

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

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**Financial Report**  
**with Supplemental Information**  
**June 30, 2017**

# **Northville Downtown Development Authority**

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## 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, Michigan as of and for the year ended June 30, 2017 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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

***Opinion***

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, 2017 and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***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 30, 2017

# **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, 2017. Please read it in conjunction with the DDA's financial statements.

### **Financial Highlights**

The DDA staff allocates its time between physical improvement projects, parking, business recruitment and retention, planning, administrative duties, and marketing and special events. Time is also spent working with the Northville Central Business Association, Chamber of Commerce, and city officials to achieve and maintain a vibrant and economically viable downtown.

The DDA captured \$642,838 in tax increment revenue. This was an increase of 0.5 percent from the prior year. The DDA levied 1.8158 mills for operations, which generated \$56,375, down 0.4 percent from the prior year.

The State of Michigan reimbursed the DDA \$35,677 for losses related to the small taxpayer exemption on personal property taxes.

The DDA sponsors popular downtown events such as the Friday Night Concerts, Tunes on Tuesday Concerts, the Buy Michigan Now Festival, 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 special projects as follows:

- **Wayfinding** - 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 signs have been purchased and will be installed during fiscal year 2018.
- **Strategic Plan** - An updated strategic plan for downtown Northville was finalized during fiscal year 2017.

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/governmental fund balance sheet and the statement of activities/governmental fund revenue, expenditures, and changes in fund balance 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 DDA as a Whole

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

	2015	2016	2017	Changes from Prior Year	
				In Dollars	Percent
<b>Assets</b> - Current assets	\$ 545,428	\$ 429,962	\$ 446,735	\$ 16,773	4
<b>Liabilities</b> - Current liabilities	31,827	43,438	55,175	11,737	27
<b>Net Position</b> - Unrestricted	<u>\$ 513,601</u>	<u>\$ 386,524</u>	<u>\$ 391,560</u>	<u>\$ 5,036</u>	1

The above increase in current assets was related to the installation of the wayfinding signage that was delayed until the next fiscal year. The increase in current liabilities is related to timing of invoices payable at year end and the adjustment to the tax appeal reserve.

# Northville Downtown Development Authority

## Management's Discussion and Analysis (Continued)

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

### Summary Condensed Statement of Activities

	2015	2016	2017	Changes from Prior Year	
				In Dollars	Percent
<b>Revenue</b>					
Captured taxes	\$ 636,713	\$ 639,523	\$ 642,838	\$ 3,315	1
Operating levy	55,561	56,618	56,375	(243)	(0)
Other income	19,274	27,677	18,195	(9,482)	(34)
Property taxes - Other	31,190	26,200	35,677	9,477	36
Total revenue	742,738	750,018	753,085	3,067	0
<b>Expenditures</b>					
Design committee	210,211	300,784	200,465	(100,319)	(33)
Marketing committee	213,862	175,704	139,296	(36,408)	(21)
Parking committee	151,356	159,080	179,396	20,316	13
Organizational committee	62,240	51,385	46,021	(5,364)	(10)
Public works	15,873	14,727	11,486	(3,241)	(22)
Debt service - Pass-through commitment	169,135	175,415	171,385	(4,030)	(2)
Total expenditures	822,677	877,095	748,049	(129,046)	(15)
<b>Excess of Expenditures (Over) Under Revenue</b>	<b>\$ (79,939)</b>	<b>\$ (127,077)</b>	<b>\$ 5,036</b>	<b>\$ 132,113</b>	<b>(104)</b>

The changes in other income and property taxes - other is related to a reallocation of accounts between revenue category.

The decrease in design committee expenditures was directly related to the purchase of wayfinding signage and exhibit materials in the prior year. In addition, there was less repair work and landscape maintenance required. The decrease in the marketing committee was due to an overall reduction in advertising. The increase in the parking committee expenditures was due to a major repair on the beam in the Cady parking lot.

The decrease in the organizational committee expenditures was due the temporary vacancy of part-time office assistance. The decrease in public works was due to more reliance on part-time workers.

### 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**

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## **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, Michigan 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, Michigan 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.

### **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](http://www.downtownnorthville.com).



# Northville Downtown Development Authority

## Statement of Net Position/Governmental Fund Balance Sheet June 30, 2017

	General Fund	Adjustments (Note 3)	Statement of Net Position
<b>Assets</b>			
Cash and cash equivalents	\$ 63,106	\$ -	\$ 63,106
Investments (Note 4)	381,142	-	381,142
Other receivables	27	-	27
Prepaid expenses and other assets	2,460	-	2,460
Total assets	<u>\$ 446,735</u>	-	446,735
<b>Liabilities</b>			
Accounts payable	\$ 30,297	-	30,297
Accrued liabilities and other	8,192	16,686	24,878
Total liabilities	38,489	16,686	55,175
<b>Fund Balance/Net Position</b>			
Fund balance:			
Nonspendable - Prepays	2,460	(2,460)	-
Assigned:			
Assigned for compensated absences	16,686	(16,686)	-
Assigned for capital projects	73,188	(73,188)	-
Unassigned	315,912	(315,912)	-
Total fund balance	<u>408,246</u>	<u>(408,246)</u>	-
Total liabilities and fund balance	<u>\$ 446,735</u>		
Net Position - Unrestricted		<u>\$ 391,560</u>	<u>\$ 391,560</u>

# Northville Downtown Development Authority

## Statement of Activities/Governmental Fund Revenue, Expenditures, and Changes in Fund Balance Year Ended June 30, 2017

	General Fund	Adjustments (Note 3)	Statement of Net Position
<b>Revenue</b>			
Captured taxes (Note 5)	\$ 642,838	\$ -	\$ 642,838
Operating levy	56,375	-	56,375
Other income	18,195	-	18,195
Personal property tax loss reimbursement	35,677	-	35,677
Total revenue	753,085	-	753,085
<b>Expenditures</b>			
Design committee	199,447	1,018	200,465
Marketing committee	137,666	1,630	139,296
Parking committee	179,056	340	179,396
Organizational committee	45,614	407	46,021
Public works	11,486	-	11,486
Debt service - Pass-through commitment	171,385	-	171,385
Total expenditures	744,654	3,395	748,049
<b>Net Change in Fund Balance/Net Position</b>	8,431	(3,395)	5,036
<b>Fund Balance/Net Position - Beginning of year</b>	399,815	(13,291)	386,524
<b>Fund Balance/Net Position - End of year</b>	<b>\$ 408,246</b>	<b>\$ (16,686)</b>	<b>\$ 391,560</b>

# **Northville Downtown Development Authority**

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## **Notes to Financial Statements June 30, 2017**

### **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 (the "City") 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/governmental fund revenue, expenditures, and changes in fund balance 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. Program revenue includes: (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

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## Notes to Financial Statements June 30, 2017

### 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 revenue to be available if it is collected within 60 days of the end of the current fiscal period.

Generally, expenditures 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 the purpose 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 the purpose 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

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## Notes to Financial Statements June 30, 2017

### 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 - 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, Michigan 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.

# **Northville Downtown Development Authority**

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## **Notes to Financial Statements June 30, 2017**

### **Note 3 - 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/governmental fund balance sheet and statement of activities/governmental fund revenue, expenditures, and changes in fund balance. 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/governmental fund balance sheet. The reconciliation of the net change in fund balance to net change in net position relates to the increase in the accrual for long-term compensated absences, which are reported as expenditures in the statement of activities/governmental fund revenue, expenditures, and changes in fund balance but are not reported as expenditures in the governmental fund.

### **Note 4 - 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 2.8 percent of the total portfolio managed by the City.

# Northville Downtown Development Authority

## Notes to Financial Statements June 30, 2017

### Note 4 - Deposits and Investments (Continued)

**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 DDA had \$49,196 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. As of June 30, 2017, two banks are utilized for the deposit of DDA funds.

**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 DDA had the following investments:

Investment	Fair Value	Weighted Average Maturity (Days)
Commercial paper	\$ 23,697	119
U.S. Treasury securities	122,821	928
Federal agency bond	210,075	643
Supra National Agency bond	17,315	233
Federal Agency Collateralized Mortgage	4,657	254
Total	\$ 378,565	

**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	0.7 %	AAAm
Commercial paper	6.2	A-1
U.S. Treasury	32.4	AA+
Federal agency bond	55.0	AA+
Supra National Agency	4.5	AAA
Federal Agency Collateralized Mortgage	1.2	AA+

# Northville Downtown Development Authority

## Notes to Financial Statements June 30, 2017

### Note 4 - 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, 2017, more than 5 percent of the City's investments are in the following agency securities:

Federal Home Loan Banks	13%
Fannie Mae	30%
Freddie Mac	13%

**Fair Value Measurement** - The DDA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The DDA's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.



# Northville Downtown Development Authority

## Notes to Financial Statements June 30, 2017

### Note 4 - Deposits and Investments (Continued)

The DDA has the following recurring fair value measurements as of June 30, 2017:

#### Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2017	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities:				
U.S. Treasury securities	\$ 122,821	\$ -	\$ 122,821	\$ -
Supra National Agency bonds	17,315	-	17,315	-
Federal agency bond	210,075	-	210,075	-
Federal Agency Collateralized Mortgage	4,657	-	4,657	-
Commercial paper	23,697	-	23,697	-
Total debt securities	378,565	\$ -	\$ 378,565	\$ -
Investments measured at the net asset value (NAV) - Money market	2,577			
Total investments measured at fair value	\$ 381,142			

The fair value of debt securities at June 30, 2017 was determined primarily based on Level 2 inputs. The DDA estimates the fair value of these investments using quoted market prices and other market data for the same or comparable instruments and transactions in establishing prices, discounted cash flow models, and other pricing models.

The DDA holds money market investments in the Governments of Michigan Investing Cooperative Program. These investments are measured at the net asset value (NAV) per share (or its equivalent). There are no limitations or restrictions on participant withdrawals for the cooperative program that is recorded at amortized cost.

### Note 5 - 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.

# Northville Downtown Development Authority

## Notes to Financial Statements June 30, 2017

### Note 5 - Captured Taxes (Continued)

Based on the 2016 taxable value subject to capture, the taxes captured by the Northville Downtown Development Authority are as shown below.

	<u>2016 Tax Captured</u>
City of Northville, Michigan	\$ 374,633
Wayne County	162,331
Wayne County Parks	6,013
Schoolcraft Community College	43,725
Huron Clinton Metropolitan Authority	5,247
Northville District Library	27,949
Wayne County Public Safety	<u>22,940</u>
Total	<u>\$ 642,838</u>

### Note 6 - Commitment

The DDA has pledged future tax increment revenue for the payment of the 2013 refunding bonds issued by the City of Northville, Michigan 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>
2018	\$ 135,000	\$ 37,355	\$ 172,355
2019	140,000	33,170	173,170
2020	145,000	28,830	173,830
2021	150,000	24,335	174,335
2022	155,000	19,685	174,685
2023-2025	<u>480,000</u>	<u>30,069</u>	<u>510,069</u>
Total	<u>\$ 1,205,000</u>	<u>\$ 173,444</u>	<u>\$ 1,378,444</u>

# **Northville Downtown Development Authority**

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## **Notes to Financial Statements June 30, 2017**

### **Note 7 - Defined Contribution Pension Plan**

The City of Northville, Michigan sponsors the pension plan on behalf of the Downtown Development Authority. The employer of record for the DDA is the City of Northville, Michigan. 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 10-11 percent of employees' gross earnings for eligible 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, Michigan's financial statements. Those statements may be obtained by contacting the City of Northville, Michigan, 215 West Main Street, Northville, Michigan 48167.

The DDA's total payroll during the current year was \$109,492. The current year contribution was calculated based on covered payroll of \$78,320, resulting in an employer contribution of \$8,205. Total payroll is greater than covered payroll because part-time staff's and the Department of Public Works' wages are specifically not included in the DDA's covered payroll.

## **Required Supplemental Information**

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# Northville Downtown Development Authority

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Captured taxes	\$ 653,664	\$ 642,838	\$ 642,838	\$ -
Operating levy	57,474	56,375	56,375	-
Other income	35,650	20,173	18,195	(1,978)
Personal property tax loss reimbursement	28,000	35,677	35,677	-
Total revenue	774,788	755,063	753,085	(1,978)
<b>Expenditures/Expenses</b>				
Design committee	226,030	226,786	199,447	27,339
Marketing committee	181,333	140,053	137,666	2,387
Parking committee	180,540	184,025	179,056	4,969
Organizational committee	57,660	47,889	45,614	2,275
Public works	14,485	14,650	11,486	3,164
Debt service - Pass-through commitment	171,385	171,385	171,385	-
Total expenditures	831,433	784,788	744,654	40,134
<b>Net Change in Fund Balance/Net Position</b>	(56,645)	(29,725)	8,431	38,156
<b>Fund Balance/Net Position - Beginning of year</b>	399,815	399,815	399,815	-
<b>Fund Balance/Net Position - End of year</b>	<u>\$ 343,170</u>	<u>\$ 370,090</u>	<u>\$ 408,246</u>	<u>\$ 38,156</u>