

VILLAGE OF FIFE LAKE
DOWNTOWN DEVELOPMENT AUTHORITY

(A Component Unit of Village of Fife Lake)
VILLAGE OF FIFE LAKE, MICHIGAN

FEBRUARY 28, 2010

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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(A Component Unit of Village of Fife Lake)
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FEBRUARY 28, 2010

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August 25, 2010

INDEPENDENT AUDITORS' REPORT

To the Board
Village of Fife Lake Downtown Development Authority
Grand Traverse County
Fife Lake, Michigan

We have audited the accompanying financial statements of the governmental activities and the major fund of the Village of Fife Lake Downtown Development Authority (A Component Unit of Village of Fife Lake) as of and for the year ended February 28, 2010, which collectively comprise the authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Village of Fife Lake Downtown Development Authority. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Village of Fife Lake Downtown Development Authority as of February 28, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages iii through vii and 14 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Fife Lake Downtown Development Authority's basic financial statements. The other supplementary information is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP

Baird, Cotter & Bishop, P.C.

VILLAGE OF FIFE LAKE DOWNTOWN DEVELOPMENT AUTHORITY

(A Component Unit of Village of Fife Lake)
VILLAGE OF FIFE LAKE, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS
FEBRUARY 28, 2010

The management of the Village of Fife Lake Downtown Development Authority ("the Authority") offers this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended February 28, 2010, along with specific comparative information as required for the benefit of the readers of these financial statements. This management's discussion and analysis is intended to assist the reader in focusing on significant financial issues and to provide an overview of the Authority's financial activity. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole, which can be found in this report.

Financial Highlights

Government-Wide

- ❖ The assets of the Authority were less than its liabilities at the close of this fiscal year by \$(66,297) (shown as *Net Assets*).
- ❖ The Authority's net assets increased by \$24,320 during the fiscal year.

Fund Level Financial Highlights

- ❖ As of February 28, 2010, the governmental fund of the Authority reported an ending fund balance of \$83,703, all of which was unreserved and undesignated.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of three components. 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements The *government-wide financial statements* are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as Net Assets of the Authority. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. An increase in net assets would indicate an improvement in financial condition. On the other hand, a consistent decrease over time in net assets may indicate a decline in the financial health of an organization.

The *Statement of Activities* presents information showing how the Authority's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

VILLAGE OF FIFE LAKE DOWNTOWN DEVELOPMENT AUTHORITY

(A Component Unit of Village of Fife Lake)
VILLAGE OF FIFE LAKE, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS
FEBRUARY 28, 2010

Fund Financial Statements

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

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Authority maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund.

The Authority adopts an annual budget for the major fund. A budgetary comparison has been provided for the major fund to demonstrate compliance with this budget.

Notes to the Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a complete understanding of the information provided in both the government-wide and the fund financial statements. The notes can be found beginning on Page 7 of this report.

Other Information

In addition to the basic financial statements, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The Net Assets of the Authority are \$(66,297) at February 28, 2010, meaning that the Authority's assets were less than its liabilities by this amount.

VILLAGE OF FIFE LAKE DOWNTOWN DEVELOPMENT AUTHORITY

(A Component Unit of Village of Fife Lake)
VILLAGE OF FIFE LAKE, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS
FEBRUARY 28, 2010

Village of Fife Lake
Downtown Development Authority
Net Assets as of February 28, 2010

Assets	
Current Assets	\$ 83,703
Liabilities	
Current Liabilities	\$ 15,000
Long-Term Liabilities	135,000
Total Liabilities	150,000
Net Assets	
Unrestricted	(66,297)
Total Liabilities and Net Assets	<u>\$ 83,703</u>

The total net assets of the Authority increased by \$24,320.

The following table illustrates and summarizes the results of the changes in the net assets for the Authority. The condensed information was derived from the Government-Wide Statement of Activities.

Village of Fife Lake
Downtown Development Authority
Change in Net Assets
for the Fiscal Year Ended February 28, 2010

Program Revenues	
Operating Grants and Contributions	\$ 250
General Revenues	
Taxes	38,138
Interest Earnings	980
Total Revenues	39,368
Expenses	15,048
Change in Net Assets	24,320
<u>NET ASSETS</u> - Beginning of Year	(90,617)
<u>NET ASSETS</u> - End of Year	<u>\$ (66,297)</u>

VILLAGE OF FIFE LAKE DOWNTOWN DEVELOPMENT AUTHORITY

(A Component Unit of Village of Fife Lake)
VILLAGE OF FIFE LAKE, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS
FEBRUARY 28, 2010

Governmental Activities

During the fiscal year ended February 28, 2010, the governmental activities accounted for an increase of \$24,320 in the Authority's Net Assets. The most significant part of the revenue for all governmental activities of the Authority comes from property taxes.

Financial Analysis of the Government's Funds

Governmental Activities – At the completion of the Authority's fiscal year ended February 28, 2010, its governmental fund reported a fund balance of \$83,703. All of this amount is unreserved.

General Fund – The General Fund is the main operating fund of the Authority. The General Fund increased its fund balance in this fiscal year by \$14,320, bringing the balance to \$83,703.

General Fund Budgetary Highlights

During the year, there were no changes in appropriations between the original budget and final amended budget.

The following schedule shows a comparison of the original general fund budget, the final amended general fund budget and actual totals from operations:

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 39,368</u>
Total Expenditures	<u>\$ 36,500</u>	<u>\$ 36,500</u>	<u>\$ 25,048</u>

Capital Assets and Debt Administration

Capital Assets. At the present time the Authority has no capital assets.

Long-Term Debt. As of February 28, 2010, the Authority had long-term debt outstanding of \$150,000.

Additional information on the Authority's long-term debt can be found in the Notes to Financial Statements section.

Economic Condition and Outlook

At the time that these financial statements were prepared and audited, the Authority was aware of the following item that could significantly affect its financial health in the future:

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(A Component Unit of Village of Fife Lake)
VILLAGE OF FIFE LAKE, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS
FEBRUARY 28, 2010

A significant portion of the Authority's funding comes from property taxes. Any impairment to this funding source would greatly impact the future of the Authority.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report, please contact the Village of Fife Lake DDA Treasurer at P.O. Box 298, Fife Lake, Michigan 49663.

VILLAGE OF FIFE LAKE DOWNTOWN DEVELOPMENT AUTHORITY

(A Component Unit of Village of Fife Lake)

VILLAGE OF FIFE LAKE, MICHIGAN

STATEMENT OF NET ASSETS

FEBRUARY 28, 2010

<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash	\$ 71,396
Taxes Receivable	12,307
	<hr/>
TOTAL ASSETS	\$ 83,703
	<hr/> <hr/>
<u>LIABILITIES AND NET ASSETS</u>	
<u>CURRENT LIABILITIES</u>	
Current Portion of Long-Term Debt	\$ 15,000
	<hr/>
<u>LONG-TERM LIABILITIES</u>	
General Obligation Bonds	150,000
Less: Current Portion	(15,000)
	<hr/>
Total Long-Term Liabilities	135,000
	<hr/>
TOTAL LIABILITIES	150,000
	<hr/>
<u>NET ASSETS</u>	
Unrestricted	(66,297)
	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 83,703
	<hr/> <hr/>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF FIFE LAKE DOWNTOWN DEVELOPMENT AUTHORITY

(A Component Unit of Village of Fife Lake)
VILLAGE OF FIFE LAKE, MICHIGAN

STATEMENT OF ACTIVITIES
YEAR ENDED FEBRUARY 28, 2010

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		GOVERNMENTAL ACTIVITIES NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
<u>GOVERNMENTAL ACTIVITIES</u>				
Economic Development	\$ 5,243	\$ 0	\$ 250	\$ (4,993)
Recreation and Culture	200	0	0	(200)
Interest on Long-Term Debt	9,605	0	0	(9,605)
	\$ 15,048	\$ 0	\$ 250	(14,798)
<u>GENERAL REVENUES</u>				
Taxes				38,138
Interest Earnings				980
				39,118
Total General Revenues				39,118
Change in Net Assets				24,320
<u>NET ASSETS</u> – Beginning of Year				(90,617)
<u>NET ASSETS</u> – End of Year				\$ (66,297)

The accompanying notes are an integral part of the financial statements.

VILLAGE OF FIFE LAKE DOWNTOWN DEVELOPMENT AUTHORITY

(A Component Unit of Village of Fife Lake)

VILLAGE OF FIFE LAKE, MICHIGAN

BALANCE SHEET
FEBRUARY 28, 2010

ASSETS

Cash	\$	71,396
Taxes Receivable		<u>12,307</u>

TOTAL ASSETS	\$	<u><u>83,703</u></u>
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LIABILITIES AND FUND BALANCE

<u>Liabilities</u>	\$	0
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<u>Fund Balance</u>		
Unreserved		<u>83,703</u>

TOTAL LIABILITIES AND FUND BALANCE	\$	<u><u>83,703</u></u>
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The accompanying notes are an integral part of the financial statements.

VILLAGE OF FIFE LAKE DOWNTOWN DEVELOPMENT AUTHORITY

(A Component Unit of Village of Fife Lake)

VILLAGE OF FIFE LAKE, MICHIGAN

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS

FEBRUARY 28, 2010

Total Fund Balances for Governmental Funds	\$	83,703
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:		
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		
General Obligation Bonds Payable		<u>(150,000)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u><u>(66,297)</u></u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF FIFE LAKE DOWNTOWN DEVELOPMENT AUTHORITY

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VILLAGE OF FIFE LAKE, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED FEBRUARY 28, 2010

REVENUES

Taxes	
Current Property Tax Levy	\$ 38,138
Interest and Rents	
Interest Earnings	980
Other	
Donations	<u>250</u>
Total Receipts	<u>39,368</u>

EXPENDITURES

Economic Development	
Supplies	178
Contract Services	4,140
Other	925
Recreation and Culture	
Historical Society	200
Debt Service	
Principal	10,000
Interest	<u>9,605</u>
Total Expenditures	<u>25,048</u>

Excess (Deficiency) of Revenues Over Expenditures 14,320

FUND BALANCE - Beginning of the Year 69,383

FUND BALANCE - End of the Year \$ 83,703

The accompanying notes are an integral part of the financial statements.

VILLAGE OF FIFE LAKE DOWNTOWN DEVELOPMENT AUTHORITY

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VILLAGE OF FIFE LAKE, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
YEAR ENDED FEBRUARY 28, 2010

Net Change in Fund Balance - Total Governmental Funds	\$	14,320
Amounts reported for governmental activities are different because:		
Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities).		<u>10,000</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u><u>24,320</u></u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF FIFE LAKE DOWNTOWN DEVELOPMENT AUTHORITY

(A Component Unit of Village of Fife Lake)
VILLAGE OF FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Village of Fife Lake Downtown Development Authority was established through a Village Ordinance under Act No. 197 of the Public Acts of Michigan of 1975. The Village Board determined that it was necessary and in the best interest of the Village to halt property value deterioration and increase property tax valuation where possible in the DDA District, to eliminate the causes, and to promote economic growth.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Authority. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. The Authority only has a governmental fund called the General Fund.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

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

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

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VILLAGE OF FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2010

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

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The Authority reports the following major governmental fund:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

D. Assets, Liabilities, and Equity

1. Deposits and Investments

It is the policy of the Village of Fife Lake DDA to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow needs of the Authority and comply with all state statutes governing the investment of public funds.

The Village of Fife Lake DDA's Treasurer is limited to investments authorized by Act 20 of 1943, as amended, and may invest in the following:

Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution. Authorized depositories shall be designated by the Village of Fife Lake DDA Board at the Board's organizational meeting after each regular election of officers.

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(A Component Unit of Village of Fife Lake)
VILLAGE OF FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2010

2. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) 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 date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	40-50
Building improvements	20
Public domain infrastructure	50
System infrastructure	30
Vehicles	10
Equipment	5-10

3 Long Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures

VILLAGE OF FIFE LAKE DOWNTOWN DEVELOPMENT AUTHORITY

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VILLAGE OF FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2010

4. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The annual budget is adopted on the modified accrual basis in accordance with the requirements of Michigan Public Act 621 of 1978 “The Uniform Budgeting and Accounting Act”. A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts are as originally adopted on January 21, 2009.

The appropriated budget is prepared by fund and activity. The Authority Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Authority because it is, at present, not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

B. Funds with Expenditures in Excess of Appropriations were as follows:

	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>
General Fund		
Economic Development		
Contract Services	\$ 2,000	\$ 4,140
Recreation and Culture		
Historical Society	0	200

These overages were funded by greater than anticipated revenues and available fund balance.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The Authority’s deposits and investments are all on deposit with banks within the State of Michigan.

VILLAGE OF FIFE LAKE DOWNTOWN DEVELOPMENT AUTHORITY

(A Component Unit of Village of Fife Lake)
VILLAGE OF FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2010

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. As of February 28, 2010, none of the government’s bank balance of \$71,596 was exposed to custodial credit risk because it was insured and collateralized.

B. Receivables

Receivables as of year end for the general fund are as follows:

Receivables	
Taxes	<u>\$ 12,307</u>

The allowance for doubtful accounts is not considered to be material for disclosure.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of that current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

No deferred revenue was recorded at the end of the current fiscal year.

C. Capital Assets

The Authority has no capital assets as of February 28, 2010.

D. Long-Term Debt

A summary of long-term debt and transactions related thereto is as follows for the year ended February 28, 2010:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
2000 Downtown	\$ 160,000	\$ 0	\$ 10,000	\$ 150,000	\$ 15,000

Development General Obligation Bonds, due through October 2016 in semi-annual installments of interest and annual principal payments varying from \$15,000 - \$25,000 bearing interest rates ranging from 5.80% to 5.85%.

VILLAGE OF FIFE LAKE DOWNTOWN DEVELOPMENT AUTHORITY

(A Component Unit of Village of Fife Lake)
VILLAGE OF FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2010

The annual requirements to amortize debt outstanding as of February 28, 2010, are as follows:

<u>Year ending February 28,</u>	<u>Principal</u>	<u>Interest</u>	<u>Amounts Payable</u>
2011	\$ 15,000	\$ 8,750	\$ 23,750
2012	15,000	7,880	22,880
2013	20,000	7,010	27,010
2014	25,000	5,850	30,850
2015	25,000	4,388	29,388
2016-2017	50,000	4,388	54,388
	<u>\$ 150,000</u>	<u>\$ 38,266</u>	<u>\$ 188,266</u>

IV. OTHER INFORMATION

A. Property Taxes

Each year, following the final equalization of property values in the District, the Village and Township Assessor prepare the tax increment assessment roll. The tax increment assessment roll shows the initial assessed value of each parcel of property within the District and the amount by which the current assessed value as finally equalized for all taxable property in the District exceeds the initial assessed value of the property (the "captured assessed value"). Copies of the annual tax increment assessment roll are transmitted by the Assessor to the Village Treasurer, the Township Treasurer, the County Treasurer, the Authority and the Treasurer of each of the taxing jurisdictions within the District, together with a notice that it has been prepared in accordance with this Ordinance and the Plan. The Village Treasurer, the Township Treasurer and the County Treasurer, as ad valorem and specific taxes are collected on the property in the District, pay that proportion of the taxes, except for penalties and collection fees, that the captured assessed value bears to the initial assessed value to the Treasurer of the Authority for deposit in the Fund. The payments are made by the date or dates on which the Village Treasurer, the Township Treasurer and the County Treasurer are required to remit taxes to each of the taxing jurisdictions

B. Risk Management

The DDA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The DDA, through the Village of Fife Lake, participates in a pool of municipalities within the State of Michigan for self-insuring casualty, crime, general liability, and errors and omissions insurance. The Village pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Village has not been informed of any special assessments being required.

VILLAGE OF FIFE LAKE DOWNTOWN DEVELOPMENT AUTHORITY

(A Component Unit of Village of Fife Lake)
VILLAGE OF FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2010

The DDA also through Village of Fife Lake carries insurance for other risks of loss, including workers' compensation insurance and fidelity bonds.

C. Deficit Net Assets

When the Authority makes major capital improvements (streetscape, lighting, etc.) it turns ownership of these improvements over to the Village of Fife Lake. The Village capitalizes these improvements and depreciates them. The Village is also responsible for routine maintenance and upkeep of the improvements. The result of transferring ownership of the improvements to the Village the Authority's financial statements reflect a deficit net assets. However, the Village of Fife Lake has pledged its full faith and credit for repayment of the bonds.

VILLAGE OF FIFE LAKE DOWNTOWN DEVELOPMENT AUTHORITY

(A Component Unit of Village of Fife Lake)
VILLAGE OF FIFE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED FEBRUARY 28, 2010

	<u>ORIGINAL</u> <u>BUDGET</u>	<u>FINAL</u> <u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Taxes	\$ 0	\$ 0	\$ 38,138
Interest and Rents	0	0	980
Other	0	0	250
Total Revenues	0	0	39,368
<u>EXPENDITURES</u>			
Economic Development			
Supplies	500	500	178
Printing and Publishing	1,000	1,000	0
Professional Services	10,000	10,000	0
Audit	1,500	1,500	0
Contract Services	2,000	2,000	4,140
Other	1,500	1,500	925
Recreation and Culture			
Historical Society	0	0	200
Debt Service	20,000	20,000	19,605
Total Expenditures	36,500	36,500	25,048
Excess (Deficiency) of Revenues Over Expenditures	(36,500)	(36,500)	14,320
<u>FUND BALANCE</u> - Beginning of the Year	69,383	69,383	69,383
<u>FUND BALANCE</u> - End of the Year	\$ 32,883	\$ 32,883	\$ 83,703

VILLAGE OF FIFE LAKE DOWNTOWN DEVELOPMENT AUTHORITY

2000 DOWNTOWN DEVELOPMENT BONDS

FEBRUARY 28, 2010

<u>TITLE OF ISSUE</u>	Village of Fife Lake 2000 Downtown Development Bonds		
<u>PURPOSE</u>	Paying the cost of the downtown development area improvements		
<u>DATE OF ISSUE</u>	May 24, 2000		
<u>AMOUNT OF ISSUE</u>			\$ 200,000
<u>AMOUNT REDEEMED</u>			
Prior to Current Period		\$ 40,000	
During Current Period		10,000	50,000
			<u>50,000</u>
<u>BALANCE OUTSTANDING</u> - February 28, 2010			<u>\$ 150,000</u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
April 1, 2010			\$ 4,375	\$ 4,375
October 1, 2010	5.80	\$ 15,000	4,375	19,375
April 1, 2011			3,940	3,940
October 1, 2011	5.80	15,000	3,940	18,940
April 1, 2012			3,505	3,505
October 1, 2012	5.80	20,000	3,505	23,505
April 1, 2013			2,925	2,925
October 1, 2013	5.85	25,000	2,925	27,925
April 1, 2014			2,194	2,194
October 1, 2014	5.85	25,000	2,194	27,194
April 1, 2015			1,463	1,463
October 1, 2015	5.85	25,000	1,463	26,463
April 1, 2016			731	731
October 1, 2016	5.85	25,000	731	25,731
			<u>\$ 150,000</u>	<u>\$ 38,266</u>
			<u>\$ 150,000</u>	<u>\$ 188,266</u>

