
Southfield Downtown Development Authority

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

Financial Report
with Supplemental Information
June 30, 2022

Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-4
Basic Financial Statements	
Statement of Net Position/Governmental Fund Balance Sheet	5
Statement of Activities/Statement of Revenue, Expenditures, and Changes in Fund Balance	6
Notes to Financial Statements	7-12
Required Supplemental Information	13
Budgetary Comparison Schedule - General Fund	14
Note to Required Supplemental Information	15
Other Supplemental Information	16
Functional Revenue and Expenditure Allocation - General Fund	17

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, 2022, which collectively comprise the City of Southfield, Michigan's basic financial statements, and have issued our report thereon dated December 22, 2022, 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 22, 2022.

In Relation to Opinion on Accompanying Financial Statements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Southfield Downtown Development Authority is presented for the purpose of additional analysis and is 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.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the basic financial statements. The other information comprises the functional revenue and expenditure allocation but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

To the Board of Directors
Southfield Downtown Development Authority

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Plante & Moran, PLLC

December 22, 2022

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, 2022.

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 prior year:

	<u>2021</u>	<u>2022</u>	<u>Change</u>	<u>Percent Change</u>
Assets				
Current and other assets:				
Cash and investments	\$ 1,049,825	\$ 970,055	\$ (79,770)	(7.6)
Receivables	34,370	854	(33,516)	(97.5)
Capital assets	<u>139,160</u>	<u>152,326</u>	<u>13,166</u>	9.5
Total assets	1,223,355	1,123,235	(100,120)	(8.2)
Liabilities				
Current liabilities	53,553	23,172	(30,381)	(56.7)
Noncurrent liabilities	<u>13,392</u>	<u>74,616</u>	<u>61,224</u>	457.2
Total liabilities	<u>66,945</u>	<u>97,788</u>	<u>30,843</u>	46.1
Net Position				
Net investment in capital assets	139,160	124,728	(14,432)	(10.4)
Unrestricted	<u>1,017,250</u>	<u>900,719</u>	<u>(116,531)</u>	(11.5)
Total net position	<u>\$ 1,156,410</u>	<u>\$ 1,025,447</u>	<u>\$ (130,963)</u>	(11.3)

The Authority's net position decreased from the prior year. Changes in assets and liabilities, including receivables associated with personal property taxes and current liabilities for vendor payables, are largely due to timing differences of cash receipts and disbursements. The increase in noncurrent liabilities reflects an increase in the Authority's employee compensated absence liability and lease liability.

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 prior year:

	<u>2021</u>	<u>2022</u>	<u>Change</u>	<u>Percent Change</u>
Revenue				
Operating levy	\$ 224,425	\$ 168,278	\$ (56,147)	(25.0)
Investment income (loss)	6,983	(25,702)	(32,685)	(468.1)
Other revenue	42,047	-	(42,047)	(100.0)
Total revenue	<u>273,455</u>	<u>142,576</u>	<u>(130,879)</u>	<u>(47.9)</u>
Expenses				
Salaries and benefits	105,961	155,966	50,005	47.2
Professional fees	19,330	64,454	45,124	233.4
Repairs and maintenance	70,282	8,465	(61,817)	(88.0)
Other	35,995	44,654	8,659	24.1
Total expenses	<u>231,568</u>	<u>273,539</u>	<u>41,971</u>	<u>18.1</u>
Net Change in Net Position	41,887	(130,963)	(172,850)	(412.7)
Net Position - Beginning of year	<u>1,114,523</u>	<u>1,156,410</u>	<u>41,887</u>	<u>3.8</u>
Net Position - End of year	<u>\$ 1,156,410</u>	<u>\$ 1,025,447</u>	<u>\$ (130,963)</u>	<u>(11.3)</u>

The decrease in 2022 revenue was primarily due to a decrease in property tax revenue; investment losses; and, in 2021, the Authority recognized other income that was not expected to recur.

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. 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.

Capital Assets and Debt Administration

At the end of 2022, the Authority had approximately \$150,000 invested in capital assets. Long-term liabilities consist of compensated absences for employees and lease liabilities. 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.

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.

Southfield Downtown Development Authority

Statement of Net Position/Governmental Fund Balance Sheet

June 30, 2022

	Modified Accrual		Statement of Net Position
	General Fund	Adjustments (Note 2)	
Assets			
Cash and cash equivalents	\$ 970,055	\$ -	\$ 970,055
Receivables - Net	723	-	723
Due from primary government	131	-	131
Capital assets - Net	-	152,326	152,326
Total assets	<u>\$ 970,909</u>	152,326	1,123,235
Liabilities			
Accounts payable	\$ 10,958	-	10,958
Accrued liabilities and other	12,214	-	12,214
Noncurrent liabilities:			
Due within one year:			
Compensated absences	-	16,971	16,971
Lease liability	-	12,098	12,098
Due in more than one year:			
Compensated absences	-	30,047	30,047
Lease liability	-	15,500	15,500
Total liabilities	23,172	74,616	97,788
Equity			
Fund balance - Unassigned	947,737	(947,737)	-
Total liabilities and fund balance	<u>\$ 970,909</u>		
Net position:			
Net investment in capital assets (Note 4)		124,728	124,728
Unrestricted		900,719	900,719
Total net position		<u>\$ 1,025,447</u>	<u>\$ 1,025,447</u>

Southfield Downtown Development Authority

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

Year Ended June 30, 2022

	Modified Accrual		Statement of Activities
	General Fund	Adjustments (Note 2)	
Revenue			
Operating levy	\$ 196,870	\$ (28,592)	\$ 168,278
Investment loss	(25,702)	-	(25,702)
Total revenue	171,168	(28,592)	142,576
Expenditures/Expenses			
Salaries and benefits	122,340	33,626	155,966
Supplies	606	-	606
Professional fees	64,454	-	64,454
Telephone	904	-	904
Community promotion, printing, and advertising	4,055	-	4,055
Travel	673	-	673
Membership dues	7,921	-	7,921
Rent	15,763	(12,360)	3,403
Repairs and maintenance	8,465	-	8,465
Other	300	-	300
Depreciation	-	25,446	25,446
Debt service	-	1,346	1,346
Total expenditures/expenses	225,481	48,058	273,539
Net Change in Fund Balance/Net Position	(54,313)	(76,650)	(130,963)
Fund Balance/Net Position - Beginning of year	1,002,050	154,360	1,156,410
Fund Balance/Net Position - End of year	\$ 947,737	\$ 77,710	\$ 1,025,447

June 30, 2022

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), 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.

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 health care-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 Authority considers amounts collected within 60 days of year end to be available for recognition.

Note 1 - Significant Accounting Policies (Continued)

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 and/or balance sheet 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 and/or balance sheet 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 has no activity that qualifies as deferred inflows of resources.

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.

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.

Note 1 - Significant Accounting Policies (Continued)

Property Tax Revenue

The Authority can levy a 2 mill property tax levy (rolled back to 1.7887 mills by the Headlee amendment) for all properties located within its boundaries. During the year ended June 30, 2022, the Authority levied 1.7887 mills. Property taxes are levied on each July 1 and become an enforceable lien at that time; the tax is based on the taxable value 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 2022 property tax revenue was levied and collectible on July 1, 2021 and is recognized as revenue in the year ended June 30, 2022 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.

Leases

The Authority is a lessee for noncancelable lease of a building. The Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the applicable governmental activities column in the government-wide financial statements. The Authority recognizes lease assets and liabilities with an initial value of \$5,000 or more.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments.

June 30, 2022

Note 1 - Significant Accounting Policies (Continued)

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Adoption of New Accounting Pronouncement

During the current year, the Authority adopted GASB Statement No. 87, *Leases*. As a result, the governmental activities now includes a liability for the present value of payments expected to be made and right-to-use assets. Lease activity is further described in Note 7. The beginning net position of the governmental activities was not required to be restated in order to adopt GASB Statement No. 87.

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:

Fund Balance Reported in Governmental Fund	\$ 947,737
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	152,326
Lease liabilities are not due and payable in the current period and are not reported in the funds	(27,598)
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	(47,018)
Net Position of Governmental Activities	<u>\$ 1,025,447</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:

Net Change in Fund Balance Reported in Governmental Fund	\$ (54,313)
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	13,166
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	(28,592)
Repayment of lease liabilities is an expenditure in the governmental funds but not in the statement of activities (where it reduces the lease liability)	(27,598)
Change in accrued employee compensated absences	(33,626)
Change in Net Position of Governmental Activities	<u>\$ (130,963)</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 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; 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 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, 2021	Additions	Disposals	Balance June 30, 2022
Capital assets being depreciated:				
Buildings and improvements	\$ 265,066	\$ -	\$ -	\$ 265,066
Right-to-use asset - Building	38,612	-	-	38,612
Accumulated depreciation:				
Buildings and improvements	125,906	13,253	-	139,159
Right-to-use asset - Building	-	12,193	-	12,193
Net governmental activities capital assets	<u>\$ 177,772</u>	<u>\$ (25,446)</u>	<u>\$ -</u>	<u>\$ 152,326</u>

Note 5 - Long-term Debt

Long-term debt activity for the year ended June 30, 2022 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Lease liability (Note 7)	\$ 38,612	\$ -	\$ (11,014)	\$ 27,598	\$ 12,098
Compensated absences	13,392	35,376	(1,750)	47,018	16,971

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 health care benefits are not provided. The Authority reimbursed the City approximately \$32,100 for fringe benefits, including insurance and defined contribution pension plan payments, during the year ended June 30, 2022.

Note 7 - Leases

The Authority leases office space from third parties. Payments are generally fixed monthly rates.

Lease asset activity of the Authority is included in Note 4.

Future principal and interest payment requirements related to the Authority's lease liability at June 30, 2022 are as follows:

<u>Years Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 12,098	\$ 885	\$ 12,983
2024	13,226	381	13,607
2025	2,274	11	2,285
Total	<u>\$ 27,598</u>	<u>\$ 1,277</u>	<u>\$ 28,875</u>

Note 8 - 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. The plan restatement had no financial impact for the year ended June 30, 2022.

Required Supplemental Information

Southfield Downtown Development Authority

Required Supplemental Information Budgetary Comparison Schedule General Fund

Year Ended June 30, 2022

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Favorable (Unfavorable) Variance
Revenue				
Operating levy	\$ 196,386	\$ 196,386	\$ 196,870	\$ 484
Investment income (loss)	10,000	10,000	(25,702)	(35,702)
Total revenue	206,386	206,386	171,168	(35,218)
Expenditures				
Salaries and benefits	144,176	144,176	122,340	21,836
Supplies	5,600	5,600	606	4,994
Professional fees	62,800	102,800	64,454	38,346
Telephone	904	904	904	-
Community promotion, printing, and advertising	4,814	4,814	4,055	759
Travel	500	500	673	(173)
Membership dues	13,698	13,698	7,921	5,777
Rent	16,800	16,800	15,763	1,037
Repairs and maintenance	8,340	8,340	8,465	(125)
Other	-	-	300	(300)
Total expenditures	257,632	297,632	225,481	72,151
Net Change in Fund Balance	(51,246)	(91,246)	(54,313)	36,933
Fund Balance - Beginning of year	1,002,050	1,002,050	1,002,050	-
Fund Balance - End of year	\$ 950,804	\$ 910,804	\$ 947,737	\$ 36,933

Southfield Downtown Development Authority

Note to Required Supplemental Information

June 30, 2022

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.

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Travel	\$ 500	\$ 673	\$ (173)
Repairs and maintenance	8,340	8,465	(125)
Other	-	300	(300)

Other Supplemental Information

Southfield Downtown Development Authority

Other Supplemental Information Functional Revenue and Expenditure Allocation - General Fund

Year Ended June 30, 2022

	Administration	TIFA	Total
Revenue			
Operating levy	\$ 196,870	\$ -	\$ 196,870
Investment income (loss)	(25,977)	275	(25,702)
Total revenue	170,893	275	171,168
Expenditures			
Salaries	83,721	-	83,721
Car allowance	2,531	-	2,531
Social security	6,377	-	6,377
Health care	23,304	-	23,304
Dental	2,252	-	2,252
Optical	364	-	364
Life insurance	280	-	280
Pension	3,373	-	3,373
Unemployment compensation	140	-	140
Other	(2)	-	(2)
Office supplies	456	-	456
Operating supplies	150	-	150
Legal fees	3,321	-	3,321
Audit fes	2,880	-	2,880
Consulting	7,239	-	7,239
Contractual/Professional	45,444	-	45,444
Financial/Accounting	4,400	-	4,400
Telephone	904	-	904
Travel and meals	673	-	673
Community promotion	4,055	-	4,055
Insurance and bonds	1,170	-	1,170
Rental	15,763	-	15,763
Membership dues	1,475	-	1,475
Education and training	6,446	-	6,446
Bank Fees	300	-	300
Repairs and maintenance	-	8,465	8,465
Total expenditures	217,016	8,465	225,481
Expenditures in excess of revenue	\$ (46,123)	\$ (8,190)	\$ (54,313)