

**City of DeWitt  
Downtown Development Authority  
Clinton County, Michigan**

**FINANCIAL STATEMENTS**

**June 30, 2015**

City of DeWitt  
Downtown Development Authority  
June 30, 2015

BOARD OF DIRECTORS

Beth Herendeen	Chairperson
Fred Motz	Treasurer
Paul Hartlieb	Secretary
Kim Lawrence	Director
Dr. Randall Chambers	Director
Matthew Cooper	Director
Jim Rundborg	Director/Mayor
Andrew Joslyn	Director

City of DeWitt  
Downtown Development Authority

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INDEPENDENT AUDITOR'S REPORT

Board of Directors  
City of DeWitt Downtown Development Authority  
DeWitt, Michigan

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of the City of DeWitt Downtown Development Authority (the Authority), a component unit of the City of DeWitt, Michigan, as of and for the year ended June 30, 2015, and the 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

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 the major fund of the City of DeWitt Downtown Development Authority as of June 30, 2015, 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, as identified in the table of contents, 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 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.

*Abraham & Gaffney, P.C.*

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

October 16, 2015

City of DeWitt  
Downtown Development Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

This discussion and analysis of financial performance provides a comparison overview of the City of DeWitt Downtown Development Authority's (DDA's) financial activities for FY 2014-2015 and 2013-2014. Please read this document in conjunction with the DDA's financial statements.

**Financial Highlights**

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for FY 2014-2015:

**A. Governmental Activities**

- Assets of the DDA exceeded its liabilities at the close of FY 2014-2015 by \$480,236.
- The DDA's total net position increased by \$18,287 as a result of current year activity.

**B. Governmental Fund**

- Assets of the DDA exceed its liabilities at the close of FY 2014-2015 by \$180,409.
- The DDA's total fund balance increased by \$28,803 as a result of current year activity.

**Using this Annual Report**

This annual report consists of several financial statements. The statement of net position and the statement of activities provide information about the activities of the DDA as a whole and present a longer-term view of the DDA's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view which reveals how resources were spent during the year and what resources are available for future spending. Fund financial statements also report the operations of the DDA in more detail than the government-wide financial statements by providing information about the DDA's most significant fund.

**The DDA as a Whole**

The following table shows, in condensed format, a comparison of net position of the DDA as of June 30, 2014, and June 30, 2015.

	<u>2014</u>	<u>2015</u>
<b>Assets</b>		
Current assets	\$ 204,386	\$ 189,323
Capital assets	<u>310,343</u>	<u>299,827</u>
Total assets	514,729	489,150
<b>Liabilities</b>		
Current liabilities	<u>52,780</u>	<u>8,914</u>
<b>Net Position</b>		
Investment in capital assets	310,343	299,827
Unrestricted	<u>151,606</u>	<u>180,409</u>
Total net position	<u><u>\$ 461,949</u></u>	<u><u>\$ 480,236</u></u>

City of DeWitt  
Downtown Development Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

The following table shows the changes in net position during the previous and current year.

	2014	2015
<b>Revenue</b>		
Program revenue		
Operating grants and contributions	\$ -	\$ 11,706
General revenue		
Taxes	102,383	104,910
Interest	1,095	333
Miscellaneous	7,903	11,140
	111,381	128,089
 <b>Program Expense</b>		
Salaries	33,799	36,368
Contractual Services	1,865	1,014
Advertising & Promotion	13,677	15,123
Audit	1,150	1,150
Office supplies	1,552	930
Operating expenses	12,458	33,279
Maintenance	3,611	3,600
Other	348	5,521
Depreciation	10,516	10,516
Improvements	52,347	2,301
	131,323	109,802
Total expenses	131,323	109,802
 <b>Change in Net Position</b>	 \$ (19,942)	 \$ 18,287

**Governmental Activities**

The DDA governmental revenues totaled \$128,089 with the largest revenue source being property taxes. Property taxes make up approximately 82% of the total governmental revenue.

The DDA incurred expenses of \$109,802 during the fiscal year, the two largest expenses being salaries (\$36,368) and operating expenses (\$33,279). Salaries represent approximately 33% of annual salaries and operating expenses represent approximately 30% if the annual expenses. The DDA continues to pay for utilities related to Christmas lights in the DDA district and reimbursing the City for work done in the District. Operating expenses have increased from the prior year by \$20,821 primarily due to an increase in activity related to a façade grant. Improvements have decreased by \$50,046.

**Fund Financial Statements**

The General Fund is the chief operating fund of the DDA. During the year the fund balance increased \$28,803 to \$180,409, which represents 182% of annual expenditures. Total revenues increased \$16,708, or 15%, over the prior year. Total expenditures decreased \$231,831, or 70% over the prior year, primarily due to improvements in the prior year, such as construction of a parking lot and renovations to City owned infrastructure.

City of DeWitt  
Downtown Development Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

**Budgetary Highlights**

During the year, the DDA made necessary budget amendments to fund unanticipated expenditures. Total expenditures budget was increased by \$22,686, with the majority of the increase to operating expenditures. Actual expenditures came in \$29,038 under the budget appropriations due primarily to the Authority spending less in operating expenditures than anticipated.

**Capital Asset Administration**

The DDA's investment in capital assets decreased by \$10,516 during the fiscal year as a result of recognizing depreciation expense. See note C to the financial statements for additional information related to capital assets.

**Long-Term Debt**

The DDA does not have any long-term debt.

**Economic Factors and Next Year's Budgets and Rates**

The 2015 taxable values and captured values are anticipated to decrease approximately \$375,268, which will reduce tax revenues by \$8,484. The approved budget for 2014-2015 has revenues exceeding expenditures by \$28,803.

**Contacting the DDA**

This financial report is intended to provide citizens, taxpayers, customers, and investors with the general overview of the DDA's finances and demonstrate the DDA's accountability for the money it receives. If you have any questions about this report or need any additional information, we welcome you to contact the City of DeWitt, 414 East Main Street, DeWitt, MI 48820.



## **BASIC FINANCIAL STATEMENTS**

City of DeWitt  
Downtown Development Authority

BALANCE SHEET/STATEMENT OF NET POSITION

June 30, 2015

	General Fund	Adjustments	Statement of Net Position
<b>ASSETS</b>			
Current assets			
Cash	\$ 52,103	\$ -	\$ 52,103
Investments	136,720	-	136,720
Receivables	500	-	500
Total current assets	189,323	-0-	189,323
Noncurrent assets			
Capital assets not being depreciated	-	110,549	110,549
Capital assets, net of accumulated depreciation	-	189,278	189,278
Total noncurrent assets	-0-	299,827	299,827
<b>TOTAL ASSETS</b>	<b>\$ 189,323</b>	<b>299,827</b>	<b>489,150</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 8,914	-	8,914
<b>FUND BALANCE/NET POSITION</b>			
Fund balance			
Unassigned	180,409	(180,409)	-0-
<b>TOTAL LIABILITIES       AND FUND BALANCE</b>	<b>\$ 189,323</b>	<b>-0-</b>	<b>-0-</b>
Net position			
Investment in capital assets		299,827	299,827
Unrestricted		180,409	180,409
<b>TOTAL NET POSITION</b>		<b>\$ 480,236</b>	<b>\$ 480,236</b>

See accompanying notes to financial statements.

City of DeWitt  
Downtown Development Authority

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION

June 30, 2015

**Total fund balance - governmental fund** \$ 180,409

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

Capital assets used in governmental activities are not financial resources  
and therefore are not reported as assets in the governmental fund.

The cost of capital assets is	\$ 320,859	
Accumulated depreciation is	<u>(21,032)</u>	
		<u>299,827</u>
<b>Net position of governmental activities</b>		<u><u>\$ 480,236</u></u>

City of DeWitt  
Downtown Development Authority

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

	General Fund	Adjustments	Statement of Activities
<b>EXPENDITURES/EXPENSES</b>			
Current			
Salaries	\$ 36,368	\$ -	\$ 36,368
Contractual services	1,014	-	1,014
Advertising and promotion	15,123	-	15,123
Audit	1,150	-	1,150
Office supplies	930	-	930
Operating expenditures/expenses	33,279	-	33,279
Maintenance	3,600	-	3,600
Depreciation	-	10,516	10,516
Miscellaneous	5,521	-	5,521
Capital outlay	2,301	-	2,301
	99,286	10,516	109,802
<b>TOTAL EXPENDITURES/EXPENSES</b>			
<b>PROGRAM REVENUES</b>			
Operating grants and contributions	11,706	-	11,706
	(87,580)	(10,516)	(98,096)
<b>NET PROGRAM EXPENDITURES/EXPENSES</b>			
<b>GENERAL REVENUES</b>			
Property taxes	104,910	-	104,910
Interest	333	-	333
Other	11,140	-	11,140
	116,383	-0-	116,383
<b>TOTAL GENERAL REVENUES</b>			
<b>NET CHANGE IN FUND BALANCE</b>			
	28,803	(10,516)	-0-
<b>CHANGE IN NET POSITION</b>			
	-0-	-0-	18,287
<b>Fund balance/Net position</b>			
Beginning of year	151,606	310,343	461,949
End of year	\$ 180,409	\$ 299,827	\$ 480,236

See accompanying notes to financial statements.

City of DeWitt  
Downtown Development Authority

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

**Net change in fund balance - governmental fund** \$ 28,803

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental fund. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Depreciation expense (10,516)

**Change in net position of governmental activities** \$ 18,287

City of DeWitt  
Downtown Development Authority

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**NOTE A: DESCRIPTION OF AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of DeWitt Downtown Development Authority (the Authority) was created on May 7, 1981, pursuant to Act 197 of the Public Acts of Michigan, 1975 as amended. The Authority has no stockholders, and all monies received are to be used for certain specified purposes in accordance with the City of DeWitt ordinance establishing the Authority.

The primary revenue of the City of DeWitt Downtown Development Authority is "tax increment revenue". The taxing units are required by law to transmit to the Authority that portion of the tax levy of all taxing bodies paid each year on the captured assessed value of all real and personal property located in the development area. The "captured assessed value" is basically defined as the amount in any one year by which the current assessed value of the project area exceeds the initial assessed value.

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority's more significant accounting policies are described below.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements are exclusive presentations of the financial condition and results of operations of the City of DeWitt Downtown Development Authority. The Authority is considered a component unit of the City of DeWitt, Michigan, and is discretely presented in the City of DeWitt's (the primary government) financial statements. A copy of the City's audited financial statements may be obtained at the DeWitt City Hall.

2. Basis of Presentation and Measurement Focus

Combined financial statements are provided for the Governmental Fund Balance Sheet and the Statement of Net Position, and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities. Descriptions of both presentations included in the basic financial statements are as follows:

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the government-wide financial statements) present information for the Authority as a whole.

The government-wide financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, adjustments are reflected on the face of the financial statements.

The statement of activities presents the direct functional expenses of the Authority and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients for goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes interest and property taxes and shows how governmental functions are either self-financing or supported by the general revenues of the Authority.

City of DeWitt  
Downtown Development Authority

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**NOTE A: DESCRIPTION OF AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

2. Basis of Presentation and Measurement Focus - continued

FUND FINANCIAL STATEMENTS

The Authority uses a single fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The governmental fund financial statements present the Authority's individual major fund.

The major fund of the Authority is:

General Fund - The general operating fund is used to account for all financial resources of the Authority which are restricted to expenditures for downtown development purposes.

The government-wide financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

3. Basis of Accounting

Basis of accounting refers to the timing under which transactions are recognized for financial reporting purposes. Governmental fund financial statements use the modified accrual basis of accounting. The government-wide financial statements are prepared using the accrual basis of accounting.

Under the accrual basis of accounting, revenue is recorded in the period in which it is earned and expenses are recorded when incurred, regardless of the timing of related cash flows. Revenues for grants and contributions are recognized when all eligibility requirements imposed by the provider have been met. Unearned revenue is recorded when resources are received by the Authority before it has legal claim to them, such as when program fees are received.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used 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 period. Revenues susceptible to accrual include state and federal grants and interest revenue. Other revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

If/when both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

City of DeWitt  
Downtown Development Authority

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**NOTE A: DESCRIPTION OF AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

4. Budgets and Budgetary Accounting

The annual budget of the Authority is prepared by Authority management and approved by the Board. Any revisions to the original budget are approved by the Board before the end of the fiscal year. The budget is prepared on the same modified accrual basis used to reflect actual results. This basis is consistent with accounting principles generally accepted in the United States of America.

5. Cash and Investments

Cash consists of the Authority's checking and savings accounts. Investments consist of temporary investments in certificates of deposit with original maturities of greater than 90 days. Investments are stated at fair value.

6. Capital Assets

Capital assets are recorded, net of accumulated depreciation, in the government-wide financial statements. All assets with a useful life exceeding one (1) year and with a cost of \$5,000 or more are recorded as capital assets. Capital assets are not recorded in the governmental fund. Instead, capital acquisition and construction are reflected as expenditures in governmental funds and the related assets are reported in the government-wide financial statements. All purchased assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	20 years
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7. Deferred Outflows/Inflows of Resources

In addition to assets, the balance sheet/statement of net 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 fund balances/net position that applies to a future period and will not be recognized as an outflow of resources (expenditure/expense) until then.

In addition to liabilities, the balance sheet/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 a consumption of fund balances/net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then.

Currently, the Authority does not have any items that meet the recognition criteria for classification as deferred outflows of resources or deferred inflows of resources.

8. Comparative Data

Comparative data for the prior year has not been presented in the accompanying financial statements since their inclusion would make the statements unduly complex and difficult to read.



City of DeWitt  
Downtown Development Authority

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**NOTE B: CASH AND INVESTMENTS**

In accordance with Michigan Compiled Laws, the Authority is authorized to invest in the following investment vehicles:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.
3. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
4. The United States government or Federal agency obligations repurchase agreements.
5. Bankers acceptances of United States Banks.
6. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Deposits

As of June 30, 2015, the carrying amounts and bank balances for each type of bank account are as follows:

<u>Account Type</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Checking and savings	\$ 52,003	\$ 62,493
Certificates of deposit	<u>136,720</u>	<u>136,720</u>
	<u>\$ 188,723</u>	<u>\$ 199,213</u>

The cash caption on the basic financial statements includes \$100 of imprest cash.

There is custodial credit risk as it relates to deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. As of June 30, 2015, the carrying amount of the Authority's deposits was \$188,723 and the bank balance was \$199,213. As of June 30, 2015, the Authority's accounts were fully insured by the Federal Deposit Insurance Corporation (FDIC).

Credit risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). The Authority did not have any investments as of June 30, 2015, that were subject to rating.

City of DeWitt  
Downtown Development Authority

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**NOTE B: CASH AND INVESTMENTS - CONTINUED**

Concentration of credit risk

The Authority will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk

The Authority will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities authorized by the Board and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Authority will do business in accordance with Board approved policy.

The cash and investments referred to above have been reported in the cash or investments captions on the basic financial statements, based upon criteria disclosed in Note A. The following summarizes the categorization of these amounts as of June 30, 2015:

Cash	\$	52,103
Investments		<u>136,720</u>
		<u><u>\$ 188,823</u></u>

**NOTE C: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets not being depreciated				
Land	\$ 110,549	\$ -	\$ -	\$ 110,549
Capital assets being depreciated				
Land improvements	210,310	-	-	210,310
Less accumulated depreciation for:				
Land improvements	<u>(10,516)</u>	<u>(10,516)</u>	<u>-</u>	<u>(21,032)</u>
Net capital assets being depreciated	<u>199,794</u>	<u>(10,516)</u>	<u>-0-</u>	<u>189,278</u>
Capital assets, net	<u><u>\$ 310,343</u></u>	<u><u>\$ (10,516)</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 299,827</u></u>

**NOTE D: RISK MANAGEMENT**

The Authority, as a component unit of the City of DeWitt, is protected from losses as described in the note captioned "Risk Management" within the City's Annual Financial Report.

City of DeWitt  
Downtown Development Authority

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**NOTE E: DETAILS OF FUND BALANCE CLASSIFICATIONS**

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five classifications of fund balance under this standard:

*Nonspendable* - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

*Restricted* - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

*Committed* - amounts constrained on use imposed by formal action of the government's highest level of decision making authority (i.e., Board, Council, etc.).

*Assigned* - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

*Unassigned* - all other resources; the remaining fund balance after non-spendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

**Fund Balance Classification Policies and Procedures**

For committed fund balance, the City of DeWitt Downtown Development Authority's highest level of decision-making authority is the Authority Board of Directors. Formal action that is required to be taken to establish a fund balance commitment is a resolution of the Authority Board of Directors.

For assigned fund balance, the Authority Board of Directors has not approved a policy indicating who is authorized to assign amount to a specific purpose. As a result, this authority is retained by the Authority Board of Directors.

The City of DeWitt Downtown Development Authority has not adopted a policy that defines the order of usage for fund balance amounts classified as restricted, committed, assigned, or unassigned. In the absence of such a policy restricted amounts will be used first, followed by committed, then assigned, and finally unassigned fund balance.

**NOTE F: UPCOMING ACCOUNTING PRONOUNCEMENT**

In March 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted for the 2015-2016 fiscal year.

**REQUIRED SUPPLEMENTARY INFORMATION**

City of DeWitt  
Downtown Development Authority

General Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 97,548	\$ 104,909	\$ 104,910	\$ 1
Intergovernmental - Local	-	11,706	11,706	-0-
Interest	850	75	333	258
Other	5,383	9,777	11,140	1,363
<b>TOTAL REVENUES</b>	<b>103,781</b>	<b>126,467</b>	<b>128,089</b>	<b>1,622</b>
<b>EXPENDITURES</b>				
Current				
Salaries	33,800	37,700	36,368	1,332
Contractual services	5,474	5,474	1,014	4,460
Advertising and promotion	16,500	20,950	15,123	5,827
Audit	1,150	1,150	1,150	-0-
Office supplies	200	900	930	(30)
Operating expenditures	34,350	46,150	33,279	12,871
Maintenance	4,000	4,000	3,600	400
Miscellaneous	6,000	9,500	5,521	3,979
Capital outlay	-	2,500	2,301	199
<b>TOTAL EXPENDITURES</b>	<b>101,474</b>	<b>128,324</b>	<b>99,286</b>	<b>29,038</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>2,307</b>	<b>(1,857)</b>	<b>28,803</b>	<b>30,660</b>
Fund balance, beginning of year	151,606	151,606	151,606	-0-
Fund balance, end of year	<u>\$ 153,913</u>	<u>\$ 149,749</u>	<u>\$ 180,409</u>	<u>\$ 30,660</u>