



800.968.0010 | YEOANDYEO.COM

May 15, 2024

LaVonne Pritchard
City of Au Gres
PO Box 121
Au Gres, MI 48703

Dear LaVonne:

Enclosed is the engagement letter for the City of Au Gres for the year ending June 30, 2024. Generally Accepted Auditing Standards and *Government Auditing Standards* require that we communicate, during the planning stage of an audit, certain information to the City Council. This information includes the auditors' responsibilities in a financial statement audit, including our responsibilities for testing and reporting on compliance with laws and regulations and internal control, and the planned scope and timing of the audit. The engagement letter includes the items which must be communicated to the City Council.

Therefore, please make copies of the attached engagement letter and forward the copies to each member of the City Council. Additionally, please inform the City Council, that as part of our audit procedures we will be selecting a member of the City Council to direct specific inquiries to as part of our risk assessment process. However, any of the members of the City Council are invited to contact us to discuss any matters they feel as though may be of audit significance, or areas of concern.

Please sign and return the enclosed copy of the attached engagement letter to us at your earliest convenience.

If you have any questions, please contact me.

Sincerely,

A handwritten signature in cursive script that reads 'Jamie L. Rivette'.

Jamie L. Rivette, CPA, CGFM, Principal
Yeo & Yeo, P.C.
CPAs & Advisors

Enclosures



800.968.0010 | YEOANDYEO.COM

May 15, 2024

To the City Council
City of Au Gres
PO Box 121
Au Gres, MI 48703

We are pleased to confirm our understanding of the services we are to provide the City of Au Gres for the year ended June 30, 2024.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information, and the disclosures, which collectively comprise the basic financial statements of the City of Au Gres as of and for the year ended June 30, 2024. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the City of Au Gres' 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. As part of our engagement, we will apply certain limited procedures to the City of Au Gres' RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding 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 will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Budgetary comparison schedules
- 3) Municipal employee retirement system information
- 4) Other postemployment benefit (OPEB) schedules

We have also been engaged to report on supplementary information other than RSI that accompanies the City of Au Gres' financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

- 1) Nonmajor governmental funds combining statements
- 2) Schedule of indebtedness
- 3) Tax increment financing authority statements, budgetary comparison schedule, and reconciling schedules

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects,

in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant those emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We may also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry.

As part of our group audit procedures, we will evaluate the significance of Au Gres, Sims, Whitney Fire & Rescue Authority. We will either make reference to other auditors, audit, perform selected audit procedures on, or perform analytical procedures on Au Gres, Sims, Whitney Fire & Rescue Authority.

We will communicate significant risks of material misstatement identified in our audit planning with a specific individual or individuals charged with governance during our required discussions as part of our planning process. Our audit procedures will be developed to address the specific risks identified.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. This understanding will include relevant group-wide controls. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City of Au Gres' compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also provide the following services, some of which may be covered by separate engagement letters, which cover the terms of each separate engagement. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.

- Assist in preparing financial statements, related notes and supplementary financial information in accordance with U.S. Generally Accepted Accounting Principles (U.S. GAAP)
- Assist in preparing the government-wide conversion
- Assist in preparing calculations related to GASB 68 for the Net Pension Liability and related amounts
- Assist in preparing calculations related to GASB 75 for the Net OPEB Liability and related amounts
- Assist in preparing fixed asset and depreciation records and calculating depreciation expense
- Assist in preparing the Michigan Form F-65 Annual Local Unit Fiscal Report and Act 51

We will perform the services in accordance with applicable professional standards. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

At the conclusion of the audit, you agree to retain all work products provided to you as part of our engagement in order to maintain complete records to support the audited financial statements. Under the AICPA Code of Professional Conduct, we cannot serve as custodian of your data under the independence rule.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in

conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers); and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for the 12 months after the financial statements date or shortly thereafter (for example, within an additional three months if currently known). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, or contracts or grant agreements that we report.

With regard to including the auditor's report in an exempt offering document, you agree that the aforementioned auditor's report, or reference to Yeo & Yeo, P.C., will not be included in any such offering document without our prior permission or consent. Any agreement to perform work in connection with an exempt offering document, including an agreement to provide permission or consent, will be a separate engagement.

With regard to an exempt offering document with which Yeo & Yeo, P.C. is not involved, you agree to clearly indicate in the exempt offering document that Yeo & Yeo, P.C. is not involved with the contents of such offering document.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary

information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

With regard to publishing the financial statements on your website, you understand that websites are a means of distributing information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information on the website with the original document.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services or we will provide an addendum to be governed by the terms of this engagement letter.

We will provide copies of our reports to the City of Au Gres and the Michigan Department of Treasury; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Yeo & Yeo, P.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the applicable regulator or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for the purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Yeo & Yeo, P.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the applicable regulator. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Jamie L. Rivette is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We expect to begin our audit on approximately July 22, 2024, and to issue our reports no later than September 30, 2024.

Professional standards require us to be independent with respect to the City of Au Gres in the performance of our services. Any discussions that management has with personnel of Yeo & Yeo regarding employment could pose a threat to our independence. Therefore, we request that management inform the engagement principal prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

Neither party shall, during the term of this engagement and for one year after its termination, solicit for hire as an employee, consultant or otherwise, any of the other party's personnel without such other party's express written consent. If the City of Au Gres desires to offer employment to a Yeo & Yeo, P.C. employee and the employee is hired in any capacity by the City of Au Gres, a compensation placement fee of 25% of their compensation (including overtime and bonus) may apply.

Any litigation arising out of this engagement, except actions by us to enforce payment of our professional invoices, must be filed within one year from the completion of the engagement, notwithstanding any statutory provision to the contrary. In the event of litigation brought against us, any judgment you obtain shall be limited in amount, and shall not exceed the amount of the price charged by us, and paid by you, for the services set forth in this engagement letter.

Yeo & Yeo, P.C. has an established portal system to allow for secure transfer of your confidential information. The portal system is not intended to be utilized as a record storage device, purely a means to transmit information. Documents provided via the portal system will be removed approximately a year after it has been provided.

Our fee for services will be \$28,050. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes past due and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination, even if we have not completed our report. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

To be respectful of your time and ours, we schedule our client work well in advance. When engagements have to be rescheduled it causes a domino effect, as we likely have other clients scheduled in the new requested time slot, and our staff are likely scheduled on another client. As a result, we may have to put your engagement at the end of the line, and/or change staff. When our staff members finishing the work are not the same as those who started it, the audit is less efficient and more disruptive to your and our staff. Our price quoted above is contingent on the following:

- All items on the assistance list being completed by the due dates indicated.
- The audit being performed during the dates scheduled.
- All accounts being adequately reconciled by the beginning of scheduled fieldwork.
- Accurate information provided to us that does not require subsequent rework.
- Suralink is used to provide the assistance list items to us.

If the above items are not met and the engagement needs to be rescheduled or if additional days need to be scheduled, then an additional price of 20% will apply. Beyond this, the time required for rework and posting client requested entries after we have been given the trial balance will be billed at our standard hourly rates.

Reporting

We will issue a written report upon completion of our audit of the City of Au Gres' financial statements.

Our report will be addressed to management and those charged with governance of the City of Au Gres. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that the City of Au Gres is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.


If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

Our engagement will end upon delivery of your audited financial statements and our report thereon for the year set forth above. Any additional services that may be required will be part of a separate and new engagement. Should you wish to engage us to audit your financial statements for any other year, and should we accept such engagement, such engagement will be a separate and new engagement. A new engagement letter for any services beyond the scope of this engagement will govern the terms and conditions of the new engagement.

We appreciate the opportunity to be of service to and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Sincerely,

Yeo & Yeo, P. C.
CPAs & Advisors



Jamie L. Rivette, CPA, CGFM
Principal

RESPONSE:

This letter correctly sets for the
understanding of City of Au Gres.

Signature: _____



Title: _____

city clerk

PERIOD ENDING 06/30/2024

GL NUMBER	DESCRIPTION	PERIOD	2023-24	AVAILABLE
		BALANCE	AMENDED BUDGET	BALANCE
		DR (CR)	NORMAL	(ABNORMAL)
Fund 247 - TAX INCREMENT FINANCE AUTHORITY				
Revenues				
TOTAL REVENUE				
247-000-402.000	CURRENT PROPERTY TAXES-REAL	(306,598.98)	300,000.00	(6,598.98)
247-000-410.000	CURRENT PROPERTY TAX-PERSONAL	(6,251.57)	5,000.00	(1,251.57)
247-000-437.000	INDUSTRIAL FACILITY ACT 198	0.00	0.00	0.00
247-000-445.000	INTEREST & PENALTIES/TAXES	0.00	0.00	0.00
247-000-581.000	CONTRIBUTION FROM STATE	0.00	0.00	0.00
247-000-581.101	CONTRIBUTION FROM GENERAL FUND	0.00	0.00	0.00
247-000-581.202	CONTRIBUTION FROM MAJOR STREET	0.00	0.00	0.00
247-000-581.203	CONTRIBUTION FROM LOCAL STREET	0.00	0.00	0.00
247-000-581.401	CONTRIBUTION FROM CAPITAL PROJECTS	0.00	0.00	0.00
247-000-581.590	CONTRIBUTION FROM SEWER FUND	0.00	0.00	0.00
247-000-581.591	CONTRIBUTION FROM WATER FUND	0.00	0.00	0.00
247-000-665.000	INTEREST EARNINGS	(33,990.48)	24,000.00	(9,990.48)
247-000-670.000	OTHER REVENUE	(50,310.27)	45,000.00	(5,310.27)
247-000-699.100	APPROPRIATED FUND BALANCE	0.00	0.00	0.00
TOTAL REVENUE		(397,151.30)	374,000.00	(23,151.30)
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TOTAL REVENUES		(397,151.30)	374,000.00	(23,151.30)
Expenditures				
LEGISLATIVE				
247-733-702.000	WAGES-ADMINISTRATIVE	26,618.21	25,000.00	(1,618.21)
247-733-704.000	DPW-MTNCE-STREETSCAPE	14,331.15	15,000.00	668.85
247-733-725.000	FRINGE BENEFITS	14,607.35	12,000.00	(2,607.35)
247-733-727.000	MTNCE/EXP-STREETSCAPE/BRIDGE	9,882.90	20,000.00	10,117.10
247-733-752.000	SUPPLIES-ADMINISTRATIVE	319.89	1,000.00	680.11
247-733-801.000	PROFESSIONAL SERVICES	7,633.70	4,000.00	(3,633.70)
247-733-861.000	TRANSPORTATION/SEMINARS	0.00	0.00	0.00
247-733-900.000	PRINTING & PUBLICATIONS	0.00	0.00	0.00
247-733-933.000	COMPUTER MAINTENANCE	575.00	1,100.00	525.00
247-733-940.000	EQUIPMENT RENTAL	9,303.30	10,000.00	696.70
247-733-946.000	ENGINEERING SERVICES	0.00	0.00	0.00
247-733-963.000	TIFA INFLATION	5,407.38	5,500.00	92.62
247-733-964.000	REFUNDS	0.00	0.00	0.00
247-733-965.000	REFUND COUNTY-TAX TRIBUNAL	0.00	2,500.00	2,500.00
247-900-970.000	CAPTIAL OUTLAY	189,585.05	198,500.00	8,914.95
247-905-991.000	2015 CAPITAL IMPROVEMENT BOND PRINCIPAL	0.00	0.00	0.00
247-905-993.000	AGENT FEES-2015 CAPITAL IMPT	0.00	0.00	0.00
247-907-991.000	PRINC 98 BLDG AUTHORITY-PARK	0.00	0.00	0.00
247-907-992.000	INTEREST 98 BLDG AUTHORITY	0.00	0.00	0.00
247-907-993.000	AGT FEE 98 BLDG AUTHORITY-PARK	0.00	0.00	0.00
247-965-995.101	CONTRIBUTION TO GENERAL FUND	45,495.00	45,495.00	0.00
247-965-995.202	CONTRIBUTION TO MAJOR STREET	2,000.00	2,000.00	0.00
247-965-995.203	CONTRIBUTION TO LOCAL STREET	0.00	0.00	0.00
247-965-995.401	CONTRIBUTION TO CAPITAL PROJECTS	0.00	0.00	0.00
247-965-995.508	CONTRIBUTION TO PARK	0.00	0.00	0.00
247-965-995.591	CONTRIBUTION TO WATER FUND	0.00	0.00	0.00
LEGISLATIVE		325,758.93	342,095.00	16,336.07
<hr/>				
TOTAL EXPENDITURES		325,758.93	342,095.00	16,336.07
<hr/>				
Fund 247 - TAX INCREMENT FINANCE AUTHORITY:				
TOTAL REVENUES		397,151.30	374,000.00	(23,151.30)
TOTAL EXPENDITURES		325,758.93	342,095.00	16,336.07
NET OF REVENUES & EXPENDITURES		71,392.37	31,905.00	(39,487.37)

Fund 247 TAX INCREMENT FINANCE AUTHORITY

GL Number	Description	Balance
*** Assets ***		
CASH & INVESTMENTS		
247-000-002.000	MONEY FUND-TIFA 020-800-477-2	293,444.28
247-000-002.001	MONEY FUND-NORTHLAND CU	976.16
247-000-003.000	CERTIFICATE OF DEPOSIT	550,000.00
247-000-019.000	TAXES RECEIVABLE -IFT SUMMER	0.00
247-000-019.001	TAXES-CFT/IFT WINTER	0.00
247-000-020.000	TAXES RECEIVABLE/REAL-SUMMER	0.00
247-000-020.001	TAXES RECEIVABLE/REAL-WINTER	0.00
247-000-022.000	TAXES-PERSONAL SUMMER	4.43
247-000-022.001	TAXES-PERSONAL WINTER	1.11
247-000-056.000	INTEREST RECEIVABLE	2,533.83
247-000-061.000	LOAN RECEIVABLE	103,020.70
247-000-084.101	DUE FROM GENERAL FUND	0.00
247-000-084.401	DUE FROM CAPITAL PROJECTS	0.00
247-000-084.591	DUE FROM WATER	0.00
247-000-084.594	DUE FROM HARBOR/BOAT	0.00
247-000-084.703	DUE FROM TAX ACCOUNT	0.00
CASH & INVESTMENTS		949,980.51
Total Assets		949,980.51
*** Liabilities ***		
TOTAL LIABILITIES		
247-000-202.000	ACCOUNTS PAYABLE	0.00
247-000-214.101	DUE TO GENERAL FUND	903.85
247-000-214.207	DUE TO POLICE	0.00
247-000-214.590	DUE TO SEWER	0.00
247-000-214.661	DUE TO EQUIPMENT	0.00
247-000-214.703	DUE TO TAX ACCOUNT	0.00
247-000-214.704	DUE TO PAYROLL	0.00
247-000-257.000	ACCRUED WAGES PAYABLE	0.00
247-000-339.000	UNEARNED REVENUE	0.00
TOTAL LIABILITIES		903.85
Total Liabilities		903.85
*** Fund Balance ***		
FUND BALANCE		
247-000-390.000	FUND BALANCE	877,684.29
FUND BALANCE		877,684.29
Total Fund Balance		877,684.29
Beginning Fund Balance		877,684.29
Net of Revenues VS Expenditures		71,392.37
Ending Fund Balance		949,076.66
Total Liabilities And Fund Balance		949,980.51

CITY OF AU GRES
TAX INCREMENT FINANCE AUTHORITY

2015 AMENDED
DEVELOPMENT AND TAX INCREMENT FINANCING PLAN

Prepared By:

Axe & Ecklund, P.C.
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Grosse Pointe Farms, MI 48236
(313) 884-1550

Project Engineers
Shellenbarger Engineering and Surveying, P.C.
5910 North Hagadorn Road
East Lansing, MI 48823

Dated:

July 29, 2015

Approved by City Council

Oct 6, 2015

LIST OF OFFICIALS

TAX INCREMENT FINANCE AUTHORITY BOARD

1. Ron Christie, Chairman
2. Dennis Nixon, Vice Chairman
3. Eathel Davis, Secretary
4. La Vern Dittenber
5. Tim Kelley
6. Tom Ennes
7. Marvin Ittner
8. William Borushko

DEVELOPMENT AREA CITIZENS COUNCIL*

1. William Richardson
2. Caryle Baum
3. Rene Torella
4. Dale Dittenber
5. Peter Quigley
6. Terri Wilk
7. Theresa Quigley
8. Harold O'Neil
9. Diane Lynch

ALTERNATES

1. Donn Engelhardt
2. Chris Orman
3. Dale Mc Court
4. Jean Grabowski

CITY COUNCIL

1. William Borushko, Mayor
2. Keith Edmonds, Mayor Pro Tem
3. Robert Proulx
4. Linda Martin
5. Danny Pockrandt

*Original Members

DEVELOPMENT PLAN AS AMENDED IN 2015

a. Designation of the Boundaries of the Development Area in Relation to the Boundaries of the Authority District

Unchanged, this was set forth on page 3 of the Tax Increment Development Plan and Financing Plan adopted by the City Council on December 17, 1985. A new, updated copy is attached as Appendix A.

b. Designation of the Boundaries of the Development Area in Relation to Highways, Streets, or Otherwise

Unchanged, this is set forth in the Tax Increment Development Plan and Financing Plan adopted by the City Council on December 17, 1985. A new, updated copy is attached as Appendix B.

c. The location and extent of existing streets and other public facilities within the development area and the location, character, and extent of the categories of public and private land uses then existing and proposed for the development area, including residential, recreational, commercial, industrial, educational, and other uses and shall include a legal description of the development area

Unchanged. This is set forth in the Tax Increment Development Plan and Financing Plan adopted by the City Council on December 17, 1985. A new, updated copy is attached as Appendix C.

d. A description of improvements to be made in the development area, a description of any repairs and alterations necessary to make those improvements, and an estimate of the time required for completion of the improvements

1. Court Street - Storm and Sanitary Sewer; Street and Sidewalk Improvements

South of Michigan Avenue, Court Street improvements will extend approximately 1300 feet. New construction will include storm sewer, catch basins, curb and gutter, asphalt road and sidewalks. A portion of storm water runoff will be discharged into the Michigan Avenue storm sewer. The Southerly area drainage within the Court Street road improvement project will discharge Easterly into an existing storm drainage line leading to the Au Gres River. Approximately 2500 feet of new gravity flow sanitary sewer will be constructed along Court Street between the school property and South Street. At approximately half the distance there will be a separation between collection line ends; half of the wastewater collected will be routed Northerly into an existing

To complete the Industrial Park this project will develop Industrial Drive throughout the park, looping back to Court Street. Each site condominium unit will be provided with complete utilities service, including road, storm sewer, water, fire protection, sanitary sewer, gas, electric, cable and phone. The total estimated cost for complete development of the Industrial Park is \$600,000.

Total Estimated Cost: \$600,000
Time for Completion: 3 years

5. US 23 Corridor Improvements

This project description should supersede the “Old” US 23 Corridor description because it includes US23, in the downtown area, but also expands the corridor improvements along lateral streets including Court Street, Saginaw Street, Luke Street and Water Street. The Corridor Improvement project implements the Michigan concept of “Complete Street.” Complete Street design incorporates promotion of healthy oriented layouts including bike paths, pedestrian and bike crossings. Other corridor improvements include tree plantings, off-street parking facilities, farm market and equipment for sidewalk maintenance and snow removal. The total estimates cost for complete development of the corridor project is \$600,000.

Total Estimated Cost: \$600,000
Time for Completion: 6 years

6. Future Off Street Parking Improvements

It is felt that there will be a need for off street parking if improvements to US-23 are implemented and on street parking is prohibited.

Additional parking is needed in several locations including an off street lot near the Post Office. This new parking lot would consolidate the existing Post Office parking with the new parking to create a large landscaped lot accessible from US-23 and Saginaw Street.

Total Estimated Cost \$100,000
Time for Completion: 6 years

9. City of Au Gres Parks & Recreation Master Plan Miscellaneous Items, listed and adopted Recreation Master Plan, 2007

- (a) Play equipment, improvements to ball fields, signage, seating & re-surface tennis courts.....\$80,000
- (b) Frisbee Golf Course Development.....\$50,000
- (c) Bike and walking paths (Parks).....\$30,000
- (d) Bandshell at Parks\$80,000
- (e) Blueway/Paddle Trail Au Gres River including signage \$35,000
- (f) Soccer Field Improvements, including seating, parking, lighting.....\$50,000
- (g) Parks & Recreation Master Plan Update.....\$12,500
- (h) Continue Development of pathway trails throughout Au Gres.....\$275,000
- (i) Kinderplatz Park Enhancements Bldg., restrooms, play equipment.....\$110,000
- (j) Riverfront Park Pavilion Development.....\$200,000

ADDITIONAL PROJECTS

10. PARKS

This project will upgrade existing and develop new park properties owned by the City of AuGres. Various upgrades and estimated costs include:

Christmas Decorations: Purchase Christmas decorations to be installed seasonally throughout the parks (\$25,000).

Tree Plantings: Purchase and install various types of decorative and evergreen trees throughout all parks (\$10,000).

Total Estimated Cost for Project 1 = \$35,000.

Time for Completion = 6 years.

11. STREETS/DOWNTOWN/ECONOMIC DEVELOPMENT

An overall goal of the City is to improve the downtown area and attract economic development. Several construction segments will be implemented:

Downtown Streetscape Improvements: Colored brick pavers (\$15,000).

Christmas decorations for streets (\$10,000).

Main Street: Two segments of Main Street have been previously resurfaced (intersection with Baum Road and intersection with US 23). Along the remaining portions of Main Street, this project will upgrade storm sewer and resurface all of Main Street with new HMA and pavements markings (\$608,800).

Of this amount, the City will apply for a potential 80% grant thru the MDOT local road programs.

If successful, the City would be responsible for 20% of estimated costs.

Industrial Park: This project is within Item d.1 of the existing Development Plan (No new cost).

US-23 Irrigation System: Along US 23 and other focal points, an underground irrigation system will be installed to water trees, seasonal plantings and landscaping (\$40,000).

Downtown Façade Grants: Several years ago, the City received a downtown façade grant thru MDOT. The project required business owners to pay for a portion of façade construction, which decreased interest from business owners. Just one business participated.

This project will pay for costs of the application, design and implementation of the program, reducing the business owner share, with the intent of increasing business owner interest (\$50,000).

Street Trees: Throughout City streets, trees will be planted to enhance existing landscape (\$25,000).

Parking Lots: This planned improvement is included within Item d.6 of the existing Development Plan (No new costs).

Boulevard US 23: This planned improvement is included within Item d.5 of the existing Development Plan.

City Wide Signage: Replace and upgrade signage (street names, intersections, stop and yield, pedestrian crossings, speed, school zones) throughout City limits (\$5,000).

Waterfront Development/Acquisitions: The intention with this project is to acquire property for access to the AuGres River (and Lake Huron), as properties become available. Examples of existing sites where the City previously acquired waterfront access include the South end of Main Street and AuGres River Drive. These sites are

landscaped with decks and provide access for small watercraft such as canoes and kayaks (\$50,000).

Total Estimated Cost for Project 2 = \$803,800.

Time for Completion = 6 years.

12. INFRASTRUCTURE/MAINTENANCE/MISCELLANEOUS

Undeveloped areas within City limits do not have water and sewer service. Several properties have become foreclosed upon by lenders and are available for purchase or are vacant and for sale by property owners. This project involves extending utilities services to undeveloped areas and acquiring key properties to be used as economic development incentives:

Sewer and Water Main Extensions (\$150,000).

Property Acquisition (\$150,000).

Total Estimated Cost for Project 3 = \$300,000.

Time for Completion = 6 years.

13. CITY BUILDINGS

Municipal Buildings: Project 4 lumps together “repair and replacement” costs for all municipal buildings. Ongoing expenses include funds for replacement of roofs, windows, doors, driveways, parking lots, electrical, plumbing, flooring, HVAC systems, communication systems and other building infrastructure needs (\$200,000).

Total Estimated Cost for Project 4 = \$200,000.

Time for Completion = 10 years.

14. MISCELLANEOUS

Project 5 consists of City planning for eight (8) miscellaneous projects and purchases:

Clean out sewer ponds: Involves a DEQ permit, bid process for cleaning contractors, the removal of biosolids and injection into farmland, inspection of underlying liner (\$110,000).

Paint water tower: Includes preparation of details, specifications and bid documents, DEQ permit, competitive bid process for construction contract (\$150,000).

Purchase new digital reads for water/sewer meters: Replacement of existing meter heads with automatic read equipment (\$70,000).

Restore harbor facilities (\$20,000).

Herman Street resurface (\$45,000).

Total Estimated Cost for Project 5 = \$395,000.

Time for Completion = 6 years.

Total Estimated Cost: \$4,816,300

- e. **The location, extent, character, and estimated cost of the improvements including rehabilitation contemplated for the development area and an estimate of the time required for completion**

See (d) above

- f. **A statement of the construction or stages of construction planned, and the estimated time of completion of each stage**

See (d) above

- g. **A description of any parts of the development area to be left as open space and the use contemplated for this space**

Unchanged from original plan

- h. **A description of any portions of the development area which the authority desires to sell, donate, exchange, or lease to or from the municipality and the proposed terms**

None

- i. **A description of desired zoning changes and changes in streets, street levels, intersections, and utilities**

None

- j. **An estimate of the cost of the development, a statement of the proposed method of financing the development, and the ability of the authority to arrange the financing**

See Tax Increment Financing Plan

- k. **Designation of the person or persons, natural or corporate, to whom all or a portion of the development is to be leased, sold, or conveyed and for whose benefit the project is being undertaken, if that information is available to the authority**

None

- l. **The procedures for bidding for the leasing, purchasing, or conveying of all or a portion of the development upon its completion, if there is no express or implied agreement between the authority and persons, natural or corporate, that all or a portion of the development will be leased, sold, or conveyed to those persons**

Not Applicable

- m. **Estimates of the number of persons residing in the development area and the number of families and individuals to be displaced**

220 persons reside in the Development Area. None are to be displaced.

- n. **A plan for establishing priority for the relocation of persons displaced by the development in any new housing in the development area**

Not Applicable

- o. **Provision for the costs of relocating persons displaced by the development, and financial assistance and reimbursement of expenses including litigation expenses and expenses incident to the transfer of title, in accordance with the standards and provisions of the federal uniform relocation assistance and real property acquisition policies act of 1970, 2 U.S.A.. 4601 to 4655**

Not Applicable

- p. **A plan for compliance with Act No. 227 of the Public Acts of 1972, being sections 213.321 to 213.332 of the Michigan Compiled Laws**

Not Applicable

- q. **Other material which the authority, local public agency, or governing body considers pertinent**

None

TAX INCREMENT FINANCING PLAN

- (a) A statement of the reasons that the plan will result in the development of captured assessed value that could not otherwise be expected.**

The City of Au Gres Tax Increment Finance Authority has determined it is necessary to amend the development plan and tax increment financing plan, originally adopted by the City Council on December 17, 1985, amended on March 28, 1996, and Dec 6, 2011, to prevent a decline of growth which could lead to a general decline in property values. The various projects outlined in the development plan will encourage private investment in building improvements, expansion, and new construction.

- (b) An estimate of the captured assessed value for each year of the plan.**

The actual captured assessed value for 2015 is \$295,850. The estimate of the future captured assessed value after 2015 (assuming an no increase in SEV over the remaining years of the Plan) is \$295,850.

- (c) The estimated tax increment revenues for each year of the plan.**

The estimated tax increment revenues for the total remaining years of the Plan include no amounts to be captured from school taxes (as there are no eligible obligations issued prior to August of 1993). The only captured taxes are City taxes, County Taxes, Taxes from the Au Gres-Sims Whitney Fire Authority and Taxes from Iosco – Arenac Library and Iosco County Road Millage. These estimates are based on 2015 estimated capture (see Appendix D) and assume that there will be no annual increase.

**Estimates of Amounts
Necessary to Retire to Existing Obligations**

It is estimated that the amounts shown below will be needed to pay of the existing obligations of the Authority. The balance shown below will be available to use for the projects approved in the development plan either in cash or to be used to retire bonds issued for that purpose.

**Estimated Revenues from Captured Taxes
Available to be Used for New Projects**

The unallocated Fund cash balance on June 30, 2015 was \$ 200,275. This is available for expenditure on the Development Plan.

In addition, the following amounts are estimated to be available for expenditures on the Development Plan in future years.

Year Ending June 30	Total Estimated Revenues	Due on Prior Obligations	Balance Available for Expenditure on Plan
2016	\$295,850.00	\$ 45,252.50	\$250,597.50
2017	\$295,850.00	\$ 38,910.00	\$256,940.00
2018	\$295,850.00	\$ 42,520.00	\$253,330.00
2019	\$295,850.00	\$ 41,015.00	\$254,835.00
2020	\$295,850.00	\$ 39,501.25	\$256,348.75
2021	\$295,850.00	\$ 42,860.00	\$252,990.00
2022	\$295,850.00	\$ 45,990.00	\$249,860.00
2023	\$295,850.00	\$ 0	\$295,850.00
2024	\$295,850.00	\$ 0	\$295,850.00
2025	\$295,850.00	\$ 0	\$295,850.00
2026	\$295,850.00	\$ 0	\$295,850.00
2027	\$295,850.00	\$ 0	\$295,850.00
2028	\$295,850.00	\$ 0	\$295,850.00
2029	\$295,850.00	\$ 0	\$295,850.00
2030	\$295,850.00	\$ 0	\$295,850.00
2031	\$295,850.00	\$ 0	\$295,850.00
2032	\$295,850.00	\$ 0	\$295,850.00
2033	\$295,850.00	\$ 0	\$295,850.00
2034	\$295,850.00	\$ 0	\$295,850.00
2035	\$295,850.00	\$ 0	\$295,850.00
2036	\$295,850.00	\$ 0	\$295,850.00
2037	\$295,850.00	\$ 0	\$295,850.00
2038	\$295,850.00	\$ 0	\$295,850.00
2039	\$295,850.00	\$ 0	\$295,850.00
2040	\$295,850.00	\$ 0	\$295,850.00

(d) A detailed explanation of the tax increment procedure.

Tax increment financing permits the Authority to capture tax increment revenues attributable to increases in the value of real and personal property resulting from the acquisition and construction of property as defined in Act 450. Property value increases may or may not be directly attributable to the construction of the public facilities.

At the time the original tax increment financing plan was approved by the City Council the value of the eligible property to which the plan pertains (the "Initial Assessed Value") was established. The Initial Assessed Value is the State Equalized Value of the eligible property on that date.

In each subsequent year for the duration of the tax increment financing plan the "Current Assessed Value" of the eligible property will be determined. The Current Assessed Value for each year is the State Equalized Value of the eligible property for that year.

The amount by which the Current Assessed Value exceeds the Initial Assessed Value in any one year is the "Captured Assessed Value". For the duration of the tax increment financing plan the local taxing jurisdictions will continue to receive tax revenues based upon the Initial Assessed Value. The Authority, however, receives that portion of the tax levy of all taxing jurisdictions paid each year on the Captured Assessed Value of the eligible property included in the tax increment financing plan.

For example, in year one (1985) a tax increment financing plan relating to eligible property having a state equalized value of \$1,000,000 has been established. The Initial Assessed Value was \$1,000,000. Assume that the tax rate applicable to the eligible property is 21.27 mills. In year one no taxes on the eligible property will be paid to the Authority. In year two, because of the construction of eligible property, the state equalized valuation of the eligible property is \$2,000,000. The Current Assessed Value in year 1985 is \$2,000,000 and the captured Assessed Value of \$1,000,000 (\$2,000,000 less than the Initial Assessed Value of \$1,000,000). The Authority would receive tax increments of \$21,270 (21.27 mills times \$1,000,000). The jurisdictions would receive \$21,270 (21.27 mills times \$1,000,000 which represents the Initial Assessed Value. In each subsequent year for the duration of the tax increment financing plan a similar computation would be made.

(e) The maximum amount of bonded indebtedness to be incurred.

The Authority and the City may issue bonds to finance some or all of the costs of any of the various projects described in the Development Plan. The actual amount of bonds to be issued will not exceed the total amount of bonds which can be repaid from the net TIF revenues to be collected in years ending June 30, 2016 through June 30, 2040 after the payment of prior obligations. The actual total principal amount of bonds which can be issued will depend upon the actual revenues in future years and the prevailing interest rates at the time the bonds are issued. At this time, it is not possible to specify a minimum or maximum amount except by reference to the estimated revenues to be collected. A pro forma bond issue using all of the estimated captured revenues and assuming an interest rate of ____% per annum is set forth on Appendix F. There may be several bond issues at various points and the capital interest rate on the issue or issue may be lower to higher than ____% per annum. If it is lower, more bonds could be issued than are shown.

(f) The amount of operating and planning expenditures of the authority and municipality, the amount of advances extended by or indebtedness incurred by the municipality, the amount of advances by others to be repaid from tax increment revenues.

These amounts are not yet established. The City may issue bonds to be paid in part from TIF revenues and, if so, these will be included in the maximum amount of bonded indebtedness.

(g) The costs of the plan anticipated to be paid from tax increment revenues as received.

This amount will vary depending upon the actual amount of bonds to be issued.

(h) The duration of the development plan and the tax increment financing plan.

The original development plan and tax increment plan adopted December 17, 1985 provided for capturing assessed value through June 30, 2004. The 2011 amended development plan and tax increment financing plan extended to June 30, 2035.

(i) An estimate of the impact of tax increment financing on the revenues of all taxing jurisdictions in which the development area is located.

The Amended Tax Increment Financing Plan will impact the City and County tax revenues by continuing to capture such revenues between the years 2011 and 2040. This will have the effect of reducing those tax revenues. However, the improvements made under the Development Plan may result in further future valuation increases for years after 2035, which will make up for the lost revenue. The impact of this continued capture is estimated in Appendix F. The amounts shown there will, assuming the increases projected, be lost revenues to the City, County and other taxing jurisdictions where taxes are captured.

APPENDIX D

CITY OF AU GRES

2016 Capture TV - \$11, 400,000

ESTIMATED TIF COLLECTION

Unit	Millage Amount	Capture	Total Collection
City of AuGres	16.7558	\$ 11,400,000	\$ 191,000
Iosco Arenac Library	.4912	\$ 11,400,000	\$ 5,600
County of Arenac	6.7056	\$ 11,400,000	\$ 76,450
Fire Authority	1.0	\$ 11,400,000	\$ 11,400
County Road	1.0	\$ 11,400,000	\$ 11,400
Total Capture			\$ 295,850

Estimated figures based on estimates from 2015 tax values and 2015 tax rates.



\$995,000
CITY OF AU GRES
CAPITAL IMPROVEMENT BONDS, SERIES 2015

ESTIMATED DEBT SERVICE SCHEDULE

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Annual Total</u>
05/01/16	\$55,000.00	2.00%	\$14,300.00	\$69,300.00	\$69,300.00
11/01/16			13,750.00	13,750.00	
05/01/17	55,000.00	2.00%	13,750.00	68,750.00	82,500.00
11/01/17			13,200.00	13,200.00	
05/01/18	60,000.00	2.00%	13,200.00	73,200.00	86,400.00
11/01/18			12,600.00	12,600.00	
05/01/19	60,000.00	2.50%	12,600.00	72,600.00	85,200.00
11/01/19			11,850.00	11,850.00	
05/01/20	60,000.00	2.50%	11,850.00	71,850.00	83,700.00
11/01/20			11,100.00	11,100.00	
05/01/21	60,000.00	2.50%	11,100.00	71,100.00	82,200.00
11/01/21			10,350.00	10,350.00	
05/01/22	65,000.00	3.00%	10,350.00	75,350.00	85,700.00
11/01/22			9,375.00	9,375.00	
05/01/23	65,000.00	3.00%	9,375.00	74,375.00	83,750.00
11/01/23			8,400.00	8,400.00	
05/01/24	65,000.00	3.00%	8,400.00	73,400.00	81,800.00
11/01/24			7,425.00	7,425.00	
05/01/25	70,000.00	3.00%	7,425.00	77,425.00	84,850.00
11/01/25			6,375.00	6,375.00	
05/01/26	70,000.00	3.25%	6,375.00	76,375.00	82,750.00
11/01/26			5,237.50	5,237.50	
05/01/27	75,000.00	3.25%	5,237.50	80,237.50	85,475.00
11/01/27			4,018.75	4,018.75	
05/01/28	75,000.00	3.25%	4,018.75	79,018.75	83,037.50
11/01/28			2,800.00	2,800.00	
05/01/29	80,000.00	3.50%	2,800.00	82,800.00	85,600.00
11/01/29			1,400.00	1,400.00	
05/01/30	80,000.00	3.50%	1,400.00	81,400.00	82,800.00
	<u>\$995,000.00</u>		<u>\$250,062.50</u>	<u>\$1,245,062.50</u>	<u>\$1,245,062.50</u>

Interest Start Date (Dated Date): 11/01/15

**CITY OF AU GRES TIFA MEETING
MONDAY, NOVEMBER 25, 2024
5:00 PM**

PRESENT: Marcia Zoyiopoulos, Allison Wiltse, John Popovich, William Borushko, Jon Sanford
ABSENT: Tom Nixon, Dan Tolliver

1). CALL TO ORDER

Meeting called to order by Vice-Chairman Allison Wiltse at 5:00 p.m.

2). ROLL CALL

Roll call noted Tom Nixon and Dan Tolliver absent.

3). MINUTES

MOTION (Borushko) to approve TIFA Meeting minutes April 22, 2024; support (Popovich). Motion carried.

4). CITIZEN'S COMMENTS: None

5). OLD BUSINESS: None

6). NEW BUSINESS

6.1 Informational Meeting to all Jurisdictions levying taxes subject to TIFA capture

City Clerk explained that City needs to hold two informational meetings per year to all units who have TIFA capture withheld from taxes. Nobody was present tonight for comments. City Clerk explained annual TIFA report showing TIF captured from Arenac County \$94,644, Library \$5486 and Fire Authority \$10916. TIF Fund balance is \$877,684. TIFA bond loan still has \$450,000 owing and pay off is May 2030. Check what interest rate is? TIFA fund has \$550,000 in a CD making 4.3% interest. Total interest last year TIFA fund made was \$33,990.

Popovich: Can City purchase treasury bills? Minimum 4 weeks up to ten years.

6.2 Discussion of New Capital Projects

City Manager would like to see a program set up to loan and/or give businesses money to spruce up their building. Went over current list and discussed projects completed and projects still to do:

- City Park Pavilion upgrades: completed. Need to add pavilion bathrooms remodel to list.
- Campground Expansion: work to start July 2025; ballfields used one last time in spring 2025. City will continue to apply for grants for this project and could borrow money from TIF funds to help pay for.
- Riverside Park bathrooms/showers- need to decide whether to fix up, tear down or covert building space into something else. Can't see them ever being in high demand with no transit/overnight boaters.
- Ballfields Relocation: Work has begun on moving to soccer field's location and youth sports group taking over project. City has committed \$100,000 and received a \$10,000 grant towards this project. This group will be in charge of doing all construction as well as maintaining. Ballgames will be held on new field in 2026. No plans for bathhouse; will use porta johns only.
- Chapel/KinderPlatz Park- Chapel improvements included tearing out old carpet and stripping down to wood floor and re-finishing, new electrical, power wash chapel, new carpet in entrance way, and redoing windows. KinderPlatz park needs some maintenance upgrades like new roof over existing pavilion, playground equipment, putting mulch down instead of sand, fence along east side of park and possibly adding a new pavilion closer to chapel. Need to assign this park either to DPW or Parks Department to maintain.
- Suggestion would be to add to project list construction of police garage/storage area at City Hall

City Manager asked TIFA Members to brainstorm for any additional project ideas to throw on new 5-year listing at the April 2025 TIFA meeting.

7). CITIZEN'S COMMENTS: None

8). CITY MANAGER COMMENTS: Comments said above.

9). ADJOURNMENT

MOTION (Borushko) to adjourn meeting at 5:50 p.m. support (Popovich). Motion carried

Tom Nixon, Chairman

LaVonne Pritchard, City Clerk

**CITY OF AU GRES
JOINT TIFA/PLANNING COMMISSION MEETING
MONDAY, APRIL 22, 2024
5:00 PM**

PRESENT: TIFA Board: Tom Nixon, Jon Sanford, Allison Wiltse, John Popovich, Dan Tolliver, William Borushko

Planning Commission: Tom Nixon, John Popovich, Jon Sanford, Dale Dittenber, Nicholas Onica

ABSENT: TIFA Board: Marcia Zoyiopoulos

Planning Commission: Virginia Hasty

ALSO PRESENT: City Manager Dale Wiltse

1). CALL TO ORDER

Meeting called to order by Chairman Nixon at 5:09 p.m.

2). ROLL CALL

Roll call noted TIF member Marcia Zoyiopoulos and Planning Commission member Virginia Hasty as absent.

3). MINUTES

MOTION (Popovich) to approve TIFA Meeting minutes November 28, 2023; support (Sanford). Motion carried.

4). CITIZEN'S COMMENTS: None

5). OLD BUSINESS: None

6). NEW BUSINESS

6.1 Informational Meeting to all Jurisdictions levying taxes subject to TIFA capture

City Clerk explained that City needs to hold two informational meetings per year to all units who have TIFA capture withheld from taxes. Nobody was present tonight for comments.

6.2 Adopt Capital Project Listing 2024/25 year

City Manager went through proposed 2024/25 list of projects included in packet. Big items moving forward this year is the campground expansion, ballfield relocation, city hall improvements along with the Chapel & Michigan Avenue Park improvements. Au Gres is one of ten finalists in the Consumer Energy "Put Your Town on the Map" grant for park/chapel improvements; award to the top 3 finalists. City also applied for two grants on the campground expansion (1) \$400,000 to DNR and (2) \$100,000 to Rural Development.

Nixon: Wanted to know city park pavilion status? City Manager said they are up here working and need to decide this Thursday, April 25 if it will be available for first rental of May 4.

Sanford: Status of the bike trail from Au Gres Township to the City? Have not heard anymore about it.

Nixon: Would like to see a bullpen area added off to the side of the new ballfields. City Manager has an idea of layout but would like input to make sure the 2 proposed fields comply with size and direction. With the move of the ballfields next to the soccer fields, a big decision will need to be made on who is going to maintain since the Au Gres Soccer and Au Gres Little League are separate groups. City Manager feels the best solution for both groups, who lack volunteers, is to rent the fields out from the City (small nominal fee to cover costs) and the City to maintain both fields. TIFA and Planning Commission members need to keep thinking of any ideas for future year's project list.

MOTION (Borushko) to adopt 5-year capital project listing for the TIFA fund for the 2024/25 year and to re-evaluate future years for projects; support (Popovich). Motion carried.

6.3 Adopt TIFA Budget 2024/25 year

MOTION (Sanford) to adopt TIFA budget for fiscal year 2024/25 year as presented; support (Popovich). Motion carried.

7). CITIZEN'S COMMENTS: None

8). CITY MANAGER COMMENTS: None

9). ADJOURNMENT

MOTION (Popovich) to adjourn meeting at 5:32 p.m. support (Nixon). Motion carried.

Tom Nixon, Chairman

LaVonne Pritchard, City Clerk

Annual Report on Status of Tax Increment Financing Plan					
Send completed form to: Treas-StateSharePropTaxes@michigan.gov		Enter Municipality Name in this cell	TIF Plan Name	For Fiscal Years ending in	
Issued pursuant to 2018 PA 57, MCL 125.4911 Filing is required within 180 days of end of authority's fiscal year ending in 2024. MCL 125.4911(2)		Tax Increment Finance Authority	City of Au Gres TIFA	2024	
Year AUTHORITY (not TIF plan) was created:		1985			
Year TIF plan was created or last amended to extend its duration:		10//6/2015			
Current TIF plan scheduled expiration date:		6/30/40			
Did TIF plan expire in FY24?		NO			
Year of first tax increment revenue capture:		1986			
Does the authority capture taxes from local or intermediate school districts, or capture the state education tax? Yes or no?		NO			
If yes, authorization for capturing school tax:					
Year school tax capture is scheduled to expire:					
Revenue:					
Tax Increment Revenue			\$	312,851	
Property taxes - from DDA millage only			\$	- 0	
Interest			\$	33,990	
State reimbursement for PPT loss (Forms 5176 and 4650)			\$	40,310	
Other income (grants, fees, donations, etc.)			\$	10,000	
		Total	\$	397,151	
Tax Increment Revenues Received			Revenue Captured	Millage Rate Captured	
From counties			\$	94,644	8.4737
From cities			\$	201,932	18.0794
From townships			\$	- 0	
From villages			\$	- 0	
From libraries (if levied separately)			\$	5,486	0.4912
From community colleges			\$	- 0	
From regional authorities (type name in next cell)		AuGres Fire Authority	\$	10,916	0.9773
From regional authorities (type name in next cell)			\$	- 0	
From regional authorities (type name in next cell)			\$	- 0	
From local school districts-operating			\$	- 0	
From local school districts-debt			\$	- 0	
From intermediate school districts			\$	- 0	
From State Education Tax (SET)			\$	- 0	
From state share of IFT and other specific taxes (school taxes)			\$	- 0	
		Total	\$	312,979	
Expenditures					
Adminstrative Wages			\$	26,618	
DPW/Maintenance/Streetscape			\$	14,331	
Fringe Benefits			\$	14,607	
Supplies- Administrative			\$	320	
Supplies-Maintenance/Streetscape/Bridge			\$	9,883	
Professional Services			\$	7,634	
Computer Maintenance			\$	575	
Equipment Rental			\$	9,303	

	TIFA Inflation			\$	5,407				
	Capital Outlay			\$	189,585				
				\$	- 0				
	Transfers to other municipal fund (list fund name)			\$	- 0				
	Transfers to other municipal fund (list fund name)	Transfer to Major Street		\$	2,000				
		Transfers to General Fund		\$	45,495				
			Total	\$	325,759				
	Total outstanding non-bonded Indebtedness	Principal		\$	- 0				
		Interest		\$	- 0				
	Total outstanding bonded Indebtedness	Principal		\$	450,000				
		Interest		\$	57,563				
			Total	\$	507,563				
	Bond Reserve Fund Balance			\$	- 0				
	Unencumbered Fund Balance			\$	877,684				
	Encumbered Fund Balance			\$	- 0				
	CAPTURED VALUES								
	PROPERTY CATEGORY	Current Taxable Value	Initial (base year) Assessed Value		Captured Value	Overall Tax rates captured by TIF plan			
						TIF Revenue			
	Ad valorem PRE Real	\$ 4,266,385	\$ 583,400	\$	3,682,985	28.0216000		\$103,203.13	
	Ad valorem non-PRE Real	\$ 10,542,734	\$ 3,582,500	\$	6,960,234	28.0216000		\$195,036.89	
	Ad valorem industrial personal	\$ 253,200	\$ 560,000	\$	(306,800)	28.0216000		(\$8,597.03)	
	Ad valorem commercial personal	\$ 253,000	\$ 115,300	\$	137,700	28.0216000		\$3,858.57	
	Ad valorem utility personal	\$ 502,300	\$ 110,100	\$	392,200	28.0216000		\$10,990.07	
	Ad valorem other personal	\$ - 0	\$ - 0	\$	- 0	0.0000000		\$0.00	
	IFT New Facility real property, 0% SET exemption	\$ - 0	\$ - 0	\$	- 0	0.0000000		\$0.00	
	IFT New Facility real property, 50% SET exemption	\$ - 0	\$ - 0	\$	- 0	0.0000000		\$0.00	
	IFT New Facility real property, 100% SET exemption	\$ - 0	\$ - 0	\$	- 0	0.0000000		\$0.00	
	IFT New Facility personal property on industrial class land	\$ 256,608	\$ - 0	\$	256,608	14.0108000		\$3,595.28	
	IFT New Facility personal property on commercial class land	\$ - 0	\$ - 0	\$	- 0	0.0000000		\$0.00	
	IFT New Facility personal property, all other	\$ - 0	\$ - 0	\$	- 0	0.0000000		\$0.00	
	Commercial Facility Tax New Facility	\$ - 0	\$ - 0	\$	- 0	0.0000000		\$0.00	
	IFT Replacement Facility (frozen values)	\$ - 0	\$ - 0	\$	- 0	0.0000000		\$0.00	
	Commercial Facility Tax Restored Facility (frozen values)	\$ 174,580	\$ - 0	\$	174,580	28.0216000		\$4,892.01	
	Commercial Rehabilitation Act	\$ 328,445	\$ - 0	\$	328,445	0.0000000		\$0.00	
	Neighborhood Enterprise Zone Act	\$ - 0	\$ - 0	\$	- 0	0.0000000		\$0.00	
	Obsolete Property Rehabilitation Act	\$ - 0	\$ - 0	\$	- 0	0.0000000		\$0.00	
	Eligible Tax Reverted Property (Land Bank Sale)	\$ - 0	\$ - 0	\$	- 0	0.0000000		\$0.00	
	Exempt (from all property tax) Real Property	\$ - 0	\$ - 0	\$	- 0	0.0000000		\$0.00	
	Total Captured Value		\$ 4,951,300	\$	11,625,952	Total TIF Revenue		\$312,978.94	

Tax Increment Revenue									
Specific Taxes Allowable for Capture by PA 57 Authorities									
As of January 1, 2024									
									NOT PA 57
		DDA	TIFA	LDFA	NSRA	CIA	WRITIFA	NIA	BRFA
	Former Public Act (now repealed)	197	450	281	35	280	94	61	381
	Year	1975	1980	1986	1867	2005	2008	2007	1996
	PA 57 PART	2	3	4	5	6	7	8	
	2018 PA 57 MCL Citation for "specific tax" definition	125.4201 (aa)	125.4301 (w)	125.4402 (hh)	125.4523 (9)(e)	125.4603 (e)	125.4703 (d)	125.4803 (e)	125.2652
PA 189 of 1953	Lessees/Tax Exempt Property	X	X	X	X ¹	X	X	X	X
PA 198 of 1974	IFT	X	X	X	X	X	X	X	X
PA 255 of 1978	CFT	X	X	X	X	X	X	X	X
PA 385 of 1984	Tech Park	X	X	X	X	X	X	X	X
PA 224 of 1985	Enterprise Zone			X					X
PA 147 of 1992	NEZ				X			X	X
PA 146 of 2000	OPRA			X	X				X
PA 260 of 2003	Eligible Tax Reverted Property (Land Bank 5/50) Tax								X ²
PA 210 of 2005	Commercial Rehabilitation				X			X	X
PA 236 of 2022	Attainable Housing Facilities								X
PA 237 of 2022	Residential Housing Facilities								X
	Blue highlighted cells--properties located in renaissance zones are exempt from these taxes to the degree listed in 1996 PA 376 at MCL 125.2689 (same extent as ad valorem taxes)								¹ MCL 125.4523(9)(e) also lists 1976 PA 430, but that PA is merely an amendment to 1953 PA 189
	Yellow highlighted cells--properties located in renaissance zones are exempt from these taxes to the degree listed in the respective public acts (same as the others, just exempted in the individual acts instead of in the RenZone Act)								² Limited to amount not reserved for Land Bank Fast Track Authority (PA 258 of 2003)