported in the statement of activities, the cost of all of our governmental activities this year was \$155,526.

The governmental activities net position experienced a decrease of \$72,382 as compared to a decrease of \$32,276 in 2021.

**CHARTER TOWNSHIP OF BANGOR
DOWNTOWN DEVELOPMENT AUTHORITY**

Management's Discussion and Analysis
For the Year Ended December 31, 2022

The DDA's Funds

The DDA has one fund to control and manage money for particular purposes. Looking at this fund helps the reader consider whether the DDA is being accountable for the resources taxpayers and others provide to it and may provide more insight into the DDA's overall financial health.

The DDA's governmental funds reported a fund balance of \$413,558, which is a decrease from last year's total of \$468,916. The schedule below details the fund balance and the total change in fund balances as of December 31, 2022 and 2021.

	Fund Balance December 31, 2022	Fund Balance December 31, 2021	Increase (Decrease)
Special revenue fund	\$ 19,345	\$ 17,938	\$ 1,407
Debt service fund	394,213	450,978	(56,765)
	\$ 413,558	\$ 468,916	\$ (55,358)

Special Revenue Fund Budgetary Highlights

Over the course of the year, the DDA did not revise its budget to reflect changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the DDA's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

Changes to the special revenue fund original budget were as follows:

- Budgeted revenues remained unchanged during the year.
- Budgeted expenditures remained unchanged during the year.
- Actual revenues for the year were \$23 more than anticipated during the fiscal year.
- Actual expenditures for the year were approximately \$1,400 less than anticipated during the fiscal year. This is mainly due to legal and other professional fees, fees per diem and other administrative costs and miscellaneous expenses being less than anticipated.

CHARTER TOWNSHIP OF BANGOR
DOWNTOWN DEVELOPMENT AUTHORITY
 Management's Discussion and Analysis
For the Year Ended December 31, 2022

Capital Assets

At December 31, 2022, the DDA had \$19,101 invested in equipment. The DDA has no additions from prior year.

	Governmental Activities	
	2022	2021
Equipment	\$ 181,629	\$ 181,629
Less accumulated depreciation	162,528	145,504
Net capital assets	\$ 19,101	\$ 36,125

Additional information on the DDA's capital assets can be found in the notes of this report.

Factors Expected to Have an Effect on Future Operations

The DDA has also committed to some projects over the next few years – signage and Tri-City Brewery Improvements. The DDA expects to complete the Brewery project this year. The signage improvements are still expected in the next year or two. There is potential for the wetland mitigation project to be completed early, which would decrease some of the anticipated expenditures over the next few years, if approved.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the DDA's finances and to show the DDA's accountability for the money it receives. If you have questions about this report or need additional information, contact Bangor Township Treasurer, at 180 State Park Drive, Bay City, MI 48706.

CHARTER TOWNSHIP OF BANGOR
DOWNTOWN DEVELOPMENT AUTHORITY
Statement of Net Position
December 31, 2022

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash and investments	\$ 413,963
Due from other governmental units	48,187
Capital assets	<u>19,101</u>
Total Assets	<u>481,251</u>
 <u>Liabilities</u>	
Accounts payable	<u>405</u>
Total Liabilities	<u>405</u>
 <u>Deferred Inflows of Resources</u>	
Unavailable revenue - property taxes	<u>48,187</u>
 <u>Net Position</u>	
Net investment in capital assets	19,101
Restricted	<u>413,558</u>
Total Net Position	<u><u>\$ 432,659</u></u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF BANGOR
DOWNTOWN DEVELOPMENT AUTHORITY
Statement of Activities
For the Year Ended December 31, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Governmental Activities Net (Expense) Revenue and Change in Net Position</u>
Primary government:			
Governmental activities:			
General government	<u>\$ 155,526</u>	<u>\$ 0</u>	<u>\$ (155,526)</u>
General Revenues:			
			78,319
			3,865
			960
			<u>83,144</u>
			Change in net position (72,382)
			<u>505,041</u>
			<u>\$ 432,659</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF BANGOR
 DOWNTOWN DEVELOPMENT AUTHORITY
 Governmental Funds
 Balance Sheet
December 31, 2022

	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<u>ASSETS</u>			
<u>Assets</u>			
Cash and investments	\$ 19,750	\$ 394,213	\$ 413,963
Due from other governmental units	0	48,187	48,187
Total Assets	\$ 19,750	\$ 442,400	\$ 462,150
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>			
<u>Liabilities</u>			
Accounts payable	\$ 405	\$ 0	\$ 405
<u>Deferred Inflows of Resources</u>			
Unavailable revenue - property taxes	0	48,187	48,187
<u>Fund Balance</u>			
Restricted	19,345	394,213	413,558
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 19,750	\$ 442,400	\$ 462,150

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF BANGOR
 DOWNTOWN DEVELOPMENT AUTHORITY
 Reconciliation of Balance Sheet of Governmental Funds
 to the Statement of Net Position
December 31, 2022

Total fund balance - governmental funds	\$	413,558
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p style="padding-left: 40px;">Capital assets used in governmental activities are not financial resources and are not reported in the funds:</p>		
Cost of the capital assets	\$	181,629
Accumulated depreciation	(162,528)	19,101
		19,101
Total net position - governmental activities	\$	432,659

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF BANGOR
DOWNTOWN DEVELOPMENT AUTHORITY
Governmental Funds
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended December 31, 2022

	Special Revenue Fund	Debt Service Fund	Total
<u>Revenues</u>			
Taxes	\$ 0	\$ 78,319	\$ 78,319
State grants	0	3,865	3,865
Interest	28	932	960
Total revenues	<u>28</u>	<u>83,116</u>	<u>83,144</u>
<u>Expenditures</u>			
Fees per diem and other administrative expenditures	6,860	0	6,860
Legal and other professional fees	6,575	0	6,575
Contractual services and other	9,550	114,881	124,431
Miscellaneous	636	0	636
Total expenditures	<u>23,621</u>	<u>114,881</u>	<u>138,502</u>
Excess (deficiency) of revenues over expenditures	<u>(23,593)</u>	<u>(31,765)</u>	<u>(55,358)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers in from governmental funds	25,000	0	25,000
Transfers out to governmental funds	0	(25,000)	(25,000)
Total other financing sources (uses)	<u>25,000</u>	<u>(25,000)</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	1,407	(56,765)	(55,358)
Fund balance - beginning of year	<u>17,938</u>	<u>450,978</u>	<u>468,916</u>
Fund balance - end of year	<u>\$ 19,345</u>	<u>\$ 394,213</u>	<u>\$ 413,558</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF BANGOR
DOWNTOWN DEVELOPMENT AUTHORITY
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2022

Net change in fund balance - total governmental funds	\$ (55,358)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	<u>(17,024)</u>
Change in net position of governmental activities	<u>\$ (72,382)</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF BANGOR
DOWNTOWN DEVELOPMENT AUTHORITY
Notes to Financial Statements
For the Year Ended December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Bangor Township Downtown Development Authority (DDA) conform to U.S. generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies used by the DDA.

Reporting Entity

The Charter Township of Bangor Downtown Development Authority is a component unit of the Charter Township of Bangor and operates under the supervision and control of a Board consisting of the Chief Executive Officer of the Charter Township of Bangor and eight (8) members as provided by Act 197. The Authority was established to correct and prevent urban deterioration and encourage economic development.

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 non-fiduciary activities of the primary government. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support services.

The statement of net position, the governmental column is presented on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The net position of the DDA is reported in two parts: net investment in capital assets and unrestricted net position. The DDA first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, state shared revenues and other items not properly included among program revenues are reported instead as general revenue.

The government-wide focus is more on the sustainability of the DDA as entity and the change in the DDA's net position resulting from the current year's activities.

CHARTER TOWNSHIP OF BANGOR
DOWNTOWN DEVELOPMENT AUTHORITY
Notes to Financial Statements
For the Year Ended December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are not 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 timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied on December 1 that apply to 2022 recourses.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Government 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 Township considers revenues 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.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue in the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The DDA reports the following major funds:

Special Revenue Fund - This fund is used to account for the specific revenue sources (other than special assessments) that require separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Fund - This fund is used to account for the funding and payment of principal and interest and other contractual commitments.

Assets, Liabilities and Net Position or Equity

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

Taxes Receivable – All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

CHARTER TOWNSHIP OF BANGOR
DOWNTOWN DEVELOPMENT AUTHORITY
Notes to Financial Statements
For the Year Ended December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets – Capital assets, which includes infrastructure, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are reported at historical cost. Additions, improvements and other major capital outlays that significantly extended the useful life of an asset are capitalized. Cost of normal repair and maintenance that do not add value or materially extend asset lives are not capitalized.

Equipment is depreciated using the straight-line method over the following useful life:

Equipment	10 years
-----------	----------

Fund Equity/Net Position – The fund balance classifications are reported primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. The fund balances are classified as nonspendable, restricted, committed, assigned and unassigned.

Nonspendable fund balance represents amounts that are not in a spendable form. In the fund financial statements, governmental funds report restrictions on fund balances for amounts that are legally restricted by outside parties for a specific purpose. Committed fund balance represents funds formally set aside by the Board for a particular purpose. The use of committed funds would be approved by the Board through the budget process or official Board action.

Assigned fund balance would represent tentative management plans that are subject to change. The DDA's intent would be to spend uncommitted/unassigned funds prior to the use of committed funds. When both restricted and unrestricted resources are available for use, it is the DDA's policy to use restricted resources first, then unrestricted resources as they are needed.

Deferred Outflows – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate 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 DDA does not have any items that qualify for reporting in this category.

Deferred Inflows – In addition to liabilities, the statement of net position 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 DDA has one item that qualifies for reporting in this category. The deferred inflow relates to property taxes that are assessed for the current year but not recognized as revenue until the following year.

Use of Estimates – The process of preparing the basic financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

CHARTER TOWNSHIP OF BANGOR
DOWNTOWN DEVELOPMENT AUTHORITY
Notes to Financial Statements
For the Year Ended December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Events Occurring After Reporting Date – Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through the date of the accompanying Independent Auditor’s Report, which is the date the financial statements were available to be issued.

NOTE 2 - BUDGETS

The State of Michigan adopted a Uniform Budgeting and Accounting Act (Act) applicable to all local governmental entities in the state. The law requires appropriation acts to be adopted for General and Special Revenue Funds of governments prior to the expenditure of monies in a fiscal year.

The DDA follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The DDA’s administrator submits to the Board a proposed budget prior to October 1 of each year. The budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Budgeted amounts are as originally adopted, or as amended by the Township Board throughout the year. Individual amendments were not material in relation to the original appropriations.
4. Appropriations lapse at year-end. These appropriations are re-established at the beginning of the following year.
5. During the year ended December 31, 2022, the DDA did not incur expenditures in certain budgetary funds, which were in excess of the amounts appropriated.
6. A comparison of actual results of operations to the budgeted amounts (at the level of control adopted by the Township Board) for the Special Revenue Fund is presented as Required Supplemental Information.

CHARTER TOWNSHIP OF BANGOR
DOWNTOWN DEVELOPMENT AUTHORITY
 Notes to Financial Statements
For the Year Ended December 31, 2022

NOTE 3 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the DDA to make deposits and invest in the accounts of federally insured banks, credit unions and savings and loan associations which have an office in Michigan. The DDA is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rates within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. The DDA's deposits are in accordance with statutory authority

At year-end, the DDA's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>
Cash and investments	<u>\$ 413,963</u>

The breakdown between deposits and investments for the Primary Government is as follows:

Bank deposits (checking accounts, money market)	<u>\$ 413,963</u>
---	-------------------

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the DDA's deposits may not be returned to it. At December 31, 2022, \$117,742 of the DDA's bank balance of \$413,963 was exposed to custodial credit risk because it was uninsured and uncollateralized.

CHARTER TOWNSHIP OF BANGOR
DOWNTOWN DEVELOPMENT AUTHORITY
Notes to Financial Statements
For the Year Ended December 31, 2022

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the DDA for the current year was as follows:

	Beginning Balance	Additions	Disposals and Adjustments	Ending Balance
Capital assets being depreciated:				
Equipment	\$ 181,629	\$ 0	\$ 0	\$ 181,629
Subtotal	181,629	0	0	181,629
Less accumulated depreciation for:				
Equipment	145,504	17,024	0	162,528
Subtotal	145,504	17,024	0	162,528
Component unit, total capital assets - net of depreciation	\$ 36,125	\$(17,024)	\$ 0	\$ 19,101

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 17,024
Total governmental activities depreciation expense	\$ 17,024

NOTE 5 – INTERFUND TRANSFERS

The summary of inter-fund transfers at December 31, 2022 is as follows:

	Transfer out
	Debt Service Fund
Transfer In	Special Revenue Fund
	\$ 25,000

The interfund transfers resulted from the Debt Service Fund transferring money to the Special revenue Fund in order to fund the DDA's normal operations.

CHARTER TOWNSHIP OF BANGOR
DOWNTOWN DEVELOPMENT AUTHORITY
Notes to Financial Statements
For the Year Ended December 31, 2022

NOTE 6 – RISK MANAGEMENT

The risk of loss category to which the DDA is exposed and for which it has purchased insurance is for liability only. The Township Treasurer and the DDA Administrator maintain the accounting records for the DDA and the Treasurer's office maintains an insurance policy, which eliminates the expenditure for the DDA.

CHARTER TOWNSHIP OF BANGOR
DOWNTOWN DEVELOPMENT AUTHORITY
Required Supplemental Information
Budgetary Comparison Schedule - Special Revenue Fund
For the Year Ended December 31, 2022

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Interest	\$ 5	\$ 5	\$ 28	\$ 23
<u>Expenditures</u>				
Fees per diem and other administrative expenditures	7,080	7,080	6,860	220
Legal and other professional fees	7,600	7,600	6,575	1,025
Contractual services and other	9,550	9,550	9,550	0
Miscellaneous	775	775	636	139
Total expenditures	<u>25,005</u>	<u>25,005</u>	<u>23,621</u>	<u>1,384</u>
Excess (deficiency) of revenues over expenditures	(25,000)	(25,000)	(23,593)	1,407
<u>Other Financing Sources</u>				
Transfers in from governmental funds	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over expenditures	0	0	1,407	1,407
Fund balance - beginning of year	<u>17,938</u>	<u>17,938</u>	<u>17,938</u>	<u>0</u>
Fund balance - end of year	<u>\$ 17,938</u>	<u>\$ 17,938</u>	<u>\$ 19,345</u>	<u>\$ 1,407</u>

See accompanying notes to financial statements.