



**Downtown Development Authority  
of the City of Kalamazoo, Michigan  
(A Component Unit of the City of Kalamazoo)**

**Financial Statements**  
Year Ended December 31, 2019

**Downtown Development Authority of the  
City of Kalamazoo, Michigan  
(A Component Unit of the City of Kalamazoo)**

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Financial Statements  
Year Ended December 31, 2019

**Downtown Development Authority of the  
City of Kalamazoo, Michigan  
(A Component Unit of the City of Kalamazoo)**

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## **Independent Auditor's Report**

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

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and the General Fund (a major fund) of the Downtown Development Authority of the City of Kalamazoo, Michigan (the DDA), a component unit of the City of Kalamazoo, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the DDA's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the DDA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the DDA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund (a major fund) of the DDA, as of December 31, 2019, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the DDA, and do not purport to, and do not, present fairly the financial position of the City of Kalamazoo, as of December 31, 2019, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2020, on our consideration of the DDA'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 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 the effectiveness of the DDA's 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 DDA's internal control over financial reporting and compliance.

*BDO USA, LLP*

June 26, 2020

**Downtown Development Authority of the  
City of Kalamazoo, Michigan  
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**Management's Discussion and Analysis**

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This section of the Downtown Development Authority's (the DDA's) annual financial report presents management's discussion and analysis of the DDA's financial performance during the year ended December 31, 2019. Please read it in conjunction with the DDA's financial statements, which immediately follow this section.

***Using this Annual Report***

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader understands the DDA's finances as a whole. The *Government-wide Financial Statements* provide information about the activities of the whole DDA, presenting both an aggregate view of the DDA's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending.

***Reporting the DDA as a Whole - Government-Wide Financial Statements***

One of the most important questions asked about the DDA is, "As a whole, what is the DDA's financial condition as a result of the year's activities?" The Statement of Net Position and the Statement of Activities, which appear first in the DDA's financial statements, report information on the DDA as a whole and its activities in a way that helps answer this question. These statements are prepared to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the DDA's net position - the difference between assets and liabilities, as reported in the Statement of Net Position - as one way to measure the DDA's financial health or financial position. Over time, increases or decreases in the DDA's net position - as reported in the Statement of Activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the DDA's operating results. However, the DDA's goal is to stimulate public and private investment in downtown Kalamazoo, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the economic growth and the physical development in the downtown area to assess the overall health of the DDA.

The Statement of Net Position and the Statement of Activities report the governmental activities for the DDA, which encompass all of the DDA's services, including general government, parking (public works), and community development (health and welfare). Property taxes and parking revenue finance most of these activities.

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**Management's Discussion and Analysis**

***Reporting the DDA's Fund Financial Statements***

The DDA's fund financial statements provide detailed information about the operating fund - not the DDA as a whole. The DDA, similar to other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The governmental fund of the DDA uses the following accounting approach:

Governmental fund - All of the DDA's services are reported in the General Fund. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances remaining at year-end that are available for spending. They are reported using the accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the DDA and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that may be spent in the near future to finance the DDA's operations. The differences are described between governmental activities reported in the Statement of Net Position and the Statement of Activities and governmental funds in a reconciliation.

***The DDA as a Whole - Government-Wide Financial Statements***

Recall that the Statement of Net Position provides the perspective of the DDA as a whole. The following provides a summary of the DDA's net position:

<i>December 31,</i>	Governmental Activities	
	2019	2018
<b>Assets</b>		
Current and other assets	\$ 3,809,096	\$ 4,305,152
Capital assets, net of accumulated depreciation	336,721	367,092
<b>Total Assets</b>	<b>\$ 4,145,817</b>	<b>\$ 4,672,244</b>
<b>Liabilities</b>		
Current liabilities	\$ 222,150	\$ 253,624
Long-term liabilities	1,231,082	1,203,137
<b>Total Liabilities</b>	<b>1,453,232</b>	<b>1,456,761</b>
<b>Net Position</b>		
Investment in capital assets	336,721	367,092
Restricted - ramp 3 maintenance	343,137	344,787
Unrestricted	2,012,727	2,503,604
<b>Total Net Position</b>	<b>2,692,585</b>	<b>3,215,483</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 4,145,817</b>	<b>\$ 4,672,244</b>

The preceding analysis focuses on the net position. The change in net position of the DDA's governmental activities is discussed below. The DDA's unrestricted net position was \$2,012,727 at December 31, 2019. The investment in capital assets totaling \$336,721 compares the original cost, less depreciation. Debt was not used to acquire these capital assets.

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**Management's Discussion and Analysis**

The \$2,692,585 net position of governmental activities represents the *accumulated* results of all past years' operations. Current and other assets decreased by approximately \$496,000 during the current year, which is primarily due to a decrease in the outstanding note receivable.

The results of this year's operations for the DDA as a whole are reported in the following Statement of Activities, which shows the changes in net position for 2019 and 2018:

<i>Year ended December 31,</i>	<u>Governmental Activities</u>	
	2019	2018
<b>Revenue</b>		
Program revenue:		
Charges for services	\$ 2,225,793	\$ 2,277,939
General revenue:		
Sale of properties	-	1,395,922
Property taxes	271,310	277,554
Interest income	83,251	47,548
Other	41,815	317,386
<b>Total Revenue</b>	<b>2,622,169</b>	<b>4,316,349</b>
<b>Functions/Program Expenses</b>		
General government	253,085	241,567
Public works	2,724,759	2,791,411
Health and welfare	161,254	389,345
Interest on long-term debt	5,969	9,511
<b>Total Expenses</b>	<b>3,145,067</b>	<b>3,431,834</b>
<b>Change in Net Position</b>	<b>(522,898)</b>	<b>884,515</b>
<b>Net Position, beginning of year</b>	<b>3,215,483</b>	<b>2,330,968</b>
<b>Net Position, end of year</b>	<b>\$ 2,692,585</b>	<b>\$ 3,215,483</b>

As reported in the Statement of Activities, the cost of all of the DDA's activities this year was \$3,145,067. Certain activities were partially funded from those who benefited from the operations through charges for services of \$2,225,793. The remaining "public benefit" portion of the DDA's activities were paid with \$271,310 in taxes and with other revenues such as interest. Health and welfare related expenses decreased approximately \$228,000 due significant business development and branding and engagement expenses becoming the responsibility of the newly formed Downtown Economic Growth Authority of the City of Kalamazoo (the DEGA).

The DDA experienced a decrease in net position of \$522,898 in 2019. The DDA entered into the sale of Lot No. 9 and Lot No. 2 in 2018, which resulted in proceeds of approximately \$1,400,000.



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**Management's Discussion and Analysis**

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As discussed above, the net cost shows the financial burden placed on the DDA and the DDA's taxpayers by each of these functions. Since property taxes for operations and parking revenue constitute the vast majority of the DDA's operating revenue sources, the board and management must annually evaluate the needs of the DDA and balance those needs with ongoing obligations to citizens and creditors.

***The DDA's Governmental Fund***

As noted earlier, the DDA uses the General Fund to help control and manage money for particular purposes. Looking at the General Fund helps the reader consider whether the DDA is being accountable for the resources taxpayers and others provide to it and may provide more insight into the DDA's overall financial health.

As the DDA completed this year, the General Fund reported a fund balance of \$2,827,241 which is a decrease of \$194,338 from last year. The decrease is due to the results of operations of the General Fund.

***General Fund Budgetary Highlights***

A statement showing the DDA's original and final budget amounts compared to amounts actually paid and received is provided in the basic financial statements.

Actual revenue when compared to the final budget, was approximately \$77,000 below the budgeted amount. This variance was due to other revenues being below budget for the current year.

The actual amounts reported for total expenditures was consistent with the budget, coming in approximately \$600 under the final budget.

***Capital Assets and Debt Administration***

***Capital Assets***

As of December 31, 2019, the DDA had \$336,721 invested in capital assets, including land, leasehold improvements, general and administrative equipment, equipment, and equipment under capital leases. This amount represents a decrease of \$30,371 or 8% from last year due to depreciation exceeding capital additions.

<i>December 31,</i>	<b>2019</b>	<b>2018</b>
Land	\$ 58,162	\$ 58,162
Leasehold improvements	684,881	684,881
General and administrative equipment	210,724	210,724
Equipment	655,335	648,120
	<b>1,609,102</b>	<b>1,601,887</b>
Less accumulated depreciation	<b>(1,272,381)</b>	<b>(1,234,795)</b>
<b>Net Capital Assets</b>	<b>\$ 336,721</b>	<b>\$ 367,092</b>

Additional information that is more detailed about the DDA's capital assets is presented in the notes to the financial statements in Note 5, Page 24.

**Downtown Development Authority of the  
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**Management's Discussion and Analysis**

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*Rebated Tax Liability*

At the end of this year, the DDA had \$532,864 in rebated tax liabilities outstanding compared to \$576,544 in the previous year, a decrease of 7.6% due to payments made on the outstanding rebated tax liability during 2019.

Additional information that is more detailed about the DDA's rebated tax liability is presented in the notes to the financial statements in Note 6, Page 25.

*Notes Payable*

At the end of this year, the DDA had \$698,218 in notes payable outstanding compared to \$626,593 in the previous year, an increase of 11.4% due to the issuance of a note payable to the City of Kalamazoo.

Additional information that is more detailed about the DDA's long-term obligations is presented in the notes to the financial statements in Note 7, page 26.

***Significant Currently Known Facts***

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

The DDA's Board of Directors and management consider many factors when setting the DDA's 2020 budget. One of the most important factors affecting the budget is to ensure sufficient funds are available for debt service payments. The 2020 budget was adopted in February 2020, based on projected revenues. Approximately 97% of total General Fund revenue is from user fees, sales proceeds, and the levy.

***COVID-19***

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The DDA is dependent upon its workforce to see through its support of the economic growth and development of downtown Kalamazoo. Developments such as social distancing and shelter-in-place directives could impact the DDA's ability to deploy its workforce effectively. The outbreak could have a continued impact on economic and market conditions and trigger a period of global economic slowdown, which may depress the DDA's asset values.

On March 27, 2020, as a result of the expected economic impact of COVID-19, the U.S. Federal government approved and enacted the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) to provide financial relief to individuals and organizations. The DDA is still in process of assessing the impact the CARES Act will have on the DDA for the year ending December 31, 2020.

**Downtown Development Authority of the  
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**Management's Discussion and Analysis**

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***Contacting the DDA's Financial Management***

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the DDA's finances and to demonstrate the DDA's accountability for the funds received. If you have questions about this report or need additional information, contact:

Downtown Development Authority of the City of Kalamazoo  
141 East Michigan Avenue, Suite 501  
Kalamazoo, Michigan 49007

**Downtown Development Authority of the  
City of Kalamazoo, Michigan  
(A Component Unit of the City of Kalamazoo)**

**Government Wide Financial Statements  
Statement of Net Position**

<i>December 31, 2019</i>	<i>Governmental Activities</i>
<b>Assets</b>	
Cash and cash equivalents	\$ 2,465,717
Restricted cash and cash equivalents	343,137
Receivables:	
Taxes	15,276
Parking system	108,167
Note receivable	876,799
Capital assets, net of accumulated depreciation	336,721
<b>Total Assets</b>	<b>\$ 4,145,817</b>
<b>Liabilities</b>	
Accounts payable - trade	\$ 152,383
Unearned revenue	2,673
Accrued interest	67,094
Long-term liabilities:	
Due within one year:	
Rebated tax liabilities	266,432
Notes payable	634,001
Due in more than one year:	
Rebated tax liabilities	266,432
Notes payable	64,217
<b>Total Liabilities</b>	<b>1,453,232</b>
<b>Net Position</b>	
Investment in capital assets	336,721
Restricted - ramp 3 maintenance	343,137
Unrestricted	2,012,727
<b>Total Net Position</b>	<b>2,692,585</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 4,145,817</b>

*See accompanying independent auditor's report and  
notes to financial statements.*

**Downtown Development Authority of the  
City of Kalamazoo, Michigan  
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**Government Wide Financial Statements  
Statement of Activities**

<i>Year ended December 31, 2019</i>	Expenses	Program Revenues	Charges for Services	Governmental Activities
				Net Revenue (Expenses) and Change in Net Deficit
<b>Functions/Programs</b>				
Governmental activities:				
General government	\$ 253,085	\$ -		\$ (253,085)
Public works	2,724,759		2,225,793	(498,966)
Health and welfare	161,254		-	(161,254)
Interest on long-term debt	5,969		-	(5,969)
<b>Total Governmental Activities</b>	<b>\$ 3,145,067</b>	<b>\$ 2,225,793</b>		<b>(919,274)</b>
<b>General Revenues</b>				
Property taxes				271,310
Interest income				83,251
Other				41,815
<b>Total General Revenues</b>				<b>396,376</b>
				<b>Change in Net Position (522,898)</b>
				<b>Net Position, beginning of year 3,215,483</b>
				<b>Net Position, end of year \$ 2,692,585</b>

*See accompanying independent auditor's report and notes to financial statements.*

**Downtown Development Authority of the  
City of Kalamazoo, Michigan  
(A Component Unit of the City of Kalamazoo)**

**Governmental Fund  
Balance Sheet**

<i>December 31, 2019</i>	<i>General Fund</i>
<b>Assets</b>	
Cash and cash equivalents	\$ 2,465,717
Restricted cash and cash equivalents	343,137
Receivables:	
Taxes	15,276
Parking system	108,167
Note receivable	876,799
<b>Total Assets</b>	<b>\$ 3,809,096</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	
<b>Liabilities</b>	
Accounts payable - trade	\$ 152,383
Unearned revenue	2,673
<b>Total Liabilities</b>	<b>155,056</b>
<b>Deferred Inflow of Resources - Unavailable Revenue</b>	<b>826,799</b>
<b>Fund Balance</b>	
Restricted for:	
Ramp 3 maintenance	343,137
Assigned for:	
Lot sale proceeds reserve	1,246,017
Projected budgetary deficits	604,492
Parking system	132,674
Unassigned	500,921
<b>Total Fund Balance</b>	<b>2,827,241</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 3,809,096</b>

*See accompanying independent auditor's report and  
notes to financial statements.*

**Downtown Development Authority of the  
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**Governmental Fund  
Reconciliation of Fund Balance of Governmental Fund to the Net Position of  
Governmental Activities on the Statement of Net Position**

*December 31, 2019*

Total fund balance - governmental fund (from Page 13) \$ 2,827,241

Amounts reported for 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 in the fund.

These assets consist of:

Capital assets, at cost	1,609,102
Accumulated depreciation	<u>(1,272,381)</u>

Net capital assets 336,721

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds:

Deferred inflows of resources 826,799

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the fund. Balances are as follows:

Notes payable	(698,218)
Rebated tax liabilities	(532,864)
Accrued interest payable on long-term debt	<u>(67,094)</u>

Total long-term liabilities (1,298,176)

**Net Position of Governmental Activities \$ 2,692,585**

*See accompanying independent auditor's report and notes to financial statements.*

**Downtown Development Authority of the  
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**Governmental Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance**

<i>Year ended December 31, 2019</i>	<b>General Fund</b>
<b>Revenues</b>	
Charges for services - parking system	\$ 2,225,793
Property taxes	271,310
Interest	47,526
Other	41,815
<b>Total Revenues</b>	<b>2,586,444</b>
<b>Expenditures</b>	
Current:	
General government	253,085
Public works	2,694,388
Health and welfare	204,934
<b>Total Expenditures</b>	<b>3,152,407</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(565,963)</b>
<b>Other Financing Sources (Uses)</b>	
Sale of properties	300,000
Note issued	71,625
<b>Total Other Financing Sources (Uses)</b>	<b>371,625</b>
<b>Change in Fund Balance</b>	<b>(194,338)</b>
<b>Fund Balance, beginning of year</b>	<b>3,021,579</b>
<b>Fund Balance, end of year</b>	<b>\$ 2,827,241</b>

*See accompanying independent auditor's report and  
notes to financial statements.*



**Downtown Development Authority of the  
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**Governmental Fund  
Reconciliation of Statement of Revenues, Expenditures, and Changes in  
Fund Balance of the Governmental Fund to Statement of Activities**

*Year ended December 31, 2019*

Net change in fund balance - governmental fund (from Page 15)	\$	(194,338)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p style="padding-left: 20px;">Governmental funds report capital outlays as expenditures. In the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation expense:</p>		
Capital outlay		7,215
Depreciation expense		(37,586)
<p>Issuance of a note payable is recognized as other financing sources in the governmental fund, but as a liability in the Statement of Net Position:</p>		
Note payable issued		(71,625)
<p>Note receivable principal payments received is revenue in governmental funds, but the payments reduce long-term assets in the Statement of Net Position:</p>		
Principal payments received		(264,275)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund:</p>		
Rebated tax liability		43,680
Accrued interest		(5,969)
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>(522,898)</b>

*See accompanying independent auditor's report and notes to financial statements.*

**Downtown Development Authority of the  
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**Statement of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual - General Fund**

<i>Year ended December 31, 2019</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Charges for services - parking system	\$ 2,089,764	\$ 2,179,541	\$ 2,225,793	\$ 46,252
Property taxes	267,000	267,000	271,310	4,310
Interest	3,145	45,732	47,526	1,794
Other	294,387	170,843	41,815	(129,028)
<b>Total Revenues</b>	<b>2,654,296</b>	<b>2,663,116</b>	<b>2,586,444</b>	<b>(76,672)</b>
<b>Expenditures</b>				
<i>General government:</i>				
Contractual and other services	256,600	256,600	253,085	3,515
Rebated taxes	10,000	10,000	-	10,000
<b>Total general government</b>	<b>266,600</b>	<b>266,600</b>	<b>253,085</b>	<b>13,515</b>
<i>Public works:</i>				
Lease expense	913,577	918,477	918,046	431
Contractual and other services	832,266	924,412	935,118	(10,706)
Salaries	641,702	574,860	572,239	2,621
Supplies	56,542	54,542	50,848	3,694
Fringe benefits	123,778	119,272	119,178	94
Payroll taxes	114,736	99,858	98,959	899
<b>Total public works</b>	<b>2,682,601</b>	<b>2,691,421</b>	<b>2,694,388</b>	<b>(2,967)</b>
<i>Health and welfare:</i>				
Contractual and other services	-	-	9,944	(9,944)
Other obligations	150,000	150,000	150,000	-
Rebated taxes	44,990	44,990	44,990	-
<b>Total health and welfare</b>	<b>194,990</b>	<b>194,990</b>	<b>204,934</b>	<b>(9,944)</b>
<b>Total Expenditures</b>	<b>3,144,191</b>	<b>3,153,011</b>	<b>3,152,407</b>	<b>604</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(498,895)</b>	<b>(489,895)</b>	<b>(565,963)</b>	<b>(76,068)</b>
<b>Other Financing Sources</b>				
Sale of properties	300,000	300,000	300,000	-
Note issued	-	-	71,625	71,625
<b>Total Other Financing Sources</b>	<b>300,000</b>	<b>300,000</b>	<b>371,625</b>	<b>71,625</b>
<b>Change in Fund Balance</b>	<b>(189,895)</b>	<b>(189,895)</b>	<b>(194,338)</b>	<b>(4,443)</b>
<b>Fund Balance, beginning of year</b>	<b>1,101,672</b>	<b>267,349</b>	<b>3,021,579</b>	<b>2,754,230</b>
<b>Fund Balance, end of year</b>	<b>\$ 911,777</b>	<b>\$ 77,454</b>	<b>\$ 2,827,241</b>	<b>\$ 2,749,787</b>

*See accompanying independent auditor's report and notes to financial statements.*

**Downtown Development Authority of the  
City of Kalamazoo, Michigan  
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**Notes to Financial Statements**

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**1. Nature of Business and Summary of Accounting Policies**

The City of Kalamazoo, Michigan (the City) established the Downtown Development Authority (the DDA) 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 DDA is a board of directors consisting of the chief executive officer of the City and ten other members.

***Summary of Significant Accounting Policies***

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

***Reporting Entity***

The DDA is an independent entity with an appointed board of directors. The board consists of the chief executive officer of the City and ten other members who are appointed to four-year terms. The board has responsibility and control over all matters affecting the DDA, including authority to determine its budget, the power to designate management and primary accountability for fiscal matters. The financial statements of the DDA contain all activity for which the DDA is financially accountable. The DDA is a discretely presented component unit of the City as the City is financially accountable for the DDA. The City is considered financially accountable for a component unit if it appoints a voting majority of the DDA's governing body and it is able to impose its will on the DDA by significantly influencing the programs, projects, activities, or level of services performed or provided by the DDA, or there is a potential for the DDA to provide specific financial benefits to, or impose specific financial burdens on, the City. Blended component units, although legally separate entities are, in substance, part of the City's operations, and data from these units are combined with data of the City. Discretely presented component units, on the other hand, are reported in a separate column in the Government-wide statements to emphasize that they are legally separate from the primary government.

***Basis of Presentation***

***Government-wide Financial Statements***

The Statement of Net Position and the Statement of Activities report information on all of the activities of the DDA. The Government-wide financial statements categorize activities as either governmental or business-type. All of the DDA's activities are classified as governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses related to a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to recipients who purchase, use or directly benefit from goods, services or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function. Property taxes and other items not included among program revenues are reported as general revenues.

*See accompanying independent auditor's report.*

**Downtown Development Authority of the  
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**Notes to Financial Statements**

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*Fund Financial Statements*

The fund financial statements provide information about the DDA's governmental fund.

The governmental fund is used to account for the DDA's general activity. The focus is on determination of the financial position and changes in financial position rather than on income determination. The following is a description of the governmental fund of the DDA - *General Fund* - The General Fund is the general operating fund of the DDA. It is used to account for all financial resources. Funding is provided through charges for services from the Parking System and property tax revenues.

*Measurement Focus and Basis of Accounting*

*Government-Wide Financial Statements*

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

*Fund Financial Statements*

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available if they are collected within the current period or soon enough after to pay liabilities for the current period. The DDA considers revenues available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service and rebated tax expenditures are recorded only when payment is due.

*Assets, Liabilities, and Net Position/Fund Balance*

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

State statutes authorize the DDA to invest in:

- Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers acceptances of United States banks.

*See accompanying independent auditor's report.*

**Downtown Development Authority of the  
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**Notes to Financial Statements**

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- Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

Restricted Cash and Cash Equivalents - Restricted cash and cash equivalents represents an amount restricted for the purpose of parking ramp 3 maintenance.

Capital Assets - Capital and equipment, are reported in the government-wide financial statements. Assets having a useful life in excess of one year and whose costs typically exceed \$500 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are recorded at their acquisition value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful lives are not capitalized. Major outlays for capital assets are capitalized as projects are constructed.

Depreciation is provided for on the straight-line basis over the estimated useful lives of the assets as follows:

<u>Asset category</u>	<u>Useful Life</u>
Leasehold improvements	10 - 15 Years
Equipment	3 - 10 Years

The DDA evaluates its capital assets for impairment in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. Properties held and in use are reviewed for impairment whenever indicators of impairment exist. If impairment is indicated, then an adjustment is made to the carrying value of the capital assets. No impairments have been identified as of December 31, 2019.

Deferred Inflows of Resources - The governmental fund reports unavailable revenues for the note receivable since the revenue is not available. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-Term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs during the current period. The face amount of debt is reported as other financing sources. Premiums and discounts are reported as other financing sources (uses) while issuance costs are reported as expenditures.

*See accompanying independent auditor's report.*

**Downtown Development Authority of the  
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**Notes to Financial Statements**

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Net Position - Net position represents the difference between assets and liabilities. Investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws, or regulations from other governments. Unrestricted net position consists of the net position not meeting the definition of either of the other two components. It is the DDA's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance - Fund balance represents the difference between assets and liabilities in the governmental fund financial statements.

The DDA's fund balance is classified in the following categories:

*Restricted fund balance* - restricted for specific purposes imposed by grantors, bondholders, constitutional provisions, or enabling legislation.

*Committed fund balance* - amounts to be used for specific purposes imposed by the Board of Directors by formal action.

*Assigned fund balance* - intended to be used for specific purposes imposed by the Board of Directors or management.

*Unassigned fund balance* - the residual fund balance of the General Fund.

The DDA's spending policy considers restricted fund balances to be spent first when both restricted and unrestricted fund balances are available. When expenditures are recorded using unrestricted fund balances, committed amounts are spent first, then assigned, and finally unassigned amounts.

***Property Taxes***

Property taxes are levied on July 1, and attach as an enforceable lien on property as of January 1. The City acts as the collecting agent for the DDA. The DDA can levy taxes up to \$2.00 per \$1,000 of assessed value of property in the downtown DDA, which is the maximum permitted under P.A. 197. Taxpayers may elect to pay their tax bills in six equal monthly installments beginning on July 1 and on the first day of the next five months. The result of installment payments is to delay one-half of taxes payable under the installment system beyond the fiscal year-end.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

*See accompanying independent auditor's report.*

**Downtown Development Authority of the  
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**Notes to Financial Statements**

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***Subsequent Events***

Management has evaluated the period from January 1, 2020 through June 26, 2020, the date the financial statements were available for issuance, for subsequent events requiring recognition or disclosure in the financial statements. During the period, the following non-recognizable subsequent event was identified.

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the DDA's future operations. Management is actively monitoring the global situation, making all efforts to remain flexible in their activities and programs that support the downtown. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the DDA is not able to estimate at this time the permanent effects of the COVID-19 outbreak on its operations.

On March 7, 2020, as a result of the expected economic impact of COVID-19, the U.S. Federal government approved and enacted the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) to provide financial relief to individuals and organizations. The DDA is still in the process of assessing the impact the CARES Act will have on the DDA for the year ending December 31, 2020.

**2. Stewardship, Compliance and Accountability**

***Budgetary Information***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund. All annual appropriations lapse at year-end.

Formal budgetary accounting is employed as a management control by the DDA. Annual operating budgets are adopted each fiscal year through passage of a board resolution. The DDA follows these procedures in establishing the two mill and TIF budgets:

A budget is prepared by the staff and submitted to the DDA Board.

1. The DDA Board, at a public hearing, approves the submission of the budget to the City Commission of the City.
2. The City Commission approves the budget.
3. The DDA Board formally adopts the budget through a board resolution.

The budgets must be approved by January 1 if the DDA has not adopted an interim appropriation resolution authorizing the DDA to continue normal operations until the budget is approved by the City Commission and are prepared on a basis consistent with accounting principles generally accepted in the United States of America.

*See accompanying independent auditor's report.*

**Downtown Development Authority of the  
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**Notes to Financial Statements**

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the DDA to have its budget in place January 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits entities to amend their budgets during the year.

During the year ended December 31, 2019, the DDA incurred expenditures in excess of the amounts budgeted of \$2,967 in the public works function and \$9,944 in the health and welfare function.

**3. Note Receivable**

The DDA previously managed Parking Ramp No.4 for the City of Kalamazoo. On April 17, 2017, the City sold Parking Ramp No. 4 for the purchase price of \$3,000,000, of which \$1,500,000 was paid in cash to the City and a \$1,500,000 note was issued to the DDA. The note is due in 60 monthly installments of \$25,000, including interest at 3.5%, with the balance due July, 2022.

Changes in the note receivable at December 31, 2019, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<b>Governmental Activities</b>				
Note receivable	\$ 1,141,074	\$ -	\$ (264,275)	\$ 876,799

**4. Deposits**

Following is a reconciliation of deposit balances as of December 31, 2019:

<b>Statement of Net Position</b>	
Cash and cash equivalents	\$ 2,465,717
Restricted cash and cash equivalents	343,137
	<b>\$ 2,808,854</b>

All of the DDA's cash and cash equivalents and restricted cash and cash equivalents consist of deposits in checking and savings accounts.

***Deposits***

State statutes require that certificates of deposit, savings accounts, deposit accounts, and depository receipts are made with banks doing and having a place of business in the state of Michigan that are also insured by an agency of the United States. The DDA's investment policy complies with the state of Michigan statutes and has no additional limitations on deposits.

*See accompanying independent auditor's report.*



**Downtown Development Authority of the  
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**Notes to Financial Statements**

***Custodial Credit Risk - Deposits***

Custodial credit risk is the risk that, in the event of bank failure, the DDA's deposits might not be recovered. The DDA does not have a policy to mitigate this risk. At December 31, 2019, \$1,537,029 of the DDA's bank balances of \$2,907,967, were uninsured and uncollateralized.

**5. Capital Assets**

Capital asset activity for the year ended December 31, 2019, was as follows:

	Balance December 31, 2018	Additions	Deductions		Balance December 31, 2019
<b>Governmental Activities</b>					
Capital assets not depreciated:					
Land	\$ 58,162	\$ -	\$ -		\$ 58,162
Capital assets depreciated:					
Leasehold improvements	684,881	-	-		684,881
General and administrative equipment	210,724	-	-		210,724
Equipment	648,120	7,215	-		655,335
<b>Totals at Historical Cost</b>	<b>1,601,887</b>	<b>7,215</b>	<b>-</b>		<b>1,609,102</b>
Less accumulated depreciation:					
Leasehold improvements	(409,247)	(29,824)	-		(439,071)
General and administrative equipment	(210,724)	-	-		(210,724)
Equipment	(614,824)	(7,762)	-		(622,586)
<b>Total accumulated depreciation</b>	<b>(1,234,795)</b>	<b>(37,586)</b>	<b>-</b>		<b>(1,272,381)</b>
<b>Net Capital Assets</b>	<b>\$ 367,092</b>	<b>\$ (30,371)</b>	<b>\$ -</b>		<b>\$ 336,721</b>
Depreciation expense was charged to governmental functions as follows:					
Public works		\$ 37,586			

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*See accompanying independent auditor's report.*

**Downtown Development Authority of the  
City of Kalamazoo, Michigan  
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**Notes to Financial Statements**

**6. Rebated Tax Liabilities**

Rebated tax liabilities represent amounts owed to the real estate property owners for taxes previously collected. Changes in rebated tax liabilities at December 31, 2019 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Rebated tax liabilities	\$ 576,544	\$ -	\$ (43,680)	\$ 532,864	\$ 266,432

Rebated tax liabilities at December 31, 2019, is comprised of the following:

	Final Maturity Dates	Interest Rates	Outstanding Balance
<b>Governmental Activities</b>			
Rebated tax liability - Radisson	7/2/2024	2.59%	532,864

***Repayment Schedule***

The annual principal and interest payments on the rebated tax liabilities are as follows:

<i>Year ending December 31,</i>	Governmental Activities		Total
	Principal	Interest	
2020	\$ 266,432	\$ 9,852	\$ 276,284
2021	66,608	9,852	76,460
2022	66,608	9,852	76,460
2023	66,608	9,852	76,460
2024	66,608	9,852	76,460
	\$ 532,864	\$ 49,260	\$ 582,124

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*See accompanying independent auditor's report.*

**Downtown Development Authority of the  
City of Kalamazoo, Michigan  
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**Notes to Financial Statements**

**7. Notes Payable**

Changes in notes payable at December 31, 2019, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Notes payable - direct borrowings	\$ 626,593	\$ 71,625	\$ -	\$ 698,218	\$ 634,001

The City of Kalamazoo note is due in full in December 2020. The note bears no interest.

The Catalyst Development note is due in annual installments of approximately \$52,000, plus interest accruing at 7% annually. The final payment of principal and accrued interest is due in December 2022. The DDA was not required to make payment in 2019. The schedule of future payments of principal and interest are detailed below.

Long-term notes at December 31, 2019, are comprised of the following:

	Final Maturity Dates	Interest Rates	Outstanding Balance
<b>Governmental Activities</b>			
The City of Kalamazoo Note	12/31/2020	n/a	\$ 530,625
Catalyst Development Co. 3, L.L.C. Note	12/31/2022	7%	167,593
<b>Total Governmental Activities</b>			<b>\$ 698,218</b>

***Repayment Schedule***

The annual principal and interest payments on the notes payable are as follows:

<i>Year ending December 31,</i>	Governmental Activities Direct Borrowing		Total
	Principal	Interest	
2020	\$ 634,001	\$ 67,094	\$ 701,095
2021	51,688	5,969	57,657
2022	12,529	5,969	18,498
	<b>\$ 698,218</b>	<b>\$ 79,032</b>	<b>\$ 777,250</b>

*See accompanying independent auditor's report.*

**Downtown Development Authority of the  
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**Notes to Financial Statements**

**8. Parking System Lease Obligations**

On April 20, 1989, the DDA entered into an operating lease agreement (Sublease) with the City to lease and operate the Kalamazoo Municipal Parking System (Parking System), which was restated by agreement dated December 6, 2002, (Restated Sublease). Terms of the Restated Sublease 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 lease extends through the life of the outstanding bonds, effectively 2029. However, either party may terminate the lease at any time upon one year's written notice to the other party. The DDA has pledged all TIF revenues (See Note 9) and the net revenues of the Parking System for payment of these obligations.

In 2005, the Kalamazoo Mall Ramp (KMR) was constructed and financed through a bond issue (KMR Bond Issue). The understanding between the DDA, City Building Authority, and the Brownfield Redevelopment Authority (BRA) was to enter into a formal written amendment to the Restated Sublease whereby the debt service on the KMR Bond Issue would be shared between the DDA, the BRA, and Meyer C. Weiner (MCW). The commitment of MCW has been fulfilled. The sharing arrangement between the DDA and the BRA was determined based on the projected TIF capture of both the DDA and BRA. Due to property tax appeals and changing commercial property values, the following debt service schedule is based on projections prorated on the actual original TIF captures.

The payments to the City by the DDA are charged to operations as a lease expenditure. As of December 31, 2019, the future debt service, inclusive of the BRA's portion, is as follows:

<i>Year</i>	Total KMR Debt Service	DDA Portion of KMR Debt Service (80%)	BRA Portion of KMR Debt Service (20%)
2020	\$ 776,000	\$ 620,800	\$ 155,200
2021	782,000	625,600	156,400
2022	776,000	620,800	155,200
2023	778,000	622,400	155,600
2024	783,000	626,400	156,600
2025-2029	3,912,000	3,129,600	782,400

In conjunction with the Restated Sublease, the DDA entered into an agreement, through its service agreement with Downtown Kalamazoo, Inc. (DKI), with a management company to perform the day-to-day operations of the Parking System. Terms of the agreement require a minimum monthly management fee plus an additional 3% of the sum of the previous 12 months' fees. An agreement was entered into during January 2015, effective through December 31, 2018. Future minimum payments under the terms of the management agreement were \$180,000 annually, adjusted upward annually, to the lessor of 2.5% or the Consumer Price Index. The agreement is on a month-to-month basis subsequent to December 31, 2018.

*See accompanying independent auditor's report.*

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**9. Tax Increment Financing (TIF)**

The DDA maintains a TIF plan to help fund capital improvements in downtown Kalamazoo. The plan allows the DDA to capture and retain 80% of real property tax revenue on all development projects beyond an initial assessed value as determined at the date of the TIF plan. The remaining share of revenues from increases in real property assessed value will be distributed to all “taxing authorities.”

All of the DDA’s TIF revenue is pledged as security for payment on the Parking System and the DDA bond obligations as described in Notes 7 and 8.

**10. Service Agreement and Related Party Transactions**

Business activities of the DDA, Downtown Kalamazoo, Inc. (DKI), and Downtown Tomorrow, Inc. (DTI) are supported by one another. DKI is involved in the economic development, marketing, and activity of services to downtown Kalamazoo, while DTI raises funds through philanthropic contributions and other private sources to assist the DDA and DKI in implementing development plans for downtown Kalamazoo. Although services are provided to one another, each remains a separate entity governed by its own board of directors.

For the year ended December 31, 2019, approximately \$352,000 was paid to DKI under a service agreement which is approved annually by the board of directors. The annual service agreement was renewed for 2020.

**11. Risk Management and Benefits**

The DDA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; and natural disasters. In order to minimize its exposure to these risks, the DDA is insured through the City and a management company.

*See accompanying independent auditor’s report.*



## **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  
Downtown Development Authority of the City of Kalamazoo, Michigan  
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 General Fund (a major fund) of the Downtown Development Authority of the City of Kalamazoo, Michigan (the DDA), a component unit of the City of Kalamazoo, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the DDA's basic financial statements, and have issued our report thereon dated June 26, 2020.

### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the DDA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the DDA's internal control. Accordingly, we do not express an opinion on the effectiveness of the DDA'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the DDA'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 may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the DDA'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 determination of financial statement amounts. 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 DDA'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 DDA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*BDO USA, LLP*

June 26, 2020