

City of Madison Heights, Michigan

Component Units Statement of Net Position

June 30, 2022

	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Assets			
Cash and investments (Note 2)	\$ 335,602	\$ 30,783	\$ 366,385
Accounts receivable	12,647	-	12,647
Capital assets - Net (Note 3)	555,996	-	555,996
Total assets	904,245	30,783	935,028
Liabilities - Accounts payable	16,753	-	16,753
Net Position			
Net investment in capital assets	555,996	-	555,996
Unrestricted	331,496	30,783	362,279
Total net position	<u>\$ 887,492</u>	<u>\$ 30,783</u>	<u>\$ 918,275</u>

City of Madison Heights, Michigan

Component Units Statement of Activities

Year Ended June 30, 2022

	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Functions/Programs							
Downtown Development Authority	\$ 112,600	\$ -	\$ 40,982	\$ -	\$ (71,618)	\$ -	\$ (71,618)
Brownfield Redevelopment Authority	-	-	-	-	-	-	-
Total component units	<u>\$ 112,600</u>	<u>\$ -</u>	<u>\$ 40,982</u>	<u>\$ -</u>	(71,618)	-	(71,618)
General revenue:							
Property taxes					107,199	19,308	126,507
Unrestricted investment loss					(720)	-	(720)
Total general revenue					<u>106,479</u>	<u>19,308</u>	<u>125,787</u>
Change in Net Position					34,861	19,308	54,169
Net Position - Beginning of year, as restated (Note 1)					<u>852,631</u>	<u>11,475</u>	<u>864,106</u>
Net Position - End of year					<u>\$ 887,492</u>	<u>\$ 30,783</u>	<u>\$ 918,275</u>

June 30, 2022

Note 1 - Significant Accounting Policies

Reporting Entity

The City of Madison Heights, Michigan (the "City") is governed by an elected mayor and six-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City (see discussion below for description).

Discretely Presented Component Units

Downtown Development Authority

The Downtown Development Authority (the "DDA") was established to correct and prevent stagnation and deterioration within the south-end commercial business district. The DDA has established boundaries that include property abutting John R Road from Gardenia to 10 Mile Road and 11 Mile Road from Interstate 75 to Lorenz. The properties are primarily zoned and used for commercial and industrial purposes. The DDA's goal is to eliminate blighting influences and undertake projects that will encourage new businesses to have locations in the area and to encourage existing businesses to remain in the area. The DDA is developing programs to solicit commitment and investment from business owners to make improvements on private property that will serve the public purpose of enhancing the district. Revenue is provided through the capture of incremental taxes on properties within the district. The DDA's governing body, which consists of the mayor and 8 to 12 individuals, is selected by the City Council. In addition, the DDA's budget is subject to approval by the City Council. There are no separately issued financial statements.

Brownfield Redevelopment Authority

The Brownfield Redevelopment Authority (the "Authority") was created to identify and assist in the redevelopment of abandoned, underutilized, or contaminated parcels of property located in Madison Heights. The Authority's governing body, which consists of 9 to 13 individuals, is composed of the Downtown Development Authority's board members and the mayor. The Authority's budget, once adopted, will be subject to approval by the City Council. There are no separately issued financial statements.

Fiduciary Component Units

The police and fire retirement, police and fire other postemployment benefits, and general employee other postemployment benefit plans are governed by a five-member board that includes the city treasurer, two members appointed by the City, and two active participants. Although they are legally separate from the City, they are reported as fiduciary component units because the City appoints a voting majority of the board and the plans impose a financial burden on the City.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. 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. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.