
Northville Downtown Development Authority

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

Financial Report
with Supplemental Information
June 30, 2020

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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 City of Northville, Michigan, as of and for the year ended June 30, 2020 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, 2020 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 29, 2020

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, 2020. 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 \$729,072 in tax increment revenue. This was an increase of 9 percent from the prior year. The DDA levied 1.8158 mills for operations, which generated \$59,529, up 2 percent from the prior year.

The State of Michigan reimbursed the DDA \$34,144 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.

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	Changes from Prior Year	
				<u>In Dollars</u>	<u>Percent</u>
Assets - Current assets	\$ 419,793	\$ 488,539	\$ 321,197	\$ (167,342)	(34)
Liabilities - Current liabilities	<u>37,450</u>	<u>42,066</u>	<u>57,294</u>	<u>15,228</u>	36
Net Position - Unrestricted	<u>\$ 382,343</u>	<u>\$ 446,473</u>	<u>\$ 263,903</u>	<u>\$ (182,570)</u>	(41)

The decrease in current assets was expected due to the use of reserved funds for the Cady Deck parking deck parking restoration project. The increase in the leave payout liability and payables account 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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	Changes from Prior Year	
				<u>In Dollars</u>	<u>Percent</u>
Revenue					
Captured taxes	\$ 646,845	\$ 670,195	\$ 729,072	\$ 58,877	9
Operating levy	56,823	58,180	59,529	1,349	2
Other income	8,570	41,277	62,896	21,619	52
Personal Property Tax Loss Resimbursement	<u>36,178</u>	<u>32,041</u>	<u>34,144</u>	<u>2,103</u>	7
Total revenue	748,416	801,693	885,641	83,948	10
Expenditures					
Design committee	201,252	146,359	213,852	67,493	46
Marketing committee	140,888	125,186	132,365	7,179	6
Parking committee	167,236	170,650	404,642	233,992	137
Organizational committee	65,837	63,966	85,383	21,417	33
Public works	10,065	29,548	27,667	(1,881)	(6)
Economic Development	-	28,684	30,472	1,788	100
Debt service - Pass-through commitment	<u>172,355</u>	<u>173,170</u>	<u>173,830</u>	<u>660</u>	0
Total expenditures	<u>757,633</u>	<u>737,563</u>	<u>1,068,211</u>	<u>330,648</u>	45
Excess of Expenditures (Over) Under Revenue	<u>\$ (9,217)</u>	<u>\$ 64,130</u>	<u>\$ (182,570)</u>	<u>\$ (246,700)</u>	(385)

Captured taxes experienced a 3% increase in taxable value and a correction of prior year misclassification of parcels. The increase in other income was the result of additional sponsorships received.

Total expenditures increased \$330,648, or 45 percent, from the prior year. This is primarily related to financing the cost of the Cady Deck restoration project. Also funded were alleyway improvements and additional street furnishings.

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.

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, 2020

	General Fund	Adjustments (Note 3)	Statement of Net Position - Full Accrual Basis
Assets			
Cash and cash equivalents	\$ 94,052	\$ -	\$ 94,052
Investments (Note 4)	211,705	-	211,705
Other receivables	1,472	-	1,472
Prepaid expenses and other assets	13,968	-	13,968
	<u>\$ 321,197</u>	-	321,197
Liabilities			
Accounts payable	\$ 16,197	-	16,197
Accrued liabilities and other	6,448	34,649	41,097
	22,645	34,649	57,294
Fund Balance/Net Position			
Fund balance:			
Nonspendable - Prepays	13,968	(13,968)	-
Committed - Street improvements	24,034	(24,034)	-
Assigned - Compensated absences	34,649	(34,649)	-
Unassigned	225,901	(225,901)	-
	<u>298,552</u>	<u>(298,552)</u>	<u>-</u>
	<u>\$ 321,197</u>		
		<u>\$ 263,903</u>	<u>\$ 263,903</u>
Net position - Unrestricted			

Northville Downtown Development Authority

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

Year Ended June 30, 2020

	General Fund	Adjustments (Note 3)	Statement of Activities - Full Accrual Basis
Revenue			
Captured taxes (Note 5)	\$ 729,072	\$ -	\$ 729,072
Operating levy	59,529	-	59,529
Other income	62,896	-	62,896
Personal property tax loss reimbursement	34,144	-	34,144
Total revenue	885,641	-	885,641
Expenditures			
Design committee	212,089	1,763	213,852
Marketing committee	130,602	1,763	132,365
Parking committee	403,760	882	404,642
Organizational committee	83,180	2,203	85,383
Public works	25,464	-	25,464
Economic development	30,472	2,203	32,675
Debt service - Pass-through commitment	173,830	-	173,830
Total expenditures	1,059,397	8,814	1,068,211
Net Change in Fund Balance/Net Position	(173,756)	(8,814)	(182,570)
Fund Balance/Net Position - Beginning of year	472,308	(25,835)	446,473
Fund Balance/Net Position - End of year	<u>\$ 298,552</u>	<u>\$ (34,649)</u>	<u>\$ 263,903</u>

June 30, 2020

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.

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.

During the year, the DDA incurred expenditures in the General Fund that were in excess of the amounts budgeted as follows:

Organizational committee expenditures in the General Fund were \$2,265 higher than budgeted primarily due to legal fees related to special assessments.

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 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 1.7 percent of the total portfolio managed by the City.

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 \$81,188 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, 2020, 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)
Primary Government		
U.S. Treasury securities	\$ 40,182	120
Federal agency bonds	17,338	1,288
Federal agency mortgage-backed securities	392	458
Federal agency collateralized mortgage obligations	1,831	885
Small business agency bonds	289	437
Supranational agency bonds	4,458	157
Municipal bonds	105,462	805
Total	<u>\$ 169,952</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	11.40 %	AAAm	S&P
Pooled funds	8.30	AAAm	S&P
U.S. Treasury securities	19.00	AA+	S&P
Federal agency bonds	8.20	AA+	S&P
Federal agency mortgage-backed securities	0.20	AA+	S&P
Federal agency collateralized mortgage obligations	0.90	AA+	S&P
Small business agency bonds	0.10	AA+	S&P
Supranational agency bonds	2.10	AA+	S&P
Municipal bonds	31.00	AA+ to AA-	S&P
Municipal bonds	18.80	Aa1 to Aa3	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, 2020, more than 5 percent of the City's investments are in the following agency security:

Federal Farm Credit Banks	8 %
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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, 2020:

	Assets Measured at Carrying Value on a Recurring Basis at June 30, 2020			
	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, 2020
Debt securities:				
U.S. Treasury securities	\$ -	\$ 40,182	\$ -	\$ 40,182
Federal agency bonds	-	17,338	-	17,338
Federal agency mortgage-backed securities	-	392	-	392
Federal agency collateralized mortgage obligations	-	1,831	-	1,831
Small business agency bonds	-	289	-	289
Supranational agency bonds	-	4,458	-	4,458
Municipal bonds	-	105,462	-	105,462
Total debt securities	-	169,952	-	169,952
Equity securities - Money market fund	24,080	-	-	24,080
Total	\$ 24,080	\$ 169,952	\$ -	194,032
Investments measured at NAV - Michigan CLASS investment pool				17,673
Total assets				\$ 211,705

The fair value of equity securities at June 30, 2020 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, 2020 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 2019 taxable value subject to capture, the taxes captured by Northville Downtown Development Authority are as shown below:

City of Northville, Michigan	\$	424,932
Wayne County, Michigan		177,206
Wayne County Parks		6,563
Schoolcraft Community College		60,108
Huron Clinton Metropolitan Authority		5,651
Northville District Library		29,570
Wayne County Public Safety		<u>25,042</u>
Total	\$	<u><u>729,072</u></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
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	<u>165,000</u>	<u>5,114</u>	<u>170,114</u>
Total	<u>\$ 785,000</u>	<u>\$ 74,089</u>	<u>\$ 859,089</u>

June 30, 2020

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 11.5 to 12 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 \$139,816. The current year contribution was calculated based on covered payroll of \$82,995, resulting in an employer contribution of \$9,747. 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, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Captured taxes	\$ 688,553	\$ 729,072	\$ 729,072	\$ -
Operating levy	60,209	59,529	59,529	-
Other income	31,050	57,903	62,896	4,993
Personal property tax loss reimbursement	30,000	34,144	34,144	-
Total revenue	809,812	880,648	885,641	4,993
Expenditures/Expenses				
Design committee	239,215	243,530	212,089	31,441
Marketing committee	143,625	141,115	130,602	10,513
Parking committee	178,885	406,057	403,760	2,297
Organizational committee	69,365	80,915	83,180	(2,265)
Public works	34,075	27,400	25,464	1,936
Economic development	33,425	32,555	30,472	2,083
Debt service - Pass-through commitment	173,830	173,830	173,830	-
Total expenditures/expenses	872,420	1,105,402	1,059,397	46,005
Net Change in Fund Balance	(62,608)	(224,754)	(173,756)	50,998
Fund Balance - Beginning of year	472,308	472,308	472,308	-
Fund Balance - End of year	<u>\$ 409,700</u>	<u>\$ 247,554</u>	<u>\$ 298,552</u>	<u>\$ 50,998</u>