

# City of Novi, Michigan

Year Ended  
June 30, 2021

Comprehensive  
Annual Financial  
Report

Prepared by: Finance Department

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# CITY OF NOVI, MICHIGAN

## Table of Contents

### Page

#### INTRODUCTORY SECTION

Transmittal Letter	1
List of Principal Officials	6
Organizational Chart	7
Fund Organization Chart	9
GFOA Certificate of Achievement	10

#### FINANCIAL SECTION

<b>Independent Auditors' Report</b>	13
-------------------------------------	----

<b>Management's Discussion and Analysis</b>	17
---	----

#### **Basic Financial Statements**

##### Government-wide Financial Statements:

Statement of Net Position	33
Statement of Activities	34

##### Fund Financial Statements:

Balance Sheet – Governmental Funds	36
------------------------------------	----

Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	37
---	----

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	38
--	----

Reconciliation of Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities	39
--	----

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual: General Fund	40
---	----

Local Street Special Revenue Fund	43
-----------------------------------	----

Statement of Net Position – Proprietary Funds	44
---	----

Reconciliation of Net Position of Enterprise Funds to Net Position of Business-type Activities	45
---	----

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	46
---	----

Reconciliation of Change in Net Position of Enterprise Funds to to Change in Net Position of Business-type Activities	47
--	----

Statement of Cash Flows – Proprietary Funds	48
---	----

Statement of Fiduciary Net Position	50
-------------------------------------	----

Statement of Changes In Fiduciary Net Position	51
--	----

Combining Statement of Net Position – Discretely Presented Component Units	52
--	----

Combining Statement of Activities – Discretely Presented Component Units	53
--	----

Notes to Financial Statements	55
-------------------------------	----

# CITY OF NOVI, MICHIGAN

## Table of Contents

	<u>Page</u>
<b>Required Supplemental Information</b>	
MERS Agent Multiple-Employer Defined Benefit Pension Plan:	
Schedule of Changes in the City's Net Pension Liability and Related Ratios	96
Schedule of City Contributions	98
Retiree Healthcare Benefits Plan:	
Schedule of Changes in the City's Net Other Postemployment	
Benefit Liability (Asset) and Related Ratios	99
Schedule of City Contributions	100
Schedule of Investment Returns	101
Notes to Required Supplementary Information	102
<b>Combining and Individual Fund Financial Statements and Schedules</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balances -	
Budget and Actual - Major Funds:	
General Fund	106
Local Street Special Revenue Fund	111
Capital Improvement Program Capital Projects Fund	112
Combining Balance Sheet – Nonmajor Governmental Funds	113
Combining Statement of Revenues, Expenditures and	
Changes in Fund Balances – Nonmajor Governmental Funds	114
Combining Balance Sheet – Nonmajor Governmental Funds – Special Revenue Funds	118
Combining Statement of Revenues, Expenditures and Changes in Fund Balances –	
Nonmajor Governmental Funds – Special Revenue Funds	122
Schedule of Revenues, Expenditures and Changes in Fund Balances:	
Budget and Actual - Nonmajor Special Revenue Funds:	
Major Street Fund	125
Municipal Streets Fund	126
Parks, Recreation, and Cultural Services Fund	127
Tree Fund	128
Drain Revenue Fund	129
PEG Cable Fund	130
Community Development Block Grant Fund	131
Forfeiture Fund	132
Library Fund	133
Library Contribution Fund	134
Rubbish Collection Fund	135
American Rescue Plan Act	136
West Oak Street Lighting Fund	137
West Lake Drive Street Lighting Fund	138
Town Center Street Lighting Fund	139
Budget and Actual - Nonmajor Debt Service Fund -	
2008 Library Construction Fund	142

# CITY OF NOVI, MICHIGAN

## Table of Contents

	<u>Page</u>
Combining Balance Sheet – Nonmajor Governmental Funds – Capital Projects Funds	144
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds – Capital Projects Funds	145
Schedule of Revenues, Expenditures and Changes in Fund Balances:	
Budget and Actual - Nonmajor Capital Projects Funds:	
Special Assessment Revolving Fund	146
Gun Range Facility Fund	147
PEG Cable Fund	148
Budget and Actual - Nonmajor Permanent Fund - Drain Perpetual Maintenance Fund	150
Balance Sheet/Statement of Net Position – Economic Development Corporation Component Unit	151
Statement of Revenues, Expenditures and Changes in Fund Balance/ Statement of Activities - Economic Development Corporation Component Unit	152
Balance Sheet/Statement of Net Position – Corridor Improvement Authority Component Unit	153
Statement of Revenues, Expenditures and Changes in Fund Balance/ Statement of Activities - Corridor Improvement Authority Component Unit	154

## STATISTICAL SECTION

1 – Net Position by Component	158
2 – Changes in Net Position	160
3 - Fund Balances - Governmental Funds	164
4 - Changes in Fund Balances - Governmental Funds	166
5 – Taxable and Estimated Actual Value of Property	170
6 - Direct and Overlapping Property Tax Rates	172
7 - Principal Property Tax Payers	175
8 - Property Tax Levies and Collections	176
9 - Ratios of Outstanding Debt by Type	177
10 - Ratios of General Bonded Debt Outstanding	178
11 - Direct and Overlapping Governmental Activities Debt	179
12 - Legal Debt Margin	180
13 - Pledged-Revenue Coverage	181
14 - Demographic and Economic Statistics	182
15 - Principal Employers	183
16 - Full-time Employees by Function / Program	184
17 - Operating Indicators by Function / Program	186
18 - Capital Asset Statistics by Function / Program	190



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## **INTRODUCTORY SECTION**

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November 17, 2021

Honorable Mayor Robert Gatt  
Members of the City Council  
Citizens of the City of Novi, Michigan

**CITY COUNCIL**

**Mayor**  
Bob Gatt

**Mayor Pro Tem**  
Dave Staudt

Andrew Mutch

Laura Marie Casey

Hugh Crawford

Justin Fischer

Julie Maday

**City Manager**  
Peter E. Auger

**City Clerk**  
Cortney Hanson

We are pleased to submit the Comprehensive Annual Financial Report of the City of Novi for the fiscal year ended June 30, 2021. This report is prepared for the purpose of disclosing the City's financial condition to its residents, elected officials and other interested parties. The financial statements contain all disclosures necessary to enable the reader to gain an understanding of the City's financial activities. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data presented is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Generally accepted accounting principles (GAAP) require management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

All local units of government within the State of Michigan must comply with the Uniform Budgeting and Accounting Act, PA 2 of 1968, as amended, which requires an annual audit of the financial records and transactions of the City by independent certified public accountants. The primary purpose of the auditing requirements of this act is to maintain the confidence of all interested parties in the integrity of the record keeping and financial reporting of local units of government.

**Profile of the Government**

The City of Novi, incorporated in 1969, is strategically located in the southwestern portion of vibrant Oakland County. Located just 30 miles northwest of downtown Detroit, the suburban City government serves approximately 66,000 residents (per 2020 U.S. Census Bureau) and encompasses an area of approximately 32 square miles. Novi is considered a choice community to live and work. A dynamic, growing community, Novi offers an abundance of rolling, wooded acreage, which provides a unique natural backdrop for residential, commercial and industrial land development. Novi is well connected to highway, rail, and air transportation routes offering outstanding accessibility to the rest of the world.

**City of Novi**  
45175 Ten Mile Road  
Novi, Michigan 48375  
248.347.0460  
248.347.0577 fax

cityofnovi.org

Businesses can also count on an abundance of county and regional resources or help with creating new business opportunities, securing financing, improving technological business expertise, and learning to do business abroad. Novi's quality of life stems from its successful balance of residential and commercial tax base. In its effort to maintain open relationships with businesses and residents, Novi maintains a comprehensive web site at [cityofnovi.org](http://cityofnovi.org). The City's economic development department's website is devoted to attracting new and retaining existing businesses. The site informs potential business investors and celebrates existing businesses' successes.

The City of Novi operates under the Council-Manager form of government. Policy-making and legislative authority are vested in City Council which is presided over by the Mayor, who is elected for a two-year term. The six other Council members are elected for four-year overlapping terms. The City Manager is appointed by City Council. This official heads the administrative branch of city government and directs all city operations, projects and programs.

The City provides a full range of municipal services including police and fire/medical protection; public services, parks, recreational and cultural activities; library; building inspection; code enforcement and planning and development. In addition to general government activities, the activities of the Economic Development Corporation and Corridor Improvement Authority are reported as separate component units of the City. Component units are legally separate entities for which the primary government is financially accountable.

The City of Novi prepares budgets in accordance with the Michigan Uniform Budgeting and Accounting Act, PA 2 of 1968, as amended. Under the direction of the City Manager, the Finance Director prepares an initial projection of revenue for the next fiscal year. Spending priorities are then established based upon the City's financial policies and mandated requirements. Activities of the General Fund and Special Revenue Funds are included in the annual appropriated budget. The level of budgetary control (the level at which expenditures cannot exceed the appropriated amount) is established by function. It takes a five-vote majority to adopt and amend the budget.

### **Factors Affecting Financial Condition Local Economy**

Standard & Poor's, which provides credit ratings and other financial analysis, affirmed the City of Novi's high quality rating on general obligation bonds as AAA in November 2015 (most recent rating). Standard & Poor's defines an AAA rating as "being the highest possible rating and reflects the opinion that the issuer has extremely strong capacity to meet its financial commitments." This rating places Novi in an elite group of communities throughout the country. Standard & Poor's noted at the time that "Novi has a very strong economy with a projected per capita effective buying income of 147% of the national level and per capital market value of \$124,081. A very strong management with strong financial policies and practices and a very strong budgetary flexibility with an available fund balance of \$12.0 million."

Due to the City of Novi's strong financial polices and budgetary procedures, the COVID-19 pandemic had less of an impact on the City than many other surrounding communities. The City took quick action to amend its budget in early May 2000 to account for an anticipated loss in revenue and reduced all departments expenditures. The City continued to be conservative in its fiscal year 2021 budgeting. The City's General Fund original budget had a net \$0 change to fund balance. The amended budget forecasted a net increase to fund balance of \$931,855 with the General Fund ending Fiscal Year 2021 with a net increase of \$3,079,074 to fund balance.

Novi is also proud of its strong economic climate and offers a diverse mix of business opportunities spanning from the automotive research and development to world class healthcare providers and medical device manufactures. Within the City of Novi, there are many good stories that aid in the overall quality of economic development. Some of these milestones include:

- Enco Systems, a firm that delivers world class broadcast solutions to thousands of television and radio broadcasters on six continents, relocated their headquarters to Novi.
- Sakura Novi, an Asian themed mixed use development was approved to be constructed at the Grand River and Town Center intersection.
- Lineage Logistics, is the world's largest temperature-controlled industrial real estate investment and logistics provider headquartered in Novi, continues to invest and grow within the community.
- Entrepreneur Magazine deems Novi as one of the top essential cities contributing to the future of American innovation.

Novi remains strong with a diverse tax mix of residential, manufacturing, office, service and technology, and retail-recreational centers and continues to provide a stable environment to attract new investment within Novi. Novi remains on sound financial footing despite the prevailing tough economic conditions because of continued focus on core strategies and investments within our community that have produced sound financial results and satisfied citizen perceptions (National Citizen Survey).

#### **Financial Policies Fund Balance Policy**

The City follows the City Council's adopted, by resolution, fund balance/reserve policy. The policy establishes a reserve to pay for expenditures, states the City will attempt to obtain additional revenue sources to insure a balanced budget and aggressively collect revenue, establishes user charges and fees at a level to take into account the cost of providing the service, maintain a level of reserves to comply with terms and conditions of debt instruments, and review fund balance/reserves annually during the budget process. In addition, in the event the level of expenditures exceeds the estimated appropriations, the City will create a plan to replenish fund balance/reserves within three years by controlling operating expenditures, adjusting operations and/or dedicating excess or specific revenue sources. The policy establishes a minimum reserve as a percentage of budgeted expenditures of 22-25% in the General Fund, 10-20% individually and collectively amongst the three road funds, 12-22% for Parks and Recreation, and varying reserves for the remaining special revenue funds dependent on the funds yearly activity and capital needs.

#### **Debt Policy**

The City of Novi, as a home rule unit, presently has a statutory limit on the amount of general obligation debt outstanding. The limit on the outstanding indebtedness cannot exceed 10% of the equalized assessed valuation. The debt policy approved by City Council in March 2013 put forth these additional debt limits:

- The City's net bonded indebtedness incurred for all public purposes should not exceed \$2,500 per capita;
- Debt service payments are limited to 20% of the combined operating and debt service fund expenditures;

- Municipal securities issued for capital improvements purposes shall not exceed 5% of the state equalized valuation of the property assessed in the City.

### **Investment Policy**

The City's investment objectives in priority order are: safety, liquidity, and yield. Disbursement, collection and deposit of all funds will be managed to ensure that all cash is invested promptly until needed. The City will strive to maximize the return on the portfolio, with the primary objective of preserving capital by prudent investment practices.

### **Long-term Financial Planning**

The City continues to be proactive and strategically plans into the future by annually preparing a three-year financial forecast. In addition, the City prepares a six year Capital Improvement Plan (CIP) which is approved by the City Planning Commission and accepted by the City Council. A capital improvement is defined as real property greater than \$25,000 that has a life expectancy of at least five years and personal property costing more than \$25,000 with a life expectancy of at least one year. The City will maintain its physical assets at a level adequate to protect the City's capital investment and to reduce future maintenance and replacement costs. The budget will provide for the adequate maintenance and the orderly replacement of the capital plant and equipment from current revenues where possible.

The 2020 Census numbers were released in August 2021. Novi's population increased to 66,243, up from the 2010 Census which report a population at 55,224, or a 20% increase. The 2010 Census data is required to be used for the Constitutional portion of State Shared Revenue distributions beginning mid-2011. The City had hoped the 2020 Census data would be used to calculation a portion of the revenue received in Fiscal Year 2021, however, that did not come to fruition. A constitutional portion is distributed to cities, villages and townships based on a community's population and cannot be eliminated without a vote of the people. For the fiscal year ended June 30, 2021, Novi's reliance on revenue sharing payments represents 14% of total General Fund revenues or \$5,600,328. Novi's revenue sharing distribution increased \$666,934 or 14% from the prior year due to the hit the City's revenue sharing took in Fiscal Year 2020 due to the COVID-19 pandemic.

The City of Novi has made great strides over the past twenty years in both managing and reducing debt while recognizing savings from refunded/called debt activities. For the fiscal year ended June 30, 2021, debt obligations were reduced by \$2,415,000 from the prior fiscal year. Total direct debt at June 30, 2021 was \$8,235,151.

### **Internal Controls**

Management of the city is responsible for establishing and maintaining internal controls designed to provide reasonable assurance that the assets of the city are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principals (GAAP). Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management. The City believes staffing levels are adequate to provide for segregation of duties as well and to provide for proper checks and balances giving reasonable assurance that assets are protected and financial transactions are properly recorded.

## **Major Initiatives**

The residents of Novi approved a ten-year capital improvement millage (CIP) which was first levied July 2018. The City continues to investment in infrastructure to maintain its current structures as well as provide investments in new acquisitions. In Fiscal Year 2021 the CIP millage was used for several projects including pathways and ADA improvements, Lakeshore Park, ITC Trail, and water tower restoration.

The City made an additional pension contribution of \$600,000 in fiscal year 2021 over and above the actuarial required contribution to increase the overall funding level of the pension system. In addition, the City pulled forward approximately \$405,000 of capital projects into fiscal year 2021 that were originally budgeted in future years to take advantage of the COVID-19 shutdown and to minimize the disruption to citizens using the Civic Center.

## **Awards**

The Government Finance Officers Association (GFOA) awarded a Certificate of Excellence in Financial Reporting to the City of Novi for its comprehensive annual financial report for the fiscal year ended June 30, 2020. This was the 23rd year that the City of Novi has received this prestigious award.

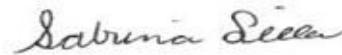
## **Acknowledgements**

The preparation of this Comprehensive Annual Financial Report was made possible by the efficient and dedicated service of many individuals. We wish to express our sincere appreciation to each of them. Special thanks to the Mayor and City Council members as well as City Manager, Peter Auger and the Assistant City Manager Victor Cardenas for their leadership and support in matters pertaining to the financial affairs of the City.

Respectfully submitted,



Carl Johnson  
Finance Director/Treasurer



Sabrina Lilla  
Deputy Finance Director

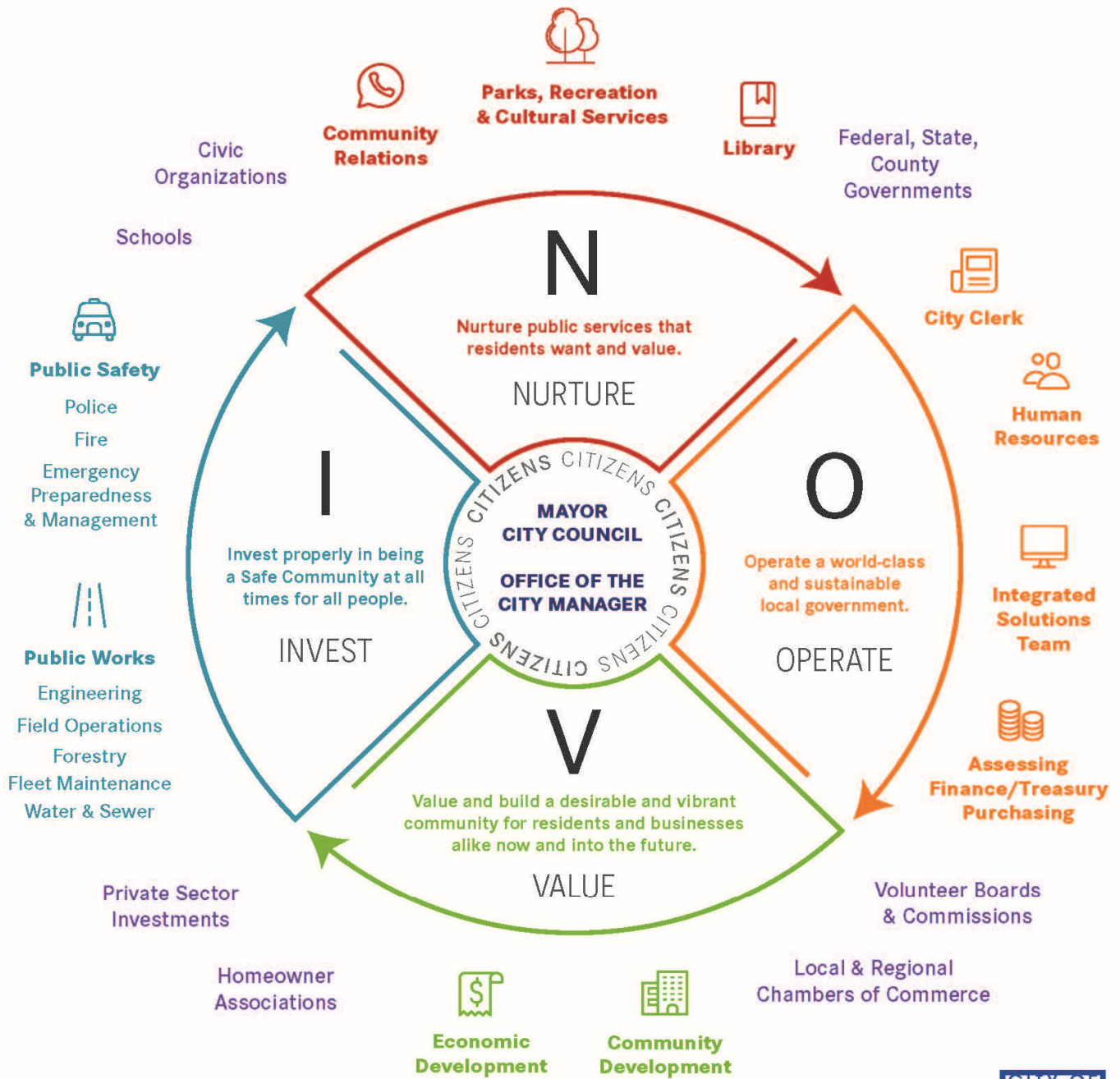
# CITY OF NOVI, MICHIGAN

## List of Principal Officials

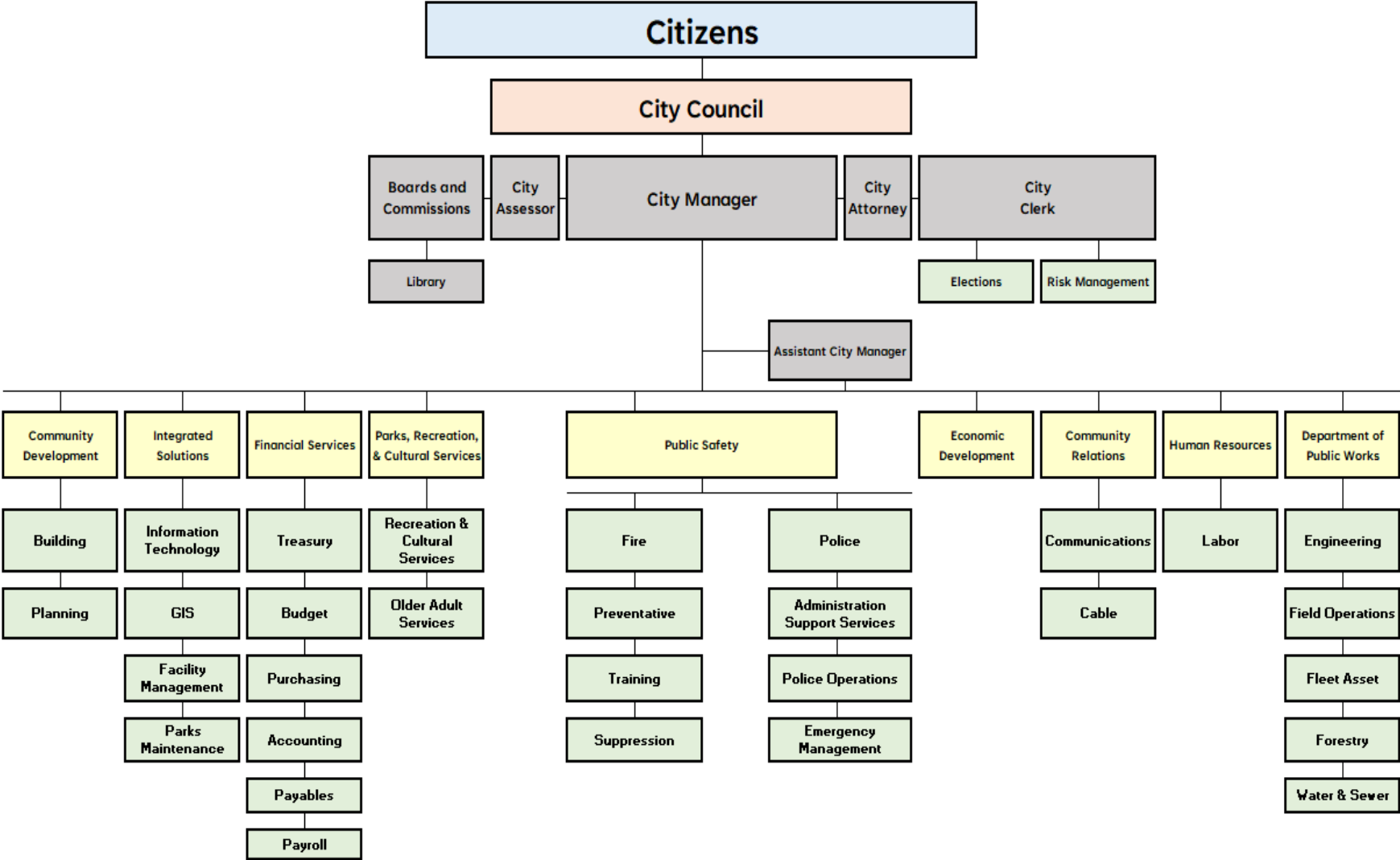
<b>Title</b>	<b>Name</b>
Mayor	Robert Gatt
Mayor Pro-Tem	David Staudt
Council Member	Andrew Mutch
Council Member	Laura Casey
Council Member	Hugh Crawford
Council Member	Justin Fischer
Council Member	Julie Maday
City Manager	Peter Auger
Assistant City Manager	Victor Cardenas
Assessor	Micheal Lohmeier
Deputy Assessor	Jan Ziozios
City Clerk	Cortney A. Hanson
Deputy City Clerk	Dawn Spaulding
Human Resources Director	Tia M. Gronlund-Fox
Human Resources Deputy Director	Vacant
Communications Director	Sheryl L. Walsh
Economic Development Director	Michael McCready
Public Works Director	Jeff Herczeg
Public Works Deputy Director	Megan Mikus
Chief Information Officer	Robert L. Petty
Community Development Director	Charles S. Boulard
Community Development Deputy Director	Larry Butler
Parks, Recreation and Cultural Services Director	Jeff Muck
Parks, Recreation and Cultural Services Deputy Director	Tracie Ringle
Public Safety Director/Police Chief	David E. Molloy
Assistant Police Chief	Scott Baetens
Assistant Police Chief	Eric Zinser
Fire Chief	Jeffery R. Johnson
Assistant Fire Chief	John Martin
Library Director	Julie E. Farkas
Finance Director/Treasurer/CFO	Carl Johnson
Deputy Finance Director	Sabrina Lilla
Senior Budget Analyst	Jessica Dorey
Assistant Treasurer	Tina Glenn

**CITY OF NOVI, MICHIGAN**  
**Organization Chart**

# NOVI DIAGRAM



# CITY OF NOVI, MICHIGAN Organizational Chart





# CITY OF NOVI, MICHIGAN

## Fund Organization Chart

### Governmental Funds

<u>General Fund</u>	
<u>Debt Service Funds</u>	<u>Special Revenue Funds</u>
2008 Library Construction Debt	Major Street Local Street Municipal Street Parks, Recreation, and Cultural Services Tree Fund Drain Revenue PEG Cable Community Development Block Grant Forfeiture Fund Library Library Contribution Rubbish Collection American Rescue Plan Act West Oak Street Lighting West Lake Drive Street Lighting Town Center Street Street Lighting
<u>Capital Projects Funds</u>	
Capital Improvement Program Special Assessment Revolving Gun Range Facility PEG Cable - Capital	
<u>Permanent Funds</u>	
Drain Perpetual Maintenance	

### Proprietary Funds

<u>Enterprise Funds</u>	<u>Internal Service Fund</u>
Water and Sewer Ice Arena Senior Housing	Health Care Self Insurance Fund

### Fiduciary Funds

<u>Pension and Other Employee Benefit Trust Fund</u>	<u>Custodial</u>
Retiree Health Care Benefits	Tax

### Component Units

Economic Development Corporation Corridor Improvement Authority
--



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Novi  
Michigan**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

November 17, 2021

The Honorable Mayor and Members of the City Council  
City of Novi, Michigan

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Novi, Michigan** (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility 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.

### Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Rehmann is an independent member of Nexia International.



## ***Opinions***

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Novi, Michigan, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and the major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules of the pension and other postemployment benefits plans, as listed in the table of contents, be presented to supplement the basic financial statements. 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.

## ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated November 17, 2021, on our consideration of the City of Novi, Michigan's internal control over financial reporting and 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 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 City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lehmann Lobson LLC". The signature is written in a cursive, flowing style.

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# CITY OF NOVI, MICHIGAN

## Management's Discussion and Analysis

As management of the City of Novi, Michigan (the "City"), we offer readers an overview of the City's financial activities for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

### Financial Highlights

· Total net position	\$ 386,188,783
· Change in total net position	14,481,527
· Fund balances, governmental funds	31,854,951
· Change in fund balances, governmental funds	4,127,094
· Unassigned fund balance, general fund	10,418,637
· Change in fund balance, general fund	3,079,074
· Total installment debt outstanding	14,460,151
· Change in installment debt	(2,543,030)

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the City assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) or from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, community and economic development, and recreation and culture. The business-type activities of the City include water and sewer, the ice arena, and senior housing.

The government-wide financial statements include not only the City of Novi itself (known as the *primary government*), but also two legally separate *component units* for which the City is financially accountable. Financial information for the component units are reported separately from the financial information presented for the primary government itself.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

## CITY OF NOVI, MICHIGAN

### Management's Discussion and Analysis

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long term impact of the government's near term financing decisions. Following both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and changes in fund balances are reconciliations to facilitate this comparison between *governmental funds* and *governmental activities*.

Information for each of the City's individual governmental funds is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, the local streets special revenue fund, and the capital improvement program capital projects fund, which are considered to be the City's major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general, special revenue, debt service, capital projects, and permanent funds. Budgetary comparisons statements or schedules have been provided herein to demonstrate compliance with those budgets.

**Proprietary Funds.** The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, ice arena, and senior housing operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its self-insurance.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water and sewer, ice arena, and senior housing operations enterprise funds, which are considered to be major funds of the City, and the internal service fund.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information includes this management's discussion and analysis and the schedules for the City's pension and other postemployment benefits plans.

The *combining and individual fund financial statements and schedules* referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

The economic development corporation component unit financial statements and the corridor improvement authority component unit financial statements follow the nonmajor governmental funds combining statements.

## CITY OF NOVI, MICHIGAN

### Management's Discussion and Analysis

#### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$386,188,783 at the close of the most recent fiscal year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 49,722,933	\$ 37,250,667	\$ 71,222,835	\$ 80,150,600	\$ 120,945,768	\$ 117,401,267
Capital assets, net	187,908,651	183,050,076	152,067,809	142,274,908	339,976,460	325,324,984
Net other postemployment benefit asset	9,282,922	2,428,986	287,101	75,123	9,570,023	2,504,109
<b>Total assets</b>	<b>246,914,506</b>	<b>222,729,729</b>	<b>223,577,745</b>	<b>222,500,631</b>	<b>470,492,251</b>	<b>445,230,360</b>
<b>Deferred outflows of resources</b>	<b>6,417,490</b>	<b>5,686,394</b>	<b>183,913</b>	<b>192,575</b>	<b>6,601,403</b>	<b>5,878,969</b>
Current and other liabilities	16,930,538	8,662,093	6,015,370	6,180,413	22,945,908	14,842,506
Long-term debt	10,785,721	11,997,276	6,297,685	7,643,775	17,083,406	19,641,051
Net pension liability	37,995,951	37,976,948	1,175,132	1,582,373	39,171,083	39,559,321
<b>Total liabilities</b>	<b>65,712,210</b>	<b>58,636,317</b>	<b>13,488,187</b>	<b>15,406,561</b>	<b>79,200,397</b>	<b>74,042,878</b>
<b>Deferred inflows of resources</b>	<b>11,353,340</b>	<b>5,192,821</b>	<b>351,134</b>	<b>166,374</b>	<b>11,704,474</b>	<b>5,359,195</b>
Net position:						
Net investment in capital assets	180,144,479	174,166,371	145,842,809	134,704,908	325,987,288	308,871,279
Restricted	30,070,067	28,300,716	48,782	-	30,118,849	28,300,716
Unrestricted (deficit)	(33,948,100)	(37,880,102)	64,030,746	72,415,363	30,082,646	34,535,261
<b>Total net position</b>	<b>\$ 176,266,446</b>	<b>\$ 164,586,985</b>	<b>\$ 209,922,337</b>	<b>\$ 207,120,271</b>	<b>\$ 386,188,783</b>	<b>\$ 371,707,256</b>

By far the largest portion of the City's net position reflects its investment in capital assets (e.g. land, construction in progress, roads, nonmotorized pathway improvements, bridges, drains, buildings and improvements, machinery and equipment, land improvements, library books, and water and sewer distribution systems), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (7.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance is *unrestricted net position (deficit)*. At the end of the current fiscal year, the City reported positive balances in the net investment of capital assets and restricted net position, however, the unrestricted deficit was primarily the result of net pension and other postemployment liabilities/assets and related deferred amounts.

## CITY OF NOVI, MICHIGAN

### Management's Discussion and Analysis

The City's assets and deferred outflows of resources increased approximately \$26.0 million from the prior year. This is largely due to the following:

- Net other postemployment benefit (OPEB) asset increased from \$2,504,109 to \$9,570,023 for an increase of \$7,065,914. Improved market conditions accounted for the OPEB increase. Net change in fair value of investments was \$9,037,876 in fiscal year 2021. In the prior year the net change in fair value of investments was a mere \$949,843.
- Total net capital assets increased from fiscal year 2020 to fiscal year 2021 by a total of \$14,651,476. The City prides itself on maintaining its capital assets and providing new and improved assets to its residents. Noteworthy assets include \$9.9 million Department of Public Works building, \$12.5 million of road improvements, and \$2.4 million in parks improvements.
- The City implemented GASB Statement No. 84, *Fiduciary Activities*, in the current fiscal year. GASB 84 required the performance deposits, previously recorded in an agency fund, to be consolidated into the General Fund. Approximately \$8.2 million of cash and \$8.2 million of performance deposit liabilities were moved to the General Fund related to this pronouncement.

The City's liabilities and deferred inflows of resources increased approximately \$11.5 million from the prior year. This is largely due to the following:

- Deferred inflows of resources increased mostly due to a \$5.5 million increase to the deferred inflow from OPEB investments.
- As stated above, the City implemented GASB Statement No. 84 in the current fiscal year. GASB 84 required the performance deposits, previously recorded in an agency fund, to be consolidated into the General Fund. Approximately \$8.2 million of cash and \$8.2 million of performance deposit liabilities were moved to the General Fund related this pronouncement.

The City's net position increased by \$14,481,527 from the prior year net position, compared to the prior year's \$9,546,698 increase. This is largely due to the City's continuous investment in capital assets and improvements. The most significant capital purchases are listed above under the City's assets, however, the City also had \$3.7 million of machinery and equipment purchases and construction in progress reclassifications.

## CITY OF NOVI, MICHIGAN

### Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 7,794,876	\$ 8,182,210	\$ 29,456,139	\$ 27,773,846	\$ 37,251,015	\$ 35,956,056
Operating grants and contributions	13,062,153	9,374,675	261,668	262,487	13,323,821	9,637,162
Capital grants and contributions	67,698	1,115,277	3,701,535	3,495,517	3,769,233	4,610,794
General revenues:						
Property taxes	42,583,648	40,650,305	-	-	42,583,648	40,650,305
State shared	5,646,493	4,977,778	-	-	5,646,493	4,977,778
Investment income	723,864	1,332,096	853,758	1,886,090	1,577,622	3,218,186
Other	281,150	249,270	-	-	281,150	249,270
<b>Total revenues</b>	<b>70,159,882</b>	<b>65,881,611</b>	<b>34,273,100</b>	<b>33,417,940</b>	<b>104,432,982</b>	<b>99,299,551</b>
<b>Expenses</b>						
General government	8,898,409	9,387,526	-	-	8,898,409	9,387,526
Public safety	21,551,905	21,208,513	-	-	21,551,905	21,208,513
Public works	19,252,805	18,850,707	-	-	19,252,805	18,850,707
Community and economic development	2,600,165	3,061,226	-	-	2,600,165	3,061,226
Recreation and culture	5,646,891	6,163,622	-	-	5,646,891	6,163,622
Interest and fiscal charges	530,246	530,373	-	-	530,246	530,373
Water and sewer	-	-	28,870,835	27,569,649	28,870,835	27,569,649
Ice arena	-	-	1,327,214	1,572,998	1,327,214	1,572,998
Senior housing	-	-	1,272,985	1,408,239	1,272,985	1,408,239
<b>Total expenses</b>	<b>58,480,421</b>	<b>59,201,967</b>	<b>31,471,034</b>	<b>30,550,886</b>	<b>89,951,455</b>	<b>89,752,853</b>
Change in net position, before transfers	11,679,461	6,679,644	2,802,066	2,867,054	14,481,527	9,546,698
Transfers	-	(2,661,260)	-	2,661,260	-	-
Change in net position	11,679,461	4,018,384	2,802,066	5,528,314	14,481,527	9,546,698
<b>Net position:</b>						
Beginning of year	164,586,985	160,568,601	207,120,271	201,591,957	371,707,256	362,160,558
<b>End of year</b>	<b>\$ 176,266,446</b>	<b>\$ 164,586,985</b>	<b>\$ 209,922,337</b>	<b>\$ 207,120,271</b>	<b>\$ 386,188,783</b>	<b>\$ 371,707,256</b>

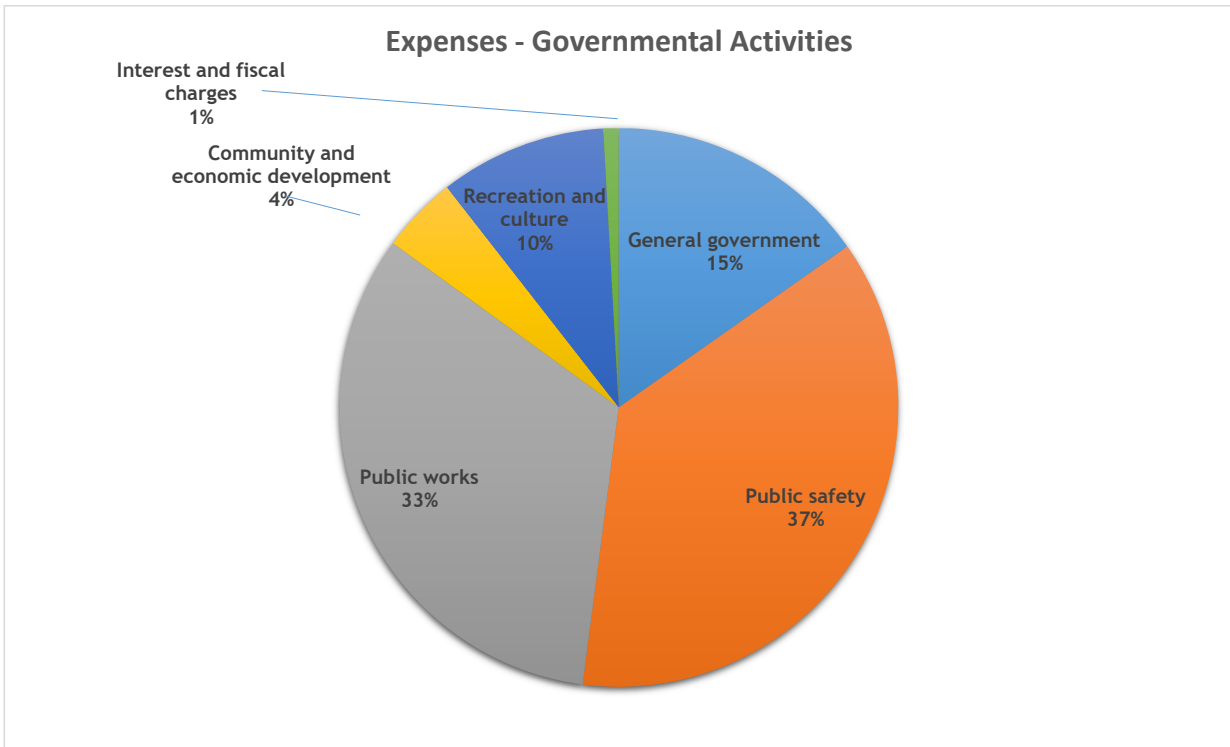
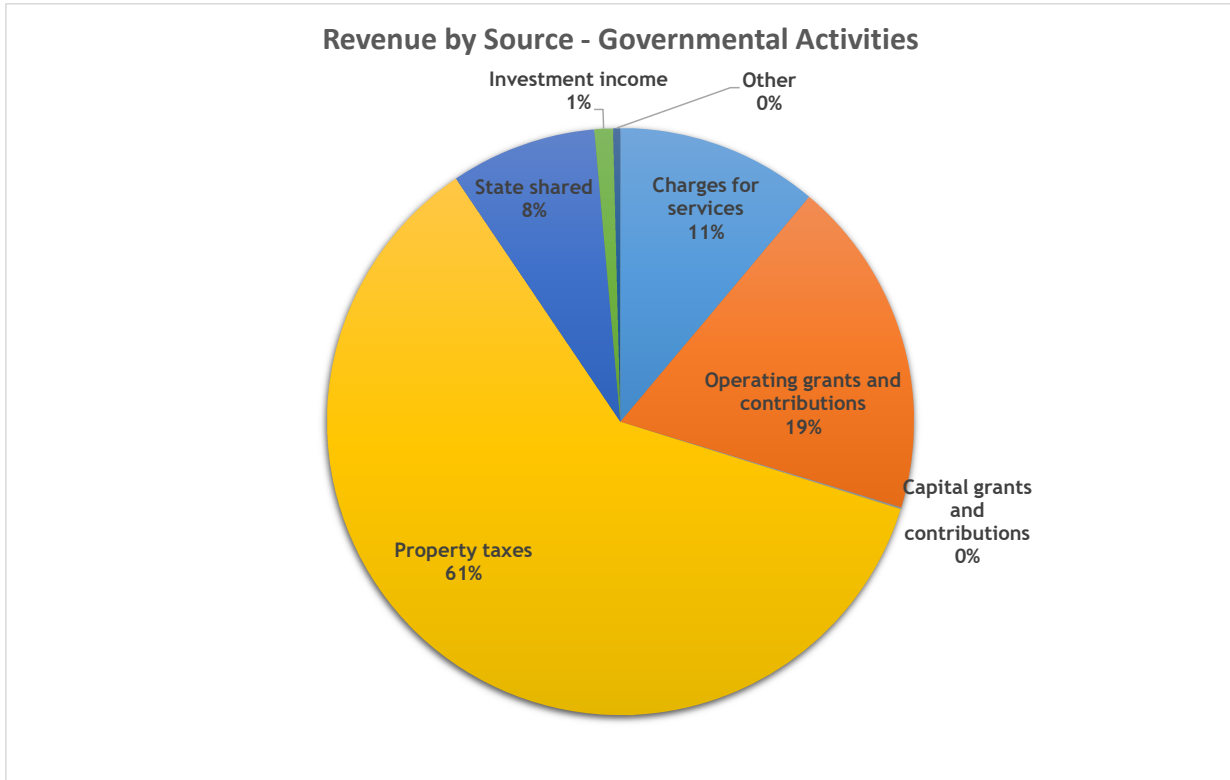
**Governmental activities.** Governmental activities increased the City's net position by \$11,679,461 (as compared to a prior year increase of \$4,018,384). Key elements of this increase and the change from the prior year include:

- Total property tax revenue increased by approximately \$1.9 million or 4.8%. The increase is a result of total taxable value increasing by 4.82% from the prior year (1.4% inflationary increase and 3.42% related to new development).
- Operating grants and contributions increased approximately \$3.7 million or 39% from the prior year. In fiscal year 2021, the City recognized \$2.9 million of federal revenue, passed through the State of Michigan, Oakland County and FEMA related to the COVID-19 pandemic and Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funding. The City also received \$2.2 million from the American Rescue Plan Act.
- Total expenses were slightly lower than in the prior year by approximately \$722,000.

# CITY OF NOVI, MICHIGAN

## Management's Discussion and Analysis

- In addition, in the current year, there were no transfers out of the governmental activities. In the prior year, the capital improvement program fund transferred back \$2.7 million of funding provided originally by the water and sewer fund in prior years for the fund's pro-rata portion of the new department of public works building. The accounting rules required the funds contributed by the water and sewer fund be capitalized within that fund which prompted the transfer.

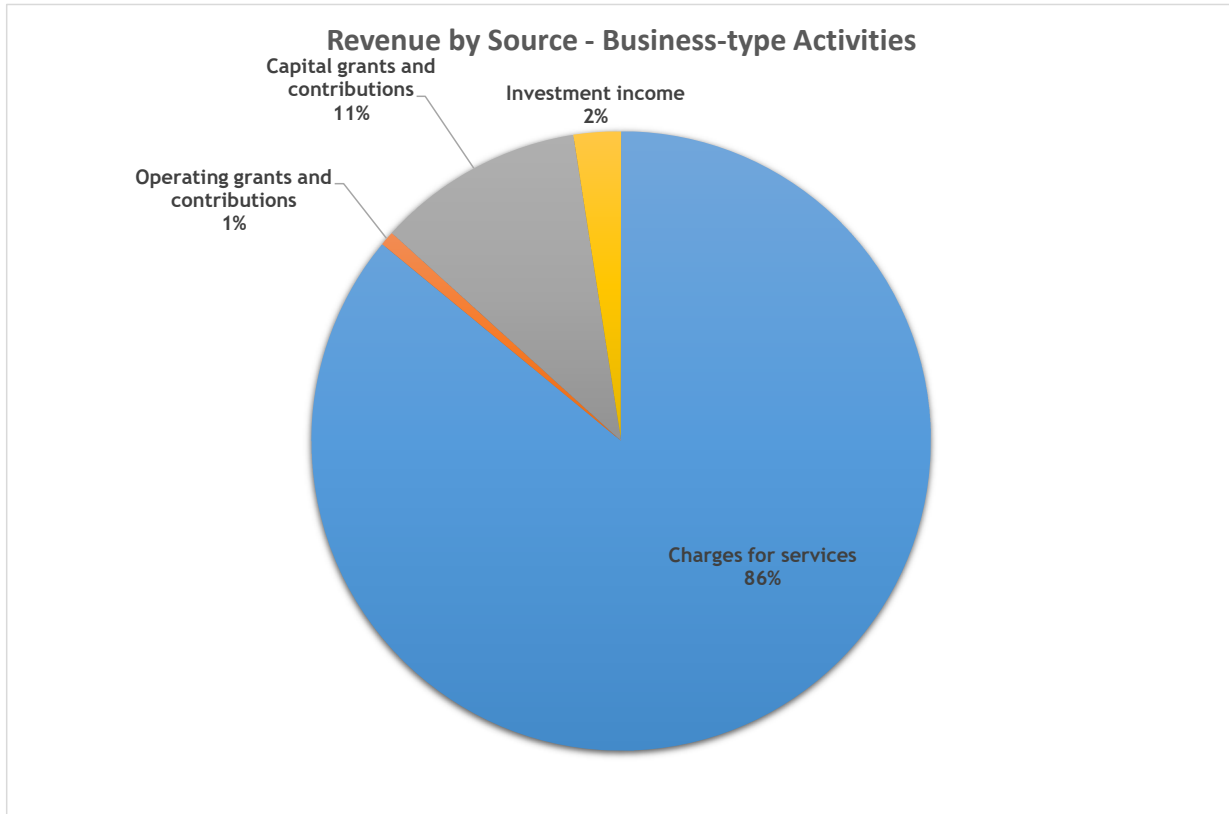


## CITY OF NOVI, MICHIGAN

### Management's Discussion and Analysis

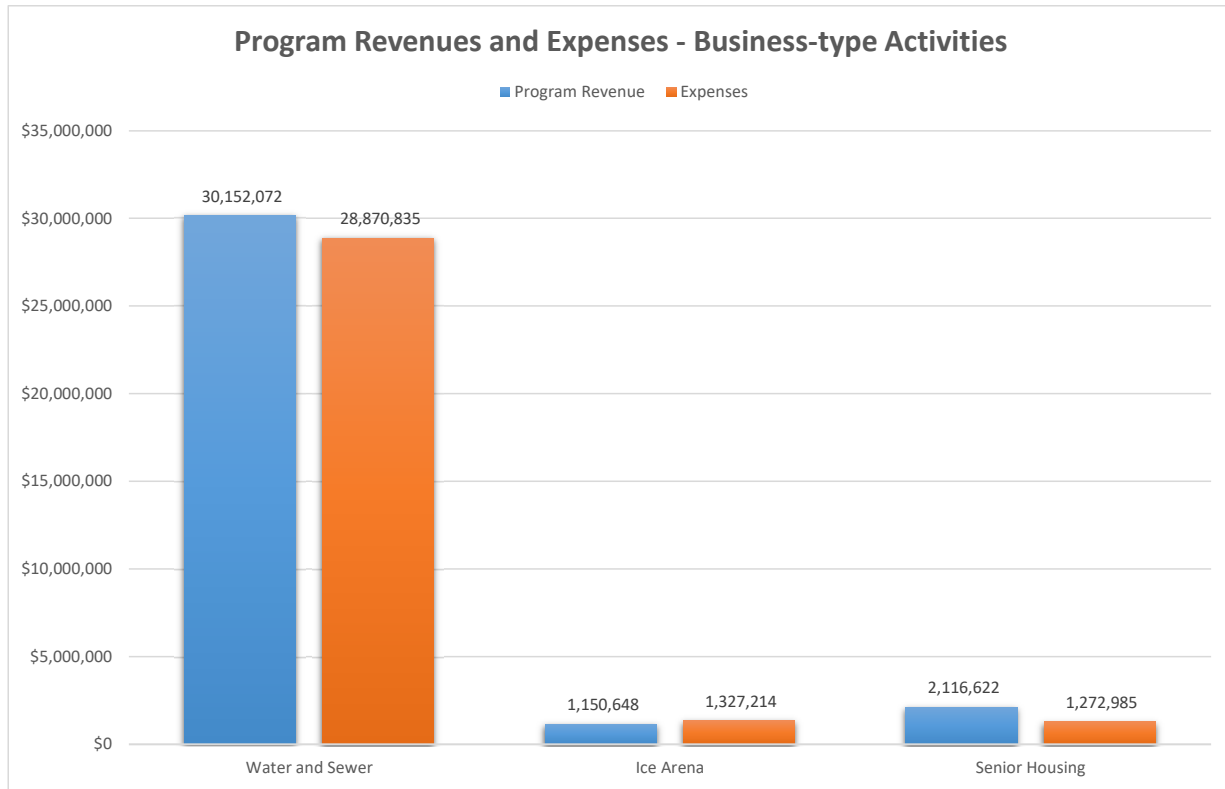
**Business-type activities.** Business-type activities increased the City's net position by \$2,802,066 as compared to an increase of \$5,528,314 in the prior year. Key elements of this increase and the change from the prior year include:

- Change in net position, before transfers is consistent between fiscal years 2020 and 2021. As stated above, the largest impact to the total change in net position, is the \$2.7 million transfer in from prior year 2020. There were no transfers in from governmental activities during fiscal year 2021.





**Management's Discussion and Analysis**



**Financial Analysis of the City's Governmental Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$31,854,951, an increase of \$4,127,094. The nonspendable portion of fund balance increased from \$6,955,280 to \$7,465,997. Nonspendable fund balance is not available for new spending because it has been set aside for the following purposes:

- for prepaid items and other assets (\$478,788); and
- for perpetual drain fund maintenance (\$6,987,209).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$10,418,637, while total fund balance was \$13,675,202. As of June 30, 2021, the unassigned fund balance represented 76.2% of total fund balance.

The fund balance of the City's general fund increased by \$3,079,074 during the current fiscal year. This can be attributed to 4.8% increase in property tax taxable value. Total property tax revenue increased 4.4% from the prior year or \$1.05 million. In addition, total federal grants in fiscal year 2021 increased \$4.8 million from the prior year. \$2.9 million of federal grants were received from FEMA, State of Michigan, and Oakland County from CARES Act funding. An additional \$2.0 million was received from ARPA funding. Total expenses are higher in the current year than in the prior year by \$981,000. The majority of the increase is due to an additional pension contribution in the current year of \$558,400.

## CITY OF NOVI, MICHIGAN

### Management's Discussion and Analysis

The local street special revenue fund was created to account for expenditures associated with the construction and maintenance needs of the local street portion (as defined by State Act 51) of the City's street network. This fund has a fund balance of \$1,162,787 at year end, all of which is restricted for roads. The fund balance decreased from prior year in the amount of \$548,033, largely due to the timing of capital projects and costs spanning two fiscal years. Significant projects in fiscal year 2021 includes the City's Neighborhood Road Program and the Cranbrooke Drive road project.

The capital improvement program capital project fund was created to account for the collection and corresponding expenditures related to the August 2016 voter-approved CIP millage (1 mill), which was levied beginning July 1, 2017. This fund has a deficit fund balance of \$10,298,640 at year end. The fund balance increased from prior year in the amount of \$827,535 largely due to the planned repayment of interfund advances (balance sheet only) which were used to construct several significant projects in advance of the annual property tax captures. These projects include the new department of public works building, Lakeshore Park, ITC Trail, and Bosco property improvements. Total capital expenditures in the prior year were \$5.5 million compared to only \$2.5 million in the current year. The current fiscal year includes budgets for ADA pathways, Lakeshore Park, ITC Trail, water tower restoration, and Wildlife Woods Park.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net position of the water and sewer fund at the end of the year amounted to \$197,899,635. Of this amount, \$137,850,120 represents the net investment in capital assets and \$60,049,515 represents unrestricted net position. The fund had an increase in total net position for the year of \$2,024,937. This increase is a result of an increase in water and sewer revenues. Total operating revenues are up \$2.1 million or 9% due to an increase in usage. Total water and sewer rates were only increased an estimated 3% to the average user. While total water and sewer sales increased, the cost to purchase water and sewer also increased. The City purchases water from Great Lakes Water Authority and sewer from Oakland County. Total costs paid to these two third parties increased by \$1.9 million from the prior year or 10%. The City also has significant construction projects budgeted that were in progress at June 30, 2021 that will be completed in fiscal year 2022.

Total net position of the ice arena fund at the end of the year amounted to \$5,201,462. Of this amount, \$3,255,931 represents the net investment in capital assets and \$1,945,531 represents unrestricted net position. The fund had a decrease in total net position for the year of \$150,454. Total revenue and expenses are down from the prior year. The Ice Arena was closed during the beginning of the fiscal year and then had limited activity during the remainder of the fiscal year due to the COVID-19 pandemic. Youth and adult hockey teams and tournaments were slow to return to the rink after COVID-19. The arena is hopeful to see usage of the rinks back to levels last seen in fiscal year 2019.

Total net position of the senior housing fund at the end of the year amounted to \$6,752,978. Of this amount, \$4,736,758 represents the net investment in capital assets and \$2,016,220 represents unrestricted net position. The fund had an increase in total net position for the year of \$863,050. The increase is consistent with the prior year. Reserves are used to fund capital improvements in future years.

Total net position of the internal service fund at the end of the year amounted to \$953,542, all of which is unrestricted. The fund had an increase in total net position for the year of \$657,174. The City became self-insured for its HAP non-Medicare employees and retirees. The activity of the self-insurance is tracked in the internal service fund. The illustrative rates charged to the other funds for coverage related to HAP policies exceeded the actual health and prescription costs for those members covered resulting in an increase to net position. The unrestricted net position will be used as a claims reserve fund as well as used to offset future cost increases and/or reduce employee monthly contributions toward their premiums.

## CITY OF NOVI, MICHIGAN

### Management's Discussion and Analysis

#### General Fund Budgetary Highlights

The fiscal year 2021 general fund original budget estimated expenditures and other financing uses to equal revenues and other financing sources (no change in fund balance). The final amended budget estimated expenditures and other financing uses to be less than revenues and other financing sources (increase in fund balance) by \$931,855. The final amended budget estimated revenues and other financing sources that were \$4,078,678 more than the original budget, and expenditures and other financing uses that were \$3,146,823 more than the original budget. Significant budget amendments included:

- \$2.9 million of COVID-19 CARES Act funding
- \$1.56 million additional State Shared Revenue
- \$727,865 related to expenditures rolled over from fiscal year 2019/2020. These expenditures are related to capital projects started in fiscal year 2020 that were not finished as of June 30, 2020. The remaining expenditure budgets from fiscal year 2020 were rolled over into fiscal year 2021 to cover ongoing capital costs. \$405,000 of future capital projects were determined to be needed in the current year and were pulled forward into fiscal year 2021. In addition, \$1.02 million of the expenditure budget amendments related to COVID-19 pandemic hazard pay, paid time off payouts and pandemic operating supplies.

The fiscal year 2021 general fund amended budget estimated expenditures and other financing uses to be less than revenues and other financing sources (increase in fund balance) by \$931,855. The actual expenditures and other financing uses were less than revenues and other financing sources (increase of fund balance) by \$3,079,074.

Revenues and other financing sources were \$802,901 more than expected primarily due to:

- The COVID-19 pandemic shutdown had a significant impact on building permits and fee collections which have been slow to rebound. The fourth quarter remained significantly off from prior years and estimates which resulted in revenues being less than budget by approximately \$610,000.
- State shared revenue amended budget included an adjustment for the 2020 census adjustment of approximately \$800,000. Due to delays at the State, the additional revenue was not received for inclusion in fiscal year 2021. Outside of the delay in receiving the census adjustments, the actual revenue sharing receipts from the state exceeded the amended budget by approximately \$325,000.
- The federal grant revenue budget was amended to reflect the COVID-19 related grants the City was eligible for related to expenses incurred during the year ended June 30, 2021. The actual revenue is approximately \$1,900,000 more than budget due to the ARPA grant revenue.
- The COVID-19 pandemic had a significant impact on the interest rates of investments, dropping the going rate of return from over 2% annually to approximately 0.50% annually. The rates did not rebound during the year and as the City's longer-term investments mature, it has become difficult to replace them with anything of comparable yield.

Expenditures and other financing uses were \$1,344,318 less than expected primarily due to:

- Capital expenditure rollovers total approximately \$779,000 of the favorable variance and represents contracts/commitments the City has entered into that were not completed as of June 30, 2021, and will require a budget rollover amendment for fiscal year 2022.
- The remaining variance represents actual savings within each department (after extra pension contributions were made). Every department, in total and within each budget category, is under their expenditure final budget.

## CITY OF NOVI, MICHIGAN

### Management's Discussion and Analysis

#### Local Street Special Revenue Fund Budgetary Highlights

The fiscal year 2021 local street special revenue fund original budget estimated expenditures to exceed revenues and other financing sources (decrease in fund balance) by \$827,200. The final amended budget estimated expenditures to exceed revenues and other financing sources (decrease in fund balance) by \$528,837. The final amended budget estimated revenues and other financing sources that were \$3,699,673 more than the original budget, and expenditures that were \$3,401,310 more than the original budget. Significant budget amendments included:

- Act 51 state revenue budget was increased by \$723,000. Due to the COVID-19 pandemic, the City took a conservative approach to budgeting Act 51 revenues. As the year progressed, the City received more revenue than the conservative estimate.
- The amended budget for transfers in from the Municipal Street Fund was increased by \$2.3 million. Funds are transferred into the Local Street Fund from the Municipal Street Fund to help subsidize local street projects.
- The total amended expenditure budget increased by \$3.4 million from the original budget. Approximately \$1.9 million of the amendment was a rollover of fiscal year 2020 construction commitments which were not completed as of June 30, 2020. These expenditures were rolled over into fiscal year 2021. Additional amendments were to adjust changes in scope of projects and cost estimates.

The fiscal year 2021 local street special revenue fund amended budget estimated expenditures to exceed revenues and other financing sources (decrease in fund balance) by \$528,837. The actual expenditures exceeded revenues and other financing sources (decrease of fund balance) by \$548,033.

Revenues and other financing sources were \$2,421,228 less than expected primarily due to:

- The actual transfer in from the Municipal Street Fund was not as large as the amended budget expected. Transfers are done from the Municipal Street Fund to supplement the Act 51 revenue the major and local streets receive to fund projects. In the current year, the Local Street's actual expenditures did not require the supplemental funding.

Expenditures were \$2,402,032 less than expected primarily due to:

- The actual expenditures were less than budget due to the timing of when construction took place during fiscal year 2021. The City has rolled over approximately \$2.3 million of capital expenditures from fiscal year 2021 into fiscal year 2022.

## CITY OF NOVI, MICHIGAN

### Management's Discussion and Analysis

#### Capital Assets and Debt Administration

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounted to \$339,976,460 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, roads, nonmotorized pathway improvements, bridges, drains, buildings and improvements, machinery and equipment, land improvements, library books, and water and sewer distribution systems. Net capital assets for governmental activities increased by 2.6%, and for business-type activities increased by 6.9%.

	Capital Assets (Net of Depreciation)					
	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 33,923,432	\$ 33,898,143	\$ 2,272,256	\$ 2,272,256	\$ 36,195,688	\$ 36,170,399
Construction in progress	13,926,082	29,160,478	17,724,420	10,591,207	31,650,502	39,751,685
Roads	70,452,814	63,759,197	-	-	70,452,814	63,759,197
Nonmotorized pathway improvements	8,398,183	7,453,352	-	-	8,398,183	7,453,352
Bridges	665,934	754,209	-	-	665,934	754,209
Drains	8,692,208	7,668,963	-	-	8,692,208	7,668,963
Buildings and Improvements	32,471,763	25,454,729	18,479,457	16,295,766	50,951,220	41,750,495
Machinery and equipment	8,241,826	6,637,167	1,220,505	1,115,537	9,462,331	7,752,704
Land improvements	8,267,319	5,569,795	2,757,924	1,057,637	11,025,243	6,627,432
Library books	2,869,090	2,694,043	-	-	2,869,090	2,694,043
Water and sewer distribution systems	-	-	109,613,247	110,942,505	109,613,247	110,942,505
<b>Total</b>	<b>\$ 187,908,651</b>	<b>\$ 183,050,076</b>	<b>\$ 152,067,809</b>	<b>\$ 142,274,908</b>	<b>\$ 339,976,460</b>	<b>\$ 325,324,984</b>

Major capital asset events during the current fiscal year included:

- Capitalization of the new department of public works building
- Completion of the Bosco Property Improvements
- Boardwalk replacement program Phase 1 and 2
- Flint Street (Ring Road) Phase 1 completion
- Purchase of fire ladder truck
- Improvements to Cranbrooke Drive from 10 Mile to Village Wood
- Lakeshore Park building and improvements
- ITC Trail (Garfield from 9 Mile to 10 Mile)

Additional information on the City's capital assets can be found in Note 7 to the financial statements.

## CITY OF NOVI, MICHIGAN

### Management's Discussion and Analysis

**Long-term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$13,820,000. Of this amount, \$7,595,000 is comprised of debt backed by the full faith and credit of the government. The remainder of the City's bonded debt represents bonds secured solely by specified revenue sources.

	General Obligation and Revenue Bonds					
	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 7,595,000	\$ 8,665,000	\$ -	\$ -	\$ 7,595,000	\$ 8,665,000
Special assessment bonds	-	-	6,225,000	7,570,000	6,225,000	7,570,000
Unamortized premium	640,151	768,181	-	-	640,151	768,181
Compensated absences	2,550,570	2,564,095	72,685	73,775	2,623,255	2,637,870
<b>Total</b>	<b>\$ 10,785,721</b>	<b>\$ 11,997,276</b>	<b>\$ 6,297,685</b>	<b>\$ 7,643,775</b>	<b>\$ 17,083,406</b>	<b>\$ 19,641,051</b>

The City's total bonded debt decreased by \$2,415,000 (14.9 percent) during the current fiscal year as a result of scheduled debt payments.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total state equalized valuation. The City's current outstanding general obligation debt is substantially below the current debt limit of \$495,336,601.

Additional information on the City's long-term debt can be found in Note 8 to the financial statements.

#### Economic Factors and Next Year's Budgets and Rates

- The budget plan, as originally approved in fiscal year 2022, has General Fund revenues greater than expenditures of \$39,060.
- The revenue budgets for the general fund, major and local streets funds, parks and recreation and ice arena funds were budgeted conservatively to account for lingering effects of COVID-19; however, the City is starting to see revenues slowly begin to rebound which lead to assumptions of slightly higher revenue estimates in fiscal year 2022 than fiscal year 2021 budget.
- The 2021 fiscal year approved tax millage rate remained at 10.5376 from fiscal year 2020. The total general fund tax revenue is expected to increase \$277,000 or 1.0%.
- The City continues to place an importance on its infrastructure in fiscal year 2022. The City has placed \$8.3 million into fiscal year 2022 to continue City Council's desire to improve mobility for Novi residents and businesses. The budget also paves the way for \$26.9 million to be invested in our roads and sidewalks over the next three years. The water, sewer, and drain funds have \$5.6 million allocated in fiscal year 2022's budget for various improvements. Another half a million is being invested in the City's parks for upgrades to facilities and outdoor amenities. Additionally, approximately \$1.2 million is budgeted for investments in facilities, equipment and technology.

#### Requests for Information

This financial report is designed to provide a general overview of the City of Novi, Michigan's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the finance department, City of Novi, 45175 Ten Mile Road, Novi, MI 48375. You may also visit our website at [www.cityofnovi.org](http://www.cityofnovi.org) or contact the finance department directly at 248-347-0465.

## **BASIC FINANCIAL STATEMENTS**

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**CITY OF NOVI, MICHIGAN**

**Statement of Net Position**

June 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 1,895,581	\$ 3,468,352	\$ 5,363,933	\$ 11,910
Investments	49,645,084	45,615,638	95,260,722	-
Receivables	3,171,359	7,327,866	10,499,225	-
Advance to component unit	3,663,123	-	3,663,123	-
Internal balances	(9,268,262)	9,268,262	-	-
Other assets	616,048	5,542,717	6,158,765	-
Capital assets not being depreciated	47,849,514	19,996,676	67,846,190	4,001,256
Capital assets being depreciated, net	140,059,137	132,071,133	272,130,270	-
Net other postemployment benefit asset	9,282,922	287,101	9,570,023	-
<b>Total assets</b>	<b>246,914,506</b>	<b>223,577,745</b>	<b>470,492,251</b>	<b>4,013,166</b>
<b>Deferred outflows of resources</b>				
Deferred charge on refunding	470,979	-	470,979	-
Deferred pension amounts	4,608,877	142,543	4,751,420	-
Deferred other postemployment benefit amounts	1,337,634	41,370	1,379,004	-
<b>Total deferred outflows of resources</b>	<b>6,417,490</b>	<b>183,913</b>	<b>6,601,403</b>	<b>-</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	8,259,425	5,738,329	13,997,754	-
Refundable deposits	8,347,063	276,237	8,623,300	-
Unearned revenue	324,050	804	324,854	-
Advance from primary government	-	-	-	3,663,123
Long-term debt:				
Due within one year	3,303,486	1,422,685	4,726,171	-
Due in more than one year	7,482,235	4,875,000	12,357,235	-
Other liabilities due in more than one year - Net pension liability	37,995,951	1,175,132	39,171,083	-
<b>Total liabilities</b>	<b>65,712,210</b>	<b>13,488,187</b>	<b>79,200,397</b>	<b>3,663,123</b>
<b>Deferred inflows of resources</b>				
Deferred pension amounts	2,310,061	71,445	2,381,506	-
Deferred other postemployment benefit amounts	9,043,279	279,689	9,322,968	-
<b>Total deferred inflows of resources</b>	<b>11,353,340</b>	<b>351,134</b>	<b>11,704,474</b>	<b>-</b>
<b>Net position</b>				
Net investment in capital assets	180,144,479	145,842,809	325,987,288	338,133
Restricted for:				
Roads	7,059,476	-	7,059,476	-
Public safety	285,912	-	285,912	-
Community and economic development	2,682	-	2,682	-
Debt service	66,519	-	66,519	-
Infrastructure improvements	5,011,618	-	5,011,618	-
Parks, recreation, and cultural services	843,311	-	843,311	-
Library	4,190,968	-	4,190,968	-
Stormwater systems	198	-	198	-
Tree replacement and maintenance	3,685,392	-	3,685,392	-
Street lighting improvement	70,527	-	70,527	-
PEG access support fees	288,978	-	288,978	-
Perpetual drain maintenance	6,987,209	-	6,987,209	-
Other postemployment benefits	1,577,277	48,782	1,626,059	-
Unrestricted (deficit)	(33,948,100)	64,030,746	30,082,646	11,910
<b>Total net position</b>	<b>\$ 176,266,446</b>	<b>\$ 209,922,337</b>	<b>\$ 386,188,783</b>	<b>\$ 350,043</b>

The accompanying notes are an integral part of these basic financial statements.

# CITY OF NOVI, MICHIGAN

## Statement of Activities

For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
Governmental activities:					
General government	\$ 8,898,409	\$ 2,840,437	\$ 4,783,993	\$ -	\$ (1,273,979)
Public safety	21,551,905	894,287	308,695	-	(20,348,923)
Public works	19,252,805	2,651,784	7,465,214	66,423	(9,069,384)
Community and economic development	2,600,165	393,919	82,861	-	(2,123,385)
Recreation and culture	5,646,891	1,014,449	421,390	1,275	(4,209,777)
Interest and fiscal charges	530,246	-	-	-	(530,246)
<b>Total governmental activities</b>	<b>58,480,421</b>	<b>7,794,876</b>	<b>13,062,153</b>	<b>67,698</b>	<b>(37,555,694)</b>
Business-type activities:					
Water and sewer	28,870,835	26,196,210	254,327	3,701,535	1,281,237
Ice Arena	1,327,214	1,143,307	7,341	-	(176,566)
Senior Housing	1,272,985	2,116,622	-	-	843,637
<b>Total business-type activities</b>	<b>31,471,034</b>	<b>29,456,139</b>	<b>261,668</b>	<b>3,701,535</b>	<b>1,948,308</b>
<b>Total primary government</b>	<b>\$ 89,951,455</b>	<b>\$ 37,251,015</b>	<b>\$ 13,323,821</b>	<b>\$ 3,769,233</b>	<b>\$ (35,607,386)</b>
<b>Component unit</b>					
Corridor Improvement Authority	\$ 84,621	\$ -	\$ -	\$ -	\$ (84,621)

continued...

# CITY OF NOVI, MICHIGAN

## Statement of Activities

For the Year Ended June 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Change in net position</b>				
Net (expense) revenue	\$ (37,555,694)	\$ 1,948,308	\$ (35,607,386)	\$ (84,621)
General revenues:				
Property taxes	42,583,648	-	42,583,648	294,088
State shared revenues	5,646,493	-	5,646,493	-
Investment income	723,864	853,758	1,577,622	-
Other	126,134	-	126,134	-
Gain on sale of capital assets	155,016	-	155,016	-
Total general revenues	49,235,155	853,758	50,088,913	294,088
<b>Change in net position</b>	11,679,461	2,802,066	14,481,527	209,467
Net position, beginning of year	164,586,985	207,120,271	371,707,256	140,576
<b>Net position, end of year</b>	<u>\$ 176,266,446</u>	<u>\$ 209,922,337</u>	<u>\$ 386,188,783</u>	<u>\$ 350,043</u>

concluded.

The accompanying notes are an integral part of these basic financial statements.

**CITY OF NOVI, MICHIGAN**

**Balance Sheet**

Governmental Funds  
June 30, 2021

	General Fund	Local Street Fund	Capital Improvement Program	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 334,711	\$ 81,461	\$ -	\$ 1,454,705	\$ 1,870,877
Investments	21,710,033	2,561,888	162,000	24,333,263	48,767,184
Receivables:					
Accrued interest	145,506	-	-	-	145,506
Other	471,899	-	-	149,232	621,131
Due from other governments	1,241,566	274,713	-	833,940	2,350,219
Due from other funds	602,337	-	-	-	602,337
Advances to component units	-	-	-	3,663,123	3,663,123
Prepaid items and other assets	465,889	-	-	12,899	478,788
<b>Total assets</b>	<b>\$ 24,971,941</b>	<b>\$ 2,918,062</b>	<b>\$ 162,000</b>	<b>\$ 30,447,162</b>	<b>\$ 58,499,165</b>
<b>Liabilities</b>					
Accounts payable	\$ 882,170	\$ 1,755,275	\$ 655,671	\$ 2,167,685	5,460,801
Accrued salaries and wages	1,750,289	-	-	174,102	1,924,391
Other accrued liabilities	121,008	-	16,400	415,793	553,201
Refundable deposits	8,345,713	-	-	1,350	8,347,063
Unearned revenue	-	-	-	324,050	324,050
Advances from other funds	-	-	9,200,000	-	9,200,000
Due to other funds	-	-	588,569	13,768	602,337
<b>Total liabilities</b>	<b>11,099,180</b>	<b>1,755,275</b>	<b>10,460,640</b>	<b>3,096,748</b>	<b>26,411,843</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue - grants	-	-	-	34,812	34,812
Unavailable revenue - other	197,559	-	-	-	197,559
<b>Total deferred inflows of resources</b>	<b>197,559</b>	<b>-</b>	<b>-</b>	<b>34,812</b>	<b>232,371</b>
<b>Fund balances</b>					
Nonspendable:					
Prepays	465,889	-	-	12,899	478,788
Perpetual drain maintenance	-	-	-	6,987,209	6,987,209
Restricted:					
Roads	-	1,162,787	-	5,887,554	7,050,341
Public safety	14,695	-	-	271,217	285,912
Community and economic development	2,682	-	-	-	2,682
Debt service	-	-	-	138,619	138,619
Infrastructure improvements	-	-	-	5,011,618	5,011,618
Parks, recreation, and cultural services	-	-	-	807,233	807,233
Library	-	-	-	4,190,034	4,190,034
Stormwater systems	-	-	-	198	198
Tree replacement and maintenance	-	-	-	3,685,152	3,685,152
Street lighting improvement	-	-	-	70,527	70,527
PEG access support fees	-	-	-	288,154	288,154
Assigned:					
Subsequent year's budget	779,494	-	-	-	779,494
ARPA funds	1,993,805	-	-	-	1,993,805
Unassigned (deficit)	10,418,637	-	(10,298,640)	(34,812)	85,185
<b>Total fund balances</b>	<b>13,675,202</b>	<b>1,162,787</b>	<b>(10,298,640)</b>	<b>27,315,602</b>	<b>31,854,951</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 24,971,941</b>	<b>\$ 2,918,062</b>	<b>\$ 162,000</b>	<b>\$ 30,447,162</b>	<b>\$ 58,499,165</b>

The accompanying notes are an integral part of these basic financial statements.

## CITY OF NOVI, MICHIGAN

### Reconciliation

Fund Balances of Governmental Funds  
to Net Position of Governmental Activities  
June 30, 2021

**Fund balances - total governmental funds** \$ 31,854,951

Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources,  
and therefore are not reported in the fund financial statements.

Capital assets not being depreciated	47,849,514
Capital assets being depreciated, net	140,059,137

The focus of governmental funds is on short-term financing. Accordingly, some  
assets will not be available to pay for current-period expenditures. Those  
assets (such as certain receivables) are offset by deferred inflows in the  
governmental funds, and thus are not included in fund balance.

Unavailable grants and other receivables	232,371
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Internal service funds are used by management to charge the costs of certain health  
insurance costs to individual funds. The assets and liabilities of the internal service fund  
are included in governmental activities in the statement of net position.

Net position of governmental internal service fund	953,542
Portion of internal service fund net position attributed to business-type activities	(68,262)

Certain liabilities, such as bonds payable, are not due and payable  
in the current period, and therefore are not reported in the funds.

Accrued interest on long-term debt	(72,600)
Bonds payable	(7,595,000)
Unamortized bond premium	(640,151)
Accrued compensated absences	(2,550,570)
Unamortized deferred charge on refunding	470,979
Claims and judgments	(107,607)

Certain pension and postemployment-related amounts are not due and payable  
in the current period or do not represent current financial resources and  
therefore are not reported in the funds.

Net pension liability	(37,995,951)
Deferred outflows related to the net pension liability	4,608,877
Deferred inflows related to the net pension liability	(2,310,061)
Net other postemployment benefit asset	9,282,922
Deferred outflows related to the net other postemployment benefit asset	1,337,634
Deferred inflows related to the net other postemployment benefit asset	(9,043,279)

**Net position of governmental activities** \$ 176,266,446

The accompanying notes are an integral part of these basic financial statements.

# CITY OF NOVI, MICHIGAN

## Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2021

	General Fund	Local Street Fund	Capital Improvement Program	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 24,848,513	\$ -	\$ 3,818,955	\$ 13,916,180	\$ 42,583,648
Special assessments	-	-	-	35,829	35,829
Licenses, permits, and charges for services	3,133,342	-	-	3,164,205	6,297,547
Intergovernmental:					
Federal grants	4,974,494	-	-	402,292	5,376,786
State-shared revenue and grants	5,640,504	1,677,732	-	5,049,898	12,368,134
Other grants	-	-	-	143,878	143,878
Fines and forfeitures	354,961	-	-	125,899	480,860
Investment income	528,750	24,882	63	405,867	959,562
Other:					
Local donations	26,794	-	-	105,515	132,309
Recreational programs	-	-	-	1,014,449	1,014,449
Tap-in fees	-	-	-	24,794	24,794
Miscellaneous	550,706	370,881	-	156,333	1,077,920
<b>Total revenues</b>	<b>40,058,064</b>	<b>2,073,495</b>	<b>3,819,018</b>	<b>24,545,139</b>	<b>70,495,716</b>
<b>Expenditures</b>					
Current:					
General government	9,520,154	-	814	-	9,520,968
Public safety	21,233,687	-	-	601,769	21,835,456
Public works	3,522,911	9,751,528	670,584	9,119,189	23,064,212
Community and economic development	2,376,053	-	-	352,600	2,728,653
Recreation and culture	45,808	-	2,042,555	5,656,922	7,745,285
Debt service:					
Principal	-	-	-	1,070,000	1,070,000
Interest and fiscal charges	-	-	277,530	314,100	591,630
<b>Total expenditures</b>	<b>36,698,613</b>	<b>9,751,528</b>	<b>2,991,483</b>	<b>17,114,580</b>	<b>66,556,204</b>
Revenues over (under) expenditures	3,359,451	(7,678,033)	827,535	7,430,559	3,939,512
<b>Other financing sources (uses)</b>					
Proceeds from sale of capital assets	148,512	-	-	8,718	157,230
Insurance recovery	17,827	-	-	12,525	30,352
Transfers in	-	7,130,000	-	616,716	7,746,716
Transfers out	(446,716)	-	-	(7,300,000)	(7,746,716)
<b>Total other financing sources (uses)</b>	<b>(280,377)</b>	<b>7,130,000</b>	<b>-</b>	<b>(6,662,041)</b>	<b>187,582</b>
<b>Net change in fund balances</b>	<b>3,079,074</b>	<b>(548,033)</b>	<b>827,535</b>	<b>768,518</b>	<b>4,127,094</b>
Fund balances (deficit), beginning of year	10,596,128	1,710,820	(11,126,175)	26,547,084	27,727,857
<b>Fund balances (deficit), end of year</b>	<b>\$ 13,675,202</b>	<b>\$ 1,162,787</b>	<b>\$ (10,298,640)</b>	<b>\$ 27,315,602</b>	<b>\$ 31,854,951</b>

The accompanying notes are an integral part of these basic financial statements.

## CITY OF NOVI, MICHIGAN

### Reconciliation

Net Changes in Fund Balances of Governmental Funds  
to Change in Net Position of Governmental Activities  
For the Year Ended June 30, 2021

**Net change in fund balances - total governmental funds** \$ 4,127,094

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital assets purchased / constructed	15,730,432
Depreciation expense	(10,869,643)
Proceeds from sale of capital assets	(157,230)
Gain on sale of capital assets	155,016

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Net change in deferred inflows for grants and other receivable	(496,382)
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Internal service funds are used by management to charge the costs of certain health insurance costs to individual funds. The net increase (decrease) in the net position of the internal service fund is reported with governmental activities.

Net operating income from governmental internal service fund	651,642
Investment earnings from governmental internal service fund	5,532
Net operating income attributable to business-type activities	(46,533)

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term debt in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.

Principal payments on long-term debt	1,070,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Amortization of deferred charge on refunding and premium, and change in accrued interest payable on long-term debt	61,384
Change in net pension liability and related deferred amounts	(321,081)
Change in net other postemployment benefit asset and related deferred amounts	1,805,087
Change in the accrual for compensated absences	13,525
Change in the claims and judgments liability	(49,382)

**Change in net position of governmental activities** \$ 11,679,461

The accompanying notes are an integral part of these basic financial statements.

# CITY OF NOVI, MICHIGAN

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes:				
Current property taxes	\$ 24,606,417	\$ 24,531,886	\$ 24,586,142	\$ 54,256
Trailer fees	11,750	10,966	10,961	(5)
Penalties and interest	165,000	251,410	251,410	-
Licenses, permits, and charges for services	4,277,333	3,742,815	3,133,342	(609,473)
Intergovernmental:				
Federal grants	80,000	3,100,663	4,974,494	1,873,831
State grants	4,411,243	5,979,987	5,640,504	(339,483)
Fines and forfeitures	330,000	330,000	354,961	24,961
Investment income	697,211	697,211	528,750	(168,461)
Other:				
Local donations	1,000	27,194	26,794	(400)
Miscellaneous	727,870	574,840	550,706	(24,134)
<b>Total revenues</b>	<b>35,307,824</b>	<b>39,246,972</b>	<b>40,058,064</b>	<b>811,092</b>
<b>Expenditures</b>				
Current:				
General government:				
City council	64,580	65,660	63,165	(2,495)
City manager	692,220	626,224	594,169	(32,055)
Finance	973,124	883,836	869,678	(14,158)
Treasury	355,981	400,009	382,789	(17,220)
Integrated solutions	1,453,942	1,554,214	1,526,898	(27,316)
Assessing	878,174	799,999	782,795	(17,204)
City attorney, insurance, and claims	863,303	770,303	697,077	(73,226)
City clerk	1,001,949	916,932	901,185	(15,747)
Facility management	1,273,031	1,567,049	1,432,810	(134,239)
Park maintenance	1,118,766	1,072,743	1,054,029	(18,714)
Human resources	581,338	580,665	522,690	(57,975)
Community relations	719,439	683,508	598,441	(85,067)
Economic development	53,128	118,632	94,428	(24,204)
Total general government	10,028,975	10,039,774	9,520,154	(519,620)
Public safety:				
Police	13,517,861	14,626,575	14,530,407	(96,168)
Fire	6,163,395	6,803,289	6,703,280	(100,009)
Total public safety	19,681,256	21,429,864	21,233,687	(196,177)
Public works:				
Administration	468,462	733,662	639,022	(94,640)
Engineering	426,340	403,155	333,346	(69,809)
Field operations	934,220	1,774,791	1,709,008	(65,783)
Fleet asset	954,232	1,037,946	841,535	(196,411)
Total public works	2,783,254	3,949,554	3,522,911	(426,643)

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## CITY OF NOVI, MICHIGAN

### Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Expenditures (concluded):</b>				
Current (concluded):				
Community and economic development:				
Building	\$ 2,042,215	\$ 1,895,727	\$ 1,855,640	\$ (40,087)
Planning	522,316	564,510	520,413	(44,097)
Total community and economic development	<u>2,564,531</u>	<u>2,460,237</u>	<u>2,376,053</u>	<u>(84,184)</u>
Recreation and culture:				
Youth assistance	45,948	43,948	42,260	(1,688)
Historical commission	13,860	4,860	3,548	(1,312)
Total recreation and culture	<u>59,808</u>	<u>48,808</u>	<u>45,808</u>	<u>(3,000)</u>
<b>Total expenditures</b>	<u>35,117,824</u>	<u>37,928,237</u>	<u>36,698,613</u>	<u>(1,229,624)</u>
Revenues over (under) expenditures	<u>190,000</u>	<u>1,318,735</u>	<u>3,359,451</u>	<u>2,040,716</u>
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	-	148,560	148,512	(48)
Insurance recovery	35,000	25,970	17,827	(8,143)
Transfers out	(225,000)	(561,410)	(446,716)	(114,694)
<b>Total other financing sources (uses)</b>	<u>(190,000)</u>	<u>(386,880)</u>	<u>(280,377)</u>	<u>106,503</u>
<b>Net change in fund balance</b>	-	931,855	3,079,074	2,147,219
Fund balance, beginning of year	<u>9,968,668</u>	<u>10,596,128</u>	<u>10,596,128</u>	-
<b>Fund balance, end of year</b>	<u>\$ 9,968,668</u>	<u>\$ 11,527,983</u>	<u>\$ 13,675,202</u>	<u>\$ 2,147,219</u>

concluded.

The accompanying notes are an integral part of these basic financial statements.

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## CITY OF NOVI, MICHIGAN

### Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Local Street Special Revenue Fund  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental - state shared:				
Gas and weight tax	\$ 1,151,800	\$ 1,874,800	\$ 1,677,732	\$ (197,068)
Investment income	18,250	28,339	24,882	(3,457)
Other:				
Miscellaneous	-	125,984	370,881	244,897
<b>Total revenues</b>	<u>1,170,050</u>	<u>2,029,123</u>	<u>2,073,495</u>	<u>44,372</u>
<b>Expenditures</b>				
Current -				
Public works	8,752,250	12,153,560	9,751,528	(2,402,032)
Revenues under expenditures	(7,582,200)	(10,124,437)	(7,678,033)	2,446,404
<b>Other financing sources</b>				
Transfers in	6,755,000	9,595,600	7,130,000	(2,465,600)
<b>Net change in fund balance</b>	(827,200)	(528,837)	(548,033)	(19,196)
Fund balance, beginning of year	1,719,311	1,710,820	1,710,820	-
<b>Fund balance, end of year</b>	<u>\$ 892,111</u>	<u>\$ 1,181,983</u>	<u>\$ 1,162,787</u>	<u>\$ (19,196)</u>

The accompanying notes are an integral part of these basic financial statements.

**CITY OF NOVI, MICHIGAN**

**Statement of Net Position**  
 Proprietary Funds  
 June 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Ice Arena	Senior Housing	Total	Internal Service Fund
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 3,026,198	\$ 243,912	\$ 198,242	\$ 3,468,352	\$ 24,704
Investments	41,768,678	1,793,078	2,053,882	45,615,638	877,900
Receivables:					
Taxes	244,516	-	-	244,516	-
Special assessments	757,378	-	-	757,378	-
Water and sewer billing	6,262,015	-	-	6,262,015	-
Other	-	63,957	-	63,957	54,503
Inventory	77,583	-	-	77,583	-
Prepaid items and other assets	5,459,857	3,814	1,463	5,465,134	137,260
<b>Total current assets</b>	<b>57,596,225</b>	<b>2,104,761</b>	<b>2,253,587</b>	<b>61,954,573</b>	<b>1,094,367</b>
Noncurrent assets:					
Advances to other funds	9,200,000	-	-	9,200,000	-
Capital assets not being depreciated	17,881,478	409,701	1,705,497	19,996,676	-
Capital assets being depreciated, net	119,968,642	4,351,230	7,751,261	132,071,133	-
Net other postemployment benefit asset	287,101	-	-	287,101	-
<b>Total noncurrent assets</b>	<b>147,337,221</b>	<b>4,760,931</b>	<b>9,456,758</b>	<b>161,554,910</b>	<b>-</b>
<b>Total assets</b>	<b>204,933,446</b>	<b>6,865,692</b>	<b>11,710,345</b>	<b>223,509,483</b>	<b>1,094,367</b>
<b>Deferred outflows of resources</b>					
Deferred pension amounts	142,543	-	-	142,543	-
Deferred other postemployment benefit amounts	41,370	-	-	41,370	-
<b>Total deferred outflows of resources</b>	<b>183,913</b>	<b>-</b>	<b>-</b>	<b>183,913</b>	<b>-</b>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	5,501,320	40,153	7,096	5,548,569	825
Accrued salaries and wages	57,655	3,206	12,021	72,882	140,000
Other accrued liabilities	59,798	8,328	48,752	116,878	-
Refundable deposits	-	107,543	168,694	276,237	-
Unearned revenue	-	-	804	804	-
Current portion of long-term debt	72,685	500,000	850,000	1,422,685	-
<b>Total current liabilities</b>	<b>5,691,458</b>	<b>659,230</b>	<b>1,087,367</b>	<b>7,438,055</b>	<b>140,825</b>
Noncurrent liabilities:					
Long-term debt, net of current portion	-	1,005,000	3,870,000	4,875,000	-
Net pension liability	1,175,132	-	-	1,175,132	-
<b>Total noncurrent liabilities</b>	<b>1,175,132</b>	<b>1,005,000</b>	<b>3,870,000</b>	<b>6,050,132</b>	<b>-</b>
<b>Total liabilities</b>	<b>6,866,590</b>	<b>1,664,230</b>	<b>4,957,367</b>	<b>13,488,187</b>	<b>140,825</b>
<b>Deferred inflows of resources</b>					
Deferred pension amounts	71,445	-	-	71,445	-
Deferred other postemployment benefit amounts	279,689	-	-	279,689	-
<b>Total deferred inflows of resources</b>	<b>351,134</b>	<b>-</b>	<b>-</b>	<b>351,134</b>	<b>-</b>
<b>Net position</b>					
Net investment in capital assets	137,850,120	3,255,931	4,736,758	145,842,809	-
Restricted for other postemployment benefits	48,782	-	-	48,782	-
Unrestricted	60,000,733	1,945,531	2,016,220	63,962,484	953,542
<b>Total net position</b>	<b>\$ 197,899,635</b>	<b>\$ 5,201,462</b>	<b>\$ 6,752,978</b>	<b>\$ 209,854,075</b>	<b>\$ 953,542</b>

The accompanying notes are an integral part of these basic financial statements.

## CITY OF NOVI, MICHIGAN

### Reconciliation

Net Position of Enterprise Funds  
to Net Position of Business-type Activities  
June 30, 2021

**Net position - enterprise funds** \$ 209,854,075

Amounts reported for *business-type activities* in the statement of net position are different because:

Internal service fund is used by management to charge health insurance costs to individual funds. A portion of the net position of the internal service fund attributable to these charges are included in business-type activities in the statement of net position.

68,262

**Net position of business-type activities**

\$ 209,922,337

The accompanying notes are an integral part of these financial statements.

**CITY OF NOVI, MICHIGAN**

**Statement of Revenues, Expenses and Changes in Fund Net Position**

Proprietary Funds

For the Year Ended June 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Ice Arena	Senior Housing	Total	Internal Service Fund
<b>Operating revenues</b>					
Charges for services:					
Sale of water	\$ 12,721,712	\$ -	\$ -	\$ 12,721,712	\$ -
Sewage disposal charges	13,069,176	-	-	13,069,176	-
Concession sales	-	1,042	-	1,042	-
Installation fees	352,522	-	-	352,522	-
Rentals and other	14,850	1,135,566	2,112,574	3,262,990	-
Insurance	-	-	-	-	3,000,890
Fines and forfeitures	226,886	-	-	226,886	-
Other	37,950	6,699	4,048	48,697	180,154
<b>Total operating revenues</b>	<b>26,423,096</b>	<b>1,143,307</b>	<b>2,116,622</b>	<b>29,683,025</b>	<b>3,181,044</b>
<b>Operating expenses</b>					
Water	9,433,925	-	-	9,433,925	-
Sewage treatment	11,955,126	-	-	11,955,126	-
Maintenance and operation	1,619,605	464,412	348,759	2,432,776	-
Depreciation	4,454,628	313,106	451,958	5,219,692	-
Salaries and fringes	1,017,186	-	-	1,017,186	2,529,402
Professional services	-	502,796	359,285	862,081	-
Supplies and other	436,898	-	-	436,898	-
<b>Total operating expenses</b>	<b>28,917,368</b>	<b>1,280,314</b>	<b>1,160,002</b>	<b>31,357,684</b>	<b>2,529,402</b>
Operating income (loss)	(2,494,272)	(137,007)	956,620	(1,674,659)	651,642
<b>Nonoperating revenues (expenses)</b>					
Federal grants	27,441	7,341	-	34,782	-
Interest income	808,233	26,112	19,413	853,758	5,532
Interest and fiscal charges	-	(46,900)	(112,983)	(159,883)	-
<b>Total nonoperating revenues (expenses)</b>	<b>835,674</b>	<b>(13,447)</b>	<b>(93,570)</b>	<b>728,657</b>	<b>5,532</b>
<b>Income (loss) before capital contributions</b>	<b>(1,658,598)</b>	<b>(150,454)</b>	<b>863,050</b>	<b>(946,002)</b>	<b>657,174</b>
<b>Capital contributions</b>					
Lines donated by developers and others	2,461,545	-	-	2,461,545	-
Customer assessments - tap fees	1,239,990	-	-	1,239,990	-
<b>Total capital contributions</b>	<b>3,701,535</b>	<b>-</b>	<b>-</b>	<b>3,701,535</b>	<b>-</b>
<b>Change in net position</b>	<b>2,042,937</b>	<b>(150,454)</b>	<b>863,050</b>	<b>2,755,533</b>	<b>657,174</b>
Net position, beginning of year	195,856,698	5,351,916	5,889,928	207,098,542	296,368
<b>Net position, end of year</b>	<b>\$ 197,899,635</b>	<b>\$ 5,201,462</b>	<b>\$ 6,752,978</b>	<b>\$ 209,854,075</b>	<b>\$ 953,542</b>

The accompanying notes are an integral part of these basic financial statements.

## CITY OF NOVI, MICHIGAN

### Reconciliation

Change in Net Position of Enterprise Funds  
to Change in Net Position of Business-type Activities  
For the Year Ended June 30, 2021

**Net change in net position - total enterprise funds** \$ 2,755,533

Amounts reported for *business-type activities* in the statement of activities are different because:

Internal service fund is used by management to charge health insurance costs to individual funds. A portion of the net operating income attributable to those funds is reported with business-type activities.

46,533

**Change in net position of business-type activities** \$ 2,802,066

The accompanying notes are an integral part of these financial statements.

**CITY OF NOVI, MICHIGAN**

**Statement of Cash Flows**

Proprietary Funds

For the Year Ended June 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Ice Arena	Senior Housing	Total	Internal Service Fund
<b>Cash flows from operating activities</b>					
Cash received from customers	\$ 26,033,838	\$ 1,103,998	\$ 2,115,551	\$ 29,253,387	\$ 3,252,211
Cash payments for goods and services	(18,965,500)	(949,915)	(833,497)	(20,748,912)	-
Cash payments to employees	(1,430,112)	-	-	(1,430,112)	(2,458,402)
<b>Net cash provided by operating activities</b>	<u>5,638,226</u>	<u>154,083</u>	<u>1,282,054</u>	<u>7,074,363</u>	<u>793,809</u>
<b>Cash flows from noncapital financing activities</b>					
Intergovernmental -					
Federal grants	27,441	7,341	-	34,782	-
<b>Cash flows from capital and related financing activities</b>					
Acquisition/construction of capital assets	(12,509,205)	(13,401)	(28,442)	(12,551,048)	-
Principal paid on long-term debt	-	(490,000)	(855,000)	(1,345,000)	-
Interest paid on long-term debt	-	(46,900)	(112,983)	(159,883)	-
Customer assessments - tap fees received	1,239,990	-	-	1,239,990	-
<b>Net cash used in capital and related financing activities</b>	<u>(11,269,215)</u>	<u>(550,301)</u>	<u>(996,425)</u>	<u>(12,815,941)</u>	<u>-</u>
<b>Cash flows from investing activities</b>					
Purchase of securities	-	-	(328,491)	(328,491)	(827,884)
Sale of securities	1,818,041	378,493	-	2,196,534	-
Interest and dividends received	808,233	26,112	19,413	853,758	5,532
Repayment of advances to other funds	1,510,000	-	-	1,510,000	-
<b>Net cash provided by (used in) investing activities</b>	<u>4,136,274</u>	<u>404,605</u>	<u>(309,078)</u>	<u>4,231,801</u>	<u>(822,352)</u>
<b>Net change in cash and cash equivalents</b>	<u>(1,467,274)</u>	<u>15,728</u>	<u>(23,449)</u>	<u>(1,474,995)</u>	<u>(28,543)</u>
Cash and cash equivalents, beginning of year	4,493,472	228,184	221,691	4,943,347	53,247
<b>Cash and cash equivalents, end of year</b>	<u>\$ 3,026,198</u>	<u>\$ 243,912</u>	<u>\$ 198,242</u>	<u>\$ 3,468,352</u>	<u>\$ 24,704</u>

continued...



**CITY OF NOVI, MICHIGAN**

**Statement of Cash Flows**

Proprietary Funds

For the Year Ended June 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Ice Arena	Senior Housing	Total	Internal Service Fund
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss)	\$ (2,494,272)	\$ (137,007)	\$ 956,620	\$ (1,674,659)	\$ 651,642
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	4,454,628	313,106	451,958	5,219,692	-
Change in assets and liabilities:					
Receivables:					
Taxes	(18,385)	-	-	(18,385)	-
Special assessments	128,634	-	-	128,634	-
Water and sewer billing	(505,686)	-	-	(505,686)	-
Other	-	(42,529)	-	(42,529)	43,420
Due from other governments	57,044	-	-	57,044	-
Inventory	(44,131)	3,220	-	(40,911)	-
Prepaid items and other assets	4,544,349	(1,355)	99	4,543,093	26,922
Net other postemployment benefit asset	(211,978)	-	-	(211,978)	-
Deferred outflows of resources - pension amounts	(11,781)	-	-	(11,781)	-
Deferred outflows of resources - other postemployment benefit amounts	20,443	-	-	20,443	-
Accounts payable	(7,777)	(23,934)	(130,323)	(162,034)	825
Accrued salaries and wages	13,961	-	-	13,961	71,000
Other accrued liabilities	(56,518)	4,338	2,677	(49,503)	-
Refundable deposits	-	38,244	2,094	40,338	-
Unearned revenue	(6,734)	-	(1,071)	(7,805)	-
Compensated absences	(1,090)	-	-	(1,090)	-
Net pension liability	(407,241)	-	-	(407,241)	-
Deferred inflows of resources - pension amounts	49,053	-	-	49,053	-
Deferred inflows of resources - other postemployment benefit amounts	135,707	-	-	135,707	-
<b>Net cash provided by operating activities</b>	<u>\$ 5,638,226</u>	<u>\$ 154,083</u>	<u>\$ 1,282,054</u>	<u>\$ 7,074,363</u>	<u>\$ 793,809</u>

Noncash item: During the year ended June 30, 2021, developers and others constructed water and sewer lines with an estimated value of \$2,461,545 and donated them to the City's water and sewer enterprise fund.

concluded.

The accompanying notes are an integral part of these basic financial statements.

# CITY OF NOVI, MICHIGAN

## Statement of Fiduciary Net Position

June 30, 2021

	Postemployment Benefits - Retiree Health Care Benefits Trust Fund	Tax Collection Custodial Fund
<b>Assets</b>		
Cash and cash equivalents	\$ 443,845	\$ -
Investments, at fair value:		
U.S. government securities	3,855,996	-
U.S. agency securities	954,640	-
Corporate bonds	635,934	-
Equities	23,577,769	-
Mutual funds	2,460,349	-
MERS Retiree Healthcare Funding Vehicle	7,639,654	-
<b>Total assets</b>	<u>39,568,187</u>	<u>-</u>
<b>Net position</b>		
Restricted for other postemployment benefits	<u>\$ 39,568,187</u>	<u>\$ -</u>

The accompanying notes are an integral part of these basic financial statements.

# CITY OF NOVI, MICHIGAN

## Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2021

	Postemployment Benefits - Retiree Health Care Benefits Trust Fund	Tax Collection Custodial Fund
<b>Additions</b>		
Contributions - Employer	\$ 73,750	\$ -
Investment income:		
Net change in fair value of investments	9,037,876	-
Interest	440,028	-
Total investment income	9,477,904	-
Less: investment expense	(337,195)	-
Net investment income	9,140,709	-
Taxes collected for other governments	-	121,624,413
<b>Total additions</b>	<b>9,214,459</b>	<b>121,624,413</b>
<b>Deductions</b>		
Healthcare insurance premiums	959,652	-
Administrative expense	9,000	-
Payments of taxes to other governments	-	121,624,413
<b>Total deductions</b>	<b>968,652</b>	<b>121,624,413</b>
<b>Change in net position</b>	<b>8,245,807</b>	<b>-</b>
Net position, beginning of year	31,322,380	-
<b>Net position, end of year</b>	<b>\$ 39,568,187</b>	<b>\$ -</b>

The accompanying notes are an integral part of these basic financial statements.

# CITY OF NOVI, MICHIGAN

## Combining Statement of Net Position

Discretely Presented Component Units

June 30, 2021

	Economic Development Corporation	Corridor Improvement Authority	Totals
<b>Assets</b>			
Cash and cash equivalents	\$ 11,910	\$ -	\$ 11,910
Capital assets not being depreciated	35,000	3,966,256	4,001,256
<b>Total assets</b>	<u>46,910</u>	<u>3,966,256</u>	<u>4,013,166</u>
<b>Liabilities</b>			
Advance from primary government	-	3,663,123	3,663,123
<b>Net position</b>			
Net investment in capital assets	35,000	303,133	338,133
Unrestricted	11,910	-	11,910
<b>Total net position</b>	<u>\$ 46,910</u>	<u>\$ 303,133</u>	<u>\$ 350,043</u>

The accompanying notes are an integral part of these basic financial statements.

## CITY OF NOVI, MICHIGAN

### Combining Statement of Activities

Discretely Presented Component Units

For the Year Ended June 30, 2021

	Economic Development Corporation	Corridor Improvement Authority	Totals
<b>Expenses</b>			
Corridor improvement authority	\$ -	\$ 84,621	\$ 84,621
<b>General revenues</b>			
Property taxes	-	294,088	294,088
<b>Change in net position</b>	-	209,467	209,467
Net position, beginning of year	46,910	93,666	140,576
<b>Net position, end of year</b>	<u>\$ 46,910</u>	<u>\$ 303,133</u>	<u>\$ 350,043</u>

The accompanying notes are an integral part of these basic financial statements.

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## **NOTES TO FINANCIAL STATEMENTS**

# CITY OF NOVI, MICHIGAN

## Notes to Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Novi, Michigan (the "City") was incorporated in 1969. In 1909, the City came under the provisions of Act 279, P.A. 1909, as amended ("Home Rule City Act"). The City is governed by an elected seven-member council.

The accounting and reporting policies of the City conform in all material respects to generally accepted accounting principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). Following is a summary of the significant policies:

#### **Reporting Entity**

As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The financial data of the component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

#### *Blended Component Unit*

A blended component unit is a legally separate entity from the City but is so intertwined with the City that it is, in substance, the same as the City. It is reported as part of the City and its financial data is combined with data of the appropriate funds. The City's only blended component unit is described as follows:

The City of Novi Building Authority (the "Building Authority") is governed by a commission that is appointed by the City Council. Although it is legally separate from the City, the Building Authority is reported as if it were part of the primary government. Its sole purpose is to finance the City's ice arena and senior housing projects. Currently, the Building Authority has no debt outstanding and no activity.

#### *Discretely Presented Component Units*

Discretely presented component units are entities that are legally separate from the City but for which the City is financially accountable, or their relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The City's discretely presented component units are described as follows:

The Economic Development Corporation of the City of Novi (the "Corporation") was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the City so as to provide needed services and facilities of such enterprises to the residents of the City. The Corporation's governing body is selected by the City Council. The City also has the ability to impose its will on the Corporation. The Corporation is reported within the component unit column in the government-wide financial statements. It is reported in a separate column to emphasize that it is legally separate from the City. The Corporation does not issue a separate financial report.



## CITY OF NOVI, MICHIGAN

### Notes to Financial Statements

The Corridor Improvement Authority of the City of Novi (the "CIA") was created by the City in January 2018 as a funding mechanism for corridor improvements on either side of the Grand River Avenue from Wixom Road to Haggerty Road. The CIA is authorized under the Corridor Improvement Authority Act (PA 280 of 2005) and is governed by a Board of Directors whose primary purpose is to correct and prevent deterioration and promote economic growth within the corridor. The CIA's governing body is selected by the City council. The City also has the ability to impose its will on the CIA. The CIA is reported within the component unit column in the government-wide financial statements. It is reported in a separate column to emphasize that it is a legally separate from the City. The CIA does not issue a separate financial report.

#### *Fiduciary Component Unit*

The Retiree Health Care Plan Trust Fund (the "RHC") was created by the City to provide funding for future retiree healthcare payments to retirees. City Council has approved an investment policy for the fund which dictates how the assets are invested. Assets are invested with the Michigan Employees Retirement System (MERS) and two financial institutions. The City has the ability to impose its will upon the trust fund. The fund is reported within the component unit column in the government-wide financial statements.

#### **Joint Ventures**

The City is a member of the Resource Recovery and Recycling Authority of Southwest Oakland County (the "Authority"). The Authority is incorporated by the cities of Farmington, Farmington Hills, Novi, South Lyon, Southfield, Walled Lake, and Wixom, Michigan and the Charter Township of South Lyon. The City appoints one member to the Authority's governing board, which then approves the annual budget. The Authority receives its operating revenue from member contributions and miscellaneous income. The financial information of the Authority as of June 30, 2021 can be obtained from the Authority's administrative offices at 20000 W. 8 Mile Road, Southfield, Michigan. The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

#### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers 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 items not properly included among program revenues are reported instead as *general revenues*.

# CITY OF NOVI, MICHIGAN

## Notes to Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

### 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*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred inflow." Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and as such have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all the financial resources of the primary government, except those accounted for and reported in another fund.

The *local street special revenue fund* is used to account for expenditures associated with the construction and maintenance needs of the major street portion (as defined by State Act 51) of the City's street network. Of the 192.34 total centerline miles that make up the City of Novi road network, the City has 147.14 centerline miles of local streets. Financing is primarily provided by the City's share of state gas and weight taxes.

The *capital improvement program capital projects fund* is used to account for the collection and corresponding expenditures related to the August 2016 voter approved CIP millage (1 mill) that was levied beginning on July 1, 2017.

## CITY OF NOVI, MICHIGAN

### Notes to Financial Statements

The City reports the following major enterprise funds:

The *water and sewer fund* provides water to customers and disposes of sanitary sewage in exchange for quarterly user charges.

The *ice arena fund* accounts for the City's two-sheet arena.

The *senior housing fund* accounts for the 175-unit senior housing project, financed using the building authority approach.

Additionally, the City reports the following fund types:

*Special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects that comprise, or are expected to comprise a substantial portion of the fund's total reported inflows.

*Debt service funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal, interest and related costs.

*Capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

*Permanent funds* account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.

*Internal service fund* accounts for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis to operate the City's self-insurance services.

The *custodial fund* is used to account for assets held by the City as an agent for individuals, private organizations, and/or other governments. They primarily hold tax remittances due to schools and other governmental units.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

## CITY OF NOVI, MICHIGAN

### Notes to Financial Statements

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Restricted net position represents amounts that are subject to restrictions beyond the government's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

#### **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity**

##### ***Deposits and Investments***

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have established market values are reported at estimated fair value. Cash deposits are reported at carrying amounts, which reasonably approximates fair value.

Unrealized appreciation or depreciation on other postemployment benefits trust fund investments due to changes in fair value are recognized each year.

The City participates in the Oakland County Investment Pool (the "Pool") which is managed by the County Treasurer. In accordance with GASB 79, the Authority's shares are recorded at amortized cost, which approximates fair value. The Pool is not subject to regulatory oversight, is not registered with the SEC (Securities Exchange Commission) and does not issue separate financial statements. The value of the City's position in the Pool is the same as the value of the Pool shares, and includes accrued interest.

## CITY OF NOVI, MICHIGAN

### Notes to Financial Statements

#### *Receivables*

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At June 30, 2021, the City did not record an allowance for uncollectible accounts, as they expect to collect all outstanding receivables.

In addition to transactions related to pooled cash, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are included in the "due from other funds" or "due to other funds" accounts on the balance sheet. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time reimbursable project costs are incurred. Amounts received in advance of project costs being incurred are reported as unearned revenue.

#### *Inventory and Prepaid Items and Other Assets*

All inventories are valued at cost using the first-in/first-out (FIFO) method.

Prepaid items and other assets represent payments made to vendors for goods and services applicable to future fiscal years. Prepaids of governmental funds are recorded as expenditures when consumed rather than when purchased. Prepaid and other asset balances are offset by nonspendable fund balance in governmental funds.

#### *Capital Assets*

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the asset constructed.

# CITY OF NOVI, MICHIGAN

## Notes to Financial Statements

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	Years
Governmental activities:	
Roads	15-25
Non-motorized pathway improvements	15-30
Bridges	20-25
Drains	5-25
Buildings and improvements	15-40
Machinery and equipment	4-10
Land improvements	20-25
Library materials	10
Business-type activities:	
Water and sewer distribution systems	30-50
Buildings and improvements	7-40
Machinery and equipment	4-15
Land improvements	20-25

### ***Deferred Outflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows for the charge on refunding. This amount represents the different in the carrying value of refunded debt to its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also reports deferred outflows of resources related to its pension and other postemployment benefit plans.

### ***Unearned Revenue***

Unearned revenue consists of amounts received prior to the delivery of goods/service or expenditure on allowable costs.

### ***Compensated Absences***

It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the City will pay upon employment termination; vacation pay is accrued when incurred. Both of these are reported in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation (the General Fund and Water and Sewer Fund, primarily) are used to liquidate the obligations. The City has discontinued the accrual of sick leave days for administrative employees and Michigan Association of Public Employees (MAPE).

# CITY OF NOVI, MICHIGAN

## Notes to Financial Statements

### *Long-term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line basis. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expense when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### *Deferred Inflows of Resources*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources related to its pension and other postemployment benefit plans. The governmental funds also report unavailable revenues, which arise only under a modified accrual basis of accounting that are reported as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

### *Fund Balances*

Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. *Committed fund balance* is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the City Council. A formal resolution of the City Council is required to establish, modify, or rescind a fund balance commitment. The City reports *assigned fund balance* for amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. The City Council approves fund balance assignments and has not delegated the authority to assign fund balance.

When the City incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed, assigned, and finally unassigned.

# CITY OF NOVI, MICHIGAN

## Notes to Financial Statements

The City Council adopted a Fund Balance Reserve Policy in January 2011. As part of the policy, the City Council has agreed to maintain the City's General Fund fund balance to pay for expenditures as a result of unforeseen emergencies or for shortfalls caused by revenue declines. For the General Fund, the reserve will be maintained at an amount that represents approximately 22-25 percent of the proposed budgeted expenditures for the following year. The City's minimum reserve as a percentage of budgeted expenditures is 10-20 percent individually and collectively amongst the three road funds, 12-22 percent for parks and recreational services, and varying reserves for the remaining special revenue funds dependent on the funds' yearly activity and capital needs. The City of Novi, Michigan's reserve policies are based on sound fiscal principles designed to maintain adequate fund balance levels, which are an important component of the City's financial strength. The City will seek to maintain a diversified and stable revenue system to shelter itself from short-run fluctuations in any one revenue source and will establish all user charges and fees at a level consistent with the cost of providing such services.

### *Interfund Transactions*

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Balances outstanding at year-end are reported as due to/from other funds. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

### *Pensions and Other Postemployment Benefits*

For purposes of measuring the net pension liability and net other postemployment benefits asset, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefit expense, information about the fiduciary net position of the plans and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### *Special Assessments*

Special assessments, if any, are recorded as revenues in the fund financial statements when due, not when levied. Estimated annual installments not yet available are reflected as deferred inflows of resources in the governmental fund financial statements and as revenues in the government-wide financial statements. Special assessments are billed July 1 and are due and payable August 31 with the City's regular tax levies.

### *Property Tax Revenue*

Property taxes are levied on each July 1 and become an enforceable lien at that time; the tax is based on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.



# CITY OF NOVI, MICHIGAN

## Notes to Financial Statements

The City's 2020 property tax revenue was levied and collectible on July 1, 2020 and is recognized as revenue in the year ended June 30, 2021 when the proceeds of the levy are budgeted and available for the financing of operations.

Taxes were levied as follows:

Purpose	Millage Rate	Revenue
General operating	4.7563	\$ 19,293,800
Police and fire supplemental millage	1.3535	5,489,200
Parks and recreation operations	0.3653	1,481,800
Library operations	0.7312	2,966,300
Street maintenance operations	1.4215	5,766,600
Drains maintenance operations	0.5978	2,421,400
Debt levies for library	0.3471	1,407,600
Capital improvements	0.9526	3,854,900
Economic development	0.0123	49,700
		<u>\$ 42,731,300</u>

### *Use of Estimates*

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

The City utilizes various investment instruments which are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

# CITY OF NOVI, MICHIGAN

## Notes to Financial Statements

### 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### Budgetary Data

The City is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the "Uniform Budgeting Act"). The following is a summary of the requirements of this act according to the State Treasurer's Bulletin for Audits of Local Units of Government in Michigan, dated April 1982, as amended by P.A. 493 of 2000:

- Budgets must be adopted for the General Fund and special revenue funds.
- Budgeted expenditures cannot exceed budgeted revenue and fund balance.
- The budgets must be amended when necessary.
- Public hearings must be held before budget adoptions.
- Expenditures cannot exceed budget appropriations.
- Expenditures must be authorized by a budget before being incurred.

The City adopts a formal budget for the General Fund and all special revenue funds. A comparison of the budget with statements of actual revenue and expenditures, including budget variances, for the General Fund and the major special revenue funds are presented as a part of the basic financial statements. A comparison of the budget with statements of actual revenue and expenditures, including budget variances, for the nonmajor governmental funds is presented as other supplemental information.

The budget is adopted by activity (departmental). Although spending estimates are produced for each line item, budgetary control is exercised at this activity (departmental) level. Expenditures at this level must be approved by the City Council. Expenditures at this level in excess of budget appropriation are a violation of Michigan law.

In accordance with the State of Michigan Uniform Budgeting and Account Act, Act 2 of 1968, "the legislative body of each local unit shall pass a general appropriations act for all funds except trust or agency, internal service, enterprise, debt service or capital project funds for which the legislative body may pass a special appropriation act." The City legally adopts a budget for all funds except fiduciary, internal service, enterprise, debt service or capital project funds, these funds have an adopted budget for information and expenditure tracking purposes only.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the third Monday in April, the city manager submits to the City Council a proposed operating budget for the fiscal year commencing on the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to the third Monday in May, the budget is legally enacted through passage of an ordinance.

During the current year, the budgets were approved and amended in a legally permissible manner.

# CITY OF NOVI, MICHIGAN

## Notes to Financial Statements

### Expenditures in Excess of Appropriations

P.A. 621 of 1978 of the State of Michigan, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated in budget resolutions of the governing body. Budgets are required by State law for general and special revenue funds.

In the body of the financial statements, the City's actual and budgeted expenditures for the budgetary funds have been shown on a categorical level, with the approved budgets of the City of those budgetary funds being adopted at the department level.

During the year ended June 30, 2021, the City did not incur expenditures in any budgetary funds which were in excess of the amounts appropriated.

### Deficit Fund Equity

At year end, the City reported unrestricted fund balance deficits in the Capital Improvement Program Capital Projects Fund and the nonmajor Community Development Block Grant Fund of \$10,298,640 and \$34,812, respectively. The deficit in the Capital Improvement Program Capital Projects Fund resulted largely from internal borrowing. In prior years, the City council approved a plan to advance construct significant projects totaling approximately \$17 million and to borrow funds either internally or externally to fund the projects. After reviewing funding options (internal borrowings vs. bond issuance), it was determined that the most beneficial way to handle the financing was to borrow internally using long-term capital reserves from other City funds. Internal borrowing will save the City several hundred thousand dollars of bond issuance costs and the millions in interest costs incurred would stay within the City. The City has an approved deficit elimination plan ("DEP") with the State of Michigan for the fiscal year ended June 30, 2020 and will be updating the plan based on the final June 30, 2021 audit. The deficit in the Community Development Block Grant Fund was equal to the revenues deferred as a result of receivables collected outside of the period of availability.

### State Construction Code Act

The City oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall is as follows:

Shortfall at July 1, 2020	\$ (2,691,991)
Current year building permit revenue	1,312,592
Related costs	<u>(1,554,104)</u>
Cumulative shortfall at June 30, 2021	<u>\$ (2,933,503)</u>

# CITY OF NOVI, MICHIGAN

## Notes to Financial Statements

### 3. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of June 30, 2021:

	Primary Government	Component Units	Totals
<b>Statement of net position</b>			
Cash and cash equivalents	\$ 5,363,933	\$ 11,910	\$ 5,375,843
Investments	95,260,722	-	95,260,722
<b>Statement of fiduciary net position</b>			
Postemployment benefits -			
Retiree healthcare benefits trust funds:			
Cash and cash equivalents	443,845	-	443,845
Investments	39,124,342	-	39,124,342
<b>Total</b>	<u>\$ 140,192,842</u>	<u>\$ 11,910</u>	<u>\$ 140,204,752</u>
<b>Deposits and investments</b>			
Bank deposits:			
Checking / savings accounts			\$ 5,407,045
Certificates of deposit			9,438,469
Portfolio cash - Retiree Health Care Benefits Trust Fund			408,038
Investments:			
City pool			85,822,253
Retiree Health Care Benefits Trust Fund			39,124,342
Cash on hand			4,605
<b>Total</b>			<u>\$ 140,204,752</u>

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be returned. As of June 30, 2021, \$13,946,452 of the City's bank balance of \$16,102,220 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The City's investment policy does not specifically address this risk, although the City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

*Custodial Credit Risk - Investments.* For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2021, none of the City's investments, excluding the money market accounts which are not subject to custodial credit risk were exposed to risk since the securities are held in the City's name by the counterparty.

## CITY OF NOVI, MICHIGAN

### Notes to Financial Statements

The City's investments at fair value, as determined by quoted market price are as follows:

	City	Retiree Health Care Benefits Trust Fund
U.S. government securities	\$ -	\$ 3,855,996
U.S. agency securities	-	954,640
Corporate bonds	-	635,934
Municipal bonds	25,785,443	-
Equities	-	23,577,769
Mutual funds	-	2,460,349
MERS Retiree Healthcare Funding Vehicle	-	7,639,654
Bank investment pool - Oakland County	60,036,810	-
<b>Total investments</b>	<u>\$ 85,822,253</u>	<u>\$ 39,124,342</u>

*Credit Risk.* Statutes and various bond indentures authorized the City to invest in obligations of the U.S. Treasury, governmental agencies and instrumentalities, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services, bankers' acceptances of U.S. banks, U.S. government or federal agency obligation repurchase agreements, obligations of the State of Michigan or any of its political subdivisions rated as investment grade by not less than one standard rating service, and mutual funds composed of the types of investment vehicles named previously.

## CITY OF NOVI, MICHIGAN

### Notes to Financial Statements

The City's investments were rated as follows:

	City	Retiree Health Care Benefits Trust Fund
Standard & Poor's AA+	\$ 907,249	\$ 724,710
Standard & Poor's AA	5,246,707	-
Standard & Poor's AA-	6,485,985	-
Standard & Poor's A+	2,319,184	57,477
Standard & Poor's A	892,218	-
Standard & Poor's A-	723,297	191,590
Standard & Poor's BBB+	-	321,843
Standard & Poor's BBB	1,011,700	65,024
Standard & Poor's A1	538,140	-
Moody's Aaa	393,237	-
Moody's Aa1	5,722,221	-
Moody's A1	211,392	-
Unrated	282,413	4,085,926
Not subject to credit risk	61,088,510	33,677,772
<b>Total investments</b>	<b><u>\$ 85,822,253</u></b>	<b><u>\$ 39,124,342</u></b>

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. As of June 30, 2021, maturities of the City's investments were as follows:

	City	Retiree Health Care Benefits Trust Fund
Less than 1 year	\$ 5,917,592	\$ -
1 - 5 years	15,772,815	3,568,803
6 - 10 years	3,437,168	1,117,186
More than 10 years	657,868	760,581
No maturity	60,036,810	33,677,772
<b>Total</b>	<b><u>\$ 85,822,253</u></b>	<b><u>\$ 39,124,342</u></b>

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The State generally limits investments in a single issuer to no more than 5% of the total portfolio assets, with the exception of obligations issued, assumed, or guaranteed by the United States.

# CITY OF NOVI, MICHIGAN

## Notes to Financial Statements

At June 30, 2021, the investment portfolio was concentrated as follows:

Investment Type	Issuer	Percentage of Portfolio	
		City	Retiree Health Care Benefits Trust Fund
MERS Retiree Healthcare Funding Vehicle	MERS	N/A	19.8%
Bank investment pool - Oakland County	Oakland County	70.0%	N/A

*Fair Value Measurement.* The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset, as determined by the investment advisors. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. These levels are determined by the City's investment manager, and are determined at the fund level based on a review of the investment's class, structure, and what kind of securities are held in the funds. The City had the following recurring fair value measurements as of June 30, 2021:

	Level 1	Level 2	Level 3	Total
U.S. government securities	\$ 3,855,996	\$ -	\$ -	\$ 3,855,996
U.S. agency securities	724,710	229,930	-	954,640
Corporate bonds	-	635,934	-	635,934
Municipal bonds	-	25,785,443	-	25,785,443
Equities	23,577,769	-	-	23,577,769
Mutual funds	-	2,460,349	-	2,460,349
MERS Retiree Healthcare Funding Vehicle	7,639,654	-	-	7,639,654
	<u>\$ 35,798,129</u>	<u>\$ 29,111,656</u>	<u>\$ -</u>	<u>64,909,785</u>

### Investments measured at amortized cost

Bank investment pool - Oakland County	<u>60,036,810</u>
	<u>\$ 124,946,595</u>

The fair value of the City's Level 1 investments is based on quotes from publicly traded securities markets, where available. The fair value of the City's Level 2 investments is determined primarily by a matrix pricing technique, which is used to value securities based on their relationship to benchmark quoted prices. Due to the inherent uncertainty of determining the fair value of investments that are not publicly traded, the fair value reported for these investments may differ significantly from the values that would have been used had a publicly traded market existed for such investments.

# CITY OF NOVI, MICHIGAN

## Notes to Financial Statements

### 4. RECEIVABLES

Receivables are comprised of the following at year-end:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Taxes receivable	\$ -	\$ 244,516
Special assessments receivable	-	757,378
Water and sewer billing receivable	-	6,262,015
Accrued interest receivable	145,506	-
Other receivables	675,634	63,957
Due from other governments	2,350,219	-
	<u>\$ 3,171,359</u>	<u>\$ 7,327,866</u>
Amount not expected to be collected within one year	<u>\$ -</u>	<u>\$ 668,803</u>

### 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Payables are comprised of the following at year-end:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Accounts payable	\$ 5,461,626	\$ 5,548,569
Accrued salaries and wages	2,064,391	72,882
Other accrued liabilities	553,201	116,878
Accrued interest payable	72,600	-
Claims and judgments payable	107,607	-
	<u>\$ 8,259,425</u>	<u>\$ 5,738,329</u>



# CITY OF NOVI, MICHIGAN

## Notes to Financial Statements

### 6. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2021, was as follows:

	Due from Other Funds	Due to Other Funds
General fund	\$ 602,337	\$ -
Capital improvement program	-	588,569
Nonmajor governmental funds	-	13,768
	<u>          </u>	<u>          </u>
<b>Total</b>	<u><u>\$ 602,337</u></u>	<u><u>\$ 602,337</u></u>

The above balances generally resulted from a time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Advances between funds are comprised of the following at year-end:

	Advances to Other Funds	Advances from Other Funds
Capital improvement program		
capital projects fund	\$ -	\$ 9,200,000
Water and sewer enterprise fund	9,200,000	-
	<u>          </u>	<u>          </u>
<b>Total</b>	<u><u>\$ 9,200,000</u></u>	<u><u>\$ 9,200,000</u></u>

To minimize the overall cost of securing funds to maximize the amount of capital projects that can be completed using the capital improvements millage, the City has identified long-term capital reserves in the water and sewer enterprise fund that are available for advancement to the capital improvement program capital projects fund without impacting the operations or rates charged to customers. On June 19, 2017, the City Council approved the advancement of an amount not to exceed \$17 million from the water and sewer enterprise fund to the capital improvement program capital projects fund to be disbursed on an "as needed" basis. The advancement will bear a fixed interest rate of 3%, which represents the approximate market rate of interest the City would pay if it bonded independently to fund the projects. The repayment period will not exceed 10 years, with amounts to be repaid monthly, via internal transfers, using the proceeds from the voter-approved capital improvements millage. Principal payments on the outstanding loan will be straight-line over the 10 year period beginning July 2017 through June 2027. Payments will have first preference from the annual capital improvements millage before any other expenditure from the capital improvement program capital projects fund.

# CITY OF NOVI, MICHIGAN

## Notes to Financial Statements

Advances between the primary government and component unit are as follows:

	Advances to Component Unit	Advances from Primary Government
Nonmajor governmental funds	\$ 3,663,123	\$ -
Corridor improvement authority	-	3,663,123
<b>Total</b>	<u>\$ 3,663,123</u>	<u>\$ 3,663,123</u>

The advance between the special assessment revolving nonmajor capital projects fund and the Corridor Improvement Authority (“CIA”) component unit is to advance fund the construction a portion of the crescent boulevard extension (NE portion of the Ring Road). The CIA will repay the internal borrowing with its annual tax captures and is projected to be paid in full over the next six years, beginning June 30, 2020, ending June 30, 2026.

For the current fiscal year, interfund transfers consisted of the following:

Transfers Out	Transfers in		
	Local Street Fund	Nonmajor Funds	Total
General fund	\$ -	\$ 446,716	\$ 446,716
Nonmajor governmental funds	7,130,000	170,000	7,300,000
	<u>\$ 7,130,000</u>	<u>\$ 616,716</u>	<u>\$ 7,746,716</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The transfer between the major street fund (a nonmajor special revenue fund) and the local street fund (a major special revenue fund) was allowable per Act 51. The transfer between the municipal streets fund (a nonmajor special revenue fund) and the local streets fund (a major special revenue fund) was to fund current and future street improvement projects. The transfer between the general fund and the parks, recreation and cultural services fund (a nonmajor special revenue fund) was to subsidize for older adult transportation rides within the city limits and to help subsidize capital expenditure purchases. The transfer between the general fund and the forfeiture fund (a nonmajor special revenue fund) was to subsidize forfeiture related expenditures as the fund awaits a significant reimbursement. The transfer between the perpetual drain fund (a nonmajor permanent fund) and the drain fund (a nonmajor special revenue fund) was to fund current and future drain improvement projects.

# CITY OF NOVI, MICHIGAN

## Notes to Financial Statements

### 7. CAPITAL ASSETS

Capital asset activity for the year of the City's governmental activities was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Governmental activities</b>					
Capital assets not being depreciated:					
Land	\$ 33,898,143	\$ 25,289	\$ -	\$ -	\$ 33,923,432
Construction in progress	29,160,478	6,263,918	-	(21,498,314)	13,926,082
	<u>63,058,621</u>	<u>6,289,207</u>	<u>-</u>	<u>(21,498,314)</u>	<u>47,849,514</u>
Capital assets being depreciated:					
Roads	139,374,290	6,200,245	(4,503,622)	6,311,059	147,381,972
Nonmotorized pathway improvements	12,795,598	93,099	-	1,497,329	14,386,026
Bridges	2,256,131	-	-	-	2,256,131
Drains	17,699,278	484,700	(1,201,063)	1,268,605	18,251,520
Buildings and Improvements	47,936,692	1,974	-	8,299,497	56,238,163
Machinery and equipment	21,338,418	1,747,738	(569,077)	1,529,134	24,046,213
Land improvements	6,042,896	469,018	-	2,592,690	9,104,604
Library books	3,797,832	444,451	(524,916)	-	3,717,367
	<u>251,241,135</u>	<u>9,441,225</u>	<u>(6,798,678)</u>	<u>21,498,314</u>	<u>275,381,996</u>
Less accumulated depreciation for:					
Roads	(75,615,093)	(5,817,687)	4,503,622	-	(76,929,158)
Nonmotorized pathway improvements	(5,342,246)	(645,597)	-	-	(5,987,843)
Bridges	(1,501,922)	(88,275)	-	-	(1,590,197)
Drains	(10,030,315)	(730,060)	1,201,063	-	(9,559,312)
Buildings and Improvements	(22,481,963)	(1,284,437)	-	-	(23,766,400)
Machinery and equipment	(14,701,251)	(1,669,999)	566,863	-	(15,804,387)
Land improvements	(473,101)	(364,184)	-	-	(837,285)
Library books	(1,103,789)	(269,404)	524,916	-	(848,277)
	<u>(131,249,680)</u>	<u>(10,869,643)</u>	<u>6,796,464</u>	<u>-</u>	<u>(135,322,859)</u>
Total capital assets being depreciated, net	<u>119,991,455</u>	<u>(1,428,418)</u>	<u>(2,214)</u>	<u>21,498,314</u>	<u>140,059,137</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 183,050,076</u>	<u>\$ 4,860,789</u>	<u>\$ (2,214)</u>	<u>\$ -</u>	<u>\$ 187,908,651</u>

# CITY OF NOVI, MICHIGAN

## Notes to Financial Statements

Capital asset activity for the year of the City's business-type activities was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Business-type activities</b>					
Capital assets not being depreciated:					
Land	\$ 2,272,256	\$ -	\$ -	\$ -	\$ 2,272,256
Construction in progress	10,591,207	11,802,622	-	(4,669,409)	17,724,420
	<u>12,863,463</u>	<u>11,802,622</u>	<u>-</u>	<u>(4,669,409)</u>	<u>19,996,676</u>
Capital assets being depreciated:					
Water and sewer distribution systems	194,110,051	2,461,545	(415,055)	127,188	196,283,729
Buildings and Improvements	28,752,511	15,692	-	3,045,220	31,813,423
Machinery and equipment	3,329,912	394,377	(22,540)	-	3,701,749
Land improvements	1,280,465	338,357	-	1,497,001	3,115,823
	<u>227,472,939</u>	<u>3,209,971</u>	<u>(437,595)</u>	<u>4,669,409</u>	<u>234,914,724</u>
Less accumulated depreciation for:					
Water and sewer distribution systems	(83,167,546)	(3,917,991)	415,055	-	(86,670,482)
Buildings and Improvements	(12,456,745)	(877,221)	-	-	(13,333,966)
Machinery and equipment	(2,214,375)	(289,409)	22,540	-	(2,481,244)
Land improvements	(222,828)	(135,071)	-	-	(357,899)
	<u>(98,061,494)</u>	<u>(5,219,692)</u>	<u>437,595</u>	<u>-</u>	<u>(102,843,591)</u>
Total capital assets being depreciated, net	<u>129,411,445</u>	<u>(2,009,721)</u>	<u>-</u>	<u>4,669,409</u>	<u>132,071,133</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 142,274,908</u>	<u>\$ 9,792,901</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,067,809</u>

# CITY OF NOVI, MICHIGAN

## Notes to Financial Statements

Capital asset activity for the year of the discretely presented component units was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Component Unit - Economic Development Corporation</b>					
Capital assets not being depreciated -					
Historical treasure	\$ 35,000	\$ -	\$ -	\$ -	\$ 35,000
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Component Unit - Corridor Improvement Authority</b>					
Capital assets not being depreciated -					
Construction in progress	\$ 2,901,173	\$ 1,065,083	\$ -	\$ -	\$ 3,966,256

Depreciation expense was charged to governmental activities functions as follows:

General government	\$ 473,236
Public safety	1,269,794
Public works	7,937,305
Community and economic development	48,939
Recreation and culture	<u>1,140,369</u>
Total governmental activities	<u>\$ 10,869,643</u>

Depreciation expense was charged to business-type activities functions as follows:

Water and sewer	\$ 4,454,628
Ice arena	313,106
Senior housing	<u>451,958</u>
Total business-type activities	<u>\$ 5,219,692</u>

Construction commitments consisted of the following at June 30, 2021:

<b>Governmental activities:</b>	
Sidewalks and pathways	\$ 548,870
Street construction	1,176,570
Land improvements	173,852
Building and improvements	293,476
Drains	<u>750,917</u>
	<u>\$ 2,943,685</u>
<b>Business-type activities</b>	
Water and sewer	<u>\$ 939,881</u>

# CITY OF NOVI, MICHIGAN

## Notes to Financial Statements

### 8. LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2021:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
<b>General obligation bonds</b>					
2008 Unlimited Tax Library Bonds, installments of \$750,000 to \$765,000 through October 1, 2020, interest at 4.00% to 5.00%	\$ 765,000	\$ -	\$ (765,000)	\$ -	\$ -
2016 Unlimited Tax Library Refunding Bonds, installments of \$265,000 to \$1,390,000 through October 1, 2026, interest at 2.0% to 4.0%	7,900,000	-	(305,000)	7,595,000	1,135,000
Total governmental activities general obligation bonds	8,665,000	-	(1,070,000)	7,595,000	1,135,000
<b>Unamortized premium</b>					
2016 Unlimited Tax Library Refunding Bonds	768,181	-	(128,030)	640,151	128,030
Compensated absences	2,564,095	2,232,679	(2,246,204)	2,550,570	2,040,456
<b>Total governmental activities</b>	<u>\$ 11,997,276</u>	<u>\$ 2,232,679</u>	<u>\$ (3,444,234)</u>	<u>\$ 10,785,721</u>	<u>\$ 3,303,486</u>

# CITY OF NOVI, MICHIGAN

## Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Business-type activities</b>					
<b>General obligation bonds</b>					
2014 Ice Arena Refunding Bonds, installments of \$485,000 to \$520,000 through June 1, 2024, interest at 2.4%	\$ 1,995,000	\$ -	\$ (490,000)	\$ 1,505,000	\$ 500,000
2015 Senior Complex Recreation Facility Refunding Bonds, installments of \$850,000 to \$1,020,000 through October 1, 2025, interest at 2.29%	5,575,000	-	(855,000)	4,720,000	850,000
Total business-type activities general obligation bonds	7,570,000	-	(1,345,000)	6,225,000	1,350,000
Compensated absences	73,775	72,504	(73,594)	72,685	72,685
<b>Total business-type activities</b>	<u>\$ 7,643,775</u>	<u>\$ 72,504</u>	<u>\$ (1,418,594)</u>	<u>\$ 6,297,685</u>	<u>\$ 1,422,685</u>

Annual debt service requirements to maturity for long-term debt are as follows:

Year Ended June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 1,135,000	\$ 267,700	\$ 1,350,000	\$ 134,476
2023	1,195,000	221,100	1,355,000	102,782
2024	1,240,000	172,400	1,500,000	69,959
2025	1,295,000	121,700	1,000,000	34,808
2026	1,340,000	75,700	1,020,000	11,679
2027	1,390,000	27,800	-	-
	<u>\$ 7,595,000</u>	<u>\$ 886,400</u>	<u>\$ 6,225,000</u>	<u>\$ 353,704</u>

All general obligation bonded debt is supported by the City's full faith and credit. Interest is payable on all obligations semi-annually. Principal is paid on an annual basis.

Compensated absences are generally liquidated by the general fund, parks, recreation, and cultural services special revenue fund, library special revenue fund, and the water and sewer enterprise fund.

# CITY OF NOVI, MICHIGAN

## Notes to Financial Statements

### 9. RISK MANAGEMENT

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for employee medical benefit claims, property and casualty claims, and for vehicle and contractor equipment damage claims. The City participates in the Michigan Municipal League (MML) risk pool for claims relating to workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past five fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The City estimates the liability for general liability claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported, as follows:

	Fiscal Year Ended June 30,	
	2021	2020
Estimated liability, beginning of year	\$ 58,225	\$ 147,437
Estimated claims incurred, including changes in estimates	35,108	(3,678)
Claim recoveries (payments)	14,274	(85,534)
<b>Estimated liability, end of year</b>	<b>\$ 107,607</b>	<b>\$ 58,225</b>

### 10. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of the date they are levied. City, county operating, ISD, community college, and 50% of school taxes are levied and due July 1 and become delinquent after August 31. Non-operating county taxes and the balance of school taxes are levied and due December 1 and become delinquent after February 14. In March, taxes on real property still delinquent are purchased by the County's tax revolving funds. Collections of ISD, community college, school, and county taxes and remittances are accounted for in the tax custodial fund. City property tax revenues are recognized in the fiscal year for which the taxes are levied.

The City is permitted by charter and state law to levy taxes up to \$6.50 per \$1,000 of assessed valuation for general operations other than the payment of principal and interest on long-term debt. The tax rate to finance general governmental services other than the payment of principal and interest on long-term debt for the year ended June 30, 2021 was \$4.7563 per \$1,000 of taxable value.



# CITY OF NOVI, MICHIGAN

## Notes to Financial Statements

### 11. TAX ABATEMENTS

The City received reduced property tax revenues during fiscal year 2021 as a result of industrial facilities tax exemptions (IFT's) and Brownfield Redevelopment agreements.

The IFT's were entered into based upon the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the City. The abatements amounted to approximately \$260,000 in reduced City tax revenues for fiscal year 2021.

Brownfield Redevelopment Agreements are granted in the State of Michigan under the Brownfield Redevelopment Act, PA 381 of 1996, as amended, and are intended to promote the redevelopment of properties with presence or perception of contamination. Under this act, a municipality may create a Brownfield Redevelopment Authority to develop and implement Brownfield projects. Tax increment financing may be used as a tool for property redevelopment. The abatements amounted to approximately \$88,000 in reduced City tax revenues for fiscal year 2021.

### 12. PENSION PLAN - AGENT MULTIPLE-EMPLOYER PLAN

#### *General Information About the Plan*

*Plan Description.* The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com).

*Employees Covered by Benefit Terms.* At the December 31, 2020 valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	217
Inactive employees entitled to but not yet receiving benefits	70
Active employees	<u>128</u>
<b>Total membership</b>	<u><u>415</u></u>

### *Contributions and Benefits Provided*

Employer and employee contribution amounts or rates and benefits provided, by division/bargaining unit, were as follows for the year ended June 30, 2021:

- **General Nonunion (Administrative Staff)** - Retirement benefits for employees are calculated as 2.5 percent of the employee's final three-year average salary times the employee's years of service with a retirement maximum benefit of 80 percent of final average compensation. Normal retirement age is 60 with early retirement at 55 with 25 years of service (unreduced), 55 with 15 years of service (reduced), or 50 with 25 years of service (reduced). The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction with duty disability no less than 25 percent of the member's final average compensation. Death benefits are computed in the same manner as a regular retirement allowance and may be payable to a spouse or children. Employees are eligible for nonduty death benefits after meeting the vesting requirements for a regular pension. The vesting requirements are waived for duty-connected death benefits, and the minimum benefit is 25 percent of the deceased member's final average compensation. An employee who leaves service before vesting withdraws his or her contributions plus any accumulated interest. Members contribute 4.48 percent of their salary to fund benefits. The defined benefit plan was closed to new hired members of this group effective May 1, 2006.
- **POLC** - Retirement benefits for employees are calculated as 2.8 percent of the employee's final three-year average salary times the employee's years of service with a retirement maximum benefit of 80 percent of final average compensation. Normal retirement age is 60 with early retirement at 55 with 25 years of service (unreduced) or 55 with 15 years of service (reduced). The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction with duty disability no less than 20 percent of the member's final average compensation. Death benefits are computed in the same manner as a regular retirement allowance and may be payable to a spouse or children. Employees are eligible for nonduty death benefits after meeting the vesting requirements for a regular pension. The vesting requirements are waived for duty-connected death benefits, and the minimum benefit is 25 percent of the deceased member's final average compensation. An employee who leaves service before vesting withdraws his or her contributions, plus any accumulated interest. Members contribute 9.24 percent of their salary to fund benefits. The defined benefit plan was closed to new hired members of this group effective May 1, 2006.

## CITY OF NOVI, MICHIGAN

### Notes to Financial Statements

- **Fire Local 3232** - Retirement benefits for employees are calculated as 2.5 percent of the employee's final three-year average salary times the employee's years of service with a retirement maximum benefit of 80 percent of final average compensation. Normal retirement age is 60 with early retirement at 50 with 25 years of service (unreduced) or 55 with 15 years of service (reduced). The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction with duty disability no less than 25 percent of the member's final average compensation. Death benefits are computed in the same manner as a regular retirement allowance and may be payable to a spouse or children. Employees are eligible for nonduty death benefits after meeting the vesting requirements for a regular pension. The vesting requirements are waived for duty-connected death benefits, and the minimum benefit is 25 percent of the deceased member's final average compensation. An employee who leaves service before vesting withdraws his or her contributions, plus any accumulated interest. Members contribute 6.33 percent of their salary to fund benefits. The defined benefit plan was closed to new hired members of this group effective June 1, 2009.
- **General Union (Police Clerks)** - Retirement benefits for employees are calculated as 2.5 percent of the employee's final three-year average salary times the employee's years of service with a retirement maximum benefit of 80 percent of final average compensation. Normal retirement age is 60 with early retirement at 50 with 25 years of service (reduced) or 55 with 15 years of service (reduced). The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction with duty disability no less than 25 percent of the member's final average compensation. Death benefits are computed in the same manner as a regular retirement allowance and may be payable to a spouse or children. Employees are eligible for nonduty death benefits after meeting the vesting requirements for a regular pension. The vesting requirements are waived for duty-connected death benefits, and the minimum benefit is 25 percent of the deceased member's final average compensation. An employee who leaves service before vesting withdraws his or her contributions, plus any accumulated interest. Members contribute 3.89 percent of their salary to fund benefits. The defined benefit plan was closed to new hired members of this group effective October 1, 2011.
- **MAPE** - Retirement benefits for employees are calculated as 2.25 percent of the employee's final five-year average salary times the employee's years of service with a retirement maximum benefit of 80 percent of final average compensation. Normal retirement age is 60 with early retirement at 50 with 25 years of service (reduced) or 55 with 15 years of service (reduced). The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction with duty disability no less than 25 percent of the member's final average compensation. Death benefits are computed in the same manner as a regular retirement allowance and may be payable to a spouse or children. Employees are eligible for nonduty death benefits after meeting the vesting requirements for a regular pension. The vesting requirements are waived for duty-connected death benefits, and the minimum benefit is 25 percent of the deceased member's final average compensation. An employee who leaves service before vesting withdraws his or her contributions, plus any accumulated interest. Members contribute 2.45 percent of their salary to fund benefits. The defined benefit plan was closed to new hired members of this group effective December 1, 2006.

## CITY OF NOVI, MICHIGAN

### Notes to Financial Statements

- **Library** - Retirement benefits for employees are calculated as 1.7 percent of the employee's final five-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 50 with 25 years of service (reduced) or 55 with 15 years of service (reduced). The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction with duty disability no less than 25 percent of the member's final average compensation. Death benefits are computed in the same manner as a regular retirement allowance and may be payable to a spouse or children. Employees are eligible for nonduty death benefits after meeting the vesting requirements for a regular pension. The vesting requirements are waived for duty-connected death benefits, and the minimum benefit is 25 percent of the deceased member's final average compensation. An employee who leaves service before vesting withdraws his or her contributions, plus any accumulated interest. Members contribute 3 percent of their salary under \$4,200 and 5 percent over \$4,200 to fund benefits. The defined benefit plan was closed to new hired members of this group effective July 1, 2007.
- **Appointed Officials** - Retirement benefits for employees are calculated as 2.5 percent of the employee's final three-year average salary times the employee's years of service with a retirement maximum benefit of 80 percent of final average compensation. Normal retirement age is 60 with early retirement at 55 with 25 years of service (unreduced), 55 with 15 years of service (reduced), or 50 with 25 years of service (reduced). The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction with duty disability no less than 25 percent of the member's final average compensation. Death benefits are computed in the same manner as a regular retirement allowance and may be payable to a spouse or children. Employees are eligible for nonduty death benefits after meeting the vesting requirements for a regular pension. The vesting requirements are waived for duty-connected death benefits, and the minimum benefit is 25 percent of the deceased member's final average compensation. An employee who leaves service before vesting withdraws his or her contributions, plus any accumulated interest. Members contribute 2.43 percent of their salary to fund benefits. The defined benefit plan was closed to new hired members of this group effective May 1, 2006.
- **Dispatchers** - Retirement benefits for employees are calculated as 2.5 percent of the employee's final three-year average salary times the employee's years of service with a retirement maximum benefit of 80 percent of final average compensation. Normal retirement age is 60 with early retirement at 50 with 25 years of service (unreduced) or 55 with 15 years of service (reduced). The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction with duty disability no less than 25 percent of the member's final average compensation. Death benefits are computed in the same manner as a regular retirement allowance and may be payable to a spouse or children. Employees are eligible for nonduty death benefits after meeting the vesting requirements for a regular pension. The vesting requirements are waived for duty-connected death benefits, and the minimum benefit is 25 percent of the deceased member's final average compensation. An employee who leaves service before vesting withdraws his or her contributions, plus any accumulated interest. Members contribute 4.11 percent of their salary to fund benefits. The defined benefit plan was closed to new hired members of this group effective September 1, 2011.

# CITY OF NOVI, MICHIGAN

## Notes to Financial Statements

- **COAM** - Retirement benefits for employees are calculated as 2.5 percent of the employee's final three-year average salary times the employee's years of service with a retirement maximum benefit of 80 percent of final average compensation. Normal retirement age is 60 with early retirement at 50 with 25 years of service (unreduced) or 55 with 15 years of service (reduced). The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction with duty disability no less than 25 percent of the member's final average compensation. Death benefits are computed in the same manner as a regular retirement allowance and may be payable to a spouse or children. Employees are eligible for nonduty death benefits after meeting the vesting requirements for a regular pension. The vesting requirements are waived for duty-connected death benefits, and the minimum benefit is 25 percent of the deceased members' final average compensation. An employee who leaves service before vesting withdraws his or her contributions, plus any accumulated interest. Members contribute 6.44 percent of their salary to fund benefits.
- **HA-POLC** - Members of this class of employees are eligible for a hybrid defined benefit defined contribution plan. These benefits are established by resolution of the City and negotiation with the collective bargaining unit representing these employees. Retirement benefits for employees participating in the hybrid plan are calculated as 1.5 percent of the employee's final three-year average salary times the employee's credited years of service. Normal retirement age is 60 with early retirement at 55 with 25 years of service (unreduced). The vesting period is six years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction with duty disability no less than 25 percent of the member's final average compensation. Death benefits are computed in the same manner as a regular retirement allowance and may be payable to a spouse or children. Employees are eligible for nonduty death benefits after meeting the vesting requirements for a regular pension. The vesting requirements are waived for duty-connected death benefits, and the minimum benefit is 25 percent of the deceased member's final average compensation. An employee who leaves service before vesting withdraws his or her contributions, plus any accumulated interest. Members of this group are not required to contribute to fund benefits.

*Net Pension Liability.* The City's net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	7.35%, net of investment and administrative expense including inflation

# CITY OF NOVI, MICHIGAN

## Notes to Financial Statements

The base mortality tables used are constructed as described below and are based on amount weighted sex distinct rates:

- Pre-retirement mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG-2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120
- Non-disabled retired plan members and beneficiaries mortality based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, and 106% of PubG-2010 Healthy Retiree Tables for ages 50-120
- Disables retired plan members mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of the most recent actuarial experience study of 2014-2018.

*Long-term Expected Rate of Return.* The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	60.0%	5.25%	3.15%
Global fixed income	20.0%	1.25%	0.25%
Private investments	<u>20.0%</u>	7.25%	1.45%
	<u>100.0%</u>		
Inflation			2.50%
Administrative expenses netted above			<u>0.25%</u>
<b>Investment rate of return</b>			<u><u>7.60%</u></u>

*Discount Rate.* The discount rate used to measure the total pension liability as of December 31, 2020 was 7.6%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# CITY OF NOVI, MICHIGAN

## Notes to Financial Statements

### Changes in Net Pension Liability

The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2019	\$ 107,930,517	\$ 68,371,196	\$ 39,559,321
Changes for the year:			
Service cost	1,177,587	-	1,177,587
Interest	7,991,416	-	7,991,416
Differences between expected and actual experience	365,639	-	365,639
Changes in assumptions	3,299,601	-	3,299,601
Employer contributions	-	4,245,191	(4,245,191)
Employee contributions	-	495,015	(495,015)
Net investment income	-	8,618,891	(8,618,891)
Benefit payments, including refunds of employee contributions	(6,738,163)	(6,738,163)	-
Administrative expense	-	(136,616)	136,616
Net changes	6,096,080	6,484,318	(388,238)
<b>Balances at December 31, 2020</b>	<b>\$ 114,026,597</b>	<b>\$ 74,855,514</b>	<b>\$ 39,171,083</b>

*Changes in assumptions.* A 5-year experience study analyzing historical experience from 2013 through 2018 was completed in February 2020. In addition to changes to the economic assumptions which took effect with the fiscal year 2021 contribution rates, the experience study recommended updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the City, calculated using the discount rate of 7.6%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.6%) or 1% higher (8.6%) than the current rate:

1% Decrease (6.6%)	Current Discount Rate (7.6%)	1% Increase (8.6%)
\$ 52,333,052	\$ 39,171,083	\$ 28,118,875

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

# CITY OF NOVI, MICHIGAN

## Notes to Financial Statements

### *Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions*

For the year ended June 30, 2021, the City recognized pension expense of \$4,837,930. The City reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 449,525	\$ -	\$ 449,525
Changes in assumptions	3,299,362	-	3,299,362
Net difference between projected and actual earnings on pension plan investments	-	2,381,506	(2,381,506)
	<u>3,748,887</u>	<u>2,381,506</u>	<u>1,367,381</u>
Contributions subsequent to the measurement date	1,002,533	-	1,002,533
<b>Total</b>	<u>\$ 4,751,420</u>	<u>\$ 2,381,506</u>	<u>\$ 2,369,914</u>

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending June 30, 2022. Other amounts reported as deferred outflows/inflows of resources related to the pension will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2022	\$ 2,071,543
2023	1,387,962
2024	(1,391,367)
2025	<u>(700,757)</u>
<b>Total</b>	<u>\$ 1,367,381</u>

*Payable to the Pension Plan.* At June 30, 2021, the City had \$697,705 payable for contributions to the pension plan.

The net pension liability is generally liquidated by the general fund and the water and sewer enterprise fund.



# CITY OF NOVI, MICHIGAN

## Notes to Financial Statements

### 13. DEFINED CONTRIBUTION PENSION PLAN

Effective May 1, 2006, December 1, 2006, July 1, 2007, June 1, 2009, September 1, 2011, and October 1, 2011, all new administrative, MAPE, library, full-time firefighter employees, dispatchers, and police clerks, respectively, will participate in the MERS defined contribution (DC) program. Administrative employees hired prior to May 1, 2006 had the irrevocable option to transfer from the defined benefit (DB) program to the DC program on December 1, 2006. MAPE employees hired prior to December 1, 2006 had an irrevocable option to transfer from the DB program to the DC program on June 1, 2007.

The City and each member contribute a percentage of eligible earnings to an individual account established for each participant. For the administrative and MAPE groups, the City's contribution rate is 8 percent, and the employee's contribution rate is 3 percent. For the dispatch and fire groups, the City's contribution rate is 10 percent, and the employee's contribution rate is 6 percent. For the police clerks group, the City's contribution rate is 8 percent, and the employee's contribution rate is 6 percent. For the library group, the City's contribution rate is 6 percent, and the employee's contribution rate is 3 percent.

All contributions are remitted to a third-party plan administrator. The DC plan maintains a schedule of vesting with the participants becoming fully vested upon completion of seven years of continuous service. The contribution requirements of plan members are established and may be amended by the City Council in accordance with city policies, union contracts, and MERS plan provisions. There were 169 members participating in the DC plan as of June 30, 2021. During the year ended June 30, 2021, the City contributed \$550,371 to the plan.

### 14. POSTEMPLOYMENT HEALTH BENEFITS

*Plan Administration.* The City provides healthcare benefits to most full-time employees upon retirement through a single employer postemployment benefit plan. The City includes pre-Medicare retirees and their spouses in its insured healthcare plan. The City purchases Medicare supplemental insurance for retirees eligible for Medicare. This healthcare benefit plan is closed to all administrative employees hired after May 1, 2006, MAPE employees hired after December 1, 2006, full-time firefighter employees hired after June 1, 2009, dispatchers hired after September 1, 2011, police clerks hired after October 1, 2011, and POLC employees hired after April 1, 2012. These employees are enrolled into an individual retiree healthcare savings account. The benefits are provided under collective bargaining agreements. The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the plan through employer contributions.

The City has created a retiree's health care fund, an other employee benefit trust, in anticipation of pre-funding retiree's health care for employees. The funds set aside are held in a fund authorized by Public Act 149 of the State of Michigan.

Management of the plan is vested in the City Council, which consists of seven elected members.

*Plans Membership.* Membership of the plans consisted of the following at June 30, 2019 (the date of the most recent valuation):

Inactive plan members receiving or entitled to future benefits	88
Active plan members	<u>112</u>
<b>Total</b>	<u><u>200</u></u>

# CITY OF NOVI, MICHIGAN

## Notes to Financial Statements

*Benefits Provided.* The City of Novi Retiree Health Care Plan provides healthcare, prescription drug, and vision benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and 80 percent of the cost of benefits is covered by the plan.

*Contributions.* The City has no obligation to make contributions in advance of when the insurance premiums or benefits are due for payment; in other words, the plan may be financed on a pay-as-you-go basis. Administrative costs of the plan are paid for by the City's Retiree Health Care Benefits Trust fund. Plan participants are required to make co-payments, as noted above. For the year ended June 30, 2021, employer contributions totaled \$73,750, which includes the implicit rate subsidy of \$36,798.

*Actuarial Assumptions.* The total other postemployment liability was determined by respective actuarial valuations as of June 30, 2019 (and rolled forward to June 30, 2021), using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry-age normal
Amortization method	Level dollar
Remaining amortization period	19 years, closed
Asset valuation method	Market value of assets
Price inflation	2.5%
Salary increases	3.0% to 14.0%, including inflation
Investment rate of return	7.0%, net of OPEB plan investment expense
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	<p>The rates of mortality used for individual members are in accordance with the following tables:</p> <p>The mortality table used to project the mortality experience of non-disabled plan members is a 50% Male - 50% Female blend of the following tables:</p> <ol style="list-style-type: none"> <li>1) The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%</li> <li>2) The RP-2014 Employee Mortality Tables</li> <li>3) The RP-2014 Juvenile Mortality Tables</li> </ol> <p>For ages 0-17, the rates in Table 3 are used; for ages 18-49, the rates in Table 2 are used; for ages 70 and older, the rates in Table 1 are used; and for ages 50-69 a blend Table 2 and Table 1 is used, which is prorated based on age.</p> <p>The mortality table used to project the mortality experience of disabled plan members is a 50% Male - 50% Female blend of the RP-2014 Disabled Retiree Mortality Tables.</p> <p>Ninety percent (90%) of active member deaths are assumed to be non-duty deaths and 10% of the deaths are assumed to be duty related.</p> <p>Possible future mortality improvements are reflected in the mortality assumption. The mortality assumptions include a 10% margin for future mortality improvements, relative to the actual mortality experience seen in the 2009-2013 Experience Study, as performed by the prior MERS pension actuary.</p>
Healthcare cost trend rate	8.25%, gradually decreasing to 3.5% in year 10

# CITY OF NOVI, MICHIGAN

## Notes to Financial Statements

*Long-term Expected Rate of Return.* The long-term expected rate of return on other postemployment benefit plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the other postemployment benefit plan's target asset allocation as of June 30, 2021 (see the discussion below of the investment allocation policy) are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	60.0%	5.25%	3.15%
Global fixed income	20.0%	1.25%	0.25%
Private investments	20.0%	7.25%	1.45%
	<u>100.0%</u>		
Inflation			2.50%
Risk adjustment			<u>-0.35%</u>
<b>Investment rate of return</b>			<u><u>7.00%</u></u>

*Investment Allocation Policy.* It is the objective of the City to diversify its investment portfolios. Assets held in the common cash fund and other investment funds shall be diversified to eliminate the risk of loss resulting from over concentration of assets of a specific maturity, individual financial institution, or type of security. Diversification strategies shall be determined and revised by the City Treasurer from time to time to meet diversification objectives (reducing overall portfolio risk while attaining market or above market average rates of return). It is also understood that temporary deviations from this objective may be necessary from time to time in order to accommodate certain financial goals and obligations. Investment maturities for operating funds shall be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures (payroll, debt service), as well as considering sizable blocks of anticipated revenue (taxes, state revenue sharing payments). It is also desirable to maintain a portfolio that has no more than a 50% concentration in commercial paper. It is also desirable to maintain an individual fund at a 50% concentration in commercial paper or less. However, short-term fluctuations over the 50% target are acceptable within the individual fund as long as the entire portfolio maintains no more than a 50% concentration. Permitted pool accounts will not be limited in use except by the general limitations issued under this policy under diversification and by the liquidity/safety/yield principle. Direct term purchases by the investment officer of repurchase agreements or Bankers Acceptances generally should not exceed 25% of the fund portfolio. CD's shall not be limited in use within the portfolio.

## CITY OF NOVI, MICHIGAN

### Notes to Financial Statements

*Discount Rate.* A single discount rate of 7.00% was used to measure the total other postemployment benefit liability. This single discount rate was based on the expected rate of return on other postemployment benefit plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the other postemployment benefit plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total other postemployment benefit liability.

*Rate of Return.* For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 27.21%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Changes in the Net Other Postemployment Benefit Liability (Asset).* The components of the change in the net other postemployment benefit asset are summarized as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB (Asset) (a) - (b)
Balances at June 30, 2020	\$ 28,818,271	\$ 31,322,380	\$ (2,504,109)
Changes for the year:			
Service cost	360,278	-	360,278
Interest	1,996,301	-	1,996,301
Differences between expected and actual experience	(217,034)	-	(217,034)
Employer contributions	-	73,750	(73,750)
Net investment income	-	9,140,709	(9,140,709)
Benefit payments, including refunds of employee contributions	(959,652)	(959,652)	-
Administrative expense	-	(9,000)	9,000
Net changes	<u>1,179,893</u>	<u>8,245,807</u>	<u>(7,065,914)</u>
<b>Balances at June 30, 2021</b>	<u>\$ 29,998,164</u>	<u>\$ 39,568,187</u>	<u>\$ (9,570,023)</u>

# CITY OF NOVI, MICHIGAN

## Notes to Financial Statements

*Sensitivity of the Net OPEB Asset to Changes in the Discount Rate.* The following presents the net OPEB asset of the City, calculated using the discount rate of 7.00%, as well as what the City's net OPEB asset would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate:

1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
\$ (5,755,068)	\$ (9,570,023)	\$ (12,753,729)

*Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rates.* The following presents the net OPEB asset of the City, calculated using the healthcare cost trend rate of 8.25% graded down to 3.50% over ten years, as well as what the City's net OPEB asset would be if it were calculated using a healthcare cost trend rate that is 1% lower (7.25% graded down to 2.50% over ten years) or 1% higher (9.25% graded down to 4.5% over ten years) than the current rate:

1% Decrease (7.25% graded down to 2.50%)	Current Healthcare Cost Trend Rate (8.25% graded down to 3.50%)	1% Increase (9.25% graded down to 4.50%)
\$ (13,479,955)	\$ (9,570,023)	\$ (4,799,889)

*Other postemployment benefit expense and deferred outflows/inflows of resources related to other postemployment benefits.* For the year ended June 30, 2021, the City recognized other postemployment benefit expense of \$(1,787,165). At June 30, 2021, the City reported deferred outflows and inflows of resources related to other postemployment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 3,658,928	\$ (3,658,928)
Changes in assumptions	1,379,004	-	1,379,004
Net difference between projected and actual earnings on other postemployment benefit plan investments	-	5,664,040	(5,664,040)
<b>Total</b>	<b>\$ 1,379,004</b>	<b>\$ 9,322,968</b>	<b>\$ (7,943,964)</b>

The net other postemployment benefit liability (asset) is generally liquidated by the general fund and the water and sewer fund.

# CITY OF NOVI, MICHIGAN

## Notes to Financial Statements

Amounts reported as deferred outflows and inflows of resources related to other postemployment benefits will be recognized in other postemployment benefits expense through annual amortization as follows:

Year Ended June 30,	Amount
2022	\$ (2,340,497)
2023	(2,176,504)
2024	(1,830,271)
2025	(1,587,768)
2026	<u>(8,924)</u>
	<u>\$ (7,943,964)</u>

### 15. NET INVESTMENT IN CAPITAL ASSETS

The composition of the net investment in capital assets as of June 30, 2021, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 47,849,514	\$ 19,996,676	\$ 4,001,256
Capital assets being depreciated, net	<u>140,059,137</u>	<u>132,071,133</u>	<u>-</u>
	187,908,651	152,067,809	4,001,256
Related debt:			
Bonds payable	7,595,000	6,225,000	-
Unamortized bond premium	640,151	-	-
Advance from primary government	-	-	3,663,123
Less unamortized deferred charge on refunding	<u>(470,979)</u>	<u>-</u>	<u>-</u>
	7,764,172	6,225,000	3,663,123
<b>Net investment in capital assets</b>	<u>\$ 180,144,479</u>	<u>\$ 145,842,809</u>	<u>\$ 338,133</u>

### 16. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in the demands on the City for providing emergency services to its citizens, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. The City directly received over \$5.2 million during 2021 from various funding sources to be used to respond to the impacts of the COVID-19 pandemic through the CARES Act and other funding sources. This funding was used to provide relief in multiple areas such as vaccination programs, personal protection equipment (PPE) programs, small business grants, housing assistance and food and transportation assistance among others.



## **REQUIRED SUPPLEMENTARY INFORMATION**

## CITY OF NOVI, MICHIGAN

### Required Supplementary Information

#### MERS Agent Multiple-Employer Defined Benefit Pension Plan

#### Schedule of Changes in the City's Net Pension Liability and Related Ratios

	Year Ended June 30,			
	2021	2020	2019	2018
<b>Change in total pension liability</b>				
Service cost	\$ 1,177,587	\$ 1,197,540	\$ 1,225,434	\$ 1,255,498
Interest	7,991,416	7,897,801	7,788,580	7,586,392
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	365,639	617,296	(1,404,136)	(366,993)
Changes of assumptions	3,299,601	3,298,884	-	-
Benefit payments, including refunds of member contributions	(6,738,163)	(6,409,461)	(6,051,911)	(5,813,104)
<b>Net change in total pension liability</b>	<u>6,096,080</u>	<u>6,602,060</u>	<u>1,557,967</u>	<u>2,661,793</u>
<b>Total pension liability, beginning</b>	<u>107,930,517</u>	<u>101,328,457</u>	<u>99,770,490</u>	<u>97,108,697</u>
<b>Total pension liability, ending (a)</b>	<u>114,026,597</u>	<u>107,930,517</u>	<u>101,328,457</u>	<u>99,770,490</u>
<b>Change in plan fiduciary net position</b>				
Contributions - employer	4,245,191	4,359,997	4,389,615	3,725,305
Contributions - member	495,015	520,863	528,872	558,097
Net investment income (loss)	8,618,891	8,323,727	(2,592,555)	7,797,188
Benefit payments, including refunds of member contributions	(6,738,163)	(6,409,461)	(6,051,911)	(5,813,104)
Administrative expense	(136,616)	(143,529)	(126,495)	(123,263)
<b>Net change in plan fiduciary net position</b>	<u>6,484,318</u>	<u>6,651,597</u>	<u>(3,852,474)</u>	<u>6,144,223</u>
<b>Plan fiduciary net position, beginning</b>	<u>68,371,196</u>	<u>61,719,599</u>	<u>65,572,073</u>	<u>59,427,850</u>
<b>Plan fiduciary net position, ending (b)</b>	<u>74,855,514</u>	<u>68,371,196</u>	<u>61,719,599</u>	<u>65,572,073</u>
<b>City's net pension liability, ending (a)-(b)</b>	<u>\$ 39,171,083</u>	<u>\$ 39,559,321</u>	<u>\$ 39,608,858</u>	<u>\$ 34,198,417</u>
Plan fiduciary net position as a percentage of the total pension liability	65.6%	63.3%	60.9%	65.7%
Covered payroll	\$ 10,519,199	\$ 10,574,181	\$ 10,645,669	\$ 10,616,668
City's net pension liability as a percentage of covered payroll	372.4%	374.1%	372.1%	322.1%

See notes to required supplementary information.





Year Ended June 30,		
2017	2016	2015

\$ 1,279,328	\$ 1,402,754	\$ 1,495,687
7,325,066	6,983,009	6,687,807
-	23,615	-
248,579	301,433	-
-	3,305,619	-
<u>(5,335,884)</u>	<u>(4,731,967)</u>	<u>(4,385,711)</u>
3,517,089	7,284,463	3,797,783
<u>93,591,608</u>	<u>86,307,145</u>	<u>82,509,362</u>
<u>97,108,697</u>	<u>93,591,608</u>	<u>86,307,145</u>

3,115,902	3,024,626	3,648,998
602,714	652,652	712,076
6,176,312	(898,140)	3,399,244
(5,335,884)	(4,731,967)	(4,385,711)
<u>(122,174)</u>	<u>(124,928)</u>	<u>(126,196)</u>
4,436,870	(2,077,757)	3,248,411
<u>54,990,980</u>	<u>57,068,737</u>	<u>53,820,326</u>
<u>59,427,850</u>	<u>54,990,980</u>	<u>57,068,737</u>
<u>\$ 37,680,847</u>	<u>\$ 38,600,628</u>	<u>\$ 29,238,408</u>

61.2%	58.8%	66.1%
\$ 10,614,530	\$ 11,371,927	\$ 12,101,246
355.0%	339.4%	241.6%

## CITY OF NOVI, MICHIGAN

### Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan  
Schedule of City Contributions

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2021	\$ 4,252,968	\$ 4,886,819	\$ (633,851)	\$ 12,095,482	40.4%
6/30/2020	4,388,425	4,388,425	-	11,078,798	39.6%
6/30/2019	3,963,525	4,273,525	(310,000)	11,316,209	37.8%
6/30/2018	3,769,303	4,219,303	(450,000)	12,710,865	33.2%
6/30/2017	3,137,158	3,137,158	-	11,360,375	27.6%
6/30/2016	3,054,597	3,054,597	-	12,074,423	25.3%
6/30/2015	2,628,762	2,628,762	-	12,710,865	20.7%

See notes to required supplementary information.

**CITY OF NOVI, MICHIGAN**

**Required Supplementary Information**

Retiree Healthcare Benefits Plan

Schedule of Changes in the City's Net Other Postemployment Benefit Liability (Asset) and Related Ratios

	Year Ended June 30,				
	2021	2020	2019	2018	2017
<b>Change in total other postemployment benefit liability</b>					
Service cost	\$ 360,278	\$ 359,236	\$ 416,798	\$ 372,847	\$ 440,432
Interest	1,996,301	2,117,673	2,017,676	2,136,783	2,030,554
Differences between expected and actual experience	(217,034)	(3,397,416)	(15,504)	(4,022,732)	(86,522)
Changes of assumptions	-	1,222,422	-	1,819,912	-
Benefit payments, including refunds of member contributions	(959,652)	(1,026,609)	(995,230)	(948,145)	(885,353)
Other changes	-	-	(35,068)	-	-
<b>Net change in total other postemployment benefit liability</b>	<u>1,179,893</u>	<u>(724,694)</u>	<u>1,388,672</u>	<u>(641,335)</u>	<u>1,499,111</u>
<b>Total other postemployment benefit liability, beginning</b>	<u>28,818,271</u>	<u>29,542,965</u>	<u>28,154,293</u>	<u>28,795,628</u>	<u>27,296,517</u>
<b>Total other postemployment benefit liability, ending (a)</b>	<u>29,998,164</u>	<u>28,818,271</u>	<u>29,542,965</u>	<u>28,154,293</u>	<u>28,795,628</u>
<b>Change in plan fiduciary net position</b>					
Contributions - employer	73,750	315,689	363,994	613,678	617,207
Net investment income	9,140,709	1,222,103	2,224,284	2,845,010	3,399,591
Benefit payments, including refunds of member contributions	(959,652)	(1,026,609)	(995,230)	(948,145)	(885,353)
Administrative expense	(9,000)	(20,774)	(293,629)	(293,400)	(245,933)
Other	-	-	-	244	-
<b>Net change in plan fiduciary net position</b>	<u>8,245,807</u>	<u>490,409</u>	<u>1,299,419</u>	<u>2,217,387</u>	<u>2,885,512</u>
<b>Plan fiduciary net position, beginning</b>	<u>31,322,380</u>	<u>30,831,971</u>	<u>29,532,552</u>	<u>27,315,165</u>	<u>24,429,653</u>
<b>Plan fiduciary net position, ending (b)</b>	<u>39,568,187</u>	<u>31,322,380</u>	<u>30,831,971</u>	<u>29,532,552</u>	<u>27,315,165</u>
<b>City's net other postemployment benefit liability (asset), ending (a)-(b)</b>	<u>\$ (9,570,023)</u>	<u>\$ (2,504,109)</u>	<u>\$ (1,289,006)</u>	<u>\$ (1,378,259)</u>	<u>\$ 1,480,463</u>
Plan fiduciary net position as a percentage of the total other postemployment benefit liability	131.90%	108.69%	104.36%	104.90%	94.86%
Covered payroll	\$ 8,785,682	\$ 9,388,956	\$ 10,505,955	\$ 10,800,824	\$ 10,711,843
City's net other postemployment benefit liability (asset) as a percentage of covered payroll	-108.93%	-26.67%	-12.27%	-12.76%	13.82%

See notes to required supplementary information.

## CITY OF NOVI, MICHIGAN

### Required Supplementary Information

Retiree Healthcare Benefits Plan

Schedule of City Contributions

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2021	\$ 36,952	\$ 73,750	\$ (36,798)	\$ 8,785,682	0.8%
6/30/2020	277,238	315,689	(38,451)	9,388,956	3.4%
6/30/2019	277,674	363,994	(86,320)	10,505,955	3.5%
6/30/2018	613,678	647,350	(33,672)	10,800,824	6.0%
6/30/2017	617,207	617,207	-	10,711,843	5.8%

See notes to required supplementary information.

# CITY OF NOVI, MICHIGAN

## Required Supplementary Information

Retiree Healthcare Benefits Plan

Schedule of Investment Returns

<b>Fiscal Year Ended</b>	<b>Annual Money- Weighted Rate of Return, net of Investment Expense</b>
6/30/2021	27.21%
6/30/2020	3.35%
6/30/2019	6.81%
6/30/2018	8.99%
6/30/2017	12.20%

See notes to required supplementary information.

# CITY OF NOVI, MICHIGAN

## Notes to Required Supplementary Information

### Pension Information

GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

The significant changes in benefit terms for the year ended June 30, 2016 were as follows:

- Employee contributions for the Fire Local 3232 employees decreased from 8.83% to 6.33%.

The significant changes in assumptions for the year ended June 30, 2016 were as follows:

- The mortality table was adjusted to reflect longer lifetimes.
- The assumed annual rate of investment return, net of all expenses, was lowered from 8% to 7.75%.
- The asset smoothing was changed from 10 to 5 years.
- The amortization period was moved to a fixed period amortization for the December 31, 2014 annual valuations.

The significant changes in assumptions for the year ended June 30, 2020 were as follows:

- The investment rate of return assumption decreased from 7.75% to 7.35%.
- The assumed rate of wage inflation decreased from 3.75% to 3.00%.

The significant changes in assumptions for the year ended June 30, 2021 were as follows:

- There were updates to demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates.

### Notes to Schedule of Contributions

Valuation date Actuarially determined contribution rates are calculated as of the December 31 that is 18 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates (2021, based on the 12/31/2018 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	20 years
Asset valuation method	5-year smooth market
Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation
Normal retirement age	Age 60
Mortality	50% Female/50% Male blend of the RP-2014 Healthy Annuitant Mortality Tables with rates multiplied by 105%, the RP-2014 Employee Mortality Tables, and the RP-2014 Juvenile Mortality Tables

# CITY OF NOVI, MICHIGAN

## Notes to Required Supplementary Information

### OPEB Information

GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

The June 30, 2018 changes in assumptions are due to the following:

- Removal of the Excise Tax load to the liabilities, to account for future excise taxes for Cadillac plans under the Patient Protection and Affordable Care Act (PPACA).
- Resetting the health care cost trend assumption.
- The long-term rate of investment return used for GASB Statement Nos. 74 and 75 reporting purpose was 7.25%. For purposes of the June 30, 2017 GASB Statement No. 74 report the long-term rate of investment return used was 7.50%.

The June 30, 2020 changes in assumptions are due to the following:

- A reduction in the valuation interest rate assumption from 7.50% to 7.00%.
- Resetting the initial health care cost trend assumption to 8.25%.
- Updating the mortality tables and other demographic assumptions to be consistent with the MERS pension assumptions.

### Notes to Schedule of Contributions

Valuation date Actuarially determined contribution rates are calculated as of June 30 that is 24 months prior to the beginning of the fiscal year for which the contributions are reported.

Methods and assumptions used to determine contribution rates (2021, based on the 6/30/2019 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level dollar
Remaining amortization period	18 years, closed
Asset valuation method	Market value of assets
Price inflation	2.5%
Salary increases	3.0% to 14.0%, including inflation
Investment rate of return	7.0%, net of OPEB plan investment expense
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	The mortality table used to project the mortality experience of non-disabled plan members is 50% Male - 50% Female blend of the following tables: 1) The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%; 2) The RP-2014 Employee Mortality Tables; and, 3) The RP-2014 Juvenile Mortality Tables
Healthcare cost trend rate	Initial trend of 8.25%, gradually decreasing to 3.5% in year 10
Excise tax	No load was applied in connection with the "Cadillac" tax
Aging factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

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**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

# CITY OF NOVI, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes:				
Current property taxes	\$ 24,606,417	\$ 24,531,886	\$ 24,586,142	\$ 54,256
Trailer fees	11,750	10,966	10,961	(5)
Penalties and interest	165,000	251,410	251,410	-
Licenses, permits, and charges for services	4,277,333	3,742,815	3,133,342	(609,473)
Intergovernmental:				
Federal grants	80,000	3,100,663	4,974,494	1,873,831
State grants	4,411,243	5,979,987	5,640,504	(339,483)
Fines and forfeitures	330,000	330,000	354,961	24,961
Investment income	697,211	697,211	528,750	(168,461)
Donations	1,000	27,194	26,794	(400)
Other	727,870	574,840	550,706	(24,134)
<b>Total revenues</b>	<b>35,307,824</b>	<b>39,246,972</b>	<b>40,058,064</b>	<b>811,092</b>
<b>Expenditures</b>				
Current:				
General government:				
City council:				
Personnel services	36,128	36,109	36,108	(1)
Supplies	200	200	70	(130)
Other services and charges	28,252	29,351	26,987	(2,364)
Total city council	64,580	65,660	63,165	(2,495)
City manager:				
Personnel services	584,071	525,244	516,725	(8,519)
Supplies	1,500	2,600	1,483	(1,117)
Other services and charges	106,649	98,380	75,961	(22,419)
Total city manager	692,220	626,224	594,169	(32,055)
Finance:				
Personnel services	883,994	791,476	784,067	(7,409)
Supplies	9,200	9,200	8,955	(245)
Other services and charges	79,930	83,160	76,656	(6,504)
Total finance	973,124	883,836	869,678	(14,158)
Treasury:				
Personnel services	283,566	332,316	331,483	(833)
Supplies	28,500	26,900	11,861	(15,039)
Other services and charges	43,915	40,793	39,445	(1,348)
Total treasury	355,981	400,009	382,789	(17,220)

continued...

# CITY OF NOVI, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Expenditures (continued):</b>				
Current (continued):				
General government (continued):				
Integrated solutions:				
Personnel services	\$ 830,780	\$ 879,209	\$ 878,136	\$ (1,073)
Supplies	90,380	82,880	80,598	(2,282)
Other services and charges	457,542	408,635	384,675	(23,960)
Capital outlay	75,240	183,490	183,489	(1)
Total integrated solutions	1,453,942	1,554,214	1,526,898	(27,316)
Assessing:				
Personnel services	670,449	652,674	650,987	(1,687)
Supplies	19,100	17,965	15,997	(1,968)
Other services and charges	188,625	129,360	115,811	(13,549)
Total assessing	878,174	799,999	782,795	(17,204)
City attorney, insurance, and claims:				
Other services and charges	813,303	728,601	655,376	(73,225)
Capital outlay	50,000	41,702	41,701	(1)
Total city attorney, insurance, and claims	863,303	770,303	697,077	(73,226)
City clerk:				
Personnel services	693,973	624,302	619,919	(4,383)
Supplies	69,000	96,509	90,904	(5,605)
Other services and charges	172,046	196,121	190,362	(5,759)
Capital outlay	66,930	-	-	-
Total city clerk	1,001,949	916,932	901,185	(15,747)
Facility management:				
Personnel services	356,819	295,113	292,733	(2,380)
Supplies	18,500	22,227	20,544	(1,683)
Other services and charges	635,212	674,238	657,782	(16,456)
Capital outlay	262,500	575,471	461,751	(113,720)
Total facility management	1,273,031	1,567,049	1,432,810	(134,239)
Park maintenance:				
Personnel services	545,415	530,416	526,240	(4,176)
Supplies	23,500	23,720	23,710	(10)
Other services and charges	314,971	381,790	377,935	(3,855)
Capital outlay	234,880	136,817	126,144	(10,673)
Total park maintenance	1,118,766	1,072,743	1,054,029	(18,714)
Human resources:				
Personnel services	410,581	445,616	423,457	(22,159)
Supplies	1,000	2,800	1,642	(1,158)
Other services and charges	169,757	132,249	97,591	(34,658)
Total human resources	581,338	580,665	522,690	(57,975)

continued...

# CITY OF NOVI, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Expenditures (continued):</b>				
Current (continued):				
General government (concluded):				
Community relations:				
Personnel services	\$ 275,442	\$ 280,341	\$ 278,385	\$ (1,956)
Supplies	10,900	19,804	18,686	(1,118)
Other services and charges	373,097	323,363	301,370	(21,993)
Capital outlay	60,000	60,000	-	(60,000)
Total community relations	<u>719,439</u>	<u>683,508</u>	<u>598,441</u>	<u>(85,067)</u>
Economic development:				
Personnel services	12,312	90,844	69,300	(21,544)
Supplies	2,500	1,783	861	(922)
Other services and charges	38,316	26,005	24,267	(1,738)
Total economic development	<u>53,128</u>	<u>118,632</u>	<u>94,428</u>	<u>(24,204)</u>
Total general government	<u>10,028,975</u>	<u>10,039,774</u>	<u>9,520,154</u>	<u>(519,620)</u>
Public safety:				
Police:				
Personnel services	12,094,466	12,842,477	12,837,984	(4,493)
Supplies	291,500	364,309	361,745	(2,564)
Other services and charges	1,042,945	1,226,211	1,220,831	(5,380)
Capital outlay	88,950	193,578	109,847	(83,731)
Total police	<u>13,517,861</u>	<u>14,626,575</u>	<u>14,530,407</u>	<u>(96,168)</u>
Fire:				
Personnel services	5,141,565	5,670,530	5,664,610	(5,920)
Supplies	185,110	203,384	200,790	(2,594)
Other services and charges	659,200	762,068	739,747	(22,321)
Capital outlay	177,520	167,307	98,133	(69,174)
Total fire	<u>6,163,395</u>	<u>6,803,289</u>	<u>6,703,280</u>	<u>(100,009)</u>
Total public safety	<u>19,681,256</u>	<u>21,429,864</u>	<u>21,233,687</u>	<u>(196,177)</u>
Public works:				
Administration:				
Personnel services	332,224	370,201	363,368	(6,833)
Supplies	10,400	44,221	41,797	(2,424)
Other services and charges	125,838	235,571	217,251	(18,320)
Capital outlay	-	83,669	16,606	(67,063)
Total administration	<u>468,462</u>	<u>733,662</u>	<u>639,022</u>	<u>(94,640)</u>

continued...

# CITY OF NOVI, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Expenditures (continued):</b>				
Current (continued):				
Public works (concluded):				
Engineering:				
Personnel services	\$ 488,156	\$ 524,614	\$ 521,864	\$ (2,750)
Supplies	2,000	2,000	1,091	(909)
Other services and charges	158,698	174,906	112,957	(61,949)
Allocated to other funds	(371,784)	(371,784)	(371,784)	-
Capital outlay	149,270	73,419	69,218	(4,201)
Total engineering	426,340	403,155	333,346	(69,809)
Field operations:				
Personnel services	1,790,192	1,949,039	1,905,395	(43,644)
Supplies	109,500	106,354	103,709	(2,645)
Maintenance	200,455	164,630	164,630	-
Other services and charges	423,033	496,431	476,940	(19,491)
Allocated to other funds	(1,600,000)	(1,305,507)	(1,305,508)	(1)
Capital outlay	11,040	363,844	363,842	(2)
Total field operations	934,220	1,774,791	1,709,008	(65,783)
Fleet asset:				
Personnel services	439,153	455,197	452,863	(2,334)
Supplies	27,000	36,229	35,145	(1,084)
Other services and charges	334,579	305,893	289,893	(16,000)
Allocated to other funds	(36,000)	(34,913)	(34,913)	-
Capital outlay	189,500	275,540	98,547	(176,993)
Total fleet asset	954,232	1,037,946	841,535	(196,411)
Total public works	2,783,254	3,949,554	3,522,911	(426,643)
Community and economic development:				
Building:				
Personnel services	1,806,500	1,648,238	1,644,514	(3,724)
Supplies	26,500	48,639	41,949	(6,690)
Other services and charges	191,855	189,044	159,371	(29,673)
Capital outlay	17,360	9,806	9,806	-
Total building	2,042,215	1,895,727	1,855,640	(40,087)
Planning:				
Personnel services	415,357	477,190	471,424	(5,766)
Supplies	5,600	5,600	1,642	(3,958)
Other services and charges	101,359	81,720	47,347	(34,373)
Total planning	522,316	564,510	520,413	(44,097)
Total community and economic development	2,564,531	2,460,237	2,376,053	(84,184)

continued...

## CITY OF NOVI, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Expenditures (concluded):</b>				
Current (concluded):				
Recreation and culture:				
Youth assistance:				
Personnel services	\$ 39,912	\$ 40,519	\$ 40,425	\$ (94)
Supplies	5,500	2,880	1,616	(1,264)
Other services and charges	536	549	219	(330)
Total youth assistance	<u>45,948</u>	<u>43,948</u>	<u>42,260</u>	<u>(1,688)</u>
Historical commission -				
Other services and charges	<u>13,860</u>	<u>4,860</u>	<u>3,548</u>	<u>(1,312)</u>
Total recreation and culture	<u>59,808</u>	<u>48,808</u>	<u>45,808</u>	<u>(3,000)</u>
<b>Total expenditures</b>	<u>35,117,824</u>	<u>37,928,237</u>	<u>36,698,613</u>	<u>(1,229,624)</u>
Revenues over (under) expenditures	<u>190,000</u>	<u>1,318,735</u>	<u>3,359,451</u>	<u>2,040,716</u>
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	-	148,560	148,512	(48)
Insurance recovery	35,000	25,970	17,827	(8,143)
Transfers out	<u>(225,000)</u>	<u>(561,410)</u>	<u>(446,716)</u>	<u>(114,694)</u>
<b>Total other financing sources (uses)</b>	<u>(190,000)</u>	<u>(386,880)</u>	<u>(280,377)</u>	<u>106,503</u>
<b>Net change in fund balance</b>	-	931,855	3,079,074	2,147,219
Fund balance, beginning of year	<u>9,968,668</u>	<u>10,596,128</u>	<u>10,596,128</u>	-
<b>Fund balance, end of year</b>	<u>\$ 9,968,668</u>	<u>\$ 11,527,983</u>	<u>\$ 13,675,202</u>	<u>\$ 2,147,219</u>

concluded.

## CITY OF NOVI, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Local Street Special Revenue Fund  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental - state shared:				
Gas and weight tax	\$ 1,151,800	\$ 1,874,800	\$ 1,677,732	\$ (197,068)
Investment income	18,250	28,339	24,882	(3,457)
Other:				
Miscellaneous	-	125,984	370,881	244,897
<b>Total revenues</b>	<u>1,170,050</u>	<u>2,029,123</u>	<u>2,073,495</u>	<u>44,372</u>
<b>Expenditures</b>				
Current -				
Public works:				
Other services and charges	1,539,400	1,358,531	1,276,485	(82,046)
Capital outlay	7,212,850	10,795,029	8,475,043	(2,319,986)
<b>Total expenditures</b>	<u>8,752,250</u>	<u>12,153,560</u>	<u>9,751,528</u>	<u>(2,402,032)</u>
Revenues under expenditures	(7,582,200)	(10,124,437)	(7,678,033)	2,446,404
<b>Other financing sources</b>				
Transfers in	6,755,000	9,595,600	7,130,000	(2,465,600)
<b>Net change in fund balance</b>	<u>(827,200)</u>	<u>(528,837)</u>	<u>(548,033)</u>	<u>(19,196)</u>
Fund balance, beginning of year	<u>1,719,311</u>	<u>1,710,820</u>	<u>1,710,820</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 892,111</u>	<u>\$ 1,181,983</u>	<u>\$ 1,162,787</u>	<u>\$ (19,196)</u>

## CITY OF NOVI, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Capital Improvement Program Capital Projects Fund  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 3,824,900	\$ 3,824,900	\$ 3,818,955	\$ (5,945)
Investment income	-	-	63	63
<b>Total revenues</b>	<u>3,824,900</u>	<u>3,824,900</u>	<u>3,819,018</u>	<u>(5,882)</u>
<b>Expenditures</b>				
Current:				
General government -				
Other services and charges	<u>1,000</u>	<u>1,000</u>	<u>814</u>	<u>(186)</u>
Public works -				
Capital outlay	<u>-</u>	<u>1,154,791</u>	<u>670,584</u>	<u>(484,207)</u>
Recreation and culture -				
Capital outlay	<u>463,500</u>	<u>2,494,037</u>	<u>2,042,555</u>	<u>(451,482)</u>
Debt service:				
Principal	-	2,280,746	-	(2,280,746)
Interest and fiscal charges	<u>524,535</u>	<u>524,535</u>	<u>277,530</u>	<u>(247,005)</u>
Total debt service	<u>524,535</u>	<u>2,805,281</u>	<u>277,530</u>	<u>(2,527,751)</u>
<b>Total expenditures</b>	<u>989,035</u>	<u>6,455,109</u>	<u>2,991,483</u>	<u>(3,463,626)</u>
<b>Net change in fund balance</b>	2,835,865	(2,630,209)	827,535	3,457,744
Fund balance (deficit), beginning of year	<u>(15,069,911)</u>	<u>(11,126,175)</u>	<u>(11,126,175)</u>	<u>-</u>
<b>Fund balance (deficit), end of year</b>	<u>\$ (12,234,046)</u>	<u>\$ (13,756,384)</u>	<u>\$ (10,298,640)</u>	<u>\$ 3,457,744</u>



**CITY OF NOVI, MICHIGAN**

**Combining Balance Sheet**

Nonmajor Governmental Funds

June 30, 2021

	Special Revenue Funds	2008 Library Construction Debt Service Fund	Capital Projects Funds	Drain Perpetual Maintenance Permanent Fund	Total Nonmajor Governmental
<b>Assets</b>					
Cash and investments	\$ 1,226,600	\$ 145,019	\$ 61,174	\$ 21,912	\$ 1,454,705
Investments	15,926,902	-	1,441,064	6,965,297	24,333,263
Receivables:					
Other	31,608	-	117,624	-	149,232
Due from other governments	833,940	-	-	-	833,940
Advances to component units	-	-	3,663,123	-	3,663,123
Prepaid items and other assets	12,399	500	-	-	12,899
<b>Total assets</b>	<u>\$ 18,031,449</u>	<u>\$ 145,519</u>	<u>\$ 5,282,985</u>	<u>\$ 6,987,209</u>	<u>\$ 30,447,162</u>
<b>Liabilities</b>					
Accounts payable	\$ 2,167,535	\$ -	\$ 150	\$ -	\$ 2,167,685
Accrued salaries and wages	174,102	-	-	-	174,102
Other accrued liabilities	409,393	6,400	-	-	415,793
Refundable deposits	1,350	-	-	-	1,350
Unearned revenue	324,050	-	-	-	324,050
Due to other funds	13,768	-	-	-	13,768
<b>Total liabilities</b>	<u>3,090,198</u>	<u>6,400</u>	<u>150</u>	<u>-</u>	<u>3,096,748</u>
<b>Deferred inflows of resources</b>					
Unavailable revenue - grants	34,812	-	-	-	34,812
<b>Fund balances</b>					
Nonspendable:					
Prepays	12,399	500	-	-	12,899
Endowments	-	-	-	6,987,209	6,987,209
Restricted:					
Roads	5,887,554	-	-	-	5,887,554
Public safety	-	-	271,217	-	271,217
Debt service	-	138,619	-	-	138,619
Infrastructure improvements	-	-	5,011,618	-	5,011,618
Parks, recreation, and cultural services	807,233	-	-	-	807,233
Library	4,190,034	-	-	-	4,190,034
Stormwater systems	198	-	-	-	198
Tree replacement and maintenance	3,685,152	-	-	-	3,685,152
Street lighting improvement	70,527	-	-	-	70,527
PEG access support fees	288,154	-	-	-	288,154
Unassigned (deficit)	(34,812)	-	-	-	(34,812)
<b>Total fund balances</b>	<u>14,906,439</u>	<u>139,119</u>	<u>5,282,835</u>	<u>6,987,209</u>	<u>27,315,602</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 18,031,449</u>	<u>\$ 145,519</u>	<u>\$ 5,282,985</u>	<u>\$ 6,987,209</u>	<u>\$ 30,447,162</u>

**CITY OF NOVI, MICHIGAN**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

Nonmajor Governmental Funds  
For the Year Ended June 30, 2021

	Special Revenue Funds	2008 Library Construction Debt Service Fund	Capital Projects Funds	Drain Perpetual Maintenance Permanent Fund	Total Nonmajor Governmental
<b>Revenues</b>					
Property taxes	\$ 12,518,638	\$ 1,397,542	\$ -	\$ -	\$ 13,916,180
Special assessments	35,829	-	-	-	35,829
Licenses, permits, and charges for services	2,626,986	-	537,219	-	3,164,205
Intergovernmental:					
Federal grants	402,292	-	-	-	402,292
State-shared revenue and grants	5,049,898	-	-	-	5,049,898
Other grants	143,878	-	-	-	143,878
Fines and forfeitures	125,899	-	-	-	125,899
Investment income	216,348	586	107,344	81,589	405,867
Other:					
Local donations	105,515	-	-	-	105,515
Recreational programs	1,014,449	-	-	-	1,014,449
Tap-in fees	-	-	-	24,794	24,794
Miscellaneous	156,333	-	-	-	156,333
<b>Total revenues</b>	<b>22,396,065</b>	<b>1,398,128</b>	<b>644,563</b>	<b>106,383</b>	<b>24,545,139</b>
<b>Expenditures</b>					
Current:					
Public safety	601,769	-	-	-	601,769
Public works	9,118,783	-	406	-	9,119,189
Community and economic development	352,600	-	-	-	352,600
Recreation and culture	5,656,515	407	-	-	5,656,922
Debt service:					
Principal	-	1,070,000	-	-	1,070,000
Interest and fiscal charges	-	314,100	-	-	314,100
<b>Total expenditures</b>	<b>15,729,667</b>	<b>1,384,507</b>	<b>406</b>	<b>-</b>	<b>17,114,580</b>
Revenues over (under) expenditures	6,666,398	13,621	644,157	106,383	7,430,559
<b>Other financing sources (uses)</b>					
Proceeds from sale of capital assets	8,718	-	-	-	8,718
Insurance recovery	12,525	-	-	-	12,525
Transfers in	446,716	-	-	170,000	616,716
Transfers out	(7,300,000)	-	-	-	(7,300,000)
<b>Total other financing sources (uses)</b>	<b>(6,832,041)</b>	<b>-</b>	<b>-</b>	<b>170,000</b>	<b>(6,662,041)</b>
<b>Net change in fund balances</b>	<b>(165,643)</b>	<b>13,621</b>	<b>644,157</b>	<b>276,383</b>	<b>768,518</b>
Fund balances, beginning of year	15,072,082	125,498	4,638,678	6,710,826	26,547,084
<b>Fund balances, end of year</b>	<b>\$ 14,906,439</b>	<b>\$ 139,119</b>	<b>\$ 5,282,835</b>	<b>\$ 6,987,209</b>	<b>\$ 27,315,602</b>

## CITY OF NOVI, MICHIGAN

### Nonmajor Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**Major Street Fund** - This fund is used to account for expenditures associated with the construction and maintenance needs of the major street portion (as defined by State Act 51) of the City's street network. Of the 192.34 total centerline miles that make up the City of Novi road network, the City has 45.2 centerline miles of major streets. Financing is primarily provided by the City's share of state gas and weight taxes.

**Municipal Streets Fund** - This fund is used to enhance the Major and Local Street Funds and to provide matching funds for county roads. This fund accounts for a City Charter-authorized property tax millage to supplement the Major and Local Street Funds that have limited resources due to the reliance on the state gas and weight tax.

**Parks, Recreation, and Cultural Services Fund** - The departments within this fund administer all parks, recreation, and cultural services operations, including strategic direction, policy development, resource identification, and serves as the liaison to the Parks, Recreation, and Cultural Services Commission and the Novi Parks Foundation.

**Tree Fund** - This fund was established to cover most of the cost of city tree replacement and future maintenance costs. Proceeds vary from year to year and come from fines, fees paid by developers, and street tree maintenance charges pursuant to the City Charter and Code of Ordinances.

**Drain Revenue Fund** - This fund includes a special property tax millage that was approved for the purpose of improving and maintaining the City's regional and arterial detention system.

**PEG Cable Fund** - This fund was established to track the revenue and expenditures related to providing cable services to the City, including cable production fee revenue.

**Community Development Block Grant (CDBG) Fund** - This fund records federal grant monies passed through to the City from Oakland County. These funds are used to support the youth assistance program and minor home repair program.

**Forfeiture Fund** - This fund records all receipts and expenditures relating to federal, state, local, and OWI, forfeited and legally restricted, funds relating to narcotic trafficking, money laundering, state laws, and ordinances.

**Library Fund** - Novi Public Library (the "Library") provides the resources and programs to support the educational, cultural, informational, and recreational needs of its diverse community. The Library supports intellectual freedom and access to information resources for all, while maintaining the privacy of its patrons and providing a safe and secure environment. The Library is funded primarily from property taxes in accordance with a special City Charter millage.

## CITY OF NOVI, MICHIGAN

### Nonmajor Special Revenue Funds

**Library Contribution Fund** - In May 2004, the City of Novi, Michigan's library received a generous gift of \$1,000,000 from Charles and Myrtle Walker for use in the replacement or expansion of the then-existing library building. As of January 1, 2014, the legal restrictions on the use of these funds has expired. The library board continues to restrict the use of the funds for improvements to the library. The library board also entered into a Library Building Fund Gift Agreement with the Walker family to encourage additional donations. The Library has continued to receive donations.

**Rubbish Collection Fund** - On May 23, 2016, City Council approved a contract for the collection of solid waste, recycling, yard waste, and other services. This fund was established to account for the rubbish collection activities.

**American Rescue Plan Act Fund** - This fund was established by a vote of the City Council to account for the use of American Rescue Plan Act grant funds. The grant funds will be used for the Save our Seniors ("SOS") program which creates parks for seniors and assists with their needs during the COVID-19 pandemic.

**West Oak Street Lighting Fund** - This fund was established by a vote of the City Council to account for a special assessment levy to provide street lighting to West Oak Street.

**West Lake Drive Street Lighting Fund** - This fund was established by a vote of the City Council to account for a special assessment levy to provide street lighting to West Lake Drive.

**Town Center Street Lighting Fund** - This fund was established by a vote of the City Council to account for a special assessment levy to provide street lighting to Town Center Street.

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**CITY OF NOVI, MICHIGAN**

**Combining Balance Sheet**

Nonmajor Governmental Funds  
 Special Revenue Funds  
 June 30, 2021

	Major Street Fund	Municipal Streets	Parks, Recreation, and Cultural Services	Tree	Drain Revenue
<b>Assets</b>					
Cash and cash equivalents	\$ 33,485	\$ 13,164	\$ 63,407	\$ 28,263	\$ 8,448
Investments	1,892,983	4,424,076	920,608	3,875,462	125,489
Receivables:					
Other	-	-	8,844	4,000	10,593
Due from other governments	783,264	-	13,614	-	-
Prepaid items and other assets	-	9,135	1,266	240	-
<b>Total assets</b>	<b>\$ 2,709,732</b>	<b>\$ 4,446,375</b>	<b>\$ 1,007,739</b>	<b>\$ 3,907,965</b>	<b>\$ 144,530</b>
<b>Liabilities</b>					
Accounts payable	\$ 798,498	\$ 160,702	\$ 118,578	\$ 137,411	\$ 135,832
Accrued salaries and wages	-	-	73,012	3,387	-
Other accrued liabilities	-	300,218	6,300	81,775	8,500
Refundable deposits	-	-	1,350	-	-
Unearned revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>798,498</b>	<b>460,920</b>	<b>199,240</b>	<b>222,573</b>	<b>144,332</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue - grants	-	-	-	-	-
<b>Fund balances</b>					
Nonspendable for prepaids	-	9,135	1,266	240	-
Restricted:					
Roads	1,911,234	3,976,320	-	-	-
Parks, recreation, and cultural services	-	-	807,233	-	-
Library	-	-	-	-	-
Stormwater systems	-	-	-	-	198
Tree replacement and maintenance	-	-	-	3,685,152	-
Street lighting improvement	-	-	-	-	-
PEG access support fees	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>1,911,234</b>	<b>3,985,455</b>	<b>808,499</b>	<b>3,685,392</b>	<b>198</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,709,732</b>	<b>\$ 4,446,375</b>	<b>\$ 1,007,739</b>	<b>\$ 3,907,965</b>	<b>\$ 144,530</b>

PEG Cable	Community Development Block Grant	Forfeiture	Library	Library Contribution	Rubbish Collection	American Rescue Plan Act
\$ 11,085	\$ -	\$ 28,284	\$ 22,280	\$ 6,779	\$ 434,050	\$ 504,385
293,860	-	-	2,669,982	1,724,442	-	-
-	-	-	-	-	8,171	-
-	37,062	-	-	-	-	-
824	-	-	934	-	-	-
<u>\$ 305,769</u>	<u>\$ 37,062</u>	<u>\$ 28,284</u>	<u>\$ 2,693,196</u>	<u>\$ 1,731,221</u>	<u>\$ 442,221</u>	<u>\$ 504,385</u>
\$ 5,814	\$ 23,294	\$ 28,284	\$ 98,558	\$ 35,565	\$ 442,221	\$ 180,335
10,977	-	-	86,726	-	-	-
-	-	-	12,600	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	324,050
-	13,768	-	-	-	-	-
<u>16,791</u>	<u>37,062</u>	<u>28,284</u>	<u>197,884</u>	<u>35,565</u>	<u>442,221</u>	<u>504,385</u>
-	34,812	-	-	-	-	-
824	-	-	934	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	2,494,378	1,695,656	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
288,154	-	-	-	-	-	-
-	(34,812)	-	-	-	-	-
<u>288,978</u>	<u>(34,812)</u>	<u>-</u>	<u>2,495,312</u>	<u>1,695,656</u>	<u>-</u>	<u>-</u>
<u>\$ 305,769</u>	<u>\$ 37,062</u>	<u>\$ 28,284</u>	<u>\$ 2,693,196</u>	<u>\$ 1,731,221</u>	<u>\$ 442,221</u>	<u>\$ 504,385</u>

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**CITY OF NOVI, MICHIGAN**

**Combining Balance Sheet**

Nonmajor Governmental Funds  
 Special Revenue Funds  
 June 30, 2021

	West Oak Street Lighting	West Lake Drive Street Lighting	Town Center Street Lighting	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 47,208	\$ 4,034	\$ 21,728	\$ 1,226,600
Investments	-	-	-	15,926,902
Receivables:				
Other	-	-	-	31,608
Due from other governments	-	-	-	833,940
Prepaid items and other assets	-	-	-	12,399
<b>Total assets</b>	<u>\$ 47,208</u>	<u>\$ 4,034</u>	<u>\$ 21,728</u>	<u>\$ 18,031,449</u>
<b>Liabilities</b>				
Accounts payable	\$ 429	\$ 263	\$ 1,751	\$ 2,167,535
Accrued salaries and wages	-	-	-	174,102
Other accrued liabilities	-	-	-	409,393
Refundable deposits	-	-	-	1,350
Unearned revenue	-	-	-	324,050
Due to other funds	-	-	-	13,768
<b>Total liabilities</b>	<u>429</u>	<u>263</u>	<u>1,751</u>	<u>3,090,198</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue - grants	-	-	-	34,812
<b>Fund balances</b>				
Nonspendable for prepaids	-	-	-	12,399
Restricted:				
Roads	-	-	-	5,887,554
Parks, recreation, and cultural services	-	-	-	807,233
Library	-	-	-	4,190,034
Stormwater systems	-	-	-	198
Tree replacement and maintenance	-	-	-	3,685,152
Street lighting improvement	46,779	3,771	19,977	70,527
PEG access support fees	-	-	-	288,154
Unassigned (deficit)	-	-	-	(34,812)
<b>Total fund balances (deficits)</b>	<u>46,779</u>	<u>3,771</u>	<u>19,977</u>	<u>14,906,439</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 47,208</u>	<u>\$ 4,034</u>	<u>\$ 21,728</u>	<u>\$ 18,031,449</u>

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**CITY OF NOVI, MICHIGAN**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

Nonmajor Governmental Funds  
 Special Revenue Funds  
 For the Year Ended June 30, 2021

	Major Street Fund	Municipal Streets	Parks, Recreation, and Cultural Services	Tree	Drain Revenue
<b>Revenues</b>					
Property taxes	\$ -	\$ 5,712,989	\$ 1,468,077	\$ -	\$ 2,398,860
Special assessments	-	-	-	-	-
Licenses, permits, and charges for services	-	-	-	-	-
Intergovernmental:					
Federal grants	-	-	74,134	5,722	-
State-shared revenue and grants	4,783,638	216,095	-	4,000	-
Other grants	-	143,878	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	14,397	60,677	11,507	51,543	10,962
Other:					
Local donations	-	-	87,398	-	-
Recreational programs	-	-	1,014,449	-	-
Miscellaneous	-	3,000	302	104,805	724
<b>Total revenues</b>	<u>4,798,035</u>	<u>6,136,639</u>	<u>2,655,867</u>	<u>166,070</u>	<u>2,410,546</u>
<b>Expenditures</b>					
Current:					
Public safety	-	-	-	-	-
Public works	1,698,491	1,728,366	-	795,173	2,240,452
Community and economic development	-	-	-	-	-
Recreation and culture	-	-	2,603,651	-	-
<b>Total expenditures</b>	<u>1,698,491</u>	<u>1,728,366</u>	<u>2,603,651</u>	<u>795,173</u>	<u>2,240,452</u>
Revenues over (under) expenditures	<u>3,099,544</u>	<u>4,408,273</u>	<u>52,216</u>	<u>(629,103)</u>	<u>170,094</u>
<b>Other financing sources (uses)</b>					
Proceeds from sale of capital assets	-	-	8,718	-	-
Insurance recovery	-	-	-	-	-
Transfers in	-	-	283,000	-	-
Transfers out	(2,391,000)	(4,739,000)	-	-	(170,000)
<b>Total other financing sources (uses)</b>	<u>(2,391,000)</u>	<u>(4,739,000)</u>	<u>291,718</u>	<u>-</u>	<u>(170,000)</u>
<b>Net change in fund balances</b>	708,544	(330,727)	343,934	(629,103)	94
Fund balances (deficits), beginning of year	<u>1,202,690</u>	<u>4,316,182</u>	<u>464,565</u>	<u>4,314,495</u>	<u>104</u>
<b>Fund balances (deficits), end of year</b>	<u>\$ 1,911,234</u>	<u>\$ 3,985,455</u>	<u>\$ 808,499</u>	<u>\$ 3,685,392</u>	<u>\$ 198</u>

PEG Cable	Community Development Block Grant	Forfeiture	Library	Library Contribution	Rubbish Collection	American Rescue Plan Act
\$ -	\$ -	\$ -	\$ 2,938,712	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	2,626,986	-
7,517	69,813	-	64,771	-	-	180,335
-	-	-	46,165	-	-	-
-	-	-	-	-	-	-
-	-	19,607	106,292	-	-	-
5,531	-	1,283	40,122	20,324	-	-
-	-	-	934	17,183	-	-
-	-	-	-	-	-	-
-	-	26,650	20,852	-	-	-
<u>13,048</u>	<u>69,813</u>	<u>47,540</u>	<u>3,217,848</u>	<u>37,507</u>	<u>2,626,986</u>	<u>180,335</u>
-	-	421,434	-	-	-	180,335
-	-	-	-	-	2,626,986	-
296,266	56,334	-	-	-	-	-
-	-	-	3,004,034	48,830	-	-
<u>296,266</u>	<u>56,334</u>	<u>421,434</u>	<u>3,004,034</u>	<u>48,830</u>	<u>2,626,986</u>	<u>180,335</u>
<u>(283,218)</u>	<u>13,479</u>	<u>(373,894)</u>	<u>213,814</u>	<u>(11,323)</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	12,525	-	-	-	-
-	-	163,716	-	-	-	-
-	-	-	-	-	-	-
-	-	176,241	-	-	-	-
<u>(283,218)</u>	<u>13,479</u>	<u>(197,653)</u>	<u>213,814</u>	<u>(11,323)</u>	<u>-</u>	<u>-</u>
<u>572,196</u>	<u>(48,291)</u>	<u>197,653</u>	<u>2,281,498</u>	<u>1,706,979</u>	<u>-</u>	<u>-</u>
<u>\$ 288,978</u>	<u>\$ (34,812)</u>	<u>\$ -</u>	<u>\$ 2,495,312</u>	<u>\$ 1,695,656</u>	<u>\$ -</u>	<u>\$ -</u>

continued...

## CITY OF NOVI, MICHIGAN

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds  
 Special Revenue Funds  
 For the Year Ended June 30, 2021

	West Oak Street Lighting	West Lake Drive Street Lighting	Town Center Street Lighting	Total
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ 12,518,638
Special assessments	7,529	3,300	25,000	35,829
Licenses, permits, and charges for services	-	-	-	2,626,986
Intergovernmental:				
Federal grants	-	-	-	402,292
State-shared revenue and grants	-	-	-	5,049,898
Other grants	-	-	-	143,878
Fines and forfeitures	-	-	-	125,899
Investment income	1	-	1	216,348
Other:				
Local donations	-	-	-	105,515
Recreational programs	-	-	-	1,014,449
Miscellaneous	-	-	-	156,333
<b>Total revenues</b>	<u>7,530</u>	<u>3,300</u>	<u>25,001</u>	<u>22,396,065</u>
<b>Expenditures</b>				
Current:				
Public safety	-	-	-	601,769
Public works	5,146	3,157	21,012	9,118,783
Community and economic development	-	-	-	352,600
Recreation and culture	-	-	-	5,656,515
<b>Total expenditures</b>	<u>5,146</u>	<u>3,157</u>	<u>21,012</u>	<u>15,729,667</u>
Revenues over (under) expenditures	<u>2,384</u>	<u>143</u>	<u>3,989</u>	<u>6,666,398</u>
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	-	-	-	8,718
Insurance recovery	-	-	-	12,525
Transfers in	-	-	-	446,716
Transfers out	-	-	-	(7,300,000)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,832,041)</u>
<b>Net change in fund balances</b>	<u>2,384</u>	<u>143</u>	<u>3,989</u>	<u>(165,643)</u>
Fund balances (deficits), beginning of year	<u>44,395</u>	<u>3,628</u>	<u>15,988</u>	<u>15,072,082</u>
<b>Fund balances (deficits), end of year</b>	<u>\$ 46,779</u>	<u>\$ 3,771</u>	<u>\$ 19,977</u>	<u>\$ 14,906,439</u>

concluded.

## CITY OF NOVI, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Major Street Special Revenue Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental:				
State-shared revenue and grants -				
Gas and weight tax	\$ 4,083,200	\$ 5,370,865	\$ 4,783,638	\$ (587,227)
Investment income	43,350	37,950	14,397	(23,553)
<b>Total revenues</b>	<u>4,126,550</u>	<u>5,408,815</u>	<u>4,798,035</u>	<u>(610,780)</u>
<b>Expenditures</b>				
Current -				
Public works:				
Other services and charges	1,662,350	1,474,553	1,325,750	(148,803)
Capital outlay	420,000	620,992	372,741	(248,251)
<b>Total expenditures</b>	<u>2,082,350</u>	<u>2,095,545</u>	<u>1,698,491</u>	<u>(397,054)</u>
Revenues over expenditures	2,044,200	3,313,270	3,099,544	(213,726)
<b>Other financing uses</b>				
Transfers out	<u>(2,100,000)</u>	<u>(2,684,600)</u>	<u>(2,391,000)</u>	<u>(293,600)</u>
<b>Net change in fund balance</b>	(55,800)	628,670	708,544	79,874
Fund balance, beginning of year	<u>467,881</u>	<u>1,202,690</u>	<u>1,202,690</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 412,081</u>	<u>\$ 1,831,360</u>	<u>\$ 1,911,234</u>	<u>\$ 79,874</u>

## CITY OF NOVI, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Municipal Streets Special Revenue Fund  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 5,711,286	\$ 5,704,786	\$ 5,712,989	\$ 8,203
Licenses, permits, and charges for services	10,000	10,000	-	(10,000)
Intergovernmental:				
State-shared revenue and grants	188,000	216,094	216,095	1
Other grants	114,000	143,900	143,878	(22)
Investment income	120,140	82,003	60,677	(21,326)
Other -				
Miscellaneous	392,259	381,259	3,000	(378,259)
<b>Total revenues</b>	<u>6,535,685</u>	<u>6,538,042</u>	<u>6,136,639</u>	<u>(401,403)</u>
<b>Expenditures</b>				
Current -				
Public works:				
Other services and charges	992,835	936,953	853,448	(83,505)
Capital outlay	682,850	1,281,670	874,918	(406,752)
<b>Total expenditures</b>	<u>1,675,685</u>	<u>2,218,623</u>	<u>1,728,366</u>	<u>(490,257)</u>
Revenues over expenditures	4,860,000	4,319,419	4,408,273	88,854
<b>Other financing uses</b>				
Transfers out	<u>(4,655,000)</u>	<u>(6,911,000)</u>	<u>(4,739,000)</u>	<u>(2,172,000)</u>
<b>Net change in fund balance</b>	205,000	(2,591,581)	(330,727)	2,260,854
Fund balance, beginning of year	<u>2,003,321</u>	<u>4,316,182</u>	<u>4,316,182</u>	-
<b>Fund balance, end of year</b>	<u>\$ 2,208,321</u>	<u>\$ 1,724,601</u>	<u>\$ 3,985,455</u>	<u>\$ 2,260,854</u>

# CITY OF NOVI, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Parks, Recreation, and Cultural Services Special Revenue Fund  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 1,468,995	\$ 1,468,995	\$ 1,468,077	\$ (918)
Intergovernmental:				
Federal grants	-	74,134	74,134	-
Investment income	16,772	16,772	11,507	(5,265)
Other:				
Local donations	50,077	87,745	87,398	(347)
Recreational programs	1,383,025	937,868	1,014,449	76,581
Miscellaneous	5,000	300	302	2
<b>Total revenues</b>	<u>2,923,869</u>	<u>2,585,814</u>	<u>2,655,867</u>	<u>70,053</u>
<b>Expenditures</b>				
Current -				
Recreation and culture:				
Personnel services	1,441,686	1,195,075	1,171,139	(23,936)
Supplies	94,240	133,634	42,629	(91,005)
Other services and charges	1,289,548	1,062,181	938,128	(124,053)
Capital outlay	510,481	455,944	451,755	(4,189)
<b>Total expenditures</b>	<u>3,335,955</u>	<u>2,846,834</u>	<u>2,603,651</u>	<u>(243,183)</u>
Revenues over (under) expenditures	<u>(412,086)</u>	<u>(261,020)</u>	<u>52,216</u>	<u>313,236</u>
<b>Other financing sources</b>				
Proceeds from sale of capital assets	-	9,700	8,718	(982)
Transfers in	225,000	283,000	283,000	-
<b>Total other financing sources</b>	<u>225,000</u>	<u>292,700</u>	<u>291,718</u>	<u>(982)</u>
<b>Net change in fund balance</b>	<u>(187,086)</u>	<u>31,680</u>	<u>343,934</u>	<u>312,254</u>
Fund balance, beginning of year	<u>713,858</u>	<u>464,565</u>	<u>464,565</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 526,772</u>	<u>\$ 496,245</u>	<u>\$ 808,499</u>	<u>\$ 312,254</u>

## CITY OF NOVI, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Tree Special Revenue Fund  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental:				
Federal grants	\$ -	\$ 5,722	\$ 5,722	\$ -
State-shared revenue and grants	-	-	4,000	4,000
Investment income	100,416	100,416	51,543	(48,873)
Other -				
Miscellaneous	415,000	415,000	104,805	(310,195)
<b>Total revenues</b>	<b>515,416</b>	<b>521,138</b>	<b>166,070</b>	<b>(355,068)</b>
<b>Expenditures</b>				
Current -				
Public works:				
Personnel services	76,446	74,839	65,010	(9,829)
Supplies	1,000	125	124	(1)
Other services and charges	580,970	722,680	720,931	(1,749)
Capital outlay	-	63,348	9,108	(54,240)
<b>Total expenditures</b>	<b>658,416</b>	<b>860,992</b>	<b>795,173</b>	<b>(65,819)</b>
<b>Net change in fund balance</b>	<b>(143,000)</b>	<b>(339,854)</b>	<b>(629,103)</b>	<b>(289,249)</b>
Fund balance, beginning of year	3,936,852	4,314,495	4,314,495	-
<b>Fund balance, end of year</b>	<b>\$ 3,793,852</b>	<b>\$ 3,974,641</b>	<b>\$ 3,685,392</b>	<b>\$ (289,249)</b>



## CITY OF NOVI, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Drain Revenue Special Revenue Fund  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 2,229,182	\$ 2,401,182	\$ 2,398,860	\$ (2,322)
Investment income	14,423	14,423	10,962	(3,461)
Other - Miscellaneous	10,000	720	724	4
<b>Total revenues</b>	<u>2,253,605</u>	<u>2,416,325</u>	<u>2,410,546</u>	<u>(5,779)</u>
<b>Expenditures</b>				
Current - Public works:				
Personnel services	23,437	23,308	15,332	(7,976)
Other services and charges	993,328	1,140,506	1,100,678	(39,828)
Capital outlay	1,075,840	2,353,182	1,124,442	(1,228,740)
<b>Total expenditures</b>	<u>2,092,605</u>	<u>3,516,996</u>	<u>2,240,452</u>	<u>(1,276,544)</u>
Revenues over (under) expenditures	<u>161,000</u>	<u>(1,100,671)</u>	<u>170,094</u>	<u>1,270,765</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	1,100,671	-	(1,100,671)
Transfers out	(161,000)	-	(170,000)	170,000
<b>Total other financing sources (uses)</b>	<u>(161,000)</u>	<u>1,100,671</u>	<u>(170,000)</u>	<u>(930,671)</u>
<b>Net change in fund balance</b>	-	-	94	94
Fund balance, beginning of year	<u>1,127</u>	<u>104</u>	<u>104</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 1,127</u>	<u>\$ 104</u>	<u>\$ 198</u>	<u>\$ 94</u>

## CITY OF NOVI, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - PEG Cable Special Revenue Fund  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental:				
Federal grants	\$ -	\$ 7,517	\$ 7,517	\$ -
Investment income	10,045	10,045	5,531	(4,514)
<b>Total revenues</b>	<u>10,045</u>	<u>17,562</u>	<u>13,048</u>	<u>(4,514)</u>
<b>Expenditures</b>				
Current -				
Community and economic development:				
Personnel services	223,425	242,750	242,746	(4)
Supplies	5,000	5,212	5,211	(1)
Other services and charges	46,620	48,310	48,309	(1)
<b>Total expenditures</b>	<u>275,045</u>	<u>296,272</u>	<u>296,266</u>	<u>(6)</u>
<b>Net change in fund balance</b>	(265,000)	(278,710)	(283,218)	(4,508)
Fund balance, beginning of year	<u>695,404</u>	<u>572,196</u>	<u>572,196</u>	-
<b>Fund balance, end of year</b>	<u>\$ 430,404</u>	<u>\$ 293,486</u>	<u>\$ 288,978</u>	<u>\$ (4,508)</u>

## CITY OF NOVI, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Community Development Block Grant Special Revenue Fund  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Federal grants	\$ 130,530	\$ 178,821	\$ 69,813	\$ (109,008)
<b>Expenditures</b>				
Current -				
Community and economic development -				
Other services and charges	130,530	130,530	56,334	(74,196)
<b>Net change in fund balance</b>	-	48,291	13,479	(34,812)
Fund balance (deficit), beginning of year	-	-	(48,291)	(48,291)
<b>Fund balance (deficit), end of year</b>	\$ -	\$ 48,291	\$ (34,812)	\$ (83,103)

## CITY OF NOVI, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Forfeiture Special Revenue Fund  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental -				
Federal grants	\$ 5,000	\$ -	\$ -	\$ -
Fines and forfeitures	259,000	29,770	19,607	(10,163)
Investment income	4,965	4,965	1,283	(3,682)
Other -				
Miscellaneous	3,000	27,050	26,650	(400)
<b>Total revenues</b>	<u>271,965</u>	<u>61,785</u>	<u>47,540</u>	<u>(14,245)</u>
<b>Expenditures</b>				
Current -				
Public safety:				
Supplies	20,000	20,000	16,949	(3,051)
Other services and charges	525	525	427	(98)
Capital outlay	370,440	529,850	404,058	(125,792)
<b>Total expenditures</b>	<u>390,965</u>	<u>550,375</u>	<u>421,434</u>	<u>(128,941)</u>
Revenues over (under) expenditures	<u>(119,000)</u>	<u>(488,590)</u>	<u>(373,894)</u>	<u>114,696</u>
<b>Other financing sources</b>				
Insurance recovery	-	12,530	12,525	(5)
Transfers in	-	278,410	163,716	(114,694)
<b>Total other financing sources</b>	<u>-</u>	<u>290,940</u>	<u>176,241</u>	<u>(114,699)</u>
<b>Net change in fund balance</b>	<u>(119,000)</u>	<u>(197,650)</u>	<u>(197,653)</u>	<u>(3)</u>
Fund balance, beginning of year	<u>176,075</u>	<u>197,653</u>	<u>197,653</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 57,075</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ (3)</u>

## CITY OF NOVI, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Library Special Revenue Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 2,917,399	\$ 2,936,771	\$ 2,938,712	\$ 1,941
Intergovernmental -				
Federal grants	-	59,939	64,771	4,832
State-shared revenue and grants	40,000	33,000	46,165	13,165
Fines and forfeitures	179,000	106,367	106,292	(75)
Investment income	34,201	34,201	40,122	5,921
Other:				
Local donations	6,500	500	934	434
Miscellaneous	68,200	20,047	20,852	805
<b>Total revenues</b>	<b>3,245,300</b>	<b>3,190,825</b>	<b>3,217,848</b>	<b>27,023</b>
<b>Expenditures</b>				
Current -				
Recreation and culture:				
Personnel services	2,121,060	1,982,824	1,913,305	(69,519)
Supplies	599,600	574,200	546,441	(27,759)
Other services and charges	554,700	577,995	530,514	(47,481)
Capital outlay	111,000	13,774	13,774	-
<b>Total expenditures</b>	<b>3,386,360</b>	<b>3,148,793</b>	<b>3,004,034</b>	<b>(144,759)</b>
<b>Net change in fund balance</b>	<b>(141,060)</b>	<b>42,032</b>	<b>213,814</b>	<b>171,782</b>
Fund balance, beginning of year	2,103,860	2,281,498	2,281,498	-
<b>Fund balance, end of year</b>	<b>\$ 1,962,800</b>	<b>\$ 2,323,530</b>	<b>\$ 2,495,312</b>	<b>\$ 171,782</b>

## CITY OF NOVI, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Library Contribution Special Revenue Fund  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Investment income	\$ 22,500	\$ 22,500	\$ 20,324	\$ (2,176)
Other -				
Local donations	19,500	18,360	17,183	(1,177)
<b>Total revenues</b>	<u>42,000</u>	<u>40,860</u>	<u>37,507</u>	<u>(3,353)</u>
<b>Expenditures</b>				
Current -				
Recreation and culture:				
Supplies	65,700	5,700	5,983	283
Capital outlay	11,800	43,750	42,847	(903)
<b>Total expenditures</b>	<u>77,500</u>	<u>49,450</u>	<u>48,830</u>	<u>(620)</u>
<b>Net change in fund balance</b>	(35,500)	(8,590)	(11,323)	(2,733)
Fund balance, beginning of year	<u>1,641,836</u>	<u>1,706,979</u>	<u>1,706,979</u>	-
<b>Fund balance, end of year</b>	<u>\$ 1,606,336</u>	<u>\$ 1,698,389</u>	<u>\$ 1,695,656</u>	<u>\$ (2,733)</u>

## CITY OF NOVI, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Rubbish Collection Special Revenue Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Licenses, permits, and charges for services	\$ 2,550,000	\$ 2,630,800	\$ 2,626,986	\$ (3,814)
Investment income	1,000	1,000	-	(1,000)
<b>Total revenues</b>	2,551,000	2,631,800	2,626,986	(4,814)
<b>Expenditures</b>				
Current -				
Public works-				
Other services and charges	2,551,000	2,631,800	2,626,986	(4,814)
<b>Net change in fund balance</b>	-	-	-	-
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	\$ -	\$ -	\$ -	\$ -

## CITY OF NOVI, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - American Rescue Plan Act Special Revenue Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental -				
Federal grants	\$ -	\$ 580,000	\$ 180,335	\$ (399,665)
<b>Expenditures</b>				
Current -				
Public safety:				
Personnel services	-	40,615	-	(40,615)
Other services and charges	-	154,385	-	(154,385)
Capital outlay	-	385,000	180,335	(204,665)
<b>Total expenditures</b>	-	580,000	180,335	(399,665)
<b>Net change in fund balance</b>	-	-	-	-
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	\$ -	\$ -	\$ -	\$ -



## CITY OF NOVI, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - West Oak Street Lighting Special Revenue Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Special assessments	\$ 7,529	\$ 7,529	\$ 7,529	\$ -
Investment income	21	21	1	(20)
<b>Total revenues</b>	7,550	7,550	7,530	(20)
<b>Expenditures</b>				
Current -				
Public works -				
Other services and charges	7,550	7,550	5,146	(2,404)
<b>Net change in fund balance</b>	-	-	2,384	2,384
Fund balance, beginning of year	40,625	44,395	44,395	-
<b>Fund balance, end of year</b>	\$ 40,625	\$ 44,395	\$ 46,779	\$ 2,384

## CITY OF NOVI, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - West Lake Drive Street Lighting Special Revenue Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Special assessments	\$ 3,300	\$ 3,300	\$ 3,300	\$ -
<b>Expenditures</b>				
Current -				
Public works -				
Other services and charges	3,100	3,300	3,157	(143)
<b>Net change in fund balance</b>	200	-	143	143
Fund balance, beginning of year	3,310	3,628	3,628	-
<b>Fund balance, end of year</b>	<u>\$ 3,510</u>	<u>\$ 3,628</u>	<u>\$ 3,771</u>	<u>\$ 143</u>

## CITY OF NOVI, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Town Center Street Lighting Special Revenue Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Special assessments	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Investment income	-	-	1	1
<b>Total revenues</b>	25,000	25,000	25,001	1
<b>Expenditures</b>				
Current -				
Public works -				
Other services and charges	23,000	23,000	21,012	(1,988)
<b>Net change in fund balance</b>	2,000	2,000	3,989	1,989
Fund balance, beginning of year	11,797	15,988	15,988	-
<b>Fund balance, end of year</b>	<u>\$ 13,797</u>	<u>\$ 17,988</u>	<u>\$ 19,977</u>	<u>\$ 1,989</u>

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## CITY OF NOVI, MICHIGAN

### ■ Nonmajor Debt Service Funds

Debt service funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

**2008 Library Construction Debt Fund** - This fund was established to account for annual debt service payments for a bond that was issued to construct a new library building. The annual debt service is paid from property tax collections authorized by a voter-approved millage.

## CITY OF NOVI, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - 2008 Library Construction Debt Service Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 1,384,334	\$ 1,391,334	\$ 1,397,542	\$ 6,208
Investment income	266	1,266	586	(680)
<b>Total revenues</b>	<u>1,384,600</u>	<u>1,392,600</u>	<u>1,398,128</u>	<u>5,528</u>
<b>Expenditures</b>				
Current -				
Recreation and culture -				
Other services and charges	500	500	407	(93)
Debt service:				
Principal	1,070,000	1,070,000	1,070,000	-
Interest and fiscal charges	314,100	314,100	314,100	-
<b>Total expenditures</b>	<u>1,384,600</u>	<u>1,384,600</u>	<u>1,384,507</u>	<u>(93)</u>
<b>Net change in fund balance</b>	-	8,000	13,621	5,621
Fund balance, beginning of year	<u>132,307</u>	<u>125,498</u>	<u>125,498</u>	-
<b>Fund balance, end of year</b>	<u>\$ 132,307</u>	<u>\$ 133,498</u>	<u>\$ 139,119</u>	<u>\$ 5,621</u>

## CITY OF NOVI, MICHIGAN

### Nonmajor Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

***Special Assessment Revolving Fund*** - This fund is used to account for the construction of capital assets funded in whole or in part by long-term special assessment debt. The City has self-funded previous projects and has elected to maintain the cumulative interest, as well as the initial General Fund contribution in this fund. All future uses of this fund will be determined as part of the City's annual capital improvement plan (CIP).

***Gun Range Facility Fund*** - As of July 1, 2014, the City Council has elected to place the gross revenue from users of the gun range facility (previously in the General Fund) into a separate capital project fund to be used toward planned future capital improvements.

***PEG Cable Capital Fund*** - As of September 2019, the revenues related to PEG Cable have been placed into this separate capital project fund to be used toward planned future capital improvements.

## CITY OF NOVI, MICHIGAN

### Combining Balance Sheet

Nonmajor Governmental Funds

Capital Projects Funds

June 30, 2021

	Special Assessment Revolving	Gun Range Facility	PEG Cable	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 40,745	\$ 16,744	\$ 3,685	\$ 61,174
Investments	621,223	220,623	599,218	1,441,064
Receivables -				
Other	-	34,000	83,624	117,624
Advances to component units	3,663,123	-	-	3,663,123
<b>Total assets</b>	<b>\$ 4,325,091</b>	<b>\$ 271,367</b>	<b>\$ 686,527</b>	<b>\$ 5,282,985</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 150	\$ -	\$ 150
<b>Fund balances</b>				
Restricted:				
Public safety	-	271,217	-	271,217
Infrastructure improvements	4,325,091	-	686,527	5,011,618
<b>Total fund balance</b>	<b>4,325,091</b>	<b>271,217</b>	<b>686,527</b>	<b>5,282,835</b>
<b>Total liabilities and fund balance</b>	<b>\$ 4,325,091</b>	<b>\$ 271,367</b>	<b>\$ 686,527</b>	<b>\$ 5,282,985</b>



## CITY OF NOVI, MICHIGAN

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds  
 Capital Project Funds  
 For the Year Ended June 30, 2021

	Special Assessment Revolving	Gun Range Facility	PEG Cable	Total
<b>Revenues</b>				
Licenses, permits, and charges for services	\$ -	\$ 143,300	\$ 393,919	\$ 537,219
Investment income	101,925	1,134	4,285	107,344
<b>Total revenues</b>	101,925	144,434	398,204	644,563
<b>Expenditures</b>				
Current -				
Public works	406	-	-	406
<b>Net change in fund balances</b>	101,519	144,434	398,204	644,157
Fund balances, beginning of year	4,223,572	126,783	288,323	4,638,678
<b>Fund balances, end of year</b>	<u>\$ 4,325,091</u>	<u>\$ 271,217</u>	<u>\$ 686,527</u>	<u>\$ 5,282,835</u>

## CITY OF NOVI, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Special Assessment Revolving Capital Projects Fund  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Investment income	\$ 121,500	\$ 121,500	\$ 101,925	\$ (19,575)
<b>Expenditures</b>				
Current -				
Public works -				
Other services and charges	500	500	406	(94)
<b>Net change in fund balance</b>	121,000	121,000	101,519	(19,481)
Fund balance, beginning of year	4,153,390	4,223,572	4,223,572	-
<b>Fund balance, end of year</b>	<u>\$ 4,274,390</u>	<u>\$ 4,344,572</u>	<u>\$ 4,325,091</u>	<u>\$ (19,481)</u>

## CITY OF NOVI, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Gun Range Facility Capital Projects Fund  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Licenses, permits, and charges for services	\$ 70,000	\$ 135,000	\$ 143,300	\$ 8,300
Investment income	750	750	1,134	384
<b>Total revenues</b>	70,750	135,750	144,434	8,684
Fund balance, beginning of year	151,857	126,783	126,783	-
<b>Fund balance, end of year</b>	<u>\$ 222,607</u>	<u>\$ 262,533</u>	<u>\$ 271,217</u>	<u>\$ 8,684</u>

## CITY OF NOVI, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - PEG Cable Capital Projects Fund  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Licenses, permits, and charges for services	\$ 351,500	\$ 351,500	\$ 393,919	\$ 42,419
Investment income	500	3,500	4,285	785
<b>Total revenues</b>	352,000	355,000	398,204	43,204
Fund balance, beginning of year	354,503	288,323	288,323	-
<b>Fund balance, end of year</b>	<u>\$ 706,503</u>	<u>\$ 643,323</u>	<u>\$ 686,527</u>	<u>\$ 43,204</u>

## CITY OF NOVI, MICHIGAN

### ■ Nonmajor Permanent Fund

***Drain Perpetual Maintenance Fund*** - A citizen's committee has been established to oversee the building and maintenance of the drain system. This fund was initially created with allocations from the Drain Fund. Additional revenue has come from tap fees for properties connecting to regional systems. The intent is to build an investment base in which earnings will eventually cover the cost of maintaining the system and reduce or eliminate the need for the Drain Fund millage.

## CITY OF NOVI, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Drain Perpetual Maintenance Permanent Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Investment income	\$ 130,000	\$ 130,000	\$ 81,589	\$ (48,411)
Other - Tap-in fees	5,000	25,000	24,794	(206)
<b>Total revenues</b>	<u>135,000</u>	<u>155,000</u>	<u>106,383</u>	<u>(48,617)</u>
<b>Other financing sources (uses)</b>				
Transfers in	161,000	-	170,000	(170,000)
Transfers out	-	(1,100,671)	-	(1,100,671)
<b>Total other financing sources (uses)</b>	<u>161,000</u>	<u>(1,100,671)</u>	<u>170,000</u>	<u>(1,270,671)</u>
<b>Net change in fund balance</b>	296,000	(945,671)	276,383	(1,222,054)
Fund balance, beginning of year	<u>5,077,496</u>	<u>6,710,826</u>	<u>6,710,826</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 5,373,496</u>	<u>\$ 5,765,155</u>	<u>\$ 6,987,209</u>	<u>\$ 1,222,054</u>

# CITY OF NOVI, MICHIGAN

## Balance Sheet / Statement of Net Position

Economic Development Corporation Component Unit

June 30, 2021

	Economic Development Corporation	Adjustments	Statement of Net Position
<b>Assets</b>			
Cash and cash equivalents	\$ 11,910	\$ -	\$ 11,910
Capital assets not being depreciated	-	35,000	35,000
<b>Total assets</b>	<u>\$ 11,910</u>	<u>35,000</u>	<u>46,910</u>
<b>Fund balance</b>			
Unassigned	<u>\$ 11,910</u>	<u>(11,910)</u>	<u>-</u>
<b>Net position</b>			
Investment in capital assets		35,000	35,000
Unrestricted		<u>11,910</u>	<u>11,910</u>
<b>Total net position</b>		<u>\$ 46,910</u>	<u>\$ 46,910</u>

## CITY OF NOVI, MICHIGAN

### Statement of Revenues, Expenditures

and Changes in Fund Balance / Statement of Activities

Economic Development Corporation Component Unit

For the Year Ended June 30, 2021

	Economic Development Corporation	Adjustments	Statement of Activities
Fund balance / net position, beginning of year	\$ 11,910	\$ 35,000	\$ 46,910
<b>Fund balance / net position, end of year</b>	<u>\$ 11,910</u>	<u>\$ 35,000</u>	<u>\$ 46,910</u>



# CITY OF NOVI, MICHIGAN

## Balance Sheet / Statement of Net Position

Corridor Improvement Authority Component Unit

June 30, 2021

	Corridor Improvement Authority	Adjustments	Statement of Net Position
<b>Assets</b>			
Capital assets not being depreciated	\$ -	\$ 3,966,256	\$ 3,966,256
<b>Liabilities</b>			
Advance from primary government	<u>3,663,123</u>	<u>-</u>	<u>3,663,123</u>
<b>Fund balance</b>			
Unassigned (deficit)	<u>\$ (3,663,123)</u>	<u>3,663,123</u>	<u>-</u>
<b>Net position</b>			
Investment in capital assets		<u>\$ 303,133</u>	<u>\$ 303,133</u>

## CITY OF NOVI, MICHIGAN

### Statement of Revenues, Expenditures

and Changes in Fund Balance / Statement of Activities

Corridor Improvement Authority Component Unit

For the Year Ended June 30, 2021

	Corridor Improvement Authority	Adjustments	Statement of Activities
<b>Revenues</b>			
Property taxes	\$ 294,088	\$ -	\$ 294,088
<b>Expenditures / expenses</b>			
Capital outlay	1,065,083	(1,065,083)	-
Debt service -			
Interest and fiscal charges	84,621	-	84,621
<b>Total expenditures / expenses</b>	<u>1,149,704</u>	<u>(1,065,083)</u>	<u>84,621</u>
<b>Change in fund balance / net position</b>	(855,616)	1,065,083	209,467
Fund balance / net position, beginning of year	<u>(2,807,507)</u>	<u>2,901,173</u>	<u>93,666</u>
<b>Fund balance (deficit) / net position, end of year</b>	<u>\$ (3,663,123)</u>	<u>\$ 3,966,256</u>	<u>\$ 303,133</u>

## **STATISTICAL SECTION**

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# CITY OF NOVI, MICHIGAN

## Statistical Section Table of Contents

This part of the City of Novi's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

		<u>Page</u>
<b>Financial Trends</b>	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	158
<b>Revenue Capacity</b>	These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	170
<b>Debt Capacity</b>	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	177
<b>Demographic and Economic Information</b>	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	182
<b>Operating Information</b>	These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	186

Sources: Unless otherwise noted, the information in these schedules are derived from the annual financial reports for the applicable year.

## CITY OF NOVI, MICHIGAN

### Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	2012	2013	2014	2015
<b>Governmental activities</b>				
Net investment in capital assets	\$ 106,988,589	\$ 111,718,349	\$ 113,868,196	\$ 118,345,243
Restricted	41,427,834	37,289,012	35,240,527	38,576,210
Unrestricted (deficit)	10,690,782	10,826,405	(14,622,520)	(15,525,832)
<b>Total governmental activities</b>	<u>\$ 159,107,205</u>	<u>\$ 159,833,766</u>	<u>\$ 134,486,203</u>	<u>\$ 141,395,621</u>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 117,789,163	\$ 117,914,884	\$ 116,089,327	\$ 122,420,958
Restricted	7,494,295	7,001,295	1,136,154	-
Unrestricted	49,270,297	48,625,422	58,721,199	58,968,795
<b>Total business-type activities</b>	<u>\$ 174,553,755</u>	<u>\$ 173,541,601</u>	<u>\$ 175,946,680</u>	<u>\$ 181,389,753</u>
<b>Primary government</b>				
Net investment in capital assets	\$ 224,777,752	\$ 229,633,233	\$ 229,957,523	\$ 240,766,201
Restricted	48,922,129	44,290,307	36,376,681	38,576,210
Unrestricted	59,961,079	59,451,827	44,098,679	43,442,963
<b>Total primary government</b>	<u>\$ 333,660,960</u>	<u>\$ 333,375,367</u>	<u>\$ 310,432,883</u>	<u>\$ 322,785,374</u>

Source: City's annual financial statements

2016	2017	2018	2019	2020	2021
\$ 126,474,197	\$ 138,682,792	\$ 143,347,891	\$ 163,467,366	\$ 174,166,371	\$ 180,144,479
37,216,395	31,767,695	33,060,671	29,889,601	28,300,716	30,070,067
(15,805,367)	(20,402,611)	(26,055,697)	(32,788,366)	(37,880,102)	(33,948,100)
<u>\$ 147,885,225</u>	<u>\$ 150,047,876</u>	<u>\$ 150,352,865</u>	<u>\$ 160,568,601</u>	<u>\$ 164,586,985</u>	<u>\$ 176,266,446</u>
\$ 123,718,769	\$ 125,665,962	\$ 126,934,551	\$ 127,568,547	\$ 134,704,908	\$ 145,842,809
-	-	-	-	-	48,782
62,575,016	66,158,721	70,232,964	74,023,410	72,415,363	64,030,746
<u>\$ 186,293,785</u>	<u>\$ 191,824,683</u>	<u>\$ 197,167,515</u>	<u>\$ 201,591,957</u>	<u>\$ 207,120,271</u>	<u>\$ 209,922,337</u>
\$ 250,192,966	\$ 264,348,754	\$ 270,282,442	\$ 291,035,913	\$ 308,871,279	\$ 325,987,288
37,216,395	31,767,695	33,060,671	29,889,601	28,300,716	30,118,849
46,769,649	45,756,110	44,177,267	41,235,044	34,535,261	30,082,646
<u>\$ 334,179,010</u>	<u>\$ 341,872,559</u>	<u>\$ 347,520,380</u>	<u>\$ 362,160,558</u>	<u>\$ 371,707,256</u>	<u>\$ 386,188,783</u>

# CITY OF NOVI, MICHIGAN

## Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2012	2013	2014	2015
<b>Expenses</b>				
Governmental activities:				
General government	\$ 6,610,466	\$ 6,943,746	\$ 6,378,078	\$ 6,073,981
Public safety	16,793,073	16,191,890	17,216,678	17,649,289
Public works	10,729,285	11,741,414	12,455,654	11,305,231
Community and economic development	2,617,585	2,699,301	3,072,448	3,065,875
Recreation and culture	5,595,861	5,730,397	6,100,940	6,004,747
Interest and fiscal charges	1,453,161	1,059,437	963,702	839,175
Total governmental activities	43,799,431	44,366,185	46,187,500	44,938,298
Business-type activities:				
Water and sewer	23,771,121	24,025,098	23,001,139	24,413,229
Ice Arena	1,710,615	1,919,478	1,771,615	2,107,211
Senior Housing	1,541,251	1,537,409	1,548,478	1,556,956
Total business-type activities	27,022,987	27,481,985	26,321,232	28,077,396
Total primary government expenses	70,822,418	71,848,170	72,508,732	73,015,694
<b>Program revenues</b>				
Governmental activities:				
Charges for services:				
General government	-	-	-	-
Public safety	3,181,849	3,186,862	1,198,711	1,026,876
Public works	-	-	-	-
Community and economic development	-	-	-	-
Recreation and culture	1,422,483	1,655,335	1,592,012	1,622,497
Other activities	548,787	709,560	2,547,217	3,524,521
Operating grants and contributions	3,511,329	3,897,155	4,525,924	5,289,006
Capital grants and contributions	804,764	1,197,870	651,597	777,202
Total governmental activities	9,469,212	10,646,782	10,515,461	12,240,102
Business-type activities:				
Charges for services:				
Water and sewer	20,627,062	22,398,469	21,663,401	21,474,451
Ice Arena	2,003,689	2,104,536	2,143,962	2,171,061
Senior Housing	1,944,912	1,968,900	1,992,761	2,004,464
Operating grants and contributions	-	-	-	-
Capital grants and contributions	2,172,991	3,383,087	2,905,677	6,764,583
Total business-type activities	26,748,654	29,854,992	28,705,801	32,414,559
Total primary government program revenues	36,217,866	40,501,774	39,221,262	44,654,661
<b>Net (expense)/revenue</b>				
Government activities	(34,330,219)	(33,719,403)	(35,672,039)	(32,698,196)
Business-type activities	(274,333)	2,373,007	2,384,569	4,337,163
Total primary government net expense	(34,604,552)	(31,346,396)	(33,287,470)	(28,361,033)



2016	2017	2018	2019	2020	2021
\$ 7,260,647	\$ 5,064,097	\$ 7,822,056	\$ 9,773,538	\$ 9,387,526	\$ 8,898,409
18,811,184	22,712,180	21,046,372	21,159,849	21,208,513	21,551,905
12,136,916	15,781,996	18,638,195	19,254,786	18,850,707	19,252,805
3,954,669	3,565,698	4,060,811	2,994,733	3,061,226	2,600,165
5,666,367	5,697,673	6,236,403	5,926,881	6,163,622	5,646,891
777,562	399,077	367,467	340,183	530,373	530,246
<u>48,607,345</u>	<u>53,220,721</u>	<u>58,171,304</u>	<u>59,449,970</u>	<u>59,201,967</u>	<u>58,480,421</u>
27,282,209	25,569,364	26,211,694	25,278,115	27,569,649	28,870,835
1,735,010	1,657,727	1,597,966	1,682,737	1,572,998	1,327,214
1,898,830	1,393,543	1,358,521	1,366,882	1,408,239	1,272,985
<u>30,916,049</u>	<u>28,620,634</u>	<u>29,168,181</u>	<u>28,327,734</u>	<u>30,550,886</u>	<u>31,471,034</u>
79,523,394	81,841,355	87,339,485	87,777,704	89,752,853	89,951,455
-	-	-	4,127,393	3,562,331	2,840,437
1,017,405	986,285	438,432	948,648	863,033	894,287
-	-	-	2,436,551	2,535,094	2,651,784
-	-	-	362,344	302,931	393,919
2,176,230	1,688,012	1,644,806	1,498,614	918,821	1,014,449
3,706,651	4,964,178	5,244,540	-	-	-
5,663,304	5,663,346	6,662,970	8,946,984	9,374,675	13,062,153
847,547	1,561,439	1,846,192	1,319,020	1,115,277	67,698
<u>13,411,137</u>	<u>14,863,260</u>	<u>15,836,940</u>	<u>19,639,554</u>	<u>18,672,162</u>	<u>20,924,727</u>
24,666,297	24,184,714	23,997,466	23,725,843	24,106,703	26,196,210
2,202,031	2,132,426	1,957,549	2,021,295	1,563,471	1,143,307
2,020,797	2,037,187	2,050,896	2,084,754	2,103,672	2,116,622
-	-	-	190,521	262,487	261,668
5,337,278	5,718,715	5,747,324	4,835,047	3,495,517	3,701,535
<u>34,226,403</u>	<u>34,073,042</u>	<u>33,753,235</u>	<u>32,857,460</u>	<u>31,531,850</u>	<u>33,419,342</u>
47,637,540	48,936,302	49,590,175	52,497,014	50,204,012	54,344,069
(35,196,208)	(38,357,461)	(42,334,364)	(39,810,416)	(40,529,805)	(37,555,694)
3,310,354	5,452,408	4,585,054	4,529,726	980,964	1,948,308
<u>(31,885,854)</u>	<u>(32,905,053)</u>	<u>(37,749,310)</u>	<u>(35,280,690)</u>	<u>(39,548,841)</u>	<u>(35,607,386)</u>

continued...

## CITY OF NOVI, MICHIGAN

### Changes in Net Position

Last Ten Years

(accrual basis of accounting)

	2012	2013	2014	2015
<b>General revenues and transfers</b>				
Governmental activities:				
Property taxes	\$ 30,183,881	\$ 29,620,564	\$ 30,059,401	\$ 31,673,469
State shared revenues	3,990,693	4,074,589	4,170,809	4,696,805
Cable franchise fees	722,065	991,272	801,256	1,105,163
Investment income	881,869	(770,389)	1,436,616	2,132,177
Other	466,110	529,928	216,711	-
Gain on sale of capital assets	-	-	-	-
Transfers	21,892	-	-	-
Total governmental activities	<u>36,266,510</u>	<u>34,445,964</u>	<u>36,684,793</u>	<u>39,607,614</u>
Business-type activities:				
Investment income	649,923	(885,154)	622,902	1,104,990
Other	-	-	495,955	920
Transfers	(21,892)	-	-	-
Total business-type activities	<u>628,031</u>	<u>(885,154)</u>	<u>1,118,857</u>	<u>1,105,910</u>
Total primary government	<u>36,894,541</u>	<u>33,560,810</u>	<u>37,803,650</u>	<u>40,713,524</u>
<b>Change in net position</b>				
Governmental activities	1,936,291	726,561	1,012,754	6,909,418
Business-type activities	353,698	1,487,853	3,503,426	5,443,073
Total primary government	<u>\$ 2,289,989</u>	<u>\$ 2,214,414</u>	<u>\$ 4,516,180</u>	<u>\$ 12,352,491</u>

Source: City's annual financial statements

2016	2017	2018	2019	2020	2021
\$ 32,932,970	\$ 33,087,219	\$ 36,658,748	\$ 38,636,830	\$ 40,650,305	\$ 42,583,648
4,963,301	4,651,780	5,173,080	5,658,307	4,977,778	5,646,493
1,334,136	1,304,367	1,288,833	-	-	-
2,455,405	219,207	733,912	1,468,783	1,332,096	723,864
-	1,017,539	1,195,623	266,640	249,270	126,134
-	-	-	114,911	-	155,016
-	240,000	-	2,421,260	(2,661,260)	-
<u>41,685,812</u>	<u>40,520,112</u>	<u>45,050,196</u>	<u>48,566,731</u>	<u>44,548,189</u>	<u>49,235,155</u>
1,593,678	318,490	828,498	2,220,521	1,886,090	853,758
-	-	-	33,061	-	-
-	(240,000)	-	(2,421,260)	2,661,260	-
<u>1,593,678</u>	<u>78,490</u>	<u>828,498</u>	<u>(167,678)</u>	<u>4,547,350</u>	<u>853,758</u>
<u>43,279,490</u>	<u>40,598,602</u>	<u>45,878,694</u>	<u>48,399,053</u>	<u>49,095,539</u>	<u>50,088,913</u>
6,489,604	2,162,651	2,715,832	8,756,315	4,018,384	11,679,461
4,904,032	5,530,898	5,413,552	4,362,048	5,528,314	2,802,066
<u>\$ 11,393,636</u>	<u>\$ 7,693,549</u>	<u>\$ 8,129,384</u>	<u>\$ 13,118,363</u>	<u>\$ 9,546,698</u>	<u>\$ 14,481,527</u>

concluded.

## CITY OF NOVI, MICHIGAN

### Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2012	2013	2014	2015
<b>General fund</b>				
Nonspendable	\$ -	\$ 5,000	\$ 13,915	\$ 16,111
Restricted	252,758	179,147	272,654	30,176
Assigned	1,185,395	661,639	-	981,736
Unassigned	8,126,447	7,965,778	9,203,448	11,329,627
<b>Total general fund</b>	<u>9,564,600</u>	<u>8,811,564</u>	<u>9,490,017</u>	<u>12,357,650</u>
<b>All other governmental funds</b>				
Nonspendable	2,500	-	-	200
Restricted	37,832,828	35,073,121	35,240,527	36,911,606
Assigned	-	-	-	-
Unassigned (deficit)	-	160,337	-	(15,848)
<b>Total all other governmental funds</b>	<u>37,835,328</u>	<u>35,233,458</u>	<u>35,240,527</u>	<u>36,895,958</u>
<b>Total all governmental funds</b>	<u>\$ 47,399,928</u>	<u>\$ 44,045,022</u>	<u>\$ 44,730,544</u>	<u>\$ 49,253,608</u>

Source: City's annual financial statements

2016	2017	2018	2019	2020	2021
\$ 164,628	\$ 486,817	\$ 229,382	\$ 242,421	\$ 232,326	\$ 465,889
25,240	24,189	22,700	21,722	19,670	17,377
1,884,723	1,408,718	1,033,033	1,310,001	727,865	2,773,299
<u>11,670,611</u>	<u>10,986,117</u>	<u>10,533,951</u>	<u>9,722,965</u>	<u>9,616,267</u>	<u>10,418,637</u>
<u>13,745,202</u>	<u>12,905,841</u>	<u>11,819,066</u>	<u>11,297,109</u>	<u>10,596,128</u>	<u>13,675,202</u>
-	18,951	740	495,625	6,712,569	7,000,108
36,323,281	31,696,279	32,712,155	29,475,530	21,593,522	21,513,093
2,100,000	2,493	-	-	-	-
<u>(33,932)</u>	<u>(1,487)</u>	<u>275,737</u>	<u>(6,762,839)</u>	<u>(11,174,362)</u>	<u>(10,333,452)</u>
<u>38,389,349</u>	<u>31,716,236</u>	<u>32,988,632</u>	<u>23,208,316</u>	<u>17,131,729</u>	<u>18,179,749</u>
<u>\$ 52,134,551</u>	<u>\$ 44,622,077</u>	<u>\$ 44,807,698</u>	<u>\$ 34,505,425</u>	<u>\$ 27,727,857</u>	<u>\$ 31,854,951</u>

# CITY OF NOVI, MICHIGAN

## Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2012	2013	2014	2015
<b>Revenues</b>				
Property taxes	\$ 30,183,881	\$ 29,620,564	\$ 30,059,401	\$ 31,673,469
Special assessments	1,459,685	1,574,637	1,678,070	1,878,475
Licenses, permits, and charges for services	3,749,548	4,190,121	3,848,403	3,521,819
Intergovernmental	7,427,738	7,969,648	8,262,964	8,651,460
Fines and forfeitures	839,107	856,128	1,054,660	639,474
Investment income	1,383,389	(60,470)	1,491,790	813,221
Other	2,195,766	2,510,821	2,763,087	5,545,676
<b>Total revenues</b>	<b>47,239,114</b>	<b>46,661,449</b>	<b>49,158,375</b>	<b>52,723,594</b>
<b>Expenditures</b>				
Current:				
City council	16,012	10,051	10,911	42,436
City manager	399,594	423,711	399,885	508,805
Finance	780,995	711,615	649,156	856,709
Treasury	284,894	313,156	285,976	320,633
Integrated solutions	628,167	693,974	864,178	774,627
Assessing	776,554	892,586	800,480	717,972
City attorney, insurance, and claims	431,011	384,736	375,926	707,655
City clerk	496,005	528,894	491,137	709,602
Facility management	754,658	1,087,948	919,912	1,131,978
Human resources	394,009	408,611	423,452	422,818
Neighborhood and business relations group	787,153	960,416	846,432	943,332
General administration	1,738,906	2,104,447	1,596,080	2,419,173
Public safety - Police department	11,225,698	11,376,197	11,746,975	11,809,219
Public safety - Fire department	4,540,765	4,548,565	5,110,195	4,742,808
Community development - Building division	1,383,833	1,449,296	1,554,167	1,597,622
Community development - Planning division	519,896	489,065	586,948	513,832
Department of public works	2,419,815	2,693,588	2,960,570	173,913
Engineering	-	-	-	-
Planning Commission	699	6,744	-	-
Construction	4,983,542	4,015,306	3,652,031	5,947,254
Street maintenance	1,992,964	2,592,208	3,616,794	3,601,702
Drain maintenance	713,607	409,935	426,799	-
Recreational programs	2,233,255	2,254,135	2,345,313	2,377,159
Forestry and park maintenance	41,539	-	-	-
Library programs	2,636,714	2,712,163	2,843,791	2,815,266
Economic development	82,438	135,451	-	-
Debt service:				
Principal	6,855,000	5,205,000	3,450,000	3,505,000
Interest and fiscal charges	1,489,001	1,103,341	960,680	833,894
Capital outlay	674,518	2,170,216	1,555,065	727,121
<b>Total expenditures</b>	<b>49,281,242</b>	<b>49,681,355</b>	<b>48,472,853</b>	<b>48,200,530</b>

2016	2017	2018	2019	2020	2021
\$ 32,932,970	\$ 33,087,219	\$ 36,658,748	\$ 38,636,830	\$ 40,650,305	\$ 42,583,648
1,604,014	25,336	49,598	48,861	35,829	35,829
4,542,923	4,005,981	3,466,502	7,408,819	6,811,251	6,297,547
9,653,887	9,870,824	11,580,519	12,048,707	11,784,904	17,888,798
757,403	661,549	677,681	820,770	567,292	480,860
1,862,098	219,945	734,650	2,263,009	1,917,241	959,562
5,007,027	5,759,163	6,307,787	3,537,910	2,399,717	2,249,472
<u>56,360,322</u>	<u>53,630,017</u>	<u>59,475,485</u>	<u>64,764,906</u>	<u>64,166,539</u>	<u>70,495,716</u>
44,292	47,834	59,258	46,815	83,873	63,165
605,833	601,402	633,358	647,112	684,132	594,169
906,575	860,661	962,018	960,130	867,556	869,678
314,398	329,479	346,965	331,059	325,683	382,789
1,058,956	1,094,249	995,548	1,168,737	1,332,851	1,526,898
680,102	727,634	796,566	788,255	785,872	782,795
736,524	634,805	681,227	747,932	696,458	697,077
725,047	829,982	707,748	884,283	1,021,388	901,185
1,172,435	1,786,574	2,155,715	2,302,322	1,244,818	1,432,810
414,577	394,393	487,489	498,429	507,682	522,690
1,260,956	958,328	756,466	1,046,015	937,573	894,707
2,395,339	3,749,428	3,486,735	3,367,005	3,489,033	3,909,603
11,954,737	15,583,586	13,686,649	13,286,226	13,711,285	14,530,407
4,979,561	5,761,346	5,791,591	7,697,519	6,693,640	6,703,280
2,088,270	1,926,104	2,040,944	1,963,524	2,142,362	1,855,640
736,558	530,385	590,816	591,019	513,348	520,413
255,647	746,075	6,852,777	11,387,750	1,354,702	3,191,538
-	-	-	516,477	187,517	333,346
-	-	-	-	-	-
8,075,475	10,330,582	7,826,415	6,166,795	5,059,575	2,185,750
3,760,085	5,160,645	1,875,569	9,925,159	10,370,753	13,178,389
-	-	-	578,171	703,158	724,534
3,772,846	3,765,974	3,752,479	6,826,606	9,932,172	4,835,649
-	-	-	1,389,177	1,121,928	1,054,029
2,779,842	2,768,005	2,928,428	3,049,354	3,039,985	3,053,271
-	-	529,753	161,225	128,836	150,762
4,051,000	2,340,000	920,000	965,000	1,015,000	1,070,000
818,163	455,020	425,350	398,292	588,731	591,630
-	-	-	-	-	-
<u>53,587,218</u>	<u>61,382,491</u>	<u>59,289,864</u>	<u>77,690,388</u>	<u>68,539,911</u>	<u>66,556,204</u>

continued...

## CITY OF NOVI, MICHIGAN

### Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2012	2013	2014	2015
<b>Revenues over (under) expenditures</b>	\$ (2,042,128)	\$ (3,019,906)	\$ 685,522	\$ 4,523,064
<b>Other financing sources (uses)</b>				
Issuance of long-term debt	-	4,165,000	-	-
Proceeds from sale of capital assets	-	-	-	-
Insurance recovery	-	-	-	-
Payment to refund bond escrow agent	-	(4,500,000)	-	-
Transfers in	5,118,792	8,263,793	13,758,461	13,615,847
Transfers out	(5,096,900)	(8,263,793)	(13,758,461)	(13,615,847)
<b>Total other financing sources (uses)</b>	21,892	(335,000)	-	-
<b>Net changes in fund balances</b>	\$ (2,020,236)	\$ (3,354,906)	\$ 685,522	\$ 4,523,064
Debt services as a percentage of noncapital expenditures	17.2%	13.3%	9.4%	9.1%

Source: City's annual financial statements





2016	2017	2018	2019	2020	2021
\$ 2,773,104	\$ (7,752,474)	\$ 185,621	\$ (12,925,482)	\$ (4,373,372)	\$ 3,939,512
9,995,301	-	-	-	-	-
-	-	-	114,911	215,383	157,230
-	-	-	87,038	41,681	30,352
(9,887,462)	-	-	-	-	-
13,834,940	7,561,984	5,551,500	10,797,120	6,342,329	7,746,716
(13,834,940)	(7,321,984)	(5,551,500)	(8,375,860)	(9,003,589)	(7,746,716)
107,839	240,000	-	2,623,209	(2,404,196)	187,582
<u>\$ 2,880,943</u>	<u>\$ (7,512,474)</u>	<u>\$ 185,621</u>	<u>\$ (10,302,273)</u>	<u>\$ (6,777,568)</u>	<u>\$ 4,127,094</u>
<u>9.1%</u>	<u>4.6%</u>	<u>2.3%</u>	<u>2.8%</u>	<u>3.2%</u>	<u>3.3%</u>

concluded.

## CITY OF NOVI, MICHIGAN

### Taxable and Estimated Actual Value of Property

Last Ten Fiscal Years

Year Ended June 30,	Real Property			Personal Property	Total Taxable Value
	Residential Property	Commercial Property	Industrial Property		
2021	\$ 2,661,331,380	\$ 1,041,383,540	\$ 57,273,630	\$ 278,747,760	\$ 4,038,736,310
2020	2,533,927,750	991,963,100	59,532,240	267,518,910	3,852,942,000
2019	2,389,711,290	948,154,150	50,960,580	256,827,350	3,645,653,370
2018	2,267,135,430	898,845,980	37,866,980	246,268,600	3,450,116,990
2017	2,169,188,620	878,201,150	38,362,030	237,292,830	3,323,044,630
2016	2,087,604,500	840,859,240	37,269,450	239,836,740	3,205,569,930
2015	1,984,120,840	822,896,230	38,788,580	225,066,560	3,070,872,210
2014	1,892,836,510	815,093,230	40,453,090	223,698,750	2,972,081,580
2013	1,809,105,200	846,638,040	44,245,120	220,345,290	2,920,333,650
2012	1,781,997,870	923,404,500	53,530,570	220,678,540	2,979,611,480

Source: City's assessor's department records/State Tax Commission

Note: Under Michigan Law, the revenue base is taxable value

Schedule 5  
Unaudited



<b>Tax Rate (mills)</b>	<b>State Equalized Value (SEV)</b>	<b>Taxable Value as a Percentage of Actual Value</b>
10.5376	\$ 4,953,366,010	81.54%
10.5376	4,704,211,310	81.90%
10.5376	4,429,863,848	82.30%
10.5376	4,234,030,940	81.49%
9.9950	3,952,090,850	84.08%
10.2000	3,704,488,760	86.53%
10.2000	3,365,191,110	91.25%
10.2000	3,099,733,610	95.88%
10.2000	3,004,330,340	97.20%
10.5416	3,063,922,590	97.25%

**CITY OF NOVI, MICHIGAN**

**Direct and Overlapping Property Tax Rates**

Last Ten Fiscal Years

(rate per \$1,000 of taxable value)

Fiscal Year	City of Novi							
	General	Public Act 359 Advertising	Municipal Street	Police and Fire	Parks and Recreation	Drain Revenue	Capital Improvements	Library
2021	4.7563	0.0123	1.4215	1.3535	0.3653	0.5978	0.9526	0.7312
2020	4.7755	0.0129	1.4273	1.3590	0.3668	0.5583	0.9565	0.7342
2019	4.8458	0.0137	1.4484	1.3790	0.3722	0.4157	0.9706	0.7451
2018	4.9206	-	1.4708	1.4003	0.3780	0.2648	0.9856	0.7567
2017	4.9925	-	1.4923	1.4208	0.3836	0.2120	-	0.7678
2016	5.0056	-	1.4962	1.4246	0.3847	-	-	0.7699
2015	5.0182	-	1.5000	1.4282	0.3857	-	-	0.7719
2014	5.0182	-	1.5000	1.4282	0.3857	0.1057	-	0.7719
2013	5.0182	-	0.7719	1.4282	0.3857	0.3435	-	0.7719
2012	5.0182	-	0.7719	1.4282	0.3857	0.2642	-	0.7719

Source: City's finance department records

Note: All rates are expressed in dollars per \$1,000 of taxable value

City of Novi		Novi Schools		South Lyon Schools		Walled Lake Schools		Northville Schools	
Debt Service	Total	Homestead	Non-Homestead	Homestead	Non-Homestead	Homestead	Non-Homestead	Homestead	Non-Homestead
0.3471	10.5376	10.8878	25.6862	7.1000	25.1000	6.1582	21.7335	4.5853	22.5853
0.3471	10.5376	11.2645	25.8379	7.9000	25.9000	6.2300	21.9531	4.5919	22.5919
0.3471	10.5376	11.1456	26.0482	8.0000	26.0000	6.7968	22.5643	4.6041	22.6041
0.3608	10.5376	11.2525	26.3118	9.0000	27.0000	6.9458	22.7592	4.6140	22.6140
0.6810	9.9500	12.0109	27.0560	9.6000	27.6000	7.0150	22.9279	5.2448	22.6248
1.1190	10.2000	12.0656	27.0722	10.5228	25.5294	7.2841	23.1180	4.7370	22.7937
1.0960	10.2000	12.1729	27.1010	10.8029	25.7310	7.6843	23.4872	4.8700	22.8700
0.9903	10.2000	12.3296	27.1010	10.7000	28.7000	7.4730	23.1445	5.3000	23.3000
1.4806	10.2000	12.3331	27.1010	10.8500	28.8500	7.0254	22.5600	5.3000	23.3000
1.9015	10.5416	11.3229	26.1930	10.8500	28.8000	6.8812	22.5000	5.5000	23.3800

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**Direct and Overlapping Property Tax Rates**

Last Ten Fiscal Years

(rate per \$1,000 of taxable value)

Fiscal Year	Oakland County	Oakland Community College	Schoolcraft Community College	Oakland Intermediate Schools	Wayne Intermediate Schools	State Education
2021	4.8682	1.5184	2.2877	3.2280	5.4643	6.0000
2020	4.7748	1.5303	2.2516	3.2539	5.4643	6.0000
2019	4.7805	1.5431	1.7662	3.2813	3.4643	6.0000
2018	4.7849	1.5555	1.7766	3.3079	3.4643	6.0000
2017	4.7909	1.5707	1.7881	3.3398	3.4643	6.0000
2016	4.8450	1.5819	1.7967	3.3633	3.4643	6.0000
2015	4.9461	1.5844	1.7967	3.3690	3.4643	6.0000
2014	4.9461	1.5844	1.7967	3.3690	3.4643	6.0000
2013	4.9461	1.5844	1.7967	3.3690	3.4643	6.0000
2012	4.7461	1.5844	1.7967	3.3690	3.4643	6.0000

concluded.

**Principal Property Tax Payers**  
Current Year and Nine Years Ago

Taxpayer	Fiscal 2012 (2011 Taxable Value)			Fiscal 2021 (2020 Taxable Value)		
	Taxable Value	Rank	Percentage of Total	Taxable Value	Rank	Percentage of Total
Redwood-ERC Novi LLC/Fox Run Village	\$ 44,900,570	3	1.5%	\$ 69,590,060	1	1.7%
TVO Mall Owner LLC/Twelve Oaks Mall	51,789,460	1	1.7%	56,566,890	2	1.4%
Singh Development /Waltonwood	44,266,400	4	1.6%	45,947,410	3	1.1%
International Transmission Co	29,555,140	5	1.0%	38,639,010	4	1.0%
Haggerty Corp./HCP Land LLC				38,539,350	5	1.0%
Detroit Edison	27,322,300	6	0.8%	31,731,080	6	0.8%
Occidental Development Ltd.	27,279,710	7	0.9%	30,082,950	7	0.7%
TBON LLC	21,214,720	9	0.7%	26,765,930	8	0.7%
Providence Hospital	22,361,590	8	0.7%	21,577,130	9	0.5%
Consumers Energy				17,441,190	10	0.4%
Northern Equities, et al	51,289,090	2	1.6%			
Sun Valley, Ltd./Foundation Walk	15,798,400	10	0.6%			
	<u>\$ 335,777,380</u>		<u>11.26%</u>	<u>\$ 376,881,000</u>		<u>9.33%</u>

Source: City Assessor's department records

**Property Tax Levies and Collections**

Last Ten Fiscal Years

Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collection <sup>(1)</sup>	Total Collections to Date	
		Current Tax Collection	Percent of Levy Collected		Total Tax Collection <sup>(2)</sup>	Collections as a Percent of Levy
2021	\$ 42,350,979	\$ 41,818,638	98.74%	\$ 400,776	\$ 42,219,414	99.69%
2020	40,470,851	40,059,638	98.98%	343,492	40,403,130	99.83%
2019	38,505,820	38,128,936	99.02%	364,391	38,493,327	99.97%
2018	36,512,501	36,087,781	98.84%	336,294	36,424,075	99.76%
2017	32,889,924	32,493,813	98.80%	307,117	32,800,930	99.73%
2016	32,612,845	32,242,851	98.87%	307,113	32,549,964	99.81%
2015	31,383,505	30,973,259	98.69%	305,151	31,278,410	99.67%
2014	30,206,320	29,765,634	98.54%	316,008	30,081,642	99.59%
2013	29,801,091	29,155,182	97.83%	369,252	29,524,434	99.07%
2012	31,153,847	30,486,979	97.86%	447,547	30,934,526	99.30%

<sup>(1)</sup> Delinquent Tax Collection represents amounts received in the indicated fiscal year.

<sup>(2)</sup> Amounts are net of chargebacks from the County Tax Revolving Funds for taxes still delinquent after three years.

Source: City's finance department records



**Ratios of Outstanding Debt by Type**

Last Ten Fiscal Years

Fiscal Year Ending June 30,	Governmental Activities			Business-type Activities		Total Primary Government	% of Taxable Value	Per Capita
	General Obligation Bonds	Unamortized Premium	Special Assessment Bonds	General Obligation Bonds	Special Assessment Bonds			
2021	\$ 7,595,000	\$ 640,151	\$ -	\$ 6,225,000	\$ -	\$ 14,460,151	0.36%	218.29
2020	8,665,000	768,181	-	7,570,000	-	17,003,181	0.44%	265.82
2019	9,680,000	896,211	-	8,950,000	-	19,526,211	0.54%	307.34
2018	10,645,000	1,024,241	-	10,330,000	-	21,999,241	0.64%	359.51
2017	11,565,000	1,152,271	-	11,685,000	150,000	24,552,271	0.74%	414.66
2016	13,905,000	1,280,301	-	13,030,000	300,000	28,515,301	0.89%	480.67
2015	16,905,000	-	1,360,000	14,150,000	455,000	32,870,000	1.07%	542.47
2014	19,020,000	-	2,750,000	15,295,000	630,000	37,695,000	1.27%	625.23
2013	20,947,874	-	4,165,000	15,461,961	805,000	41,379,835	1.42%	696.69
2012	24,667,165	-	5,950,000	16,425,488	980,000	48,022,653	1.61%	856.60

Source: City's annual financial statements

**Ratios of General Bonded Debt Outstanding**

Last Ten Fiscal Years

Fiscal Year Ending June 30,	General Obligation Bonds and Unamortized Premium	Less: Amounts Available in Debt Service Funds	Total	Debt as a percentage of Taxable Value	Per Capita
2021	\$ 14,460,151	\$ 66,519	\$ 14,393,632	0.36%	\$ 217.29
2020	17,003,181	41,047	16,962,134	0.44%	265.17
2019	19,526,211	71,031	19,455,180	0.53%	306.22
2018	21,999,241	252,483	21,746,758	0.63%	355.39
2017	24,552,271	341,141	24,211,130	0.73%	408.90
2016	28,215,301	880,019	27,335,282	0.85%	460.78
2015	31,055,000	667,085	30,387,915	0.99%	501.51
2014	34,315,000	212,251	34,102,749	1.15%	565.65
2013	37,420,000	160,338	37,259,662	1.28%	627.32
2012	42,235,000	307,772	41,927,228	1.41%	747.87

Source: City's finance department records

**Direct and Overlapping Governmental Activities Debt**

June 30, 2021

	Net Debt Outstanding	Percentage Applicable to City	Estimated Share of Overlapping Debt
<b>Direct</b>			
City of Novi	\$ 8,235,151	100.00%	<u>\$ 8,235,151</u>
<b>Overlapping</b>			
Novi School District	124,405,000	99.86%	124,230,833
Northville School District	96,495,000	18.86%	18,198,957
Walled Lake School District	289,705,000	14.12%	40,906,346
South Lyon School District	161,390,000	4.40%	7,101,160
Oakland County	253,404,549	6.41%	16,243,232
Oakland Intermediate School District	42,045,000	5.45%	2,291,453
Schoolcraft School District	45,270,000	4.95%	<u>2,240,865</u>
			<u>211,212,845</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 219,447,996</u></u>

Source: Various taxing authorities

Overlapping debt is determined using the individual debt records of each political subdivision as a percentage of the total taxable value pledged as security of the city supporting the debt.

**Legal Debt Margin**

Last Ten Fiscal Years

<b>Assessed value</b>		<u>\$ 4,953,366,010</u>
Legal debt limit (10% of SEV)		\$ 495,336,601
Gross indebtedness	\$ 14,460,151	
Amount available in debt service funds	<u>(66,519)</u>	
Net bonded debt		<u>14,393,632</u>
<b>Legal debt margin</b>		<u>\$ 480,942,969</u>
<b>Net bonded debt as a percentage of assessed value</b>		<u>0.29%</u>

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2021	\$ 495,336,601	\$ 14,393,632	\$ 480,942,969	2.91%
2020	470,421,131	17,044,228	453,376,903	3.62%
2019	442,986,385	19,597,242	423,389,143	4.42%
2018	425,826,339	21,999,241	403,827,098	5.17%
2017	397,398,215	24,402,271	372,995,944	6.14%
2016	371,885,911	28,215,301	343,670,610	7.59%
2015	337,915,991	31,055,000	306,860,991	9.19%
2014	310,989,256	34,315,000	276,674,256	11.03%
2013	301,329,099	36,409,835	264,919,264	12.08%
2012	307,288,324	41,092,653	266,195,671	13.37%

Source: City's finance department records

**Pledged-Revenue Coverage**

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Special Assessment Collections	Debt Service	Coverage
2021	\$ -	\$ -	-
2020	-	-	-
2019	-	-	-
2018	-	-	-
2017	286,913	153	1,875.25
2016	1,798,863	1,549	1,161.31
2015	2,277,115	1,648	1,381.74
2014	2,137,737	1,720	1,242.87
2013	2,503,020	1,765	1,418.14
2012	2,700,549	1,929	1,399.97

Source: City's annual financial statements

**Demographic and Economic Statistics**

Last Ten Fiscal Years

Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2021	66,243	*	*	4.60%
2020	63,966	*	*	10.40%
2019	63,533	*	*	2.50%
2018	61,192	*	*	2.20%
2017	59,211	\$ 2,749,462,785	\$ 46,435	1.90%
2016	59,324	2,687,792,468	45,307	2.80%
2015	60,593	2,714,869,365	44,805	3.60%
2014	60,290	2,700,992,000	44,800	4.40%
2013	59,395	2,636,544,050	44,390	9.40%
2012	56,062	2,492,852,892	44,466	8.20%

Source: Southeast Michigan Council of Governments; Michigan Department of Labor and Economic Growth; U.S. Bureau of the Census; and U.S. Bureau of Labor, Statistics, Local Area Unemployment Statistics

\* Not available

**Principal Employers**

Current Year and Nine Years Ago

Employer	2012			2021		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
St. John Health/Providence Park Hospital	1,000	1	3.66%	2,036	1	3.15%
Harman				1,036	2	1.60%
Novi Community Schools	807	2	2.95%	940	3	1.45%
Ryder System	600	3	2.19%	580	4	0.90%
ITC Holding, Inc.	230	10	0.84%	547	5	0.85%
Yanfeng				472	6	0.73%
Hanon				385	7	0.60%
Lineage Logistics				374	8	0.58%
Comau North America	288	7	1.05%	370	9	0.57%
Intier/Magna	550	4	2.01%	306	10	0.47%
A123						
Macy's	539	5	1.97%			
Fox Run	300	6	1.10%			
CVS Michigan, LLC	250	8	0.91%			
Cooper-Standard Automotive	250	8	0.91%			
	<u>4,814</u>		<u>17.59%</u>	<u>7,046</u>		<u>10.91%</u>

Source: The City's Neighborhood and Business Relations Group  
Southeast Michigan Council of Governments

## CITY OF NOVI, MICHIGAN

### Full-time Employees by Function / Program

Last Ten Fiscal Years

Function/Program	2012	2013	2014	2015
<b>Full-time</b>				
City Manager	3.00	3.00	3.00	3.00
Finance Department (1)	7.00	9.00	9.00	9.00
Information Technology	5.00	5.00	5.00	5.00
Assessing	5.00	5.00	5.00	5.00
City Clerk	5.00	5.00	5.00	5.00
Treasury	3.00	-	-	-
Facility Operations	1.00	2.00	2.00	2.00
Human Resources (3)	4.00	4.00	4.00	4.00
Department of Public Safety	111.00	111.00	113.00	115.00
Department of Public Services (4)	33.00	35.00	35.00	34.00
Parks, Recreation, and Cultural Services	10.00	11.00	11.00	11.00
Water and sewer	12.00	13.00	14.00	14.00
Library	18.00	20.00	20.00	20.00
Community Relations	3.00	4.00	4.00	3.00
Economic Development	-	-	-	-
Community Development (2)	18.00	21.00	21.00	21.00
	<u>238.00</u>	<u>248.00</u>	<u>251.00</u>	<u>251.00</u>

(1) Finance includes both the Finance Department and Treasury Department in Fiscal Year 2013

(2) Combined building and planning

(3) Employees included under General Administration in previous years

(4) Engineering staff combined with DPS

Source: City's finance department records



2016	2017	2018	2019	2020	2021
3.00	3.00	3.00	3.00	3.00	3.00
9.00	9.00	9.00	9.00	9.00	8.00
6.00	7.00	7.00	8.00	8.00	8.00
5.00	5.00	5.00	5.00	5.00	5.00
5.00	5.00	5.00	5.00	5.00	5.00
-	-	-	-	-	-
3.00	3.00	3.00	3.00	3.00	3.00
4.00	4.00	4.00	4.00	4.00	4.00
115.00	118.00	123.00	125.00	121.00	121.00
36.00	36.00	36.00	37.25	37.00	36.00
12.00	12.00	12.00	12.00	12.00	10.00
14.00	14.00	14.00	13.75	12.00	12.00
17.00	16.00	16.00	16.00	17.00	19.00
6.00	6.00	6.00	6.00	6.00	5.00
-	-	1.00	1.00	-	1.00
21.00	21.00	21.00	21.00	20.00	20.00
<u>256.00</u>	<u>259.00</u>	<u>265.00</u>	<u>269.00</u>	<u>262.00</u>	<u>260.00</u>

# CITY OF NOVI, MICHIGAN

## Operating Indicators by Function / Program

Last Ten Fiscal Years

Function/Program	2012	2013	2014
<b>Election Data</b>			
Registered voters	37,366	38,757	39,248
Voters at polls	3,633	20,484	4,719
Absentee ballots	2,386	8,765	2,599
Percent voting	16%	75%	19%
<b>Police</b>			
Part A crimes	1,841	2,048	1,736
Part B crimes	627	626	673
Injury accidents	288	310	276
Property damage	1,631	1,695	1,153
Moving traffic violations	9,381	10,058	8,487
Parking violations	288	199	185
Adult arrests	2,082	2,241	2,355
Juvenile arrests	166	137	142
OUIL arrests	335	342	268
False alarms	2,090	2,270	2,538
<b>Fire</b>			
Fire incidents	120	112	120
Service incidents	1,249	1,360	1,345
Fire inspections conducted	3,557	3,063	2,929
Medical emergencies	3,169	3,383	3,425
Paid-on-call staff	68	55	54
<b>Parks and Recreation</b>			
Youth classes/clinics	1,544	1,620	1,149
Adult classes/clinics	414	340	462
Youth leagues	2,431	2,512	2,471
Adult leagues	4,120	5,220	5,279
Summer day camp	668	N/A	334
Lakeshore Park vehicle entry (5)	10,822	13,000	15,462
Lakeshore Park attendance (5)	27,055	32,500	38,655
Lakeshore Park picnic shelter rental	105	116	125
Senior citizens served	76,462	77,759	75,832
Special event attendance	14,018	17,021	20,028
Civic Center Rentals	1,492	1,520	1,560
Civic Center Attendance	35,506	17,021	44,200
Novi Theaters - Cast (4)	198	253	293
Novi Theaters - Audience (4)	4,715	5,454	4,997

2015	2016	2017	2018	2019	2020	2021
39,341	38,706	39,706	40,661	40,720	41,877	45,457
14,341	3,423	20,160	4,126	18,472	4,027	9,811
5,029	2,588	9,937	4,141	8,921	6,333	25,945
49%	154%	76%	20%	67%	25%	78%
1,654	1,508	1,596	1,454	1,246	1,115	1,133
622	638	577	1,128	1,009	808	474
295	300	273	339	262	254	262
1,037	1,084	1,174	1,413	1,446	1,457	904
8,216	7,916	5,904	5,427	3,376	2,742	6,039
75	231	392	755	317	389	22
2,574	2,428	1,965	2,101	1,996	1,306	955
98	98	100	119	64	25	14
164	217	145	186	135	119	92
2,164	2,094	2,074	1,885	1,312	1,847	2,290
113	124	78	95	84	80	133
457	642	502	543	720	687	616
3,108	2,898	2,944	2,322	2,057	2,945	4,048
3,811	3,784	4,064	4,175	4,439	4,516	4,566
39	71	63	67	59	54	62
1,584	1,475	1,577	1,790	2,172	1,801	2,011
1,244	549	3,268	2,750	2,856	2,201	823
2,199	2,934	3,403	2,724	2,652	2,229	2,381
5,300	3,868	3,630	4,373	3,549	2,319	3,217
498	747	691	864	1,017	295	495
14,391	14,995	14,620	10,285	-	-	-
35,978	37,488	37,217	25,713	-	-	-
120	231	150	166	48	-	204
79,172	77,687	66,845	65,395	73,015	58,587	50,261
16,840	18,153	26,026	27,670	26,645	14,321	2,268
1,058	1,203	916	1,074	747	214	12
33,988	23,023	21,731	22,156	20,135	12,030	284
86	-	-	-	-	-	-
1,705	-	-	-	-	-	-

continued...

# CITY OF NOVI, MICHIGAN

## Operating Indicators by Function / Program

Last Ten Fiscal Years

Function/Program	2012	2013	2014
<b>Library (2)</b>			
Items circulated	803,552	800,031	799,475
Book collections	152,024	151,724	152,236
Audio/Video/CD collections	20,618	23,507	25,677
Periodical subscriptions	208	210	242
Requests of Information	210,960	N/A	115,392
Youth Summer Reading	1,338	2,042	2,340
Program participants	45,572	34,899	40,010
Visitors	378,571	389,220	401,984
Interlibrary loans	109,274	109,330	106,250
<b>Water and Sewer Customers:</b>			
Residential	13,191	13,604	13,760
Commercial (1)	1,254	1,223	1,204
<b>Water (in thousand gallons)</b>			
Purchased from Detroit	2,459,402	2,321,313	2,216,075
Sold to residents	2,109,414	2,222,787	2,138,305
<b>Rates</b>			
Minimum 7,000 gallons (3)	\$ -	\$ -	\$ -
Fixed rate quarterly water charge	37.00	40.00	57.00
Additional usage per 1,000 gallons	3.44	3.86	4.13
Fixed rate quarterly sewer charge	5.00	6.00	6.00
Sewer(per thousand gallons of water usage)	4.00	4.25	4.30

(1) Fewer accounts because the fire line accounts were discontinued in the spring of 2018.

(2) This information represents 10 months worth of information. The Library was closed for the months of April and May. The New Library opened on June 1, 2010.

(3) Effective August 1, 2010 the City of Novi adopted a fixed rate structure for water and sewer usage which does not include a minimum consumption charge.

(4) Program eliminated in Fiscal Year 2016.

(5) Lakeshore no-resident vehicle entry fees eliminated in September 2017, no longer tracking.

Source: City's finance department records

2015	2016	2017	2018	2019	2020	2021
734,643	793,991	833,558	812,025	857,854	719,842	952,505
149,941	140,895	141,129	141,638	139,449	138,683	141,928
27,776	29,077	29,737	30,642	30,100	29,193	26,073
207	207	218	203	190	167	166
115,392	113,778	117,235	116,219	114,709	88,345	67,245
2,584	2,084	2,362	2,465	2,029	1,338	1,918
40,901	46,854	56,026	60,246	75,595	54,334	30,762
392,047	404,979	424,401	488,778	463,818	325,645	178,569
105,588	112,016	115,222	111,236	102,655	74,748	129,224
13,946	14,105	14,220	14,411	13,648	13,856	13,794
1,259	1,264	1,239	928	935	936	922
1,835,567	2,276,389	2,349,960	2,298,596	2,144,615	2,212,444	2,328,828
1,811,910	1,963,221	2,231,717	2,159,537	2,106,440	1,958,177	2,180,865
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
57.00	80.00	56.00	56.00	56.00	56.00	56.00
4.13	3.05	3.20	3.20	3.26	3.33	3.43
6.00	30.00	30.00	30.00	30.00	30.00	30.00
4.30	3.40	3.60	3.60	3.89	4.01	4.33

concluded.

## CITY OF NOVI, MICHIGAN

### Capital Asset Statistics by Function / Program

Last Ten Fiscal Years

Function/Program	2012	2013	2014	2015
<b>Police stations</b>	1	1	1	1
<b>Fire stations</b>	4	4	4	4
<b>Public works</b>				
Miles of major streets	39	39	39	39
Miles of local streets	141	141	144	146
Estimated sidewalks in miles (1)	231	232	256	261
Bridges	4	4	4	10
Street lights	421	421	504	689
<b>Parks and recreation</b>				
Acres	1,138	1,150	1,260	1,288
Locations	11	12	13	15
<b>Library</b>				
Library branches	1	1	1	1
<b>Water and sewer</b>				
Miles of water mains	306	306	328	333
Miles of sanitary sewers	245	245	252	255
Fire hydrants	4,002	4,002	4,192	4,211

Source: City's finance department records

(1) Prior year adjustments were made as a result of changes in the GIS mapping system to more accurately reflect miles.

Schedule 18  
Unaudited



2016	2017	2018	2019	2020	2021
1	1	1	1	1	1
4	4	4	4	4	5
44	44	44	44	44	45
143	144	147	148	162	149
272	275	293	296	305	307
10	10	10	10	10	17
691	680	689	777	864	877
1,276	1,277	1,329	1,419	1,419	1,419
17	17	21	30	30	30
1	1	1	1	1	1
336	341	359	362	366	367
268	271	285	290	292	287
4,181	4,267	4,344	4,382	4,411	4,473

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