

THE LOCAL DEVELOPMENT
FINANCE AUTHORITY
OF THE VILLAGE OF PARMA

(A COMPONENT UNIT OF THE
VILLAGE OF PARMA, MICHIGAN)

ANNUAL FINANCIAL REPORT

FEBRUARY 28, 2023

Certified Public Accountants

Markowski & Company

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THE LOCAL DEVELOPMENT FINANCE AUTHORITY
OF THE VILLAGE OF PARMA

ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 6
BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE/ GOVERNMENTAL FUND FINANCIAL STATEMENTS:	
STATEMENT OF NET POSITION/GOVERNMENTAL FUND BALANCE SHEET	7
STATEMENT OF ACTIVITIES/GOVERNMENTAL FUND REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE	8
NOTES TO THE FINANCIAL STATEMENTS	9 - 15
REQUIRED SUPPLEMENTAL INFORMATION:	
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	16
ADDITIONAL SUPPLEMENTARY INFORMATION:	
RECAP OF TAX LEVY BY TAXING ENTITY	17

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Local Development Finance Authority
of the Village of Parma

Opinions

We have audited the accompanying financial statements of the governmental activities of the *Local Development Finance Authority of the Village of Parma (the "LDFA"), Parma, Michigan*, a component unit of the Village of Parma, Michigan, as of and for the year ended February 28, 2023, which collectively comprise the LDFA's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Local Development Finance Authority of the Village of Parma, Michigan, as of February 28, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Local Development Finance Authority of the Village of Parma, Michigan, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes 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.

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 Local Development Finance Authority of the Village of Parma, Michigan ability to continue as going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statement

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 generally accepted 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 generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and 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.
- 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 Local Development Finance Authority of the Village of Parma, Michigan internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Local Development Finance Authority of the Village of Parma, Michigan 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements.

Board of Directors
Local Development Finance Authority
of the Village of Parma

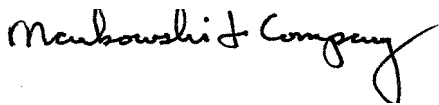
Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Local Development Finance Authority of the Village of Parma, Michigan's financial statements as a whole. The statement of activities-detail in the other information is presented for purposes of additional analysis and is not a required part of the financial statements. The recap of the tax levy is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The information comprises the statement of activities – detail, 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.



Jackson, Michigan
May 12, 2023



Parma Local Development Finance Authority

Staffed and Served by The Enterprise Group of Jackson, Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

L DFA BOARD OF DIRECTORS

James Jenkins, Chairman (P)

Joanne Havican, Secretary (P)

Chris Crisenbery (S)

Darrell Norris (JC)

Dave Dawson (P)

Michael Way (J)

L. Keith Acker, Vice Chair (S)

Chris Hendges (P)

Cheryl Marks (S)

Ray Pape (W)

Amber Moore (W)

Non-Voting Officers and Staff:

Kathleen McDevitt, Treasurer

Emily Cones, LDFA Staff

Alex Masten, LDFA Staff

() Denotes governmental entity represented by the member:

J - Jackson County

P - Village of Parma

W - Western School District

JC - Jackson College

S - Sandstone Township

LOCAL DEVELOPMENT FINANCE AUTHORITY
 OF THE VILLAGE OF PARMA
 Management's Discussion and Analysis

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 Local Development Finance Authority of the Village of Parma (the "LDFA") as a whole and present a longer-term view of the LDFA's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the LDFA's operations in more detail than the government-wide financial statements.

The LDFA as a Whole

By design, the LDFA is intended to operate at or near a break-even point each year. Real estate taxes are captured from properties within the LDFA boundaries. These may only be spent on certain activities under Michigan statute and the LDFA agreement. Any amounts collected in excess of these requirements must be returned to the taxing entities.

In a condensed format, the table below shows a comparison of the net position as of the current date to the prior year:

	February 28,	
	2023	2022
Current Assets	\$ 399,241	\$ 417,150
Noncurrent Assets	285,501	285,501
Total Assets	684,742	702,651
Current Liabilities	-	-
Net Position:		
Invested in Capital Assets	285,501	285,501
Unrestricted	399,241	417,150
	\$ 684,742	\$ 702,651

Unrestricted net position is the part of net position that can be used to finance day to day operations. The current level of unrestricted net position for our governmental activities stands at roughly 2 times annual expenditures, plus expenditures to finance potential improvements. This is within the targeted range set by the LDFA Board at its annual meeting.

The LDFA has no business-type activities. As a single-purpose entity, all its activities are considered governmental activities.

LOCAL DEVELOPMENT FINANCE AUTHORITY
 OF THE VILLAGE OF PARMA
 Management's Discussion and Analysis

The following table shows the changes of the net position as of the current date to the prior year:

	The Years Ending February 28,	
	2023	2022
General Revenue:		
Property taxes and State reimbursement (Net)	\$ 138,454	\$ 159,266
Interest Income	14,892	850
Total general Revenue	<u>153,346</u>	<u>160,116</u>
Program Expenditures:		
Economic Development	38,754	39,545
Public Works	132,501	234,928
Other - Contractual Debt Service	-	146,813
Total program expenditures	<u>171,255</u>	<u>421,286</u>
Change in Net Position	<u>\$ (17,909)</u>	<u>\$ (261,170)</u>

Governmental Activities

The LDFA's net position continues to remain healthy. Captured tax revenues were down in 2022, but the State of Michigan reimbursed the LDFA \$476,745 (down from \$510,066 in 2021) for the loss of revenue from personal property taxes. Expenditures increased as the LDFA invested in road improvements. The LDFA paid the final payment on its outstanding debt. Interest earned on investments decreased due to reimbursements made to member governments leaving less cash to invest. The LDFA is performing as designed, and operating at or near a break-even level, with the exception of funds retained for infrastructure improvements.

The LDFA's Funds

The only significant difference between the government-wide financial statements and the fund financial statements of the LDFA is the existence of raw land owned by the LDFA. This is reported as a capital asset in the government-wide financial statements, while it was reported as an expense when acquired in the fund financials. The analysis of fund financial statements for 2022 and 2021 is substantially the same as the preceding government-wide discussion.

General Fund Budgetary Highlights

Over the course of the year, the LDFA Board amended the budget to take into account current events. The most significant changes were to decrease the tax revenues to more accurately reflect actual taxable values, and adjust budgeted revenue to include the reimbursement from the State. Budgeted expenditures were changed to reflect the lack of upgrades to the lift station.

LOCAL DEVELOPMENT FINANCE AUTHORITY
OF THE VILLAGE OF PARMA
Management's Discussion and Analysis

Capital Asset and Debt Administration

At the end of 2023, the LDFA had \$285,501 invested in vacant land within a certified industrial park. This land is actively being marketed for potential development, ideally, to a manufacturing enterprise.

The LDFA is contractually obligated to use future captured tax revenue to reimburse the Village of Parma for its debt service obligations on agreements used to finance construction of certain water system improvements which benefitted properties located within the LDFA's boundaries.

Because the Village is obligated to service this debt, and the LDFA's obligation is limited to providing future revenues to assist with this, the long-term debt is reported as an obligation of the Village and not the LDFA.

Economic Factors and Next Year's Budgets and Rates

The LDFA's budget for 2024 calls for consistent revenues and capital improvements to the industrial park infrastructure.

Contacting the LDFA's Management

This financial report is intended to provide our citizens, taxpayers, property owners and other governmental entities with a general overview of the LDFA's finances and to show the LDFA's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk at the Village of Parma office on 117 W. Main St, Parma, MI 49269.

BASIC FINANCIAL STATEMENTS

Government-Wide and Governmental Fund Financial Statements

LOCAL DEVELOPMENT FINANCE AUTHORITY OF THE VILLAGE OF PARMA
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
 FEBRUARY 28, 2023

	GENERAL FUND	ADJUSTMENTS	STATEMENT OF NET POSITION
Assets:			
Cash	\$ 15,610	\$ -	\$ 15,610
Investments	383,631	-	383,631
Land	-	285,501	285,501
Total assets	\$ 399,241	285,501	684,742
 Fund Balances/Net Position:			
Fund balances:			
Assigned	\$ -	-	-
Unassigned	399,241	(399,241)	-
Total fund balance	\$ 399,241	(399,241)	-
 Net Position:			
Net investment in capital assets		285,501	285,501
Unrestricted		399,241	399,241
Total net position		\$ -	\$ 684,742
 Reconciliation of governmental fund balance to net position:			
Fund balances per the governmental fund balance sheet			\$ 399,241
Capital assets used in governmental activities are not financial resources and are not reported in the fund financial statements.			285,501
Net position of governmental activities			\$ 684,742

The notes to the financial statements are an integral part of this statement.

LOCAL DEVELOPMENT FINANCE AUTHORITY OF THE VILLAGE OF PARMA
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
THE YEAR ENDED FEBRUARY 28, 2023

	GENERAL FUND	ADJUSTMENTS	STATEMENT OF ACTIVITIES
Expenditures/Expenses:			
Economic Development	\$ 38,754	\$ -	\$ 38,754
Public Works	132,501	-	132,501
Total expenditures/expenses	<u>171,255</u>	-	<u>171,255</u>
General Revenues:			
Property taxes	150,195	-	150,195
PPT Reimbursement - State of Michigan	488,259	-	488,259
Less: Return of excess capture	<u>(500,000)</u>	-	<u>(500,000)</u>
Net property taxes captured	138,454	-	138,454
Interest income	<u>14,892</u>	-	<u>14,892</u>
Total general revenues	<u>153,346</u>	-	<u>153,346</u>
Net Change in Fund Balance/Net Position	(17,909)	-	(17,909)
Fund Balance/Net Position - Beginning	<u>417,150</u>	285,501	<u>702,651</u>
Fund Balance/Net Position - Ending	<u>\$ 399,241</u>	\$ 285,501	<u>\$ 684,742</u>
Reconciliation of governmental fund financial statements to Statement of Activities:			
Excess of revenues over (under) expenditures			\$ (17,909)
There were no differences between the fund and government-wide financial statements during the fiscal year ended February 28, 2023			<u>-</u>
Change in Net Position			<u>\$ (17,909)</u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

THE LOCAL DEVELOPMENT FINANCE AUTHORITY
OF THE VILLAGE OF PARMA
NOTES TO THE FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1. REPORTING ENTITY:

The Local Development Finance Authority of the Village of Parma was created by the Village of Parma in a resolution dated December 12, 1988. Public Act 281 of 1986 provides the authority for the Village to establish an LDFA.

The LDFA of the Village of Parma is governed by an eleven-member board, which consists of four representatives appointed by the Village of Parma, three appointed by Sandstone Charter Township, two appointed by Western School District, and one each appointed by Jackson County and Jackson College.

The LDFA's primary functions are site acquisition, development, and improvement, (including the extension of roads and utilities) for the Parma - Sandstone Certified Business Park. Currently, there are two companies located within the park - Michigan Automotive Compressor, Inc. (MACI) and Pro Services, Inc. (Pro Services).

The criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financial relationships. On this basis, the LDFA of the Village of Parma is considered a component unit of the Village of Parma and is included in the Village's financial statements.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

The LDFA uses an alternative approach reserved for single program governments to present combined government-wide and fund financial statements. This is accomplished by using a columnar format that reconciles individual line items in the fund financial statements to government-wide data. This information is presented in the Statement of Net Position/Governmental Fund Balance Sheet and the Statement of Activities/Governmental Fund Revenues, Expenditures, and Changes in Fund Balance.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the LDFA. The LDFA operations consist solely of governmental-type activities; it has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to users or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other income not properly included among program revenues are reported instead as general revenue.

THE LOCAL DEVELOPMENT FINANCE AUTHORITY
OF THE VILLAGE OF PARMA
NOTES TO THE FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS: (Continued)

The fund financial statements are provided for governmental funds and have been reported in conjunction with the government-wide financial statements.

Major individual governmental funds are reported as separate columns in the fund financial statement.

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The LDFA uses a fund to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

Governmental fund financial statements are reported using the current financial resources measurement focus and a modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the LDFA considers revenues to be available if they are collected within 60 days of the fiscal year end.

Expenditures are generally recorded when a liability is incurred, the same as accrual accounting.

The LDFA reports its general operating fund as a major fund.

4. BUDGETARY PROCEDURES:

The Board of Directors adopted a budget during a regularly scheduled open meeting. The budget was prepared using the modified accrual method of accounting, which is consistent with the measurement focus of the fund financial statements.

The budget for the fiscal year ended February 28, 2023, was originally adopted at its annual meeting held in January 2022. It was amended at its annual meeting held in January 2023.

5. CASH AND INVESTMENTS:

The LDFA's cash and cash equivalents consist of demand deposit accounts, short-term investments with original maturities of less than 90 days, and accounts with liquidity similar to cash.

The LDFA investments at February 28, 2023, consisted of a certificate of deposit account registry service account (ICS) investing in certificates of deposit from various banks, and with Michigan CLASS, an external investment pool whose investments comply with the laws of the State of Michigan with the intent of maximizing both FDIC insurance coverage and rate of return on investments.

THE LOCAL DEVELOPMENT FINANCE AUTHORITY
OF THE VILLAGE OF PARMA
NOTES TO THE FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

6. CAPITAL ASSETS

The LDFA purchased 302.8 acres in 1989 for \$539,645 and immediately sold 105.2 acres to MACI. In 2006 the LDFA sold an additional 7 acres to a successor company to Parma Realty LLC for \$66,619. The remaining land owned by the LDFA is approximately 186 acres, of which approximately 32 are developable and 154 are wetlands subject to development restrictions. This land is valued at its historical cost of \$285,501.

7. FUND EQUITY

The LDFA's fund balance of its governmental fund is categorized into five defined categories of fund balance. These categories consist of **nonspendable** amounts which are legally or contractually required to maintain intact or are not in spendable form (e.g. inventory or prepaid expenses); **restricted** amounts, that are limited for specific purposes set by external parties or by law; **committed** amounts that are set by the highest decision making authority and may only be removed by that authority (the LDFA Board); **assigned** amounts that have an intended but no formal specific purpose, and **unassigned** amounts which represent all amounts not included in the previous categories.

8. ESTIMATES

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

1. BUDGET VIOLATIONS:

Public Act #621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. In the body of the financial statements, the LDFA's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. For the year ended February 28, 2023, there were no violations of the amended budget.

NOTE C - CASH AND INVESTMENTS:

State statutes and LDFA policy authorize the LDFA to deposit and invest in the accounts of Federally insured banks; insured credit unions and savings and loan associations; bonds and other direct obligations of the United States, or an agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; commercial paper rated within the two highest classifications by not less than two standard rating services, which mature not more than 270 days after the date of purchase; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. The LDFA's deposits are in accordance with statutory authority and LDFA policy.

THE LOCAL DEVELOPMENT FINANCE AUTHORITY
OF THE VILLAGE OF PARMA
NOTES TO THE FINANCIAL STATEMENTS

NOTE C – CASH AND INVESTMENTS: (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity of an investment generally increases the sensitivity of its fair value to changes in market interest rates. The LDFA minimizes this risk by limiting its investments to shorter term securities with liquidity similar to a money market account.

Concentration of Credit Risk

The LDFA's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law. The Treasurer attempts to minimize this risk by maintaining balances with the limits of FDIC insurance. As of February 28, 2023, the LDFA's bank balances did not exceed FDIC insurance limits of \$250,000 per bank. The cash balance reported in the financial statements was fully insured.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized; collateralized with securities held by the pledging financial institution; or collateralized with securities held by the pledging financial institution's trust department or agent but not in the LDFA's name.

The custodial credit risk for investments is that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the LDFA will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the LDFA's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments.

Cash, cash equivalents, and investments of the LDFA can be defined as follows: Cash and cash equivalents consist of deposits (checking and savings accounts) and its investments in a certificate of deposit account registry service account (ICS). The deposits are held at a local bank, in the name of the LDFA. The ICS depository account was invested in various certificates of deposit fully insured by the FDIC.

Fair Value Disclosures for Investments

The LDFA is required to disclose amounts within a measuring fair value. That framework provides for a hierarchy established for measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

THE LOCAL DEVELOPMENT FINANCE AUTHORITY
OF THE VILLAGE OF PARMA
NOTES TO THE FINANCIAL STATEMENTS

NOTE C – CASH AND INVESTMENTS: (Continued)

- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk, and others.
- Level 3: Prices determined using other significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the LDFA’s own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

All of the LDFA’s investments are valued using Level 1 inputs.

The LDFA did not violate any of its investment policies or related state laws during the year ended February 28, 2023.

Investments held on February 28, 2023, can be summarized as follows:

<u>Account Type</u>	<u>Maturity</u>	<u>Balance</u>	<u>Rating</u>
Michigan CLASS	> 1 day	\$ 365,647	NA
County National Bank - ICS	> 1 day	17,984	NA
Total		<u>\$ 383,631</u>	

NOTE D – PROPERTY TAXES:

The LDFA derives its revenues from property taxes “captured” from the levies of local entities. The local entities receive all revenues from their debt millage but receive operating millage only on the original taxable value of property within the LDFA district. The LDFA cannot capture education taxes (state education tax, local school operating taxes, and intermediate school district operating taxes), nor can it capture taxes on non-manufacturing property located within its boundaries. The LDFA collects (or captures) any taxes on the increase in value of real and personal eligible manufacturing property within the district.

Sandstone Charter Township assesses the involved properties and levies the taxes for all local units involved. Tax payments are also collected by the Township, except for the Village of Parma, which collects its own operating and debt millages and remits its operating levy to the LDFA. The taxes become a lien on the property as of December 31 and are levied on July 1 and December 1 of the following year. Payments are due by September 14 (for the July levy) and February 14 (for the December levy).

Under Michigan law (Public Act 198 of 1974), property owners may apply for special tax rates for up to 12 years for certain new properties. If approved, the property owner will pay an Industrial Facilities Tax (IFT) rate equal to 50% of the current rate. For IFT’s granted after 1993, the taxes are levied at 50% of the current millage rate, except for taxes levied under the State Education Tax Act. Those taxes are levied at 100% of the current rate unless a reduced amount is approved by the State. Local school operating taxes of 18 mills and State Education taxes of 6 mills are not levied against the property taxed under IFT certificates within the LDFA boundaries. In 2008, a new class of property was created for tax purposes – qualified industrial personal property. Property in this class is subject to the reduced local school operating tax rate of 6 mills and the full 6 mills state education tax.

**THE LOCAL DEVELOPMENT FINANCE AUTHORITY
OF THE VILLAGE OF PARMA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE D – PROPERTY TAXES: (Continued)

The property within the LDFA includes four parcels. These are summarized as follows:

	<u># of Parcels</u>	<u>Taxable Value</u>
IFT Property:		
Qualified Industrial Personal Property	1	\$ 7,481,140
Ad Valorem Property:		
Real and Personal Property	<u>3</u>	<u>7,079,829</u>
Total	4	<u><u>\$ 14,560,969</u></u>

The following table summarizes the 2022 tax levy:

	<u>Ad Valorem</u>	<u>IFT</u>	<u>Total</u>
Taxable Value	\$ 7,079,829	\$ 7,481,140	\$ 14,560,969
Original Value	<u>(142,165)</u>	-	<u>(142,165)</u>
	<u>\$ 6,937,664</u>	<u>\$ 7,481,140</u>	<u>\$ 14,418,804</u>
Total taxes levies	\$ 407,878	\$ 121,944	\$ 529,822
Less:			
Taxes on original value	(2,047)	-	(2,047)
Debt, education and other levies not subject to capture	<u>(309,490)</u>	<u>(68,090)</u>	<u>(377,580)</u>
Total paid to taxing entity	<u>(311,537)</u>	<u>(68,090)</u>	<u>(379,627)</u>
Total paid to LDFA	96,341	53,854	150,195
State reimbursement			<u>\$ 488,259</u>
Revenue reported by LDFA			638,454
Excell captured taxes refunded by LDFA			<u>(500,000)</u>
Net taxes captured			<u><u>\$ 138,454</u></u>

NOTE E – ECONOMIC DEPENDENCE:

100% of the captured tax increment revenues available to the LDFA are paid by a significant taxpayer - Michigan Automotive Compressor, Inc. (MACI). The company has paid its taxes on or before the due date since the initial levy in 1990.

LOCAL DEVELOPMENT FINANCE AUTHORITY
OF THE VILLAGE OF PARMA
NOTES TO FINANCIAL STATEMENTS

NOTE F – TAX ABATEMENTS:

As discussed in Note D – Property Taxes, the Village of Parma has granted an IFT tax certificates. The effect of these certificates is to reduce the property tax bills by one-half. The LDFA's captured revenue has been reduced by \$77,340 as a result of these certificates.

NOTE G – SUBSEQUENT EVENTS:

Subsequent events were considered for disclosure through the date of this report, May 12, 2023. There were no significant subsequent events during the period from fiscal year end to that date.

LOCAL DEVELOPMENT FINANCE AUTHORITY OF THE VILLAGE OF PARMA
 BUDGETARY COMPARISON SCHEDULE - GOVERNMENTAL FUNDS
 THE YEAR ENDED FEBRUARY 28, 2023

	BUDGETED AMOUNTS		ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES:				
Property taxes	160,000	150,195	150,195	-
State - Personal property tax reimbursement	475,000	488,259	488,259	-
Total taxes captured	635,000	638,454	638,454	-
Less - Return of excess	-	(500,000)	(500,000)	-
Net taxes captured	635,000	138,454	138,454	-
Interest income	750	13,975	14,892	917
Total revenues	635,750	152,429	153,346	917
EXPENDITURES:				
Economic Development:				
Management services	30,000	30,000	30,000	-
Consulting fee	1,650	1,650	1,650	-
Audit services	3,850	3,850	3,850	-
Treasurer's fee	1,200	1,200	1,200	-
Legal fees	5,000	250	250	-
Village support - Bookkeeping fee	1,800	1,800	1,800	-
Office supplies	125	4	4	-
Marketing	1,000	-	-	-
Miscellaneous	3,000	-	-	-
Total Economic Development	47,625	38,754	38,754	-
Public Works:				
Engineering	185,000	-	-	-
Industrial park upgrades	211,070	132,501	132,501	-
Total Public Works	396,070	132,501	132,501	-
Total charges to appropriations	443,695	171,255	171,255	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	192,055	(18,826)	(17,909)	917
FUND BALANCE - Beginning of year	417,150	417,150	417,150	-
FUND BALANCE - End of year	\$ 609,205	\$ 398,324	\$ 399,241	\$ 917

The notes to the financial statements are an integral part of this statement.

ADDITIONAL SUPPLEMENTAL INFORMATION

RECAP OF TAX LEVY BY TAXING ENTITY

LOCAL DEVELOPMENT FINANCE AUTHORITY OF THE VILLAGE OF PARMA
 RECAP OF 2021 TAX LEVY BY TAXING ENTITY - COLLECTED DURING THE FISCAL YEAR ENDED FEBRUARY 28, 2023

SOURCES	LDFA			ENTITY			TOTAL
	AD VALOREM	IFT	LDFA TOTAL	AD VALOREM	IFT	ENTITY TOTAL	
JACKSON COLLEGE	\$ 7,580	\$ 4,237	\$ 11,817	\$ 600	\$ -	\$ 600	\$ 12,417
I.S.D.	-	-	-	31,444	16,286	47,730	47,730
STATE ED	-	-	-	43,332	-	43,332	43,332
SCHOOL (WESTERN)	-	-	-	129,109	-	129,109	129,109
WESTERN DEBT	-	-	-	50,554	26,184	76,738	76,738
COUNTY	33,900	18,950	52,850	2,686	-	2,686	55,536
PARMA	35,638	19,921	55,559	2,824	-	2,824	58,383
PARMA DEBT	-	-	-	5,416	2,805	8,221	8,221
SUMMER TOTALS	77,118	43,108	120,226	265,965	45,275	311,240	431,466
MED CARE	1,657	926	2,583	131	-	131	2,714
SANDSTONE TWP.	5,293	2,958	8,251	419	-	419	8,670
JACKSON ISD	-	-	-	31,444	16,286	47,730	47,730
SENIOR SERVICES	3,992	2,232	6,224	316	-	316	6,540
SANDSTONE FIRE	-	-	-	9,004	4,664	13,668	13,668
SANDSTONE POLICE	-	-	-	3,602	1,865	5,467	5,467
LIFEWAYS	3,310	1,850	5,160	262	-	262	5,422
COUNTY PARKS	3,315	1,853	5,168	263	-	263	5,431
ANIMAL CONTROL	1,657	926	2,583	131	-	131	2,714
STREET LIGHTING	-	-	-	-	-	-	-
WINTER TOTALS	19,224	10,745	29,969	45,572	22,815	68,387	98,356
COMBINED TOTALS	\$ 96,342	\$ 53,853	\$ 150,195	\$ 311,537	\$ 68,090	\$ 379,627	\$ 529,822