

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

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**Financial Report**  
**with Supplemental Information**  
**June 30, 2016**

# Southfield Downtown Development Authority

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## Independent Auditor's Report

To the Board of Directors  
Southfield Downtown Development Authority

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Southfield, Michigan (the "City") as of and for the year ended June 30, 2016, which collectively comprise the City of Southfield, Michigan's basic financial statements, and have issued our report thereon dated March 27, 2017, which contained unmodified opinions on the financial statements of the governmental activities, business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to March 27, 2017.

### ***In Relation to Opinion on Accompanying Financial Statements***

The Southfield Downtown Development Authority's financial statements are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Matters***

#### ***Required Supplemental Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the General Fund budgetary comparison schedule 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.

To the Board of Directors  
Southfield Downtown Development Authority

***Other Supplemental Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The functional revenue and expenditure allocation is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The functional revenue and expenditure allocation has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Plante & Moran, PLLC*

April 25, 2017

# Southfield Downtown Development Authority

## Management's Discussion and Analysis

The following discussion and analysis of the financial performance of the Southfield Downtown Development Authority (the "Authority") provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the Authority's financial statements.

### Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Authority as a whole and present a longer-term view of the Authority'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 Authority's operations in more detail than the government-wide financial statements.

### The Authority as a Whole

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

	2014	2015	2016	Changes from 2015-2016	
				in Dollars	Percent
<b>Assets</b>					
Current assets	\$ 1,710,576	\$ 1,449,275	\$ 1,194,198	\$ (255,077)	(18%)
Capital assets	<u>231,933</u>	<u>218,680</u>	<u>205,426</u>	<u>(13,254)</u>	(6%)
Total assets	1,942,509	1,667,955	1,399,624	(268,331)	(16%)
<b>Liabilities</b>					
Current liabilities	210,939	38,482	12,101	(26,381)	(69%)
Long-term liabilities	<u>67,116</u>	<u>70,483</u>	<u>34,901</u>	<u>(35,582)</u>	(50%)
Total liabilities	<u>278,055</u>	<u>108,965</u>	<u>47,002</u>	<u>(61,963)</u>	(57%)
<b>Net Position</b>					
Net investment in capital assets	231,933	218,680	205,426	(13,254)	(6%)
Unrestricted	<u>1,432,521</u>	<u>1,340,310</u>	<u>1,147,196</u>	<u>(193,114)</u>	(14%)
Total net position	<u>\$ 1,664,454</u>	<u>\$ 1,558,990</u>	<u>\$ 1,352,622</u>	<u>\$ (206,368)</u>	(13%)

# Southfield Downtown Development Authority

## Management's Discussion and Analysis (Continued)

The Authority's net position continued its decline. As discussed below, this is the result of several years of taxable value decline that have eliminated the property tax capture and reduced the Authority's operating levy.

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

	2014	2015	2016	Changes from 2015-2016	
				in Dollars	Percent
<b>Revenue</b>					
Operating levy	\$ 249,182	\$ 233,100	\$ 213,117	\$ (19,983)	(9%)
Interest and unrealized gains	39,691	13,997	16,866	2,869	20%
Other	120,206	-	60,000	60,000	100%
<b>Total revenue</b>	<b>409,079</b>	<b>247,097</b>	<b>289,983</b>	<b>42,886</b>	<b>17%</b>
<b>Expenditures/Expenses</b>					
Salaries and benefits	147,092	142,769	136,305	(6,464)	(5%)
Professional fees	128,612	87,315	52,079	(35,236)	(40%)
District improvements	75,342	70,088	64,752	(5,336)	(8%)
Support to City	188,700	-	-	-	n/a
Property tax refunds	154,127	5,258	193,599	188,341	3,582%
Other	49,948	47,131	49,616	2,485	5%
<b>Total expenditures/ expenses</b>	<b>743,821</b>	<b>352,561</b>	<b>496,351</b>	<b>143,790</b>	<b>41%</b>
<b>Net Change in Net Position</b>	<b>\$ (334,742)</b>	<b>\$ (105,464)</b>	<b>\$ (206,368)</b>	<b>\$ (100,904)</b>	<b>96%</b>

The 2016 revenue increase was composed of (a) the Providence Hospital theater lease cancellation fee (the 2015 payments arrived after year end and did not make "availability" cutoff; in 2013 and 2015, receipt was beyond the period, causing two years to be recognized in 2014 and no revenue in 2015; and (b) a modest increase in investment income. These two amounts were offset by further declines in property tax revenue.

Continued taxable value declines in the area eliminated any increment capture as of 2012, and declines in the operating levy in 2015 and 2016.

During 2014, the Authority provided resources to the City of Southfield, Michigan to support the Greenfield Road and 9 Mile streetscape projects. During 2014 and 2016, the Authority experienced a high level of property tax refunds due to Michigan Tax Tribunal cases and reimbursements to Oakland County for delinquent property taxes that were not ultimately collected by them.

# **Southfield Downtown Development Authority**

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

Given the overall reductions in taxable values, the Authority has taken significant steps to reduce its budget overall, in an attempt to bring the structural recurring costs in line with anticipated recurring revenue. The 2016 shortfall resulted primarily from the property tax refunds.

### **The Authority's Fund**

The Authority maintains one fund, the General Fund. The General Fund provides detailed information about the Authority 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 Authority within the Authority's boundaries. During 2016, the only significant budget overrun was the refunds of prior year taxes of \$193,599, of which \$10,000 were budgeted.

### **Capital Asset and Debt Administration**

At the end of 2016, the Authority had approximately \$205,000 invested in capital assets. Long-term liabilities consist of a provision for further property tax refunds.

### **Economic Factors and Next Year's Budgets and Rates**

The Authority is operating under a strategic plan that recognizes the need for a financial restructuring due to the reduced taxable value of the TIF district.

### **Contacting the Authority's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Southfield Downtown Development Authority's office at 18000 West 9 Mile Road, Suite 320, Southfield, Michigan 48075 or [www.SouthfieldDDA.com](http://www.SouthfieldDDA.com).

# Southfield Downtown Development Authority

## Statement of Net Position/Governmental Fund Balance Sheet June 30, 2016

	Modified Accrual Basis		
	General Fund	Adjustments (Note 2)	Statement of Net Position
<b>Assets</b>			
Cash and cash equivalents	\$ 1,160,563	\$ -	\$ 1,160,563
Receivables:			
Property taxes receivable	32,046	-	32,046
Accrued interest receivable	745	-	745
Prepaid expenses and other assets	844	-	844
Capital assets - Assets subject to depreciation	-	205,426	205,426
Total assets	<u>\$ 1,194,198</u>	205,426	1,399,624
<b>Liabilities</b>			
Accounts payable	\$ 9,798	-	9,798
Due to primary government	32	-	32
Accrued liabilities and other	2,271	-	2,271
Long-term debt - Due in more than one year:			
Compensated absences	-	13,568	13,568
Provision for property tax chargebacks	-	21,333	21,333
Total liabilities	12,101	34,901	47,002
<b>Deferred Inflows of Resources</b> - Unavailable revenue	32,046	(32,046)	-
<b>Equity</b> - Fund balance:			
Nonspendable	844	(844)	-
Unassigned	1,149,207	(1,149,207)	-
Total fund balance	<u>1,150,051</u>	<u>(1,150,051)</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,194,198</u>		
<b>Net position:</b>			
Net investment in capital assets (Note 4)		205,426	205,426
Unrestricted		1,147,196	1,147,196
Total net position		<u>\$ 1,352,622</u>	<u>\$ 1,352,622</u>

# Southfield Downtown Development Authority

## Statement of Activities/Governmental Fund Revenue, Expenditures, and Changes in Fund Balance Year Ended June 30, 2016

	Modified Accrual Basis		
	General Fund	Adjustments (Note 2)	Statement of Activities
<b>Revenue</b>			
Operating levy	\$ 223,107	\$ (9,990)	\$ 213,117
Interest earned	16,866	-	16,866
Providence reimbursement	60,000	-	60,000
Total revenue	299,973	(9,990)	289,983
<b>Expenditures/Expenses</b>			
Salaries and benefits	137,092	(787)	136,305
Supplies	4,001	-	4,001
Professional fees	52,079	-	52,079
Utilities	2,323	-	2,323
Insurance	1,000	-	1,000
Community promotion, printing, and advertising	4,547	-	4,547
Travel	12,480	-	12,480
Membership dues	900	-	900
Rent	10,637	-	10,637
Refunds of prior year property taxes	193,599	-	193,599
District improvements	64,752	-	64,752
Other	475	-	475
Depreciation	-	13,253	13,253
Total expenditures/expenses	483,885	12,466	496,351
<b>Net Change in Fund Balances/Net Position</b>	(183,912)	(22,456)	(206,368)
<b>Fund Balance/Net Position - Beginning of year</b>	1,333,963	225,027	1,558,990
<b>Fund Balance/Net Position - End of year</b>	<b>\$ 1,150,051</b>	<b>\$ 202,571</b>	<b>\$ 1,352,622</b>

# Southfield Downtown Development Authority

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## Notes to Financial Statements June 30, 2016

### Note I - Summary of Significant Accounting Policies

The Southfield Downtown Development Authority (the "Authority") is committed to the economic development of the designated downtown district in and around Northland Center in Southfield, Michigan. The Authority was formed under Public Act 197 of 1975, and is funded through a 1.8978 mill tax levy on all real and personal property within the district and a tax increment financing plan.

The following is a summary of the significant accounting policies used by the Southfield Downtown Development Authority:

#### **Reporting Entity**

The Southfield Downtown Development Authority has a 13-member board that is appointed by and includes the mayor. The accompanying financial statements pertain to the financial activities of the Authority; there are no component units. The Authority itself, however, is a component unit of the City of Southfield, Michigan (the "City").

#### **Accounting and Reporting Principles**

The Authority follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board.

#### **Report Presentation**

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The individual fund column presents the General Fund's activities on the modified accrual basis of accounting, as discussed above, which demonstrates accountability for how the current resources have been spent. The government-wide column is presented on the economic resources measurement focus and the full accrual basis of accounting, in order to measure the cost of providing government services and the extent to which constituents have paid the full cost of government services.

On the full accrual basis of accounting, revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

#### **Fund Accounting**

The Authority accounts for its various activities in a single fund, the General Fund.

# Southfield Downtown Development Authority

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## Notes to Financial Statements June 30, 2016

### Note I - Summary of Significant Accounting Policies (Continued)

#### Basis of Accounting

The General Fund uses 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. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree healthcare-related costs or sick and vacation pay) are not counted until they come due for payment. 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 Southfield Downtown Development Authority considers amounts collected within 60 days of year end to be available for recognition. A portion of the delinquent personal property tax receivable meets the availability criterion. For all other receivables not expected to be collected within the period of availability, the receivables are offset by an "unavailable revenue" account.

#### Specific Balances and Transactions

**Cash, 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.

**Capital Assets** - Capital assets, which currently include primarily building improvements related to the 9 Mile streetscape project, are reported in the governmental activities column. Capital assets are defined by the Authority as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. These capital assets are depreciated over an estimated useful life of 40 years, using the straight-line method.

# **Southfield Downtown Development Authority**

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## **Notes to Financial Statements June 30, 2016**

### **Note I - Summary of Significant Accounting Policies (Continued)**

#### **Deferred Outflows/Inflows of Resources**

In addition to liabilities, the statement of net position/balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet. This represents delinquent property taxes that we expect to collect in the future, but that were not collected within 60 days of year end and so are not available to finance current operations. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The Authority has no activity that qualifies as deferred outflows of resources.

#### **Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

#### **Fund Balance Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

# Southfield Downtown Development Authority

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## Notes to Financial Statements June 30, 2016

### Note 1 - Summary of Significant Accounting Policies (Continued)

**Property Tax Revenue** - The Authority levies a 2 mill property tax levy (rolled back to 1.8978 mills by the Headlee amendment) for all properties located within its boundaries. The taxes are levied each July 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Authority's 2016 tax is levied and collectible on July 1, 2015 and is recognized as revenue in the year ended June 30, 2016, when the proceeds of the levy are budgeted and available for the financing of operations. The Authority also recognizes an allowance for estimated uncollectible and refundable taxes. An estimate of the future refunds that will be ordered by the Michigan Tax Tribunal are included in long-term debt.

The Authority also has a tax increment financing plan in place that would normally allow it to capture taxes on the growth in values. However, the taxable values are currently below the base year values, and as a result there is currently no capture.

**Compensated Absences (Vacation and Sick Leave)** - It is the Authority's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the Authority does not have a policy to pay any amounts when employees separate from service with the Authority. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund only for employee terminations as of year end.

**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.

# Southfield Downtown Development Authority

## Notes to Financial Statements June 30, 2016

### Note 2 - Reconciliation of Individual Fund Column of the Statement of Net Position/Statement of Activities

Net position reported in the statement of net position column is different than the fund balance reported in the individual fund column because of the different measurement focus and basis of accounting, as discussed in Note 1. Below is a reconciliation of the differences:

<b>Fund Balance Reported in Governmental Fund</b>	\$ 1,150,051
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	205,426
Delinquent property tax receivables that are collected within 60 days are reported as revenue in the government-wide statements, but as deferred inflows at the fund level	32,046
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(13,568)
Other long-term liabilities, such as property tax chargebacks, do not present a claim on current financial resources and are not reported as fund liabilities	<u>(21,333)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 1,352,622</u></b>

# Southfield Downtown Development Authority

## Notes to Financial Statements June 30, 2016

### Note 2 - Reconciliation of Individual Fund Column of the Statement of Net Position/Statement of Activities (Continued)

The change in net position reported in the statement of activities column is different than the change in fund balance reported in the individual fund column because of the different measurement focus and basis of accounting, as discussed in Note 1. Below is a reconciliation of the differences:

**Net Change in Fund Balance - Governmental Fund** \$ (183,912)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation expense (13,254)

Revenue is recorded in the statement of activities when earned; it is not reported in the fund until collected or collectible within 60 days of year end (46,640)

Change in estimated losses from Michigan Tax Tribunal appeals 36,650

Change in accrued employee compensated absences and net OPEB obligations 788

**Change in Net Position of Governmental Activities** \$ (206,368)

### Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

# Southfield Downtown Development Authority

## Notes to Financial Statements June 30, 2016

### Note 3 - Deposits and Investments (Continued)

The Authority has designated 11 banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 is in accordance with statutory authority; however, the City employs a more conservative investment policy and invests only in the highest rated commercial paper. The City participates only with qualified banks and primary investment firms that adhere to the specific guidelines established by industry practice for repurchase agreements.

The Authority's cash and investments are subject to several types of risk. At year end, the carrying amount of the Authority's cash and investments is held by 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 full disclosures related to the overall risk for the cash and investment totals are presented in the City's financial statements.

All cash and cash equivalents held at year end qualify for reporting at cost; there are no investments reported at fair market value.

### Note 4 - Capital Assets

Capital asset activity of the Authority's governmental and business-type activities was as follows:

<b>Governmental Activities</b>	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2016</u>
Capital assets being depreciated - Building improvements	\$ 265,066	\$ -	\$ -	\$ 265,066
Accumulated depreciation - Building improvements	<u>46,386</u>	<u>13,254</u>	<u>-</u>	<u>59,640</u>
Net capital assets	<u>\$ 218,680</u>	<u>\$ (13,254)</u>	<u>\$ -</u>	<u>\$ 205,426</u>

### Note 5 - Long-term Debt

Long-term debt activity can be summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Accumulated compensated absences	\$ 14,356	\$ -	\$ 788	\$ 13,568	\$ -
Provision for MTT property tax refunds	<u>56,127</u>	<u>-</u>	<u>-</u>	<u>56,127</u>	<u>-</u>
Total governmental activities	<u>\$ 70,483</u>	<u>\$ -</u>	<u>\$ 788</u>	<u>\$ 69,695</u>	<u>\$ -</u>

# **Southfield Downtown Development Authority**

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## **Notes to Financial Statements June 30, 2016**

### **Note 6 - Defined Contribution Pension Plan**

The City of Southfield, Michigan sponsors the defined contribution pension plan on behalf of the Southfield Downtown Development Authority. The employer of record for the Authority is the City of Southfield, Michigan. Accordingly, the employees of the Authority participate in the City's employee benefit programs and policies and are pooled with city employees for benefits administration. The City charges the Authority for its pro-rata share of employee fringe benefit costs in the same manner as city departments are charged for fringe benefits. Current employees are eligible for health benefits while actively employed. Postemployment healthcare benefits are not provided.

The Authority reimbursed the City approximately \$38,000 for fringe benefits, including insurance and defined contribution pension plan payments, during the year ended June 30, 2016.

## **Required Supplemental Information**

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# Southfield Downtown Development Authority

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2016

	Original and Amended Budget	Actual	Budget Variance
<b>Revenue</b>			
Operating levy	\$ 237,339	\$ 223,107	\$ (14,232)
Interest earned	3,376	16,866	13,490
Providence reimbursement	-	60,000	60,000
Total revenue	240,715	299,973	59,258
<b>Expenditures/Expenses</b>			
Salaries and benefits	145,079	137,092	7,987
Supplies	4,300	4,001	299
Professional fees	70,562	52,079	18,483
Utilities	2,323	2,323	-
Insurance	1,000	1,000	-
Community promotion, printing, and advertising	10,000	4,547	5,453
Travel	8,000	12,480	(4,480)
Membership dues	2,500	900	1,600
Rent	13,000	10,637	2,363
Refunds of prior year property taxes	10,000	193,599	(183,599)
District improvements	83,000	64,752	18,248
Repairs and maintenance	500	-	500
Other	500	475	25
Total expenditures/expenses	350,764	483,885	(133,121)
<b>Net Change in Fund Balance</b>	(110,049)	(183,912)	(73,863)
<b>Fund Balance - Beginning of year</b>	1,333,963	1,333,963	-
<b>Fund Balance - End of year</b>	<b>\$ 1,223,914</b>	<b>\$ 1,150,051</b>	<b>\$ (73,863)</b>

# Southfield Downtown Development Authority

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## Note to Required Supplemental Information Year Ended June 30, 2016

**Budgetary Information** - An annual budget is adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end. The budget is proposed by management and approved by the Authority's board prior to the start of each fiscal year.

The legal level of budgetary control adopted by the governing body is the line item level, as presented in the budgetary comparison schedule.

Excess of expenditures over appropriations in budgeted funds - During the year, the Southfield Downtown Development Authority incurred expenditures that were in excess of the amounts budgeted, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Travel	\$ 8,000	\$ 12,480	\$ (4,480)
Refunds of prior year property taxes	10,000	193,599	(183,599)

## **Other Supplemental Information**

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# Southfield Downtown Development Authority

## Other Supplemental Information Functional Revenue and Expenditure Allocation - General Fund Year Ended June 30, 2016

	<u>Administration</u>	<u>TIFA</u>	<u>Total</u>
<b>Revenue</b>			
Operating levy	\$ 223,107	\$ -	\$ 223,107
Interest	11,631	5,235	16,866
Providence reimbursement	60,000	-	60,000
	<hr/>	<hr/>	<hr/>
Total revenue	294,738	5,235	299,973
<b>Expenditures</b>			
Salaries	75,541	-	75,541
Car allowance	2,337	-	2,337
Salaries and wages - Temporary	23,007	-	23,007
Social security	7,798	-	7,798
Health care	21,740	-	21,740
Dental	2,150	-	2,150
Optical	546	-	546
Pension	3,625	-	3,625
Unemployment compensation	348	-	348
Other	475	-	475
Office supplies	2,597	-	2,597
Computer services	2,000	-	2,000
Postage	55	-	55
Operating supplies	1,349	-	1,349
Legal fees	28,929	-	28,929
Audit fes	4,562	-	4,562
Consulting	968	-	968
Contractual/Professional	11,620	-	11,620
Financial accounting	4,000	-	4,000
Telephone	2,323	-	2,323
Travel	12,480	-	12,480
Community promotion	4,547	-	4,547
Insurance and bonds	1,000	-	1,000
Rental	10,637	-	10,637
Membership dues	900	-	900
Refunds of prior years' taxes	28,429	165,170	193,599
District improvements	-	64,752	64,752
	<hr/>	<hr/>	<hr/>
Total expenditures	253,963	229,922	483,885
<b>Surplus of Revenue Over (Under) Expenditures</b>	<b>\$ 40,775</b>	<b>\$ (224,687)</b>	<b>\$ (183,912)</b>