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# Downriver Community Conference

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**Financial Report  
with Supplemental Information  
September 30, 2021**

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## **Independent Auditor's Report**

To the Board of Directors  
Downriver Community Conference

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Downriver Community Conference (DCC) as of and for the year ended September 30, 2021 and the related notes to the financial statements, which collectively comprise Downriver Community Conference's basic financial statements, as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, each major fund, and the aggregate remaining fund information of Downriver Community Conference as of September 30, 2021 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As described in Note 1 to the financial statements, during the year ended September 30, 2021, Downriver Community Conference adopted the new accounting guidance of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, which provides guidance on the identification and reporting of fiduciary activities. Our opinion is not modified with respect to this matter.

To the Board of Directors  
Downriver Community Conference

### ***Other Matters***

#### ***Required Supplemental Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison schedule, as identified in the table of contents, 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, which 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Downriver Community Conference's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2022 on our consideration of Downriver Community Conference's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Downriver Community Conference's internal control over financial reporting and compliance.

*Plante & Moreau, PLLC*

March 28, 2022

As management of Downriver Community Conference (DCC), we offer readers this narrative overview and analysis of the financial activities for the year ended September 30, 2021.

### **Financial Highlights**

- DCC obtained funding for the Summer Youth Program in which the Detroit Wayne Integrated Health Network (DWIHN) contracted with DCC to provide a summer employment program for youth ages 14-24 who reside in Out Wayne County who are at risk. The program served 117 youth with subsidized employment (both nonprofit and for-profit worksites) during 2020. In addition to the work experience and case management components, the youth received a variety of mental health training sessions provided by DWIHN. The program operated from May through September.
- DWIHN also contracted with DCC to provide mental health first aid and question, persuade, refer - QPR (suicide prevention) classes to residents and workers in Out Wayne County, with an emphasis on first responders. DWIHN specified the curriculum, and DCC provided outreach, instruction (through DWIHN-approved instructions), scheduling and logistical support, and record keeping and reporting for the program, which operated from April through September.
- DCC successfully continues its Employment Services Department in the City of Detroit, Michigan. Awarded by Detroit Employment Solutions Corp. (DESC), DCC serves Detroit residents with Wagner-Peyser Employment Services and Trade Adjustment Assistance (TAA). Funding was also received for Dislocated Worker Services/ Basic Career Services (DLW) and services delivered for Trade Case Management (TCM) and Reemployment Services and Eligibility Assessment (RESEA).
- In January 2020, DESC also partnered with DCC to provide workforce development activities on the East Side of Detroit, providing WIOA Services at one location of the Career Centers delivering WIOA Adult and Dislocated Worker Services and funded as such.
- DCC also continues its long, successful relationship with SEMCA in the delivery of workforce development programs. The following programs were provided: Wagner-Peyser Employment Services; Trade Adjustment Assistance; Trade Case Management; Reemployment Services Eligibility Assessment; Workforce Innovation and Opportunity Act (WIOA) Adult, Dislocated Worker and Youth; and Partnership Accountability Training Hope (PATH). Initiatives under the SEMCA umbrella for the year included Jobs for Michigan Graduates (JMG) for youth and Job Search Assistance (JSA) for welfare recipients referred to the PATH program. JMG is designed to recover dropouts and to provide an array of counseling, employability and technical skills development, job development, and job placement services that result in a quality job leading to a career after graduation and/or enrollment in postsecondary education/training. No additional funds were attached to this program (JMG). DCC was awarded a contract by SEMCA for the Community Ventures Program. DCC procures and processes supportive services as it relates to SEMCA's Business Resource Network (BRN). SEMCA added several special initiative programs, including Dislocated Worker Grant for Trade and Economic Transition (DWG-TET), Laptops for Learning, Crossing the digital divide, MI Reconnect, NEG C19, One Workforce Grant, and OpNext. These added programs provide additional resources and opportunities for our job seekers, but we are not awarded additional funds.
- During the COVID-19 pandemic, both DESC and SEMCA engaged a team of our workforce development staff to help the Unemployment Insurance Assistance (UIA). These staff received specialized training to assist in several areas related to unemployment insurance (UI). Our staff helped over 150,000 individuals with UI claims/resources. The UIA/Michigan Works (MW) partnership was created in April 2020 to help the thousands of Michiganders out of work.
- The Economic Development Department works with the Brownfield Revolving Loan Fund (RLF) cleanup grant, which is used for major projects in the downriver region. The program income derived from the loan repayments is also used for such projects. Funding and grants are being researched for the future.

## Downriver Community Conference

### Management's Discussion and Analysis (Continued)

- DCC continues its partnership with Wayne Metro Community Action Agency (WMCAA) providing home weatherization service under WMCAA's contract with the State for DOE and Low Income Home Energy Assistance Program (LIHEAP) funds.
- The Transportation Department continues to operate SMART programs, such as 5310 (formerly New Freedom), and specialized services. These services are for seniors and/or individuals with a disability and focus on nonemergency medical appointments. In addition, through our fee for service program, we assist veterans in need of transportation. Workforce programs can provide eligible customers with transportation services for their job search, training, and employment needs. In addition, we provide a driver to the City of Lincoln Park, Michigan to provide Lincoln Park's Seniors with needed transportation services. During the COVID-19 pandemic, the Transportation Department limited its services. We have equipped our vehicle with barriers, PPE, and sanitizing supplies in preparation for the full return of services.

#### **Using This Annual Report**

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

The fund financial statements present a short-term view; they tell the reader how the members' assessment and grant moneys were spent during the year and how much is available for future spending. Fund financial statements also report DCC's operations in more detail than the government-wide financial statements.

#### **DCC's Net Position**

The following table shows, in condensed format, the net position as of September 30, 2021 and 2020:

	Governmental Activities	
	2021	2020
<b>Assets</b>		
Current and other assets	\$ 6,924,926	\$ 8,336,831
Capital assets being depreciated	603,250	675,881
Total assets	7,528,176	9,012,712
<b>Liabilities</b>	1,128,047	2,163,208
<b>Net Position</b>		
Net investment in capital assets	603,250	675,881
Restricted	5,621,624	6,113,081
Unrestricted	175,255	60,542
Total net position	<b>\$ 6,400,129</b>	<b>\$ 6,849,504</b>

DCC's combined net position for governmental activities totaled \$6,400,129 for fiscal year 2021. Net position is further segregated between restricted and unrestricted net position. The restricted net position, restricted for a specific purpose/use and invested in capital assets, totals \$603,250. Unrestricted net position, the part of net position that can be used to finance day-to-day operations, totals \$175,255.

## Downriver Community Conference

### Management's Discussion and Analysis (Continued)

#### ***DCC's Changes in Net Position***

	Governmental Activities	
	2021	2020
<b>Revenue</b>		
Program revenue:		
Charges for services	\$ 297,883	\$ 307,870
Operating grants and contributions	7,645,305	8,621,409
General revenue	42,100	112,728
Total revenue	7,985,288	9,042,007
<b>Expenses</b>		
General	293,036	399,979
Workforce development	6,366,349	6,523,802
Economic development	488,193	920,667
Weatherization	536,491	515,923
Transportation	43,706	90,262
Mental health first aid	120,142	94,151
Summer youth program	500,180	474,095
Building and grounds	86,566	131,470
Total program expenses	8,434,663	9,150,349
<b>Change in Net Position</b>	<b>\$ (449,375)</b>	<b>\$ (108,342)</b>

#### **Governmental Activities**

Governmental activities are those activities (such as workforce development or economic development programs) provided to the constituents of the downriver area. The programs are supported by federal, state, and local grants, along with membership assessments paid by the local downriver communities.

The cost of providing services for governmental activities was \$8.4 million for the fiscal year ended September 30, 2021.

#### ***Downriver Community Conference Funds***

Our analysis of DCC's major funds begins on page 9, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not DCC as a whole. The DCC board creates funds to help manage money for specific purposes and to show accountability for certain activities. DCC's major funds for 2021 included the General Fund, Workforce Development Fund, Economic Development Fund, and Summer Youth Program Fund.

The General Fund pays for most of DCC's governmental services. The most significant are payroll and contracted services, which incurred expenses of approximately \$217,000 in 2021 and \$276,000 in 2020.

#### **General Fund Budgetary Highlights**

Over the course of the year, DCC amended the budget to take into account events during the year. DCC departments overall were over budget, resulting in total expenditures in the General Fund to be \$17,310 over budget, while total revenue in the General Fund was \$14,965 under budget. The General Fund's fund balance decreased from approximately \$68,000 a year ago to approximately \$14,000 at September 30, 2021.

## **Downriver Community Conference**

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### **Management's Discussion and Analysis (Continued)**

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#### ***Capital Assets***

At the end of 2021, DCC had approximately \$603,000 invested in a broad range of capital assets, including buildings, furniture, and equipment. These assets are necessary to carry out the day-to-day operations of DCC. See Note 4 for details.

#### ***Contacting Downriver Community Conference's Management***

This financial report is intended to provide our citizens, customers, and member communities with a general overview of DCC's finances and demonstrate DCC's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the fiscal office.



## Downriver Community Conference

### Statement of Net Position

September 30, 2021

	Primary Government Governmental Activities
<b>Assets</b>	
Cash and investments (Note 3)	\$ 2,108,519
Due from other governmental units	4,805,591
Prepaid expenses and other assets	9,035
Other receivables	1,781
Capital assets being depreciated - Net (Note 4)	603,250
Total assets	7,528,176
<b>Liabilities</b>	
Accounts payable	167,236
Security deposits	2,622
Accrued liabilities and other	423,492
Unearned revenue	259,997
Due to Downriver Mutual Aid (Note 8)	274,700
Total liabilities	1,128,047
<b>Net Position</b>	
Net investment in capital assets	603,250
Restricted for grant expenditures	5,621,624
Unrestricted	175,255
Total net position	\$ 6,400,129

## Downriver Community Conference

### Statement of Activities

Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenue		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Primary Governmental Activities
Primary government -				
Governmental activities:				
General	\$ 293,036	\$ 190,290	\$ 55,400	\$ (47,346)
Workforce development	6,366,349	-	6,294,888	(71,461)
Economic development	488,193	-	89,522	(398,671)
Weatherization	536,491	-	532,368	(4,123)
Transportation	43,706	-	43,930	224
Mental health first aid	120,142	-	120,141	(1)
Summer youth program	500,180	-	509,056	8,876
Building and equipment	86,566	107,593	-	21,027
Total primary government	<b>\$ 8,434,663</b>	<b>\$ 297,883</b>	<b>\$ 7,645,305</b>	(491,475)
General revenue:				
Investment income				290
Other miscellaneous income				41,810
Total general revenue				42,100
<b>Change in Net Position</b>				(449,375)
<b>Net Position - Beginning of year</b>				6,849,504
<b>Net Position - End of year</b>				<b>\$ 6,400,129</b>

## Downriver Community Conference

## Governmental Funds Balance Sheet

September 30, 2021

	General Fund	Workforce Development Fund	Economic Development Fund	Summer Youth Program Fund	Nonmajor Funds	Total
<b>Assets</b>						
Cash and investments (Note 3)	\$ 235,146	\$ 6,684	\$ 1,650,510	\$ 44,653	\$ 1,806	\$ 1,938,799
Due from other governmental units	6,294	652,508	3,988,599	-	158,190	4,805,591
Due from other funds (Note 6)	65	-	-	971	-	1,036
Prepaid expenses and other assets	4,555	4,480	-	-	-	9,035
<b>Total assets</b>	<b>\$ 246,060</b>	<b>\$ 663,672</b>	<b>\$ 5,639,109</b>	<b>\$ 45,624</b>	<b>\$ 159,996</b>	<b>\$ 6,754,461</b>
<b>Liabilities</b>						
Accounts payable	\$ 11,585	\$ 58,282	\$ 3,470	\$ 39,317	\$ 45,799	\$ 158,453
Due to other funds (Note 6)	-	-	-	-	1,036	1,036
Accrued liabilities and other	210,791	177,869	2,351	5,470	22,882	419,363
Unearned revenue	3,034	251,863	-	-	5,100	259,997
Due to Downriver Mutual Aid (Note 8)	-	168,500	23,500	-	82,700	274,700
<b>Deferred Inflows of Resources -</b> Unavailable revenue (Note 5)	6,294	157,611	3,633,202	-	53,439	3,850,546
<b>Total liabilities and deferred inflows of resources</b>	231,704	814,125	3,662,523	44,787	210,956	4,964,095
<b>Fund Balances (Deficit)</b>						
Nonspendable - Prepaid expenses	4,555	4,480	-	-	-	9,035
Restricted - Grants	-	-	1,976,586	837	-	1,977,423
Assigned - Subsequent year's budget	9,801	-	-	-	-	9,801
Unassigned (deficit)	-	(154,933)	-	-	(50,960)	(205,893)
<b>Total fund balances (deficit)</b>	14,356	(150,453)	1,976,586	837	(50,960)	1,790,366
<b>Total liabilities, deferred inflows of resources, and fund balances (deficit)</b>	<b>\$ 246,060</b>	<b>\$ 663,672</b>	<b>\$ 5,639,109</b>	<b>\$ 45,624</b>	<b>\$ 159,996</b>	<b>\$ 6,754,461</b>

## Downriver Community Conference

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### Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position

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September 30, 2021

<b>Fund Balances Reported in Governmental Funds</b>	<b>\$ 1,790,366</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	331,203
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	3,850,546
Internal service funds are included as part of governmental activities	<u>428,014</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ 6,400,129</u></u></b>

## Downriver Community Conference

### Governmental Funds

### Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit)

Year Ended September 30, 2021

	General Fund	Workforce Development Fund	Economic Development Fund	Summer Youth Program Fund	Nonmajor Funds	Total
<b>Revenue</b>						
Intergovernmental:						
Federal grants	\$ -	\$ 5,823,911	\$ 786,297	\$ -	\$ 528,146	\$ 7,138,354
State and local grants	55,400	429,750	101,759	501,017	144,502	1,232,428
Contributions	35	-	-	-	-	35
Membership assessments	196,749	-	-	-	-	196,749
Other	-	10,139	31,671	-	-	41,810
Total revenue	252,184	6,263,800	919,727	501,017	672,648	8,609,376
<b>Expenditures</b>						
Current services:						
Wages	117,633	3,911,999	13,008	352,866	181,470	4,576,976
Fringe benefits	46,820	1,331,706	2,181	35,236	81,217	1,497,160
Contracted services	52,482	281,121	123,879	78,761	281,573	817,816
Building rent and maintenance	26,169	434,970	182	-	23,311	484,632
Professional fees	26,686	94,529	31,531	-	1,919	154,665
Other	35,762	271,265	451	33,317	131,074	471,869
Total expenditures	305,552	6,325,590	171,232	500,180	700,564	8,003,118
<b>Net Change in Fund Balances</b>	(53,368)	(61,790)	748,495	837	(27,916)	606,258
<b>Fund Balances (Deficit) - Beginning of year</b>	67,724	(88,663)	1,228,091	-	(23,044)	1,184,108
<b>Fund Balances (Deficit) - End of year</b>	<u>\$ 14,356</u>	<u>\$ (150,453)</u>	<u>\$ 1,976,586</u>	<u>\$ 837</u>	<u>\$ (50,960)</u>	<u>\$ 1,790,366</u>

## Downriver Community Conference

### Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit) of Governmental Funds to the Statement of Activities

Year Ended September 30, 2021

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$ 606,258</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	38,578
Depreciation expense	(71,057)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(1,044,471)
Internal service funds are included as part of governmental activities	21,317
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ (449,375)</u></u></b>

## Downriver Community Conference

### Proprietary Fund Statement of Net Position

September 30, 2021

	Building and Equipment
<b>Assets</b>	
Current assets:	
Cash and investments (Note 3)	\$ 169,720
Other receivables	1,781
Total current assets	171,501
Noncurrent assets - Capital assets being depreciated - Net (Note 4)	272,047
Total assets	443,548
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	8,783
Security deposits	2,622
Accrued liabilities and other	4,129
Total liabilities	15,534
<b>Net Position</b>	
Net investment in capital assets	272,047
Unrestricted	155,967
Total net position	<u><u>\$ 428,014</u></u>

## Downriver Community Conference

### Proprietary Fund Statement of Revenue, Expenses, and Changes in Net Position

Year Ended September 30, 2021

	Building and Equipment
<b>Operating Revenue - Rent</b>	\$ 499,494
<b>Operating Expenses</b>	
Wages	168,018
Fringe benefits	62,400
Professional fees	50,941
Maintenance and repairs	73,137
Other	83,819
Depreciation	40,152
Total operating expenses	478,467
<b>Operating Income</b>	21,027
<b>Nonoperating Revenue - Investment income</b>	290
<b>Change in Net Position</b>	21,317
<b>Net Position - Beginning of year</b>	406,697
<b>Net Position - End of year</b>	<b>\$ 428,014</b>



## Downriver Community Conference

### Proprietary Fund Statement of Cash Flows

Year Ended September 30, 2021

	Building and Equipment
<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$ 499,494
Payments to suppliers	(218,809)
Payments to employees and fringes	(229,554)
Net cash and cash equivalents provided by operating activities	51,131
<b>Cash Flows Provided by Investing Activities</b> - Interest income received	290
<b>Net Increase in Cash and Cash Equivalents</b>	51,421
<b>Cash and Cash Equivalents</b> - Beginning of year	118,299
<b>Cash and Cash Equivalents</b> - End of year	<b>\$ 169,720</b>
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>	
Operating income	\$ 21,027
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	40,152
Changes in assets and liabilities:	
Prepaid and other assets	(6,393)
Accrued and other liabilities	864
Due to others	(4,519)
Net cash and cash equivalents provided by operating activities	<b>\$ 51,131</b>

September 30, 2021

### Note 1 - Significant Accounting Policies

#### ***Reporting Entity***

Downriver Community Conference (DCC) is organized as an interlocal public agency formed under Public Act 7 of 1967 and is composed of 20 communities located in the southern Wayne County area of metropolitan Detroit, Michigan. DCC is funded mainly by assessments charged to member communities and grants through various state and federal agencies. Revenue is used to fund benefits and programs for the member communities and for additional areas assigned by grantors. DCC's financial statements are prepared using governmental accounting principles since its ownership consists solely of local units of government. The accounting policies of DCC conform to accounting principles generally accepted in the United States of America, as applicable to governmental units.

DCC has excluded Downriver Mutual Aid from this report since DCC does not exercise substantial oversight responsibility. Downriver Mutual Aid's financial statements will be issued under separate cover.

#### ***Accounting and Reporting Principles***

DCC follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by DCC:

#### ***Report Presentation***

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

#### ***Basis of Accounting***

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how DCC has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as sick and vacation pay) are not counted until they come due for payment. In addition, claims and judgments are recorded only when payment is due.

September 30, 2021

### Note 1 - Significant Accounting Policies (Continued)

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, DCC considers amounts collected within 60 days of year end to be available for recognition. Certain federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a deferred inflow.

Proprietary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

#### ***Fund Accounting***

DCC accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow DCC to show the particular expenditures for which specific revenue is used. The various funds are aggregated into two broad fund types:

#### **Governmental Funds**

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund and special revenue funds. DCC reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Workforce Development special revenue fund accounts for the revenue and expenditures of federal and state employment and training grant programs. These programs include the PATH program, Workforce Innovation and Opportunity Act programs, Employment Service programs, and other smaller miscellaneous training grants.
- The Economic Development special revenue fund accounts for the revenue and expenditures of federal and state economic development grant programs. These programs include specific economic development programs associated with local downriver companies. In addition, the Economic Development Fund accounts for the activities of the Downriver Area Brownfield Consortium.
- The Summer Youth special revenue fund accounts for the revenue and expenditures of state funds to develop summer youth opportunities for individuals between ages 14-24 providing gainful, part-time employment during times when they are not in school fulfilling the network's goal of forming useful connections in the community.

#### **Internal Service Fund - Building and Equipment Fund**

The Building and Equipment internal service fund accounts for building and equipment purchases and maintenance that get charged to both DCC grant programs, as well as outside tenants.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary fund relates to rental revenue and maintenance fees. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

September 30, 2021

**Note 1 - Significant Accounting Policies (Continued)****Interfund Activity**

During the course of operations, DCC has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

**Specific Balances and Transactions****Cash and Investments**

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

**Receivables and Payables**

In general, outstanding balances between funds are reported as due to/from other funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as advances to/from other funds.

**Capital Assets**

Capital assets, which include buildings, improvements, and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by DCC as assets with an initial individual cost of more than \$5,000 for the Building and Equipment Fund, \$500 for the governmental funds, and \$200 for items purchased with grant funds from the Southeast Michigan Community Alliance with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Capital Asset Class	Depreciable Life - Years
Buildings and building improvements	5-20
Furniture and equipment	3-12

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. DCC did not report any items that qualify for reporting in this category.

September 30, 2021

### Note 1 - Significant Accounting Policies (Continued)

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue qualifies for reporting in this category and is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### **Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is DCC's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

#### **Fund Balance Flow Assumptions**

DCC will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is DCC's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

#### **Fund Equity**

In the fund financial statements, governmental funds report the following components of fund balance:

- **Nonspendable:** Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- **Restricted:** Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- **Committed:** Amounts that have been formally set aside by the board for use for specific purposes. Commitments are made and can be rescinded only via resolution of the board of directors.
- **Assigned:** Intent to spend resources on specific purposes expressed by the board of directors
- **Unassigned:** Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

September 30, 2021

### Note 1 - Significant Accounting Policies (Continued)

#### **Federal Income Taxes**

DCC is a tax-exempt organization under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for federal income tax has been made in the accompanying financial statements.

#### **Concentration of Risk**

DCC has several government contracts that represent 97 percent of total revenue for the year ended September 30, 2021 and 28 percent of the accounts receivable balance at September 30, 2021.

#### **Use of Estimates**

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

#### **Upcoming Accounting Pronouncements**

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. DCC is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for DCC's financial statements for the year ended September 30, 2020 but were extended to September 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. DCC is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for DCC's financial statements for the year ending September 30, 2023.

#### **Adoption of New Accounting Pronouncement**

During the year, Downriver Community Conference adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. There is no impact to the financial statements as a result of implementing this standard.

### Note 2 - Stewardship, Compliance, and Accountability

#### **Excess of Expenditures Over Appropriations in Budgeted Funds**

DCC had significant expenditure budget variances in the wages, fringes, and other categories in the General Fund.

September 30, 2021

### Note 2 - Stewardship, Compliance, and Accountability (Continued)

#### ***Fund Deficits and Management's Plan***

DCC has accumulated fund deficits in the Workforce Development Fund, Transportation Fund, Weatherization Fund, and Mental Health First Aid Fund of \$150,453, \$48,545, \$1,610, and \$805, respectively. The deficits in the Workforce Development Fund, Transportation Fund, and Mental Health First Aid Fund were a result of grant revenue not recorded as revenue in the current year due to GASB Statement No. 33, as discussed in Note 5.

### Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

DCC has designated two banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs but not the remainder of state statutory authority, as listed above. DCC's deposits and investments are in accordance with statutory authority.

DCC's cash and investments are subject to several types of risk, which are examined in more detail below:

#### ***Custodial Credit Risk of Bank Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, DCC's deposits may not be returned to it. DCC does not have a deposit policy for custodial credit risk. The bank deposits of both DCC and related party Downriver Mutual Aid (described in Note 8) are held in DCC's name. Therefore, custodial credit risk can only be calculated on an overall basis for both entities. Overall, DCC and Downriver Mutual Aid had bank deposits of \$5,618,689 (checking and savings accounts) that were uninsured and uncollateralized at September 30, 2021. The cash balances recorded on the financial statements for DCC and Downriver Mutual Aid at September 30, 2021 totaled \$2,108,519 and \$4,185,426, respectively. DCC believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, DCC evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

#### ***Interest Rate Risk***

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. DCC's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity. At September 30, 2021, the DCC does not have investments with custodial credit risk.

#### ***Credit Risk***

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The DCC has no investment policy that would further limit its investment choices. At September 30, 2021, the DCC does not have investments with custodial credit risk.



September 30, 2021

**Note 4 - Capital Assets**

Capital asset activity of DCC's governmental activities was as follows:

**Governmental Activities**

	Balance September 30, 2020	Additions	Disposals and Adjustments	Balance September 30, 2021
Capital assets being depreciated:				
Buildings and improvements	\$ 2,753,283	\$ -	\$ 2,887	\$ 2,756,170
Furniture and equipment	1,006,390	38,578	-	1,044,968
Subtotal	3,759,673	38,578	2,887	3,801,138
Accumulated depreciation:				
Buildings and improvements	2,441,084	40,152	2,887	2,484,123
Furniture and equipment	642,708	71,057	-	713,765
Subtotal	3,083,792	111,209	2,887	3,197,888
Net capital assets	<u>\$ 675,881</u>	<u>\$ (72,631)</u>	<u>\$ -</u>	<u>\$ 603,250</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 14,976
Workforce development	51,620
Transportation	4,095
Economic development	166
Weatherization	200
Internal service fund depreciation is charged to the various functions based on their usage of the asset	40,152
Total governmental activities	<u>\$ 111,209</u>

**Note 5 - Deferred Inflows/Unearned Revenue**

	Deferred Inflow	Unearned Revenue
General Fund	\$ 6,294	\$ 3,034
Workforce Development Fund	157,611	251,863
Economic Development Fund	3,633,202	-
Nonmajor funds	53,439	5,100
Total	<u>\$ 3,850,546</u>	<u>\$ 259,997</u>

**Deferred Inflow - Revenue Not Available to Finance Current Expenditures**

GASB Statement No. 33 requires all governmental fund revenue to be recognized only when available to finance expenditures of the current period (received within 60 days of year end). The balances above represent state and federal grant reimbursements or brownfield redevelopment loan repayments that were not received within 60 days of year end. Receipt of these reimbursements will alleviate a significant portion of the fund deficits.



September 30, 2021

**Note 5 - Deferred Inflows/Unearned Revenue (Continued)*****Unearned Revenue***

DCC receives funds from federal and state governments under various acts to enable DCC to conduct special programs. Funds received and unexpended for which eligibility criteria under GASB Statement No. 33 have not been met as of September 30, 2021 are accounted for as unearned revenue. When expenditures are incurred, revenue is recognized and unearned revenue is reduced. Upon conclusion of the program, unexpended grant funds related to advances are refunded.

**Note 6 - Interfund Receivables, Payables, and Transfers**

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor funds	\$ 65
Summer Youth Program Fund	Nonmajor funds	971
	Total	<u>\$ 1,036</u>

These balances result from the Mental Health First Aid Fund having a lag in reimbursement funds and disbursements that required additional funds provided by the General Fund and Summer Youth Program Fund.

**Note 7 - Risk Management**

DCC is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. DCC has purchased commercial insurance for those claims. DCC is also exposed to various risks of loss related to medical benefits provided to employees. DCC is fully insured for these claims.

DCC is highly dependent on federal and state grants. Any significant loss of grant funding could negatively impact DCC's ongoing operations.

**Note 8 - Related Party Transactions**

DCC performs administrative and accounting services for Downriver Mutual Aid (DMAid), a separate legal entity. The majority of the municipalities that are members of DCC are also members of Downriver Mutual Aid. During the year ended September 30, 2021, there were transactions related to the central cost allocation plan and expenditure reimbursements between DCC and Downriver Mutual Aid totaling \$29,797.

During the year ended September 30, 2021, DCC had cash shortfalls of \$274,700 in the Workforce Development Fund, Economic Development Fund, Transportation Fund, Weatherization Fund, and Mental Health Aid First Fund that were covered by the DRANO group Fund in DMAid, which are reflected as due to Downriver Mutual Aid on the financial statements.

DCC has distributed funding to various member communities in the form of brownfield loans. As of September 30, 2021, the total loan receivable was approximately \$1.5 million. This receivable is recorded as a receivable on the statement of net position and is offset by a deferred inflow of resources on the balance sheet. It is offset by a deferred inflow of resources to the extent that it is not collected within 60 days after year end on the governmental funds balance sheet.

**September 30, 2021****Note 9 - Employee Benefits**

Per board resolution, all DCC employees are eligible to establish a tax-sheltered annuity account that is funded by payroll withholdings. In addition, DCC matches employees' contributions up to 4 percent through payments to an insurance carrier. Contributions are fully vested. For the fiscal year ended September 30, 2021, employees' contributions and the employer's contributions were approximately \$177,000 and \$99,000, respectively.

**Note 10 - Line of Credit**

DCC has a line of credit in the amount of \$350,000. At September 30, 2021, DCC has drawn down \$0 on the line of credit. Activity on the line of credit was as follows:

Balance at September 30, 2020	\$ 350,000
Repayments	(350,000)
Draws	-
	<hr/>
Balance at September 30, 2021	<u>\$ -</u>

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## Required Supplemental Information

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## Downriver Community Conference

### Required Supplemental Information Budgetary Comparison Schedule General Fund

Year Ended September 30, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue (Inflows)</b>				
Intergovernmental	\$ 55,400	\$ 55,400	\$ 55,400	\$ -
Contributions	15,000	15,000	35	(14,965)
Membership assessments	196,749	196,749	196,749	-
Total revenue (inflows)	267,149	267,149	252,184	(14,965)
<b>Expenditures</b>				
Current services:				
General government:				
Wages	143,942	106,925	117,633	(10,708)
Fringe benefits	32,524	42,694	46,820	(4,126)
Building rent and maintenance	3,125	30,610	26,169	4,441
Other	108,471	105,588	114,930	(9,342)
Capital outlay/Equipment	-	2,425	-	2,425
Total expenditures	288,062	288,242	305,552	(17,310)
<b>Net Change in Fund Balance</b>	(20,913)	(21,093)	(53,368)	(32,275)
<b>Fund Balance - Beginning of year</b>	67,724	67,724	67,724	-
<b>Fund Balance - End of year</b>	<u>\$ 46,811</u>	<u>\$ 46,631</u>	<u>\$ 14,356</u>	<u>\$ (32,275)</u>

## Downriver Community Conference

### Notes to Required Supplemental Information

September 30, 2021

#### ***Budgetary Information***

The annual budget is prepared by DCC's management and adopted by the board of directors at a functional level. Subsequent amendments are approved by the board of directors.

Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at September 30, 2021 has not been calculated. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America, other than transfers in/out, which are budgeted as revenue/expenditures rather than other financing sources (uses) and internal reimbursements, which are budgeted as revenue/expenditures rather than netted together.

The Workforce Development, Summer Youth Program, and Economic Development funds have been budgeted; however, those budgets are prepared on a program-year basis that differs from DCC's year end. Due to the fact that the budgets adopted and the financial information presented are not for the same period, their financial activity has been omitted from the required supplemental information.

#### ***Excess of Expenditures Over Appropriations in Budgeted Funds***

The General Fund had expenditures greater than budgeted in the categories of wages and other expenditures that were higher than anticipated, but within the contract, and assessment expenses for professional services that were higher than anticipated.

During the year, Downriver Community Conference incurred significant expenditures that were in excess of the amounts budgeted as follows:

	Budget	Actual	Variance
Wages	\$ 106,925	\$ 117,633	\$ (10,708)
Fringe benefits	42,694	46,820	(4,126)
Other	105,588	114,930	(9,342)

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## Other Supplemental Information

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## Downriver Community Conference

### Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds

September 30, 2021

	Special Revenue Funds			
	Transportation	Mental Health First Aid	Weatherization	Total
<b>Assets</b>				
Cash and investments	\$ 1,534	\$ -	\$ 272	\$ 1,806
Due from other governmental units	52,011	53,344	52,835	158,190
Total assets	<b>\$ 53,545</b>	<b>\$ 53,344</b>	<b>\$ 53,107</b>	<b>\$ 159,996</b>
<b>Liabilities</b>				
Accounts payable	\$ 88	\$ 8,450	\$ 37,261	\$ 45,799
Due to other funds	-	1,036	-	1,036
Accrued liabilities and other	2,364	16,610	3,908	22,882
Unearned revenue	-	-	5,100	5,100
Due to Downriver Mutual Aid	49,500	25,000	8,200	82,700
Total liabilities	51,952	51,096	54,469	157,517
<b>Deferred Inflows of Resources - Unavailable revenue</b>	50,138	3,053	248	53,439
Total liabilities and deferred inflows of resources	102,090	54,149	54,717	210,956
<b>Fund Balances (Deficit) - Unassigned (deficit)</b>	(48,545)	(805)	(1,610)	(50,960)
Total liabilities, deferred inflows of resources, and fund balances (deficit)	<b>\$ 53,545</b>	<b>\$ 53,344</b>	<b>\$ 53,107</b>	<b>\$ 159,996</b>

## Downriver Community Conference

### Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit) Nonmajor Governmental Funds

Year Ended September 30, 2021

	Special Revenue Funds			
	Transportation	Mental Health First Aid	Weatherization	Total
<b>Revenue</b>				
Intergovernmental:				
Federal grants	\$ 8,126	\$ -	\$ 520,020	\$ 528,146
State and local grants	12,402	120,000	12,100	144,502
Total revenue	20,528	120,000	532,120	672,648
<b>Expenditures</b>				
Current services:				
General government:				
Wages	20,788	31,241	129,441	181,470
Fringe benefits	7,562	7,668	65,987	81,217
Contracted services	-	-	281,573	281,573
Building rent and maintenance	7,137	-	16,174	23,311
Professional fees	238	-	1,681	1,919
Other	8,206	81,233	41,635	131,074
Total expenditures	43,931	120,142	536,491	700,564
<b>Net Change in Fund Balances</b>	(23,403)	(142)	(4,371)	(27,916)
<b>Fund Balances (Deficit) - Beginning of year</b>	(25,142)	(663)	2,761	(23,044)
<b>Fund Balances (Deficit) - End of year</b>	<u><u>\$ (48,545)</u></u>	<u><u>\$ (805)</u></u>	<u><u>\$ (1,610)</u></u>	<u><u>\$ (50,960)</u></u>