

City of Madison Heights, Michigan

**Component Units
Statement of Net Position**

June 30, 2021

	<u>Downtown Development Authority</u>	<u>Brownfield Redevelopment Authority</u>	<u>Total</u>
Assets			
Cash and investments (Note 2)	\$ 220,559	\$ 11,475	\$ 232,034
Accounts receivable	5,738	-	5,738
Capital assets - Net (Note 3)	<u>579,032</u>	<u>-</u>	<u>579,032</u>
Total assets	805,329	11,475	816,804
Liabilities - Accounts payable	<u>4,989</u>	<u>-</u>	<u>4,989</u>
Net Position			
Net investment in capital assets	579,032	-	579,032
Unrestricted	<u>221,308</u>	<u>11,475</u>	<u>232,783</u>
Total net position	<u>\$ 800,340</u>	<u>\$ 11,475</u>	<u>\$ 811,815</u>

City of Madison Heights, Michigan

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	
Primary government:				
Governmental activities:				
General government	\$ (1,784,989)	\$ 1,374,698	\$ 392,911	\$ -
Public safety	(7,472,918)	1,011,245	2,584,430	-
Public works	5,631,599	52,375	3,395,328	49,968
Solid waste and recycling	2,629,150	5,588	-	-
Community and economic development	1,096,987	1,512,101	81,484	-
Recreation and culture	1,422,924	154,867	137,120	-
Interest on long-term debt	336,132	-	-	-
Total governmental activities	1,858,885	4,110,874	6,591,273	49,968
Business-type activities - Water and sewer	10,513,201	9,939,770	-	-
Total primary government	\$ 12,372,086	\$ 14,050,644	\$ 6,591,273	\$ 49,968
Component units:				
Downtown Development Authority	\$ 61,284	\$ -	\$ -	\$ -
Brownfield Redevelopment Authority	-	-	-	-
Total component units	\$ 61,284	\$ -	\$ -	\$ -
General revenue:				
Property taxes				
Unrestricted state-shared revenue				
Unrestricted investment income				
Cable franchise fees				
Other miscellaneous income				
Total general revenue				
Change in Net Position				
Net Position (Deficit) - Beginning of year, as restated (Note 1)				
Net Position - End of year				

City of Madison Heights, Michigan

**Component Units
Statement of Activities**

Year Ended June 30, 2021

	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	\$ 61,284	\$ -	\$ -	\$ -	\$ (61,284)	\$ -	\$ (61,284)
Brownfield Redevelopment Authority	-	-	-	-	-	-	-
Total component units	<u>\$ 61,284</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	(61,284)	-	(61,284)
General revenue:							
Property taxes					44,023	11,475	55,498
Unrestricted state-shared revenue					35,213	-	35,213
Other miscellaneous income					10,841	-	10,841
Total general revenue					<u>90,077</u>	<u>11,475</u>	<u>101,552</u>
Change in Net Position					28,793	11,475	40,268
Net Position - Beginning of year					<u>771,547</u>	-	<u>771,547</u>
Net Position - End of year					<u>\$ 800,340</u>	<u>\$ 11,475</u>	<u>\$ 811,815</u>

June 30, 2021

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.

Pension and OPEB Plans

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.

June 30, 2021

Note 3 - Capital Assets (Continued)

Component Units

Capital assets in the Downtown Development Authority, a component unit fund, consisted of land improvements with a net book value of \$579,032, which considers accumulated depreciation of \$274,583 as of June 30, 2021. There was one addition in the current year for \$7,500, and depreciation expense for the current year was \$23,036.

Construction Commitments

The City has active construction projects at year end. The City's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Westmore Drive	\$ 822,904	\$ 2,500
Milton Avenue	269,928	1,000
Tanglewood Drive	106,854	1,000
Beverly Avenue	124,316	1,000
Brush Street	17,141	126,859
Palmer Street	46,715	205,284
Alger Street	489,196	559,967
Barrington Street	255,503	275,853
West Cowan Avenue	15,643	199,357
Salt Dome	246,493	407,615
Total	<u>\$ 2,394,693</u>	<u>\$ 1,780,435</u>

Note 4 - Long-term Debt

Long-term debt activity for the year ended June 30, 2021 can be summarized as follows:

Governmental Activities

	Interest Rate Ranges	Maturing Through	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Other debt:							
General obligation refunding bonds - Amount of issue - \$3,810,000 - For refunding the fire station bonds	1.90%	2023	\$ 1,305,000	\$ -	\$ (425,000)	\$ 880,000	\$ 430,000
Pension Obligation Bonds - Amount of issue - \$13,290,375	0.96- 3.75%	2032	10,192,192	-	(736,418)	9,455,774	749,490
Direct borrowing - Installment purchase - Amount of issue - \$586,140 - For financing purchase of fire truck	3.33%	2024	475,781	-	(110,359)	365,422	116,935
Vested employee benefits			2,115,838	1,214,255	(597,163)	2,732,930	767,655
Total governmental activities long- term debt			<u>\$ 14,088,811</u>	<u>\$ 1,214,255</u>	<u>\$ (1,868,940)</u>	<u>\$ 13,434,126</u>	<u>\$ 2,064,080</u>