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# Southfield Downtown Development Authority

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

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

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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, 2019, which collectively comprise the City of Southfield, Michigan's basic financial statements, and have issued our report thereon dated December 19, 2019, which contained an unmodified opinion on 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. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to December 19, 2019.

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

The Southfield Downtown Development Authority's (the "Authority") 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.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority'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*

December 19, 2019

# Southfield Downtown Development Authority

## Management's Discussion and Analysis

As management of the Southfield Downtown Development Authority (the "Authority"), we offer readers this narrative overview and analysis of the financial activities for the year ended June 30, 2019.

### **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 the reader 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's Net Position**

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

	2017	2018	2019	Change	Percent Change
<b>Assets</b>					
Current and other assets:					
Cash and investments	\$ 1,061,982	\$ 986,135	\$ 982,020	\$ (4,115)	(0.4)
Receivables	32,022	6,740	2,099	(4,641)	(68.9)
Capital assets	192,173	178,920	165,666	(13,254)	(7.4)
Total assets	1,286,177	1,171,795	1,149,785	(22,010)	(1.9)
<b>Liabilities</b>					
Current liabilities	14,775	19,423	14,593	(4,830)	(24.9)
Noncurrent liabilities	48,543	39,503	39,919	416	1.1
Total liabilities	63,318	58,926	54,512	(4,414)	(7.5)
<b>Net Position</b>					
Net investment in capital assets	192,173	178,920	165,666	(13,254)	(7.4)
Unrestricted	1,030,686	933,949	929,607	(4,342)	(0.5)
Total net position	<u>\$ 1,222,859</u>	<u>\$ 1,112,869</u>	<u>\$ 1,095,273</u>	<u>\$ (17,596)</u>	(1.6)

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.

# Southfield Downtown Development Authority

## Management's Discussion and Analysis (Continued)

### **The Authority's Changes in Net Position**

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

	2017	2018	2019	Change	Percent Change
<b>Revenue</b>					
Operating levy	\$ 207,065	\$ 200,228	\$ 207,683	\$ 7,455	3.7
Interest and unrealized (losses) gains	(2,285)	19,499	40,415	20,916	107.3
Total revenue	204,780	219,727	248,098	28,371	12.9
<b>Expenses</b>					
Salaries and benefits	160,269	143,636	127,472	(16,164)	(11.3)
Professional fees	58,613	56,557	27,838	(28,719)	(50.8)
Property tax refunds	4,176	18,718	-	(18,718)	(100.0)
District improvements	64,759	64,779	64,232	(547)	(0.8)
Other	46,726	46,027	46,152	125	0.3
Total expenses	334,543	329,717	265,694	(64,023)	(19.4)
<b>Net Change in Net Position</b>	(129,763)	(109,990)	(17,596)	92,394	(84.0)
<b>Net Position - Beginning of year</b>	1,352,622	1,222,859	1,112,869	(109,990)	(9.0)
<b>Net Position - End of year</b>	<u>\$ 1,222,859</u>	<u>\$ 1,112,869</u>	<u>\$ 1,095,273</u>	<u>\$ (17,596)</u>	(1.6)

The increase in 2019 revenue was primarily due to an increase in investment income and its operating levy.

The decrease in expense was primarily due to no property tax refunds and reduced professional fees.

### **Financial Analysis of Individual Funds**

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 2019, there were a few minor budget overruns.

### **Capital Assets and Debt Administration**

At the end of 2019, the Authority had approximately \$166,000 invested in capital assets. Long-term liabilities consist of a provision for further property tax refunds, as well as compensated absences for employees. See Note 4 for additional detail on capital asset activity.

### **Economic Factors and Next Year's Budget**

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. In addition, the "2017 Restated Development Plan and Tax Increment Financing Plan" allowed the plan to restate its initial 1996 base value to values as of December 31, 2017. This adjustment will allow the tax increment financing to begin receiving revenue when taxable development begins to occur in the area.

## Southfield Downtown Development Authority

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

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#### ***Requests for Further Information***

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, MI 48075 or [www.SouthfieldDDA.com](http://www.SouthfieldDDA.com).

# Southfield Downtown Development Authority

## Statement of Net Position/Governmental Fund Balance Sheet

June 30, 2019

	Modified Accrual		Statement of Net Position
	General Fund	Adjustments (Note 2)	
<b>Assets</b>			
Cash and cash equivalents	\$ 982,020	\$ -	\$ 982,020
Receivables - Net	2,099	-	2,099
Capital assets - Net	-	165,666	165,666
	<u>-</u>	<u>165,666</u>	<u>165,666</u>
Total assets	<u><b>\$ 984,119</b></u>	165,666	1,149,785
<b>Liabilities</b>			
Accounts payable	\$ 12,001	-	12,001
Accrued salaries and wages	2,592	-	2,592
Noncurrent liabilities:			
Due within one year - Compensated absences	-	11,752	11,752
Due in more than one year:			
Compensated absences	-	20,891	20,891
Provision for property tax appeals and chargebacks	-	7,276	7,276
	<u>-</u>	<u>7,276</u>	<u>7,276</u>
Total liabilities	14,593	39,919	54,512
<b>Deferred Inflows of Resources</b> - Unavailable revenue	1,636	(1,636)	-
<b>Fund Balance</b> - Unassigned	967,890	(967,890)	-
	<u>967,890</u>	<u>(967,890)</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u><b>\$ 984,119</b></u>		
<b>Net Position</b>			
Net investment in capital assets (Note 4)		165,666	165,666
Unrestricted		929,607	929,607
		<u>929,607</u>	<u>929,607</u>
Total net position		<u><b>\$ 1,095,273</b></u>	<u><b>\$ 1,095,273</b></u>

# Southfield Downtown Development Authority

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

Year Ended June 30, 2019

	Modified Accrual		Statement of Activities
	General Fund	Adjustments (Note 2)	
<b>Revenue</b>			
Operating levy	\$ 202,344	\$ 5,339	\$ 207,683
Change in market value of investments	2,550	-	2,550
Interest	37,865	-	37,865
Total revenue	242,759	5,339	248,098
<b>Expenditures/Expenses</b>			
Salaries and benefits	122,205	5,267	127,472
Supplies	4,488	-	4,488
Professional fees	27,838	-	27,838
Telephone	565	-	565
Community promotion, printing, and advertising	1,673	-	1,673
Travel and meals	12,391	-	12,391
Membership dues	1,274	-	1,274
Rent	12,322	-	12,322
District improvements	64,232	-	64,232
Other	185	-	185
Depreciation	-	13,254	13,254
Total expenditures/expenses	247,173	18,521	265,694
<b>Net Change in Fund Balance/Net Position</b>	(4,414)	(13,182)	(17,596)
<b>Fund Balance/Net Position - Beginning of year</b>	972,304	140,565	1,112,869
<b>Fund Balance/Net Position - End of year</b>	<b>\$ 967,890</b>	<b>\$ 127,383</b>	<b>\$ 1,095,273</b>

June 30, 2019

### Note 1 - Significant Accounting Policies

The Southfield Downtown Development Authority (the "Authority" or "DDA") 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 an allowable 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 Authority is governed by an elected 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) 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.

#### ***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 Authority 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.

June 30, 2019

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

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 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 and Cash Equivalents**

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 include building improvements related to the 9 Mile streetscape project, are reported in the governmental activities column in the government-wide financial statements. 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has no activity that qualifies as deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report 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 will not be recognized as an inflow of resources (revenue) until that time. The Authority reports deferred inflows related to delinquent property taxes that are expected to be collected in the future but that were not collected within 60 days of year end.

**Net Position**

Net position of the Authority is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

**Net Position Flow Assumption**

The Authority will sometimes 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 Authority's policy to consider restricted net position (if any) to have been depleted before unrestricted net position is applied.

June 30, 2019

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

**Fund Balance Flow Assumptions**

The Authority will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). 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 Authority's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, 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.

**Property Tax Revenue**

The Authority can levy a 2 mill property tax levy (rolled back to 1.8046 mills by the Headlee amendment) for all properties located within its boundaries. During the year ended June 30, 2019, the Authority levied 1.8046 mills. Property taxes are levied on each July 1 and become an enforceable lien at that time; the tax is based 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 2019 property tax revenue was levied and collectible on July 1, 2018 and is recognized as revenue in the year ended June 30, 2019 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.

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 governmental funds only for employee terminations as of year end. This liability is liquidated from the General Fund.

**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.

**June 30, 2019**

**Note 2 - Reconciliation of Individual Fund Columns 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>	\$ 967,890
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	165,666
Delinquent property tax receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	1,636
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	(32,643)
Other long-term liabilities, such as property tax appeals and chargebacks, do not present a claim on current financial resources and are not reported as fund liabilities	<u>(7,276)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 1,095,273</u></u>

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:

<b>Net Change in Fund Balance Reported in Governmental Fund</b>	\$ (4,414)
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 in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	488
Change in accrued employee compensated absences	(5,267)
Change in estimated losses from property tax chargebacks	<u>4,851</u>
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ (17,596)</u></u>

**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 that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Authority's cash and investments are held by the City's cash and pooled investment accounts. The following disclosures relate to the City as a whole. The City has designated 10 banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority, as listed above. The Authority's deposits and investments are in accordance with statutory authority.

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 activities was as follows:

	Balance July 1, 2018	Additions	Disposals	Balance June 30, 2019
Capital assets being depreciated -				
Buildings and improvements	\$ 265,066	\$ -	\$ -	\$ 265,066
Accumulated depreciation -				
Buildings and improvements	86,146	13,254	-	99,400
Net governmental activities capital assets	<u>\$ 178,920</u>	<u>\$ (13,254)</u>	<u>\$ -</u>	<u>\$ 165,666</u>

**Note 5 - Long-term Debt**

Long-term debt activity for the year ended June 30, 2019 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Compensated absences	\$ 27,376	\$ 10,267	\$ (5,000)	\$ 32,643	\$ 11,752
Provision for property tax appeals and chargebacks	12,127	7,276	(12,127)	7,276	-
Total governmental activities long-term debt	<u>\$ 39,503</u>	<u>\$ 17,543</u>	<u>\$ (17,127)</u>	<u>\$ 39,919</u>	<u>\$ 11,752</u>

**June 30, 2019**

**Note 6 - Retirement Plans**

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 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 \$29,000 for fringe benefits, including insurance and defined contribution pension plan payments, during the year ended June 30, 2019.

**Note 7 - Restatement of Development Plan and Tax Increment Financing Plan**

The Southfield Downtown Development Authority was created in 1988. For the first eight years, the Authority did not capture tax increment revenue. The first Development Plan and Tax Increment Financing Plan (the "plan") was approved in March 1996, at which time the Authority began capturing tax. In May 2018, a DDA plan restatement was approved by the City Council. The duration of the plan was extended through 2038, and the initial assessed value was restated to approximately \$69 million (taxable value as of December 31, 2017). Concurrently, Oakland County, Michigan (the "County") agreed that the DDA may capture the tax increment revenue from the County's existing millage to pay the County's pro rata share of funding capped at \$10,253,859 or a period of 21 years, whichever occurs first. There are also some limitations on the use of the capture, as prescribed by the County. The capture of the County's millage will be based on the initial assessed value established under the restated plan. The restatement also calls for the City to be reimbursed for costs incurred related to the development area through a revenue-sharing provision whereby 75 percent of the tax increment capture from the area will be transferred on an annual basis. This plan restatement had no financial impact for the year ended June 30, 2019.

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## Required Supplemental Information

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# Southfield Downtown Development Authority

## Required Supplemental Information Budgetary Comparison Schedule General Fund

Year Ended June 30, 2019

	Original and Amended Budget	Actual	(Unfavorable) Favorable Variance
<b>Revenue</b>			
Operating levy	\$ 221,096	\$ 202,344	\$ (18,752)
Change in market value of investments	-	2,550	2,550
Interest	3,376	37,865	34,489
Total revenue	224,472	242,759	18,287
<b>Expenditures</b>			
Salaries and benefits	136,947	122,205	14,742
Supplies	11,800	4,488	7,312
Professional fees	66,000	27,838	38,162
Telephone	-	565	(565)
Community promotion, printing, and advertising	10,000	1,673	8,327
Travel and meals	10,000	12,391	(2,391)
Membership dues	2,500	1,274	1,226
Rent	13,000	12,322	678
Property tax refunds	5,000	-	5,000
District improvements	83,000	64,232	18,768
Other	500	185	315
Total expenditures	338,747	247,173	91,574
<b>Net Change in Fund Balance</b>	(114,275)	(4,414)	109,861
<b>Fund Balance - Beginning of year</b>	972,304	972,304	-
<b>Fund Balance - End of year</b>	<b>\$ 858,029</b>	<b>\$ 967,890</b>	<b>\$ 109,861</b>

# Southfield Downtown Development Authority

## Notes to Required Supplemental Information

June 30, 2019

### **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>
Telephone	\$ -	\$ 565	\$ (565)
Travel and meals	10,000	12,391	(2,391)

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## 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, 2019

	Administration	TIFA	Total
<b>Revenue</b>			
Operating levy	\$ 202,344	\$ -	\$ 202,344
Interest	30,084	7,781	37,865
Change in market value of investments	-	2,550	2,550
Total revenue	232,428	10,331	242,759
<b>Expenditures</b>			
Salaries	85,566	-	85,566
Car allowance	2,430	-	2,430
Social security	6,339	-	6,339
Health care	21,592	-	21,592
Dental	2,169	-	2,169
Optical	453	-	453
Life insurance	311	-	311
Pension	3,250	-	3,250
Unemployment compensation	95	-	95
Other	185	-	185
Office supplies	542	-	542
Postage	50	-	50
Legal fees	6,150	-	6,150
Consulting	4,425	-	4,425
Contractual/Professional	13,263	-	13,263
Travel and meals	12,391	-	12,391
Community promotion	1,673	-	1,673
Printing and advertising	-	-	-
Rental	12,322	-	12,322
Membership dues	1,274	-	1,274
Refunds of prior years' taxes	-	-	-
District improvements	-	64,232	64,232
Total expenditures	182,941	64,232	247,173
<b>Expenditures in excess of revenue</b>	<b>\$ 49,487</b>	<b>\$ (53,901)</b>	<b>\$ (4,414)</b>