

AGENDA

MONROE
NORTH
TIFA



Board Members:

Shaun Biel • Mayor Rosalynn Bliss • Elianna Bootzin • Diedre Deering • Kayem Dunn
Jane Gietzen • Carl Kelly • Mark Roys • Jim Talen • Rick Winn

Wednesday, January 10, 2018
9:30 a.m. Meeting
29 Pearl Street, NW Suite #1

- | | | |
|---|-----------|----------|
| 1. Call to order | | |
| 2. Election of MNTIFA Board Chair and Vice Chair (9:31) | Motion | Kelly |
| 3. Approve Meeting Minutes from October 11, 2017 (9:36)
(enclosure) | Motion | Biel |
| 4. Accept Preliminary Financial Statements from December 31, 2017 (9:39)
(enclosure) | Motion | Wallace |
| 5. Presentation of the FY2017 Audit (9:45)
(enclosure) | Motion | Naramore |
| 6. Presentation of Bike Share Feasibility Study (9:55) | Info Item | Naramore |
| 7. President & CEO Report (10:10) | Info Item | Kelly |
| 8. Public Comment (10:15) | | |
| 9. Board Member Discussion (10:20) | | |
| 10. Adjournment | | |



MEMORANDUM

CITY OF GRAND RAPIDS

Agenda Item # 4
January 10, 2018
Monroe North TIFA Meeting

DATE: January 3, 2018

TO: Monroe North Tax Increment Financing Authority

FROM: Jana M. Wallace
Treasurer

SUBJECT: FY2018 Interim Financial Statements Through December 31, 2017

Attached are the Monroe North Tax Increment Financing Authority interim financial statements for first half of the fiscal year ending June 30, 2018.

Statement A: Balance Sheet

Statement B: FY2018 Statement of Revenues and Expenses

Statement C: Schedule of October 1, 2017 through December 31, 2017 Expenditures

The City Treasurer distributed Winter property tax increment revenues to the Authority in December. The amount of tax increment revenues in the "Actual" column on Statement B is lower than budgeted because the revenue was forecasted using estimated mills, which are 0.1119 mills higher than the actual mills levied.

The Authority also received a \$122,248 personal property tax increment revenue loss reimbursement from the State of Michigan in early December. FY2018 is the second year the Authority received this reimbursement. The City's authorities don't budget for these reimbursements since payment depends on net State sales and use tax receipts. On the next page is a brief explanation of the Personal Property Exemption Losses program.

Please call me at 456-4514 or email me at jwallace@grcity.us if you have any questions.

Attachments

DESCRIPTION OF THE PERSONAL PROPERTY EXEMPTION LOSSES REIMBURSEMENT PROGRAM

Beginning with calendar year 2016/FY2017, the Local Community Stabilization Authority (LCSA) Act, 2014 Public Act 86, (MCL 123.1341 to 123.1362) requires personal property tax reimbursement for all operating and debt millages to the extent that Michigan sales and use tax revenues are available.

The LCSA distributes PPEL reimbursements in the following order of priority:

1. 100% reimbursement for:
 - a. Local school district and intermediate school district (ISD) school debt loss in the current year and local school district sinking funding millage and public recreation and playground millage;
 - b. ISD operating millage;
 - c. School operating loss not reimbursed by the school aid fund;
 - d. Millages used to fund essential services (police, fire, ambulance, and jails);
 - e. **Decline in the tax increment finance (TIF) plan captured value of commercial and industrial personal property; and**
 - f. 2017 small taxpayer exemption loss.
2. Reimbursement for other millages are prorated and may be less than or more than 100%, depending on total calculated losses compared to available Local Community Stabilization Share (LCSS) revenue. The LCSS revenue is derived from the State Use Tax.

How to Calculate Local Unit and TIF Personal Property Exemption Losses (PPEL)

The PPEL is calculated by subtracting the current roll year's commercial and industrial personal property taxable value from the 2013 roll year's commercial and industrial personal property taxable value. Calculations include ad valorem property as well as property on the Industrial Facilities Tax (IFT) property roll with new facilities at 50%. For operating millage reimbursement calculations, the Michigan Department of Treasury subtracts any renaissance zone personal property taxable value from the PPEL calculations.

Source: http://www.michigan.gov/taxes/0,4676,7-238-43535_72736_81317---,00.html

STATEMENT A

**MONROE NORTH
TAX INCREMENT FINANCING AUTHORITY**

**Balance Sheet
as of December 31, 2017**

ASSETS

Pooled Cash and Investments	\$	1,830,804
Future Tax Increment Revenues Anticipated		223,200
General Fixed Assets		5,307,124
Less: Accumulated Depreciation		(3,420,503)
TOTAL ASSETS	\$	3,940,625

LIABILITIES AND FUND EQUITY

Liabilities

Accounts Payable	\$	-
Contracts Payable		223,200
TOTAL LIABILITIES	\$	223,200

Fund Balance / Equity:

Investments in General Fixed Assets	\$	1,886,621
Reserve for Compensated Absences		1,948
Reserve for Encumbrances		108
Reserve for Authorized Projects		1,828,748
TOTAL FUND EQUITY	\$	3,717,425

TOTAL LIABILITIES & FUND EQUITY	\$	3,940,625
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STATEMENT B
MONROE NORTH
TAX INCREMENT FINANCING AUTHORITY
FY2018 Statement of Revenues and Expenses
July 1, 2017 - December 31, 2017

REVENUES	FY2018	
	Budget	Actual
Property Tax Increment	\$ 367,014	\$ 364,786
Property Tax Increment - Prior Year Appeals	(7,500)	8,043
Personal Property Exemption Losses Reimbursement	-	122,248 ¹
Investments Earnings	15,040	10,410
Investments Earnings - FY2017 Accrual Reversal	-	7,873 ²
From / (To) Fund Balance	223,891	-
TOTAL REVENUES	\$ 598,445	\$ 513,360
EXPENSES		
Committed and Ongoing		
Contractual Services - Annual Audit	\$ 5,750	\$ 5,800
Contractual Services - Legal	5,000	1,081
Floodwalls Debt Service - Interest	6,689	4,508
Floodwalls Debt Service - Principal	116,400	116,400
General Fund Departments Services	23,084	11,540
Insurance - General Liability	822	414
Share of DGRI Administration	6,200	1,979
Staff Support	61,800	17,781
Supplies	200	-
Sub-Total Committed and Ongoing	\$ 225,945	159,503
GR Forward Projects:		
Goal #1: Restore the River as the Draw and Create a Connected and Equitable River Corridor		
Asset and Riverwalk Maintenance	\$ 10,000	\$ -
Downtown Planning - GR Forward	75,000	-
Grand River Restoration	25,000	-
Sub-Total GR Forward - Goal #1	\$ 110,000	\$ -
Goal #2: Create a True Downtown Neighborhood Which is Home to a Diverse Population		
Building Re-Use Incentive Program	50,000	-
Development Support - Miscellaneous	20,000	-
Downtown Census	5,000	-
Downtown Enhancement Grants	25,000	-
Infrastructure Improvements - Miscellaneous	2,500	-
Sub-Total GR Forward - Goal #2	\$ 102,500	\$ -
Goal #3: Implement a 21st Century Mobility Strategy		
Accessibility and Streetscape Improvement	25,000	-
Bicycle Infrastructure Improvements	5,000	-
Public Realm Improvements	20,000	300
Transit Improvements in Monroe North District	80,000	-
Sub-Total GR Forward - Goal #3	\$ 130,000	\$ 300
Goal #5: Reinvest in Public Space, Culture, and Inclusive Programming		
Street Lighting Banner Brackets	5,000	-
Urban Recreation Plan	25,000	-
Sub-Total GR Forward - Goal #5	\$ 30,000	\$ -
TOTAL EXPENSES	\$ 598,445	\$ 159,803
EXCESS / (DEFICIT)	\$ -	\$ 353,557

Note 1: State of Michigan reimbursement for the MNTIFA's tax increment revenue losses associated with industrial and commercial personal property exemptions. In FY2017, \$108,170.63 was reimbursed.

Note 2: GASB 31 requires 'mark to market,' entries to reflect current values of investments outstanding at year-end. The mark to market entry as of June 30, 2017 was negative, so the FY2018 adjustment reversal is positive.

STATEMENT C

MONROE NORTH TAX INCREMENT FINANCING AUTHORITY

Schedule of Expenditures October 1 Through December 31, 2017

Date Posted	Vendor	Purpose / Project	Description	Amount
10/19/2017	County of Kent	KCDC Series 2008 Floodwalls Bonds	Floodwalls debt service - annual principal paid	\$116,400.00
11/30/2017	Downtown Development Authority	Staff Support	Share of 07/1/17-10/20/17 payroll re-allocation	15,326.33
12/6/2017	BDO USA LLP	Contractual Services - Annual Audit	Auditing Services FY2017	5,800.00
10/19/2017	County of Kent	KCDC Series 2008 Floodwalls Bonds	Floodwalls debt service - semi-annual interest	4,508.25
10/19/2017	City Treasurer - Budget Office	General Fund Departments Services	IET - Operating Transfer A-87	1,924.00
11/15/2017	City Treasurer - Budget Office	General Fund Departments Services	IET - Operating Transfer A-87	1,924.00
12/6/2017	City Treasurer - Budget Office	General Fund Departments Services	IET - Operating Transfer A-87	1,924.00
10/21/2017	City of Grand Rapids	Staff Support	Payroll period ended 10/21/2017	647.18
11/15/2017	City Treasurer - Development Center	Public Realm Improvements	Monroe North Banner Permit	300.00
12/16/2017	City of Grand Rapids	Staff Support	Payroll period ended 12/16/2017	283.38
10/7/2017	City of Grand Rapids	Staff Support	Payroll period ended 10/17/2017	251.67
11/26/2017	Dickinson Wright PLLC	Contractual Services - Legal	Legal: MNTIFA Board meeting	242.00
12/26/2017	State of Michigan	Share of DGRI Administration	Share of unemployment charges	95.40
11/13/2017	Federal Square Building Co. #1, LLC	Share of DGRI Administration	Office Lease: 29 Pearl Street 11/2017	87.94
12/26/2017	Federal Square Building Co. #1, LLC	Share of DGRI Administration	Office Lease: 29 Pearl Street 12/2017	87.94
10/1/2017	Federal Square Building Co. #1, LLC	Share of DGRI Administration	Office Lease: 29 Pearl Street 9/2017	86.22
10/24/2017	Federal Square Building Co. #1, LLC	Share of DGRI Administration	Office Lease: 29 Pearl Street 10/2017	86.22
11/18/2017	City of Grand Rapids	Staff Support	Payroll period ended 11/18/2017	86.18
11/30/2017	Downtown Development Authority	Staff Support	Share of 07/1/17-10/20/17 payroll re-allocation	73.68
10/20/2017	City Treasurer - Risk Mnmt	Insurance - General Liability	Monthly General Insurance Allocation	69.00
11/16/2017	City Treasurer - Risk Mnmt	Insurance - General Liability	Monthly General Insurance Allocation	69.00
12/6/2017	City Treasurer - Risk Mnmt	Insurance - General Liability	Monthly General Insurance Allocation	69.00
11/26/2017	HR Collaborative LLC	Share of DGRI Administration	HR Consultant 10/2017	43.51
11/4/2017	City of Grand Rapids	Staff Support	Payroll period ended 11/04/2017	35.95
10/24/2017	HR Collaborative LLC	Share of DGRI Administration	HR Consultant 9/2017	32.92
11/26/2017	TGG, Inc.	Share of DGRI Administration	Life Insurance Premium 1-3/2018	30.01
12/27/2017	Hub International Midwest Ltd	Share of DGRI Administration	Directors and Officers Policy 11/2017	21.17
10/3/2017	HR Collaborative LLC	Share of DGRI Administration	HR Consultant 7/2017	19.29
11/7/2017	The KR Group, Inc.	Share of DGRI Administration	IT services 10/17	12.40
11/26/2017	The KR Group, Inc.	Share of DGRI Administration	IT services 11/17	12.40
11/26/2017	Blue Cross Blue Shield of Michigan	Share of DGRI Administration	Dental Insurance Premium 1-3/2018	10.22
11/30/2017	Downtown Development Authority	Staff Support	Share of 07/1/17-10/20/17 payroll re-allocation	9.35
12/13/2017	Fifth Third Bank P-Card 11/17	Share of DGRI Administration	General Insurance (MNTIFA Portion)	8.23
11/26/2017	Applied Imaging	Share of DGRI Administration	Copier use 10/15-12/14/17; overage 7/15-10/14/17	8.20
11/13/2017	Dickinson Wright PLLC	Share of DGRI Administration	Legal Services: DGRI Bd of Advisors mtg/agenda	8.18
10/1/2017	Federal Square Building Co. #1, LLC	Share of DGRI Administration	Office Lease: 29 Pearl Mezzanine Office 9/2017	7.44
10/24/2017	Federal Square Building Co. #1, LLC	Share of DGRI Administration	Office Lease: 29 Pearl Mezzanine Office 10/2017	7.44
11/13/2017	Federal Square Building Co. #1, LLC	Share of DGRI Administration	Office Lease: 29 Pearl Mezzanine Office 11/2017	7.44
12/26/2017	Federal Square Building Co. #1, LLC	Share of DGRI Administration	Office Lease: 29 Pearl Mezzanine Office 12/2017	7.44
10/23/2017	Professional Maint of Michigan Inc.	Share of DGRI Administration	Cleaning Services 9/17	7.38
11/26/2017	Professional Maint of Michigan Inc.	Share of DGRI Administration	Cleaning Services 10/17	7.38
10/16/2017	Fifth Third Bank P-Card 09/17	Share of DGRI Administration	Office Supplies (MNTIFA Portion)	7.00
10/9/2017	Spectrum Health	Share of DGRI Administration	Paid via Payroll Deductions 10/2017	5.91
11/28/2017	Cellco Partnership dba Verizon	Share of DGRI Administration	Cell Phone Service 10/2017	5.70
12/27/2017	Cellco Partnership dba Verizon	Share of DGRI Administration	Cell Phone Service 11/2017	5.44
10/9/2017	MVP Sportsplex - GR, LLC	Share of DGRI Administration	Paid via Payroll Deductions 8/2017	5.07
10/23/2017	MVP Sportsplex - GR, LLC	Share of DGRI Administration	Paid via Payroll Deductions 9/2017	5.07
11/26/2017	MVP Sportsplex - GR, LLC	Share of DGRI Administration	Paid via Payroll Deductions 10/2017	5.07
10/3/2017	MKR Services, Inc	Share of DGRI Administration	Supplies: DGRI Board mbr resignation plaque 9/17	4.80
10/23/2017	Cellco Partnership dba Verizon	Share of DGRI Administration	Cell Phone Service 9/2017	4.70
10/23/2017	TDS Metrocom	Share of DGRI Administration	Phone Service 10/2017	3.76
11/13/2017	Staples Contract and Commercial Inc.	Share of DGRI Administration	Office Supplies 9/2017	3.66
12/26/2017	TDS Metrocom	Share of DGRI Administration	Phone Service 11/2017	3.60
11/26/2017	Federal Square Building Co. #1, LLC	Share of DGRI Administration	Utility Service: Electricity 9/2017	3.32
10/3/2017	Federal Square Building Co. #1, LLC	Share of DGRI Administration	Utility Service: Electricity 8/2017	3.29
11/26/2017	Federal Square Building Co. #1, LLC	Share of DGRI Administration	Utility Service: Electricity 10/2017	3.17
10/16/2017	Fifth Third Bank P-Card 09/17	Share of DGRI Administration	Liability Insurance (MNTIFA Portion)	3.14
11/13/2017	Staples Contract and Commercial Inc.	Share of DGRI Administration	Office Supplies 8/2017	3.00
10/3/2017	GreatAmerica Financial Services Corp	Share of DGRI Administration	Copier Lease 8/2017-9/2017	2.92
11/26/2017	GreatAmerica Financial Services Corp	Share of DGRI Administration	Copier Lease 10/2017-11/2017	2.87
11/26/2017	GreatAmerica Financial Services Corp	Share of DGRI Administration	Copier Lease 9/2017-10/2017	2.87
12/26/2017	Federal Square Building Co. #1, LLC	Share of DGRI Administration	Utility Service: Electricity 11/2017	2.85
11/7/2017	The KR Group, Inc.	Share of DGRI Administration	IT security services 10/17	2.78
11/7/2017	The KR Group, Inc.	Share of DGRI Administration	IT security services 9/17	2.78
11/26/2017	The KR Group, Inc.	Share of DGRI Administration	IT security services 10/17	2.78
11/13/2017	Staples Contract and Commercial Inc.	Share of DGRI Administration	Office Supplies 9/2017	2.59

continued on the next page

STATEMENT C - continued
Monroe North Tax Increment Financing Authority
Schedule of Expenditures
October 1 Through December 31, 2017

Page 2

Date Posted	Vendor	Activity # Purpose / Project	Description	Amount
				<i>continued from prior page</i>
11/26/2017	Dickinson Wright PLLC	Share of DGRI Administration	Legal Services: DGRI Miscellaneous	\$ 2.46
12/13/2017	Fifth Third Bank P-Card 11/17	Share of DGRI Administration	Office Supplies (MNITFA Portion)	2.18
11/7/2017	Staples Contract and Commercial Inc.	Share of DGRI Administration	Office Supplies 7/2017	2.14
11/26/2017	The KR Group, Inc.	Share of DGRI Administration	IT services: Telephone repair 10/2017	2.09
12/6/2017	Breck Graphics Inc dba Allegra	Share of DGRI Administration	Biz cards M. Eledge, R. Krenz, T. Kelly 11/2017	2.08
10/23/2017	Comcast	Share of DGRI Administration	Internet at 29 Pearl St NW 10/07/2017-11/06/2017	1.98
11/14/2017	Comcast	Share of DGRI Administration	Internet at 29 Pearl St NW 11/07/2017-12/06/2017	1.98
12/26/2017	Comcast	Share of DGRI Administration	Internet at 29 Pearl St NW 12/06/2017-1/06/2018	1.86
11/7/2017	Staples Contract and Commercial Inc.	Share of DGRI Administration	Office Supplies 7/2017	1.67
11/13/2017	Staples Contract and Commercial Inc.	Share of DGRI Administration	Office Supplies 9/2017	1.65
11/26/2017	Staples Contract and Commercial Inc.	Share of DGRI Administration	Office Supplies 10/2017	1.50
11/7/2017	Staples Contract and Commercial Inc.	Share of DGRI Administration	Office Supplies 7/2017	1.40
11/7/2017	Madcap Coffee Company	Share of DGRI Administration	Meeting Supplies 10/2017	1.38
11/13/2017	Dickinson Wright PLLC	Share of DGRI Administration	Legal Services: Inter-organizational Agreement	1.36
11/13/2017	Dickinson Wright PLLC	Share of DGRI Administration	Legal Services: Inter-organizational Agreement	1.36
10/4/2017	Madcap Coffee Company	Share of DGRI Administration	Meeting Supplies 9/2017	1.33
11/7/2017	Staples Contract and Commercial Inc.	Share of DGRI Administration	Office Supplies 7/2017	1.32
11/13/2017	Staples Contract and Commercial Inc.	Share of DGRI Administration	Office Supplies 9/2017	1.31
11/26/2017	Brandon Alman	Share of DGRI Administration	Mezzanine offices wall Installations 09/2017	1.24
10/24/2017	Engineered Protection Sys Inc	Share of DGRI Administration	Office Security System 11/2017-1/2018	1.12
11/7/2017	Breck Graphics Inc dba Allegra	Share of DGRI Administration	Business Cards S. Wong 8/2017	1.12
11/26/2017	Breck Graphics Inc dba Allegra	Share of DGRI Administration	Business Cards L. Traylor 10/2017	1.11
11/7/2017	Staples Contract and Commercial Inc.	Share of DGRI Administration	Office Supplies 7/2017	1.10
11/7/2017	Staples Contract and Commercial Inc.	Share of DGRI Administration	Office Supplies 7/2017	1.05
11/26/2017	Creative Studio Promotions	Share of DGRI Administration	Office supplies: M. Catcho employee jacket	1.04
12/6/2017	Staples Contract and Commercial Inc.	Share of DGRI Administration	Office Supplies 11/2017	1.04
10/9/2017	Swift Printing & Communications	Share of DGRI Administration	Mezzanine office photos 08/2017	1.03
10/16/2017	Fifth Third Bank P-Card 09/17	Share of DGRI Administration	Dishwasher repair (MNITFA Portion)	0.99
11/17/2017	Fifth Third Bank P-Card 10/17	Share of DGRI Administration	Office Supplies (MNITFA Portion)	0.87
10/3/2017	Gordon Water Systems	Share of DGRI Administration	Water Cooler Lease 8/15/17-9/9/2017	0.85
10/1/2017	Dickinson Wright PLLC	Share of DGRI Administration	Legal Services: DGRI Board of Advisors memo	0.82
12/6/2017	Gordon Water Systems	Share of DGRI Administration	Water Cooler Lease 10/17/17-11/10/2017	0.82
12/6/2017	Staples Contract and Commercial Inc.	Share of DGRI Administration	Office Supplies 11/2017	0.78
11/13/2017	Staples Contract and Commercial Inc.	Share of DGRI Administration	Office Supplies 9/2017	0.77
11/13/2017	Staples Contract and Commercial Inc.	Share of DGRI Administration	Office Supplies 9/2017	0.74
11/26/2017	Madcap Coffee Company	Share of DGRI Administration	Meeting Supplies 11/2017	0.71
11/13/2017	Staples Contract and Commercial Inc.	Share of DGRI Administration	Office Supplies 9/2017	0.68
11/26/2017	Madcap Coffee Company	Share of DGRI Administration	Meeting Supplies 11/2017	0.67
11/13/2017	The KR Group, Inc.	Share of DGRI Administration	IT supplies: M. Catcho adaptor	0.57
12/6/2017	Staples Contract and Commercial Inc.	Share of DGRI Administration	Office Supplies 11/2017	0.52
10/1/2017	Model Coverall Service Inc	Share of DGRI Administration	Floor Mat Rental 8/2017	0.50
11/7/2017	Model Coverall Service Inc	Share of DGRI Administration	Floor Mat Rental 10/2017	0.50
11/7/2017	Staples Contract and Commercial Inc.	Share of DGRI Administration	Office Supplies 7/2017	0.27
11/7/2017	Staples Contract and Commercial Inc.	Share of DGRI Administration	Office Supplies 7/2017	0.24
10/9/2017	Fusion IT LLC	Share of DGRI Administration	Network Management 10/2017	0.15
11/26/2017	Fusion IT LLC	Share of DGRI Administration	Network Management 11/2017	0.15
12/26/2017	Fusion IT LLC	Share of DGRI Administration	Network Management 12/2017	0.15
11/26/2017	Staples Contract and Commercial Inc.	Share of DGRI Administration	Office Supplies 9/2017	0.14
11/13/2017	Staples Contract and Commercial Inc.	Share of DGRI Administration	Office Supplies 9/2017	0.11
11/7/2017	Staples Contract and Commercial Inc.	Share of DGRI Administration	Office Supplies 7/2017	0.08
TOTAL OCTOBER, NOVEMBER, AND DECEMBER, 2017 EXPENDITURES				<u>\$150,788.86</u>

UNAPPROVED MINUTES

Meeting of the City of Grand Rapids Tax Increment Financing Authority

October 11, 2017

1. Call to Order – The meeting was called to order at by Chair Howard Hansen

2. Attendance

Present: Shaun Biel, Mayor Rosalynn Bliss, Diedre Deering, Kayem Dunn, Jane Gietzen, Howard Hansen, Carl Kelly, Mark Roys, Jim Talen

Absent: Rick Winn

Others Present: Kristopher Larson (Executive Director), Murphy Ackerman (Executive Asst/Office Manager), Jana Wallace, Tim Kelly, Stephanie Wong, Jennie Schumacher, Gabi Schumacher, Megan Catcho, Annamarie Buller, LaTarro Traylor (DGRI Staff), Richard Bishop

3. Approve Meeting Minutes from August 9, 2017

Motion: Mayor Rosalynn Bliss, supported by Kayem Dunn, moved approval of the minutes from the August 9, 2017 meeting as presented. Motion carried unanimously.

4. Accept Preliminary Financial Statement from June 30, 2017

Ms. Wallace gave an overview of the financial statements for the year end financials. Ms. Wallace said there is only one month of expenditures because the May financials were presented at the June meeting.

Motion: Kayem Dunn, supported by Jane Gietzen, moved to approve Statement C- Preliminary Schedule of June 30, 2017 expenditures as recommended. Motion carried unanimously.

5. Adopt FY18 Budget and Priority Plan

Mr. Larson reminded the Board that this is the same budget that was previously approved. After it was approved by the Board and recommended to City Commission, bottom line authorization was approved by City Commission, and now requires adoption by this Board.

Motion: Shaun Biel, supported by Carl Kelly, moved to adopt the MNTIFA Annual Budget for 2018. Motion carried unanimously.

6. Accept Financial Statement from September 30, 2017

Ms. Wallace introduced the three (3) months of financials from the new fiscal year. Ms. Wallace shared that the financials are now categorized by GR Forward goals.

Motion: Shaun Biel, supported by Jane Gietzen, moved to approve Statement C- Preliminary Schedule of September 30, 2017 expenditures as recommended. Motion carried unanimously.

7. Authorize Support for Grand Rapids Whitewater

Mr. Larson introduced the request for support for Grand Rapids White Water and said that the DDA approved their share of support at their previous meeting. Mr. Larson said \$100,000 was budgeted in the DDA budget and \$25,000 in the MNTIFA budget. Mr. Larson said he has been working with Whitewater to understand their needs and how the DDA can contribute as partners. Mr. Larson said this contribution will be directed towards filing the required environmental impact statement. Mr. Larson said they plan to file in late October or early November.

Motion: Carl Kelly, supported by Mayor Rosalynn Bliss, moved to authorize the Executive Director to approve a payment in the amount of \$25,000 to Grand Rapids Whitewater to support their efforts to restore the Grand River and implement GR Forward. Motion carried unanimously.

8. Authorize Contract Streetscape Design Guidelines

Mr. Kelly introduced the request to enter into a contract with Nederveld and Williams & Works to complete an update to the Downtown Streetscape Guidelines. Mr. Larson noted that this project will be cofunded by the DDA. Mr. Kelly said the last document was completed in 2006 and needs to be updated to adjust for new boundaries, ADA design requirements, as well as the priorities outlined in GR Forward. Mr. Kelly said it is important to look at the Downtown collectively while also acknowledging that not all streets have the same demands and not all modes of transportation should be accommodated on each street. Mr. Kelly said Williams & Works is also a consultant on the Riverwalk Guideline project, and this will help ensure cohesion between both projects. Mr. Kelly said there have been great improvements as a direct result of the 2006 plan, but it did not give much consideration to areas such as the West Side or the Monroe North neighborhood as they have seen significant growth. Ms. Wong said that an RFP was released in August, and after receiving responses, staff worked with the Goal 3 Alliance to review the submissions. Ms. Wong said she was pleased to share that both staff and the Alliance recommended Nederveld and Williams & Work to complete the work. Ms. Wong said the goal is to have the guidelines completed and presented to the Board by April 2017. Mr. Biel asked if this project was budgeted for. Mr. Larson said yes, and because a local firm was chosen, the project is expected to come in under budget.

Motion: Jane Gietzen, supported by Mayor Rosalynn Bliss, moved to authorize the Executive Director to enter into a contract with Nederveld and Williams & Works for an amount not to exceed \$93,450 to develop Downtown Streetscape Design Guidelines, and approve the MNTIFA's share of the contract in an amount not to exceed \$18,690. Motion carried unanimously.

9. ArtPrize Pedestrian Counts

Ms. Wong gave an overview of the current pedestrian counters and their locations. Ms. Wong shared the data for pedestrian counters over the duration of ArtPrize for 2016 and 2017. Ms. Wong shared that the highest recorded pedestrian traffic is consistently located at the Pearl and Monroe Street intersection. Ms. Wong clarified that these are not exact number of attendees for ArtPrize, but what was counted at these exact locations. Ms. Wong shared the pedestrian counts with different overlays including temperature and weather. Mr. Larson thanked Ms. Wong for her report.

10. President & CEO Report
DDA 10/11/17

- Considering funding for Streetscape Guidelines Project
- Considering funding for pedestrian & bicycle safety interventions

- Considering support for façade improvements at 53-57 Monroe Center
- Receiving a presentation on ArtPrize pedestrian counts

DID 5/15/17

- Approved and recommended FY18 Budget
- Received update on spring plantings
- Received a report and overview on pedestrian counter data

MNTIFA (10/11/17)

- Considering funding for Streetscape Guidelines Project
- Considering financial support for GRWW
-

DGRI (8/21/17)

- Approved appointments to new Alliances
- Had first reading of bylaw amendments
- Received update on legislative advocacy

Alliances:

- Hosted New Alliance orientation Sep 21. 6-8 PM
- Goal 2 Alliance: Oct 17, 3:30 PM (Residential Outreach Survey Design)
- Goal 1 Alliance: Oct 18, 10:00 AM (River Train Design Guidelines)
- Goal 5 Alliance: Oct 19, 3:30 PM (Winter Programming / Outdoor Fitness Equipment)
- Goal 3 Alliance: Oct 23, 3:30 PM (Bike Share)
- Goal 4 Alliance: Oct 25, 3:30 PM (Food Trucks)

DGRI Staff Highlights

Events / Marketing / Communications / Engagement

- New umbrellas ordered for RPC – to be deployed soon
- Collaborating on Oct 28th Event celebrating APA Award for RPC
- Finalizing Event Plan for Light Up Downtown – Dec 1
- Exploring sports-oriented ice rink at Heartside Park for Winter 2018
- Planning Women + City Building 2018
- Hosting Grand Action Appreciation Reception Nov 20 in collaboration with Chamber, CAA, Experience GR, and The Right Place

Planning / Development / Infrastructure

- Collaborating with City of GR to install public restrooms in parking ramps
- Partnering with The Right Place, City of GR, MDOT, MEDC, and GRR on AHQ2 Proposal
- Collaborating with Frey Foundation on development of maintenance sustainability plan for RPC
- Lyon Square DD process ongoing – finalizing scope for in river designs to be submitted with HCP
- Calder Plaza – presented to City Commissioners, CoGR, Kent County on potential Pavilion plans & construction leading up to 50th anniversary of La Grande Vitesse. Drafted Pavilion design RFQ for review by City & County.
- Planning pedestrian safety improvements at several key intersections & crossings

- o Michigan / Bridge Street Trail Crossings
 - o Pilot Protected bike lane – Division Ave (Leonard to Fountain)
- Participating with City of Grand Rapids in 201 Market RFQ reviews
- Daniel Rose Fellowship:
 - o Hosted Grand Rapids Study Visit Mar 20-23 for Daniel Rose Fellowship.
 - o Project page available on the website. Follow-up engagement opportunity currently underway.
 - o KL attended Anchorage Study Visit Apr 3-7
 - o Fellowship Team presented a mid-year fellowship in Seattle Tuesday, May 2nd
 - o Held 2nd Study Visit to Grand Rapids – September 18/19 – 60 attendees
 - o Presenting recommendations to Rose Center 10/26 in LA
 - o Final Presentation to City Commission: November 14th
- Received Pinnacle Award for Leadership from International Downtown Association for Equity-Driven Growth Agenda in GR Forward

Advocacy

- Senator Horn has re-introduced TIF Reform bill (SB 393), Afendoulis to introduce Fee Fairness bill
- Transformational Brownfield (MIThrive)– Collaborating with The Right Place & CoGR on potential applications for use of tool
- Held a Lawmaker Breakfast Briefing Aug 28 @ 9 AM

11. Public Comment
None

12. Board Member Discussion
Mr. Hansen shared that this will be his last meeting as a member and Chair of this board. Mr. Hansen thanked Mr. Larson for the energy that he brought to this community and the leadership that he has provided to this Board. Mr. Hansen thanked the Board for the opportunity to serve, and said it has been one of the highlights of his career.

13. Adjournment
The meeting adjourned at 10:01am

**Grand Rapids Tax Increment
Financing Authority**
(A Component Unit of the City of
Grand Rapids, Michigan)

Financial Statements
and Supplementary Information
For the Year Ended June 30, 2017

Grand Rapids Tax Increment Financing Authority
(A Component Unit of the City of Grand Rapids, Michigan)

Financial Statements and Supplementary Information
For the Year Ended June 30, 2017

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Grand Rapids Tax Increment Financing Authority
(A Component Unit of the City of Grand Rapids, Michigan)

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Independent Auditor's Report

Members of the Grand Rapids
Tax Increment Financing Authority
Grand Rapids, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the Grand Rapids Tax Increment Financing Authority (the Authority), a component unit of the City of Grand Rapids, Michigan, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Authority'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 Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of 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 opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Grand Rapids Tax Increment Financing Authority as of June 30, 2017, and the changes in its financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior Year Comparative Information

We have previously audited the Authority's 2016 financial statements, and we expressed an unmodified audit opinion on the 2016 financial statements in our report dated December 14, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 9-12 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Projects is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BDO USA, LLP

December 7, 2017

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Management's Discussion and Analysis

This section of the Grand Rapids Tax Increment Financing Authority's (the Authority) financial report presents a discussion and analysis of the Authority's financial performance for the fiscal year ended June 30, 2017. This discussion has been prepared by management along with the financial statements and related footnote disclosures, and should be read in conjunction with, and is qualified in its entirety by, the financial statements and footnotes. This discussion and analysis is designed to focus on current activities, resulting changes and currently known facts.

Using the Financial Report

This financial report consists of two financial statements that focus on the financial condition of the Authority and the results of its operations as a whole.

One of the most important questions asked about governmental finances is whether the unit of government as a whole is better off or worse off as a result of the year's activities. The keys to understanding this question are the Statement of Net Position and the Statement of Activities.

The Statement of Net Position presents financial information on all of the Authority's assets, deferred outflows of resources, and liabilities, with the difference reported as net position. Deferred outflows of resources are the consumption of net position by the Authority that is applicable to a future reporting period. The Statement of Net Position is prepared using the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged. The Authority's net position is one indicator of the Authority's financial health. Over time, increases or decreases in net position indicates the improvement or erosion of the Authority's financial health.

Condensed Statements of Net Position

<i>June 30,</i>	2017	2016	% Change
Assets			
Current assets	\$ 1,492,086	\$ 1,482,541	0.6
Noncurrent assets	1,886,621	2,085,093	(9.5)
Total Assets	3,378,707	3,567,634	(5.3)
Deferred Outflows of Resources	9,705	12,940	(25.0)
Liabilities			
Current liabilities	133,852	172,486	(22.4)
Noncurrent liabilities	107,638	223,980	(51.9)
Total Liabilities	241,490	396,466	(39.1)
Net Position			
Net investment in capital assets	1,673,126	1,763,233	(5.1)
Restricted for authorized projects	1,473,796	1,420,875	3.7
Total Net Position	\$ 3,146,922	\$ 3,184,108	(1.2)

Current Assets

Equity in Pooled Cash and Investments

The City of Grand Rapids maintains an investment pool for most City funds and component units. The Authority's portion of the investment pool is displayed on the Statement of Net Position as equity in pooled cash and investments.

Noncurrent Assets

Capital Assets, Net

At June 30, 2017, capital assets of nearly \$1.9 million included land, land improvements, and buildings and structures, net of \$3.4 million of accumulated depreciation. The difference between the capital assets on June 30, 2017 and June 30, 2016 is the \$198,472 of annual depreciation expense recorded in fiscal year 2017.

Deferred Outflows of Resources

The 2008 refunding by the Kent County Drain Commission of contracts payable for the floodwall improvement project resulted in a gain on refunding. The total gain is being amortized on a straight-line basis as a reduction in interest expense over the life of the new bonds. The unamortized portion at year-end was \$9,705.

Current Liabilities

Vouchers Payable, Accrued Interest Payable and Noncurrent Liabilities, Due Within One Year

Amounts due to suppliers and contractors, short-term staff compensated absences, accrued interest payable, and principal payments on noncurrent liabilities have been accrued in the amount of \$133,852.

Noncurrent Liabilities

Noncurrent liabilities consist of contracts payable, representing 2008 floodwall project principal payments scheduled to be paid after June 30, 2018, plus certain long-term accrued staff compensation. The decrease from 2016 to 2017 is due to scheduled debt payments made in 2017.

Net Position

Net position is the difference between the Authority's assets plus deferred outflows of resources, and the Authority's liabilities. Total net position at June 30, 2017 was \$3.1 million, which is 1.2% lower than at June 30, 2016.

Net Investment in Capital Assets

Net investment in capital assets of nearly \$1.7 million includes the historical acquisition costs of land, land improvements, and buildings, net of accumulated depreciation, any outstanding related debt, and related deferred outflows of resources. This category indicates the portion of the total net assets that are not available for future appropriation or spending.

Restricted Net Position for Authorized Projects

Restricted net position of nearly \$1.5 million represents the balance available for Authority projects on June 30, 2017. The Authority's net position is restricted by the requirements of Michigan Public Act 450 of 1980, as amended, which limits expenditures to those that further the Authority's development plan. The increase between the two fiscal years is due to the difference between the Authority's fiscal 2017 revenues and expenditures, not including the principal payment for the 2008 bonds and depreciation expense which affected the net investment in capital assets.

Statements of Activities

<i>Year ended June 30,</i>	2017	2016	% Change
Revenues			
Property taxes	\$ 374,957	\$ 497,915	(24.7)
Other revenue	98,923	22,173	346.1
Total revenues	473,880	520,088	(8.9)
Expenses			
Urban development	497,236	468,326	6.2
Interest and paying agent fees	13,830	17,955	(23.0)
Total expenses	511,066	486,281	5.1
Changes in net position	(37,186)	33,807	(210.0)
Net Position, beginning of year	3,184,108	3,150,301	1.1
Net Position, end of year	\$ 3,146,922	\$ 3,184,108	(1.2)

Revenues

Property Taxes

The Authority's revenues are generated primarily through the use of property tax increment financing in which the Authority captures ad valorem property tax and industrial facility tax revenues attributable to increases in the value of real and personal property within the district boundaries. Property tax revenues related to the State Education Tax, the Kent Intermediate School District and the Grand Rapids Public Schools levies are not captured, because the Authority had no eligible obligations outstanding when Proposal A took effect on January 1, 1995. Property tax increment revenues for the year ended June 30, 2017 include property taxes levied July 1, 2016 and December 1, 2016. There was a nearly 25% decrease in property tax increment revenues in fiscal year 2017. The decrease was due primarily to taxable value losses resulting from the State of Michigan's Eligible Manufacturing Personal Property (EMPP) exemptions which became effective during fiscal year 2017.

Other Revenues

In fiscal year 2017 the Authority received funds from the State of Michigan's Local Community Stabilization Authority to partly compensate the Authority for property tax increment revenue losses resulting from the EMPP exemptions. This reimbursement is identified as state grants on the Statement of Activities.

Expenses

Urban Development

These expenses include operating expenses, public improvement project expenditures within the Monroe North Development Area, and the annual fixed asset depreciation expense.

Interest and Paying Agent Fees

In 1997 and 2000, the Kent County Drain Commission (the Drain Commission) issued bonds for the purpose of funding the City of Grand Rapids' share of floodwall improvements along the Grand River. These improvements consisted of embankments, river edge walkways, wall restoration, storm sewer flap gates, pump stations, etc. The Authority is responsible for 12% of the overall project debt service.

In 2008, most of the remaining maturities from both series were refunded by the Drain Commission for a net present value savings of 3.34%. The difference between the carrying value of refunded debt and its reacquisition price was \$37,200, which is being deferred and amortized over the remaining life of the bonds. The related debt service requirements for the Series 2008 bonds are met via assessments against the City of Grand Rapids, the Authority, and the Downtown Development Authority. As the amount of principal owed declines each year, annual interest expenses also decline. Annually the Authority accrues, as required, the amount of contract interest payable at June 30 of the year.

Overall Financial Position

Management believes the Authority is in good condition financially. Current tax increment revenues are adequate to cover current administration and project commitments, as well as ongoing debt service requirements.

Requests for Information

This financial report is designed to provide a general overview of the Grand Rapids Tax Increment Financing Authority finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Grand Rapids Comptroller's Department, 300 Monroe Avenue NW, Grand Rapids, Michigan 49503.

Financial Statements

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Grand Rapids Tax Increment Financing Authority
(A Component Unit of the City of Grand Rapids, Michigan)

Statement of Net Position and Governmental Fund Balance Sheet

<i>June 30,</i>	2017			Statement of
	Governmental Fund	Adjustments (Note 3)	Statement of Activities	Activities 2016
Assets				
Equity in pooled cash and investments (Note 2)	\$ 1,486,864	\$ -	\$1,486,864	\$ 1,464,819
Receivables, net	5,222	-	5,222	17,722
Capital assets (Note 4):				
Non-depreciable	-	1,280,000	1,280,000	1,280,000
Depreciable, net	-	606,621	606,621	805,093
Total Assets	\$ 1,492,086	1,886,621	3,378,707	3,567,634
Deferred Outflows of Resources				
Deferred on refunding of bonds	\$ -	9,705	9,705	12,940
Liabilities				
Vouchers payable	\$ 14,839	-	14,839	57,605
Accrued interest payable	-	1,503	1,503	2,247
Noncurrent liabilities (Note 5):				
Due within one year	-	117,510	117,510	112,634
Due in more than one year	-	107,638	107,638	223,980
Total liabilities	14,839	226,651	241,490	396,466
Fund Balances				
Restricted for authorized projects	1,477,247	(1,477,247)	-	-
Total Liabilities and Fund Balance	\$ 1,492,086			
Net Position				
Net investment in capital assets		1,673,126	1,673,126	1,763,233
Restricted for authorized projects		1,473,796	1,473,796	1,420,875
Total Net Position		\$3,146,922	\$3,146,922	\$ 3,184,108

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

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Grand Rapids Tax Increment Financing Authority
(A Component Unit of the City of Grand Rapids, Michigan)

**Statement of Activities and Governmental Fund Revenues, Expenditures
and Changes in Fund Balance**

<i>Year ended June 30,</i>	2017			Statement of Activities 2016
	Governmental Fund	Adjustments (Note 3)	Statement of Activities	
Revenues				
Property taxes	\$ 374,957	\$ -	\$ 374,957	\$ 497,915
State grants	108,171	-	108,171	-
Investment earnings (losses)	(9,248)	-	(9,248)	22,173
Total revenues	473,880	-	473,880	520,088
Expenditures/Expenses				
Urban development	298,630	198,606	497,236	468,326
Debt service:				
Principal	111,600	(111,600)	-	-
Interest and paying agent fee	11,339	2,491	13,830	17,955
Total expenditures/expenses	421,569	89,497	511,066	486,281
Excess of revenues over (under) expenditures/expenses	52,311	(89,497)	(37,186)	33,807
Changes in fund balance/net position	52,311	(89,497)	(37,186)	33,807
Fund Balance/Net Position, beginning of year	1,424,936	1,759,172	3,184,108	3,150,301
Fund Balance/Net Position, end of year	\$ 1,477,247	\$ 1,669,675	\$ 3,146,922	\$ 3,184,108

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

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Grand Rapids Tax Increment Financing Authority
(A Component Unit of the City of Grand Rapids, Michigan)

Notes to Financial Statements

1. Reporting Entity

The Grand Rapids Tax Increment Financing Authority (the Authority), a component unit of the City of Grand Rapids, Michigan (the City), was created in December 1985 by the City and began operations in fiscal year 1987 under the provisions of Act 450, Public Acts of 1980 of the State of Michigan, as amended. The purpose of the Authority is to provide for the development of the Monroe North Development Area, which is bounded roughly by Coldbrook Street on the north, Ionia Avenue on the east, the Grand River on the west and the south line of Newberry Street on the south.

2. Summary of Significant Accounting Policies

Basis of Presentation

The statement of net position/balance sheet and the statement of activities/revenues, expenditures and changes in fund balance report information on the activities of the Authority. The adjustments columns are used to reflect the conversion from the balance sheet to the statement of net position, and the conversion of revenues, expenditures and changes in fund balance to the statement of activities.

Measurement Focus and Basis of Accounting

The Authority uses the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized when they become measurable and available to finance expenditures of the current period. The Authority considers revenues available if earned and collected within 60 days after year-end; however, property tax increment revenues are recognized as revenues in the fiscal year for which they were levied. Expenditures are generally recognized when the related fund liability is incurred.

However, for presentation of the year-end audited financial data, the Authority uses the total economic resources measurement focus and the accrual basis of accounting to prepare the statement of net position and the statement of activities. These statements are similar to statements used in the private sector. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Prior Year Columns

The columns labeled statement of net position 2016 and statement of activities 2016 are presented for information purposes only. These statements do not include the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balance for fiscal year 2016, which are necessary for a complete presentation in accordance with accounting principles generally accepted in the United States of America (GAAP).

Budget

The Grand Rapids City Commission annually approves the Authority's budget after the Authority Board has reviewed and recommended it. After the City Commission approves the budget, the Authority Board adopts it. The budget for the Authority is a project budget rather than an annual budget. Therefore, budget to actual information has not been reflected in the financial statements.

Grand Rapids Tax Increment Financing Authority
(A Component Unit of the City of Grand Rapids, Michigan)

Notes to Financial Statements

Cash and Investments

The City maintains an investment pool for most City funds, including component units such as the Authority. The Authority's portion of the investment pool is displayed on the balance sheet as equity in pooled cash and investments. The Authority's equity in this pool is deemed to be a cash equivalent for financial reporting purposes because cash may be withdrawn at any time without prior notice or penalty.

The investment policy adopted by the City Commission is governed by the provisions of Michigan Public Act 20 of 1943, as amended. The policy is designed to prioritize the preservation of principal, while also providing an investment return. Details on the investment policy and the categorization of cash and investments are included in the Comprehensive Annual Financial Report of the City of Grand Rapids to give an indication of the level of risk assumed by the City at year-end. The losses shown on the Statement of Activities are a result of marking investments to market value on June 30, 2017, after a year of rising interest rates. The losses reflect the effect of the large relative increase in short-term interest rates from historic lows in July of 2016, not a default of any of the underlying securities. It is not feasible to allocate the level of risk to the various component units of the City because of the comingling of assets in the pool. Interest income and investment losses from the cash and investment pooling is distributed by the City Treasurer to the appropriate funds based on the fund's weighted average share of the investment pool.

Deposits are less than 10% of the total portfolio. They consist of bank money market funds, demand deposit accounts, and certificates of deposits with original maturities greater than three months at the date of purchase. Michigan statutes require that deposits be maintained in financial institutions with offices located in Michigan. Most deposits are uninsured and uncollateralized.

Investments are a diversified mixture of U.S. Government Agency and U.S. Treasury securities; money market mutual funds that maintain a \$1 value per share; obligations of the State of Michigan or its subdivisions with a rating of A or higher; and commercial paper rated by at least two rating organizations at their highest rating. All investments are reported at fair value.

Capital Assets

Tangible assets having a useful life in excess of one year and with a cost in excess of \$10,000 are capitalized. Capital assets are stated at acquisition cost or, for donated assets, the acquisition cost. When assets are sold or retired, the cost and related accumulated depreciation are removed from the accounts. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

	Years
Land improvements	20
Buildings, structures and improvements	30

Property Taxes

The majority of the Authority's revenues are generated through property tax increment financing. Summer taxes are levied on July 1 and attach as an enforceable lien at the time. Summer taxes are due without penalty on or before July 31. Winter taxes are levied on December 1 and attach as an enforceable lien at that time. Winter taxes are due without penalty on or before February 14.

Grand Rapids Tax Increment Financing Authority
(A Component Unit of the City of Grand Rapids, Michigan)

Notes to Financial Statements

Deferred Outflows of Resources

In addition to assets, the statement of financial position reports 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(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority has only one type of item that qualifies for reporting in this category. The deferred on refunding of bonds results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Net Position

Net position represents assets, plus deferred outflows of resources, less liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of debt issued for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on its use either through legislation or other external restrictions. In the case of the Authority, enabling legislation restricts the use of all of the Authority's resources.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

3. Reconciliation of Government-Wide and Fund Financial Statements

Amounts reported in the statement of net position and the statement of activities are different from amounts reported in the governmental fund columns due to the following:

Governmental fund - total fund balance	\$ 1,477,247
Capital assets are not financial resources and, therefore, are not reported in the governmental balance sheet.	
Non-depreciable capital assets	1,280,000
Depreciable capital assets	4,027,124
Accumulated depreciation	(3,420,503)
Deferred outflows of resources are not available in the current period and therefore are not reported on the governmental fund balance sheet.	9,705
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund balance sheet.	
Contracts payable	(223,200)
Accrued interest on long-term liabilities	(1,503)
Compensated absences	(1,948)
Net Position in the Statement of Net Position	\$ 3,146,922

Grand Rapids Tax Increment Financing Authority
(A Component Unit of the City of Grand Rapids, Michigan)

Notes to Financial Statements

Net change in fund balance - governmental fund	\$	52,311
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The governmental fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded net capital outlays in the current period.

(198,472)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of contract principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net assets.

Repayments of principal of contracts

111,600

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 governmental funds.

Change in accrued interest		744
Change in compensated absences		(134)

Amortization of deferred on refunding		(3,235)
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Change in Net Position on the Statement of Activities	\$	(37,186)
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4. Capital Assets

The following table summarizes, by major class of asset, the capital asset activity for the year ended June 30, 2017:

	Balance July 1, 2016	Additions	Disposals	Balance June 30, 2017
Capital assets not being depreciated				
Land	\$ 1,280,000	\$ -	\$ -	\$ 1,280,000
Capital assets being depreciated				
Land improvements	3,853,469	-	-	3,853,469
Buildings and structures	173,655	-	-	173,655
Total capital assets being depreciated	4,027,124	-	-	4,027,124
Less accumulated depreciation				
Land improvements	3,073,870	189,982	-	3,263,852
Buildings and structures	148,161	8,490	-	156,651
Total accumulated depreciation	3,222,031	198,472	-	3,420,503
Total capital assets being depreciated, net	805,093	(198,472)	-	606,621
Capital Assets, net	\$ 2,085,093	\$ (198,472)	\$ -	\$ 1,886,621

Grand Rapids Tax Increment Financing Authority
(A Component Unit of the City of Grand Rapids, Michigan)

Notes to Financial Statements

5. Long-Term Obligations

Changes in long-term obligations for the year ended June 30, 2017 were as follows:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
Contracts payable	\$ 334,800	\$ -	\$ 111,600	\$ 223,200	\$ 116,400
Compensated absences	1,814	150	16	1,948	1,110
Total	\$ 336,614	\$ 150	\$ 111,616	\$ 225,148	\$ 117,510

Contracts payable consists of the following:

2008 Refunding, Kent County Drain Commission Contract Payable, interest rates ranging from 4.0% to 4.25% with various amounts maturing November 2020.	\$ 223,200
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The annual requirements to pay principal and interest are as follows:

<i>Year ending June 30,</i>	Principal	Interest
2018	\$ 116,400	\$ 6,688
2019	34,200	3,677
2020	35,400	2,240
2021	37,200	744
	\$ 223,200	\$ 13,349

6. Contingencies

The Authority is, in general, exposed to a number of asserted and unasserted potential claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material effect on the financial position of the Authority in excess of amounts provided.

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Supplementary Information

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Grand Rapids Tax Increment Financing Authority **(A Component Unit of the City of Grand Rapids, Michigan)**

Schedule of Projects (Unaudited)

In December 2015, the Authority approved GR Forward, which established a vision and strategies for the future of Downtown Grand Rapids. Drawing on input from the community, GR Forward prioritizes ideas and projects that align with and enhance the collective vision; and began building leadership around the following five goals:

- Goal 1: Restore the Grand River as the Draw and Create a Connected and Equitable River Corridor
- Goal 2: Establish a True Downtown Neighborhood That is Home to a Diverse Population
- Goal 3: Implement a 21st Century Mobility Strategy
- Goal 4: Expand Job Opportunities and Ensure Continued Vitality of the Local Economy
- Goal 5: Reinvest in Public Space, Culture and Inclusive Programming

The Authority has funds allocated to aid in implementation of the following priorities that align with GR Forward.

Goal 1: Grand River as the Draw and Create a Connected and Equitable River Corridor

Grand River Restoration

As part of ongoing community interest in providing access to the Grand River, the Authority included in its fiscal year 2016 budget funds to provide partial support for implementation of Grand Rapids Whitewater vision of a restored river, inclusive of improved ecosystem, fisheries habitat, and rapids. These changes would allow for recreational and commercial uses existing before the Grand River's natural features were altered for industrial purposes a hundred years ago.

River Trail Design Guidelines

Participation in a project to create a distinct identity for the future river trail. The project is being conducted in collaboration with the City of Grand Rapids Engineer and Parks and Recreation Departments.

Goal 2: Establish a True Downtown Neighborhood That is Home to a Diverse Population

Building Reuse Incentive Program

Request to continue funding the existing Building Reuse Incentive Program. Program funds will be used to cover existing obligations, and to continue to assist property and business owners in the rehabilitation of buildings constructed pre-1950 in Downtown. Funds are utilized to reimburse eligible activities, including barrier free improvements, fire suppression upgrades, providing a second means of egress, and many others.

Development Support Reimbursements

Continued funding for the existing Development Support Program. Program funds will be used to further promote economic growth and development in Downtown by funding approved eligible expenses in new construction projects over \$5 million in new investment and in rehabilitation projects featuring over \$1 million in new investment. Proposed funding is to cover existing obligations and to capitalize on new opportunities.

Grand Rapids Tax Increment Financing Authority
(A Component Unit of the City of Grand Rapids, Michigan)

Schedule of Projects (Unaudited)

Downtown Enhancement Grant

Funding for the Downtown Enhancement Grant Program. Funds will be used to cover existing obligations, and to continue to assist property and business owners in the rehabilitation of the Downtown public realm. Funds are utilized to reimburse eligible activities, including installation of street furniture, snowmelt and other public realm improvements.

Goal 3: Implement a 21st Century Mobility Strategy

Accessibility and Mobility Repairs

Funding to implement recommendations from the Downtown accessibility audit conducted by the Disability Advocates of Kent County.

Bike Friendly Improvements

Funding for bike parking infrastructure to expand the current program in partnership with MobileGR, the Traffic Safety Department, and the Greater Grand Rapids Bicycle Coalition to enhance and expand bike parking options Downtown with a comprehensive bike parking plan (including new corrals, off-street parking, etc.). Funding to conduct a demand/feasibility analysis for a citywide bikeshare will also be provided through this line item.

Goal 5: Reinvest in Public Space, Culture and Inclusive Programming

Urban Recreation: Parks Programming

DDA contribution to Urban Recreation Programming helps to fund free outdoor fitness programming including Zumba, Werq, Kickboxing, and Pound classes as well as dancing classes including world dance, ballroom and street beats. This program will also help to fund outdoor walking and running tours.

Street Lighting Banner Brackets

Funding for infrastructure to continue street light banner program on key corridors.



Grand Rapids Tax Increment Financing Authority

AUDIT WRAP UP

**For the Year Ended
June 30, 2017**



The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., City Commission and Fiscal Committee) and, if appropriate, management of the Authority and is not intended and should not be used by anyone other than these specified parties.

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200 Ottawa Avenue NW, Suite 300
Grand Rapids, MI 49503

December 8, 2017

Members of the Grand Rapids Tax Increment
Financing Authority
Grand Rapids, Michigan

Professional standards require us to communicate with you regarding matters related to the audit, that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. The following documents various matters with respect to the wrap-up phase of the audit of the annual financial statements of the Grand Rapids Tax Increment Financing Authority (the Authority) as of and for the year ended June 30, 2017, including a summary of our overall objectives for the audit, and the nature, scope and timing of the planned audit work.

This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of the Authority's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters.

We are pleased to be of service to the Authority and will meet with you if you would like to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,

BDO USA, LLP

Discussion Outline

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Status of Our Audit

We have completed our audit of the financial statements as of and for the year ended June 30, 2017. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

- ▶ The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
- ▶ The scope of the work performed was substantially the same as that described to you in our earlier Audit Planning communications.
- ▶ We have issued an unmodified opinion on the financial statements and released our report on December 7, 2017.
- ▶ Our responsibility for other information in documents containing the Authority's audited financial statements (e.g. management's discussion and analysis) does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we have read the information included by the Authority and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. We have not identified any material inconsistencies or concluded there are any material misstatements of facts in the other information that management has chosen not to correct.
- ▶ All records and information requested by BDO were freely available for our inspection.

Results of Our Audit

ACCOUNTING PRACTICES AND POLICIES

The Authority's significant accounting practices and policies are those included in Note 2 to the financial statements. These accounting practices and policies are appropriate, comply with generally accepted accounting principles and industry practice, were consistently applied, and are adequately described within Note 2 to the financial statements.

- ▶ There were no changes in significant accounting policies and practices during the year.

CORRECTED AND UNCORRECTED MISSTATEMENTS

There were no corrected misstatements related to accounts and/or disclosures that we brought to the attention of management.

There were no uncorrected misstatements related to accounts and/or disclosures that we presented to management.

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 our auditing procedures 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the Authority's internal controls over financial reporting. The definitions of control deficiency, significant deficiency and material weakness follow:

Category	Definition
Deficiency in 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.
Significant Deficiency	A deficiency or 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.
Material Weakness	A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

In conjunction with our audit of the financial statements, we noted no material weaknesses.

Other Required Communications

Following is a summary of those required items, along with specific discussion points as they pertain to the Authority:

Requirement	Discussion Points
Significant changes to planned audit strategy or significant risks initially identified	There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Planning communications.
Obtain information from those charged with governance relevant to the audit	There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risk of material misstatements, including fraud risks; or tips or complaints regarding the Authority's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.
Disagreements with management	There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to the Authority's financial statements or to our auditor's report.
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Other matters significant to the oversight of the Authority's financial reporting process, including complaints or concerns regarding accounting or auditing matters	There are no other matters that we consider significant to the oversight of the Authority's financial reporting process that have not been previously communicated.
Representations requested from management	Please refer to the management representation letter.

Independence Communication

Our engagement letter to you dated May 8, 2017 describes our responsibilities in accordance with professional standards and certain regulatory authorities with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the Authority with respect to independence as agreed to by the Authority. Please refer to that letter for further information.