

Notice
City of Traverse City and Charter Township of Garfield
Recreational Authority Board of Directors
Regular Meeting

7:00 p.m.

Wednesday, March 4, 2015

Second Floor County Training Room, Governmental Center
400 Boardman Avenue
Traverse City, MI 49684

Posted: 2-28-15

The Authority does not discriminate on the basis of disability in the admission or access to, or treatment or employment in, its programs or activities. Penny Hill, Assistant City Manager, 400 Boardman Avenue, Traverse City, Michigan 49684, 922-4440, TDD: 922-4412, has been designated to coordinate compliance with the non-discrimination requirements contained in Section 35.107 of the Department of Justice regulations. Information concerning the provisions of the Americans with Disabilities Act, and the rights provided thereunder, are available from the ADA Coordinator.

If you are planning to attend and you have a disability requiring any special assistance at the meeting and/or if you have any concerns, please immediately notify the ADA Coordinator.

Recreational Authority Board of Directors
Matthew Cowall, Executive Director
324 Munson Avenue
Traverse City, MI 49686
(231) 929-3696 TDD: (231) 922-4412
<http://www.traverscitymi.gov/recauthority.asp>
mcowall@liaa.org

Agenda

Roll Call.

1. Consideration of approving the minutes of the regular meeting of February 4, 2015. (Matt Cowall)
2. Presentation of Hickory Hills Master Plan options in relation to Hickory Meadows. (Matt Cowall, Hickory Hills Advisory Committee)
3. Event Management report. (Matt Cowall, Allison Beers)
4. Hickory Meadows property considerations. (Matt Cowall, HMAC)
5. Consideration of a proposal for a solar well pump at Historic Barns Park. (Matt Cowall, SEEDS, TCCG)
6. Consideration of the addition of Traverse City Community Garden as a management entity at Historic Barns Park. (Matt Cowall, TCCG)
7. Reports. (Matt Cowall et al)
 - Grand Traverse Conservation District
 - Historic Barns Park construction updates and road planning
 - EPA Cleanup Grant
 - March 1 quarterly updates from Management Entities at Historic Barns Park (Botanic Garden, SEEDS)
 - Community Gardens
 - Any reports from Board members
 - Executive Director's report and possible verbal updates
8. Consideration of a framework for long-term strategic planning. (Matt Cowall)
9. Consideration of 2013-14 Audited Financial Statements. (Matt Cowall)
10. Report regarding payment of expenditures. (Matt Cowall)

11. Public Comment.

12. Adjournment.

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The City of Traverse City and Charter Township of Garfield

Communication to the Recreational Authority

FOR THE MEETING OF MARCH 4, 2015

DATE: FRIDAY, FEBRUARY 27, 2015

FROM: MATT COWALL, EXECUTIVE DIRECTOR

SUBJECT: MINUTES

Attached are the minutes of the regular meeting of February 4, 2015.

The following motion would be appropriate to approve the minutes:

That the minutes of the regular meeting of February 4, 2015, be approved.

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Minutes

The City of Traverse City and Charter Township of Garfield Recreational Authority Board of Directors

February 4, 2015

A regular meeting of the Recreational Authority Board of Directors was called to order in the Second Floor Large Meeting Room, Garfield Township Hall, 3848 Veterans Drive, Traverse City, Michigan, at 7:02 p.m.

The following Directors were present, constituting a quorum: Ross Biederman, Chair; Michael Groleau, Secretary; Tim Hughes, Treasurer; Jeanine Easterday; and Matt McDonough.

The following Directors were absent (excused): Molly Agostinelli and Chris Bzdok.

Chair Biederman presided at the meeting.

1.

The first item being “Consideration of approving the minutes of the regular meeting of January 7, 2015,” Chair Biederman introduced this matter. The following individual addressed the Board:

Matt Cowall, Executive Director

Moved by Hughes, seconded by Groleau, that the minutes of the regular meeting of January 7, 2015, be approved.

CARRIED.

2.

The next item being “Reports,” Chair Biederman introduced this matter. The following individuals addressed the Board:

Matt Cowall, Executive Director

Tom Vitale, GTCD
Tonya Lewandowski, ECT
Juliana Lisuk, SEEDS
Karen Schmidt, BGHBP
Michael Haynes, TCCG

No action was taken.

3.

The next item being “Event Management report and logo discussion,” Chair Biederman introduced this matter. The following individuals addressed the Board:

Matt Cowall, Executive Director
Allison Beers, Events North

Moved by Groleau, seconded by McDonough, that the Executive Director be authorized to issue a request for proposals for event venue management services.

CARRIED.

4.

The next item being “Hickory Meadows property considerations,” Chair Biederman introduced this matter. The following individuals addressed the Board:

Matt Cowall, Executive Director
Nicolle Girard, HMAc

No action was taken.

5.

The next item being “Consideration of a framework for long-term strategic planning,” Chair Biederman introduced this matter. The following individual addressed the Board:

Matt Cowall, Executive Director

No action was taken.

6.

The next item being “Report regarding payment of expenditures,” Chair Biederman introduced this matter. The following individual addressed the Board:

Matt Cowall, Executive Director

No action was taken.

7.

The next item being “Public Comment,” Chair Biederman introduced this matter. The following individual addressed the Board:

Tom Vitale

There being no objection, Chair Biederman declared the meeting adjourned at 8:57 p.m.

Matt Cowall, Executive Director

The City of Traverse City and Charter Township of Garfield

Communication to the Recreational Authority

FOR THE MEETING OF MARCH 4, 2015

DATE: FRIDAY, FEBRUARY 27, 2015

FROM: MATT COWALL, EXECUTIVE DIRECTOR

SUBJECT: PRESENTATION OF HICKORY HILLS MASTER PLAN
OPTIONS IN RELATION TO HICKORY MEADOWS

As you are aware, a Hickory Hills Advisory Committee has been working to plan for future uses of the city-owned Hickory Hills ski area next to Hickory Meadows. That group requested this agenda item to update you on its work, including the master plan options that have been developed and potential collaboration between the Hills and Meadows.

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The City of Traverse City and Charter Township of Garfield

Communication to the Recreational Authority

FOR THE MEETING OF MARCH 4, 2015

DATE: FRIDAY, FEBRUARY 27, 2015

FROM: MATT COWALL, EXECUTIVE DIRECTOR

SUBJECT: EVENT MANAGEMENT REPORT

Please find attached for review and discussion on Wednesday night. Proposals for the next event facility manager are due back on March 11; I would suggest scheduling a special meeting later in March for interviews, targeting a final decision at the regular meeting of April 1. Please bring your calendars with you.

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Historic Barns Park Board Report
February 26, 2015

Attached

- Revised logo
- Proposed 2015 pricing and explanations
- Ideal wedding floor plans
- Marketing budget for the next year (proposed coverage by HBP)
- Vendor and renter guidelines

Status Update

- I have revised and combined the park policy and application document for a single renter agreement with information that would be helpful for renters. This will be more in line with the rental of other venues. It is currently being reviewed by Kerry Zeits. Upon approval, Events North has offered to combine the Botanic Gardens agreement so a renter of the whole park can fill out one agreement.
- I have discussed the whole park pricing with Karen and she is agreeable to the high impact event pricing as outlined.
- The RFP has been distributed and Matt and I will be meeting with anyone interested in seeing the space on Tuesday, March 3rd at 10am. There are a few great candidates that are interested.
- Events North is planning an open house for planners/photo shoot of the barn for March 12th. We have lined up all vendors at no cost the HBP. Botanic Garden has been included and will be part of the tour. We are setting the room with tables, chairs and centerpieces to stage a photo shoot so we have more images for use on the website.
- I would like to discuss a preferred vendors list for the website at your board meeting.
- I have created a marketing budget for items that the HBP should cover in the first year. The firm hired to manage the space should cover any additional marketing needed for the space.
- Website is being built. After the approval of the logo, the website draft will be ready for review in a few weeks. From there we will also layout the design for rack cards, business cards, a map for renters, note cards and #10 envelopes.
- I am working with the Northwest Michigan Surgery Center on the use of their parking lot for larger events. They are meeting with their board soon and will get back to me on what they will need to make this work- including a schedule for approved times and what the process will be for use each time.
- All word documents I have created with will updated with logo and contact information when details are finalized.
- Matt and I are meeting with a signage vendor in the next week or so to talk about our needs for the park and the Cathedral Barn.



Historic Barns Park

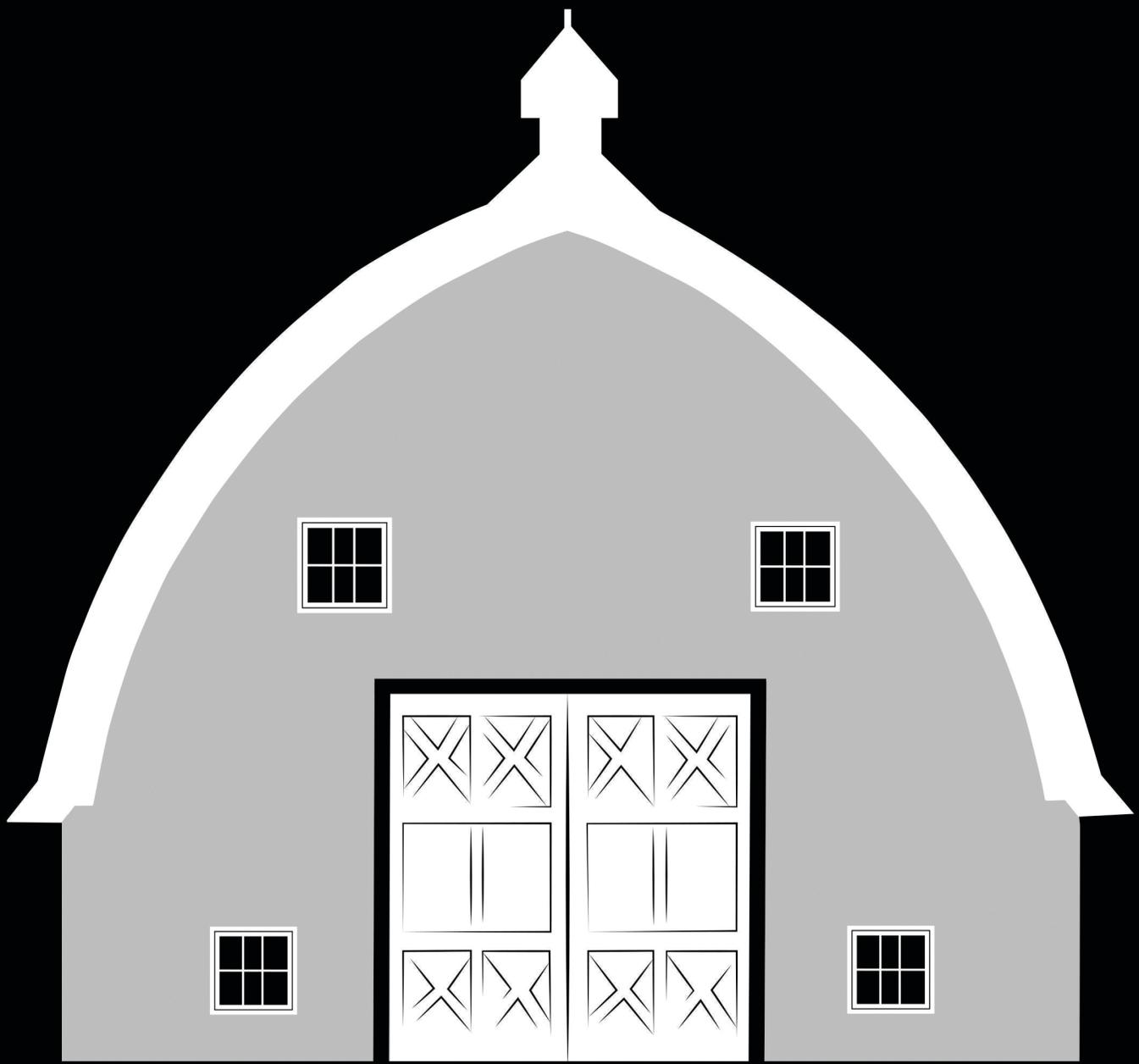


Historic Barns Park



Cathedral Barn

at Historic Barns Park



Cathedral Barn

at Historic Barns Park

Cathedral Barn Only

2015 Rental Rates

Peak- May through 2nd Week in November				Non-Peak- After 2nd Week in November through April			
Midweek	Midweek Evening	Close to Weekend	Weekend	Midweek	Midweek Evening	Close to Weekend	Weekend
Monday- Wednesday	Monday- Wednesday	Thursday & Sunday	Friday & Saturday	Monday- Wednesday	Monday- Wednesday	Thursday & Sunday	Friday & Saturday
\$500	\$750	\$2,000	\$4,000	\$250	\$500	\$1,500	\$2,000

Historic Barns Park

2015 Rental Rates for events under 1,000 people (in one day)

Peak- May through 2nd Week in November				Non-Peak- After 2nd Week in November through April			
Midweek	Midweek Evening	Close to Weekend	Weekend	Midweek	Midweek Evening	Close to Weekend	Weekend
Monday- Wednesday	Monday- Wednesday	Thursday & Sunday	Friday & Saturday	Monday- Wednesday	Monday- Wednesday	Thursday & Sunday	Friday & Saturday
\$2,500	\$2,500	\$5,000	\$6,000	TBD	TBD	TBD	TBD

Historic Barns Park

2015 Rental Rates for events over 1,000 people (in one day)

High impact events to pay full rate for most expensive day, all other days for operations or set up and tear down will be charged at half price

Peak- May through 2nd Week in November				Non-Peak- After 2nd Week in November through April			
Midweek	Midweek Evening	Close to Weekend	Weekend	Midweek	Midweek Evening	Close to Weekend	Weekend
Monday- Wednesday	Monday- Wednesday	Thursday & Sunday	Friday & Saturday	Monday- Wednesday	Monday- Wednesday	Thursday & Sunday	Friday & Saturday
\$2,500	\$2,500	\$5,000	\$10,000	TBD	TBD	TBD	TBD

Historic Barns Park & Cathedral Barn

RENTAL PRICING POLICY

With Limited dates available, to maximize revenue for Historic Barns Park, the following guidelines have been set for all space inquiries.

Rental Rates for Nonprofit Events

A 20% discount will be offered for weekday rentals of the Cathedral Barn at Historic Barns Park. No discount will be offered for weekend events. Proof of determination will be required. 100% of the proceeds must benefit the nonprofit renting the space.

Use of the Pavilion

Use of the pavilion is an additional rental rate of \$1,000. If rental of the pavilion is canceled due to inclement weather, a refund of the rental space will be provided, less a 15% administrative fee.

Off-Season

During the off-season, rental rates may be adjusted on a case-by-case basis. Factors to consider are: operational stress on staff, additional operations expenses incurred (extra snow plowing), exposure of pre-event marketing, exposure to new potential renters, likelihood of attendee renting the venue again, an in-kind sponsorship benefits.

Day Before & Day After Set Up

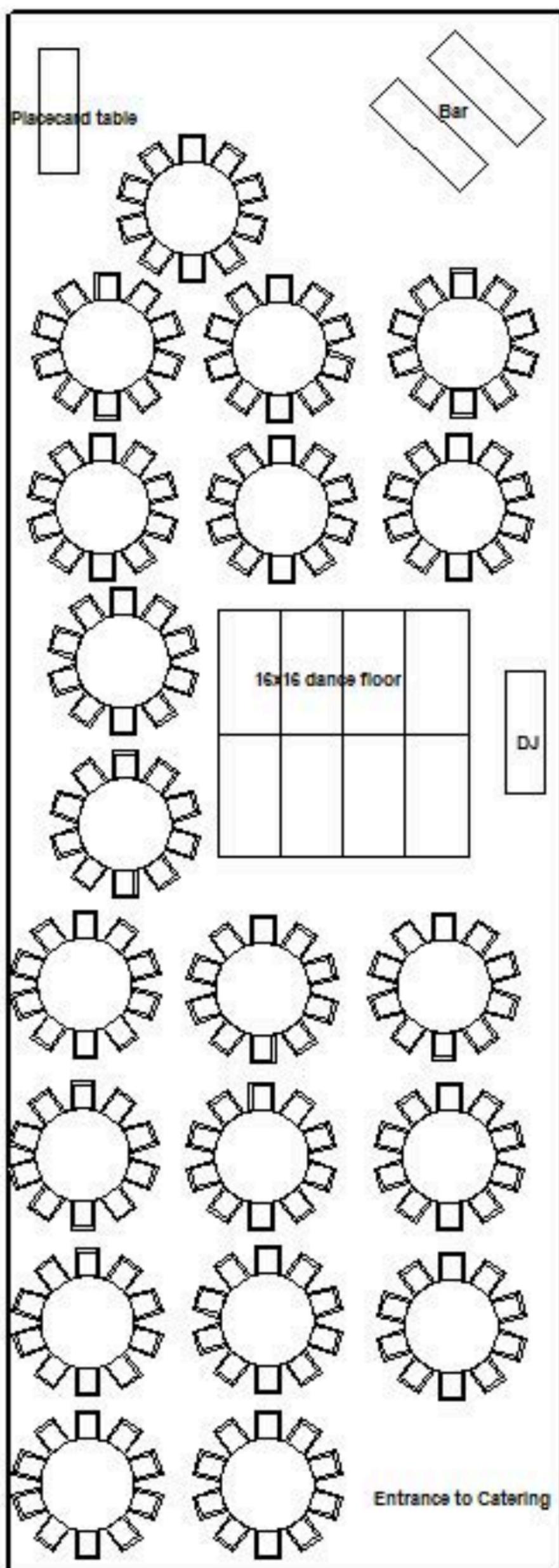
Day before and day after set up for events will be charged half the rental rate of the space. Three weeks out from the event date, day before and day after set up fees will be \$500 as the space is unlikely to be rented in such a short window of time.

High Impact Events

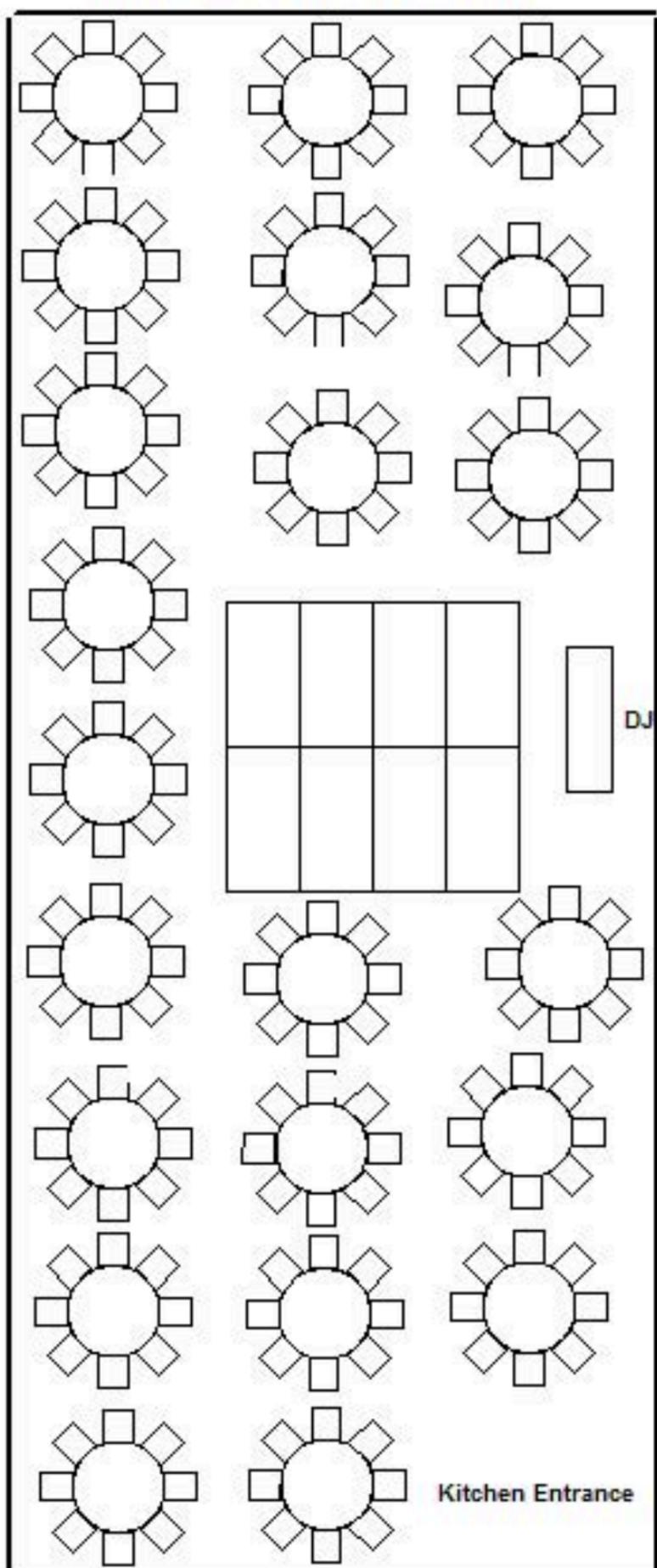
High impact events will be charged full price for the highest price day that the space is rented. For each additional day of use (including set up and tear down), half of the rental rate will be charged.

Banquet seating for 200

101 x 35 space



Front door space
15 feet of space for placecard table, bar



Expense	April '15	July '15	Sept '15	Oct '15	Nov '15	Total	Notes
GTAHA							
GTAHA Membership Dues	\$100.00					\$100.00	one year membership
GTAHA TOTALS						\$100.00	
NETWORKING EVENTS							
Downtown Bridal Show			\$350.00		\$150.00	\$500.00	registration & materials
Public & Planner Open House	\$2,500.00			\$2,500.00		\$5,000.00	
NETWORKING TOTALS						\$5,500.00	
MARKETING MATERIALS							
Advertisements			\$1,000.00			\$1,000.00	
Pop Up Banner		\$350.00				\$350.00	
MARKETING MATERIALS TOTALS						\$1,350.00	
Monthly Totals	\$2,600.00	\$350.00	\$1,350.00	\$2,500.00	\$150.00		
Annual Total	\$6,950.00						

Historic Barns Park

FACILITY USAGE GUIDE FOR VENDORS & RENTERS

ARRIVAL AND DEPARTURE

- 1.** Vendors will have access to Historic Barns Park beginning at 8:00 am on the day of the event. Arrangements may be made with the venue manager prior to the day of the event if additional time is necessary. Day before and day after set up for events will be charged half the rental rate of the space. Three weeks out from the event date, day before and day after set up fees will be \$500 per day.
- 2.** Following the completion of the final event, all vendors must be off site by the end-of-event time, as determined in the rental agreement.
- 3.** Music must end by 11:00 p.m. and guests must depart no later than 12:00 a.m.

PARKING

- 1.** No parking is allowed at Historic Barns Park except for in the designated areas.
- 2.** Weekend and evening parking is available at the TBA-ISD building located on Silver Drive.
- 3.** Vehicles carrying equipment or materials to be used during the event may be loaded and unloaded at an appropriate area and time approved in advance by Historic Barns Park, but will not be permitted to park in that area after loading or unloading unless special arrangements have been made in advance. Vehicles in violation may be towed.

GENERAL POLICIES

- 1.** Smoking is prohibited within the indoor spaces of Historic Barns Park.
- 2.** The use of nails, pins, tacks, staples, glue, or tape on walls, floors, doors, windows, or the ceiling is strictly prohibited.

Historic Barns Park

FACILITY USAGE GUIDE FOR VENDORS & RENTERS

3. All tents supplied by a vendor must be composed of noncombustible and flame-resistant fabric in accordance with the Charter Township of Garfield Fire Code and erected to meet wind load requirements of the State Construction Code. MID DIG must be called five days in advance to any tent installation and is the responsibility of the renter.
4. Outdoor lighting provided by vendors shall be in compliance with local ordinances.
5. Sound from music, entertainment, public address, and similar systems may not be audible beyond the Site of the Event, and must be in compliance with all local ordinances (currently a 10 p.m. Eastern Time cutoff for outdoor events).
6. The Renter will have access to the space for up to two visits prior to the event date for planning purposes by appointment only.

FOOD AND BEVERAGE PREPARATION

1. A site walk-through must be arranged by contacting the manager of Historic Barns Park for any caterers that have not operated events at Historic Barns Park.
2. No cooking is allowed inside. There is limited space for food and beverage preparation inside the kitchen of the Cathedral Barn.
3. All areas used by the caterer must be cleaned up after cooking/preparing food.
4. All dishes, silverware, serving utensils, etc. must be taken with you on the date of the event
5. All trash/recycling must be removed from the event.
6. Large cooking trailers will not be permitted. Food trucks and other catering vehicles must have written approval from Historic Barns Park and shall park in designated areas only.

Historic Barns Park

FACILITY USAGE GUIDE FOR VENDORS & RENTERS

ZERO-WASTE POLICY

1. Historic Barns Park requires that all vendors comply with the zero-waste program.
2. Please consult with the venue manager for information on this process. Typically expenses range from \$250 - \$500 for small-midsize events, but depend on the actual scope of the work.

EQUIPMENT AND SUPPLIES

1. All vendors supplying tables, chairs, display spaces, booths, equipment, or additional set-up indoors must adhere to all local, state, and federal fire and building codes.
2. Doors, hallways, staircases, elevators, fire exits, or emergency equipment must not be blocked or interfered with. Fire doors must not be propped open at any time.
3. Following the completion of the final event, all property brought into Historic Barns Park must be removed by the end-of-event time. Prior arrangements for any property or equipment that cannot be removed must be made in advance. Any property or equipment not removed will be disposed of/recycled at the discretion of Historic Barns Park management.

The City of Traverse City and Charter Township of Garfield

Communication to the Recreational Authority

FOR THE MEETING OF MARCH 4, 2015

DATE: FRIDAY, FEBRUARY 27, 2015

FROM: MATT COWALL, EXECUTIVE DIRECTOR

SUBJECT: HICKORY MEADOWS PROPERTY CONSIDERATIONS

This agenda item is reserved for updates on the power line project and related requests from the Hickory Meadows Advisory Committee.

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Dear Members of the Recreational Authority Board,

This week, the Hickory Meadows Advisory Committee reviewed details of the discussion that HMAC members had on February 18 with representatives from Traverse City Light & Power and the Recreational Authority Board regarding the list that the HMAC submitted to the Rec Authority for consideration on February 4th. Tim Arends indicated there were items that TCL&P was prepared to consider, including some flexibility in pole and easement trail placement, erosion and invasive species prevention and stream protection.

One option that TCL&P was not willing to consider was funding for the hiring of an independent conservation specialist to oversee work in the Meadows. Tim Arends suggested that this would be superfluous, as the project would already have a construction supervisor.

Taking into account the sensitive nature of this public property as well as the risk for error in such complicated and fast-moving work, we strongly advise the doctrine of “trust, but verify.” HMAC respectfully requests that the Rec Authority consider the importance of ensuring an independent conservation specialist to meet with the TCL&P head contractor on site daily to review the work plan and practices for the day and then verify that these have been completed successfully. The Grand Traverse Conservation District recently downsized its workforce, and our concern is that they won’t have the manpower to oversee the work being done in the Meadows.

TCL&P has stated that any deviations from best practices can always be remedied at a later date. However, HMAC believes that certain damage, such as invasive species and the spread of Oak Wilt, which is initiated by tree trimming, is vastly more difficult or impossible to eliminate once they have taken hold. Given the crippling effect of Emerald Ash Borer on our local woodlands, we wish to take measures to protect the oaks in Hickory Meadows, as well as the surrounding neighborhood, during the work that is planned for this spring.

HMAC believes that this level of stewardship requires care that is beyond the purview of TCL&P and its contractors, and that it is vital that qualified guidance and supervision be provided on this project. We pledge to do our best to support your efforts.

With appreciation,

The Members of the Hickory Meadows Advisory Committee

The City of Traverse City and Charter Township of Garfield

Communication to the Recreational Authority

FOR THE MEETING OF MARCH 4, 2015

DATE: FRIDAY, FEBRUARY 27, 2015

FROM: MATT COWALL, EXECUTIVE DIRECTOR

SUBJECT: CONSIDERATION OF A PROPOSAL FOR A SOLAR WELL
PUMP AT HISTORIC BARN'S PARK

As engineering and specs for a solar array to power the agricultural well pump have continued to develop, a new option has emerged that I would like to discuss on Wednesday night. In this scenario, the well pump would be connected to commercial electricity through the Cathedral Barn, as had originally been contemplated, making sure the pump always has the capacity to run the irrigation needed for the SEEDS farm and Community Garden. A solar array would also be tied in to the system, and any solar power generated above and beyond that needed for the pump would be returned to the grid and show up as a credit on the Cathedral Barn's electric bill each month. Power used by the pump would be metered, and if the solar array doesn't cover the full electrical usage of the pump, the balance would be charged out to those user groups. As the area around the current pumphouse may be disturbed by future construction, the array is designed to be movable should that become necessary.

In combination with the grant funding obtained by SEEDS, this option would require a cost share of up to \$3,000 by the Authority (which remains in line with the cost share that was tentatively considered by the Board last summer, and well below the standard electrical installation estimates of \$7,000 or more).

SEEDS prepared the attached summary along with photo renderings of the finished product for your reference. I want to also acknowledge and thank Mike Schmerl, a Master Electrician and a solar PV installer and educator, who has been instrumental in developing this option for your consideration.

That amount of cost share would require Board approval. If so desired by the Board on Wednesday, the following motion would be appropriate:

That the competitive bidding requirement be waived and that up to \$3,000 in cost share be provided toward the completion of a solar array and electrification for the agricultural irrigation pump at Historic Barn's Park.

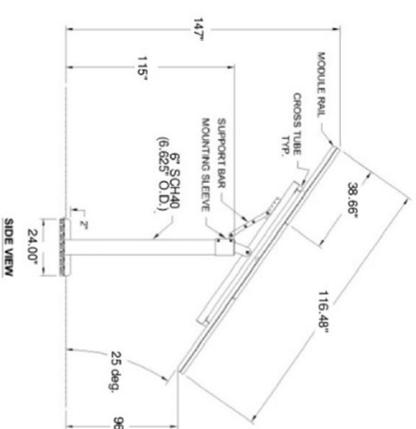
Matt

Is it possible to put a proposal in front of the RA next week that outlines:

- Approval for you to spend up to \$3000 in order to run a full time power circuit from the Barn to the pump house. This will insure water at all times according to original plans but for a stellar price. We will install a meter to measure how much energy is "purchased" from the barn and can work out payments to the RA as necessary with this.
- Approval for SEEDS to manage the installation of a solar array to power the irrigation pump. This will be 12 modules in a 2 high pattern, 6 wide. The end result will be almost 33 feet wide and 6 feet 8 inches on the North-South dimension. It will have three support legs with concrete bases. For the months in use, the southern edge will still be higher than can be reached by a human without a ladder. The entire array may be considered a temporary structure as its components can be dismantled and used in another location should that ever be a desirable option.



Solar Shade Structure at the Historic Barns Park



The City of Traverse City and Charter Township of Garfield

Communication to the Recreational Authority

FOR THE MEETING OF MARCH 4, 2015

DATE: FRIDAY, FEBRUARY 27, 2015

FROM: MATT COWALL, EXECUTIVE DIRECTOR

SUBJECT: CONSIDERATION OF THE ADDITION OF TRAVERSE CITY
COMMUNITY GARDEN AS A MANAGEMENT ENTITY AT
HISTORIC BARNS PARK

As expressed at earlier meetings of the Board and generally supported, Traverse City Community Garden (TCCG) is interested in becoming party to the formal Management Agreement for Historic Barns Park, essentially in the same footprint formerly allocated to Little Artshram. BGHBP and SEEDS support the idea, and we have been collectively working through a few housekeeping items that were necessary to consider as part of this process, as follows:

- Documenting that Building 221 has been allocated to BGHBP;
- Little Artshram hadn't developed the west end of its main parcel, and TCCG is now willing to share some of that space with SEEDS; and
- The original agreement allowed Little Artshram to request shared space in Building 223, something it never took advantage of, and now TCCG is willing to release claim on.

Counsel is working through the nuts and bolts of the language, which I would like to show you at the April meeting for final ratification. In the meantime, TCCG would like to be able to report on progress at its season kickoff meeting on March 8. If it pleases the Board, the following motion would be appropriate:

That the Board supports adding Traverse City Community Garden to the Agreement for Management of the Historic Barns Park.

The City of Traverse City and Charter Township of Garfield

Communication to the Recreational Authority

FOR THE MEETING OF MARCH 4, 2015

DATE: FRIDAY, FEBRUARY 27, 2015

FROM: MATT COWALL, EXECUTIVE DIRECTOR

SUBJECT: REPORTS

Expected reports for Wednesday include:

- Grand Traverse Conservation District
- Historic Barns Park construction updates and road planning
- EPA Cleanup Grant
- March 1 quarterly updates from Management Entities at Historic Barns Park (Botanic Garden, SEEDS)
- Community Gardens
- Any reports from Board members
- Executive Director's report and possible verbal updates



SEEDS at the Historic Barns Park: First Quarter 2015

1. *Work proactively and cooperatively with BGS and the RA.*
 - a. Active online and productive discussions have taken place surrounding the future membership of TCCG as a full MOU-partner.
 - b. We have been communicating with the TCCG about pest issues (ex. squash bugs and vine bores) and how to avoid them by placing a moratorium on certain crops.
 - c. Once again, SEEDS will be partnering with TC West Middle School's "Project Greenagers" day of community service. Ninety middle schoolers will come to the HBP to help with projects around the properties. The students will be split between SEEDS, who they worked with last year, and the Botanical Garden Society. Possible projects include helping prep soiling for planting, seeding flats in the hoophouse, painting a mural on the ends of the hoop house, and perhaps with guidance from GTCD pulling invasives or trail work. This will be a great day to showcase the property to younger folks and share in community partnerships. Date: Thursday May 28 with a rain check date of Friday May 29.

2. *Create and maintain beautiful borders in order to add to the **visual interest and ecological diversity** on the property.*
 - a. We will be planting perennial beds, sunflowers, and plants specifically intended to attract pollinators along the fence line. These will create a beautiful aesthetic surrounding the fence of the SEEDS Farm while still serving the practical purpose of pollinating produce and encouraging integrated pest management. Feel free to encourage bridal parties to take photographs among the flora of our space!
 - b. Plans are also in the works to fix sections of the fence that are broken.

3. *Support the development of a comprehensive energy plan.*
 - a. SEEDS Engineer, Barton Kirk P.E., made a site visit in January laying the ground work for data collection. The first meeting of the advisory body will be February 27th with partner interviews to follow.
 - b. The solar irrigation project continues to move forward with the engagement of local solar expert, Mike Schmerl <http://solarboyz.com/> and continued relationship development with both the TBAISD Career Tech Center's Construction Trades and NMC's Skilled Trades.



4. *Continue to develop the quality of the educationally focused farm operation.*
 - a. Farm planning has included seed orders for both annual vegetables for the main portion of the field and native perennials to plant around the perimeter of the fence.
 - b. As usual, we plan to grow a variety of storage crops to be used for culinary classes in the 2015-2016 school year. SEEDS has also made connections with local food trucks including Cordwood BBQ and Roaming Harvest to grow food for their enterprises.

5. *Continue building educational programming in relation to the site by prioritizing the development of high quality, long term program relationships with select students over simple quantity of youth onsite.*

- a. SEEDS has been recruiting Youth Corps members whose work will be focused solely on agriculture, much of this work will be based at the SEEDS Farm. We are partnering with the Ag Science/Natural Resources program at the Career Tech Center to target students who already show a strong interest in agriculture. Beyond work at the farm, students will also help manage the Sara Hardy Downtown Farmer's Market. In this way they will be exposed in the entire cycle of farm-to-market and gain entrepreneurial and management skills to facilitate farming either as a hobby or a career.



Graduates of Kalkaska Middle School's Cooking Matters™ Class

6. *Dedicate fundraising and friend-raising capacity specifically toward investment in Historic Barns Park. This includes the following specific project goals:*
 - a. 1000+ hours of Youth Corps onsite training and work
 - b. Youth supported installation of the solar irrigation system
 - c. Youth supported installation of new doors for 223 & façade improvements
 - d. A temporary demonstration of wind power developed by youth
 - e. Informational signage
 - f. Stormwater and groundwater management for 223
 - g. Beautiful, ecologically relevant perennial border plantings
 - h. Myco-rhizal agricultural experiments
 - i. Improved crop storage and increased season extension
 - j. The Quest hosted in the Barn: A youth-driven musical performance at the Barn, tentatively scheduled for July2! The Quest aims to educate and empower youth in our community through creative expression in art and music, and has a focus on healthy eating and lifestyle.

2014's Quest Performance at the City Opera House!





March 1, 2015

Matt Cowall
LIAA Communications & Development Director
Executive Director - City of Traverse City and
Charter Township of Garfield Recreational Authority
324 Munson Avenue
Traverse City, MI 49686

Dear Matt,

Attached is the Quarterly Report from the Board of the Botanic Garden at Historic Barns Park, for the period of December 1, 2014 through February 28, 2015. As you know, the BGHBP board utilizes a Strategic Planning Process to determine its annual and 3-year goals. Each Quarterly Report presents the progress we have made in the current year's goals over that three-month period. The twelve goal areas for 2015 are: to establish a long-term lease, to explore Executive Director options, to contract for identified accounting services, to assist and support efforts for future road design & construction in the park, to develop a comprehensive marketing plan, to implement the 2015 fund development plan, to complete the Walled Garden, to complete the Silo Pool & Fountain, to replace the Wagon House roof, to assist in the renovation of Building 223's exterior, to expand the present garden plantings, and to build the board through the recruitment of new board members.

Please feel free to contact me if you have any questions.

Sincerely,

Karen Schmidt,
Botanic Garden Board Chair



Mission: Public gardens have a powerful and positive impact on the health, environment and economy of a region. They make it a better place to live. The mission of BGHBP is to design build and manage a year-round botanic garden in Northwest Michigan for the purposes of botanical and environmental preservation, education and research, and the enjoyment and renewal of citizens and visitors

Quarterly Report

March 1, 2015

GOAL #1 – LONG TERM LEASE – Because donors, members and board directors need an assurance that their investment in the Garden will be protected across time: By December 2015 a long-term lease will be in place:

- a. During this quarter The Botanic Garden began conversations with the Recreational Authority board and Garfield Township regarding our interest in obtaining a long-term lease for the Garden.
- b. During this quarter, the board’s attorney worked with board officers to develop a draft of a long-term lease proposal. This draft will be shared with the Recreational Authority and Garfield Township during the second quarter for any additional input.

GOAL #2 – EXECUTIVE DIRECTOR – Because the needs and responsibilities are expanding as the garden develops, by January of 2018 a Botanic Garden Executive Director will be hired.

- a. During the first quarter, work began on identifying the roles and responsibilities of an Executive Director for the Garden
- b. During the second quarter the board will begin exploring possible funding sources for this position.

GOAL #3 – CONTRACTED ACCOUNTING SERVICES – Because accounting responsibilities continue to accrue as the expanding Garden’s revenues and expenditures increase, by December 2015, The Botanic Garden will have hired the services of a professional accounting firm for items such as the 990 report, an audit/financial review, etc.

- a. During the first quarter, the board procured the services of Dennis, Gartland & Niergarth to complete a financial procedural review for the Garden.
- b. During the first quarter the board decided to hire an accounting service to complete the Garden’s 990 report.
- c. During the first quarter the board recruited a new board member, a financial planner at Robert W. Baird & Co., with a strong background in financial planning and accounting, who will assist the board in determining if there are any other areas where outside accounting may be necessary.

GOAL #4 – ROADS, LIGHTING AND SIGNAGE – Because the Botanic Garden and the Historic Barns Park are both negatively impacted by the poor condition and placement of the present roads, limited parking, and the lack of lighting and signage: By December 2015 a formal group, made up of The Botanic Garden, the Recreational Authority and other supportive parties will address shared infrastructure issues, including roads, parking, lighting and signage, and assist each other in pursuing funding and design work for that infrastructure.

- a. During the first quarter, representatives from the Botanic Garden participated in a planning session with E.C.T. engineer Tonya Lewandoski, Matt Cowall and Molly Agostinelli of the Recreational Authority, Brian Vandenbrand of Garfield Township, and Michael Haynes of the Community Garden begin planning for the design and construction of future roads at the park.
- b. During the first quarter, the Garden hired and paid Scott Jozwiak Consulting to complete topographical surveys in order to obtain a better picture of the various elevations and contours at the core area of the park. This information will assist in the road planning and design.
- c. During the first quarter, the Garden contracted and paid Nelson Byrd Woltz to develop a series of designs to be considered for new roads at the park. NBW involved the Recreational Authority, Tonya Lewandoski, Scott Jozwiak, and the Garden through planning conference calls during this process. Input is presently being sought from the G.T. Metro Fire Department and the DEQ as the design process continues. The Garden has absorbed the cost of the survey and design work to date, which is significant.

GOAL #5 – MARKETING – Because the Garden needs to increase public awareness, support and participation: By December of 2015, The Botanic Garden will draft and complete a comprehensive marketing plan, while continuing present marketing efforts.

- a. During the first quarter the board recruited new board director Elizabeth Ledtke, whose background includes advertising. Liz will chair the Marketing Committee and assist in the development of a marketing plan.
- b. During the first quarter the Garden hired Brand Tonic to design a new poster that can be used for ads in specific publications.
- c. During the first quarter the Garden wrote and submitted a grant to assist in the cost of the design and printing of rack cards, which will be placed in Chambers of Commerce, Convention & Visitor Bureaus and regional nurseries, to encourage both residents and visitors to come to the garden and support the garden through memberships and donations.
- d. During the first quarter the Garden published the winter 'Garden Clippings' e-newsletter, updating readers on the new attractions at the Garden for 2015 and providing information for membership and donations.
- e. During the first quarter the Garden collaborated with the RA in the purchase of an ad in the Traverse Magazine Bride issue, advertising the park and Garden as a wedding venue.
- f. During the first quarter the Garden collaborated with the RA in purchasing a space and participating in the Downtown Development's Bridal Show at the Opera House, introducing the Cathedral Barn and Garden as wedding venues.
- g. During the second quarter the Garden will collaborate with the RA in an open house for event planners and event suppliers, advertising the Cathedral Barn and Garden as a special event venue.

GOAL #6 – FUND DEVELOPMENT - Because a diverse and strong revenue source is critical to the operation and growth of the Garden: By December of 2015, The Botanic Garden will implement the fund development plan recommended at the November 2014 Strategic Planning Session. The development plan implementation will address each of the elements (membership, annual giving, planned giving, grants, endowments, donations, events, newsletters, marketing) using the timeline defined in the development calendar. Donor Perfect On-line software will be implemented to support a number of these elements.

- a. During the first quarter, through the website, newsletter, annual giving drive, Facebook and personal contacts, the Garden focused heavily on new memberships and membership renewals.
- b. During the first quarter the Board implemented the Development Plan winter activities, including a successful Annual Giving drive, a winter newsletter, and planning for an event planner tour.
- c. During the first quarter one of the contracted development professionals completed the draft of a Planned Giving program, which will be discussed and offered for approval at the March board meeting.
- d. During the first quarter a number of grants were written and submitted, with a focus on funding for an irrigation system, green roof on the Wagon House, advertising design and printing costs, and repairs for Building 223.

- e. Goals for the second quarter marketing will include a spring membership drive, a spring newsletter, feed-back meetings with individual donors, a media day, and a collaborative spring open house for the park and garden.
- f. During the first quarter, the Garden's administrator and the Garden's treasurer continued training with the Donor Perfect software system.

GOAL #7 – WALLED GARDEN – Because the Walled Garden will bring a whole new level of beauty and function to the Botanic Garden and the park, to be enjoyed by thousands, its completion is an important goal: By December of 2015, the design and construction of the Walled Garden will be completed, including walkways, plantings, fences and screens. Additional features (fountain, main gate, etc.), including the adjoining Secret Garden, are scheduled for completion in 2016.

- a. During the first quarter, the Garden contracted with the Trisen Engineering Group to determine if additional work is needed on the Walled Garden's tack room in order to support the weight of a green roof. No additional support will be required, although repair of some exposed metal rebar in the ceiling prior to the green roof construction was recommended. A May date has been selected for the installation of the green roof by Nate Griswold of Inhabitect, which will include a participatory workshop in 'Green Roof Construction'.
- b. During the first quarter, Nelson Byrd Woltz designers completed a landscape plan for the Walled Garden, including the selection and layout of specific plants, the majority of which are native to Michigan, or are cultivars of those natives.
- c. During the first quarter, Nelson Byrd Woltz designers completed a landscape plan for the adjoining Secret Garden as well.

GOAL #8 – SILO POOL AND FOUNTAIN – Because a water feature in the footprint of the historic silo will be a stunning addition to the Visitor Center courtyard and will add to the experience of visitors: By December of 2015, the silo pool will be completed and landscaped, including the mechanics of the pump and waterfalls, and the planting of the model 'constructed wetland' in the upper tier.

- a. During this quarter, skilled workers from Hallmark Construction and Lightening Turtle Landscape, in collaboration with Nelson Byrd Woltz Associates, constructed the concrete components of the 3-tier silo pool and fountain, using the original silo foundation as the upper tier's wall. In addition, both electric conduit and water pipes were run from the electric box and irrigation well on the north side of the Visitor Center, down and around the front of the Visitor Center to the pool itself.
- b. During the second quarter, the fountain's mechanics will be installed, as well as lighting under each stainless steel water scupper. Disturbed soil, lawns and paths will be repaired, and the 'constructed wetland' will be planted, with a projected completion date of early

May. Additional landscaping around the pool will be done during the second and third quarter.

GOAL #9 – WAGON HOUSE ROOF – Because the old roof of the Wagon House contains asbestos and will be removed in the spring, and because the Garden’s goal is to restore that structure as a classroom and venue space: By December of 2015, the Wagon House roof will be replaced and the exterior walls painted.

- a. During this quarter, the Garden hired the Trison Engineering Group, Inc. to determine if the Wagon House roof will need additional reinforcement before a new roof can be installed. The engineers’ recommendation: in order to bear the load of a new roof, a new beam and column line, running down the center of the length of the building, will have to be installed prior to the new roof’s construction. Estimates for this work will be acquired during the second quarter, with work ensuing after the lead paint and roof removal is completed.
- b. During this quarter the Garden explored sources for donated paint and labor that will be utilized when the lead paint removal is completed.

GOAL # 10 – BUILDING 223 – Because the exterior of Building 223 (the 95-year-old Blacksmith Shop) is in extremely poor condition, with peeling lead-based paint, rotting eaves and soffits, and badly deteriorated garage doors, and because this building’s appearance has a negative impact on the park and Garden itself, the goal is to collaborate with SEEDS to repair and repaint the building and replace the garage doors.

- a. During the first quarter, the Botanic Garden secured a partnership with Home Depot. The 10 regional Home Depot stores will ‘adopt’ Building 223 and 100 of their employees will assist with painting, clean-up and minor repairs in a day-long late spring or early summer workbee (after the lead paint is removed). Home Depot is considering the donation of lumber and gutters as well, and Behr paint has agreed to donate all of the paint. The Botanic Garden and SEEDS are to provide food and beverages for the workers that day.
- b. During the first quarter, the Garden’s MOU team worked with Bill Watson of SEEDS to get estimates and examples of replacement garage doors and agreed on a style and brand.
- c. During the first quarter, the Garden worked on two different grant requests to help with the cost of the garage doors for SEEDS and the Botanic Garden.

GOAL #11 – BOARD CAPACITY – Because a diverse and robust board, with clear guidelines and policies, bring strength to an organization: By December of 2015, the capacity of the Botanic Garden board will be increased through the addition of at least four new board members, and the review and revision of present by-laws and board policies.

- a. During the first quarter, the board successfully recruited two new board members – Elizabeth Ledtke and Tracy Raz. Liz has extensive background experience in advertising, with both private and public sectors. Tracy is a financial planner with a great deal of experience

in accounting, point of sale software, Quick Books. She served as the Garden's first treasurer in 2000 and is returning to that position. These two excellent new board directors will be of great assistance with our goals in marketing and accounting and bring a wealth of new skills and experiences to the board.

- b. During the first quarter work began on creating an ad-hoc committee that will draft updates to the Garden's by-laws and policies. At least one non-board member will be included in that committee.

GOAL #12 – EXPANSION OF PRESENT GARDEN PLANTINGS - Because the heart of a botanic garden lies in the plants themselves: By December of 2015 the Botanic Garden will expand the number of both container plants and in-ground plantings.

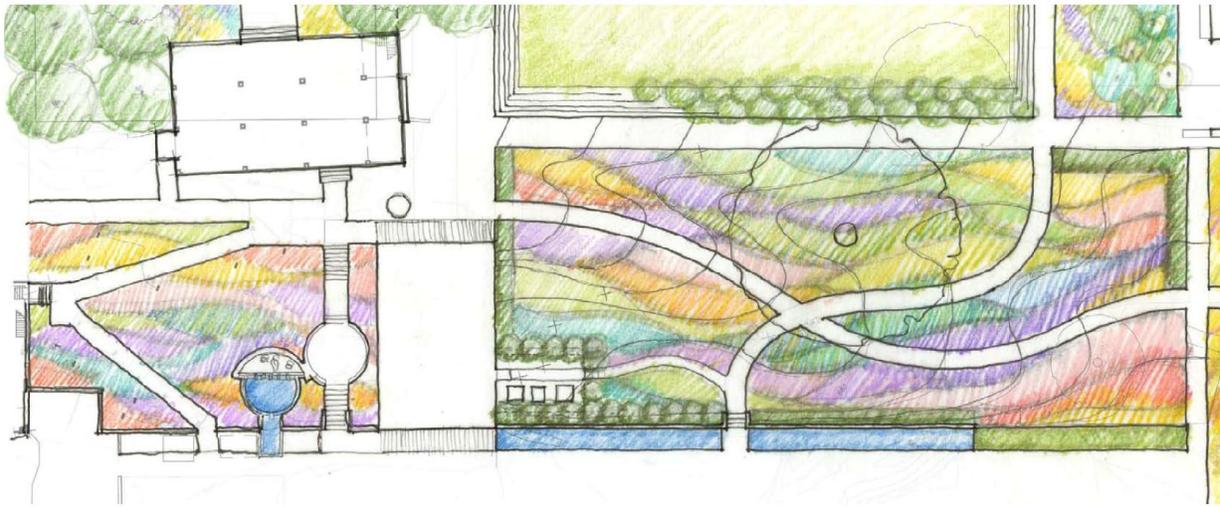
- a. During this quarter, the Garden planted 4,000 bulbs in 40 containers, storing them in the root cellar for spring display. An additional 2,000 bulbs were planted outside in front of the Visitor Center last quarter for an impressive spring bloom.
- b. During this quarter, the Garden successfully raised enough money to fund the long allee of Sugar maples, a double row of which will run from the Visitor Center parking lot, north to the entrance to the Labyrinth. Those trees will be installed in the fall, after the last outdoor wedding.
- c. During this quarter, the Garden contracted with Nelson Byrd Woltz to design additional central gardens around the Visitor Center so planting patterns would be in place.
- d. During this quarter, thanks to a grant from the Stanley Smith Horticultural Foundation, a part-time horticulturist is being hired for the growing season.

ADDITIONAL ACHIEVEMENTS FOR THE FIRST QUARTER OF 2015:

1. During this quarter, the Botanic Garden hired the Trisen Engineering Group to evaluate the capacity of the Pavilion to hold the weight of a green roof. The engineers determined that the Pavilion does not have the structural capacity to support a green roof.
2. During this quarter, the Garden raised enough money (\$6000) to hire Wilhelm Landscape to install a 15' wide bluestone rose mosaic on the floor of the Conversation Circle and a bluestone walkway above it. During the next quarter, the Garden will hire Wilhelm to install 3 Rosetta Stone stairs up to the Pavilion, increasing access to the Pavilion from the outdoor stairs.
3. During this quarter a series of workshops and classes were developed for 2015, as well as collaborative activities with local schools.
4. Additional display cabinetry was designed, built, purchased and installed in the Visitor Center gift shop.



This is a rendering of the lower levels of the silo pool. Each scupper will be underlit at night. Bog plantings will be in the top tier.



The above rendering shows the proposed V-shaped ADA ramp that goes from near the pool to the Pavilion, as well as the future hillside gardens and reflecting pools to the north of the Visitor Center (the white rectangle to the right of the pool). Folks with wheelchairs or strollers could access the upper level

via the V-shaped ramp and then continue north across and through the Hillside Gardens, or west up to the Pavilion, or south to the barns and amphitheater.

The City of Traverse City and Charter Township of Garfield

Communication to the Recreational Authority

FOR THE MEETING OF MARCH 4, 2015

DATE: FRIDAY, FEBRUARY 27, 2015

FROM: MATT COWALL, EXECUTIVE DIRECTOR

SUBJECT: CONSIDERATION OF A FRAMEWORK FOR LONG-TERM
STRATEGIC PLANNING

At the meeting of February 4, the Board expressed interest in pursuing some strategic planning guidance from NorthSky Nonprofit Network. This agenda item is reserved to discuss the options available to the Board through NorthSky's programs, as well as potential funding options through Rotary Charities. An application for a planning grant from Rotary Charities requires Board approval; the following motion would be appropriate to facilitate an application:

That the Board authorize a grant application to Rotary Charities of Traverse City for strategic planning purposes.

The City of Traverse City and Charter Township of Garfield

Communication to the Recreational Authority

FOR THE MEETING OF MARCH 4, 2015

DATE: FRIDAY, FEBRUARY 27, 2015

FROM: MATT COWALL, EXECUTIVE DIRECTOR

SUBJECT: CONSIDERATION OF 2013-14 AUDITED FINANCIAL
STATEMENTS

Attached are the 2013-2014 *Audited Financial Statements* from Tobin & Co., P.C. The *Audited Financial Statements* will be available for public review in the Executive Director's office, the City and Township offices, Traverse Area District Library and on the Authority's web page.

The following motion would be appropriate to accept the Audited Financial Statements:

That the Audited Financial Statements for the fiscal year end June 30, 2014, be accepted.

Tobin & Co.

City of Traverse City and Charter Township of Garfield Recreational Authority

Grand Traverse County, Michigan

Audit Report

For the Year Ended June 30, 2014

Tobin & Co.

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INTRODUCTORY SECTION

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Comments and Recommendations

We have audited the basic financial statements of City of Traverse City and Charter Township of Garfield Recreational Authority, Grand Traverse County, for the year ended June 30, 2014 and have issued our report thereon. As part of our examination, we made a study and evaluation of the Authority's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Authority's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Our study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal control of City of Traverse City and Charter Township of Garfield Recreational Authority taken as a whole. As a result of our examination, we respectfully submit the following comments and recommendations.

General

Recorded revenues were deposited timely and intact. Board minutes were in good order and supporting data and follow-up procedures appeared good. We commend the Authority's management and bookkeeper for the fine condition of the Authority's records.

Budgets and Procedures

The Authority prepared and formally adopted budgets for all of its governmental funds.

General Fund

The General Fund is presented on Schedule 1 of this report. Revenues exceeded expenditures by \$100,196. The fund balance at June 30, 2014 was \$302,914.

Debt Service Fund

The Debt Service Fund is presented on Schedule 2 of this report. Revenues exceeded expenditures by \$55,053. The fund balance at June 30, 2014 was \$402,654.

Capital Project Fund

The Capital Project Fund is presented on Schedule 3 of this report. Expenditures exceeded revenues by \$28,910. The fund balance at June 30, 2014 was \$117,099.

Insurance Coverage

Records reflect that the Authority has general liability insurance through Municipal Underwriters of Michigan. Coverage was reviewed during the audit year.

Other Data

We are pleased to note the use of interest bearing accounts. This practice resulted in earned interest of \$423 during the audit year.

After completion of our audit, we will submit the necessary copies of our report to the State Department of Treasury.

We appreciate the courtesy extended our field auditors in the conduct of this audit.

Your confidence is respected. Please contact us if questions arise or assistance is needed.

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
City of Traverse City and Charter Township of Garfield Recreational Authority
Grand Traverse County
Traverse City, Michigan

We have audited the accompanying financial statements of the governmental activities, and the general fund information of the City of Traverse City and Charter Township of Garfield Recreational Authority as of and for the year ended June 30, 2014, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity'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 entity'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the general fund information of City of Traverse City and Charter Township of Garfield Recreational Authority, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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.

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Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Traverse City and Charter Township of Garfield Recreational Authority's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have 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 them.

Tobin & Co., P.C.

TOBIN & CO., P.C.
Certified Public Accountants
October 2, 2014

Tobin & Co.

CITY OF TRAVERSE CITY AND CHARTER TOWNSHIP OF GARFIELD RECREATIONAL AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Traverse City and Charter Township of Garfield Recreational Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

The assets of the Authority exceeded its liabilities at the close of the fiscal year by \$2,214,237.

The Authority's net position increased during the year by \$438,625.

This is the tenth year of the Authority's operations. In the initial year of operations by approval of the citizens of the City of Traverse City and Charter Township of Garfield a millage was issued which allowed the Authority to issue a bond in the amount of \$6,650,000. All of the bond proceeds have been expended as of fiscal year end June 30, 2012.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

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

The **statement of net position** presents information on all of the Authority's assets and liabilities, with the difference between the two reported as **net position**. Over time, increases or decreases in net position may serve as a useful indicator of whether the Authority's financial position is improving or deteriorating.

The **statement of activities** presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused credits, and used but not paid expenses).

Both of the government-wide financial statements distinguish functions of the Authority that are principally supported by property taxes (governmental activities). The governmental activities of the Authority include the acquisition, construction, operation, maintenance, or improvement of public recreation centers, and public parks as may be acquired by the Authority or as may be transferred to it by a participating municipality.

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. City of Traverse City and Charter Township of Garfield Recreational Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of City of Traverse City and Charter Township of Garfield Recreational Authority are categorized as governmental funds.

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

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

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The Authority maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and Capital Projects Fund. All are considered major funds.

The Authority adopts an annual appropriated budget for its funds. A budgetary comparison statement or schedules have been provided herein to demonstrate compliance with that budget.

The governmental fund financial statements can be found on pages 14 through 15 of this report.

The Authority does not maintain proprietary or fiduciary funds.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this management discussion and analysis.

The Authority's Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$2,249,327 or a 22% increase over prior year at the close of the fiscal year, June 30, 2014.

The Authority's investment in capital assets as of June 30, 2014, amounted to \$1,444,778 (net of accumulated depreciation) less the long term debt outstanding used to finance the acquisition. The debt will be repaid from voter approved property taxes collected as the debt and interest payments come due. Restricted net assets of approximately \$466,500 are shown separately to recognize legal constraints from debt covenants.

Condensed Financial Information

	Net Position	
	Governmental Activities	
	2014	2013
Current and Other Assets	\$ 865,473	\$ 830,998
Non Current Assets:		
Capital Assets	<u>6,744,457</u>	<u>6,636,096</u>
Total Assets	7,609,930	7,467,094
Current Liabilities		
Accrued Expenses	60,693	151,482
Long-term Liabilities		
Outstanding	<u>5,335,000</u>	<u>5,540,000</u>
Total Liabilities	<u>5,395,693</u>	<u>5,691,482</u>
Net Position:		
Investment in Capital, net of Related Debt	1,444,778	1,134,807
Restricted:		
Debt Service	349,446	292,078
Capital Project	117,099	146,009
Unrestricted	<u>302,914</u>	<u>202,718</u>
Total Net Position	<u>\$ 2,214,237</u>	<u>\$ 1,775,612</u>

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Change in Net Position

	Governmental Activities	
	<u>2014</u>	<u>2013</u>
Program Revenues:		
Charges for Services	\$ -	\$ -
General Revenues:		
Property Taxes	604,834	548,655
Interest Earned	423	315
Refunds, Reimbursements and Grants	<u>166,435</u>	<u>115,308</u>
Total Revenues	<u>771,692</u>	<u>664,278</u>
Expenses:		
Recreational and Cultural	137,643	129,180
Interest Expense and Paying Agent Fees	<u>195,424</u>	<u>228,548</u>
Total Expenses	<u>333,067</u>	<u>357,728</u>
Change in Net Position	438,625	306,550
Net Position Beginning of Year	<u>1,775,612</u>	<u>1,469,062</u>
Net Position End of Year	<u>\$ 2,214,237</u>	<u>\$ 1,775,612</u>

Governmental Activities

Revenues by Source

Because the Authority receives the bulk of its revenue from property taxes of approximately \$605,000, it held a strong cash position throughout the year and was able to cover its operation cost.

The revenue resources are constrained for the operation, maintenance and capital needs of the Authority and may not be utilized for other purposes as defined by the resource documentation.

Expenses

In 2014, total expenses approximated \$298,000. Approximately \$160,000 of the expenses were related to interest on bond obligations and the balance of approximately \$138,000 were recreational and cultural activities.

Financial Analysis of the Authority's Funds

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The General Fund is the chief operating fund of the Authority. At the end of the fiscal year, the total fund balance was \$302,914 and is shown as unassigned. The fund balance was more than expected because actual revenues were more than the budgeted revenues.

Capital Asset and Debt Administration

Capital Assets are primarily comprised of land and the Historic Barns Park at the Commons renovation costs, which amount to \$6,744,457 (net of accumulated depreciation). Additional information on the Authority's capital assets can be found in Note 3 on page 20 of this report.

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Capital Assets Not Being Depreciated	\$ 5,567,462	\$ 5,567,462
Capital Assets Being Depreciated, Net	<u>1,176,995</u>	<u>1,068,634</u>
Total	<u>\$ 6,744,457</u>	<u>\$ 6,636,096</u>

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Long-term debt consisted of a bond obligation for the purchase of various parcels of land; as of fiscal year end there was an outstanding balance of \$5,335,000, reduced this year by the principal payment due in the amount of \$50,000. Additional information can be found in Note 6 on page 20 of this report.

Economic Factors and Next Year's Budgets and Rates

The next year continues the strong fiscal position of the Authority. Property tax rates will be .0994 for the general operating millage and .30 for the debt service millage. The remaining fund balance in the Capital Project Fund will be used for projects at the Historic Barns Park at the Commons.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Matt Cowall, Executive Director, City of Traverse City and Charter Township of Garfield Recreational Authority, 324 Munson Avenue, Traverse City, MI 49686.

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City of Traverse City and Charter Township of Garfield Recreational Authority
Statement of Net Position
June 30, 2014

	<u>Governmental Activities And Total</u>
<u>Assets</u>	
Current Assets	
Cash	\$ 830,152
Non Current Assets	
Unamortized Bond Costs and Discount	35,321
Capital Assets	<u>6,744,457</u>
Total Assets	<u>7,609,930</u>
 <u>Liabilities</u>	
Accounts Payable	7,485
Interest Payable	53,208
Non Current Liabilities	
Due Within One Year	50,000
Due In More Than One Year	<u>5,285,000</u>
Total Liabilities	<u>5,395,693</u>
 <u>Net Position</u>	
Invested in Capital Assets, net of Related Debt	1,444,778
Restricted For:	
Debt Service	349,446
Capital Project	117,099
Unrestricted	<u>302,914</u>
Total Net Position	<u>\$ 2,214,237</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

City of Traverse City and Charter Township of Garfield Recreational Authority
Statement of Activities
June 30, 2014

Functions/Programs	<u>Expenses</u>	<u>Governmental Activities and Total</u>
Governmental Activities:		
Recreation and Culture	\$ 137,643	\$ (137,643)
Interest and Fees on Long Term Debt	<u>195,424</u>	<u>(195,424)</u>
Total Governmental Activities	<u>\$ 333,067</u>	<u>\$ (333,067)</u>
General Revenues:		
Property Taxes		604,834
Refunds, Reimbursements and Grants		166,435
Interest		<u>423</u>
Total General Revenues		771,692
Change in Net Position		438,625
Net Position – Beginning		<u>1,775,612</u>
Net Position – Ending		<u>\$ 2,214,237</u>

See Accompanying Notes to Basic Financial Statements

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City of Traverse City and Charter Township of Garfield Recreational Authority
Balance Sheet
Governmental Funds
June 30, 2014

	General	Major Funds		Total
		Debt Service	Capital Project	
<u>Assets</u>				
Cash	\$ 310,399	\$ 402,654	\$ 117,099	\$ 830,152
Total Assets	<u>\$ 310,399</u>	<u>\$ 402,654</u>	<u>\$ 117,099</u>	<u>\$ 830,152</u>
 <u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts Payable	7,485	-	-	7,485
Total Liabilities	<u>7,485</u>	<u>-</u>	<u>-</u>	<u>7,485</u>
Fund Balances:				
Restricted	-	402,654	117,099	519,753
Unassigned	302,914	-	-	302,914
Total Fund Balances	<u>302,914</u>	<u>402,654</u>	<u>117,099</u>	822,667
Total Liabilities and Fund Balances	<u>\$ 310,399</u>	<u>\$ 402,654</u>	<u>\$ 117,099</u>	

Amounts reported for governmental activities on the statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	6,744,457
Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Add: Unamortized bond costs and discounts	67,812
Deduct: Accumulated amortization	(32,491)
Deduct: Bonds payable	(5,335,000)
Deduct: Accrued interest on non-current liabilities	<u>(53,208)</u>
Net Position of governmental activities.	<u>\$ 2,214,237</u>

See Accompanying Notes to Basic Financial Statements

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City of Traverse City and Charter Township of Garfield Recreational Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	Major Funds			Total
	General	Debt Service	Capital Project	
<u>Revenues</u>				
Taxes	\$ 152,140	\$ 452,694	\$ -	\$ 604,834
Refunds, Reimbursements and Miscellaneous	3,670	5,094	112,671	121,435
Grants	45,000	-	-	45,000
Interest	293	4	126	423
	<u>201,103</u>	<u>457,792</u>	<u>112,797</u>	<u>771,692</u>
<u>Expenditures</u>				
Recreation and Culture				
Office Supplies	1,082	-	-	1,082
Professional Services	80,296	-	-	80,296
Utilities	7,775	-	-	7,775
Printing	908	-	-	908
Insurance and Bonds	3,120	-	-	3,120
Maintenance	1,400	-	-	1,400
Travel	2,084	-	-	2,084
Other	-	-	108	108
Capital Outlay	4,242	-	141,599	145,841
Principal	-	240,000	-	240,000
Interest and Fiscal Charges	-	162,739	-	162,739
	<u>100,907</u>	<u>402,739</u>	<u>141,707</u>	<u>645,353</u>
<u>Excess Revenues (Expenditures)</u>	100,196	55,053	(28,910)	126,339
Fund Balance – Beginning of Year	<u>202,718</u>	<u>347,601</u>	<u>146,009</u>	
Fund Balance – End of Year	<u>\$ 302,914</u>	<u>\$ 402,654</u>	<u>\$ 117,099</u>	

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets over their estimated useful lives are reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current year. 108,361

Governmental funds report bond related costs as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as amortization expense. This is the amount of the current year's amortization of the bond issuance costs and bond discount. (3,390)

Repayment of not principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayment during the period. 205,000

Interest on long-term debt is not recognized under the modified accrual basis until due, rather than as it accrues. This is the amount that accrued interest on bonds decreased 2,315

Change in net position of governmental activities. \$ 438,625

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

City of Traverse City and Charter Township of Garfield Recreational Authority
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

City of Traverse City and Charter Township of Garfield Recreational Authority is a conservation Authority created in accordance with Michigan State statutes. The Authority is governed by a volunteer board whose members are appointed for three year terms in accordance with State statutes.

The Authority's basic financial statements include the accounts of all Authority operations. The criteria for including organizations within the Authority's reporting entity, as set forth in GASB No. 14, "*The Financial Reporting Entity*" includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

Based on the above criteria, there are no other organizations included in these financial statements.

B. Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the Authority.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Authority has three funds, the General Fund, Debt Service Fund and Capital Project Fund.

General Fund – This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit. Revenues are derived primarily from property taxes.

Debt Service Fund – This fund is used to account for the accumulation of resources for and the payment of long-term debt principal, interest and related costs.

Capital Project Fund – This fund is used to account for bond proceeds to be used for the acquisition of construction of major capital facilities or equipment.

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City of Traverse City and Charter Township of Garfield Recreational Authority
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund and agency fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Authority considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenue susceptible to accrual is property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

D. Budgets

The General Fund and Special Revenue Funds are under formal budgetary control. Budgets shown in the required supplementary schedules for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Authority.

In the body of the financial statements and the required supplementary schedules, the Authority's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the activity or cost center level.

For budgetary purposes appropriations lapse at fiscal year end.

E. Capital Assets

Capital assets, which includes property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest is capitalized during the construction period on property, plant and equipment.

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City of Traverse City and Charter Township of Garfield Recreational Authority
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets (Continued)

Assets capitalized have an original cost of \$1,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Land Improvements	10 years
Equipment	10 years
Buildings	40 years
Infrastructure	40 years

F. Use of Estimates

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

G. Fund Equity

Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Authority Board. The Authority Board is the highest level of decision-making authority for the Authority. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Authority Board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. All such assignments can be made only with unanimous approval of all committed members.

Unassigned – all other spendable amounts.

As of June 30, 2014, fund balances are composed of the following:

	General Fund	Debt Service Fund	Capital Project Fund	Total Governmental Funds
Restricted	\$ -	\$ 402,654	\$ 117,099	\$ 519,753
Unassigned	302,914	-	-	302,914
Total Fund Balances	\$ 302,914	\$ 402,654	\$ 117,099	\$ 822,667

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Authority considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Authority considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Authority Board has provided otherwise in its commitment or assignment actions.

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City of Traverse City and Charter Township of Garfield Recreational Authority
Notes to Financial Statements
June 30, 2014

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. We noted no violations of legal provisions and/or contractual provisions of various agreements related to financial matters.
- B. All funds had positive fund balances at June 30, 2014.
- C. Public Act 621 of 1978, Section 18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. For the year ended June 30, 2014, no expenditures exceeded their appropriation without formal budget amendment.

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Legal Provisions for Deposits and Investments

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Authority, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- (1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- (2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).
- (3) In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.
- (4) Repurchase agreements consisting of instruments defined in (1) above.
- (5) In bankers' acceptances of United States Banks.
- (6) Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (7) In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

B. Types of Deposits and Investments

The Authority had \$838,910 deposited with a local financial institution at June 30, 2014 with a carrying value of \$830,152. Interpreting the FDIC insurance coverage of \$250,000 of demand deposits and \$250,000 of time deposits per financial institution, the Authority had \$588,910 of uninsured deposits at June 30, 2014.

Tobin & Co.

City of Traverse City and Charter Township of Garfield Recreational Authority
Notes to Financial Statements
June 30, 2014

NOTE 4 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year is summarized as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 5,567,462	\$ -	\$ -	\$ 5,567,462
Depreciated Capital Assets				
Land Improvements	\$ 6,865	\$ -	\$ -	\$ 6,865
Equipment	1,780	-	-	1,780
Buildings Infrastructure	1,200,022	141,599	-	1,341,621
Total	1,208,667	141,599	-	1,350,266
Less Accumulated Depreciation	(140,033)	(33,238)	-	(173,271)
Capital Assets Being Depreciated	\$ 1,068,634	\$ 108,361	\$ -	\$ 1,176,995
Capital Assets, Net	\$ 6,636,096	\$ 108,361	\$ -	\$ 6,744,457

NOTE 5 - ACCOUNTS PAYABLE

The accounts payable of \$7,485 at year-end is payable to various vendors of the Authority.

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in non-current liabilities of the Authority for the year ended June 30, 2014:

	7/1/13 Balance	Deductions	7/1/14 Balance	Due Within One Year
2004 General obligation recreation bond, interest rates range from 3.5% to 4.45%, matures 2025	\$ 5,540,000	\$ (5,540,000)	\$ -	\$ -
2013 Unlimited Tax General obligation refunding bond, interest rate at 2.25%, matures 2025	\$ 5,335,000	\$ -	\$ -	\$ 50,000

The annual requirements to pay the debt principal outstanding is as follows:

2015	\$ 50,000
2016	360,000
2017	390,000
2018	425,000
2019	460,000
2020 - 2024	2,925,000
2025	725,000
	\$ 5,335,000

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City of Traverse City and Charter Township of Garfield Recreational Authority
Notes to Financial Statements
June 30, 2014

NOTE 7 - PROPERTY TAXES

The government's property taxes are levied each July 1 on the taxable valuation of property located in the City of Traverse City and Garfield Township as of the preceding December 31, the lien date. Property taxes are payable without penalty and interest through February 15; as of March 1 of the succeeding year, unpaid real property taxes are sold to and collected by Grand Traverse County. Assessed values as established annually by the government, and subject to acceptance by the County, are equalized by the State at an estimated 50 percent of current market value. The Authority's debt and general operating tax rate for fiscal year 2013-14 was 0.29 and .0994 mills respectively. Revenue from these millages was \$152,140 in the General Fund and \$452,694 in the Debt Service Fund.

NOTE 8 - RELATED PARTY TRANSACTIONS

The Charter Township of Garfield (the "Township"), a related party (by virtue of common board members and management), provides services on behalf of the Authority. These services include, but are not limited to snow plowing, general management, maintaining financial records and financial reporting. In return for these services, the Township received fees from the Authority in the amount of \$7,392 during the year ended June 30, 2014.

Land Information Access Association ("LIAA"), a related party (by virtue of management), provides services on behalf of the Authority. These services include, but are not limited to, general management and financial reporting. In return for these services, LIAA received fees from the Authority in the amount of \$52,709 during the year ended June 30, 2014.

NOTE 9- RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the audit year the Authority addressed these risks through the purchase of commercial insurance. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

NOTE 10- SUBSEQUENT EVENTS

Subsequent events were evaluated through October 2, 2014, which is the date the financial statements were available to be issued.

SUPPLEMENTAL DATA SECTION

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City of Traverse City and Charter Township of Garfield Recreational Authority
 Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
 General Fund
 For the Year Ended June 30, 2014

Schedule 1

<u>Revenues</u>	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Property Taxes	\$ 152,000	\$ 152,000	\$ 152,140	\$ 140
Interest	100	100	293	193
Grants	-	-	45,000	45,000
Refunds, Reimbursements and Miscellaneous	-	-	<u>3,670</u>	<u>3,670</u>
Total Revenues	<u>152,100</u>	<u>152,100</u>	<u>201,103</u>	<u>49,003</u>
 <u>Expenditures</u>				
Recreational & Cultural:				
Office Supplies	-	-	1,082	-
Professional Services	-	-	80,296	-
Utilities	-	-	7,775	-
Printing	-	-	908	-
Insurance and Bonds	-	-	3,120	-
Maintenance	-	-	1,400	-
Travel	-	-	2,084	-
Capital Outlay	-	-	<u>4,242</u>	<u>-</u>
Total Expenditures	<u>181,400</u>	<u>181,400</u>	<u>100,907</u>	<u>80,493</u>
Excess Revenues (Expenditures)	<u>\$ (29,300)</u>	<u>\$ (29,300)</u>	100,196	<u>\$ 129,496</u>
Fund Balance – Beginning of Year			<u>202,718</u>	
Fund Balance – End of Year			<u>\$ 302,914</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

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City of Traverse City and Charter Township of Garfield Recreational Authority
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Debt Service Fund
For the Year Ended June 30, 2014

Schedule 2

	Budgetary Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>Revenues</u>				
Taxes:				
Property Taxes	\$ 450,000	\$ 450,000	\$ 452,694	\$ 2,694
Interest and Rents:				
Interest	-	-	4	4
Miscellaneous	-	-	5,094	5,094
Total	450,000	450,000	457,792	7,792
<u>Expenditures</u>				
Debt Service:				
Principal	-	-	240,000	-
Interest and Fiscal Charges	-	-	162,739	-
Total	462,600	462,600	402,739	59,861
Excess Revenues (Expenditures)	(1) <u>\$ (12,600)</u>	<u>\$ (12,600)</u>	55,053	<u>\$ 67,653</u>
Fund Balance – Beginning of Year			347,601	
Fund Balance – End of Year			<u>\$ 402,654</u>	

(1) Budgeted from Fund Balance

The Notes to the Basic Financial Statements are an integral part of this statement.

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City of Traverse City and Charter Township of Garfield Recreational Authority
 Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
 Capital Project Fund
 For the Year Ended June 30, 2014

Schedule 3

	Budgetary Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>Revenues</u>				
Donations	-	-	1,500	1,500
Interest	150	150	126	(24)
Refunds and Reimbursements	-	111,000	111,171	171
Total	150	111,150	112,797	1,647
<u>Expenditures</u>				
Capital Outlay	-	-	141,599	-
Other	-	-	108	-
Total	32,050	143,050	141,707	1,343
Excess Revenues (Expenditures)	(1)	<u>\$ (31,900)</u>	(28,910)	<u>\$ 2,990</u>
Fund Balance – Beginning of Year			146,009	
Fund Balance – End of Year			<u>\$ 117,099</u>	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements are an integral part of this statement.

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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE AT CONCLUSION OF THE AUDIT

October 2, 2014

To City of Traverse City and Charter Township of Garfield Recreational Authority
Grand Traverse County
Traverse City, Michigan

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of City of Traverse City and Charter Township of Garfield Recreational Authority for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 3, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Traverse City and Charter Township of Garfield Recreational Authority are described in Note 1 to the financial statements. Starting in 2012-2013, the Authority has implemented GASB 63 and GASB 65, new standards that rename, redefine, and clarify components of net position. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of City of Traverse City and Charter Township of Garfield Recreational Authority's financial statements was:

Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent and clear.

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Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all misstatements. There were no material misstatements detected as a result of our audit procedures.

Disagreements with Management

For purposed of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 2, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During the course of our audit of the basic financial statements of City of Traverse City and Charter Township of Garfield Recreational Authority for the year ended June 30, 2014, we noted the following items which we feel deserve comment:

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Methods of Strengthening Internal Control

As is common in small and medium sized Authorities, it is not cost effective to segregate all duties of the Authority board. As a low cost method of strengthening internal controls, we recommend that the Authority consider having a board member review and initial each bank reconciliation prepared by the treasurer, as well as each page of the statements itself.

Condition of Accounting Records and Accounting Controls

We would like to thank the accounting personnel for their efforts in accumulating the information needed for our audit. We encourage you to review your internal and accounting controls on an annual basis to ensure they are adequate and operating as intended.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This report is intended solely for use of the Authority Board of City of Traverse City and Charter Township of Garfield Recreational Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

TOBIN & CO., P.C.

Tobin & Co., P.C.

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

October 2, 2014

To City of Traverse City and Charter Township of Garfield Recreational Authority
Grand Traverse County
Traverse City, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bingham-Suttons Bay Joint Building Authority as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City of Traverse City and Charter Township of Garfield Recreational Authority's basic financial statements and have issued our report thereon dated October 2, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Traverse City and Charter Township of Garfield Recreational Authority, Michigan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Traverse City and Charter Township of Garfield Recreational Authority, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Traverse City and Charter Township of Garfield Recreational Authority, Michigan's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies that we consider to be material weaknesses or significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies to be material weaknesses:

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1) *Segregation of Incompatible Duties and Documented Independent Review*

Criteria: Management is responsible for establishing and maintaining internal controls in order to safeguard the assets of the government. A key element of internal control is the segregation of duties.

Condition: The government has several accounting functions that are performed by the same individual and are not subject to a documented independent review and approval.

Cause: This condition is primarily the result of staffing constraints typical of smaller governmental units. Some of the control activities may be occurring on a routine basis, but are not being documented.

Effect: As a result of this condition, the government is exposed to an increased risk that misstatements (whether caused by error or fraud) may occur and not be prevented, or detected and corrected by management on a timely basis.

Recommendation: There are, of course, no easy answers to the challenge of balancing the costs and benefits of internal controls and the segregation of incompatible duties. Recognizing this fact, we encourage the government to mitigate this risk by requiring as much independent review, reconciliation, and approval of accounting functions by qualified members of management as possible.

View of Responsible Officials: Management recognizes that this limitation is a natural outgrowth of the small number of full-time staff, and applies its judgment in determining how best to allocate the government's resources to provide an appropriate balance between sound internal controls and fiscal prudence.

Corrective Action Plan: With the status of state funding, the Authority is unable to hire additional employees at this time to improve the segregation of duties within the accounting function. We realize that segregation of duties is important in order to increase internal control. Management oversight has been an alternative means of monitoring internal control along with continuing to try and reassign some duties within the accounting department to other staff members. We still are exploring ways to spread some of the day-to-day accounting responsibilities. The Authority will continue to monitor the situation and explore cost effective ways to improve this internal control limitation.

2) *Lack of Adequate Controls to Produce Full Disclosure GAAP Basis Financial Statements*

Criteria: All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is the responsibility of the government's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including related footnotes (i.e., external financial reporting).

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Condition: As is the case with many smaller and medium-sized entities, the government has historically relied on its independent external auditor to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the government's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot be definition be considered a part of the government's internal controls.

Cause: This condition was caused by the government's decision that it is more cost effective to outsource the preparation of its financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the government to perform this task internally.

Effect: As a result of this condition, the government's internal controls over the preparation of financial statements in accordance with GAAP are incomplete. Instead, the government relies, in part, on its external auditors for assistance with this task.

View of Responsible Officials: The government has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its external auditors, and to carefully review the draft financial statements and noted prior to approving them and accepting responsibility for their content and presentation.

Corrective Action Plan: The government will continue to rely on its outside auditors to assist in preparing the GAAP basis financial statements and will evaluate annually for the need to change.

Compliance and Other Matters

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

We noted certain matters that we reported to management of City of Traverse City and Charter Township of Garfield Recreational Authority in a separate letter dated October 2, 2014.

City of Traverse City and Charter Township of Garfield Recreational Authority, Michigan's Response to Findings

City of Traverse City and Charter Township of Garfield Recreational Authority's response to the findings identified in our audit is described above. City of Traverse City and Charter Township of Garfield Recreational Authority, Michigan's response was not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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Purpose of this Report

The purpose of this report is solely to describe and scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. 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. Accordingly, this communication is not suitable for any other purpose.

Tobin & Co., P.C.

TOBIN & CO., P.C.

The City of Traverse City and Charter Township of Garfield

Communication to the Recreational Authority

FOR THE MEETING OF MARCH 4, 2015

DATE: FRIDAY, FEBRUARY 27, 2015

FROM: MATT COWALL, EXECUTIVE DIRECTOR

SUBJECT: EXPENDITURES APPROVED BY EXECUTIVE DIRECTOR

The following are expenditures that I have approved.

General Operating Fund:

Consumers Energy	January Service	\$ 1,201.34
Events North	Facility supplies for Cathedral Barn - reimbursement	\$ 351.34
DTE	Gas Service for Jan 13 - Feb 12	\$ 118.32
GT Conservation District	Hickory Meadows - trash, doggie bags, plowing at trailhead	\$ 348.50
LIAA	Management services January	\$ 5,523.75
LIAA	Printing, postage, travel, supplies, water bill for 204	\$ 193.49
RW Popp Excavating, Inc.	Plowing for January	\$ 1,135.00
Bob Mitchell & Associates	Surveying services, HM easements	\$ 500.00
Smith Haughey Rice & Roegge	Legal services - January	\$ 218.50
Grand Traverse Metro Fire Dept	Bldg Plan Review Barn #204	\$ 356.25

Debt Service Fund:

Capital One	Bond interest payment April 1	\$ 59,720.50
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Construction Bond Fund:

None		
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GT Rec Authority Operating Fund
Statement of Activities
July 2014 through January 2015

	<u>Jul 14 - Jan 15</u>	<u>Budget</u>	<u>Budget Variance</u>
Revenues			
500 - Tax Revenue - Operating	\$ 112,129.95	\$ 152,000.00	\$ (39,870.05)
615.1 - EPA Cleanup Grant	10,000.00	200,000.00	(190,000.00)
615.6 - Energy Farm Master Plan	15,000.00	-	15,000.00
615.7 - Donations	2,500.00	-	2,500.00
615.8 - Barns Park Rentals	27,000.00	20,000.00	7,000.00
664 - Interest Income	170.85	200.00	(29.15)
Total Revenues	<u>166,800.80</u>	<u>372,200.00</u>	<u>(205,399.20)</u>
Expenditures			
700 - Office Expense	858.17	2,500.00	(1,641.83)
805 - Professional Services			
Accounting	-	5,933.00	(5,933.00)
GTCD	14,250.00	19,000.00	(4,750.00)
Legal	3,659.95	5,000.00	(1,340.05)
Management	43,220.00	60,000.00	(16,780.00)
Other	16,486.25	55,067.00	(38,580.75)
Audit	-	2,500.00	(2,500.00)
EPA Clean Up	14,116.15	200,000.00	(185,883.85)
Events Manager	22,151.34	45,000.00	(22,848.66)
Total	<u>113,883.69</u>	<u>392,500.00</u>	<u>(278,616.31)</u>
862 - Transportation	41.02	2,000.00	(1,958.98)
912 - Insurance & Bonds	3,186.00	4,000.00	(814.00)
920 - Utilities & Maintenance	7,306.93	15,000.00	(7,693.07)
920.3 - Hickory Meadows Work Plan	2,572.26	5,000.00	(2,427.74)
970 - Capital Projects	40,000.00	40,000.00	-
Total Expenditures	<u>167,848.07</u>	<u>461,000.00</u>	<u>(290,724.19)</u>
Net Change in Fund Balance	<u><u>\$ (1,047.27)</u></u>	<u><u>\$ (88,800.00)</u></u>	<u><u>\$ 87,752.73</u></u>

Rec Authority Debt Fund
Statement of Activities
July 2014 through January 2015

	<u>Jul 14 - Jan 15</u>	<u>Budget</u>	<u>Budget Variance</u>
Revenues			
Current Property Taxes	\$ 346,050.07	\$ 460,000.00	\$ (113,949.93)
Interest Income	-	-	-
Refunds and Reimbursements	(593.64)	-	(593.64)
Total Revenues	<u>345,456.43</u>	<u>460,000.00</u>	<u>(114,543.57)</u>
Expenditures			
Debt Service - Fees	167.23	500.00	(332.77)
Debt Service - Interest	125,065.50	125,069.00	(3.50)
Debt Service - Principal	320,000.00	320,000.00	-
Total Expenditures	<u>445,232.73</u>	<u>445,569.00</u>	<u>(336.27)</u>
Net Change in Fund Balance	<u><u>\$ (99,776.30)</u></u>	<u><u>\$ 14,431.00</u></u>	<u><u>\$ (114,207.30)</u></u>

Rec Authority Capital Project Fund
Statement of Activities
July 2014 through January 2015

	<u>Jul 14 - Jan 15</u>	<u>Budget</u>	<u>Budget Variance</u>
Revenues			
Interest Income	\$ 80.61	\$ 20.00	\$ 60.61
Refunds and Reimbursements	765,733.60	700,000.00	65,733.60
Total Revenues	<u>765,814.21</u>	<u>700,020.00</u>	<u>65,794.21</u>
Expenditures			
Bank Fees	48.42	100.00	(51.58)
Capital Outlay			
Barns	854,624.08	815,000.00	39,624.08
Capital Outlay - Other	-	-	-
Total Capital Outlay	<u>854,624.08</u>	<u>815,000.00</u>	<u>39,624.08</u>
Professional Services	-	1,000.00	(1,000.00)
Total Expenditures	<u>854,672.50</u>	<u>816,100.00</u>	<u>38,572.50</u>
Net Change in Fund Balance	<u><u>\$ (88,858.29)</u></u>	<u><u>\$ (116,080.00)</u></u>	<u><u>\$ 27,221.71</u></u>