



Northville Downtown Development Authority

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

**Financial Report
with Supplemental Information
June 30, 2022**

Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-6
Basic Financial Statements	
Fund/Government-wide 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	9-15
Required Supplemental Information	16
Budgetary Comparison Schedule - General Fund	17

Independent Auditor's Report

To the Board of Directors
Northville Downtown Development Authority

Opinions

We have audited the 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, 2022 and the related notes to the financial statements, which collectively comprise the DDA's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the General Fund and the governmental activities of the DDA as of June 30, 2022 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the DDA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the DDA's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Directors
Northville Downtown Development Authority

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 DDA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the DDA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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 18, 2022

June 30, 2022

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, 2022. 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 \$767,750 in tax increment revenue. This was an increase of 5 percent from the prior year. The DDA levied 1.8093 mills for operations, which generated \$63,393, up 4 percent from the prior year.

The State of Michigan reimbursed the DDA \$39,868 for losses related to the small taxpayer exemption on personal property taxes.

The COVID-19 pandemic continued to impact the operation of the DDA. The Northville City Council extended the downtown street closures and social district which were initiated in 2020. This required additional supplies, material, and labor to maintain the area in and around the social district. The DDA provided music for downtown residents and visitors every Friday and Saturday from May through November. The DDA sponsors popular downtown events such as the Friday Night Concerts, Skeletons are Alive, and Tunes on Tuesday. Buy Michigan Now and Arts and Acts returned to downtown after a year off due to covid. In addition, the DDA added two new events – A Holiday to remember throughout the month of December and Chili-in the Ville which took place in February. Other events take place in cooperation with the Northville Parks and Recreation, the Northville Art House, and the Chamber of Commerce.

The DDA continue to operate, maintain, and provide service to all of the physical facilities in downtown Northville. Seasonal maintenance workers are utilized to weed, water and main the landscape material downtown. The number of seasonal workers has increased significantly in order to meet the demands of the social district. In addition, with the social district remaining open all year, winter crews have been hired for the first time to manage the maintenance and snow removal. 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.

Downtown Northville is now home to ten electric vehicle (EV) charging stations. The DDA partnered with ReadE Charging to install the EV charging stations located in three separate locations throughout the downtown. The DDA is able to monitor the use of the equipment to make decisions on future expansion.

Northville Downtown Development Authority

Management's Discussion and Analysis (Continued)

June 30, 2022

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:

Summary Condensed Statement of Net Position

	2020	2021	2022	Changes from Prior Year	
				In Dollars	Percent
Assets - Current assets	\$ 321,197	\$ 399,227	\$ 463,475	\$ 64,248	16
Liabilities - Current liabilities	<u>57,294</u>	<u>81,215</u>	<u>87,579</u>	<u>6,364</u>	8
Net Position - Unrestricted	<u>\$ 263,903</u>	<u>\$ 318,012</u>	<u>\$ 375,896</u>	<u>\$ 57,884</u>	18

The DDA planned for an increase in fund balance resulting in a higher cash balance. The increase in current liabilities is primarily related to the change in compensated absences. Overall, net position increased 18 percent.

Northville Downtown Development Authority

Management's Discussion and Analysis (Continued)

June 30, 2022

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

	2020	2021	2022	Changes from Prior Year	
				In Dollars	Percent
Revenue					
Captured taxes	\$ 729,072	\$ 734,235	\$ 767,750	\$ 33,515	5
Operating levy	59,529	61,007	63,393	2,386	4
Other income	62,896	217,563	35,813	(181,750)	(84)
Personal Property Tax Loss Resimbursement	34,144	34,092	39,868	5,776	17
Total revenue	885,641	1,046,897	906,824	(140,073)	(13)
Expenses					
Design committee	213,852	363,787	206,750	(157,037)	(43)
Marketing committee	132,365	141,033	132,471	(8,562)	(6)
Parking committee	404,642	157,934	159,314	1,380	1
Organizational committee	85,383	86,910	103,292	16,382	19
Public works	27,667	33,104	24,478	(8,626)	(26)
Economic Development	30,472	35,685	47,950	12,265	34
Debt service - Pass-through commitment	173,830	174,335	174,685	350	0
Total expenses	1,068,211	992,788	848,940	(143,848)	(14)
Excess of Expenses (Over) Under Revenue	\$ (182,570)	\$ 54,109	\$ 57,884	\$ 3,775	(7)

The decrease in other income and design committee expenses is directly related to the donations received for purchases of outdoor dining pods and vending stands in the prior year. The increase in the organizational committee expenses was due to the addition of a part-time employee to assist with administrative duties. Less assistance from the public works department was required due to having sufficient seasonal employees this year. The increase in the economic development committee expenses was due to the performance of a retail market study of Cady Street.

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

Northville Downtown Development Authority

Management's Discussion and Analysis (Continued)

June 30, 2022

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.

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, 2022

	General Fund	Adjustments (Note 3)	Statement of Net Position - Full Accrual Basis
Assets			
Cash and cash equivalents	\$ 43,123	\$ -	\$ 43,123
Investments (Note 4)	390,289	-	390,289
Other receivables	526	-	526
Prepaid expenses and other assets	29,537	-	29,537
	<u>\$ 463,475</u>	-	463,475
Liabilities			
Accounts payable	\$ 19,891	-	19,891
Accrued liabilities and other	11,156	46,197	57,353
Unearned revenue	10,335	-	10,335
	<u>41,382</u>	<u>46,197</u>	<u>87,579</u>
Fund Balance/Net Position			
Fund balance:			
Nonspendable - Prepays	29,537	(29,537)	-
Committed - Street improvements	71,301	(71,301)	-
Assigned - Compensated absences	46,197	(46,197)	-
Unassigned	275,058	(275,058)	-
	<u>422,093</u>	<u>(422,093)</u>	<u>-</u>
	<u>\$ 463,475</u>		
Net position - Unrestricted		<u>\$ 375,896</u>	<u>\$ 375,896</u>

Northville Downtown Development Authority

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

Year Ended June 30, 2022

	General Fund	Adjustments (Note 3)	Statement of Activities - Full Accrual Basis
Revenue			
Captured taxes (Note 5)	\$ 767,750	\$ -	\$ 767,750
Operating levy	63,393	-	63,393
Personal property tax loss reimbursement	39,868	-	39,868
Other income	35,813	-	35,813
Total revenue	906,824	-	906,824
Expenditures			
Design committee	205,934	816	206,750
Marketing committee	131,655	816	132,471
Parking committee	158,908	406	159,314
Organizational committee	102,272	1,020	103,292
Public works	24,478	-	24,478
Economic development	46,930	1,020	47,950
Debt service - Pass-through commitment	174,685	-	174,685
Total expenditures	844,862	4,078	848,940
Net Change in Fund Balance/Net Position	61,962	(4,078)	57,884
Fund Balance/Net Position - Beginning of year	360,131	(42,119)	318,012
Fund Balance/Net Position - End of year	\$ 422,093	\$ (46,197)	\$ 375,896

June 30, 2022

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), 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 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's 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 these criteria.

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. The assignment for compensated absences as of June 30, 2022 is \$46,197.

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 balance and the net change in fund balance of the DDA's governmental fund 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 no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; 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.

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 bank deposits of \$32,666 (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, 2022, three banks are utilized for the deposit of DDA funds.

June 30, 2022

Note 4 - 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 DDA had the following investments:

Investment	Fair Value	Weighted-average Maturity (Days)
Primary Government		
U.S. Treasury securities	\$ 20,832	970
Federal agency bonds	141,764	833
Federal agency collateralized mortgage obligations	194	154
Municipal bonds	127,090	665
Total	<u>\$ 289,880</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	9.60 %	AAAm	S&P
Pooled funds	16.10	AAAm	S&P
U.S. Treasury securities	5.30	AA+	S&P
Federal agency bonds	36.40	AA+	S&P
Federal agency collateralized mortgage obligations	0.10	AA+	S&P
Municipal bonds	23.50	AA- to AAA	S&P
Municipal bonds	9.00	Aa1	Moody's

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, 2022, more than 5 percent of the City's investments are in the following agency securities:

Federal Farm Credit Bank	16 %
Freddie Mac	10
Fannie Mae	5

Note 4 - Deposits and Investments (Continued)

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, and 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 where 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, 2022:

	Assets Measured at Carrying Value on a Recurring Basis at June 30, 2022			
	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, 2022
Debt securities:				
U.S. Treasury securities	\$ -	\$ 20,832	\$ -	\$ 20,832
Federal agency bonds	-	141,764	-	141,764
Federal agency collateralized mortgage obligations	-	194	-	194
Municipal bonds	-	127,090	-	127,090
Total debt securities	-	289,880	-	289,880
Equity securities - Money market fund	37,519	-	-	37,519
Total	\$ 37,519	\$ 289,880	\$ -	327,399
Investments measured at NAV - Michigan CLASS investment pool				62,890
Total assets				\$ 390,289

The fair value of equity securities at June 30, 2022 was determined primarily based on Level 1 inputs. The DDA estimates the fair value using prices quoted in active markets for those securities.

The fair value of debt securities at June 30, 2022 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.

Note 4 - Deposits and Investments (Continued)

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. At June 30, 2022, there were no unfunded commitments or redemption restrictions on these investments.

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 2021 taxable value subject to capture, the taxes captured by Northville Downtown Development Authority are as shown below:

City of Northville, Michigan	\$ 442,789
Wayne County, Michigan	189,094
Wayne County Parks	7,004
Schoolcraft Community College	64,820
Huron Clinton Metropolitan Authority	5,965
Northville District Library	31,356
Wayne County Public Safety	<u>26,722</u>
Total	<u>\$ 767,750</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
2023	\$ 155,000	\$ 14,880	\$ 169,880
2024	160,000	10,075	170,075
2025	<u>165,000</u>	<u>5,114</u>	<u>170,114</u>
Total	<u>\$ 480,000</u>	<u>\$ 30,069</u>	<u>\$ 510,069</u>

June 30, 2022

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 health care 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 13 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 \$196,842. The current year contribution was calculated based on covered payroll of \$88,031, resulting in an employer contribution of \$11,444. 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, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Captured taxes	\$ 769,414	\$ 767,750	\$ 767,750	\$ -
Operating levy	64,025	63,393	63,393	-
Personal property tax loss reimbursement	34,000	39,868	39,868	-
Other income	40,050	46,270	35,813	(10,457)
Total revenue	907,489	917,281	906,824	(10,457)
Expenditures				
Design committee	204,290	210,171	205,934	(4,237)
Marketing committee	152,060	138,835	131,655	(7,180)
Parking committee	184,815	160,010	158,908	(1,102)
Organizational committee	97,670	102,877	102,272	(605)
Public works	40,235	28,190	24,478	(3,712)
Economic development	34,530	52,440	46,930	(5,510)
Debt service	174,685	174,685	174,685	-
Total expenditures	888,285	867,208	844,862	(22,346)
Net Change in Fund Balance	19,204	50,073	61,962	11,889
Fund Balance - Beginning of year	360,131	360,131	360,131	-
Fund Balance - End of year	<u>\$ 379,335</u>	<u>\$ 410,204</u>	<u>\$ 422,093</u>	<u>\$ 11,889</u>