

Northville Downtown Development Authority
(a component unit of the City of Northville)

Financial Report
with Supplemental Information
June 30, 2015

Northville Downtown Development Authority

Contents

Report Letter	1-2
Management's Discussion and Analysis	3-6
Basic Financial Statements	
Statement of Net Position/Governmental Fund Balance Sheet	7
Statement of Activities/Governmental Fund Revenue, Expenditures, and Changes in Fund Balance	8
Notes to Financial Statements	9-16
Required Supplemental Information	17
Budgetary Comparison Schedule - General Fund	18

Independent Auditor's Report

To the Board of Directors
Northville Downtown Development Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the General Fund and the governmental activities of Northville Downtown Development Authority (the "DDA"), a component unit of the City of Northville, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Northville Downtown Development 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 opinion.

To the Board of Directors
Northville Downtown Development Authority

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the General Fund and the governmental activities of Northville Downtown Development Authority as of June 30, 2015 and the changes in its financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the major fund 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.

Plante & Moran, PLLC

October 23, 2015

Northville Downtown Development Authority

Management's Discussion and Analysis

The following discussion and analysis of the financial performance of Northville Downtown Development Authority (the "DDA") provides an overview of the DDA's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the DDA's financial statements.

Financial Highlights

The DDA captures tax increment revenues. The captured value decreased this year, resulting in \$66,000 less in captured taxes from the prior year due to the decline in the value of commercial property. The DDA levied 1.8255 mills for operations which generated \$55,561.

The DDA sponsors popular downtown events such as the Friday Night Concerts, Tunes on Tuesday Concerts, the Buy Michigan Now Festival, Concours d'Elegance Preview event, Skeletons are Alive, and various other events in cooperation with Northville Parks and Recreation, the Northville Arts Commission, and the Chamber of Commerce.

In addition to special events, the DDA has undertaken two projects. The first is a comprehensive wayfinding project which will direct residents and visitors of Northville to parking, municipal services, public venues, and other destinations. The signs will be installed on the outskirts of the City and direct vehicles into downtown. Once in downtown, pedestrian scaled signs will direct both vehicles and pedestrians to their desired destinations. The second is an interior historic exhibit for the Comerica Community Connection. Both projects were in the design and fabrication phase during the fiscal year with installation scheduled for fall of 2016.

The DDA continues to operate, maintain, and provide service to all of the physical facilities in downtown Northville. Seasonal maintenance workers are utilized to weed, water, and maintain the landscape material downtown. Contract services are utilized for landscape installation, irrigation, electrical work, and concrete and brick maintenance. In cooperation with the City's Department of Public Works, the DDA ensures that downtown Northville operates at a high level both functionally and aesthetically.

Northville Downtown Development Authority

Management's Discussion and Analysis (Continued)

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 the DDA as a whole and present a longer-term view of the DDA'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 taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the DDA's operations in more detail than the government-wide financial statements.

The Commission as a Whole

The following table shows, in a condensed format, the current year's net position compared to the two prior years:

	2013	2014	2015	Changes from Prior Year	
				In Dollars	Percent
Assets - Current assets	\$ 1,080,832	\$ 745,108	\$ 545,428	\$ (199,680)	(27)
Liabilities					
Current liabilities	127,212	151,568	31,827	(119,741)	(79)
Long-term liabilities	120,000	-	-	-	0
Total liabilities	247,212	151,568	31,827	(119,741)	14
Net Position - Unrestricted	\$ 833,620	\$ 593,540	\$ 513,601	\$ (79,939)	(13)

The above decrease in current assets was expected and is consistent with the DDA's long-term financial plan to utilize resources on physical improvements, business recruitment and retention, and promoting downtown Northville as a destination to shop, dine, work, and play.

The decrease in current liabilities is related to timing of invoices payable at year end and the adjustment in the reserve for tax appeals.

Northville Downtown Development Authority

Management's Discussion and Analysis (Continued)

The following table shows the changes in net assets during the current year in comparison with the two prior years:

	2013	2014	2015	Changes from Prior Year	
				In Dollars	Percent
Revenue					
Property taxes	\$ 849,087	\$ 604,480	\$ 663,310	\$ 58,830	10
Operating levy	61,349	60,508	55,561	(4,947)	(8)
Contributions	491,526	8,850	19,274	10,424	118
Property taxes - Other	1,432	1,411	4,593	3,182	226
Total revenue	1,403,394	675,249	742,738	67,489	10
Expenditures					
Business mix committee	62,371	44,119	-	(44,119)	(100)
Design committee	852,880	278,608	210,211	(68,397)	(25)
Marketing committee	139,550	157,726	213,862	56,136	36
Parking committee	125,114	190,309	151,356	(38,953)	(20)
Organizational committee	57,780	56,006	62,240	6,234	11
Public works	17,769	12,254	15,873	3,619	30
Debt service	8,450	5,225	-	(5,225)	(100)
Debt service - Pass-through commitment	171,017	171,082	169,135	(1,947)	(1)
Total expenditures	1,434,931	915,329	822,677	(92,652)	(10)
Excess of Expenditures Over Revenue	\$ (31,537)	\$ (240,080)	\$ (79,939)	\$ 160,141	(67)

Property taxes include captured taxes and reimbursement from the State of Michigan for the personal property small taxpayer loss. The prior year included a large chargeback from Wayne County. The decrease in the operating levy was due to lower values. The increase in contributions was due to receipt of additional sponsorship revenue and insurance proceeds for damaged landscaping.

The decrease in the business mix committee was offset by the increase in the marketing committee. Efforts of the business mix committee are now included in the marketing committee.

The decrease in design committee was primarily related to installation of induction street lighting in the prior fiscal year.

The decrease in the parking committee expenditures was due to Marquis Plaza improvements in the prior year.

The DDA no longer has an outstanding debt owed to the City of Northville.

The DDA's Fund

The DDA maintains one fund, the General Fund. The fund provides detailed information about the DDA as a whole. The use of this fund helps to manage money for specific purposes as well as to show accountability for certain activities.

Northville Downtown Development Authority

Management's Discussion and Analysis (Continued)

General Fund Budgetary Highlights

The General Fund accounts for all programming, maintenance, construction, and administrative functions of the DDA within the DDA boundaries. The budget is monitored closely and amended quarterly.

Capital Asset and Debt Administration

The DDA contributes financial support to the City of Northville for some of the construction and maintenance of assets within the DDA's boundaries. Most of those costs are recorded in the financial statements under the category of design committee expense. The DDA does not have any capital assets of its own.

Captured tax revenue is pledged to pay for the 2013 refunding bonds issued by the City of Northville for completed streetscape improvements.

Economic Factors and Next Year's Budgets and Rates

The DDA will continue to focus attention and resources on business recruitment and retention efforts in the downtown area. Expenditures continue to grow at a faster rate than revenue, which will continue to be a challenge for the DDA.

In spring of 2015, the DDA amended and restated its development plan and tax increment financing plan. The expansion of the development area boundary results in the DDA District and Development Area having the same geographic limits. It also allows the DDA to continue to operate until the year 2040.

Contacting the DDA's Management

This financial report is intended to provide the citizens, taxpayers, customers, and investors with a general overview of the DDA's finances and to show the DDA's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact Northville Downtown Development Authority's office at 215 West Main Street, Northville, Michigan 48167, or via the DDA's website at www.downtownnorthville.com.

Northville Downtown Development Authority

Statement of Net Position/Governmental Fund Balance Sheet June 30, 2015

	<u>General Fund</u>	<u>Adjustments (Note 4)</u>	<u>Statement of Net Position</u>
Assets			
Cash and cash equivalents (Note 5)	\$ 540,721	\$ -	\$ 540,721
Due from other governmental units	2,173	-	2,173
Prepaid expenses and other assets	2,534	-	2,534
	<u>545,428</u>	<u>-</u>	<u>545,428</u>
Total assets	\$ 545,428	-	545,428
Liabilities			
Accounts payable	\$ 6,504	-	6,504
Due to other governmental units	5,575	-	5,575
Accrued liabilities and other	9,281	10,467	19,748
	<u>21,360</u>	<u>10,467</u>	<u>31,827</u>
Total liabilities	21,360	10,467	31,827
Fund Balance/Net Position			
Fund balance:			
Nonspendable - Prepaids	2,534	(2,534)	-
Assigned:			
Subsequent year's budget	32,705	(32,705)	-
Assigned for compensated absences	10,467	(10,467)	-
Assigned for capital projects	123,568	(123,568)	-
Unassigned	354,794	(354,794)	-
	<u>524,068</u>	<u>(524,068)</u>	<u>-</u>
Total fund balance	524,068	(524,068)	-
Total liabilities and fund balance	\$ 545,428		
Net position - Unrestricted		\$ 513,601	\$ 513,601

Northville Downtown Development Authority

Statement of Activities/Governmental Fund Revenue, Expenditures, and Changes in Fund Balance Year Ended June 30, 2015

	General Fund	Adjustments (Note 4)	Statement of Net Position
Revenue			
Captured taxes (Note 6)	\$ 636,713	\$ -	\$ 636,713
Operating levy	55,561	-	55,561
Other income	19,274	-	19,274
Property taxes - Other	31,190	-	31,190
Total revenue	742,738	-	742,738
Expenditures			
Design committee	212,177	(1,966)	210,211
Marketing committee	217,008	(3,146)	213,862
Parking committee	152,011	(655)	151,356
Organizational committee	63,026	(786)	62,240
Public works	15,873	-	15,873
Debt service - Pass-through commitment	169,135	-	169,135
Total expenditures	829,230	(6,553)	822,677
Net Change in Fund Balance/Net Position	(86,492)	6,553	(79,939)
Fund Balance/Net Position - Beginning of year	610,560	(17,020)	593,540
Fund Balance/Net Position - End of year	\$ 524,068	\$ (10,467)	\$ 513,601

Northville Downtown Development Authority

Notes to Financial Statements June 30, 2015

Note I - Summary of Significant Accounting Policies

The accounting policies of Northville Downtown Development Authority (the "DDA") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Northville Downtown Development Authority.

Reporting Entity

Northville Downtown Development Authority was formed under Act 197 of the Public Acts of 1975 to develop downtown Northville. A revised development plan was adopted in 1993 that provided the financing framework for the construction of downtown parking facilities. The final payment was made during the year ended June 30, 2009.

During fiscal year 2015, the DDA amended and restated its development plan and tax increment financing plan. The development area boundary was expanded to have the same geographic limits as the DDA District.

The accompanying financial statements pertain to the financial activities of the DDA. These activities have also been presented within the financial statements of the City of Northville, Michigan as a component unit.

Government-wide and Fund Financial Statements

The government-wide financial statements report information on all of the activities of the DDA. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the 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. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Northville Downtown Development Authority

Notes to Financial Statements June 30, 2015

Note I - Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the DDA considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenue is recognized in the accounting period in which it becomes both measurable and available to finance expenditures of the fiscal period. All other revenue items are considered to be available only when cash is received by the DDA.

When an expense is incurred for purposes for which both restricted and unrestricted net position or fund balance are available, the DDA's policy is to first apply restricted resources. When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the DDA's policy to spend funds in this order: committed, assigned, and unassigned.

The General Fund is the DDA's only operating fund. It accounts for all financial resources of the general government.

Assets, Liabilities, and Net Position or Equity

Bank Deposits 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. Investments are stated at fair value. Pooled investment income is allocated using a weighted average of balance for the principal.

Capital Assets - Capital assets are defined by the DDA as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. The DDA has no assets that meet this criterion.

Compensated Absences (Vacation and Sick Leave) - It is the DDA's policy to permit employees to accumulate earned but unused sick and vacation pay benefits and accumulate compensatory leave time. After 10 years of service, employees may receive payment of the accumulated sick leave balance at the rate of 50 percent upon retirement or 25 percent for other types of termination. A liability is accrued when incurred in the government-wide financial statements.

Northville Downtown Development Authority

Notes to Financial Statements June 30, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

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 DDA's board of directors for use for specific purposes. Commitments are made and can be rescinded only via resolution of the DDA's board of directors.
- **Assigned:** Intent to spend resources on specific purposes expressed by the DDA's board of directors.
- **Unassigned:** Amounts that do not fall into any other category above.

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.

Note 2 - Upcoming Accounting Pronouncements

In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This Statement will also enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The DDA is currently evaluating the impact this standard will have on the financial statements when adopted, during the DDA's fiscal year ending June 30, 2016.

Northville Downtown Development Authority

Notes to Financial Statements June 30, 2015

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund. All annual appropriations lapse at fiscal year end. The annual budget is prepared by the director and then reviewed by the DDA. After the budget is approved by the DDA, it is then presented to the City of Northville for approval prior to the start of the fiscal year. The budget is reviewed by the DDA and the City on a quarterly basis and amended as necessary.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing bodies is the department level. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. During the current year, the budget was amended in a legally permissible manner. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. The comparison of actual results of operations to the General Fund budget is presented for analytical purposes only.

Excess of Expenditures Over Appropriations in Budgeted Funds - The budget variance in the marketing committee expenditures is due to contracting with a photographer to take professional pictures for an advertising campaign. This was not a budgeted item. The budget variance in the organizational committee is due to a year-end adjustment to the leave time accrual.

Note 4 - Reconciliation of Government-wide and Fund Financial Statements

Total fund balances and the net change in fund balances of the DDA's governmental funds differ from net position and changes in net position of the governmental activities reported in the statement of net position and statement of activities. This difference results primarily from the long-term economic focus of the statement of net position and statement of activities versus the financial resources measurement focus of the governmental fund balance sheet.

The reconciliation of fund balance to net position relates to compensated absences that are included as a liability for the statement of net position. The reconciliation of the net change in fund balance to net change in net position relates to the decrease in the accrual for long-term compensated absences, which are reported as expenses in the governmental fund, but are not reported as expenses in the statement of activities.

Northville Downtown Development Authority

Notes to Financial Statements June 30, 2015

Note 5 - 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, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan; and investment pools organized under the Surplus Funds Investment Pool Acts of the State of Michigan. The investment policy adopted is in accordance with Public Act 196 of 1997 and has authorized investment in all vehicles covered by the state statute listed above.

Cash and investments are subject to several types of risk. At year end, the carrying amount of the DDA's cash and investments is included with the City's cash and investments pool. For the purpose of risk disclosure, it is not practical to allocate risk to each entity in the investment fund. The disclosures below are related to the overall risk for the cash and investments totals that are presented in the City's financial statements. The DDA's cash and investments, however, represent approximately 3.7 percent of the total portfolio managed by the City.

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the entity's deposits may not be returned to it. The policy for custodial credit risk limits bank options to those approved by the DDA. All banks must supply audited financial statements, proof of state registration, and certification of compliance with the investment policy. Overall, the City had \$1,046,643 in bank deposits (checking and savings accounts) that were uninsured and uncollateralized. Each financial institution with which funds are deposited is evaluated to assess the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Northville Downtown Development Authority

Notes to Financial Statements June 30, 2015

Note 5 - Deposits and Investments (Continued)

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. The DDA's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. At year end, the average maturities of investments are as follows:

Investment	Percentage of Total Portfolio	Weighted Average Maturity (Days)
Commercial Paper	5 %	193
U.S. Treasury	38	857
Federal Agency Bond	53	578
Supra National Agency Bond	2	624
Municipal Bonds	2	325

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The DDA has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Percentage of Total Portfolio	Standard & Poor's Rating
Money Markets	1 %	AAAm
Commercial Paper	5	A-I
U.S. Treasury	37	AA+
Federal Agency Bond	53	AA+
Supra National Agency	2	AAA
Municipal bonds	1	NR
Municipal bonds	1	SP-I

Northville Downtown Development Authority

Notes to Financial Statements June 30, 2015

Note 5 - Deposits and Investments (Continued)

Concentration of Credit Risk - It is the City's policy to diversify its investment portfolio with a goal of 5 percent maximum exposure to any one credit risk at the time of purchase. This requirement does not apply to investments issued by the U.S. government or its agencies, investments in mutual funds, external investment pools, and other pooled investments. At June 30, 2015, more than 5 percent of the City's investments are in the following federal agency securities:

Federal Home Loan Banks	17%
Fannie Mae	12%
Freddie Mac	16%

Note 6 - Captured Taxes

Captured taxes represent the property taxes on the increment in taxable value of the downtown development district property since the adoption of the development plan. These taxes are earmarked for debt retirement purposes and other purposes consistent with the development plan.

Based on the 2014 taxable value subject to capture, the taxes captured by the Northville Downtown Development Authority are as shown below.

	2014 Tax Captured
City of Northville	\$ 369,233
Wayne County	159,688
Wayne Parks	5,915
Schoolcraft Community College	43,222
Huron Clinton Metropolitan Authority	5,162
Northville District Library	30,926
Wayne Public Safety	22,567
Total	<u>\$ 636,713</u>

Northville Downtown Development Authority

Notes to Financial Statements June 30, 2015

Note 7 - Commitment

The DDA has pledged future tax increment revenue for the payment of the 2013 refunding bonds issued by the City of Northville for the completed streetscape improvement project. Future debt service payments on those refunded bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 130,000	\$ 45,415	\$ 175,415
2017	130,000	41,385	171,385
2018	135,000	37,355	172,355
2019	140,000	33,170	173,170
2020	145,000	28,830	173,830
2021-2025	<u>785,000</u>	<u>74,090</u>	<u>859,090</u>
Total	<u>\$ 1,465,000</u>	<u>\$ 260,245</u>	<u>\$ 1,725,245</u>

Note 8 - Defined Contribution Pension Plan

The City of Northville sponsors the pension plan on behalf of the Downtown Development Authority. The employer of record for the DDA is the City of Northville. The DDA has only one employee who participates in the defined contribution pension plan; however, this individual is not eligible to participate in the City's postretirement healthcare plan. Accordingly, the employee of the DDA participates in the City's employee benefit programs and policies and is pooled with City employees for benefits administration subject to specific benefits outlined in an employment contract with the DDA director. The City charges the DDA for its pro-rata share of employee fringe benefit costs in the same manner as City departments are charged for fringe benefits. Employees are eligible to participate in the defined contribution pension plan from the date of employment. As established by City Council action, the DDA contributes 5 percent of employees' gross earnings for eligible part-time employees and 10 percent for full-time employees. The DDA's contribution plus investment earnings are fully vested by the affected employee after seven years of service. There are no retirees of the DDA. A description of the pension plan and related overall funding levels may be obtained from the City of Northville's financial statements. Those statements may be obtained by contacting the City of Northville, 215 West Main Street, Northville, Michigan 48167.

The DDA's total payroll during the current year was \$91,333. The current year contribution was calculated based on covered payroll of \$73,845, resulting in an employer contribution of \$7,385. Total payroll is greater than covered payroll because part-time staff and the Department of Public Works wages are specifically not included in the DDA's covered payroll.

Required Supplemental Information

Northville Downtown Development Authority

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Captured taxes	\$ 653,687	\$ 636,713	\$ 636,713	\$ -
Operating levy	57,643	56,335	55,561	(774)
Other income	1,600	18,561	19,274	713
Property taxes - Other	(9,700)	17,171	31,190	14,019
Total revenue	703,230	728,780	742,738	13,958
Expenditures/Expenses				
Design committee	153,837	362,005	212,177	149,828
Marketing committee	189,459	211,735	217,008	(5,273)
Parking committee	166,285	162,985	152,011	10,974
Organizational committee	50,125	61,630	63,026	(1,396)
Public works	16,560	17,870	15,873	1,997
Debt service - Pass-through commitment	169,585	169,135	169,135	-
Total expenditures	745,851	985,360	829,230	156,130
Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance/Net Position	(42,621)	(256,580)	(86,492)	170,088
Fund Balance/Net Position - Beginning of year	610,560	610,560	610,560	-
Fund Balance/Net Position - End of year	\$ 567,939	\$ 353,980	\$ 524,068	\$ 170,088