

**DOWNTOWN DEVELOPMENT AUTHORITY
Board of Directors**

Regular Meeting

**Oshtemo Community Center
6407 Parkview Avenue**

July 16, 2015
12:00 p.m.

AGENDA

1. Call to Order
2. Approve Agenda
3. Approve Minutes:
 - a. May 21, 2015 Regular Meeting
4. Treasurer's Report:
 - a. May-June, 2015 (unaudited)
 - b. Relevant sections from 2014 Oshtemo Township Audit
5. Review of Draft 2016 DDA Budget
6. 9th Street Rear Access Drive
7. Streetscape and Beautification Efforts
8. CITGO Station Update
 - a. Temporary Landscaping and Improvements
9. Grant and Loan Program Development
10. Any Other Business
11. Announcements and Adjournment

Next Meeting Thursday, September 17, 2015

July 6, 2015



Mtg Date: July 16, 2015
To: Downtown Development Authority
From: Gregory Milliken, AICP
RE: Agenda Items

In this memo, I will provide a quick introduction to a few of the agenda items slated for discussion at next week's DDA Board meeting.

4b. Audit Report

At the June 23rd Township Board meeting, the Board received a report regarding the 2014 Township Audit. The DDA fund was reviewed as part of that. A link to the complete audit is contained in the Treasurer's report and relevant pages are attached.

5. 2016 Draft DDA Budget

It is budget time, and a draft budget for 2016 is included in the packet. As with previous years, the process is for the DDA Board to recommend a draft budget to the Township Board. The Board will then incorporate this budget into their review and approval process. The budget will then come back to you in September and November for final approval.

At this time, there was not a firm estimate on anticipated tax capture for 2016. \$100,000 was provided as a conservative estimate for purposes of projection. If a better estimate is available by the time of the meeting, it will be provided.

No major changes are provided in the budget. The bulk of the money is dedicated to the streetscape study, short term beautification of the former Citgo site, and implementation of the streetscape study in coordination with the Road Commission's project at the 9th / Stadium intersection.

**OSHTEMO CHARTER TOWNSHIP
DOWNTOWN DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS**

MINUTES OF REGULAR MEETING HELD MAY 21, 2015

The Oshtemo Charter Township Downtown Development Authority (DDA) Board of Directors held a regular meeting on Thursday, May 21, 2015. The meeting was called to order at approximately 12:10 p.m. at the Oshtemo Community Center, 6407 Parkview Avenue.

Members of the Board of Directors present: Terry Schley, Fred Gould, Libby Heiny-Cogswell, Jack Siegel, Maria Dacoba, Rich MacDonald, and Bruce Betzler.

Members of the Board of Directors absent: Stephen Dallas, Glenn Steeg, Grant Taylor, Chip Everett, Jay Brown, and Michael Lutke.

Also present was Gregory Milliken, Planning Director.

Approve Agenda

Ms. Heiny-Cogswell moved to approve the agenda as presented. Mr. Gould supported the motion. The Chairperson called for a vote on the motion, and the motion passed unanimously.

Public Comment

Chairperson Schley opened the meeting to public comment. There being no public in attendance, he closed the public comment session for non-agenda items.

Approve Minutes

Chairperson Schley indicated there was a small change to the minutes at the bottom of page 3 to change the year for the road project from 2015 to 2016. Ms. Heiny-Cogswell made a clarification to her comment on page 6 regarding the Township's sewer project.

No other comments or changes regarding the minutes were proposed. Mr. Gould moved for approval of the minutes of the regular meeting of March 19, 2015. Mr. MacDonald seconded the motion. The Chairperson called for a vote on the motion, and the motion passed unanimously.

Treasurer's Report

Mr. Gould presented the Treasurer's Report for March and April. He explained that there was a little more activity in the past couple of months. Most importantly on the revenue side was the tax capture of the winter taxes for the DDA. The amount was slightly higher than the amount projected in the budget. The amount was \$78,442.20. On the expense side, the expenses included quarterly reimbursement payments for accounting, attorney fees, and planning services. There was also a charge for the banner swap and for the update to the due care plan.

Chairperson Schley asked about the accounting and audit fees that were included on the invoices. He specifically inquired about the fee for accounting services and did not think that the DDA had ever had a fee for that in the past. Mr. Milliken indicated that he believed it had been included in the Siegfried invoices for the past several months. Chairperson Schley indicated he would like the opportunity for the DDA to authorize payment.

Ms. Heiny-Cogswell explained the split between accounting and auditing services and the two firms that do this. This is a recent arrangement as recommended by the auditor. Chairperson Schley asked that the situation be clarified and the DDA be apprised of what they are responsible for cost-wise.

Mr. Betzler moved to approve the Treasurer's Report. Mr. Siegel seconded the motion. The motion was approved unanimously.

Election of Secretary

Chairperson Schley indicated there is still a vacancy in the office of Secretary and that Ms. Dacoba had indicated a willingness to serve in that position. Mr. Gould moved to elect Ms. Dacoba as Secretary. Mr. MacDonald seconded the motion. The motion was approved unanimously.

9th Street Rear Access Drive

Ms. Heiny-Cogswell provided the DDA with an update on the status of the commercial access drive. She indicated that the Planning Commission had approved the Special Exception Use for the drive. The plans are at a 90% complete stage.

Ms. Heiny-Cogswell indicated that at this point the next step is to get 2-3 of the agreements in place before committing the funds and constructing the drive. Two businesses have been engaged in the discussions regarding the drive to date, so there is a need to get those properties to sign on to the agreements. Once the agreements are in place, then the project can be put out to bid. That will provide the DDA and Township Board with specific costs for the project that can be provided to each of the Boards for approval.

Chairperson Schley summarized that to move forward, the Township is looking for commitment from at least two users and then will secure bids for the project and present costs to the DDA and Township Board. He indicated the DDA is still committed to the project.

Ms. Heiny-Cogswell indicated that the RCKC is putting out an HMA bid letting in two weeks, and there would be bid savings if the group is able to complete those tasks within that quick deadline.

Grant / Loan Program

Chairperson Schley stated that he received some communication from Mr. Taylor about the proposed grant and loan program. After the last meeting, members were to send Mr. Taylor comments. It did not appear that any changes had been made. So there is still time to submit comments if you have any. There is also a need to create an application form and coordinate with Attorney Porter regarding the proposed program. Chairperson Schley indicated that conversation should also address the role of the Township Board in the process.

Mr. MacDonald asked who prepared the original document.

Ms. Dacoba indicated it was mostly copied from the Paw Paw materials.

Mr. MacDonald indicated it would be good to avoid grey area that could be misinterpreted and problem spots that create challenges for applicants and staff.

Streetscape and Beautification Efforts

Chairperson Schley indicated that a first invoice was received from OCBA and approved. He described a meeting on April 23rd with the Road Commission to discuss their proposed projects on Stadium Drive and 9th Street and how they may relate to the DDA's Streetscape Project. He indicated that the Road Commission has its own goals and challenges to overcome. These do not leave a lot of room for what the DDA wants to achieve in terms of pedestrian oriented development, but at least the Road Commission is now aware of the DDA's vision.

Chairperson Schley described a second meeting on April 30th that was an open house charrette set up to gather ideas from property owners and residents in the DDA district. He indicated it was reasonably attended, and the consultant is working on those ideas. Generally speaking, OCBA is a little behind schedule on the project, but they are trying to get back on schedule. They want to schedule a next meeting with DDA and Township Staff to review the design plan likely in mid-June.

Chairperson Schley indicated that the car wash continues to get worse. He reminded the Board that the DDA will be incorporating that site into plans that will be useful in communication with the Church. Until then, no other initiative is under way to acquire that site or remove the building unless the Church does something on their own.

Mr. Siegel indicated that on the south side of Stadium west of 9th street there are several homes with long grass and similar issues. Ms. Heiny-Cogswell indicated she passed that on to the Enforcement Officer, and he was addressing it.

Chairperson Schley thanked the Township for maintaining the Citgo site.

Mr. Milliken discussed the need for agreements for non-motorized facilities required by the RCKC.

CITGO Station Update

Chairperson Schley indicated that Ms. Dacoba has been doing good work on collecting information on options for beautifying the Citgo site on a temporary, low cost basis.

Ms. Dacoba said that S&T Landscaping has given a cost of \$2-500 for a few boulders to be located on the site on a temporary basis. Chairperson Schley indicated he is in favor of doing this; the intent is to block the access. Ms. Dacoba said she talked to them about all three drives.

Chairperson Schley said Staff should carry the ball from here.

Ms. Heiny-Cogswell said they should go in the concrete area so there is no mowing impacts.

Mr. Betzler moved to approve the proposed from S&T for the temporary use of rocks to block the access drive for up to \$300. Mr. Gould seconded the motion. The motion was approved unanimously.

Chairperson Schley asked about the question previously asked regarding property taxes on the site. Ms. Heiny-Cogswell indicated that the site was taxed in 2014 as taxes had to be carried through to the end of 2014. It was switched at the start of 2015 and will be exempt in 2015 and beyond.

Other Business

Ms. Dacoba asked if Mr. Taylor was going to talk to the Church. Chairperson Schley indicated that Andy Wenzel had handled those conversations previously. The notes are in hard copy form. There was conversation about sharing of resources, but the Church had trouble visualizing what that meant. Idea was to have OCBA involve that site in their planning and then use that in the conversation with the Church.

Announcement and Adjournment

Chairperson Schley may need to move the date on the November meeting. Mr. Gould moved to adjourn the meeting. The meeting was adjourned at 12:57 pm

Oshtemo Charter Township
Downtown Development Authority

Minutes Prepared: May 29, 2015

Minutes Approved:

To: DDA Board
From: Greg Milliken on behalf of Fred Gould, DDA Board Treasurer
Date: July 1, 2015
Re: Treasurer's Report

Attached you will find the Treasurer's Report through June 29, 2015 unaudited. The report has been shared with Treasurer Gould, and he will provide his comments at the meeting.

It was prepared a little earlier this month due to the 4th of July holiday and some time off ahead for me this month, so not all of the June expenses are captured. But it shows the status through May and most of June.

Over that period, there has been no activity on the revenue side. On the expense side, there is no significant activity reflected in the report. Standard accounting review is shown for both months. There are three invoices from S&T Landscape for maintenance of the flower bed area (including the March invoice). Finally, there was one invoice from SignArt for the banner swap in May.

The Streetscape project is underway and two invoices have been approved. Neither check has been issued yet by the Township due to a miscommunication internally. That has been resolved and it is anticipated that checks for both invoices will be issued by the end of the week. As a result however, neither invoice has been reflected on this report.

At the last meeting, a question was raised regarding the charges to the DDA from the accountant as well as the charges for the Township audit. This was a change from previous years and not one the DDA was aware of. The Township consults with Siegfried Crandell as a financial consultant to prepare month-end and year-end financial and accounting reports. These costs are pro-rated on a per account basis, and the cost to the DDA is based on the cost assigned to the DDA account. These reports are then used by the independent Auditor that the Township hired to prepare the Annual Audit. The Township has taken this step to separate the accounting and auditing functions in order to ensure greater financial transparency and independence.

Speaking of the audit, the 2014 Township Audit was presented to the Township Board at the June 23rd Board meeting. A copy of the complete Audit is available on the Township website. (Click on "Minutes and Agendas on the left side; then select Township Board Agenda Packets; click on 2015; and select the

June 23, 2015 agenda packet. The audit is in this packet.) Attached to this packet are some of the pages of the report relevant to the DDA.

In addition to this information, through April, the Township Attorney has charged 4.65 hours of time to the DDA, which amounts to \$697.50.

Attachment: Treasurer's Report May-June, 2015
Select pages from 2014 Oshtemo Township Audit

DOWNTOWN DEVELOPMENT AUTHORITY
Treasurer's Report May-June, 2015
 unaudited

REVENUES	2015 Budget	Previous Activity	Activity this Period	Available Balance	Percent of Budget
Carryover	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Current Real Property Tax	\$73,997.00	\$78,442.00	\$0.00	\$78,442.00	106.01%
Miscellaneous	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Interest Earned	\$300.00	\$236.76	\$75.07	\$311.83	103.94%
TOTAL REVENUES	\$74,297.00	\$78,678.76	\$75.07	\$78,753.83	106.00%

EXPENDITURES	2015 Budget	Previous Activity	Activity this Period	Available Balance	Percent Used
Staff	\$2,000.00	\$500.00	\$0.00	\$1,500.00	25.00%
Supplies	\$1,000.00	\$0.00	\$0.00	\$1,000.00	0.00%
Postage	\$500.00	\$0.00	\$0.00	\$500.00	0.00%
Streetscape Design & Contract					
Docs	\$38,297.00	\$0.00	\$0.00	\$38,297.00	0.00%
Accounting & Auditing Fees	\$1,500.00	\$1,150.00	\$150.00	\$200.00	86.67%
Legal Fees	\$5,000.00	\$592.50	\$0.00	\$4,407.50	11.85%
Legal Notices	\$1,000.00	\$0.00	\$0.00	\$1,000.00	0.00%
Repairs & Maintenance	\$5,000.00	\$1,140.00	\$907.50	\$2,952.50	40.95%
Obligated Projects**	\$20,000.00	\$2,640.93	\$380.00	\$16,979.07	15.10%
Land Acquisition	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
TOTAL EXPENDITURES	\$74,297.00	\$5,523.43	\$1,437.50	\$66,836.07	10.04%

TOTAL FUND BALANCE (June 30, 2015): \$601,489

**Obligated Projects includes Grant Loan Program (\$10k) and Citgo site development (\$10k)

SiegfriedCrandallPC

Certified Public Accountants & Advisors

246 E. Kilgore Road
Kalamazoo, MI 49002-5599
www.siegfriedcrandall.com

Telephone 269-381-4970
800-876-0979
Fax 269-349-1344

CHARTER TOWNSHIP OF OSHTEMO
7275 WEST MAIN STREET
KALAMAZOO, MI 49009

Invoice Number: 85832
Client ID: 6870

Date: 04/30/2015

Payable upon receipt

Professional services during the month of April 2015, which included the following:

Joel's assistance with February and March cash analysis	1,120.00
Joel's assistance with financial statements	365.00
Steve's fund balance presentation to Board, including preparation time	370.00
Steve's assistance with KABA billing/rent	555.00
Steve's assistance with financial statements	5,435.00
Steve's assistance with auditor questions	2,000.00
Less: discount on accounting assistance	(1,445.00)

Breakdown by fund:

101 - \$7,200
 107 - 100
 206 - 500
 207 - 100
 211 - 100
 249 - 100
 490 - 100
 491 - 100
 900 - 100

\$8,400
=====

Vendor # SC
 Acct # _____
 Net Amt 8400 - Due Date 5/15
 Invoice # 85832 Inv Date 4/30
 Comment accting support

New Charges: \$8,400.00
 Plus Prior Balance: \$0.00
 New Balance: \$8,400.00

S&T Lawn Service Inc.

3393 South 6th Street
Kalamazoo, MI 49009
(269) 375-0334

Invoice

Bill To:

Oshstemo Charter Township
7275 West Main Street
Kalamazoo, MI 49009

Date:

4/30/2015

Invoice #:

11774

Terms:

Net 15

Regarding:

Lawn Service

Date:	Description:	Quantity:	Rate:	Amount:
4/15/2015	04/15/2015 -- Clean Up:Spring	1	0.00	0.00
4/15/2015	04/15/2015 -- Mulching	1	0.00	0.00
4/30/2015	04/30/2015 -- Lawn Service - Monthly Installment	1	248.00	248.00

INVOICE # 11774, 12041
INVOICE DATE 4-30-15
PO # 7228
INVOICE AMOUNT 496-
CLOSE PO? YES / NO

Total

\$248.00

Thank you for your business.

S&T Lawn Service Inc.

3393 South 6th Street
Kalamazoo, MI 49009
(269) 375-0334

Invoice

Bill To:
Oshtemo Charter Township 7275 West Main Street Kalamazoo, MI 49009

Date:	4/17/2015
Invoice #:	12041
Terms:	Net 15

Regarding:	Lawn Service
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<i>Date:</i>	<i>Description:</i>	<i>Quantity:</i>	<i>Rate:</i>	<i>Amount:</i>
3/31/2015	Monthly Lawn Maintenance Billing for April	1	248.00	248.00

Total	\$248.00
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Thank you for your business.



SignArt, Inc.
 5757 East Cork Street
 KALAMAZOO, MICHIGAN 49048
 Phone: 800.422.3030 - Fax: 269.381.0999

Blanket

INVOICE **420186** Customer

Invoice Date 6/15/2015

Quotation No. **SV5028437** Page 1 of 1

Customer PO No.

Drawing #

Customer ID OT04

PURCHASER **OSHTEMO CHARTER TOWNSHIP**
 7275 W. MAIN ST.
 KALAMAZOO, MI 49009

LOCATION **OSHTEMO CHARTER TOWNSHIP**
 7275 WEST MAIN STREET
 KALAMAZOO, MI 49009

ATTENTION **LINDA IGNASIAK** **269.375.4260**

CONTACT

Item	Description of Work	Product	Installation	Pkg/Crate	Total
1	BANNER SWAP Using one (1) man and 30' bucket truck, travel to township offices and swap out existing green banners "Welcome Oshtemo" for the "Oshtemo Village Area" orange and yellow flower banners located on various utility poles in the village district. Return old banners to SignArt for storage.		\$380.00		\$380.00
2	NOTE: One (1) green "Welcome Oshtemo" banner missing at time of removal.				
3	Other Charges				\$0.00
4	Customer is Exempt from Sales Tax				\$0.00

INVOICE # 420186

INVOICE DATE 6-15-15

PO # 6308

INVOICE AMOUNT 380 -

CLOSE PO? YES **NO**

J. Miller
 OK
 6/11/15
 BLANKET

SignArt, Inc Is An Equal Opportunity Employer

AMOUNT DUE UPON RECEIPT.
ALL ACCOUNTS PAST DUE MORE THAN 10 DAYS WILL BE SUBJECT TO A SERVICE CHARGE OF 1 1/2% PER MONTH ON THE UNPAID BALANCE (18% ANNUAL PERCENTAGE RATE PER YEAR).
IN THE EVENT THIS INVOICE IS PLACED FOR COLLECTION OR IF COLLECTED BY SUIT, REASONABLE ATTORNEY'S FEES AND/OR COLLECTION COSTS SHALL BE ADDED.

Total Amount: \$380.00

Deposit:

Amount Due: \$380.00

S&T Lawn Service Inc.

3393 South 6th Street
Kalamazoo, MI 49009
(269) 375-0334

Invoice

Bill To:
Oshtemo Charter Township 7275 West Main Street Kalamazoo, MI 49009

Date:	5/29/2015
Invoice #:	11906
Terms:	Net 15

Regarding:	Lawn Service
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Date:	Description:	Quantity:	Rate:	Amount:
5/19/2015	1 1/2 Yards of soil for annual flower beds	1	163.50	163.50
5/31/2015	05/31/2015 -- Lawn Service - Monthly Installment	1	248.00	248.00

INVOICE # 11906
INVOICE DATE 5-29-15
PO # 7228
INVOICE AMOUNT 411.50
CLOSE PO? YES / NO

Total	\$411.50
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Thank you for your business.

SiegfriedCrandallPC

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Telephone 269-381-4970
800-876-0979
Fax 269-349-1344

CHARTER TOWNSHIP OF OSHTEMO
7275 WEST MAIN STREET
KALAMAZOO, MI 49009

Invoice Number: 86257
Client ID: 6870

Date: 05/31/2015

Payable upon receipt

Professional services during the month of May 2015, which included the following:

Joel's assistance with April cash analysis	510.00
Ann's assistance - bank reconciliations - tax & AJE questions	1,065.00
Paul's preparation of F-65 report	210.00
Steve's assistance with auditor questions; review of financial statements	740.00
Less: discount on accounting assistance	(525.00)

Breakdown by fund:

101 - \$1,350
107 50
206 300
207 50
211 50
249 50
490 50
491 50
900 50

\$2,000
=====

Vendor # SC
Acct # _____
Net Amt 2000 - Due Date 9/2
Invoice # 86257 Inv Date 5/31
Comment acct support

New Charges:	\$2,000.00
Plus Prior Balance:	\$0.00
New Balance:	<u>\$2,000.00</u>

*Charter Township of Oshtemo
Kalamazoo County, Michigan*

FINANCIAL STATEMENTS

Year ended December 31, 2014

EXCERPTS

Our discussion and analysis of the Charter Township of Oshtemo's (the Township) financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended December 31, 2014. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The Township's total net position increased by \$1,763,154 (7 percent) as a result of this year's activities.
- Of the \$26,051,164 total net position reported, \$7,059,696 (27 percent) is unrestricted.
- The General Fund's unassigned fund balance at the end of the fiscal year was \$2,857,914, which represents 125 percent of the actual total General Fund expenditures for the current fiscal year.

Overview of the financial statements

The Township's annual report is comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township government, reporting the Township's operations in more detail than the government-wide financial statements.
 - Governmental funds statements explain how general government services, like public safety and public works, were financed in the short-term, as well as what remains for future spending.
 - Fiduciary funds statements provide information about the financial relationships in which the Township acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by sections of required supplementary information and other supplementary information that further explain and support the information in the financial statements.

A comparative analysis of the basic financial statements for 2014 and 2013 is also presented.

Government-wide financial statements

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Township's assets, and liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide statements report the Township's net position and how it has changed. Net position (the difference between the Township's assets, and liabilities and deferred inflows of resources) is one way to measure the Township's financial health, or position.

- Over time, increases or decreases in the Township's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township, you need to consider additional nonfinancial factors, such as changes in the Township's property tax base and the condition of the Township's capital assets.

The government-wide financial statements are divided into two categories:

- *Governmental activities* - Most of the Township's basic services are included here, such as police, fire, and general government activities. Property taxes, assessments, and state grants finance most of these activities.
- *Component unit* - The Township includes one other entity in its report - the Downtown Development Authority. Although legally separate, this "component unit" is important because the Township is financially accountable for the Authority.

Fund financial statements

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law.
- The Township Board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain other revenues.

The Township has two types of funds:

- *Governmental funds*. Most of the Township's basic services are included in its governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flows in and out, and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information that explains the relationship between them.
- *Fiduciary funds*. These funds are used to account for the collection and disbursement of resources, primarily taxes, for the benefit of parties outside the Township. The Township is responsible for ensuring that the assets reported in the fiduciary funds are used for their intended purposes. The Township's fiduciary balances are reported in a separate Statement of Fiduciary Assets and Liabilities. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net position

Total net position at the end of the fiscal year was \$26,051,164. Of this total, \$16,635,869 is invested in capital assets, \$2,355,599 is restricted for public safety, and \$7,059,696 is unrestricted.

*Condensed financial information
Net position*

	<i>Governmental activities</i>	
	<i>2014</i>	<i>2013</i>
Current and other assets	\$ 13,155,035	\$ 12,841,867
Capital assets	16,670,869	15,532,369
Total assets	<u>29,825,904</u>	<u>28,374,236</u>
Current and other liabilities	567,155	2,956,619
Long-term debt	70,150	96,650
Total liabilities	<u>637,305</u>	<u>3,053,269</u>
Deferred inflows of resources	<u>3,137,435</u>	<u>1,032,957</u>
Net position:		
Net investment in capital assets	16,635,869	15,462,369
Restricted	2,355,599	2,294,716
Unrestricted	<u>7,059,696</u>	<u>6,530,925</u>
Total net position	<u>\$ 26,051,164</u>	<u>\$ 24,288,010</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Changes in net position

The Township's total revenues were \$6,817,078. For 2014, charges for services were 57 percent of the Township's revenues, 25 percent comes from state grants, and 10 percent comes from property taxes.

The total cost of the Township's programs and services was \$5,053,924. Approximately 52 percent of the Township's costs are related to public safety activities, general government is 29 percent, and public works is 11 percent of expenses.

*Condensed financial information
Changes in net position*

	<i>Governmental activities</i>	
	<u>2014</u>	<u>2013</u>
Program revenues:		
Charges for services	\$ 3,874,930	\$ 2,970,650
Operating grants	13,203	13,711
Capital grants	287,138	56,031
General revenues:		
Property taxes	684,160	680,225
State grants	1,687,056	1,613,541
Franchise fees	247,864	200,859
Investment income	22,727	26,461
Total revenues	<u>6,817,078</u>	<u>5,561,478</u>
Expenses:		
General government	1,452,876	1,401,161
Public safety	2,645,569	2,404,243
Public works	563,436	481,017
Community and economic development	220,644	211,783
Culture and recreation	171,399	148,027
Total expenses	<u>5,053,924</u>	<u>4,646,231</u>
Changes in net position	<u>\$ 1,763,154</u>	<u>\$ 915,247</u>
Net position, end of year	<u>\$ 26,051,164</u>	<u>\$ 24,288,010</u>

Governmental activities

The \$1,763,154 increase in net position for 2014 is almost double the \$915,247 increase in the prior year. The increase can be attributed to an increase in charges for services, primarily related to an increase in police assessments of approximately \$611,000 and an increase of capital and state grants during the current fiscal year.

The total cost of governmental activities this year was \$5,053,924. After subtracting the direct charges to those who directly benefited from the programs (\$3,874,930) and operating and capital grants (\$300,341), the "public benefit" portion covered by taxes, state revenue sharing, and other general revenues was \$878,653.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

Governmental funds

As of the end of the current year, the Township's governmental funds reported combined ending fund balances of \$9,303,315, an increase of \$650,353 from last year.

The General Fund is the primary operating fund of the Township. Its fund balance increased by \$211,565 during the year, as revenues of \$2,925,553 exceeded current expenditures of \$2,289,307 and transfers to other funds of \$424,681. The fund balance was \$4,965,237 at the end of the year.

The Fire Fund experienced an increase in fund balance of \$65,161 for 2014, as revenues of \$1,705,163 and a transfer from the General Fund of \$6,000 exceeded current expenditures of \$1,646,002. The ending fund balance was \$1,818,719.

The Police Fund experienced a \$366,745 increase in fund balance, which reflects police service expenditures of \$997,154 that were less than combined revenues of \$1,285,605 and a transfer of \$78,294 from the General Fund. The fund balance at the end of the year was \$630,402.

The Parks Fund experienced a \$265,049 decrease in fund balance for 2014, as revenues of \$291,529 and a transfer from the General Fund of \$337,535, were not sufficient to cover current year's expenditures of \$894,113. The fund balance at the end of the year was \$1,550.

General Fund budgetary highlights

The Township amended the General Fund revenues and expenditures budgets for anticipated increases in both revenues and expenditures. Total revenues were \$92,987 greater than anticipated, primarily due to unanticipated license and permit revenues that exceeded the budget by nearly \$85,000. Total expenditures were \$805,792 less than the amounts appropriated, primarily due to general government costs that were \$223,311 less than projected and capital outlay costs that were \$543,533 less than expected due to projects not occurring in the current year that were planned. Transfers to other funds were \$42,000 higher than budgeted.

These variances resulted in a positive budget variance of \$856,779, with a \$211,565 increase in fund balance compared to a budget that anticipated a \$645,214 decrease in fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Township's investment in capital assets as of December 31, 2014, was \$16,670,869 (net of accumulated depreciation). This investment includes buildings and improvements, equipment and vehicles, and sewer, water, and road infrastructure. The \$1,138,500 increase in the Township's investment in capital assets for the current fiscal year includes \$1,806,469 in capital asset additions, less \$667,969 in depreciation for the year.

Major capital asset additions during the current fiscal year include:

- \$657,578 for park improvements
- \$441,252 for roads, drains, and water and sewer infrastructure costs
- \$261,672 for a non-motorized path
- \$192,309 for fire equipment
- \$148,126 for land purchases
- \$75,110 for playground equipment
- \$30,422 for a new tractor

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

More detailed information about the Township's capital assets is presented in Note 6 of the notes to the basic financial statements.

Debt

The Township's long-term obligations, totaling \$70,150, include a \$35,000 balance remaining on a three-year land contract for a park land acquisition and \$35,150 in accrued compensated absences.

More detailed information about the Township's noncurrent liabilities is presented in Note 8 of the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Property tax appeals and resultant reductions have continued over the past few years and are likely to be ongoing. No significant changes are planned in the types of services to be provided or in related levels of expenditures for continuing operations during the upcoming year.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Libby Heiny-Cogswell, Supervisor
Charter Township of Oshtemo
7275 West Main Street
Oshtemo, MI 49009

Phone: (269) 375-4260

Charter Township of Oshtemo

STATEMENT OF NET POSITION

December 31, 2014

	<u>Primary government</u>	<u>Component unit</u>
	<u>Governmental activities</u>	<u>Downtown Development Authority</u>
ASSETS		
Current assets:		
Cash	\$ 9,345,544	\$ 567,940
Investments	1,070,083	-
Beneficial interest of assets held at foundation	22,958	-
Receivables, net	2,530,228	40,699
Total current assets	<u>12,968,813</u>	<u>608,639</u>
Noncurrent assets:		
Receivables, net	186,222	-
Capital assets not being depreciated	576,742	293,595
Capital assets, net of accumulated depreciation	16,094,127	-
Total noncurrent assets	<u>16,857,091</u>	<u>293,595</u>
Total assets	<u>29,825,904</u>	<u>902,234</u>
LIABILITIES		
Current liabilities:		
Payables	364,750	100
Long-term debt	35,000	-
Unearned operating assessment revenues	202,405	-
Total current liabilities	602,155	100
Noncurrent liabilities:		
Long-term obligations	35,150	-
Total liabilities	<u>637,305</u>	<u>100</u>
DEFERRED INFLOWS OF RESOURCES		
Property tax revenues levied for the subsequent year	703,893	53,099
Special assessment levied for the subsequent year	2,433,542	-
Total deferred inflows of resources	<u>3,137,435</u>	<u>53,099</u>
NET POSITION		
Net investment in capital assets	16,635,869	293,595
Restricted for public safety	2,355,599	-
Unrestricted	7,059,696	555,440
Total net position	<u>\$ 26,051,164</u>	<u>\$ 849,035</u>

See notes to financial statements

Charter Township of Oshkemo
STATEMENT OF ACTIVITIES
 Year ended December 31, 2014

	Program revenues				Net (expenses) revenues and changes in net position	
	Operating grants and contributions		Capital grants and contributions	Component unit		
	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Downtown Development Authority	
Functions/Programs						
Governmental activities:						
General government	\$ 1,452,876	\$ 74,064	\$ -	\$ (1,378,812)		
Public safety	2,645,569	-	-	340,059		
Public works	563,436	13,203	19,503	212,937		
Community and economic development	220,644	-	-	(167,456)		
Culture and recreation	171,399	-	267,635	114,619		
	<u>5,053,924</u>	<u>3,874,930</u>	<u>287,138</u>	<u>(878,653)</u>		
Total governmental activities		13,203	287,138			
Component unit:						
Downtown Development Authority	\$ 16,522	\$ -	\$ -	\$ -	\$ (16,522)	
General revenues:						
Taxes				684,160	112,784	
State grants				1,687,056	-	
Franchise fees				247,864	-	
Investment income				22,727	1,078	
				<u>2,641,807</u>	<u>113,862</u>	
Total general revenues						
Changes in net position				1,763,154	97,340	
Net position - beginning				24,288,010	751,695	
Net position - ending				<u>\$ 26,051,164</u>	<u>\$ 849,035</u>	

See notes to financial statements

Charter Township of Oshtemo

BALANCE SHEET - component unit

December 31, 2014

	<u>Downtown Development Authority</u>
ASSETS	
Cash	\$ 567,940
Receivables	<u>40,699</u>
Total assets	<u>\$ 608,639</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
Liabilities:	
Payables	\$ 100
Deferred inflows of resources:	
Property tax revenues levied for the subsequent year	53,099
Fund balance - unassigned	<u>555,440</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 608,639</u>
Reconciliation of the balance sheet to the statement of net position:	
Total fund balance - <i>component unit</i>	\$ 555,440
Amounts reported for the <i>component unit</i> in the statement of net position (page 11) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>293,595</u>
Net position of the <i>component unit</i>	<u>\$ 849,035</u>

Charter Township of Oshtemo

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND

BALANCE - component unit

Year ended December 31, 2014

	<u>Downtown Development Authority</u>
REVENUES	
Property taxes	\$ 112,784
Interest	<u>1,078</u>
Total revenues	113,862
EXPENDITURES	
Public works	56,232
Capital outlay	<u>253,885</u>
Total expenditures	<u>310,117</u>
NET CHANGE IN FUND BALANCE	(196,255)
FUND BALANCE - BEGINNING	<u>751,695</u>
FUND BALANCE - ENDING	<u><u>\$ 555,440</u></u>
Reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities:	
Net change in fund balance - <i>component unit</i>	\$ (196,255)
Amounts reported for the <i>component unit</i> in the statement of activities (page 12) are different because:	
Capital asset - acquisitions	<u>293,595</u>
Change in net position of <i>component unit</i>	<u><u>\$ 97,340</u></u>

Charter Township of Oshtemo

BUDGETARY COMPARISON SCHEDULE - Downtown Development Authority - component unit

Year ended December 31, 2014

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
Property taxes	\$ 87,457	\$ 87,457	\$ 112,784	\$ 25,327
Interest	400	400	1,078	678
Total revenues	<u>87,857</u>	<u>87,857</u>	<u>113,862</u>	<u>26,005</u>
EXPENDITURES				
Public works	114,000	114,000	56,232	57,768
Capital outlay	60,000	310,000	253,885	56,115
Total expenditures	<u>174,000</u>	<u>424,000</u>	<u>310,117</u>	<u>113,883</u>
NET CHANGES IN FUND BALANCES	(86,143)	(336,143)	(196,255)	139,888
FUND BALANCES - BEGINNING	<u>751,695</u>	<u>751,695</u>	<u>751,695</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 665,552</u>	<u>\$ 415,552</u>	<u>\$ 555,440</u>	<u>\$ 139,888</u>

2015 DDA Budget

DRAFT: 7-6-15

REVENUES	2014 Budget	2015 Budget	2016 Budget	Change from 2015-6
Carryover	\$ 250,000.00	\$ -	\$ -	\$ -
Current Real Property Tax	\$ 87,456.52	\$ 73,997.00	\$ 100,000.00	\$ 26,003.00
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Interest Earned	\$ 400.00	\$ 300.00	\$ 400.00	\$ 100.00
TOTAL REVENUES	\$ 337,856.52	\$ 74,297.00	\$ 100,400.00	\$ 26,103.00

EXPENDITURES	2014 Budget	2015 Budget	2016 Budget	Change from 2015-2016
Supplies	\$ 1,000.00	\$ 1,000.00	\$ 500.00	\$ (500.00)
Postage	\$ 500.00	\$ 500.00	\$ 500.00	\$ -
Citgo Site Redevelopment / Streetscape / Beautification ¹	\$ 293,856.52	\$ 48,297.00	\$ 76,900.00	\$ 28,603.00
Grant / Loan Program	\$ -	\$ 10,000.00	\$ 10,000.00	\$ -
Land Acquisition	\$ -	\$ -	\$ -	\$ -
Accounting & Auditing Fees	\$ 1,500.00	\$ 1,500.00	\$ 2,000.00	\$ 500.00
Legal Fees	\$ 5,000.00	\$ 5,000.00	\$ 3,000.00	\$ (2,000.00)
Legal Notices	\$ 1,000.00	\$ 1,000.00	\$ 500.00	\$ (500.00)
Repairs & Maintenance ²	\$ 3,000.00	\$ 5,000.00	\$ 5,000.00	\$ -
Obligated Projects	\$ 30,000.00	\$ -	\$ -	\$ -
Staff	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ -
TOTAL EXPENDITURES	\$ 337,856.52	\$ 74,297.00	\$ 100,400.00	\$ 26,103.00

¹Breakdown: \$30,000 for Streetscape Study and related work; \$10,000 for Corner Site Improvements; \$36,900 for Streetscape Elements at Intersection

²\$2000 for banner switching / storage / maintenance; \$3000 for lawn care and other maintenance needs