Agenda
Downtown Economic Growth Authority Board of Directors

City of Kalamazoo

Monday, August 19, 2024 3:00 PM

The Community Room at City Hall - 241 W. South Street

A. CALL TO ORDER/ROLL CALL

B. ADOPTION OF FORMAL AGENDA

C. APPROVAL OF MINUTES

1. Approval of the minutes from the meeting of the Downtown Economic Growth Authority Board on June 17, 2024. (**Action: Motion to approve**)

D. REPORTS AND PRESENTATIONS

1. Presentation of the Annual Audit by Aaron Stevens of Maner Costerisan, the DDA and DEGA's External Auditor. **(Action: Accept the DEGA Audit as Presented)**

2. Financial Report - Steve Vicenzi, City of Kalamazoo CFO **(Action: Motion to Accept the Financial Report)**

3. 2025 Financial Presentation: Draft Budget and Revenue Projections - Steve Vicenzi, City of Kalamazoo CFO

4. Ambassador Report - Meghan Behymer

5. Committee Reports

E. DISCUSSION/ACTION ITEMS

1. Resolution to Authorize a Grant to the City of Kalamazoo for Holiday Lighting Downtown

2. Resolution to Establish Ambassador Program Committee

3. Resolution to Approve Extension to Beats on Bates Events and Additional Funding

F. PUBLIC COMMENTS

G. DIRECTOR COMMENTS

H. STAFF COMMENTS

1. Downtown Report - Meghan Behymer

I. ADJOURNMENT

KALAMAZOO DOWNTOWN ECONOMIC GROWTH AUTHORITY

Board of Directors Regular Meeting Minutes

June 17, 2024, 3 p.m. | Community Planning & Economic Development, 245 N Rose Street

PRESENT: Mayor David Anderson, Curt Aardema, Stephanie Hinman, Susan Lindemann, Clarence Lloyd, Jessica Thompson, Matt Hollander

ABSENT: Jeff Breneman, Kwame Gyimah

STAFF: Paul Thuringer, Meghan Behymer, Chelsie Downs-Hubbarth, Erin Hahn

OTHER: Adam Charette, Steve Glista

A. CALL TO ORDER

DIRECTOR LINDEMANN CALLED THE MEETING TO ORDER AT 3:06 P.M.

PRESENT: Mayor David Anderson
Curt Aardema
Stephanie Hinman
Susan Lindemann
Clarence Lloyd
Jessica Thompson
Matt Hollander

ABSENT: Jeff Breneman
Kwame Gyimah

EXCUSED:

THE JUNE 17, 2024, ATTENDANCE INCLUDING EXCUSED AND UNEXCUSED ABSENCES ARE RECORDED.

Director Lindemann welcomed the new Downtown Coordinator, Meghan Behymer. Paul Thuringer stated that there will be a transition period until about September.

B. ADOPTION OF FORMAL AGENDA

DIRECTOR AARDEMA MOVED TO ADOPT THE JUNE 17, 2024 AGENDA AS AMENDED. DIRECTOR LLOYD SECONDED. NO OBJECTIONS. MOTION CARRIED.

C. APPROVAL OF MINUTES

DIRECTOR HINMAN MOVED TO APPROVE THE MAY 20, 2024 MINUTES. DIRECTOR LLOYD SECONDED. NO OBJECTIONS. MOTION CARRIED.

KALAMAZOO DOWNTOWN ECONOMIC GROWTH AUTHORITY

Board of Directors Regular Meeting Minutes

June 17, 2024, 3 p.m. | Community Planning & Economic Development, 245 N Rose Street

D. REPORTS AND PRESENTATIONS

1. Finance Report

Steve Vicenzi was not present to share the finance report. It was determined that there were no significant updates and that the report was self-explanatory.

MAYOR ANDERSON MOVED TO ACCEPT THE FINANCIAL REPORT. DIRECTOR AARDEMA SECONDED. NO OBJECTIONS. MOTION CARRIED.

2. Downtown Ambassadors Presentation – Adam Charette

Adam Charette of the Downtown Ambassadors was present to give a presentation about the program. Mr. Charette presented a synopsis of the work the ambassadors do along with a list of statistics gathered during the month of May 2024. The statistics were divided into four categories: cleaning, hospitality, safety, and outreach. Mr. Charette stated that with the introduction of several new staff members, he hopes to have increased bandwidth to do more weed removal and power washing of sidewalks.

There was a discussion about panhandling being a city ordinance violation, specifically when done in a bike or traffic lane. Mayor Anderson clarified that the city ordinance does not see panhandling in a bike or traffic lane as a city ordinance violation, but it may be considered a traffic violation, and that panhandling in groups or after dark is not permitted. Mr. Charette said the Ambassadors' main concern regarding panhandling is that it does not disturb downtown visitors.

There was also a discussion about the purpose of the statistics, with several Directors voicing concerns that the data needs to be shared with the right people to make changes, especially regarding the unhoused population. Mr. Charette explained that the Block-by-Block program is used in over 140 cities nationwide, and that one such city that has had great success in alleviating the unhoused population is Milwaukee. Directors Lloyd and Thompson suggested the Ambassadors reach out and learn from other communities like Milwaukee to gain insight into how they used the data to implement change. Director Hollander stated that the discussion of how to use this data should be continued at the Executive Committee meeting.

3. Committee Reports

Events and Marketing Committee

Director Thompson stated that the Committee touched on RFPs that need to go out next year, worked on proactive marketing and website updates for upcoming events, and approved funding for the Sounds of the Zoo music festival. Director Thompson also stated that the Committee decided to alter the Downtown Kalamazoo logo by removing the word "partnership," and Director Lloyd confirmed that this is a short-term solution to developing a new logo.

Project & Finance Committee

The committee reviewed the financial report and did not have anything additional to share.

Recruitment & Retention Committee

Director Hollander shared that the Committee is meeting this week and will have more to discuss at the next board meeting. They have been busy getting data and information into a workable format. Director Hollander stated that he has been meeting with landlords in the downtown core over the past few weeks and is continuing to try to connect with other landlords and retailers in the community.

Executive Committee

Director Lindemann stated that the Committee met with Adam Charette previously, asking him to join this meeting to present to board members. There was a discussion about adding the cost of recruitment/retention to the next Executive Committee agenda.

E. DISCUSSION/ACTION ITEMS

1. **Request for Support Letter to EGLE for Grant Application**

Legal counsel Steve Glista stated that there is an opportunity for the city to apply for the EGLE grant that would help fund the demolition and environmental abatement of the former public safety building at 116 W Cedar Street. Mayor Anderson inquired if this grant would take away a Brownfield credit opportunity for a future development. Director Hollander stated that it would not close the door for the Brownfield TIF agreement, and that it is similar to what was done with The Creamery. Steve Glista stated that the application deadline would be a quick turnaround as it is due in July.

DIRECTOR HOLLANDER MOTIONED TO SIGN THE LETTER OF SUPPORT FOR THE EGLE GRANT APPLICATION. DIRECTOR LLOYD SECONDED. DIRECTOR AARDEMA AND DIRECTOR HINMAN ABSTAINED. NO OBJECTIONS. MOTION CARRIED.

F. PUBLIC COMMENTS

1. There were no members of the public present.

G. DIRECTOR COMMENTS

1. Director Lloyd asked for clarification on what the DDA and DEGA are responsible for, and what the city is responsible for. Paul Thuringer stated that staff will work on locating the document that details the division of responsibilities for the next meeting.

H. ADJOURNMENT

1. **Director Lindemann ADJOURNED THE MEETING AT 4:06 P.M.**

CITY OF KALAMAZOO
DOWNTOWN ECONOMIC GROWTH AUTHORITY
KALAMAZOO COUNTY, MICHIGAN

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

YEAR ENDED DECEMBER 31, 2023

Maner Costerisan

TABLE OF CONTENTS

Maner Costerisan

2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
517.323.7500
517.323.6346

INDEPENDENT AUDITOR'S REPORT

Board of Directors of the
City of Kalamazoo Downtown Economic Growth Authority
Kalamazoo, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the City of Kalamazoo Downtown Economic Growth Authority (the Authority), a component unit of the City of Kalamazoo, Michigan, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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 Authority, as of December 31, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the City of Kalamazoo Downtown Economic Growth Authority and do not purport to, and do not present fairly the financial position of the City of Kalamazoo, Michigan, as of December 31, 2023, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Maner Costerisan PC

June 25, 2024

CITY OF KALAMAZOO
DOWNTOWN ECONOMIC GROWTH AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of financial performance provides an overview and analysis of the City of Kalamazoo Downtown Economic Growth Authority's (the Authority) financial activities for the year ended December 31, 2023. Please read this document in conjunction with the Authority's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended December 31, 2023:

A. Governmental Activities
- Liabilities of the Authority exceeded its assets at the close of 2023 by $280,237.
- The Authority's total net position increased by $169,985 as a result of current year activity.

B. Governmental Fund
- Assets of the Authority exceed its liabilities at the close of 2023 by $100,728.
- The Authority's total fund balance decreased by $175,299 as a result of current year activity.

Using this Annual Report

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

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

The Authority as a Whole

The following table shows, in condensed format, a comparison of net position of the Authority as of December 31, 2022, and December 31, 2023. The Authority only reports governmental activities.

	2022	2023
ASSETS		
Current assets	$ 799,259	$ 802,289
LIABILITIES		
Current liabilities	249,481	382,526
Noncurrent liabilities	1,000,000	700,000
Total liabilities	1,249,481	1,082,526
NET POSITION (DEFICIT)		
Unrestricted	$ (450,222)	$ (280,237)

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

	2022	2023
REVENUE		
Program revenue		
Charges for services	$ 43,225	$ 8,500
Operating grants and contributions	142,500	202,000
General revenue		
Taxes	280,776	626,200
Interest	66	105
Miscellaneous	-	345
TOTAL REVENUE	466,567	837,150
PROGRAM EXPENSES		
Public works	211,866	347,708
Community and economic development	235,468	299,457
Interest on long-term debt	20,000	20,000
TOTAL EXPENSES	467,334	667,165
Change in Net Position	$ (767)	$ 169,985

Governmental Activities

The Authority's governmental revenues totaled $837,150 with the largest revenue source being property taxes. Property taxes make up approximately 75% of the total governmental revenue. Tax revenue growth is attributable to increased capture district values.

The Authority incurred expenses of $667,165 during the fiscal year, with expenses related to public works and community and economic development functions. Public works represents approximately 52% of the annual expenses for the maintenance of downtown and community and economic development represent approximately 45% of annual expenses for community promotion and events. Expenses increased $199,831, or approximately 43% due to intentional efforts to adjust the budget to long term assumptions of the value of captured taxes.

Fund Financial Statements

The General Fund is the chief operating fund of the Authority. During the year, the fund balance decreased $175,299 to $100,728, which represents 15% of annual expenditures. Total revenues decreased by $104,980, or approximately 18%, from the prior year, primarily due to decreases in available property tax revenues. Due to timing of captured property tax distributions to the Authority, the Authority had $626,200 of taxes receivable and unavailable revenues at December 31, 2023. Total expenditures increased by $199,831, or approximately 43% over the prior year, primarily due to the intentional efforts to adjust the budget to long term assumptions of the value of captured taxes. Additional expenditures included a 64% increase in public works for the maintenance of downtown and 98% increase in community development promotions and programs. The reduction in special events is primary due to sponsoring events in 2023 rather than direct operation of the events.

Budgetary Highlights

During the year, the Authority made necessary budget amendments to fund unanticipated expenditures. Total budgeted revenues and budgeted expenditures were not changed. Actual revenues came in $305,336 under the budgeted revenues, primarily due to reduced grants and event contributions. Actual expenditures came in $130,035 under the budget appropriations due to reductions in expenditures for downtown events.

Long-Term Debt

At December 31, 2023, the Authority had $1,000,000 in long-term obligations outstanding. This is comprised of two notes payable to the City of Kalamazoo. The Authority was not required to make any principal payment on these notes payable in the current year. The current year debt service interest payment was not made as the City of Kalamazoo and the Authority are currently in the process of negotiations regarding the amounts owed and repayment terms due to changes in the Authority's projected TIF captures. Amounts that have become due on this note and remain unpaid as of the end of the fiscal year are reported as due to other governmental units in the General Fund balance sheet. The amount is still owed, but currently the City of Kalamazoo is not enforcing payments. A more detailed discussion of the Authority's long-term obligations is presented in Note 3 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The taxable values within the District are continuing to rise, resulting in higher captured values. The Authority anticipates this trend to continue, leading to an increased base captured value in 2024. Additionally, other one-time factors, such as Brownfield projects, will continue to provide temporary revenue boosts. These projects are typically captured by the Downtown Economic Growth Authority (DEGA) during their construction phases. Looking ahead, the Authority expects significant revenue increases from the future construction of a downtown event center.

Contacting the Authority

This financial report is intended to provide citizens, taxpayers, customers, and investors with the general overview of the Authority's finances and demonstrate the Authority's accountability for the money it receives. If you have any questions about this report or need any additional information, we welcome you to contact the City of Kalamazoo Downtown Economic Growth Authority, 241 W South Street., Kalamazoo, MI 49007.

BASIC FINANCIAL STATEMENTS

CITY OF KALAMAZOO
DOWNTOWN ECONOMIC GROWTH AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities
ASSETS	
Current assets	
Cash	$ 156,685
Receivables	629,435
Due from other governmental units	16,169
TOTAL ASSETS	802,289
LIABILITIES	
Current liabilities	
Accounts payable	29,071
Due to other governmental units	43,455
Accrued interest payable	10,000
Current portion of notes payable	300,000
Total current liabilities	382,526
Noncurrent liabilities	
Noncurrent portion of notes payable	700,000
TOTAL LIABILITIES	1,082,526
NET POSITION (DEFICIT)	
Unrestricted	$ (280,237)

See accompanying notes to financial statements.

CITY OF KALAMAZOO
DOWNTOWN ECONOMIC GROWTH AUTHORITY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

		Program Revenue		Net (Expense)
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental activities				
Public works	$ 347,708	$ -	$ -	$ (347,708)
Community and economic development	299,457	8,500	202,000	(88,957)
Interest on long-term debt	20,000	-	-	(20,000)
Total governmental activities	$ 667,165	$ 8,500	$ 202,000	(456,665)
General revenues				
Property taxes				626,200
Interest				105
Miscellaneous				345
TOTAL GENERAL REVENUES				626,650
CHANGE IN NET POSITION				169,985
Net position (deficit), beginning of the year				(450,222)
Net position (deficit), end of the year				$ (280,237)

See accompanying notes to financial statements.

CITY OF KALAMAZOO
DOWNTOWN ECONOMIC GROWTH AUTHORITY
GOVERNMENTAL FUND
BALANCE SHEET
DECEMBER 31, 2023

ASSETS		
Cash	$	156,685
Receivables		
Accounts		3,235
Taxes		626,200
Due from other governmental units		16,169
TOTAL ASSETS	$	802,289
LIABILITIES		
Accounts payable	$	29,071
Due to other governmental units		43,455
TOTAL LIABILITIES		72,526
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue		629,035
FUND BALANCE		
Unassigned		100,728
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$	802,289

See accompanying notes to financial statements.

CITY OF KALAMAZOO
DOWNTOWN ECONOMIC GROWTH AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE
SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023

Total fund balance - governmental fund		$ 100,728
Amounts reported for the governmental activities in the statement of net position are different because:		
Long-term receivables are not available to pay for current period expenditures and are therefore unavailable in the fund.		
Unavailable revenue		629,035
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the Governmental Fund Balance Sheet. Long-term liabilities at year end consist of:		
Notes payable	$ (1,000,000)	
Accrued interest payable	(10,000)	
		(1,010,000)
Net position (deficit) of governmental activities		$ (280,237)

See accompanying notes to financial statements.

CITY OF KALAMAZOO
DOWNTOWN ECONOMIC GROWTH AUTHORITY
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2023

REVENUES	
Property taxes	$ 280,776
Intergovernmental	202,000
Charges for services	8,640
Interest	105
Other	345
TOTAL REVENUES	491,866
EXPENDITURES	
Current	
Public works	347,708
Community and economic development	299,457
Debt service	20,000
TOTAL EXPENDITURES	667,165
EXCESS OF REVENUES (UNDER) EXPENDITURES	(175,299)
Fund balance, beginning of year	276,027
Fund balance, end of year	$ 100,728

See accompanying notes to financial statements.

CITY OF KALAMAZOO
DOWNTOWN ECONOMIC GROWTH AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

Net change in fund balance - governmental fund	$ (175,299)
Amounts reported for governmental activities in the statement of activities are different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. In the current period these amounts consist of:	
Increase in unavailable revenue	345,284
Change in net position of governmental activities	$ 169,985

See accompanying notes to financial statements.

NOTE 1 - DESCRIPTION OF AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Kalamazoo (the City) established the Downtown Economic Growth Authority (the Authority) in October 2018, with operations beginning January 1, 2019. Its purpose is to stimulate public and private investment in downtown Kalamazoo and act as the catalyst for joint public and private action to bring about economic growth and physical development in the downtown area. The governing body of the Authority is a Board of Directors consisting of the mayor of the City and eight other members.

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

Reporting Entity

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

Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

FUND FINANCIAL STATEMENTS

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

The major fund of the Authority is the General Fund. The General Fund is used to account for all financial resources of the Authority which are restricted to expenditures for downtown economic growth purposes.

NOTE 1 - DESCRIPTION OF AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus

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

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

Basis of Accounting

Basis of accounting refers to the timing under which transactions are recognized for financial reporting purposes.

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

Governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current period. Revenues susceptible to accrual include state and federal grants and interest revenue. Other revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

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

Budgets and Budgetary Accounting

The budget shown in the financial statements was prepared on a basis not significantly different than the basis used to reflect actual results. This basis is consistent with accounting principles generally accepted in the United States of America.

NOTE 1 - DESCRIPTION OF AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting (continued)

The Authority follows these procedures in establishing the budgetary data reflected in the financial statements:

a. Prior to January 1, the budget is legally adopted at the total expenditure level through passage of a Board resolution. After the budget is adopted any revisions that alter the total expenditures of the fund must be approved by the Board before the end of the fiscal year.

b. Formal budgetary integration is employed as a management control device during the year.

c. The Board does not employ encumbrance accounting as an extension of formal budgetary integration. Appropriations unused at December 31 are not carried forward to the following fiscal year.

d. Budgeted amounts are reported as originally adopted or amended by the Board during the year. Individual amendments were appropriately approved by the Board as required.

Cash

Cash consists of the Authority's demand deposits.

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

a. Bonds, securities, and other obligations of the United States or any agency or instrumentality of the United States.

b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of the State or the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.

d. The United States government or federal agency obligations repurchase agreements.

e. Bankers acceptances of United States banks.

f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

NOTE 1 - DESCRIPTION OF AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables

Receivables consist of amounts due from other governmental units for various programs and accounts receivable for charges for services to other organizations.

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, *deferred outflows of resources,* represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the balance sheet and statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position/fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The Authority reports deferred inflows of resources on the balance sheet in connection with unavailable revenues for property taxes and miscellaneous receipts that are not considered available to liquidate liabilities of the current period. The amount is deferred and recognized as an inflow of resources in the period the amounts become available.

Long-term Liabilities

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statement when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as noncurrent.

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

Fund Balance Classifications

Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five fund balance classifications:

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

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

NOTE 1 - DESCRIPTION OF AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Classifications (continued)

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

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

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

Fund Balance Classification Policies and Procedures

For committed fund balance, the Authority's highest level of decision-making authority is the Authority Board of Directors. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution by the Authority Board of Directors.

For assigned fund balance, the Authority Board of Directors is authorized to assign amounts to a specific purpose. The authorization policy is a full vote and approval by the Authority Board of Directors.

For the classification of fund balance amounts, the Authority's policy is to spend restricted amounts first, then unrestricted amounts when both restricted and unrestricted amounts are available. Similarly, the Authority's policy is to spend committed amounts first, then assigned amounts, and finally unassigned amounts when any of those unrestricted fund balance classifications could be used.

Property Taxes

The Authority was formed under the State of Michigan Corridor Authority Act (Public Act 280 of 2005) which allows the Authority to capture tax revenues within its district boundaries within the City of Kalamazoo on property values above the district's initial formation value. The City acts as a collecting agent for the Authority. The underlying property taxes are levied on July 1 and December 1 (lien dates) on the taxable value of property as of the preceding December 31. Unpaid property taxes as of March 1 assessed on real property is purchased by the County of Kalamazoo's Delinquent Tax Revolving Fund. Unpaid property taxes as of March 1 assessed on personal property continues to be collected by the City.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - DEPOSITS

As of December 31, 2023, the Authority had deposits subject to the following risk.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it.

The cash balances reported in the basic financial statement include $156,685 in cash that is on deposit with the City of Kalamazoo. The cash on deposit with the City of Kalamazoo is part of the pooled cash and investments. As a result, the insured and uninsured amounts related to these amounts cannot be determined.

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. As of December 31, 2023, the Authority did not have any investments that would be subject to rating.

Interest Rate Risk

The Authority will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designating its investment portfolio with the objective of obtaining a rate of return through the economic cycles considering risk constraints and cash flow characteristics.

Concentration of Credit Risk

The Authority will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer, by security type and institution.

Foreign Currency Risk

The Authority is not authorized to invest in investments which have this type of risk.

NOTE 3 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations (including current portion) of the Authority for the year ended December 31, 2023:

	Balance Jan. 1, 2023	Additions	Deletions	Balance Dec. 31, 2023	Amount Due Within One Year
Governmental activities					
Direct borrowing/placements					
Note payable	$ 300,000	$ -	$ -	$ 300,000	$ 300,000
Note payable	700,000	-	-	700,000	-
TOTAL	$ 1,000,000	$ -	$ -	$ 1,000,000	$ 300,000

Significant details regarding outstanding long-term debt (including current portion) are presented below:

$300,000 Note payable to the City of Kalamazoo, for the purpose of financing operations, dated November 2019, due in a lump sum July 2024, with interest of 2.00%, payable annually.	$ 300,000
$700,000 Note payable to the City of Kalamazoo, for the purpose of financing operations, dated April 2020, due in annual installments of $0 to $145,599 through July 2029, with interest of 2.00%, payable annually.	700,000
	$ 1,000,000

The Authority's outstanding note payable from direct borrowings of $1,000,000 is secured by tax increment revenues. In the event of default, the outstanding amounts may become immediately due.

The annual requirements to pay the debt principal and interest outstanding for the notes payable is as follows:

Year Ending December 31,	Direct Borrowing/Placements Notes Payable Principal	Direct Borrowing/Placements Notes Payable Interest
2024	$ 300,000	$ 20,000
2025	134,511	14,000
2026	137,201	11,310
2027	139,945	8,566
2028	142,744	5,767
2029	145,599	2,912
	$ 1,000,000	$ 62,555

NOTE 4 - RISK MANAGEMENT

The Authority, as a component unit of the City of Kalamazoo, is protected from losses as described in the note captioned "Risk Management" within the City's annual financial report.

NOTE 5 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2023, the Authority implemented the following new pronouncement: GASB Statement No. 96, *Subscription-based Information Technology Arrangements*.

Summary:

Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements*, was issued in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

There was no material impact on the Authority's financial statements after the adoption of GASB Statement No. 96.

NOTE 6 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62.* This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior period, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024 fiscal year.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025 fiscal year.

NOTE 6 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following:

a. Management's discussion and analysis (MD&A);
    i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
        1) Overview of the Financial Statements,
        2) Financial Summary,
        3) Detailed Analyses,
        4) Significant Capital Asset and Long-Term Financing Activity,
        5) Currently Known Facts, Decisions, or Conditions;
    ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
    iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
b. Unusual or infrequent items;
c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
    i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
    ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The Authority is currently evaluating the impact this standard will have on the financial statements when adopted during the 2026 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF KALAMAZOO
DOWNTOWN ECONOMIC GROWTH AUTHORITY
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	$ 292,702	$ 292,702	$ 280,776	$ (11,926)
Intergovernmental	80,000	250,000	202,000	(48,000)
Charges for services	-	-	8,640	8,640
Interest	-	-	105	105
Other	424,500	254,500	345	(254,155)
TOTAL REVENUES	797,202	797,202	491,866	(305,336)
EXPENDITURES				
Current				
Public works				
Downtown maintenance	-	365,413	347,708	17,705
Community and economic development				
Downtown development	797,200	194,087	175,708	18,379
Downtown events	-	237,700	123,749	113,951
Debt service	-	-	20,000	(20,000)
TOTAL EXPENDITURES	797,200	797,200	667,165	130,035
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2	2	(175,299)	(175,301)
Fund balance, beginning of year	276,027	276,027	276,027	-
Fund balance, end of year	$ 276,029	$ 276,029	$ 100,728	$ (175,301)

Maner Costerisan

2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
517.323.7500
517.323.6346

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors of the
City of Kalamazoo Downtown Economic Growth Authority
Kalamazoo, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the City of Kalamazoo Downtown Economic Growth Authority (the Authority), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 25, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maner Costerisan PC

June 25, 2024

CITY OF KALAMAZOO
DOWNTOWN DEVELOPMENT AUTHORITY
KALAMAZOO COUNTY, MICHIGAN

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

YEAR ENDED DECEMBER 31, 2023

Maner Costerisan

TABLE OF CONTENTS

Maner Costerisan

2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
517.323.7500
517.323.6346

INDEPENDENT AUDITOR'S REPORT

Board of Directors of the
City of Kalamazoo Downtown Development Authority
Kalamazoo, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Kalamazoo Downtown Development Authority (the Authority), a component unit of the City of Kalamazoo, Michigan, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Authority, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the City of Kalamazoo Downtown Development Authority and do not purport to, and do not present fairly the financial position of the City of Kalamazoo, Michigan, as of December 31, 2023, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Maner Costerisan PC

June 25, 2024

CITY OF KALAMAZOO
DOWNTOWN DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of financial performance provides an overview and analysis of the City of Kalamazoo Downtown Development Authority's (the Authority) financial activities for the year ended December 31, 2023. Please read this document in conjunction with the Authority's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended December 31, 2023:

A. Government-wide

- Liabilities of the Authority exceeded its assets at the close of 2023 by $1,691,957.
- Governmental activities net position (deficit) was ($1,691,957).
- Business-type activities net position was $0 as the Authority transferred the Parking System to the City of Kalamazoo effective August 31, 2023.

B. Fund Level

- The General Fund fund deficit increased by $219,322 to ($952,695).
- The Parking System Fund net position decreased by $1,663,529 to $0 as these activities were transferred to the City of Kalamazoo as noted above.

Using this Annual Report

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

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

CITY OF KALAMAZOO
DOWNTOWN DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

The Authority as a Whole

The following table shows, in condensed format, a comparison of net position of the Authority as of December 31, 2022, and December 31, 2023. The parking system was included in the business-type activities of the Authority through August 31, 2023, when the operations were transferred to the City of Kalamazoo, reducing the net position to $0 at December 31, 2023.

	Governmental Activities		Business-type Activities		Total	
	2022	2023	2022	2023	2022	2023
ASSETS						
Current and other assets	$ 627,701	$ 679,989	$ 2,794,139	$ -	$ 3,421,840	$ 679,989
Capital assets	58,162	109,012	172,748	-	230,910	109,012
TOTAL ASSETS	685,863	789,001	2,966,887	-	3,652,750	789,001
LIABILITIES						
Current liabilities	1,125,597	1,397,430	1,303,358	-	2,428,955	1,397,430
Noncurrent liabilities	1,333,391	1,083,528	-	-	1,333,391	1,083,528
TOTAL LIABILITIES	2,458,988	2,480,958	1,303,358	-	3,762,346	2,480,958
NET POSITION						
Investment in capital assets	58,162	109,012	172,748	-	230,910	109,012
Unrestricted	(1,831,287)	(1,800,969)	1,490,781	-	(340,506)	(1,800,969)
TOTAL NET POSITION	$ (1,773,125)	$ (1,691,957)	$ 1,663,529	$ -	$ (109,596)	$ (1,691,957)

The following table shows the changes in net position during the previous and current year. The parking system was transferred to the City of Kalamazoo effective August 31, 2023, reducing overall net position by $1,663,529.

	Governmental Activities		Business-type Activities		Total	
	2022	2023	2022	2023	2022	2023
REVENUE						
Program revenue						
Charges for services	$ -	$ -	$ 1,647,617	$ 1,154,520	$ 1,647,617	$ 1,154,520
Operating grants and contributions	59,210	59,210	-	-	59,210	59,210
General revenue						
Property taxes	282,733	272,830	-	-	282,733	272,830
Interest	207	301	17,883	15,580	18,090	15,881
Miscellaneous	1,577	-	-	-	1,577	-
TOTAL REVENUE	343,727	332,341	1,665,500	1,170,100	2,009,227	1,502,441
EXPENSES						
Public works	12,320	58,458	-	-	12,320	58,458
Community and economic development	44,568	131,265	-	-	44,568	131,265
Parking system	-	-	2,125,589	1,064,760	2,125,589	1,064,760
Interest on long-term debt	12,542	61,450	-	-	12,542	61,450
TOTAL EXPENSES	69,430	251,173	2,125,589	1,064,760	2,195,019	1,315,933
SPECIAL ITEM	-	-	-	(1,768,869)	-	(1,768,869)
Change in Net Position	$ 274,297	$ 81,168	$ (460,089)	$ (1,663,529)	$ (185,792)	$ (1,582,361)

Governmental Activities

The Authority's governmental activity revenues totaled $332,341 with the largest revenue source being property taxes. Property taxes make up approximately 82% of the total governmental revenue.

The Authority incurred governmental expenses of $251,173 during the fiscal year, with the largest expenses being community and economic development ($131,265). Operating expenses increased $181,743, or 262%, from the prior year due to increased management services for operations and increased maintenance of the downtown.

Business-type Activities

The Authority's business-type activities comprised of the parking system for the downtown area of the City of Kalamazoo and operated under a mutual service agreement between the City of Kalamazoo and the City of Kalamazoo Building Authority. The operations of the parking system were transferred to the City of Kalamazoo effective August 31, 2023. Activity of the parking system through the transfer date are included in the business-type activities.

The Authority's business-type activity revenues totaled $1,170,100 with the largest revenue source being charges for services. Charges for services make up approximately 99% of the total business-type activity revenue.

The Authority incurred business-type expenses of $1,064,760 during the fiscal year for the operation and maintenance of the parking system up to August 31, 2023. After this date the activities of the parking system were transferred to the City of Kalamazoo, resulting in a special item transfer out of net position of $1,768,869.

Governmental Fund Financial Statements

The General Fund is the chief operating fund of the Authority. During the year, the fund deficit increased $219,322 to ($952,695), which represents (173%) of annual expenditures. Total revenues decreased by $5,177, or approximately 2%, from the prior year. Total expenditures increased by $370,837, or approximately 205% over the prior year, due to increases related to debt service and community and economic development.

Enterprise Fund Statements

The Parking System Fund accounted for the business-type activities of the Authority and presents the same information as noted above for the business-type activities.

General Fund Budgetary Highlights

During the year, the General Fund of the Authority had budgeted amounts for revenues of $335,210, with actual revenues less than that amount by $2,943 due to property tax collections. The General Fund of the Authority budgeted for expenditures in the amount of $597,117, with actual expenditures being less than that amount at $551,589. Actual expenditures came in $45,528 under the budgeted appropriations, primarily due to less maintenance and repairs than anticipated.

Capital Asset Administration

At December 31, 2023, the Authority had invested $109,012, net of accumulated depreciation, in capital assets. During the year the Authority recognized $56,500 in land improvements related to governmental activities. The Authority also recognized $5,650 and $22,626 for depreciation expense for governmental and business-type activities, respectively. The Authority transferred the capital assets of the Parking System Fund to the City of Kalamazoo. See Note 3 to the financial statements for additional information related to capital assets.

Long-Term Debt

The Authority currently holds four long-term obligations payable to the City of Kalamazoo, the Kalamazoo Community Foundation, and a developer. At December 31, 2023, the outstanding principal on the notes and agreements totaled $874,391. The current year debt service payment to the City of Kalamazoo as well as the current year payments due to the developer were not made. Amounts that have become due on these notes and agreements and remain unpaid as of the end of the fiscal year are reported as due to other governmental units and due to developers in the General Fund balance sheet. The amount is still owed but currently the City of Kalamazoo and developer are not enforcing payments. In addition, the Authority has received a long-term advance from the City of Kalamazoo in the amount of $459,000. See Note 4 to the financial statements for additional information related to long-term obligations and Note 9 for subsequent events associated with the long-term obligations.

Economic Factors and Next Year's Budgets

Future tax revenues are projected to remain stable while property values continue to increase. However, most of the district falls within the Downtown Economic Growth Authority (DEGA) boundaries, which means the majority of increased tax revenue will be captured by DEGA. To enhance its financial impact, the Authority plans to diversify and increase other revenue streams.

Contacting the Authority

This financial report is intended to provide citizens, taxpayers, customers, and investors with the general overview of the Authority's finances and demonstrate the Authority's accountability for the money it receives. If you have any questions about this report or need any additional information, we welcome you to contact the City of Kalamazoo Downtown Development Authority, 241 W South Street., Kalamazoo, MI 49007.

BASIC FINANCIAL STATEMENTS

CITY OF KALAMAZOO
DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash	$ 644,070	$ -	$ 644,070
Receivables	35,919	-	35,919
Total current assets	679,989	-	679,989
Noncurrent assets			
Capital assets not being depreciated	58,162	-	58,162
Capital assets, net of accumulated depreciation	50,850	-	50,850
Total noncurrent assets	109,012	-	109,012
TOTAL ASSETS	789,001	-	789,001
LIABILITIES			
Current liabilities			
Accounts payable	13,414	-	13,414
Accrued interest payable	6,727	-	6,727
Due to developers	440,100	-	440,100
Due to other governmental units	687,326	-	687,326
Current portion of notes and agreements payable	249,863	-	249,863
Total current liabilities	1,397,430	-	1,397,430
Noncurrent liabilities			
Advance from other governmental units	459,000	-	459,000
Noncurrent portion of notes and agreements payable	624,528	-	624,528
Total noncurrent liabilities	1,083,528	-	1,083,528
TOTAL LIABILITIES	2,480,958	-	2,480,958
NET POSITION (DEFICIT)			
Investment in capital assets	109,012	-	109,012
Unrestricted	(1,800,969)	-	(1,800,969)
TOTAL NET POSITION (DEFICIT)	$ (1,691,957)	$ -	$ (1,691,957)

See accompanying notes to financial statements.

CITY OF KALAMAZOO
DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

		Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities						
Public works	$ 58,458	$ -	$ -	$ (58,458)	$ -	$ (58,458)
Community and economic development	131,265	-	59,210	(72,055)	-	(72,055)
Interest on long-term debt	61,450	-	-	(61,450)	-	(61,450)
Total governmental activities	251,173	-	59,210	(191,963)	-	(191,963)
Business-type activities						
Parking system	1,064,760	1,154,520	-	-	89,760	89,760
Total	$ 1,315,933	$ 1,154,520	$ 59,210	(191,963)	89,760	(102,203)
General revenues						
Property taxes				272,830	-	272,830
Interest				301	15,580	15,881
Special item - transfer of net position				-	(1,768,869)	(1,768,869)
Total general revenues and special item				273,131	(1,753,289)	(1,480,158)
Change in net position				81,168	(1,663,529)	(1,582,361)
Net position (deficit), beginning of year				(1,773,125)	1,663,529	(109,596)
Net position (deficit), end of year				$ (1,691,957)	$ -	$ (1,691,957)

See accompanying notes to financial statements.

CITY OF KALAMAZOO
DOWNTOWN DEVELOPMENT AUTHORITY
GOVERNMENTAL FUND
BALANCE SHEET
DECEMBER 31, 2023

	General Fund
ASSETS	
Cash	$ 644,070
Receivables	
Accounts	26,487
Taxes	9,432
TOTAL ASSETS	$ 679,989
LIABILITIES	
Accounts payable	$ 13,414
Due to developers	440,100
Due to other governmental units	687,326
Advance from other governmental units	459,000
TOTAL LIABILITIES	1,599,840
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	32,844
FUND BALANCE (DEFICIT)	
Unassigned	(952,695)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE (DEFICIT)	$ 679,989

See accompanying notes to financial statements.

CITY OF KALAMAZOO
DOWNTOWN DEVELOPMENT AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023

Fund balance (deficit) - governmental fund		$ (952,695)
Amounts reported for the governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental fund.		
The cost of capital assets is	$ 325,385	
Accumulated depreciation is	(216,373)	
Capital assets, net		109,012
Long-term receivables are not available to pay for current period expenditures and are therefore deferred in the governmental fund. These consist of:		
Unavailable revenue		32,844
Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Fund Balance Sheet. Long-term liabilities at year-end consist of:		
Notes payable	(336,491)	
Developer agreements payable	(537,900)	
Accrued interest payable	(6,727)	
		(881,118)
Net position (deficit) of governmental activities		$ (1,691,957)

See accompanying notes to financial statements.

CITY OF KALAMAZOO
DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2023

	General Fund
REVENUES	
Property taxes	$ 272,756
Intergovernmental	59,210
Interest	301
TOTAL REVENUES	332,267
EXPENDITURES	
Current	
Public works	114,958
Community and economic development	174,515
Debt service	262,116
TOTAL EXPENDITURES	551,589
EXCESS OF REVENUES (UNDER) EXPENDITURES	(219,322)
Fund balance (deficit), beginning of year	(733,373)
Fund balance (deficit), end of year	$ (952,695)

See accompanying notes to financial statements.

CITY OF KALAMAZOO
DOWNTOWN DEVELOPMENT AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

Net change in fund balance - governmental fund		$ (219,322)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in the governmental fund. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	$ 56,500	
Depreciation expense	(5,650)	
Excess of capital outlay over depreciation expense		50,850
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Increase in unavailable revenue		74
Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term debt liabilities and the borrowings increase long-term liabilities in the statement of net position. In the current year these amounts consist of:		
Debt principal maturity	199,777	
Maturity of other obligations	48,900	
		248,677
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported in governmental funds. These activities consist of:		
Decrease in accrued interest payable		889
Change in net position of governmental activities		$ 81,168

See accompanying notes to financial statements.

CITY OF KALAMAZOO
DOWNTOWN DEVELOPMENT AUTHORITY
PROPRIETARY FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Business-type Activities
	Parking System
ASSETS	$ -
LIABILITIES	-
NET POSITION	$ -

See accompanying notes to financial statements.

CITY OF KALAMAZOO
DOWNTOWN DEVELOPMENT AUTHORITY
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
YEAR ENDED DECEMBER 31, 2023

	Business-type Activities Parking System
OPERATING REVENUES	
Charges for services	$ 1,154,520
OPERATING EXPENSES	
Operation and maintenance	1,042,134
Depreciation	22,626
TOTAL OPERATING EXPENSES	1,064,760
OPERATING INCOME	89,760
NONOPERATING REVENUES	
Interest revenue	15,580
NET INCOME BEFORE SPECIAL ITEM	105,340
SPECIAL ITEM	
Transfer of net position to the City of Kalamazoo	(1,768,869)
CHANGE IN NET POSITION	(1,663,529)
Net position, beginning of year	1,663,529
Net position, end of year	$ -

See accompanying notes to financial statements.

CITY OF KALAMAZOO
DOWNTOWN DEVELOPMENT AUTHORITY
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

	Business-type Activities
	Parking System
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	$ 1,143,149
Cash paid to suppliers	(1,211,953)
NET CASH (USED) BY OPERATING ACTIVITIES	(68,804)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash paid to other governmental units	(1,087,777)
Cash received on note receivable	308,025
Cash transferred to City of Kalamazoo	(1,618,747)
NET CASH (USED) BY NONCAPITAL FINANCING ACTIVITIES	(2,398,499)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	15,580
NET (DECREASE) IN CASH DURING YEAR	(2,451,723)
Cash, beginning of year	2,451,723
Cash end of year	$ -
Reconciliation of operating income to net cash (used) by operating activities	
Operating income	$ 89,760
Adjustments to reconcile operating income to net cash (used) by operating activities	
Depreciation	22,626
Decrease in:	
Receivables	30,240
Due from other funds	4,151
(Decrease) in:	
Accounts payable	(169,819)
Unearned revenues	(45,762)
NET CASH (USED) BY OPERATING ACTIVITIES	$ (68,804)

Note: During the year, the Authority and the City of Kalamazoo agreed to terminate parking system agreement with an effective date of August 31, 2023. Capital assets with a net book value of $150,122 were transferred to the City.

See accompanying notes to financial statements.

NOTE 1 - DESCRIPTION OF AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Kalamazoo (the City) established the Downtown Development Authority (the Authority) on March 1, 1982. Its purpose is to stimulate public and private investment in downtown Kalamazoo and act as the catalyst for joint public and private action to bring about economic growth and physical development in the downtown area. The governing body of the Authority is a Board of Directors consisting of the mayor of the City and eight other members.

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

Reporting Entity

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

Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the government-wide financial statements) report information for the government as a whole. For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

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

FUND FINANCIAL STATEMENTS

The fund financial statements present the Authority's individual major funds. Separate financial statements are provided for governmental funds and proprietary funds. The major individual governmental fund and major individual enterprise fund are reported as separate columns in the fund financial statements.

The Authority reports the following *Major Governmental Fund*:

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

NOTE 1 - DESCRIPTION OF AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

FUND FINANCIAL STATEMENTS (continued)

The Authority reports the following *Major Enterprise Fund*:

The *Parking System Fund* accounts for resources generated by providing parking services throughout the City; the costs (expenses, including depreciation) are financed or recovered primarily through user charges.

Measurement Focus

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

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

Basis of Accounting

Basis of accounting refers to the timing under which transactions are recognized for financial reporting purposes.

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

Governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current period. Revenues susceptible to accrual include state and federal grants and interest revenue. Other revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

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

NOTE 1 - DESCRIPTION OF AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting

The budget shown in the financial statements was prepared on a basis not significantly different than the basis used to reflect actual results.

The Authority follows these procedures in establishing the budgetary data reflected in the financial statements:

a. Prior to January 1, the budget is legally adopted at the total expenditure level through passage of a Board resolution. After the budget is adopted any revisions that alter the total expenditures of the fund must be approved by the Board before the end of the fiscal year.

b. Formal budgetary integration is employed as a management control device during the year.

c. The Board does not employ encumbrance accounting as an extension of formal budgetary integration. Appropriations unused at December 31 are not carried forward to the following fiscal year.

d. Budgeted amounts are reported as originally adopted or amended by the Board during the year. Individual amendments were appropriately approved by the Board as required.

Cash

Cash consists of the Authority's demand deposits.

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

a. Bonds, securities, and other obligations of the United States or any agency or instrumentality of the United States.

b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of the State or the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.

d. The United States government or federal agency obligations repurchase agreements.

NOTE 1 - DESCRIPTION OF AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash (continued)

e. Bankers acceptances of United States banks.

f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Receivables

Receivables consist of amounts due from other governmental units for various programs and accounts receivable for charges for services to other individuals and organizations.

Capital Assets

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

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

Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	5 - 15 years
Machinery and equipment	5 - 10 years
Intangible assets	3 - 5 years

Due to Developers

Due to developers consist of amount due to developers related to principal payments that were due on long-term borrowings but remained unpaid.

Due to Other Governmental Units

Due to other governmental units consist of amount due to governmental units related to goods and services received as well as principal and interest payments that were due on long-term borrowings but remained unpaid.

Advance from Other Governmental Units

Long-term advances from the primary government are made to finance new activities and to finance capital acquisitions.

NOTE 1 - DESCRIPTION OF AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, *deferred outflows of resources,* represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the balance sheet and statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position/fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The Authority reports deferred inflows of resources on the balance sheet in connection with unavailable revenues for property taxes that are not considered available to liquidate liabilities of the current period. The amount is deferred and recognized as an inflow of resources in the period the amounts become available.

Long-term Liabilities

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statement when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as noncurrent.

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

Fund Balance Classifications

Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five fund balance classifications:

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

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

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

NOTE 1 - DESCRIPTION OF AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Classifications (continued)

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

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

Fund Balance Classification Policies and Procedures

For committed fund balance, the Authority's highest level of decision-making authority is the Authority Board of Directors. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution of the Authority Board of Directors.

For assigned fund balance, the Authority Board of Director is authorized to assign amounts to a specific purpose. The authorization policy is a full vote and approval by the Authority Board of Directors.

For the classification of fund balance amounts, the Authority's policy is to spend restricted amounts first, then unrestricted amounts when both restricted and unrestricted amounts are available. Similarly, the Authority's policy is to spend committed amounts first, then assigned amounts, and finally unassigned amounts when any of those unrestricted fund balance classifications could be used.

Property Taxes

Property taxes are levied on July 1 (lien date) on the taxable value of property as of the preceding December 31 and are payable without penalty through August 14. After August 14, unpaid property taxes are considered past due, and the applicable property is subject to lien. The City acts as the collecting agent for the Authority. The Authority is permitted by P.A. 197 of Michigan to levy taxes up to $2.00 per $1,000 of assessed valuation of property in the downtown district. The Authority's current year tax rate was $1.9638 per $1,000 of assessed valuation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - DEPOSITS

As of December 31, 2023, the Authority had deposits subject to the following risk.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it.

The cash balances reported in the basic financial statement include $644,070 in cash that is on deposit with the City of Kalamazoo. The cash on deposit with the City of Kalamazoo is part of the pooled cash and investments. As a result, the insured and uninsured amounts related to these amounts cannot be determined.

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. As of December 31, 2023, the Authority did not have any investments that would be subject to rating.

Interest Rate Risk

The Authority will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designating its investment portfolio with the objective of obtaining a rate of return through the economic cycles considering risk constraints and cash flow characteristics.

Concentration of Credit Risk

The Authority will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer, by security type and institution.

Foreign Currency Risk

The Authority is not authorized to invest in investments which have this type of risk.

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, was as follows:

	Balance Jan. 1, 2023	Additions	Deletions	Balance Dec. 31, 2023
Governmental activities				
Capital assets not being depreciated				
Land	$ 58,162	$ -	$ -	$ 58,162
Capital assets being depreciated				
Land improvements	201,517	56,500	-	258,017
Machinery and equipment	9,206	-	-	9,206
Subtotal	210,723	56,500	-	267,223
Less accumulated depreciation for:				
Land improvements	(201,517)	(5,650)	-	(207,167)
Machinery and equipment	(9,206)	-	-	(9,206)
Subtotal	(210,723)	(5,650)	-	(216,373)
Net capital assets being depreciated	-	50,850	-	50,850
Total net capital assets	$ 58,162	$ 50,850	$ -	$ 109,012

	Balance Jan. 1, 2023	Additions	Transfers	Balance Dec. 31, 2023
Business-type activities				
Capital assets being depreciated				
Land improvements	$ 721,103	$ -	$ (721,103)	$ -
Machinery and equipment	545,337	-	(545,337)	-
Intangible assets	75,283	-	(75,283)	-
Subtotal	1,341,723	-	(1,341,723)	-
Less accumulated depreciation for:				
Land improvements	(552,844)	(21,333)	574,177	-
Machinery and equipment	(541,448)	(1,080)	542,528	-
Intangible assets	(74,683)	(213)	74,896	-
Subtotal	(1,168,975)	(22,626)	1,191,601	-
Total net capital assets	$ 172,748	$ (22,626)	$ (150,122)	$ -

NOTE 4 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations (including current portion) of the Authority for the year ended December 31, 2023:

	Balance Jan. 1, 2023	Additions	Deletions	Balance Dec. 31, 2023	Amounts Due Within One Year
Governmental activities					
Direct borrowings/placements					
Note payable - related tax liability	$ 133,216	$ -	$ (66,608)	$ 66,608	$ 66,608
Developer payable - TIF agreement	276,000	-	(23,000)	253,000	23,000
Developer payable - grants	310,800	-	(25,900)	284,900	25,900
Note payable - Arcadia Creek	403,052	-	(133,169)	269,883	134,355
TOTAL	$ 1,123,068	$ -	$ (248,677)	$ 874,391	$ 249,863

Significant details regarding outstanding long-term debt (including current portion) are presented below:

Notes Payable

$666,080 Note payable to the City of Kalamazoo for the purpose of financing tax tribunal settlements, dated July 2014, due in an annual installment of $66,608 in July 2024, with interest of 2.59%.	$ 66,608
$518,000 Note payable to the Kalamazoo Community Foundation for the purpose of financing festival site developments, dated 2018, due in annual installments ranging from $133,169 to $135,528 through March 2025, with interest of 1.5%, payable annually.	269,883
	$ 336,491

Agreements Payable

$460,000 Agreement payable to Metropolitan Center, LLC for the purpose of reimbursing development expenses, dated 2014, due in annual installments of $23,000 with no interest.	$ 253,000
$518,000 Agreement payable to Metropolitan Center, LLC for the purpose of financing grant financing façade improvements, building rehabilitation, and design, dated 2010, due in annual installments of $25,900 with no interest.	284,900
	$ 537,900

The Authority's outstanding note to the Kalamazoo Community Foundation is secured by the Arcadia Festival site, owned by the City of Kalamazoo. The remaining debts are direct obligations to the Authority. In the event of default, the outstanding amount may become immediately due.

NOTE 4 - LONG-TERM OBLIGATIONS (continued)

The annual requirements to pay the debt principal and interest outstanding for the notes and agreements payable are as follows:

Year Ending	Direct Borrowing/Placements	
December 31,	Principal	Interest
2024	$ 249,863	$ 12,254
2025	184,428	1,228
2026	48,900	-
2027	48,900	-
2028	48,900	-
2029-2033	244,500	-
2034	48,900	-
	$ 874,391	$ 13,482

NOTE 5 - PARKING SYSTEM AGREEMENT AND TRANSFER OF OPERATIONS

On April 20, 1989, the DDA entered into an agreement with the City to operate the Parking System, which was reinstated by agreement dated December 6, 2002. Terms of the restated agreement require the DDA to operate and maintain the parking system, make annual payments of $1, and fund the City's annual debt obligations on the parking system. The term of the agreement extends through the life of the outstanding bonds, effectively 2029. However, either party may terminate the agreement at any time upon one year's written notice to the other party. The annual payments to the City totaled $97,348 for the year ended December 31, 2023. During the year the Authority and the City agreed to terminate the agreement with an effective date of August 31, 2023. The remaining net position of the parking system, $1,768,869, was transferred back to the City and reported as a special item.

NOTE 6 - RISK MANAGEMENT

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

NOTE 7 - NET POSITION AND FUND BALANCE DEFICITS

At the end of the year, the Authority's governmental activities reported deficits of $1,800,969 and $1,691,957 for unrestricted net position and total net position, respectively. At the end of the year, the Authority's General Fund also reported a deficit fund balance (unassigned) of $952,695.

NOTE 8 - NON-PAYMENT OF SCHEDULED PAYMENTS

The Authority did not make the following scheduled payments. Therefore, these amounts are reported on the balance sheet as a current liability as of December 31, 2023:

<u>Note Payable</u>

Related Tax Liability **-** Principal payments of $466,256 and interest payments of $68,964 on the note payable, which were originally due annually on July 1, 2017 through 2023. The missed principal payments and interest payments amount to a total of $535,220 and are reported as due to other governments in the General Fund balance sheet.

Arcadia Creek **-** Principal payments of $133,169 and interest payments of $3,587 on the note payable, which were originally due annually on March 1, 2023. The missed principal payments and interest payments amount to a total of $136,756 and are reported as due to other governments in the General Fund balance sheet.

The Authority is in negotiations with the City of Kalamazoo to restructure the payment terms and the City has not taken any legal action or assessed penalties due to the missed payments.

<u>Developer Payables</u>

TIF Agreement - Payments of $207,000 on the developer agreement, which were originally due on October 27, 2015 through 2023. The missed payments under the developer agreement amount to $207,000 and are reported as due to developers in the General Fund balance sheet.

Grant Agreement **-** Payments of $233,100 on the Metropolitan Center grant agreement, which were originally due on October 27, 2015 through 2023. The missed payments under the grant agreement amount to $233,100 and are reported as due to developers in the General Fund balance sheet.

The developer agreements were originally entered into in November 2010 with the intent to finance the payments through tax revenues under its Tax Increment Financing plan. The Authority no longer captures TIF revenues and is in negotiations to restructure this agreement. As of the date of this report, no settlement agreement has been reached.

The non-payment of scheduled payments is disclosed here to provide transparency and ensure the users of the financial statements are aware of the current financial position and the corresponding impacts on the General Fund. It is important to note that the resolution of these outstanding liabilities may have a significant impact on the Authority's financial position and liquidity in future periods.

NOTE 9 - SUBSEQUENT EVENT

On March 18, 2024, the Authority's Board of Directors approved a debt settlement agreement to refinance outstanding obligations of the Authority. This agreement was later approved by the City of Kalamazoo's Commission on April 15, 2024. Under the refinanced debt agreement, the Authority will pay a lump sum of $517,000 for the debts associated with the Metropolitan Center TIF and Grant obligations. The Authority will pay additional principal of $483,000 over annual installments in 2025 through 2034 with interest accruing at 1.5% annually. The City of Kalamazoo is to contribute $403,052.40 to release the Authority's obligations for the Arcadia Creek Festival site improvements.

NOTE 9 - SUBSEQUENT EVENT (continued)

This agreement will refinance the following direct borrowings and placements included in Note 4:

Developer payable - TIF agreement	$ 253,000
Developer payable - grants	$ 284,900
Note payable - Arcadia Creek	$ 269,883

In addition, the following current liabilities of the General Fund included in Note 8 will be released:

Developer Payables	
TIF Agreement	$ 207,000
Grant Agreement	$ 233,100
Note Payable	
Arcadia Creek	$ 136,756

NOTE 10 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2023, the Authority implemented the following new pronouncement: GASB Statement No. 96, *Subscription-based Information Technology Arrangements*.

Summary:

Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements*, was issued in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

There was no material impact on the Authority's financial statements after the adoption of GASB Statement No. 96.

NOTE 11 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62.* This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior period, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024 fiscal year.

NOTE 11 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025 fiscal year.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following:

a. Management's discussion and analysis (MD&A);
    i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
        1) Overview of the Financial Statements,
        2) Financial Summary,
        3) Detailed Analyses,
        4) Significant Capital Asset and Long-Term Financing Activity,
        5) Currently Known Facts, Decisions, or Conditions;
    ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
    iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
b. Unusual or infrequent items;
c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
    i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
    ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The Authority is currently evaluating the impact this standard will have on the financial statements when adopted during the 2026 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF KALAMAZOO
DOWNTOWN DEVELOPMENT AUTHORITY
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	$ 276,000	$ 276,000	$ 272,756	$ (3,244)
Intergovernmental	59,210	59,210	59,210	-
Interest	-	-	301	301
TOTAL REVENUES	335,210	335,210	332,267	(2,943)
EXPENDITURES				
Current				
Public works	-	163,268	114,958	48,310
Community and economic development	335,000	171,732	174,515	(2,783)
Debt service	-	262,117	262,116	1
TOTAL EXPENDITURES	335,000	597,117	551,589	45,528
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	210	(261,907)	(219,322)	42,585
Fund balance (deficit), beginning of year	(733,373)	(733,373)	(733,373)	-
Fund balance (deficit), end of year	$ (733,163)	$ (995,280)	$ (952,695)	$ 42,585

Maner Costerisan

2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
517.323.7500
517.323.6346

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors of the
City of Kalamazoo Downtown Development Authority
Kalamazoo, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Kalamazoo Downtown Development Authority (the Authority), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 25, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

FUND EQUITY DEFICIT

Condition: At the end of the fiscal year, the Authority reported a deficit fund balance for the General Fund.

Criteria: Michigan Public Act 275 of 1980 provides that the Authority shall not end the year in a deficit position. Michigan Public Act 140 of 1971 provides that an Authority ending its fiscal year with funds in a deficit condition shall formulate a deficit elimination plan.

Cause: The Authority has not generated revenue sufficient to cover all expenditures (including debt service).

Effect: The Authority is not in compliance with Public Act 275 of 1980. As a result, the Authority will be required to prepare and submit a Deficit Elimination Plan to the State of Michigan.

Recommendation: We recommend that the Authority utilize budgetary controls to limit expenditures and/or negotiate refinancing terms with the City of Kalamazoo as needed to alleviate the General Fund deficit.

Corrective Action Response: Management agrees with the finding and will be filing a deficit elimination plan with the State noting future actions to be taken to remedy the situation.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maner Costerisan PC

June 25, 2024

Downtown Economic Growth Authority
Statement of Activity
5/31/2024

Total Available Cash	**570,889**

	2024 Adopted Budget	May	2024 YTD Actuals
Revenues			
Taxes	615,000		626,200
Other Revenue	-		-
Contributions and Sponsorships	102,000		-
Transfers In	40,000		-
Charges For Services	5,000	(4,485)	-
Interest And Rentals	-		-
Total Revenues	**762,000**	**(4,485)**	**626,200**
Expenses			
Professional And Contractual Services	353,600	79,526	168,740
Legal Services And Fees	30,000		-
Insurance Services			-
Operating Supplies			1,660
Garbage Disposal		410	1,629
Repairs			-
Utilities			-
Community Promotion	103,000		-
Audit Fees	13,400		-
Tax Appeal Refunds	5,000		-
Administrative Fees	125,000		31,250
Restricted For Debt Service	-		-
Total Expenses	**630,000**	**79,936**	**203,279**
Revenues Less Expenses	**132,000**	**(84,421)**	**422,921**

Notes:

Long Term Debt:

2019 Operations Loan from City	300,000
2020 Operations Loan from City	700,000

Professional And Contractual Services:	**May**	**2024 YTD Totals**
Recycling Services - BIG BELLY SOLAR LLC	3,575	17,875
Ambassador Services - BLOCK BY BLOCK	24,971	99,885
Beats on Bates Events - LUXURY ESCAPES LLC	38,500	38,500
Workout Wed & Caribbean Fest - XPERIENCE INC	10,000	10,000
Hosting & Maintenance - MAESTRO LLC	2,480	2,480
TOTAL	**79,526**	**168,740**

Downtown Economic Growth Authority
Statement of Activity
6/30/2024

Total Available Cash	**535,244**

	2024 Adopted Budget	June	2024 YTD Actuals
Revenues			
Taxes	615,000		626,200
Other Revenue	-		-
Contributions and Sponsorships	102,000		-
Transfers In	40,000		-
Charges For Services	5,000		-
Interest And Rentals	-		-
Total Revenues	**762,000**	**-**	**626,200**
Expenses			
Professional And Contractual Services	353,600	3,575	172,315
Sponsorships		2,500	2,500
Legal Services And Fees	30,000		-
Insurance Services			-
Operating Supplies			1,660
Garbage Disposal		820	2,449
Repairs			-
Utilities			-
Community Promotion	103,000		-
Audit Fees	13,400		-
Tax Appeal Refunds	5,000		-
Administrative Fees	125,000	31,250	62,500
Restricted For Debt Service	-		-
Total Expenses	**630,000**	**38,145**	**241,424**
Revenues Less Expenses	**132,000**	**(38,145)**	**384,776**

Notes:

Long Term Debt:

2019 Operations Loan from City	300,000
2020 Operations Loan from City	700,000

Professional And Contractual Services:	**June**	**2024 YTD Totals**
Recycling Services - BIG BELLY SOLAR LLC	3,575	21,450
Southwest Michigan First/Chamber Sponsorship	2,500	
Ambassador Services - BLOCK BY BLOCK		99,885
Beats on Bates Events - LUXURY ESCAPES LLC		38,500
Workout Wed & Caribbean Fest - XPERIENCE INC		10,000
Hosting & Maintenance - MAESTRO LLC		2,480
TOTAL	**6,075**	**172,315**

Downtown Economic Growth Authority
2025 Draft Budget

		2024	2025
Expenditures:			
Maintenance:			
	Ambassador contract with Block by Block	299,500	399,548
	Big Belly Trash Cans Waste Pickup Fee	4,200	4,326
	Big Belly Trash Cans Monthly Charges	42,900	42,900
	BestWay Contract	2,000	2,060
	Repairs and Maintenance	-	2,000
	Operating Supplies	-	2,000
	Website	5,000	5,150
Total		**353,600**	**457,984**
Marketing and Sponsorships:			
	Additional	-	24,000
	Marketing RFP	-	50,000
	Beats on Bates Program + Admin/Marketing	22,500	50,000
	Summer Sidewalk Sales	6,225	5,000
	Workout Wednesdays	3,250	5,000
	Canadiana	-	2,650
	Sounds of the Zoo	-	5,000
	Black Arts Festival	-	4,000
	Carribean Festival	-	5,000
	Admin/Marketing for summer events	28,025	-
	Restaurant Week	4,000	5,000
	Chili Cookoff	4,000	2,500
	Holiday Sponsorship	20,000	20,000
	Skeletour	15,000	5,000
Total		**103,000**	**183,150**
Business Recruitment and Retention			
	Business Recruitment and Retention initiatives		10,000
Total		**-**	**10,000**
Administrative:			
	Communications and Network		580
	Professional Development and Memberships		16,000
	Audit Fees	13,400	13,800
	Legal Services	30,000	30,000
	City Contract	125,000	125,000
Total		**168,400**	**185,380**
Debt Service:			
	Mavcon Loans	-	52,400
	2019 City Loan ($300,000)	-	
	2020 City Loan ($700,000)	-	
Total		**-**	**52,400**
Total Expenditures		**625,000**	**888,914**
Revenues:			
	Local Tax Capture (Base Only)	615,000	883,600
	Contributions & Sponsorships:		
	Parking Fund Contribution (Ambassador)	20,000	
	City Solid Waste (Ambassador)	32,000	32,000
	Gilmore (Ambassador)	50,000	50,000
	Charges for Services	5,000	-
	Transfer from DDA	40,000	-
Total Revenues:		**762,000**	**965,600**
Excess (Deficit)		**137,000**	**76,686**

Value Year	Collection Year	DEGA Receives	Base Value	Final Value	Brownfield Projects Ending	Updated Final Value	Capture Value	Millages Captured	Revenue	Event Center	Total Revenue	Notes
12/31/2018	2019	2020	112,845,557	113,922,014		113,922,014	1,076,457	50.00	46,263		46,263	
12/31/2019	2020	2021	111,517,757	121,598,914		121,598,914	10,081,157	50.00	493,462		493,462	Temporary increase form Exchange Building - Now BRA
12/31/2020	2021	2022	111,084,123	119,487,718		119,487,718	8,403,595	50.00	414,030		414,030	Temporary increase form Exchange Building - Now BRA
12/31/2021	2022	2023	110,275,669	116,370,743		116,370,743	6,095,074	50.00	280,776		280,776	No major projects providing temporary increase
12/31/2022	2023	2024	110,229,969	122,451,683		122,451,683	12,221,714	50.00	626,200		626,200	Temporary Increase from Rose Street Building - Now BRA
12/31/2023	2024	2025	114,337,704	132,010,105		132,010,105	17,672,401	50.00	883,600		883,600	
12/31/2024	2025	2026	114,337,704	134,650,307		134,650,307	20,312,603	50.00	1,015,600	1,250,000	2,265,600	
12/31/2025	2026	2027	114,337,704	137,343,313		137,343,313	23,005,609	50.00	1,150,300	3,750,000	4,900,300	
12/31/2026	2027	2028	114,337,704	140,090,180	874,945	140,965,125	26,627,421	50.00	1,331,400	5,000,000	6,331,400	
12/31/2027	2028	2029	114,337,704	143,784,427		143,784,427	29,446,723	50.00	1,472,300	5,050,000	6,522,300	
12/31/2028	2029	2030	114,337,704	146,660,116		146,660,116	32,322,412	50.00	1,616,100	5,100,500	6,716,600	
12/31/2029	2030	2031	114,337,704	149,593,318	812,253	150,405,571	36,067,867	50.00	1,803,400	5,151,505	6,954,905	
12/31/2030	2031	2032	114,337,704	153,413,683		153,413,683	39,075,979	50.00	1,953,800	5,203,020	7,156,820	
12/31/2031	2032	2033	114,337,704	156,481,956		156,481,956	42,144,252	50.00	2,107,200	5,255,050	7,362,250	
12/31/2032	2033	2034	114,337,704	159,611,595		159,611,595	45,273,891	50.00	2,263,700	5,307,601	7,571,301	
12/31/2033	2034	2035	114,337,704	162,803,827	525,148	163,328,975	48,991,271	50.00	2,449,600	5,360,677	7,810,277	Last year of SET capture
12/31/2034	2035	2036	114,337,704	166,595,554		166,595,554	52,257,850	27.00	1,411,000	2,923,713	4,334,713	
12/31/2035	2036	2037	114,337,704	169,927,466		169,927,466	55,589,762	27.00	1,500,900	2,952,950	4,453,850	
12/31/2036	2037	2038	114,337,704	173,326,015		173,326,015	58,988,311	27.00	1,592,700	2,982,480	4,575,180	
12/31/2037	2038	2039	114,337,704	176,792,535	2,635,754	179,428,289	65,090,585	27.00	1,757,400	3,012,305	4,769,705	
12/31/2038	2039	2040	114,337,704	183,016,855		183,016,855	68,679,151	27.00	1,854,300	3,042,428	4,896,728	
12/31/2039	2040	2041	114,337,704	186,677,192	155,501	186,832,693	72,494,989	27.00	1,957,400	3,072,852	5,030,252	
12/31/2040	2041	2042	114,337,704	190,569,347		190,569,347	76,231,643	27.00	2,058,300	3,103,580	5,161,880	
12/31/2041	2042	2043	114,337,704	194,380,734	860,644	195,241,378	80,903,674	27.00	2,184,400	3,134,616	5,319,016	
12/31/2042	2043	2044	114,337,704	199,146,205		199,146,205	84,808,501	27.00	2,289,800	3,165,962	5,455,762	
12/31/2043	2044	2045	114,337,704	203,129,130	280,269	203,409,399	89,071,695	27.00	2,404,900	3,197,622	5,602,522	
12/31/2044	2045	2046	114,337,704	207,477,587	14,203,082	221,680,669	107,342,965	27.00	2,898,300	3,229,598	6,127,898	

Assumptions and Notes:

Brownfield additions added to final captured value as net projected value to DEGA

Brownfield dates and values are projections and estimates. Due to timing they can vary significantly.

Table assumes 2% annual growth to final value without losses or changes to base value

Potential negative affects:

- Building Demolition
- New BRA Projects
- Property becoming exempt

Millages are estimated for purposes of projection. Rates charged on different property types vary.

In the future millages may be added or expire.

AMBASSADOR PROGRAM

June 2024

Kalamazoo Downtown
PARTNERSHIP

SMARTsystem

Highlights

JUNE 2024 STATISTICS

CLEANING

Abandoned Property	154
Biohazardous Material	16
Graffiti - Removed	141
Lawn Care (hours)	
Weed Abatement (block faces)	
	19
Power Washing (hours)	
Flower Watering (gallons)	963
Trash (lbs)	14725

HOSPITALITY

Hospitality Assistance	53
Business Contact	16

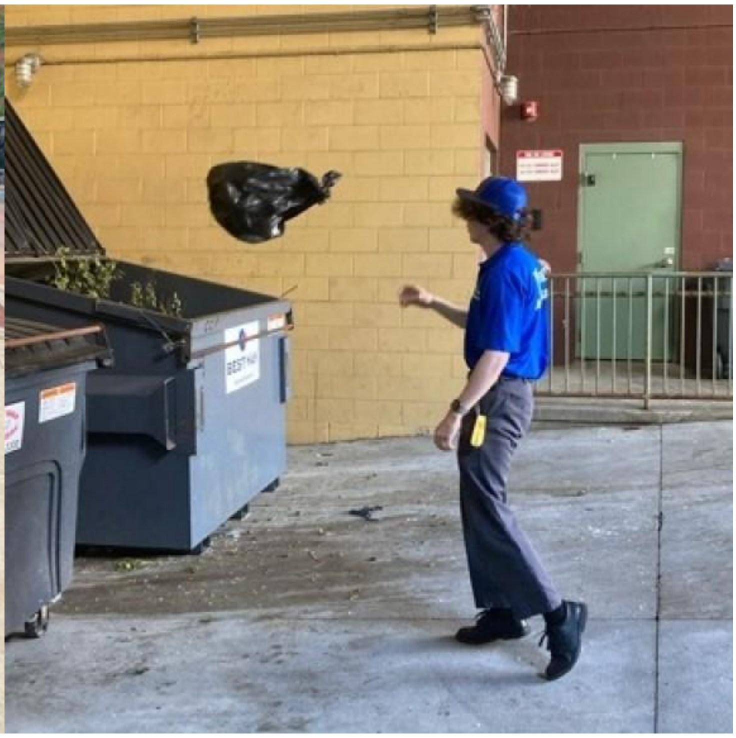
SAFETY

Drinking in Public	6
Needles Found	6
Panhandling - Aggressive	2
Panhandling - Passive	5
Public Defecation/Urination	
Safety Escorts	
Visible Drug Use	3

OUTREACH

Transient	1
Unhoused/Sleeping	85

2024 STATISTICS													
	January	February	March	April	May	June	July	August	September	October	November	December	**Total**
CLEANING													
Abandoned Property	23	24	64	109	80	154							**454**
Biohazardous Material	29	26	42	50	22	16							**185**
Graffiti - Removed	20	108	64	106	71	141							**510**
Lawn Care (hours)	6825		10775	8	9								**17**
Power Washing (hours)		3		13	6	19							**41**
Snow Removal (hours)													**0**
Trash (lbs)		8975		10900	12825	14725							**65025**
Flower Watering (gallons)				5	6	963							**963**
Weed Abatement (block faces)													**11**
HOSPITALITY													
Business Contact		19	8	5	27	16							**75**
Hospitality Assistance	16	47	33	45	48	53							**242**
SAFETY													
Drinking in Public	2	8	8	22	3	6							**49**
Needles Found		3	3	3	4	6							**19**
Panhandling - Aggressive			3	2	0	2							**7**
Panhandling - Passive		2	21	11	6	5							**45**
Public Defecation/Urination		2	2	1	6								**11**
Safety Escorts	2	4	3	3	6								**18**
Visible Drug Use	2	6	37	29	1	3							**78**
OUTREACH													
Transient		15	25	10	0	1							**51**
Unhoused/Sleeping	32	89	195	470	292	85							**1163**



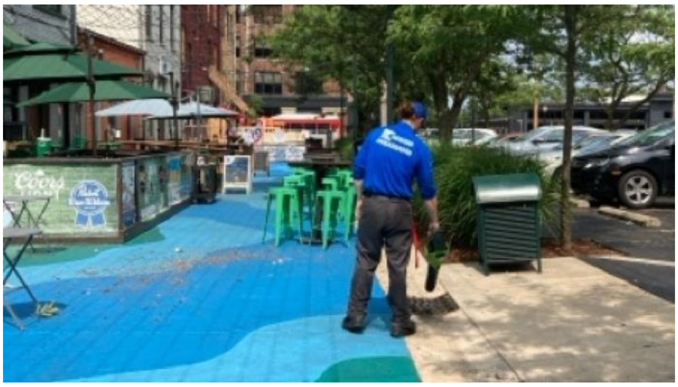
AMBASSADOR PROGRAM

July 2024

Kalamazoo Downtown
PARTNERSHIP

SMARTsystem

Highlights



JULY 2024 STATISTICS

CLEANING	
Abandoned Property	98
Biohazardous Material	20
Graffiti - Removed	32
Lawn Care (hours)	1
Weed Abatement (block faces)	5
Power Washing (hours)	10
Flower Watering (gallons)	688
Trash (lbs)	11570
HOSPITALITY	
Hospitality Assistance	38
Business Contact	13
SAFETY	
Drinking in Public	4
Needles Found	2
Panhandling - Aggressive	6
Panhandling - Passive	3
Public Defecation/Urination	5
Safety Escorts	
Visible Drug Use	1
OUTREACH	
Transient	4
Unhoused/Sleeping	72

2024 STATISTICS													
	January	February	March	April	May	June	July	August	September	October	November	December	**Total**
CLEANING													
Abandoned Property	23	24	64	109	80	154	98						**552**
Biohazardous Material	29	26	42	50	22	16	20						**205**
Graffiti - Removed	20	108	64	106	71	141	32						**542**
Lawn Care (hours)				8	9		1						**18**
Power Washing (hours)		3		13	6	19	10						**51**
Snow Removal (hours)													**0**
Trash (lbs)	6825	8975	10775	10900	12825	14725	11570						**76595**
Flower Watering (gallons)						963	688						**1651**
Weed Abatement (block faces)				5	6		5						**16**
HOSPITALITY													
Business Contact		19	8	5	27	16	13						**88**
Hospitality Assistance	16	47	33	45	48	53	38						**280**
SAFETY													
Drinking in Public	2	8	8	22	3	6	4						**53**
Needles Found		3	3	3	4	6	2						**21**
Panhandling - Aggressive			3	2	0	2	6						**13**
Panhandling - Passive		2	21	11	6	5	3						**48**
Public Defecation/Urination		2	2	1	6		5						**16**
Safety Escorts	2	4	3	3	6								**18**
Visible Drug Use	2	6	37	29	1	3	1						**79**
OUTREACH													
Transient		15	25	10	0	1	4						**55**
Unhoused/Sleeping	32	89	195	470	292	85	72						**1235**

CITY OF KALAMAZOO
DOWNTOWN ECONOMIC GROWTH AUTHORITY
KALAMAZOO COUNTY, MICHIGAN

RESOLUTION TO AUTHORIZE A GRANT TO THE CITY OF KALAMAZOO FOR HOLIDAY LIGHTING DOWNTOWN

WHEREAS, the City of Kalamazoo Downtown Economic Growth Authority (the "DEGA") operates pursuant to the authority of the Corridor Improvement Authority Act, Act 280 of the Public Acts of Michigan of 2005, now recodified within Part 6 of Public Act 57 of 2018 (the "Act"); and

WHEREAS, the City of Kalamazoo (the "City") has historically produced holiday programming throughout Downtown Kalamazoo, including the installation of lights and décor, funded from certain City funds, sponsorships, grants, and donations; and

WHEREAS, on May 7, 2024, the City requested that the DEGA support the City's downtown holiday lighting and décor for the 2024 season by granting Twenty Thousand Dollars ($20,000) in funding, specifically towards the holiday lighting of Downtown Kalamazoo and the Kalamazoo Mall; and

WHEREAS, upon the recommendation of the Events and Marketing Committee, the DEGA now desires to grant such funding request to the City since it is in the best interest of the City and the DEGA to promote community events and support economic growth and businesses in the downtown.

NOW, THEREFORE, BE IT HEREBY RESOLVED AS FOLLOWS:

1. That the City is hereby awarded a one time, not-to-exceed amount of Twenty Thousand Dollars ($20,000) from DEGA funds to be exclusively used towards the City's downtown holiday lighting and décor for the 2024 season within the DEGA District.

2. That all resolutions or parts of resolutions in conflict herewith shall be and the same are hereby rescinded.

YEAS: Boardmembers ____

____

NAYS: Boardmembers ____

ABSTAIN: Boardmembers ____

ABSENT: Boardmembers ____

RESOLUTION DECLARED ADOPTED.

Dated: August 19, 2024 ____________________________________

_________________________, Secretary

CERTIFICATION

I hereby certify that the above is a true and complete copy of a resolution adopted by the Board of Directors of the Downtown Economic Growth Authority of the City of Kalamazoo at a meeting held on August 19, 2024 and that public notice of said meeting was given pursuant to, and in compliance with, Act 267 of the Public Acts of Michigan of 1976, as amended.

Dated: _______________________ ____________________________________

____________________, Secretary

CITY OF KALAMAZOO
DOWNTOWN ECONOMIC GROWTH AUTHORITY
KALAMAZOO COUNTY, MICHIGAN

RESOLUTION TO ESTABLISH AMBASSADOR PROGRAM COMMITTEE

WHEREAS, the City of Kalamazoo Downtown Economic Growth Authority (the "DEGA") operates pursuant to the authority of the Corridor Improvement Authority Act, Act 280 of the Public Acts of Michigan of 2005, now recodified within Part 6 of Public Act 57 of 2018 (the "Act"); and

WHEREAS, in 2024, the DEGA and Mydatt Services Inc, d/b/a Block by Block entered into an Environmental Maintenance and Supplemental Safety Services Agreement (the "Block by Block Agreement") related to the City's Ambassador Program, which is set to expire in the spring of 2025; and

WHEREAS, the DEGA now desires to establish an Ambassador Program Committee in order to review matters related to the Ambassador Program and prepare for the expiration of the Block by Block Agreement by developing and distributing a request for proposals for such services.

NOW, THEREFORE, BE IT HEREBY RESOLVED AS FOLLOWS:

1. That the Ambassador Program Committee is hereby established for the purpose of reviewing matters related to the Ambassador Program and developing and distributing a request for proposals in advance of the expiration of the Block by Block Agreement, provided that any agreement or contract award related thereto shall be recommended and presented to the DEGA Board for final approval.

2. That all resolutions or parts of resolutions in conflict herewith shall be and the same are hereby rescinded.

YEAS: Boardmembers ____

____

NAYS: Boardmembers ____

ABSTAIN: Boardmembers ____

ABSENT: Boardmembers ____

RESOLUTION DECLARED ADOPTED.

Dated: August 19, 2024 ______________________________________

_________________________, Secretary

CERTIFICATION

I hereby certify that the above is a true and complete copy of a resolution adopted by the Board of Directors of the Downtown Economic Growth Authority of the City of Kalamazoo at a meeting held on April 19, 2024 and that public notice of said meeting was given pursuant to, and in compliance with, Act 267 of the Public Acts of Michigan of 1976, as amended.

Dated: _______________________ ______________________________________

____________________, Secretary

Kimberly Guess
Event Coordinator
Beats On Bates
August 8, 2024

Downtown Development Authority
Downtown Economic Growth Authority Board
Kalamazoo, MI

Dear DDA/DEGA Board Members,

I hope this letter finds you well. I am writing to share the outstanding results and benefits of the Beats On Bates summer season for 2024 and to request an extension of the event into the month of September, along with additional funding of $6,000.

This summer, Beats On Bates has engaged the community in ways we have never experienced before. The live music performances have not only brought energy to Bates Alley but have also significantly boosted local business. Restaurants near the alley are reporting record numbers, with some having their best evenings since they opened. The consistent and diverse audience has created a thriving atmosphere that benefits both residents and visitors alike.

Additionally, we have introduced opportunities for small makers and entrepreneurs to set up during our Wednesday evenings. This initiative has further lifted up our small business community and provided more offerings for those attending. The inclusion of these local vendors has enriched the overall experience and contributed to the economic growth of our downtown area.

The success of Beats On Bates has been a collaborative effort, and the positive impact on the local economy is undeniable. Extending the event into September, as we did last year, would further solidify these gains and provide continued support to our downtown businesses. The additional funding of $6,000 would enable us to maintain the high quality of programming and ensure the safety and enjoyment of all attendees.

We have seen how Beats On Bates has become a beloved fixture in our community, and I am confident that an extension will only enhance its positive effects. I respectfully request your approval for this extension and the necessary funding to make it possible.
Thank you for your continued support of our downtown and the initiatives that bring it to life.

Sincerely,

Kimberly Guess
Event Coordinator
Beats On Bates

Background Information on Beats on Bates Funding

On April 15, 2024, the DDA/DEGA Events and Marketing Committee recommended and the Board of Directors approved Kim Guess to coordinate and administer the Beats on Bates programming for June through September 2024 at a cost of $34,000. However, this budget was reflective of Beats on Bates costs June – August.

On April 29, 2024, the DDA/DEGA Events and Marketing Committee approved an additional $4,500 to support the marketing of downtown summer events (including Beats on Bates). This change order was added to the Beats on Bates order.

On August 8, 2024, Kim Guess, event coordinator for Beats on Bates, requested an additional $6,000 to fund the September Beats on Bates booked artists and sound production expenses. Additional administrative funds are not being requested in this $6,000 ask. This ask has been discussed with the Events and Marketing Committee and the formal proposal will be brought to the Committee on August 19 and a recommendation to the Board of Directors for approval is anticipated at the August 19 Board meeting.

CITY OF KALAMAZOO
DOWNTOWN ECONOMIC GROWTH AUTHORITY
KALAMAZOO COUNTY, MICHIGAN

RESOLUTION TO APPROVE EXTENSION TO BEATS ON BATES EVENTS AND ADDITIONAL FUNDING

WHEREAS, the City of Kalamazoo Downtown Economic Growth Authority (the "DEGA") was created in 2018 by the Kalamazoo City Commission and operates pursuant to the authority of the Corridor Improvement Authority Act, Act 280 of the Public Acts of Michigan of 2005, as amended, MCL 125.2871 et seq., and now recodified within Part 6 of Public Act 57 of 2018 (the "Act"); and

WHEREAS, on April 15, 2024, the DEGA and Kim Guess ("Guess"), of Guess Who's Dancing Fitness LLC, entered into a service agreement in which Guess agreed to provide certain event management services for the DEGA related to the Beats on Bates events (the "Events"), which included a series of 17 events from June to September 2024.

WHEREAS, on August 8, 2024, Guess requested an extension of the Events into the month of September, along with additional funding of $6,000, which would further solidify the economic gains of the Events and provide continued support to downtown businesses.

WHEREAS, the DEGA now desires to grant such request for extension and additional funding in order to further promote economic growth and community engagement.

NOW, THEREFORE, BE IT HEREBY RESOLVED AS FOLLOWS:

1. That the request to extend the Beats on Bates Events through September 2024 is hereby granted, along with additional funding in the amount of $6,000 to finance such Events and related activities.

2. That all resolutions or parts of resolutions in conflict herewith shall be and the same are hereby rescinded.

YEAS: Boardmembers ____

____

NAYS: Boardmembers ____

ABSTAIN: Boardmembers ____

ABSENT: Boardmembers ____

RESOLUTION DECLARED ADOPTED.

Dated: _________________, 2024 ____

________________________, Secretary

CERTIFICATION

I hereby certify that the above is a true and complete copy of a resolution adopted by the Board of Directors of the Downtown Economic Growth Authority of the City of Kalamazoo at a meeting held on ________, 2024 and that public notice of said meeting was given pursuant to, and in compliance with, Act 267 of the Public Acts of Michigan of 1976, as amended.

Dated: ______________________ ____

___________________, Secretary

Events & Marketing Committee July 22, 2024

2024 Event	Budgeted Amount	Encumbered	Balance
Beats on Bates	$ 22,500.00	$ 22,500.00	$ -
Summer Sidewalk Sales	$ 6,225.00	$ 5,000.00	$ 1,225.00
Workout Wednesdays	$ 3,250.00	$ 5,000.00	$ (1,750.00)
Admin/Marketing for summer events	$ 28,025.00	$ 16,000.00	$ 12,025.00
Restaurant Week	$ 4,000.00	$ 5,000.00	$ (1,000.00)
Chili Cookoff	$ 4,000.00	$ 2,500.00	$ 1,500.00
Holiday Sponsorship	$ 20,000.00	**$ 20,000.00**	$ -
Skeletour	$ 15,000.00	**$ 5,000.00**	$ 10,000.00
Sounds of the Zoo	$ -	**$ 5,000.00**	$ (5,000.00)
Carribean Fest	$ -	$ 5,000.00	$ (5,000.00)
Canadiana Fest	$ -	$ 2,650.00	$ (2,650.00)
Black Arts Festival	$ -	$ 4,000.00	$ (4,000.00)
Totals	**$ 103,000.00**	**$ 97,650.00**	**$ 5,350.00**

Pending

Additional $4,500 for marketing to be added to Beats on Bates Contract

Must be approved by Board at the August 2024 meeting

Additional $150 to allow for the Downtown Kalamazoo Logo on the electronic billboard approved by Events and Marketing Committee

AUGUST 2024 UPDATE

Downtown Kalamazoo

Kalamazoo Streets for All Projects

Kalamazoo Streets For All is a lane conversion project that will transform downtown Kalamazoo into a welcoming, inclusive and vibrant destination that offers safe travel for all modes of transportation.

Projects led by: Christina Anderson (Planning); James Baker (Engineering); Rebekah Kik (City Manager's Office Liaison)

- Consultant team is Progressive AE, C2D, and Wightman Engineering.
- 2022 to 2023 Kalamazoo Ave., Michikal, Douglas Ave. planning
- 2024 to 2025 Construction of Michikal and Kalamazoo Ave.
- Michigan Ave. planning and design to begin in July 2024
- Weekly coordination meetings with consultant and city teams

Updates can be found at https://www.kalamazoocity.org/Community/Projects/Streets-for-All

Sign up here: https://kalamazoocity.us3.list-manage.com/subscribe?u=ab294794047fd50bdfbb847e8&id=cbae2f83cf

---

2022 Parking Plan Implementation

The Parking Blueprint is organized into four sections defined by the following shared strategic objectives: (1) expanding parking supply/capacity; (2) managing parking demand; (3) improving/expanding mobility options; and (4) improving parking operations.

Parking Team: Led by Rob Bacigalupi (Mission North Consulting) with City staff Christina Anderson (Planning); Dennis Randolph and George Waring (Public Services); Rebekah Kik (City Manager's Office Liaison).

- Meter kiosks coming to the Kalamazoo Mall
- Parking Ordinance updates approved by Commission on August 12

Parking Blueprint can be found at parking-downtown-parking-management-blueprint-2023-update.pdf

---

2023 GUD Marketing Consulting for Streets and Parking

The GUD Marketing Consulting for Streets and Parking is to support the communication, marketing and branding of the City's Streets for All project.

Communications + Marketing Committee: Led by Manny Garcia and Brooke Gieber (GUD Marketing) with City staff Christina Anderson (Planning); Neal Conway and Michael Smith (Communications); Dennis Randolph and George Waring (Public Services); Jerrid Burdue (Economic Development); Rebekah Kik (City Manager's Office Liaison).

Parking Committee: Led by Clarence Lloyd (Southwest Michigan First Chamber), Jane Ghosh (Discover Kalamazoo), Jessica Thompson and Curt Aardema (DDA/DEGA), and Sam Everts (Greenleaf Hospitality).

2024 WMU Economic Development Study

Awareness of impacts on local businesses as street conversion projects evolve throughout the Streets for All projects

Study led by: Center for Transportation and Livability at Western Michigan University – Dr. Jun Oh with City staff Christina Anderson (Planning); Dennis Randolph and George Waring (Public Services); Jerrid Burdue (Economic Development); and Rebekah Kik (City Manager's Office Liaison).

Downtown Placemaking Projects

2024 Projects from Notre Dame Public Realm Study

The Downtown Placemaking project seeks to add to the vibrancy with another alley activation, plaza redesigns that act as connectors, and enhancing the experience of the Kalamazoo Mall as a more active and engaging place. The city has identified 5 key public places downtown that are candidates for improvement.

Projects led by: Rebekah Kik (City Manager's Office); Christina Anderson (Planning); Patrick McVerry (Parks and Recreation); Dennis Randolph (Public Services); PJ Thuringer (Economic Development).

- Consultant team is Smith Group – Allison Marusic and Bob Doyle
- Placemaking – North Mall
- Placemaking – Exchange Place
- Placemaking – Farmer's Alley
- Placemaking – Bate's Alley
- Placemaking – S. Burdick between Lovell and Cedar

Updates can be found at Kalamazoo Placemaking (arcgis.com)

2024 Arcadia Creek Festival Place

Renovation effort for the Arcadia Creek Festival Place to include improvements of items like electrical and landscape, among other things.

Project led by: Rebekah Kik (City Manager's Office); Patrick McVerry (Parks and Recreation); James Baker (Engineering)

- Received $2 Million grant from Redevelopment and Placemaking Fund MEDC
- Received $1.6 Million grant from City Commission
- Applying for future grants to cover the estimated $14 Million project
- Event Planner monthly meetings – since May 2024
- MEDC Technical Assistance for survey and market study
- Survey in progress June 2024
- Scope kick-off meeting in August

2023 Event Center Coordination

City Planning and Design team members include: Jim Ritsema and Rebekah Kik (City Manager's Office); Christina Anderson (Planning); James Baker (Engineering); Dennis Randolph (Public Services)

- Weekly meeting for utilities (Christina, Dennis, and James)
- Monthly design meetings (Christina and Rebekah)
- Annual meetings (Jim and Bill Johnson)
- Special meetings as necessary

2024 PROTECT Grant for Arcadia Creek along Stadium Drive and Michikal (Levy Project)

Led by: Christina Anderson (Planning) and James Baker (Engineering).

- Consultant RFP is being developed
- Project may begin in 2025

Downtown Ambassador Program

Downtown Ambassadors are on the streets seven days a week to ensure that Downtown Kalamazoo is a clean, safe, and welcoming environment that appeals to visitors, residents, employees, and investors. The program is built upon a national best practice employed in successful downtowns and business districts across the county.

Program administered by: Downtown Economic Growth Authority with contracted firm Block by Block and City staff Meghan Behymer (Downtown Coordinator)

Information can be found at [Downtown Ambassador Program - Kalamazoo Downtown (downtownkalamazoo.org)]

METRICS	*January*	*February*	*March*	*April*	*May*	*June*	*July*
Graffiti Removed	20	108	64	106	71	141	32
Power Washing (hrs)	-	3	-	13	6	19	10
Hospitality Assistance	16	47	33	45	48	53	38
Trash Collected (lbs)	6825	8975	10775	10900	12825	14725	11570
Weed Abatement (block faces)	-	-	-	-	6	-	5

Portland Loo – Water Street

Ongoing maintenance and repair to the Water Street Portland Loo – door locks and water pump replacement.

Downtown Dollars Program

The Downtown Dollars program is designed to promote economic growth in the downtown area by encouraging local spending. Customers purchase Downtown Dollars to be redeemed at participating businesses, fostering a vibrant and thriving downtown community.

Program administered by: City of Kalamazoo, Community Planning and Economic Development

Information can be found at [Shop local with Downtown Dollars - Kalamazoo Downtown (downtownkalamazoo.org)]

METRICS	*January*	*February*	*March*	*April*	*May*	*June*	*July*
Participating Businesses	49	49	49	49	49	49	49
Downtown Dollars Purchased	$885	$130	$155	$2,465	$2,880	$1,110	$370
Downtown Dollars Redeemed	$2,485	$1,700	$1,220	$1,720	$1,265	$1,350	$1,415

TOTAL YTD 2024

Downtown Dollars Purchased = $8,045

Downtown Dollars Redeemed = $11,355

Total Downtown Dollars in Circulation = $129,335

TOTAL Program Life (09/2019 – 07/2024)

Downtown Dollars Purchased = $487,600

Downtown Dollars Redeemed = $345,435