CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY
(A Component Unit of the City of Detroit, Michigan)

FINANCIAL STATEMENTS
(With Required Supplementary Information)

June 30, 2023 and 2022

GJC
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CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

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INDEPENDENT AUDITOR'S REPORT

October 6, 2023

To the Board of Directors
City of Detroit Downtown Development Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the City of Detroit Downtown Development Authority (the "DDA"), a component unit of the City of Detroit, Michigan, as of, and for the years ended, June 30, 2023 and 2022, as well as the related notes to the financial statements, which collectively comprise the DDA's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the DDA as of June 30, 2023 and 2022, and the respective changes in financial position thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS") and *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the DDA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The DDA's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management for the Financial Statements (continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the DDA's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. *Reasonable assurance* is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with U.S. GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS and *Government Auditing Standards*:

- We exercise professional judgment and maintain professional skepticism throughout the audit.

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and we design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the DDA's internal control. Accordingly, no such opinion is expressed.

- We evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, and we evaluate the overall presentation of the financial statements.

- We conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the DDA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Report on the Audit of the Financial Statements (continued)

Required Supplementary Information

U.S. GAAP requires that the management's discussion and analysis on pages 4 through 9 and budgetary comparison on pages 44 through 45 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 supplementary information in accordance with U.S. GAAS, 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 audits 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 6, 2023, on our consideration of the DDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the DDA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the DDA's internal control over financial reporting and compliance.

GJC CPAs & Advisors

Detroit, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2023 and 2022

This section of the annual report of the City of Detroit Downtown Development Authority (the "DDA") presents management's discussion and analysis of the DDA's financial performance during the fiscal years that ended on June 30, 2023 and 2022. Please read it in conjunction with the DDA's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The DDA continued to make improvements to the Downtown District during the year ended June 30, 2023. Work on the Hudson's block and the United Artists' building continued. New programs were developed, and funds were committed for, infrastructure improvements and to assist in the development of affordable housing in the downtown area. The DDA continued its strategy to reinvent the old Harmonie Park area as part of the new Paradise Valley Project. The Lower Woodward Improvement Program, a multi-year initiative to build new streetscapes, improve facades on buildings, and provide gap financing, which was a resounding success, was identified as a source to make more improvements downtown as the City prepares to host the National Football League Draft.

On June 19, 2013, the DDA announced a memorandum of understanding with other parties governing the construction of a Catalyst Development Project ("Catalyst"), including Little Caesars Arena (the "Arena"), an event center that now houses the Detroit Red Wings hockey team and the Detroit Pistons basketball team. This Catalyst Development Project has allowed the DDA to restart collection of special tax increment financing revenue that would have otherwise left the City of Detroit. This has resulted in a large increase in revenue, as the project has reached its fruition.

The DDA owns the Arena and leases it out for operations. Bonds were issued originally in 2014, and have been refinanced twice by the DDA. They are being repaid utilizing the Catalyst tax increment revenue described in the previous paragraph.

The Lower Woodward Improvement Program and Paradise Valley were not alone as major activities of the DDA. Programs incentivizing and retaining businesses continue to lead the area's rebirth in their downtown locations.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report contains two types of financial statements. The statements of net position and statements of activities (which are presented on pages 10 and 11) are considered government-wide financial statements. The balance sheets and statements of revenue, expenditures, and fund balances for governmental funds (which are presented on pages 12, 13, 15, and 16) are considered fund financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

A further discussion of each type of statement follows.

Government-Wide Financial Statements

The government-wide financial statements report information about the DDA as a whole using accounting methods similar to those used by private-sector companies and non-profit organizations. The statements of net position include all of the DDA's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenue and expenses are accounted for in the statements of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the DDA's net position and how they have changed. Net position represents the difference between the DDA's total of assets and deferred outflows of resources and its total of liabilities and deferred inflows of resources, and it represents one way to measure the DDA's financial health, or position. Over time, increases or decreases in the DDA's net position are an indicator of whether its financial health is improving or deteriorating.

Fund Financial Statements

The fund financial statements provide more detailed information about the DDA's funds, not the DDA as a whole. Funds are accounting devices that the DDA uses to keep track of specific sources of funding and spending for particular purposes.

Most of the DDA's activities are included in governmental funds, which focus on how cash, and other financial assets that can be readily converted to cash, flow in and out, and show the balances left at the end of the year that are available for spending. As such, the fund financial statements provide a detailed short-term view that shows whether there are more or fewer financial resources that can be spent in the near future to finance the DDA's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, additional information is provided on pages 14 and 17 that explains the relationship between the fund financial statements and the government-wide financial statements.

The notes to the financial statements, which begin on page 18, explain some of the information in the financial statements and provide more detailed data. A comparison of the DDA's general fund revenue and expenditures to its budget is provided on page 44.

FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE

Table 1 reflects a condensed summary of the DDA's assets, liabilities, and net position as of June 30, 2023, 2022, and 2021:

Table 1
Statements of Net Position
June 30, 2023, 2022, and 2021
(in millions of dollars)

	2023	2022	2021
Assets:			
Cash	$ 2.3	$ 2.4	$ 3.8
Investments	179.8	153.1	132.3
Notes and accrued interest receivable	18.6	10.9	6.1
Capital assets	852.4	881.2	907.6
Other assets	17.5	18.1	18.9
Total Assets	**1,070.6**	**1,065.7**	**1,068.7**
Liabilities:			
Long-term liabilities:			
Due or expected to be paid within one year	13.6	10.6	10.2
Due or expected to be paid in more than one year	303.4	315.1	316.8
Other liabilities	15.2	15.1	16.5
Total Liabilities	**332.2**	**340.8**	**343.5**
Deferred Inflows of Resources:			
Leases	4.9	5.7	6.5
Total Liabilities and Deferred Inflows of Resources	**$ 337.1**	**$ 346.5**	**$ 350.0**

FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)

Table 1
Statements of Net Position (continued)
June 30, 2023, 2022, and 2021
(in millions of dollars)

	2023	2022	2021
Net Position:			
Net investment in capital assets	$ 574.9	$ 599.4	$ 622.7
Restricted for development	150.3	112.4	89.2
Unrestricted	8.3	7.4	6.8
Total Net Position	**$ 733.5**	**$ 719.2**	**$ 718.7**

The net position of the DDA increased by about two percent as TIF revenue continues to exceed expectations. Debt service payments on the bonds continue to be made.

Table 2 reflects a condensed summary of the DDA's revenue, expenses, and changes in net position for the years ended June 30, 2023, 2022, and 2021:

Table 2
Statements of Activities
For the Years Ended June 30, 2023, 2022, and 2021
(in millions of dollars)

	2023	2022	2021
Revenue:			
Program revenue	$ 5.9	$ 1.7	$ 1.7
General revenue:			
Property taxes	64.5	53.3	55.1
Other revenue	1.3	1.0	0.8
Total Revenue	**$ 71.7**	**$ 56.0**	**$ 57.6**

FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)

Table 2
Statements of Activities (continued)
For the Years Ended June 30, 2023, 2022, and 2021
(in millions of dollars)

	2023	2022	2021
Expenses:			
Economic development	$ 57.4	$ 55.5	$ 60.0
Change in Net Position	**14.3**	**0.5**	**(2.4)**
Net Position, Beginning of Year	719.2	718.7	721.1
Net Position, End of Year	**$ 733.5**	**$ 719.2**	**$ 718.7**

Program revenue increased as interest rates grew rapidly in 2022 and 2023 due to inflation. Property tax revenue increased during the year ended June 30, 2023 as taxable values recovered from the COVID-19 pandemic.

The following are highlights of the comparison of the DDA's general fund revenue and expenditures to its budget, as shown on page 44:

- Interest income greatly exceeded expectations due to higher rates.
- Property tax revenue had a positive variance as one mil receipts were greater than expected.
- The management of the DDA exercised tight control over expenses in the general fund, resulting in a positive variance for both professional fees and administrative and operating expenses.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

As of June 30, 2023, the DDA held long-term, partially depreciated capital assets of nearly $1 billion (pre-depreciation). This balance consisted primarily of various parcels of land and the Arena of roughly $930 million, as well as more than $26.6 million invested in the Kennedy Garage and $23.4 million in the 150 Michigan Garage. This activity is summarized in Note E to the financial statements.

CAPITAL ASSETS AND LONG-TERM LIABILITIES (CONTINUED)

The DDA had approximately $28 million in non-Catalyst revenue bonds outstanding as of June 30, 2023, and $279.8 million in Catalyst revenue bonds. On July 1, 2023, a scheduled debt service payment was made, further decreasing the outstanding balance of the bonds. This activity is summarized in Note H to the financial statements.

ECONOMIC FACTORS

The DDA receives a large majority of its revenue through statutorily designated tax receipts. The economic health of the downtown area has a substantial impact on the level of revenue received. Downtown Detroit property values have been increasing and, as long as that continues, the DDA should continue to be funded adequately. Projects such as the Catalyst Development Project, the Lower Woodward Improvement Program, and Paradise Valley, coupled with private investment from the business community, should continue to ensure a bright future for downtown Detroit.

FINANCIAL CONTACT

This financial report is designed to present its users with a general overview of the DDA's finances and to demonstrate the DDA's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the office of the Chief Financial Officer of the Detroit Economic Growth Corporation, 500 Griswold, Suite 2200, Detroit, Michigan 48226.

STATEMENTS OF NET POSITION

June 30, 2023 and 2022

	Governmental Activities	
	2023	**2022**
Assets:		
Cash (Note B)	$ 2,332,456	$ 2,439,894
Investments (Note B)	179,758,537	153,089,320
Accounts and contracts receivable (no allowance considered necessary)	1,850,700	1,855,155
Property taxes receivable, net (Note D)	165	644
Notes and accrued interest receivable, net (Notes A and C)	18,637,054	10,912,784
Property held for development (Note G)	10,200,000	10,200,000
Prepaid expenses	162,389	148,954
Capital assets (Note E):		
Nondepreciable capital assets	55,344,670	55,344,670
Depreciable capital assets, net	797,097,656	825,821,383
Leases receivable (Note F)	5,201,228	5,929,943
Total Assets	**1,070,584,855**	**1,065,742,747**
Liabilities:		
Accounts payable	4,824,989	4,591,429
Accrued interest payable	10,369,492	10,544,726
Escrow deposits payable (Note I)	17,353	17,322
Long-term liabilities (Note H):		
Due or expected to be paid within one year	13,609,803	10,558,445
Due or expected to be paid in more than one year	303,352,608	315,112,411
Total Liabilities	**332,174,245**	**340,824,333**
Deferred Inflows of Resources:		
Leases (Note F)	4,924,022	5,710,402
Total Liabilities and Deferred Inflows of Resources	**337,098,267**	**346,534,735**
Net Position:		
Net investment in capital assets	574,942,123	599,401,842
Restricted for development	150,266,925	112,426,751
Unrestricted	8,277,540	7,379,419
Total Net Position	**$ 733,486,588**	**$ 719,208,012**

See notes to financial statements.

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2023 and 2022

	Governmental Activities	
	2023	**2022**
Expenses:		
Economic development program:		
Project costs	$ 6,783,129	$ 4,622,473
Administrative and operating expenses (Note A)	3,050,883	3,192,954
Interest expense	18,320,171	18,704,279
Professional fees	501,811	518,933
Depreciation (Note E)	28,731,100	28,439,749
Total Program Expenses	**57,387,094**	**55,478,388**
Program Revenue:		
Economic development program	5,917,810	1,665,301
Net Program Expense	**51,469,284**	**53,813,087**
General Revenue:		
Property taxes (Note D)	64,497,582	53,308,547
Other revenue	1,250,278	1,060,550
Total General Revenue	**65,747,860**	**54,369,097**
Change in Net Position	**14,278,576**	**556,010**
Net Position, Beginning of Year	719,208,012	718,652,002
Net Position, End of Year	**$ 733,486,588**	**$ 719,208,012**

See notes to financial statements.

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

BALANCE SHEETS — GOVERNMENTAL FUNDS

June 30, 2023
(With Comparative Totals as of June 30, 2022)

	2023				Total All Funds	
			Debt Service Funds			
	General Fund	Special Revenue Fund	Stadium Fund	Other	2023	2022
ASSETS						
Cash (Note B)	$ 320,447	$ 2,012,009	$ -0-	$ -0-	$ 2,332,456	$ 2,439,894
Investments (Note B)	7,690,887	81,117,396	83,164,342	7,785,912	179,758,537	153,089,320
Accounts and contracts receivable (no allowance considered necessary)		1,850,700			1,850,700	1,855,155
Property taxes receivable, net (Note D)	165				165	644
Notes and accrued interest receivable, net (Notes A and C)		18,637,054			18,637,054	10,912,784
Property held for development (Note G)		10,200,000			10,200,000	10,200,000
Prepaid expenditures	162,389				162,389	148,954
Leases receivable (Note F)	5,002,291	198,937			5,201,228	5,929,943
Total Assets	**$ 13,176,179**	**$ 114,016,096**	**$ 83,164,342**	**$ 7,785,912**	**$ 218,142,529**	**$ 184,576,694**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 67,175	$ 4,453,651	$ 304,163	$ -0-	$ 4,824,989	$ 4,591,429
Accrued interest payable			6,994,375	3,375,117	10,369,492	10,544,726
Escrow deposits payable (Note I)		17,353			17,353	17,322
Maturing bonds and bonds contract payable (Note H)			4,549,008	4,410,795	8,959,803	8,708,445
Total Liabilities	**67,175**	**4,471,004**	**11,847,546**	**7,785,912**	**24,171,637**	**23,861,922**
Deferred Inflows of Resources:						
Leases (Note F)	4,831,464	92,558			4,924,022	5,710,402
Total Liabilities and Deferred Inflows of Resources	**4,898,639**	**4,563,562**	**11,847,546**	**7,785,912**	**29,095,659**	**29,572,324**
Fund Balances:						
Nonspendable	333,216	10,306,379			10,639,595	10,568,495
Restricted		45,595,641			45,595,641	73,644,518
Committed		51,945,914			51,945,914	4,310,000
Assigned		1,604,600	71,316,796		72,921,396	59,388,645
Unassigned	7,944,324				7,944,324	7,092,712
Total Fund Balances	**8,277,540**	**109,452,534**	**71,316,796**	**-0-**	**189,046,870**	**155,004,370**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 13,176,179**	**$ 114,016,096**	**$ 83,164,342**	**$ 7,785,912**	**$ 218,142,529**	**$ 184,576,694**

See notes to financial statements.

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

BALANCE SHEETS — GOVERNMENTAL FUNDS

June 30, 2022

	General Fund	Special Revenue Fund	Debt Service Funds: Stadium Fund	Debt Service Funds: Other	Total All Funds
ASSETS					
Cash (Note B)	$ 86,937	$ 2,352,957	$ -0-	$ -0-	$ 2,439,894
Investments (Note B)	7,075,677	69,363,150	68,764,580	7,885,913	153,089,320
Accounts and contracts receivable (no allowance considered necessary)		1,855,155			1,855,155
Property taxes receivable, net (Note D)	644				644
Notes and accrued interest receivable, net (Notes A and C)		10,912,784			10,912,784
Property held for development (Note G)		10,200,000			10,200,000
Prepaid expenditures	148,954				148,954
Leases receivable (Note F)	5,676,261	253,682			5,929,943
Total Assets	**$ 12,988,473**	**$ 94,937,728**	**$ 68,764,580**	**$ 7,885,913**	**$ 184,576,694**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 70,546	$ 4,520,883	$ -0-	$ -0-	$ 4,591,429
Accrued interest payable			7,103,250	3,441,476	10,544,726
Escrow deposits payable (Note I)		17,322			17,322
Maturing bonds and bonds contract payable (Note H)			4,264,008	4,444,437	8,708,445
Total Liabilities	**70,546**	**4,538,205**	**11,367,258**	**7,885,913**	**23,861,922**
Deferred Inflows of Resources:					
Leases (Note F)	5,538,508	171,894			5,710,402
Total Liabilities and Deferred Inflows of Resources	**5,609,054**	**4,710,099**	**11,367,258**	**7,885,913**	**29,572,324**
Fund Balances:					
Nonspendable	286,707	10,281,788			10,568,495
Restricted		73,644,518			73,644,518
Committed		4,310,000			4,310,000
Assigned		1,991,323	57,397,322		59,388,645
Unassigned	7,092,712				7,092,712
Total Fund Balances	**7,379,419**	**90,227,629**	**57,397,322**	**-0-**	**155,004,370**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 12,988,473**	**$ 94,937,728**	**$ 68,764,580**	**$ 7,885,913**	**$ 184,576,694**

See notes to financial statements.

RECONCILIATIONS OF GOVERNMENTAL FUNDS BALANCE SHEETS TO STATEMENTS OF NET POSITION

June 30, 2023 and 2022

	2023	2022
Total Fund Balances, Governmental Funds	$ 189,046,870	$ 155,004,370
Amounts reported for governmental activities in the statements of net position differ from amounts reported in the governmental funds balance sheets due to the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of the following:		
Nondepreciable capital assets	55,344,670	55,344,670
Depreciable capital assets:		
Cost	982,420,407	982,413,034
Less: Accumulated depreciation	(185,322,751)	(156,591,651)
Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities consist of the following:		
Contract, notes, bonds, and bonds contract payable	(308,002,608)	(316,962,411)
Total Net Position, Governmental Activities	**$ 733,486,588**	**$ 719,208,012**

See notes to financial statements.

STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES — GOVERNMENTAL FUNDS

For the Year Ended June 30, 2023
(With Comparative Totals for the Years Ended June 30, 2022)

	2023				Total All Funds	
			Debt Service Funds			
	General Fund	Special Revenue Fund	Stadium Fund	Other	2023	2022
Revenue:						
Property taxes (Note D)	$ 1,362,554	$ 58,724,233	$ -0-	$ 4,410,795	$ 64,497,582	$ 53,308,547
Other revenue (Note F)	1,250,278	3,986,156	1,931,654		7,168,088	2,725,851
Total Revenue	**2,612,832**	**62,710,389**	**1,931,654**	**4,410,795**	**71,665,670**	**56,034,398**
Expenditures:						
Current:						
Project costs		6,783,129			6,783,129	4,622,473
Administrative and operating expenses (Note A)	1,955,527	787,193	308,163		3,050,883	3,192,954
Interest expense		4,240,429	14,079,742		18,320,171	18,704,279
Professional fees	501,811				501,811	518,933
Debt service (Note H)			4,549,008	4,410,795	8,959,803	8,758,445
Capital outlay (Note E)		7,373			7,373	1,972,431
Total Expenditures	**2,457,338**	**11,818,124**	**18,936,913**	**4,410,795**	**37,623,170**	**37,769,515**
Excess (Deficiency) of Revenue over Expenditures	**155,494**	**50,892,265**	**(17,005,259)**	**-0-**	**34,042,500**	**18,264,883**
Other Financing Sources (Uses):						
Issuance of bond proceeds (Note H)					-0-	7,000,000
Interfund transfers	742,627	(31,667,360)	30,924,733		-0-	-0-
Change in Fund Balances	**898,121**	**19,224,905**	**13,919,474**	**-0-**	**34,042,500**	**25,264,883**
Fund Balances, Beginning of Year	7,379,419	90,227,629	57,397,322	-0-	155,004,370	129,739,487
Fund Balances, End of Year	**$ 8,277,540**	**$ 109,452,534**	**$ 71,316,796**	**$ -0-**	**$ 189,046,870**	**$ 155,004,370**

See notes to financial statements.

STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES — GOVERNMENTAL FUNDS

For the Year Ended June 30, 2022

			Debt Service Funds		
	General Fund	Special Revenue Fund	Stadium Fund	Other	Total All Funds
Revenue:					
Property taxes (Note D)	$ 1,238,491	$ 47,625,619	$ -0-	$ 4,444,437	$ 53,308,547
Other revenue (Note F)	1,060,550	1,645,114	20,187		2,725,851
Total Revenue	**2,299,041**	**49,270,733**	**20,187**	**4,444,437**	**56,034,398**
Expenditures:					
Current:					
Project costs		4,622,473			4,622,473
Administrative and operating expenses (Note A)	1,978,397	919,092	295,465		3,192,954
Interest expense		4,406,787	14,297,492		18,704,279
Professional fees	518,933				518,933
Debt service (Note H)		50,000	4,264,008	4,444,437	8,758,445
Capital outlay (Note E)		1,972,431			1,972,431
Total Expenditures	**2,497,330**	**11,970,783**	**18,856,965**	**4,444,437**	**37,769,515**
Excess (Deficiency) of Revenue over Expenditures	**(198,289)**	**37,299,950**	**(18,836,778)**	**-0-**	**18,264,883**
Other Financing Sources (Uses):					
Issuance of bond proceeds (Note H)		7,000,000			7,000,000
Interfund transfers	750,000	(26,162,930)	25,412,930		-0-
Change in Fund Balances	**551,711**	**18,137,020**	**6,576,152**	**-0-**	**25,264,883**
Fund Balances, Beginning of Year	6,827,708	72,090,609	50,821,170	-0-	129,739,487
Fund Balances, End of Year	**$ 7,379,419**	**$ 90,227,629**	**$ 57,397,322**	**$ -0-**	**$ 155,004,370**

See notes to financial statements.

RECONCILIATIONS OF GOVERNMENTAL FUNDS STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES TO STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2023 and 2022

	2023	2022
Change in Fund Balances, Governmental Funds	$ 34,042,500	$ 25,264,883
Amounts reported for governmental activities in the statements of activities differ from amounts reported in the governmental funds statements of revenue, expenditures, and changes in fund balances due to the following:		
Capital outlays are reported as expenditures in governmental funds. However, in the statements of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. During the years presented, these amounts are as follows:		
Capital outlay	7,373	1,972,431
Depreciation expense	(28,731,100)	(28,439,749)
Proceeds issued on long-term debt are reported as a financing source, and repayment of long-term debt is reported as an expenditure, in governmental funds, but the repayment reduces long-term liabilities in the statements of net position. During the years presented, these amounts are as follows:		
Issuance of bond proceeds	-0-	(7,000,000)
Repayment of notes, bonds, and bonds contract payable	8,959,803	8,758,445
Change in Net Position, Governmental Activities	**$ 14,278,576**	**$ 556,010**

See notes to financial statements.

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities and Purpose

The City of Detroit Downtown Development Authority (the "DDA") was created by the Detroit City Council by Ordinance No. 119-H on May 20, 1976, under the provisions of Act 197, Public Acts of Michigan of 1975. The DDA was established for the purpose of promoting and developing economic growth in the downtown business district of the City of Detroit, Michigan (the "City"). The DDA has been authorized to fund its activities by an ad valorem tax of one mill on real and tangible personal property not exempt by laws in the downtown development district, and the issuance of negotiable revenue and tax increment obligations to finance the development activities of the DDA.

The DDA may issue tax increment bonds and may not pledge for annual debt service requirements for any one-year amounts in excess of 80 percent of the estimated tax increment revenue to be received from the development district for that year, or may pledge solely the tax increments of the project for which the bonds had been issued and any other revenue for which the DDA may specifically pledge.

For financial reporting purposes, the DDA is a component unit of the City because the members of the DDA's Board of Directors are appointed by the City's mayor and are confirmed by the Detroit City Council, which approves the DDA's budget. There are no fiduciary funds or component units included in the accompanying financial statements.

Basis of Presentation

The financial statements of the DDA consist of government-wide financial statements, which include the statements of net position and statements of activities, and fund financial statements, which include the balance sheets and statements of revenue, expenditures, and fund balances for governmental funds.

Government-Wide Financial Statements

The government-wide financial statements report information about all of the DDA's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenue, and expenses. Deferred outflows of resources represent the consumption of net assets by the DDA that is applicable to a future reporting period, while deferred inflows of resources represent the acquisition of net assets by the DDA that is applicable to a future reporting period, and net position is the residual of all other elements presented in the statements of net position.

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Fund Financial Statements

For purposes of the fund financial statements, the accounts of the DDA are organized on the basis of governmental funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenue, and expenditures. The various funds are summarized by type in the fund financial statements. The following funds, all of which are considered major funds, are used by the DDA:

General Fund

The general fund is the general operating fund of the DDA. It is used to account for all financial resources other than those required to be accounted for in another fund.

Special Revenue Fund

The special revenue fund is used to account for financial resources to be used for the acquisition or construction of capital projects. The DDA finances its development plan by capturing the tax proceeds on the increase in assessed value within the tax increment district located within the downtown area. Funds raised from this levy are restricted for use within the tax increment district pursuant to the Tax Increment Financing Plan. This fund is not legally required to adopt a budget.

Debt Service Funds

Stadium Fund

The stadium fund accounts for the servicing of obligations incurred for the construction of Little Caesars Arena (the “Arena”) and related development financed by the 2014 bond issuance by the Michigan Strategic Fund (the “MSF”), which is secured by various revenue streams of the DDA.

Other Debt Service Fund

The other debt service fund accounts for the servicing of general long-term obligations not being financed by proprietary or similar trust funds or by the stadium fund.

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Fund Financial Statements (continued)

The DDA's fund balances are classified as follows, based on the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable

These fund balances consist of amounts that are not in a spendable form (such as inventory or prepaid expenditures) or that are required to be maintained intact.

Restricted

These fund balances consist of amounts that are constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed

These fund balances consist of amounts that are constrained to specific purposes by the DDA itself, using its highest level of decision-making authority, which is the Board of Directors. To be reported as committed, such amounts cannot be used for any other purpose unless the Board of Directors takes action to remove or change the constraint. The Board of Directors typically establishes (and modifies or rescinds) fund balance commitments by passage of a resolution, or through adoption and amendment of the budget.

Assigned

These fund balances consist of amounts that the DDA intends to use for a specific purpose. Such intent can be expressed by the governing body, which is the Board of Directors, or by an official or body to which the Board of Directors delegates the authority, such as the DDA's duly authorized agents. Assigned fund balances are typically established through funding agreements or adoption or amendment of the budget.

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Fund Financial Statements (continued)

Unassigned

These fund balances consist of amounts that are available for any purpose. Only the general fund has a positive unassigned fund balance.

Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are prepared on the accrual basis of accounting using the economic resources measurement focus. Accordingly, revenue is recorded when earned and expenses are recorded when incurred. Grants and other revenue intended for use within the special revenue fund are classified as program revenue. All other revenue, including all property tax revenue, is classified as general revenue.

Fund Financial Statements

The fund financial statements are prepared on the modified accrual basis of accounting using the flow of current financial resources as a measurement focus. Under the modified accrual basis of accounting, revenue is recorded when susceptible to accrual, which is when it is both measurable and available. "Available" means collectible within the current period or soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded when the liability is incurred, if measurable. In applying the susceptible-to-accrual concept to intergovernmental revenue, the legal and contractual requirements of the numerous individual programs are used as guidance. Monies virtually unrestricted as to purpose of expenditure and revocable only for failure to comply with prescribed compliance requirements are reflected as revenue at the time of receipt, or earlier if the susceptible-to-accrual criteria are met.

Expenditures that are incurred for purposes for which both restricted and unrestricted fund balances are available are applied first to available restricted fund balances, then to unrestricted fund balances. Expenditures that are incurred for purposes for which committed, assigned, and unassigned fund balances are available are applied first to available committed fund balances, then to available assigned fund balances, and finally to unassigned fund balances.

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Administration

For the years ended June 30, 2023 and 2022, the DDA entered into agreements with the Detroit Economic Growth Corporation (the "DEGC") for administrative and professional services at an annual cost not to exceed $1,900,000 per year for the years ended June 30, 2023 and 2022, respectively. These expenditures are reflected in administrative expenses for services rendered for each year. No amounts were due to the DEGC as of June 30, 2023 or 2022.

Accounting for Notes Receivable

The DDA is in the business of loaning funds to various entities for which, in some cases, the collection process does not begin immediately. In those instances, the collection process may not begin for a number of years. The DDA provides a reserve for these notes, land contracts, and other loans if and when these instruments are deemed to be partially or fully uncollectible. Due to the nature of the collection terms on these instruments, recoverability of these instruments may be uncertain and, furthermore, may not be evident for a number of years. The ultimate collectability of these instruments is dependent upon the long-term viability of these entities.

Capital Assets

Capital assets are recorded at historical cost. The DDA capitalizes all expenditures for land, buildings, equipment, fixtures, and improvements in excess of $1,000. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, as follows:

Stadium	35 years
Other buildings	40 years
Equipment and fixtures	7-25 years
Leasehold improvements	9-40 years

Expenditures for maintenance and repairs are charged to expense. Renewals or betterments which extend the life or increase the value of the properties are capitalized.

Grant Revenue

Grant revenue is recognized when expenses that are reimbursable under an agreement with the funding source are incurred.

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Environmental Remediation Obligations

Environmental remediation obligations are obligations to address the current or potential detrimental effects of existing environmental issues by participating in activities such as site assessments and cleanups. Upon the occurrence of one of five specified events, the DDA estimates the components of expected environmental remediation outlays to determine whether outlays for these components should be accrued as a liability in the government-wide financial statements at current value or, under certain circumstances, whether these outlays should be capitalized in the government-wide financial statements. No environmental remediation obligations have been recorded as of June 30, 2023 and 2022 because none of the five specified events have occurred.

Interfund Transactions and Eliminations

Transfers of tax increment financing revenue from the special revenue fund to the general and stadium funds are recorded as interfund transactions in the fund financial statements. All interfund transactions and balances have been eliminated in the accompanying financial statements.

Allowance for Doubtful Notes and Interest Receivable

The DDA charges notes and interest receivable to the allowance for doubtful notes and interest receivable when it is probable that a note receivable, or the related accrued interest receivable, is impaired (that is, when the DDA will be unable to collect all amounts due according to the contractual terms of the agreement). Changes in the present value of an obligation's expected future cash flows from one reporting period to the next are recorded as additions or reductions to the allowance for doubtful notes and interest receivable. The DDA also includes in the allowance for doubtful notes and interest receivable a general provision based on the DDA's historical recovery of these receivables.

Investments

The DDA's investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price).

Units of money market funds are valued at quoted market prices, which represent the net asset value of units held by the DDA as of the end of the year.

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (continued)

The fair value of U.S. Treasury securities is provided by pricing services that use methods based upon market transactions for comparable securities and various relationships between securities, which are generally recognized by institutional traders. The fair value of repurchase agreements is based on the assets the DDA will repurchase from the bank upon the expiration of each repurchase agreement.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis.

Fair Value Measurements

The DDA uses fair value measurements in the preparation of its financial statements, which utilize various inputs, including those that can be readily observable, corroborated, or are generally unobservable. The DDA utilizes market-based data and valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Additionally, the DDA applies assumptions that market participants would use in pricing an asset or liability, including assumptions about risk.

The measurement of fair value includes a hierarchy based on the quality of inputs used to measure fair value. Financial assets and liabilities are categorized into this three-level fair value hierarchy based on the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The various levels of the fair value hierarchy are described as follows:

- Level 1 — Financial assets and liabilities whose values are based on unadjusted quoted market prices for identical assets and liabilities in an active market that the DDA has the ability to access

- Level 2 — Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable for substantially the full term of the asset or liability

- Level 3 — Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (continued)

The use of observable market data, when available, is required in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

Concentration of Credit Risk

During the years ended June 30, 2023 and 2022, the DDA utilized five and three vendors, respectively, for purchases of $6,400,854 and $6,567,282, respectively, or 80 percent and 61 percent, respectively, of total purchases. Amounts due to these vendors as of June 30, 2023 and 2022 totaled $813,228 and $27,481, respectively.

Downtown Events Center Project

In 2014, the MSF issued bonds, with the proceeds used toward the construction of Little Caesars Arena, a downtown events center used by the Detroit Red Wings hockey team and the Detroit Pistons basketball team, as well as for other entertainment and sporting events. The DDA is the owner of the Arena. Olympia Development ("Olympia") is the concessionaire that runs the Arena. Olympia donated land and construction costs valued at $47,800,000 to the project. See Note H for details on the bonds issued.

Development Projects

The DDA has been involved in several other major projects, which primarily include the following:

- Riverfront Residential Project
- Trappers Alley
- Millender Center
- Madison Center
- Congress/First Street Hotel Development — Cobo Hall Expansion
- Theater District
- Annis Fur Building Development
- International Hotel
- Ramada/Leland Downtown Hotel
- Harmonie Park Project
- Merchants Row

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Development Projects (continued)

- Michigan Opera Theatre
- Hilton Garden Inn
- Music Hall Center for the Performing Arts
- Stadia Complex
- Lower Woodward Improvement Plan
- Campus Martius
- East Riverfront District
- Riverfront Promenade
- Kales Building
- Kennedy Square Office Building
- 1001 Woodward Parking Garage
- Au Bon Pain
- Michigan Opera Garage
- Book Cadillac Project
- Broadway Property and Partners
- Lafer Building
- Vinton Building
- Paradise Valley Project
- Capitol Park
- Whitney Building
- The District Detroit (Little Caesars Arena and surrounding development)
- Q-Line
- Business Attraction:
  - Ally Financial
  - Blue Cross Blue Shield of Michigan
  - Quicken Loans
- Development Financing Small Business Loan Transactions Program:
  - Fieldstone Properties
  - Opus to Go, L.L.C.
  - Seldom Blues
  - Marmalade Enterprises
  - Diversified Restaurant Group
  - Vincente III, L.L.C.
  - Dunwright, L.L.C.
  - Detroit Breakfast House
  - Adams and Park

NOTE B — CASH DEPOSITS AND INVESTMENTS

Cash Deposits

State of Michigan (the "State") statutes require that certificates of deposit, savings accounts, deposit accounts, and depository receipts be made with banks doing business and having a place of business in the State that are also members of a federal or national insurance corporation.

Custodial credit risk is the risk that, in the event of a bank failure, the DDA's deposits may not be returned to the DDA. The DDA does not have a deposit policy for custodial credit risk.

As of June 30, 2023 and 2022, the DDA's carrying amount of deposits and bank balances, and the bank balances that are not covered by federal depository insurance, are as follows:

	2023	2022
Carrying amount of deposits	$ 2,332,456	$ 2,439,894
Total bank balances	$ 3,230,881	$ 2,993,314
Uninsured and uncollateralized bank balances	$ 2,571,121	$ 2,243,314

Investments

The DDA's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2023 and 2022 is summarized as follows:

	Fair Value Measurements			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
2023				
Assets:				
Investments at fair value:				
Money market funds	$ 166,915,398	$ -0-	$ -0-	$ 166,915,398
U.S. Treasury bond		2,843,139		2,843,139
Repurchase agreements		10,000,000		10,000,000
	$ 166,915,398	**$ 12,843,139**	**$ -0-**	**$ 179,758,537**

NOTE B — CASH DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

	Fair Value Measurements			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
2022				
Assets:				
Investments at fair value:				
Money market funds	$ 142,273,740	$ -0-	$ -0-	$ 142,273,740
U.S. Treasury bond		2,815,580		2,815,580
Repurchase agreements		8,000,000		8,000,000
	$ 142,273,740	**$ 10,815,580**	**$ -0-**	**$ 153,089,320**

Credit risk is the risk that the DDA will not recover its investments due to the inability of the counterparty to fulfill its obligations. State statutes authorize the DDA to invest in obligations and certain repurchase agreements of the U.S. Treasury and related governmental agencies, commercial paper rated prime at the time of purchase and maturing not more than 270 days from the date of purchase, bankers acceptances and certificates of deposit issued or created by any state or national bank insured with the applicable federal agency, investment pools authorized by the Surplus Funds Investment Act, and mutual funds composed entirely of the above investments. The DDA has no investment policy that would further limit its investment options.

The DDA does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Maturities of the DDA's debt securities as of June 30, 2023 and 2022 are as follows:

	2023	2022
Maturity date of May 15, 2024:		
U.S. Treasury bond	$ 2,843,139	$ 2,815,580

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the DDA will not be able to recover the value of its investments that are in the possession of an outside party. The DDA places no limit on the amount it may invest in any one issuer.

NOTE B — CASH DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

Individual investments that represent five percent or more of the DDA's total investments either as of June 30, 2023 or as of June 30, 2022, or for which credit risk or interest rate risk disclosures are required, are as follows:

	2023	2022
Investments held by the counterparty's trust department or agent in the DDA's name:		
Money market funds:		
Aaa-mf rating from Moody's:		
First American Government Obligations Fund, Class Y (weighted average maturity of 20 days and 23 days for 2023 and 2022, respectively)	$ 107,768,299	$ 98,658,130
AAAm rating from Standard & Poor's:		
Federated Government Obligations Fund (weighted average maturity of 27 days and 16 days for 2023 and 2022, respectively)	47,818,285	31,751,637
JPMorgan U.S. Treasury Plus Money Market Fund (weighted average maturity of nine days and 37 days for 2023 and 2022, respectively)	39,748	38,595
Unrated:		
Comerica Governmental Cash Investment Fund J (weighted average maturity of 33 days and 14 days for 2023 and 2022, respectively)	11,289,066	11,825,378

NOTE C — NOTES RECEIVABLE

The DDA's portfolio of notes receivable as of June 30, 2023 and 2022 is as follows:

Trappers Alley Limited Partnership

Two notes receivable have been issued to Trappers Alley Limited Partnership:

- The DDA issued a mortgage note over 40 years, dated December 27, 1983, which is secured by property, with interest at 12 percent. Interest only is payable, to the extent there is sufficient cash flow, for the first 20 years, beginning January 2, 1987; the note is fully amortized over the remaining 20 years.

- The DEGC issued a promissory note, dated December 27, 1983; the DDA purchased the note from the DEGC on June 25, 1987. This note bears annual interest of 11.25 percent and is secured by the borrower's property. The DDA has strong concerns regarding the recovery of this loan, as this project has had continuous operating losses. The current underutilization of the space (only two floors of the five-story structure are being used) adds to these concerns. Unpaid interest has been accrued on this loan.

Leland House Limited Partnership Company

This is a final promissory note, dated July 9, 1991, secured by a mortgage and security agreement. The bankruptcy confirmation order, dated September 27, 1993, restricted the payment on debts so that the DDA and the City will share the payments (no payments in years one through five, $30,000 per year in years six and seven, $60,000 per year in years eight through 28, and $90,000 per year in years 29 and 30) on a pro rata basis.

KWA I, L.L.C.

This is a promissory note, dated May 30, 2003, for residential loft and ground floor retail development. A payment of $3,750,000 is due seven years from the project's closing, with the balance to be repaid via single business tax credits or sale proceeds. This agreement has been amended, extending the maturity date to September 30, 2029 and modifying the loan amount to $3,900,000.

Michigan Opera Garage

This is a promissory note, dated December 8, 2004, secured by a second mortgage. Repayment is due under two separate schedules. For 36 months, $226,000 of the loan was interest-free, then accrued interest at five percent per annum, amortized over 15 years, with a balloon payment for the unpaid balance due in 10 years.

NOTE C — NOTES RECEIVABLE (CONTINUED)

Michigan Opera Garage (continued)

That portion has been repaid. The remaining $800,000 of the loan is interest-free during the term of the first position debt, then accrues interest at four percent per annum, with fully amortizing payments thereafter.

Book Cadillac Hotel

The DDA issued a guaranty note, dated May 7, 2008, from the Housing/Office/Retail fund. It is a short-term bridge loan made to fund the completion of the Book Cadillac Hotel. The note is secured by deposits on the condominium portion of the project. The outstanding balance was originally due January 30, 2009. The borrower and the DDA agreed to extend the due date of the loan. The loan is being repaid from the excess proceeds from the sale of the condominiums. Based on current sales projections, the DDA expects to receive full principal payoff. A large partial payment was received in late 2016.

150 Bagley

Two notes receivable have been issued to 150 Bagley:

- A $14.1 million loan was approved by the DDA's Board of Directors in January 2022 for redevelopment. $7.1 million was funded through the DDA's Housing Office and Retail program, while the other $7 million was funded by the MSF. $3,816,526 of the DDA balance was drawn down as of June 30, 2022, with the remaining balance drawn down as of June 30, 2023. The loan has an interest rate of 1.5 percent per annum for the DDA portion and three percent for the MSF portion.

- A $1.4 million loan was approved by the DDA's Board of Directors in January 2022 to the organization's managing member. The loan was disbursed in March 2022. The loan has an interest rate of 1.5 percent.

Both loans have an interest-only period of 28 months, after which principal payments may also be due, dependent upon a cash flow calculation. Consistent with the debt to the senior lender, both loans mature on August 1, 2064.

NOTE C — NOTES RECEIVABLE (CONTINUED)

Randolph Center 2020

In 2019, the DDA sold 1435 Randolph and 1455 Centre to the Hamilton Development Group. As part of the transaction, the DDA's Board of Directors approved up to $1,835,000 in loans to the developer. Between seller financing and loan disbursements, the balance as of June 30, 2023 is $1,619,482. The loan has a 1.5 percent interest rate per annum, with interest only being due during construction and the first five years. The loan is amortized over 20 years with a term that is intended to run with senior financing.

BASCO 311 Grand River

In April 2017, the DDA entered into a development agreement with BASCO 311 Grand River for the redevelopment of the then DDA-owned property located at 311 Grand River. In April 2020, the DDA's Board of Directors approved a loan of $2,700,000 to the developer for the project, including a $1,500,000 loan for the construction and related activities payable from an Urban Development Action Grant ("UDAG"). Between seller financing and loan disbursements, the balance as of June 30, 2023 is $2,700,000. The loan has a one percent interest rate per annum, with a 1.5 percent annual interest rate beginning with receipt of a certificate of occupancy. The loan is amortized over 20 years, and a repayment of the loan will be due upon the maturity date of the Developer Note, sale of the property, or the refinancing of the existing mortgage, whichever occurs earlier.

The outstanding balances on these notes receivable, and the related accrued interest receivable, are as follows as of June 30, 2023 and 2022:

	2023	2022
Trappers Alley Limited Partnership:		
DDA loan	$ 2,800,000	$ 2,800,000
DEGC loan	982,170	982,170
Leland House Limited Partnership Company	979,648	979,648
KWA I, L.L.C.	3,900,000	3,900,000
Michigan Opera Garage	800,000	800,000
Book Cadillac Hotel	989,771	989,771
150 Bagley:		
Redevelopment	14,100,000	3,816,526
Managing member	1,400,000	1,400,000

NOTE C — NOTES RECEIVABLE (CONTINUED)

	2023	2022
Randolph Center 2020	$ 1,619,482	$ 1,603,929
BASCO 311 Grand River	2,700,000	2,700,000
	30,271,071	19,972,044
Accrued interest receivable	2,751,659	2,751,659
	33,022,730	22,723,703
Less:		
Allowance for doubtful notes and interest receivable	(14,385,676)	(11,810,919)
Net Notes and Accrued Interest Receivable	**$ 18,637,054**	**$ 10,912,784**

Changes in the allowance for doubtful notes and interest receivable are as follows for the years ended June 30, 2023 and 2022:

	2023	2022
Balance, beginning of year	$ 11,810,919	$ 10,301,293
Additions	2,574,757	1,557,963
Less:		
Write-off of uncollectible notes receivable	-0-	(48,337)
Balance, End of Year	**$ 14,385,676**	**$ 11,810,919**

Because of the long-term nature of these notes receivable and the uncertainty of the time of collection on many of them, the fair value of these notes receivable as of June 30, 2023 and 2022 cannot be readily determined.

NOTE D — PROPERTY TAXES

The DDA finances its general and administrative operations with the proceeds of a one-mill levy on the assessed value of the Downtown Development District. A portion of this fund has been designated by the DDA's Board of Directors to meet existing contracts outstanding.

The DDA is authorized to finance its development plan by capturing the tax proceeds on the increases in the assessed value on real and personal property within the tax increment district located within the downtown development area. Funds raised from this levy are restricted for use within the tax increment district.

The DDA has entered into an agreement with the Board of Commissioners of Wayne County, Michigan (the "County") to exclude certain proceeds of the tax increment fund which had been previously designated for certain County operational and construction activities.

The City and the County levy property taxes on July 1 of each year. July property taxes are due in full to the City on August 31 of each year, but may be paid in two installments, which are due on August 15 and January 15 of each year. The County also levies property taxes on December 1 of each year. December property taxes are due on January 15 of each year. Taxes become a lien on property assessed on July 1 and December 1 of each year. The City is scheduled to remit collected incremental property taxes to the DDA in December and June of each year for all millage rates being captured.

An allowance for doubtful taxes receivable is recorded based upon the historical uncollectible experience for total real and personal property tax assessments, plus allowances for other specific accounts for which collection is uncertain. No such allowance is considered necessary as of June 30, 2023 and 2022.

NOTE E — CAPITAL ASSETS

Nondepreciable capital asset activity for the years ended June 30, 2023 and 2022 is as follows:

	Land
Balance, July 1, 2021	$ 55,344,670
Balance, June 30, 2022	**55,344,670**
Balance, June 30, 2023	**$ 55,344,670**

NOTE E — CAPITAL ASSETS (CONTINUED)

Depreciable capital asset activity for the years ended June 30, 2023 and 2022 is as follows:

	Stadium	Other Buildings	Equipment and Fixtures	Leasehold Improvements	Total
Cost:					
Balance, July 1, 2021	$ 929,575,183	$ 50,050,177	$ 68,446	$ 746,797	$ 980,440,603
Acquisitions				1,972,431	1,972,431
Balance, June 30, 2022	**929,575,183**	**50,050,177**	**68,446**	**2,719,228**	**982,413,034**
Acquisitions			7,373		7,373
Balance, June 30, 2023	**$ 929,575,183**	**$ 50,050,177**	**$ 75,819**	**$ 2,719,228**	**$ 982,420,407**
Accumulated Depreciation:					
Balance, July 1, 2021	$ 101,736,907	$ 26,142,937	$ 68,446	$ 203,612	$ 128,151,902
Depreciation expense	26,559,291	1,668,339		212,119	28,439,749
Balance, June 30, 2022	**128,296,198**	**27,811,276**	**68,446**	**415,731**	**156,591,651**
Depreciation expense	26,559,291	1,668,339	205	503,265	28,731,100
Balance, June 30, 2023	**$ 154,855,489**	**$ 29,479,615**	**$ 68,651**	**$ 918,996**	**$ 185,322,751**
Net Depreciable Capital Assets:					
Balance, June 30, 2022	$ 801,278,985	$ 22,238,901	$ -0-	$ 2,303,497	$ 825,821,383
Balance, June 30, 2023	$ 774,719,694	$ 20,570,562	$ 7,168	$ 1,800,232	$ 797,097,656

NOTE F — LEASES

The DDA leases a parking garage which it owns to an operator who pays monthly rent to the DDA in accordance with the lease agreement. The term of this lease is 25 years. The DDA also leases space within a building it owns to a renter who operates a fitness facility for its members. This lease has a term of 10 years. The monthly rental payments on both leases escalate as the leases approach the end of their terms. The DDA accounts for these leases as a lessor. However, the leasing of assets to other entities is not the DDA's primary ongoing operation.

NOTE F — LEASES (CONTINUED)

Revenue generated from the leases is recognized as rental income and as interest income. Payments received from tenants consist of an interest portion and a reduction of the receivable that is recognized at the onset of each lease. Lease revenue is recognized on a straight-line basis over the lives of the leases. Lease revenue and interest income from these leases for the years ended June 30, 2023 and 2022, which are included in other revenue in the fund financial statements, are as follows:

	2023	2022
Lease revenue	$ 798,379	$ 826,193
Interest income	55,935	62,900
	$ 854,314	**$ 889,093**

NOTE G — PROPERTY HELD FOR DEVELOPMENT

As of June 30, 2023 and 2022, the DDA has acquired property for the development of the following projects that are not part of the DDA's regular operations:

	2023	2022
Paradise Valley Project	$ 1,000,000	$ 1,000,000
Riverfront Residential Project	8,700,000	8,700,000
Broadway	500,000	500,000
	$ 10,200,000	**$ 10,200,000**

The Paradise Valley Project consists of properties assembled as part of a master plan to further economic development activities in downtown Detroit by revitalizing the Harmonie Park area with an enhanced physical environment and new investment opportunities. The DDA will work to accomplish this by executing a plan to acquire, rehabilitate, and re-position important landmark buildings for business opportunities, to further upgrade public open spaces, and to provide a right of way to create a festive, safe, and inviting environment for the public, as well as by developing other marketing and management tools to help sustain commerce in the area in the future.

NOTE H — LONG-TERM LIABILITIES

Long-term liabilities as of June 30, 2023 and 2022 consist of the following:

Contract Payable

The contract payable consists of amounts due to Amerivision Corporation under a UDAG used to partially finance development of the Trappers Alley Project. The Trappers Alley Project was financed in part with $2,800,000 of UDAG funds received by the City and administered by the DDA. The funds were originally loaned to the developer and are to be repaid, contingent upon cash flow, in installments over 40 years. The repayment proceeds will be used to liquidate the DDA's obligation.

Notes Payable

As part of a redevelopment plan for the west district in Capitol Park, in November 2009, the DDA's Board of Directors approved the acquisition of 1145 Griswold for $1,907,562. The DDA's Board of Directors further approved the borrowing of $2,000,000 from the Lower Woodward Housing Fund of Detroit Renaissance Foundation (now Invest Detroit Foundation) for the acquisition, interest-free for 24 months. The loan was secured by a mortgage on 1145 Griswold. The loan was modified in 2012, extending the maturity date to June 30, 2013. The loan was further modified in 2013, extending the maturity date to coincide with receipts from the entity chosen to redevelop the area. Future payments are tied to receipts from the developer and are based upon a cash flow schedule.

As part of the 150 Bagley notes receivable, the DDA received $7,000,000 from the MSF. The loan is repayable to the MSF upon receipt of proceeds from the developer. The loan has an interest rate of three percent per annum.

Payments on these loans will be made primarily from the special revenue fund.

Bonds Payable

In 2014, the MSF issued $250,000,000 in Series 2014A bonds and $200,000,000 in Series 2014B bonds, with the proceeds to be used toward the construction of the Arena. The Series 2014A bonds were serviced primarily through Catalyst Development Project tax revenue captured by the DDA. Beginning in 2020, there was also a variable contribution toward the debt service from the DDA's general tax revenue that was captured. The Series 2014B bonds were to be serviced by a variable concession management payment from Olympia to the DDA and have a variable interest rate. Series 2014A bonds were disbursed entirely at the outset of the project. Series 2014B bond proceeds were drawn down as required.

NOTE H — LONG-TERM LIABILITIES (CONTINUED)

Bonds Payable (continued)

The DDA entered into a swap novation transaction with Garden Trust Company, LLC, as Trustee of the Michael Ilitch Trust Agreement ("Garden Trust") on November 9, 2017 for the purpose of removing the DDA from a previous swap transaction. As part of this transaction, the entire outstanding amount of Series 2014B bonds drawn down, $188,500,000, was retired through a prepayment of the base concession fees payable by Garden Trust to the DDA under the Concession Management Agreement relating to the Arena.

As the bonds were issued, the DDA entered into loan agreements with the MSF. The proceeds from the bonds are loaned to the DDA by the MSF, and the DDA was obligated to pay the aforementioned revenue to the MSF to service the bonds. A bond issued by the DDA to the MSF secured this obligation.

On August 10, 2017, the DDA issued $36,000,000 in Series 2017 bonds, with the proceeds to be used toward construction changes and enhancements to the Arena. These changes were necessary in order to make the Arena compliant with National Basketball Association requirements and to incentivize the Detroit Pistons to relocate to the City of Detroit. Similar to the Series 2014A bonds, these bonds will be repaid through Catalyst Development Project tax increment revenue captured by the DDA.

These bonds were all paid off with a new bond issuance in December 2018. DDA issued $287,425,000 in Series 2018A bonds to refund the Series 2014 and Series 2017 bonds. These bonds will be repaid through the same revenue stream that the Series 2014 and Series 2017 bonds were to have been repaid and resulted in substantial savings to the DDA.

Payments on these bonds will be made primarily from the stadium fund.

Bonds Contract Payable

The City and the DDA have issued the following bonds:

Issued by the City on August 1, 1989 ("1989 bonds"):	
Series 1989A tax-exempt bonds	$ 15,225,000
Series 1989B taxable bonds	71,000,000
	$ 86,225,000

NOTE H — LONG-TERM LIABILITIES (CONTINUED)

Bonds Contract Payable (continued)

Issued by the DDA on April 18, 1996 ("1996 bonds"):	
Series 1996A taxable bonds	$ 75,014,000
Series 1996B tax-exempt bonds	13,330,000
Series 1996C tax-exempt bonds	64,883,198
Series 1996D tax-exempt bonds	14,185,000
	$ 167,412,198

Issued by the DDA on September 1, 1998 ("1998 bonds"):	
Series 1998A tax-exempt bonds	$ 68,900,000
Series 1998B taxable bonds	32,195,000
Series 1998C junior lien bonds	21,425,000
	$ 122,520,000

The principal and interest on the bonds are primarily payable from, and secured by, certain incremental property tax revenue to be received by the DDA from Development Area No. 1 within the downtown business district (see Note A). Payments on the bonds contract payable are made from the other debt service fund under the general bond resolution.

A portion of the 1996 bond proceeds, $87,996,800, was put into an escrow account to repay the 1989 bonds. A portion of the 1998 bond proceeds, $65,124,175, was also put into an escrow account to repay the Series 1996C (partial refund) and the Series 1996D bonds. The escrow agent was responsible for monitoring and making the required debt service payments on those bonds, which were removed as liabilities from the DDA's financial statements. The 1989 bonds, the Series 1996C (partial refund) bonds, and the Series 1996D bonds have been fully repaid. The Series 1998A Bonds were repaid through the issuance of Series 2018B bonds in the amount of $24,105,000. These Series 2018B bonds will be repaid in the same time period as the Series 1998A bonds would have been, with the same revenue stream.

NOTE H — LONG-TERM LIABILITIES (CONTINUED)

Long-term liability activity for the years ended June 30, 2023 and 2022 is as follows:

	Special Revenue Fund		Stadium Fund			Other Debt Service Fund			
	Contract Payable	**Notes Payable**	**Bonds Payable**	**Bond Discount**	**Net**	**Bonds Contract Payable**	**Bond Discount**	**Net**	**Total**
Balance, July 1, 2021	$ 2,800,000	$ 1,900,000	$ 287,425,000	$ 2,456,781	$ 284,968,219	$ 37,703,638	$ 281,566	$ 37,422,072	$ 327,090,291
Additions		7,000,000							7,000,000
Less:									
Repayments		(50,000)	(3,295,000)		(3,295,000)	(5,230,127)		(5,230,127)	(8,575,127)
Amortization				(90,992)	90,992		(64,700)	64,700	155,692
Balance, June 30, 2022	**2,800,000**	**8,850,000**	**284,130,000**	**2,365,789**	**281,764,211**	**32,473,511**	**216,866**	**32,256,645**	**325,670,856**
Less:									
Repayments			(4,355,000)		(4,355,000)	(4,509,137)		(4,509,137)	(8,864,137)
Amortization				(90,992)	90,992		(64,700)	64,700	155,692
Balance, June 30, 2023	**$ 2,800,000**	**$ 8,850,000**	**$ 279,775,000**	**$ 2,274,797**	**$ 277,500,203**	**$ 27,964,374**	**$ 152,166**	**$ 27,812,208**	**$ 316,962,411**
Amounts Due Within One Year:									
June 30, 2022	$ -0-	$ 1,850,000	$ 4,355,000	$ 90,992	$ 4,264,008	$ 4,509,137	$ 64,700	$ 4,444,437	$ 10,558,445
June 30, 2023	$ 2,800,000	$ 1,850,000	$ 4,640,000	$ 90,992	$ 4,549,008	$ 4,475,495	$ 64,700	$ 4,410,795	$ 13,609,803

NOTE H — LONG-TERM LIABILITIES (CONTINUED)

Maturities of long-term liabilities (excluding the bond discount) are as follows as of June 30, 2023:

	Principal				Interest				
	Special Revenue Fund	Stadium Fund	Other Debt Service Fund	Total Principal	Special Revenue Fund	Stadium Fund	Other Debt Service Fund	Total Interest	Total
For the Years Ending June 30:									
2024	$ 4,650,000	$ 4,640,000	$ 4,475,495	$ 13,765,495	$ -0-	$ 13,872,750	$ 4,075,729	$ 17,948,479	$ 31,713,974
2025		3,675,000	4,444,110	8,119,110		13,664,875	3,907,114	17,571,989	25,691,099
2026		3,905,000	2,989,769	6,894,769		13,475,375	3,772,080	17,247,455	24,142,224
2027		4,175,000	5,010,000	9,185,000		13,273,375	905,140	14,178,515	23,363,515
2028		5,260,000	5,345,000	10,605,000		13,037,500	559,283	13,596,783	24,201,783
2029-2033		33,010,000	5,700,000	38,710,000		60,636,250	190,380	60,826,630	99,536,630
2034-2038		45,085,000		45,085,000		50,920,375		50,920,375	96,005,375
2039-2043		59,820,000		59,820,000		37,856,250		37,856,250	97,676,250
2044-2048		79,765,000		79,765,000		20,593,625		20,593,625	100,358,625
2049-2053		40,440,000		40,440,000		1,011,000		1,011,000	41,451,000
Variable	7,000,000			7,000,000					7,000,000
	$ 11,650,000	**$ 279,775,000**	**$ 27,964,374**	**$ 319,389,374**	**$ -0-**	**$ 238,341,375**	**$ 13,409,726**	**$ 251,751,101**	**$ 571,140,475**

NOTE I — ESCROW DEPOSITS PAYABLE

As of June 30, 2023 and 2022, the DDA has escrow deposits due to Leland House Limited Partnership Company. These deposits are utilized by the DDA to pay tax and insurance obligations related to the Ramada/Leland Hotel Project.

NOTE J — RISK MANAGEMENT

The DDA has insurance policies covering its directors and officers. It also has general liability insurance and property insurance covering its various assets. At the request of the Board of Directors, the DDA has obtained two excess general liability policies in addition to the original policy to ensure sufficient coverage. Due to the extent of insurance that the DDA maintains, the risk of loss to the DDA, in management's opinion, is minimal.

NOTE K — STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and State law for the general fund. All annual appropriations lapse at the end of the fiscal year.

Under the State's Uniform Budgeting and Accounting Act, actual expenditures for any budgeted expenditure category are not to exceed the amounts budgeted for that category. The Uniform Budgeting and Accounting Act permits governmental entities to amend their budgets during the year, and requires amended budgets to be approved by the governing body prior to expending funds in excess of the amount budgeted for that category.

During the year ended June 30, 2023, the DDA did not incur expenditures in excess of the amounts budgeted for any category.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

SCHEDULES OF REVENUE AND EXPENDITURES — BUDGET AND ACTUAL — GENERAL FUND (UNAUDITED)

For the Years Ended June 30, 2023 and 2022

	2023				2022			
	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget	Original Budget	Final Budget	Actual (Restated)	Positive (Negative) Variance with Final Budget
Revenue:								
Property taxes	$ 1,050,000	$ 1,050,000	$ 1,362,554	$ 312,554	$ 1,050,000	$ 1,050,000	$ 1,238,491	$ 188,491
Other revenue	840,000	840,000	1,250,278	410,278	840,000	840,000	1,060,550	220,550
Total Revenue	**1,890,000**	**1,890,000**	**2,612,832**	**722,832**	**1,890,000**	**1,890,000**	**2,299,041**	**409,041**
Expenditures:								
Current:								
Administrative and operating expenses	2,250,000	2,250,000	1,955,527	294,473	2,250,000	2,250,000	1,978,397	271,603
Professional fees	740,000	740,000	501,811	238,189	740,000	740,000	518,933	221,067
Total Expenditures	**2,990,000**	**2,990,000**	**2,457,338**	**532,662**	**2,990,000**	**2,990,000**	**2,497,330**	**492,670**
Excess (Deficiency) of Revenue over Expenditures	**(1,100,000)**	**(1,100,000)**	**155,494**	**1,255,494**	**(1,100,000)**	**(1,100,000)**	**(198,289)**	**901,711**
Other Financing Sources:								
Interfund transfers	750,000	750,000	742,627	(7,373)	750,000	750,000	750,000	-0-
Change in Fund Balance	**$ (350,000)**	**$ (350,000)**	**$ 898,121**	**$ 1,248,121**	**$ (350,000)**	**$ (350,000)**	**$ 551,711**	**$ 901,711**

See note to schedules of revenue and expenditures — budget and actual (general fund).

NOTE TO SCHEDULES OF REVENUE AND EXPENDITURES — BUDGET AND ACTUAL — GENERAL FUND (UNAUDITED)

For the Years Ended June 30, 2023 and 2022

NOTE A — BUDGETS AND BUDGETARY ACCOUNTING

The City of Detroit Downtown Development Authority (the "DDA") establishes a budget that is reflected in the financial statements for the general fund. The budget is presented on the modified accrual basis of accounting.

Budgeted amounts are as presented to the DDA's Finance Committee and approved by the DDA's Board of Directors and the Detroit City Council. No amendments to the budget were made during the year. Appropriations are authorized by the DDA's management. Unexpended appropriations lapse at the end of the fiscal year.