

---

# Northville Downtown Development Authority

(a component unit of the City of Northville, Michigan)

---

**Financial Report**  
**with Supplemental Information**  
**June 30, 2019**

<b>Independent Auditor's Report</b>	1-2
<b>Management's Discussion and Analysis</b>	3-5
<b>Basic Financial Statements</b>	
Fund/Government-wide Financial Statements:	
Statement of Net Position/Governmental Fund Balance Sheet	6
Statement of Activities/Governmental Fund Revenue, Expenditures, and Changes in Fund Balance	7
Notes to Financial Statements	8-14
<b>Required Supplemental Information</b>	15
Budgetary Comparison Schedule - General Fund	16

## **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 City of Northville, Michigan, as of and for the year ended June 30, 2019 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.

#### ***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, 2019 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.

To the Board of Directors  
Northville Downtown Development Authority

***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 24, 2019

# Northville Downtown Development Authority

## Management's Discussion and Analysis

---

June 30, 2019

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, 2019. Please read it in conjunction with the DDA's financial statements.

### **Financial Highlights**

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

The DDA captured \$670,195 in tax increment revenue. This was an increase of 3.6 percent from the prior year. The DDA levied 1.8158 mills for operations, which generated \$58,180, up 2.4 percent from the prior year.

The State of Michigan reimbursed the DDA \$32,041 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.

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.

### **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.

# Northville Downtown Development Authority

## Management's Discussion and Analysis (Continued)

June 30, 2019

### 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:

	2017	2018	2019	Changes from Prior Year	
				In Dollars	Percent
<b>Assets</b> - Current assets	\$ 446,735	\$ 419,793	\$ 488,539	\$ 68,746	16
<b>Liabilities</b> - Current liabilities	55,175	37,450	42,066	4,616	12
<b>Net Position</b> - Unrestricted	<u>\$ 391,560</u>	<u>\$ 382,343</u>	<u>\$ 446,473</u>	<u>\$ 64,130</u>	17

The increase in current assets was expected in order to reserve funds for the parking deck restoration projects that will commence in the next fiscal year. The increase in the leave payout liability accounts for the increase in the current liabilities.

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

	2017	2018	2019	Changes from Prior Year	
				In Dollars	Percent
<b>Revenue</b>					
Captured taxes	\$ 642,838	\$ 646,845	\$ 670,195	\$ 23,350	4
Operating levy	56,375	56,823	58,180	1,357	2
Other income	18,195	8,570	41,277	32,707	382
Personal Property Tax Loss Resimbursement	35,677	36,178	32,041	(4,137)	(11)
Total revenue	753,085	748,416	801,693	53,277	7
<b>Expenditures</b>					
Design committee	200,465	201,252	146,359	(54,893)	(27)
Marketing committee	139,296	140,888	125,186	(15,702)	(11)
Parking committee	179,396	167,236	170,650	3,414	2
Organizational committee	46,021	65,837	63,966	(1,871)	(3)
Public works	11,486	10,065	29,548	19,483	194
Economic Development	-	-	28,684	28,684	100
Debt service - Pass-through commitment	171,385	172,355	173,170	815	0
Total expenditures	748,049	757,633	737,563	(20,070)	(3)
<b>Excess of Expenditures (Over) Under Revenue</b>	<u>\$ 5,036</u>	<u>\$ (9,217)</u>	<u>\$ 64,130</u>	<u>\$ 73,347</u>	(796)

## **Northville Downtown Development Authority**

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

---

**June 30, 2019**

The increase in other income was the result of higher investment income, additional sponsorships received, insurance proceeds for damaged property, and a distribution from the property insurance carrier.

Total expenditures decreased \$20,070, or 3 percent, from the prior year. This is primarily related to additional costs last year for downtown wayfinding signage offset by additional public works labor costs this year. The economic development committee is a cost center this fiscal year. Therefore, expenditures were shifted from other committees to this new committee.

#### **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.

#### **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. Fund balance will be utilized for capital projects next year.

#### **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, 2019

	General Fund	Adjustments (Note 3)	Statement of Net Position - Full Accrual Basis
<b>Assets</b>			
Cash and cash equivalents	\$ 80,458	\$ -	\$ 80,458
Investments (Note 4)	394,962	-	394,962
Other receivables	4,057	-	4,057
Prepaid expenses and other assets	9,062	-	9,062
	<u>\$ 488,539</u>	-	488,539
<b>Liabilities</b>			
Accounts payable	\$ 12,051	-	12,051
Accrued liabilities and other	4,180	25,835	30,015
	16,231	25,835	42,066
<b>Fund Balance/Net Position</b>			
Fund balance:			
Nonspendable - Prepays	9,062	(9,062)	-
Assigned:			
Assigned for compensated absences	25,835	(25,835)	-
Assigned for capital projects	278,514	(278,514)	-
Unassigned	158,897	(158,897)	-
	<u>472,308</u>	<u>(472,308)</u>	-
	<u>\$ 488,539</u>		
Net position - Unrestricted		<u>\$ 446,473</u>	<u>\$ 446,473</u>

# Northville Downtown Development Authority

## Statement of Activities/Governmental Fund Revenue, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2019

	General Fund	Adjustments (Note 3)	Statement of Activities - Full Accrual Basis
<b>Revenue</b>			
Captured taxes (Note 5)	\$ 670,195	\$ -	\$ 670,195
Operating levy	58,180	-	58,180
Other income	41,277	-	41,277
Personal property tax loss reimbursement	32,041	-	32,041
Total revenue	801,693	-	801,693
<b>Expenditures</b>			
Design committee	145,519	840	146,359
Marketing committee	124,346	840	125,186
Parking committee	170,230	420	170,650
Organizational committee	62,915	1,051	63,966
Public works	28,497	1,051	29,548
Economic Development	28,684	-	28,684
Debt service - Pass-through commitment	173,170	-	173,170
Total expenditures	733,361	4,202	737,563
<b>Net Change in Fund Balance/Net Position</b>	68,332	(4,202)	64,130
<b>Fund Balance/Net Position - Beginning of year</b>	403,976	(21,633)	382,343
<b>Fund Balance/Net Position - End of year</b>	<b>\$ 472,308</b>	<b>\$ (25,835)</b>	<b>\$ 446,473</b>

June 30, 2019

### Note 1 - 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) 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 DDA is governed by an appointed 11-member board of directors (the "board").

The accompanying financial statements pertain to the financial activities of the DDA. In accordance with governmental accounting principles, there are no separate legal entities appropriate to be reported within these financial statements. The DDA financial activities have also been presented within the financial statements of the City of Northville, Michigan (the "City") as a component unit.

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

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 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 and (2) operating grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

#### ***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 the government has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

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, the DDA considers amounts collected within 60 days of year end to be available for recognition.

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.

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

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

***Specific Balances and Transactions***

**Cash and Cash Equivalents 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. 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.

**Fund Equity**

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 generally accepted accounting principles and state law 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 board. After the budget is approved by the DDA board, 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 board and the City on a quarterly basis and amended as necessary.

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

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.

**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 and statement of revenue, expenditures, and changes in fund balance.

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, 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 that matures not 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; 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 3.1 percent of the total portfolio managed by the City.

June 30, 2019

**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 \$56,723 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, 2019, five 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)
<b>Primary Government</b>		
U.S. Treasury securities	\$ 146,877	377
Federal agency bonds	74,192	100
Federal agency mortgage-backed securities	1,733	824
Federal agency collateralized mortgage obligations	5,627	824
Supranational agency bonds	8,064	523
Municipal bonds	65,124	719
Total	<u>\$ 301,617</u>	

***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 DDA Portfolio Allocation	Rating	Rating Organization
Money market fund	8.00 %	AAAm	S&P
Pooled funds	9.00	AAAm	S&P
U.S. Treasury securities	40.00	AA+	S&P
Federal agency bonds	20.00	AA+	S&P
Federal agency mortgage-backed securities	1.00	AA+	S&P
Federal agency collateralized mortgage obligations	2.00	AA+	S&P
Supranational agency bonds	2.00	AA+	S&P
Municipal bonds	15.00	AA+ to AA-	S&P
Municipal bonds	3.00	Aa1	Moody's

**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, 2019, more than 5 percent of the City's investments are in the following agency securities:

Fannie Mae	11 %
Freddie Mac	7

**Fair Value Measurements**

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 net asset value per share (NAV) (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.

The DDA has the following recurring fair value measurements as of June 30, 2019:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2019
Debt securities:				
U.S. Treasury securities	\$ -	\$ 146,877	\$ -	\$ 146,877
Federal agency bonds	-	74,192	-	74,192
Federal agency mortgage- backed securities	-	1,733	-	1,733
Federal agency collateralized mortgage obligations	-	5,627	-	5,627
Supranational agency bonds	-	8,064	-	8,064
Municipal bonds	-	65,124	-	65,124
Total debt securities	-	301,617	-	301,617
Equity securities - Money market fund	30,640	-	-	30,640
Total	\$ 30,640	\$ 301,617	\$ -	332,257
Investments measured at NAV - Michigan CLASS Investment Pool				31,705
Total assets				\$ 363,962

The fair value of equity securities at June 30, 2019 was determined primarily based on Level 1 inputs. The DDA estimates the fair value using prices quoted in active markets for those securities.

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

The fair value of debt securities at June 30, 2019 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.

**Investments in Entities that Calculate Net Asset Value per Share**

The DDA holds investments through the Michigan CLASS investment pool. These investments are measured at net asset value per share (or its equivalent). The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

**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.

Based on the 2018 taxable value subject to capture, the taxes captured by Northville Downtown Development Authority are as shown below:

City of Northville, Michigan	\$	389,988
Wayne County, Michigan		170,278
Wayne County Parks		6,307
Schoolcraft Community College		45,306
Huron Clinton Metropolitan Authority		5,461
Northville District Library		28,791
Wayne County Public Safety		24,064
		<hr/>
Total	\$	<u>670,195</u>

**Note 6 - Commitments**

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:

Years Ending	Principal	Interest	Total
2020	\$ 145,000	\$ 28,830	\$ 173,830
2021	150,000	24,335	174,335
2022	155,000	19,685	174,685
2023	155,000	14,880	169,880
2024	160,000	10,075	170,075
2025	165,000	5,114	170,114
	<hr/>	<hr/>	<hr/>
Total	\$ 930,000	\$ 102,919	\$ 1,032,919

**June 30, 2019**

**Note 7 - Retirement Plan**

The City of Northville, Michigan sponsors the pension plan on behalf of Northville 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 11 to 11.5 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, MI 48167.

The DDA's total payroll during the current year was \$113,619. The current year contribution was calculated based on covered payroll of \$80,809, resulting in an employer contribution of \$9,086. 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

---

# Northville Downtown Development Authority

## Required Supplemental Information Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2019

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Captured taxes	\$ 669,444	\$ 670,195	\$ 670,195	\$ -
Operating levy	58,211	58,180	58,180	-
Other income	7,200	34,803	41,277	6,474
Personal property tax loss reimbursement	36,000	32,041	32,041	-
Total revenue	770,855	795,219	801,693	6,474
<b>Expenditures/Expenses</b>				
Design committee	139,172	163,010	145,519	17,491
Marketing committee	137,202	131,855	124,346	7,509
Parking committee	176,185	175,185	170,230	4,955
Organizational committee	67,573	63,760	62,915	845
Public works	15,210	33,040	28,497	4,543
Economic Development	62,110	29,815	28,684	1,131
Debt service - Pass-through commitment	173,170	173,170	173,170	-
Total expenditures/expenses	770,622	769,835	733,361	36,474
<b>Net Change in Fund Balance</b>	233	25,384	68,332	42,948
<b>Fund Balance - Beginning of year</b>	403,976	403,976	403,976	-
<b>Fund Balance - End of year</b>	<b>\$ 404,209</b>	<b>\$ 429,360</b>	<b>\$ 472,308</b>	<b>\$ 42,948</b>