

**Downtown Development Authority of the
Charter Township of Van Buren
Wayne County, Michigan**

**Financial Report
with Required Supplemental Information
December 31, 2014**

Downtown Development Authority of the Charter Township of Van Buren

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Independent Auditor's Report

To the Board of Directors
Downtown Development Authority of the
Charter Township of Van Buren

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, the General Fund, and the aggregate remaining fund information of the Charter Township of Van Buren (the "Township") as of and for the year ended December 31, 2014, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 16, 2015, which contained unmodified opinions on the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, the General Fund, and the aggregate remaining fund information. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to June 16, 2015.

In-relation-to Opinion on Accompanying Financial Statements

The financial statements of the Downtown Development Authority (the "DDA") are presented for purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison schedule on pages 2-5 and 18, respectively, 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, which 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 supplemental 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.

Plante & Moran, PLLC

June 16, 2015

Downtown Development Authority of the Charter Township of Van Buren

Management's Discussion and Analysis

The following discussion and analysis of the financial performance of the Van Buren Downtown Development Authority (the "DDA" or the "Authority") provides an overview of the DDA's financial activities for the fiscal year ended December 31, 2014. Please read it in conjunction with the Township's financial statements.

Financial Highlights

A project to construct a "Michigan" left turn for the intersection of Belleville and Ecorse Roads was approved in 2010. The engineering for the project was sent to Wayne County, which forwarded it to the Michigan Department of Transportation at the end of April 2012. The bid award for this project occurred in August 2012. The road construction was completed in 2014 and the landscape plan for the project is ready for bid and installation is expected to begin in August 2015.

- In 2012, Van Buren Township DDA issued Limited Tax General Obligation Development Bonds in the amount of \$4.9 million. The Authority pledged its tax increment revenue as security for the payment of these bonds.
- Wayne County assisted the DDA with this project with approximately \$1.9 million of federal funding; in addition, Wayne County assigned a project engineer and \$80,000 for construction of a passing lane.
- In 2013, the DDA was awarded federal grant funding of approximately \$774,620 to assist in improvements along 1.2 miles of road, which included hot mix asphalt milling and resurfacing, concrete pavement removal and replacement, drainage structure adjustments, ADA sidewalk ramps, pavement marking and signing work, traffic signal modernization at six locations and one new traffic signal installation, and other necessary work.
- In 2014, Van Buren Township DDA issued Limited Tax General Obligation Development Bonds in the amount of \$2.6 million. The Authority pledged its tax increment revenue as security for the payment of these bonds.
- Additional work included with the 2014 bond issue: sidewalk engineering and installation to be completed in the 2015 construction season. Removal of blighted, overgrown, and damaged chain-link fencing along Belleville Road at a prominent location within the DDA district and replaced with six-foot wood grain simulated fencing and right-of-way acquisition.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the undertakings 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.

Downtown Development Authority of the Charter Township of Van Buren

Management's Discussion and Analysis (Continued)

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year as well as how much is available for future spending. Fund financial statements also report the DDA's operations in more detail than the government-wide financial statements.

The following table shows, in a condensed format, the current year's net position compared to the prior year:

Summary Condensed Statement of Net Position

	2013	2014	Changes from Prior Year	
			Amount	Percent
Assets				
Current assets	\$ 6,534,471	\$ 6,164,936	\$ (369,535)	(6) %
Capital assets	404,616	333,670	(70,946)	(18)
Long-term assets	<u>1,649,884</u>	<u>2,806,442</u>	<u>1,156,558</u>	70
Total assets	8,588,971	9,305,048	716,077	8
Deferred Outflows	22,089	-	(22,089)	(100)
Liabilities				
Current liabilities	1,108,660	410,907	(697,753)	(63)
Long-term liabilities	<u>4,500,000</u>	<u>6,650,702</u>	<u>2,150,702</u>	48
Total liabilities	5,608,660	7,061,609	1,452,949	26
Deferred Inflows	<u>817,991</u>	<u>816,129</u>	<u>(1,862)</u>	(0)
Net Position				
Net investment in capital assets	404,616	333,670	(70,946)	(18)
Restricted for debt service	408,389	530,546	122,157	30
Unrestricted	<u>1,371,404</u>	<u>563,094</u>	<u>(808,310)</u>	(59)
Total net position	<u>\$ 2,184,409</u>	<u>\$ 1,427,310</u>	<u>\$ (757,099)</u>	(35)

Downtown Development Authority of the Charter Township of Van Buren

Management's Discussion and Analysis (Continued)

The above decrease in unrestricted net position is consistent with the DDA's long-term financial plan. (1) The Belleville Road Signal Improvement and Roadway Rehabilitation Project where many accidents occurred due to poor signal timing and much-needed safety improvements has been addressed and completed; (2) the DDA acquired some rights-of-way along Belleville Road in 2014 and in 2015 the DDA will be installing approximately 1,575 feet of sidewalk and approximately 1,335 feet of pathway along the north side of the I-94 North Service Drive; (3) continuing to add additional sidewalks in the DDA district to eventually become a pedestrian-friendly area; (4) continue with the acquisition of rights-of-way on Belleville Road for eventual completion of road widening and sidewalk installation between Tyler and Ecorse Roads; (5) continuation of the Belleville Road streetscape project, consisting of those features listed in the approved Streetscape design; (6) acquisition of approximately 1.1 acres of land on Belleville Road as a beginning for the DDA's place-making initiative in Downtown Van Buren; and (7) a determined marketing campaign to promote economic development within the district. The DDA will review projects in light of their cash balance in 2015 to prioritize their projects over the following five years in order to continue working toward the completion of the "Plan." The unrestricted net position in 2014 declined as a large portion of the bond proceeds were spent during 2014 with plans to spend the remainder in 2015.

The long-term liabilities were increased in 2014 due to the issuance of a new bond.

The following table shows the changes in net position during the current year in comparison with the prior year:

Summary Condensed Statement of Activities

	2013	2014	Changes from Prior Year	
			Amount	Percent
Revenue				
Property taxes	\$ 1,692,897	\$ 1,921,037	\$ 228,140	13 %
Unrestricted investment income	49,369	52,674	3,305	7
Total revenue	1,742,266	1,973,711	231,445	13
Expenditures				
Administrative	404,781	399,085	(5,696)	(1)
Capital outlay and other	2,032,762	2,015,520	(17,242)	(1)
Depreciation and amortization	73,121	73,185	64	0
Interest on long-term debt	216,284	243,020	26,736	12
Total expenditures	2,726,948	2,730,810	3,862	0
Net Change in Net Position	\$ (984,682)	\$ (757,099)	\$ 227,583	(23)

Downtown Development Authority of the Charter Township of Van Buren

Management's Discussion and Analysis (Continued)

The DDA is beginning to see a minor increase in taxable value as a result of the economy beginning a slow emergence from the economic difficulties the state of Michigan has experienced. Belle Tire was a new construction added to the tax roll, Marathon was a teardown/rebuild, and we have seen some renovations and additions being done within the commercial district and a slight uptick in residential permits. The Big Boy restaurant was sold and the new owner is planning a new commercial development and Menards is in the final site plan process. There is still buildable land and business vacancies are not as extensive as many other communities. The DDA is optimistic for 2015.

There was no major increase in expenditures.

The DDA's Fund

The DDA maintains one fund, the General Fund. The fund provides detailed information about the DDA as a whole. The use of this fund helps to manage money for specific purposes as well as to show accountability for certain activities.

General Fund Budgetary Highlights

The General Fund accounts for all programming, maintenance, construction, and administrative functions of the DDA within the DDA boundaries. The budget is monitored closely and amended as needed. The Downtown Development Authority board of directors determines how DDA resources are allocated in accordance with the plan.

Capital Asset and Debt Administration

The DDA contributes financial support to the Charter Township of Van Buren for administration and some maintenance within the DDA's boundaries. These costs are recorded in the financial statements.

Economic Factors and Next Year's Budgets and Rates

The DDA is preparing for a moderate growth in the economy which will affect future property values. The DDA will continue to balance resources with operational commitments and needed infrastructure improvements as funding dictates.

Contacting the DDA's Management

This financial report is intended to provide the citizens, taxpayers, customers, and investors 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, we welcome you to contact Van Buren Downtown Development Authority, 46425 Tyler Road, Van Buren Township, Michigan 48111, or via the Van Buren Township DDA website at: www.vanburendda.com.

Downtown Development Authority of the Charter Township of Van Buren

Statement of Net Position/Governmental Fund Balance Sheet December 31, 2014

	Governmental Fund	Adjustments (Note 2)	Statement of Net Position
Assets			
Cash and cash equivalents (Note 4)	\$ 6,152,555	\$ -	\$ 6,152,555
Accounts receivable	11,526	-	11,526
Prepaid expenses	855	-	855
Restricted assets	2,806,442	-	2,806,442
Capital assets being depreciated - Net (Note 5)	-	333,670	333,670
	\$ 8,971,378	333,670	9,305,048
Liabilities			
Accounts payable	39,409	-	39,409
Accrued liabilities and other	9,798	56,922	66,720
Noncurrent liabilities (Note 6):			
Due within one year	-	304,778	304,778
Due in more than one year	-	6,650,702	6,650,702
	49,207	7,012,402	7,061,609
Deferred Inflows of Resources -			
Property taxes levied for the following year (Note 1)	816,129	-	816,129
Equity			
Fund balance:			
Nonspendable - Prepays	855	(855)	-
Restricted:			
Debt service	1,058,265	(1,058,265)	-
Capital projects (unspent bond proceeds)	1,748,178	(1,748,178)	-
Unassigned	5,447,215	(5,447,215)	-
	8,254,513	(8,254,513)	-
	\$ 9,119,849		
Net Position:			
Net investment in capital assets		333,670	333,670
Restricted - Debt service		530,546	530,546
Unrestricted		563,094	563,094
		\$ 1,427,310	\$ 1,427,310

Downtown Development Authority of the Charter Township of Van Buren

Statement of Activities/Governmental Fund Revenues, Expenditures, and Changes in Fund Balance Year Ended December 31, 2014

	Governmental Fund	Adjustments (Note 2)	Statement of Activities
Revenues			
Property taxes	\$ 1,921,037	\$ -	\$ 1,921,037
Interest income	52,674	-	52,674
Total revenues	1,973,711	-	1,973,711
Expenditures/Expenses			
Administrative	399,085	-	399,085
Infrastructure improvements and other	1,869,288	146,232	2,015,520
Depreciation and amortization	-	73,185	73,185
Debt principal	1,010,000	(1,010,000)	-
Debt interest	210,170	32,850	243,020
Total expenditures/expenses	3,488,543	(757,733)	2,730,810
Excess of Expenditures Over Revenue	(1,514,832)	757,733	(757,099)
Net Change in Fund Balances/Net Position	1,097,130	(1,854,229)	(757,099)
Fund Balances/Net Position - Beginning of year	7,157,383	(4,972,974)	2,184,409
Fund Balances/Net Position - End of year	\$ 8,254,513	\$ (6,827,203)	\$ 1,427,310

Downtown Development Authority of the Charter Township of Van Buren

**Notes to Financial Statements
December 31, 2014**

Note I - Summary of Significant Accounting Policies

Reporting Entity

The Downtown Development Authority (the "DDA" or the "Authority") is organized pursuant to State of Michigan Public Act No. 197 of 1975. The primary purpose of the Authority is to encourage economic activity in the the Charter Township of VanBuren (the "Township"). The purpose is accomplished by the Authority collecting property taxes under a tax increment financing plan in accordance with state law and budgeting expenditures for improvements in the Authority's district boundaries.

The Downtown Development Authority is a component unit of the Township and is included in the basic financial statements of the Township at December 31, 2014.

Accounting and Reporting Principles

The DDA follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Government Accounting Standards Board. There are no component units required to be included in these financial statements.

Basis of Accounting

The governmental fund uses the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the Authority has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree healthcare related costs, or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenues are not recognized until they are collected, or collected soon enough after the end of the year that they are available to pay for obligations outstanding at the end of the year. For this purpose, the Authority considers amounts collected within 60 days of year end to be available for recognition.

Downtown Development Authority of the Charter Township of Van Buren

**Notes to Financial Statements
December 31, 2014**

Note 1 - Summary of Significant Accounting Policies (Continued)

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The governmental fund column presents its activity on the modified accrual basis of accounting, as discussed above, which demonstrates accountability for how the current resources have been spent. The government-wide column is presented on the economic resources measurement focus and the full accrual basis of accounting, in order to measure the cost of providing Authority services, and the extent to which constituents have paid the full cost of Authority services.

On the full accrual basis of accounting, revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Specific Balances and Transactions

Cash and Cash Equivalents - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Restricted Assets - Restricted assets as of December 31, 2014 consist of cash and cash equivalents totaling \$2,806,442. These assets are restricted for the debt service reserve for the 2012 Tax Increment Revenue Bonds and the 2014 Tax Increment Revenue Bonds as well as unspent bond proceeds for the 2012 Tax Increment Revenue Bonds and the 2014 Tax Increment Revenue Bonds. A total of \$530,547 is for debt service reserves, \$1,748,178 is for unspent bond proceeds, and \$527,718 is for next year's bond payments. Fund balance has also been restricted for \$2,806,443 and net position has been restricted for \$530,546.

Capital Assets - Capital assets, which include land improvements, are defined by the Authority as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Land improvements are depreciated using the straight-line method over 15 years.

Downtown Development Authority of the Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

Long-term Obligations - In the government-wide column, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method; bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the governmental fund column, bond issuances are recognized as an "other financing source," as well as bond premiums and discounts.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Authority has only one item that qualifies as reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. As of December 31, 2014, the Authority has recorded \$816,129 for property taxes levied for tax year 2014, which will be recognized during the year ending December 31, 2015. This amount is recognized as a deferred inflow of resources at December 31, 2014.

Net Position Flow Assumption

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Downtown Development Authority of the Charter Township of Van Buren

**Notes to Financial Statements
December 31, 2014**

Note I - Summary of Significant Accounting Policies (Continued)

Fund Balance Flow Assumption

Sometimes the Authority will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of the governmental fund is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Authority itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Authority's highest level of decision-making authority. The DDA board is the highest level of decision-making authority for the Authority that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Authority for specific purposes but do not meet the criteria to be classified as committed. The DDA board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Downtown Development Authority of the Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

Note 2 - Reconciliation of Government-wide and Fund Financial Statements

The governmental fund balance sheet and statement of governmental fund revenues, expenditures, and changes in fund balance of the Authority's governmental fund differ from the statement of net position and statement of activities. This difference results primarily from the long-term economic focus of the statement of net position and statement of activities versus the current focus of the governmental fund balance sheet and statement of governmental fund revenues, expenditures, and changes in fund balance.

The statement of net position includes the capital assets and the long-term debt along with the accrued interest expense and bond refunding loss being amortized. The statement of activities includes the reclassification of the capital outlay to capital asset additions, depreciation expense, and the reclassification of the debt principal payments from the expense to offset the liability.

Note 3 - Budget Information

The annual budget is prepared by the DDA executive director and approved by the DDA board of directors. This is then forwarded to the Township board of trustees for approval; subsequent amendments are authorized by the DDA board of directors and approved by the Township board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at December 31, 2014 has not been calculated. During the current year, the budget was amended in a legally permissible manner. The budget has been adopted on a line-item basis and has been prepared in accordance with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the budget as adopted by the Authority's board is included in the required supplemental information.

Downtown Development Authority of the Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

Note 4 - Cash and Cash Equivalents

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures 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 that are legal for direct investment by local units of government in Michigan. The Authority has elected to comply with the Township's investment policy. The investment policy adopted by the Township board in accordance with Public Act 196 of 1997 has authorized investment in all of the state statutory authorities listed above.

The DDA's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the DDA's deposits may not be returned to it. The DDA does not have a deposit policy for custodial credit risk. At year end, the DDA had \$5,020,998 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The DDA believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the DDA evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The DDA does not have an investment policy that addresses interest rate risk.

Downtown Development Authority of the Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

Note 4 - Cash and Cash Equivalents (Continued)

At year end, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
Negotiable CDs	\$ 1,288,000	30.76 months
U.S. government agencies	2,150,000	37.79 months

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The DDA has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U. S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Bank investment pools	\$ 2,806,443	A1/PI/F1	S&P
Negotiable CDs	1,288,000	Not Rated	N/A
U.S. government agencies	2,150,000	AA+	S&P

Note 5 - Capital Assets

Capital asset activity of the Authority was as follows:

	Balance January 1, 2014	Additions	Balance December 31, 2014
Capital assets being depreciated:			
Office furnishings	\$ 1,290,835	\$ -	\$ 1,290,835
Office furnishings	-	2,239	2,239
Accumulated depreciation:			
Land improvements	886,219	73,122	959,341
Office furnishings	-	63	63
Net capital assets	<u>\$ 404,616</u>	<u>\$ (70,946)</u>	<u>\$ 333,670</u>

Downtown Development Authority of the Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

Note 6 - Long-term Debt

The Authority issues bonds to provide for the acquisition and construction of major capital facilities.

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Downtown Development Authority:							
2005 Refunding Bond:							
Amount of issue - \$4,440,000		\$605,000 -					
Maturing through 2015	5.00%	\$660,000	\$ 660,000	\$ -	\$ (660,000)	\$ -	\$ -
2012 Revenue Bond:							
Amount of issue - \$4,900,000	2.00% -	\$190,000 -					
Maturing through 2032	3.75%	\$330,000	4,690,000	-	(190,000)	4,500,000	195,000
2014 Revenue Bond							
Amount of issue - \$2,600,000	2.00%-	\$105,000 -					
Maturing through 2032	4.00%	\$180,000	-	2,600,000	(160,000)	2,440,000	105,000
2014 Bond Premium			-	11,962	(630)	11,332	630
Total bonds payable			5,350,000	2,611,962	(1,010,630)	6,951,332	300,630
Compensated absences			4,148	-	-	4,148	4,148
Total governmental activities			\$ 5,354,148	\$ 2,611,962	\$ (1,010,630)	\$ 6,955,480	\$ 304,778

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Year Ending December 31	Component Unit Activities		
	Principal	Interest	Total
2015	\$ 300,000	\$ 227,688	\$ 527,688
2016	305,000	221,688	526,688
2017	310,000	214,538	524,538
2018	315,000	207,238	522,238
2019	330,000	197,788	527,788
2020-2024	1,790,000	834,288	2,624,288
2025-2029	2,125,000	518,163	2,643,163
2030-2032	1,465,000	113,988	1,578,988
Total	\$ 6,940,000	\$ 2,535,379	\$ 9,475,379

Defeased Debt - In prior years, the Downtown Development Authority defeased certain bonds by placing the proceeds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the financial statements. At December 31, 2014, \$1,305,000 of bonds outstanding is considered to be defeased.

Downtown Development Authority of the Charter Township of Van Buren

Notes to Financial Statements December 31, 2014

Note 6 - Long-term Debt (Continued)

Future Revenue Pledged for Debt Payment - The Downtown Development Authority has pledged a portion of future property tax revenue to repay \$4,690,000 and \$2,600,000 in Downtown Development Authority bonds issued in 2012 and 2014, respectively, to finance various capital improvements. The bonds are payable solely from the incremental property taxes captured by the Authority and are projected to produce 100 percent of debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds total \$9,475,375, payable through 2032. For the current year, principal and interest paid and total property tax captures were \$1,220,170 and \$1,921,037, respectively.

Note 7 - Risk Management

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Authority is covered by insurance purchased by the Township for all claims.

Note 8 - Construction Commitments

The Authority has active construction projects at year end. At year end, the Authority's commitments with contractors are as follow:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Ecorse Road project	\$ 3,427,707	\$ 1,472,293

Required Supplemental Information

Downtown Development Authority of the Charter Township of Van Buren

Required Supplemental Information Budgetary Comparison Schedule - Governmental Fund Year Ended December 31, 2014

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenues				
Property taxes	\$ 1,800,000	\$ 1,900,000	\$ 1,921,037	\$ 21,037
Interest income	40,000	40,000	52,674	12,674
Total revenues	<u>1,840,000</u>	<u>1,940,000</u>	<u>1,973,711</u>	<u>33,711</u>
Expenditures				
Administrative	1,401,234	417,993	399,085	18,908
Infrastructure improvements and other	2,289,000	1,919,500	1,869,288	50,212
Debt principal	850,000	1,010,000	1,010,000	-
Debt interest	182,124	210,170	210,170	-
Total expenditures	<u>4,722,358</u>	<u>3,557,663</u>	<u>3,488,543</u>	<u>69,120</u>
Net Change in Fund Balance	(782,358)	982,337	1,097,130	114,793
Fund Balance - Beginning of year	<u>7,218,042</u>	<u>7,149,186</u>	<u>7,157,383</u>	<u>8,197</u>
Fund Balance - End of year	<u><u>\$ 6,435,684</u></u>	<u><u>\$ 8,131,523</u></u>	<u><u>\$ 8,254,513</u></u>	<u><u>\$ 122,990</u></u>