

City of Novi, Michigan

Year Ended
June 30, 2023

Annual
Comprehensive
Financial Report

Prepared by: Finance Department

This page intentionally left blank.

CITY OF NOVI, MICHIGAN

Table of Contents

Page

INTRODUCTORY SECTION

Transmittal Letter	1
List of Principal Officials	7
Organizational Chart	8
Fund Organization Chart	10
GFOA Certificate of Achievement	11

FINANCIAL SECTION

Independent Auditors' Report	15
-------------------------------------	----

Management's Discussion and Analysis	19
---	----

Basic Financial Statements

Government-wide Financial Statements:

Statement of Net Position	35
Statement of Activities	36

Fund Financial Statements:

Balance Sheet – Governmental Funds	38
------------------------------------	----

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

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	40
--	----

Reconciliation of Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities	41
--	----

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual: General Fund	42
---	----

Local Street Special Revenue Fund	45
-----------------------------------	----

Statement of Net Position – Proprietary Funds	46
---	----

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

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	48
---	----

Reconciliation of Change in Net Position of Enterprise Funds to to Change in Net Position of Business-type Activities	49
--	----

Statement of Cash Flows – Proprietary Funds	50
---	----

Statement of Fiduciary Net Position	52
-------------------------------------	----

Statement of Changes In Fiduciary Net Position	53
--	----

Combining Statement of Net Position – Discretely Presented Component Units	54
--	----

Combining Statement of Activities – Discretely Presented Component Units	55
--	----

Notes to Financial Statements	57
-------------------------------	----

CITY OF NOVI, MICHIGAN

Table of Contents

	<u>Page</u>
Required Supplementary Information	
MERS Agent Multiple-Employer Defined Benefit Pension Plan:	
Schedule of Changes in the City's Net Pension Liability and Related Ratios	102
Schedule of City Contributions	105
Retiree Healthcare Benefits Plan:	
Schedule of Changes in the City's Net Other Postemployment	
Benefit Liability (Asset) and Related Ratios	106
Schedule of City Contributions	108
Schedule of Investment Returns	109
Notes to Required Supplementary Information	110
Combining and Individual Fund Financial Statements and Schedules	
Schedule of Revenues, Expenditures and Changes in Fund Balances –	
Budget and Actual – Major Funds:	
General Fund	116
Local Street Special Revenue Fund	121
Capital Improvement Program Capital Projects Fund	122
Combining Balance Sheet – Nonmajor Governmental Funds	123
Combining Statement of Revenues, Expenditures and	
Changes in Fund Balances – Nonmajor Governmental Funds	124
Combining Balance Sheet – Nonmajor Governmental Funds – Special Revenue Funds	128
Combining Statement of Revenues, Expenditures and Changes in Fund Balances –	
Nonmajor Governmental Funds – Special Revenue Funds	132
Schedule of Revenues, Expenditures and Changes in Fund Balances:	
Budget and Actual – Nonmajor Special Revenue Funds:	
Major Street Fund	135
Municipal Streets Fund	136
Parks, Recreation, and Cultural Services Fund	137
Tree Fund	138
Drain Revenue Fund	139
Community Development Block Grant Fund	140
Forfeiture Fund	141
Library Fund	142
Library Contribution Fund	143
Rubbish Collection Fund	144
West Oak Street Lighting Fund	145
West Lake Drive Street Lighting Fund	146
Town Center Street Lighting Fund	147
Opioid Settlement Fund	148
Budget and Actual – Nonmajor Debt Service Fund –	
2008 Library Construction Fund	150

CITY OF NOVI, MICHIGAN

Table of Contents

	<u>Page</u>
Combining Balance Sheet – Nonmajor Governmental Funds – Capital Projects Funds	152
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds – Capital Projects Funds	153
Schedule of Revenues, Expenditures and Changes in Fund Balances:	
Budget and Actual – Nonmajor Capital Projects Funds:	
Special Assessment Revolving Fund	154
Gun Range Facility Fund	155
PEG Cable Fund	156
Budget and Actual – Nonmajor Permanent Fund –	
Drain Perpetual Maintenance Fund	158
Balance Sheet/Statement of Net Position – Economic Development Corporation Component Unit	159
Statement of Revenues, Expenditures and Changes in Fund Balance/ Statement of Activities – Economic Development Corporation Component Unit	160
Balance Sheet/Statement of Net Position – Corridor Improvement Authority Component Unit	161
Statement of Revenues, Expenditures and Changes in Fund Balance/ Statement of Activities – Corridor Improvement Authority Component Unit	162

STATISTICAL SECTION

1 – Net Position by Component	166
2 – Changes in Net Position	168
3 – Fund Balances – Governmental Funds	172
4 – Changes in Fund Balances – Governmental Funds	174
5 – Taxable and Estimated Actual Value of Property	178
6 – Direct and Overlapping Property Tax Rates	180
7 – Principal Property Tax Payers	183
8 – Property Tax Levies and Collections	184
9 – Ratios of Outstanding Debt by Type	185
10 – Ratios of General Bonded Debt Outstanding	186
11 – Direct and Overlapping Governmental Activities Debt	187
12 – Legal Debt Margin	188
13 – Pledged-Revenue Coverage	189
14 – Demographic and Economic Statistics	190
15 – Principal Employers	191
16 – Full-time Employees by Function / Program	192
17 – Operating Indicators by Function / Program	194
18 – Capital Asset Statistics by Function / Program	198



This page intentionally left blank.

INTRODUCTORY SECTION

This page intentionally left blank.



November 20, 2023

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

Laura Marie Casey

Hugh Crawford

Justin Fischer

Brian Smith

Ericka Thomas

City Manager
Victor Cardenas

City Clerk
Cortney Hanson

We are pleased to submit the Annual Comprehensive Financial Report of the City of Novi for the fiscal year ended June 30, 2023. 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. The City's economic development department's website, InvestNovi.org, 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 activity/department. 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 notes 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 2020 to account for an anticipated loss in revenue and reduced all departments expenditures. The City continued to be conservative in its fiscal year 2021, 2022 and 2023 budgeting. The City's General Fund original budget had a use of fund balance of \$424,850. The amended budget forecasted a net decrease to fund balance of \$3,836,354 with the General Fund ending Fiscal Year 2023 with a net decrease of \$1,963,759 to fund balance. The amended budget accounted for an increase in use of fund balance due to \$2 million of budget rollovers from fiscal year 2022 for contracts/commitments the City entered into that were not completed as of June 30, 2022, \$875,000 for in car cameras and body cameras, and \$390,000 in storm response clean up. The expenditure savings from budget to actual as of June 30, 2023 mostly represents contracts/commitments the City has entered into that were not completed as of June 30, 2023 and will require a budget rollover amendment for fiscal year 2023/24.

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:

- Our Next Energy ("ONE") is a Novi-based battery manufacturing company. ONE opened their new world headquarters in 2022. There are 278 employees in Novi, and a planned 2,000 employees for the Van Buren township facility to be hired. The new 100,000 square foot headquarters is home to ONE's business operations and engineering teams. Corporate functions, including supply chain, procurement, IT, finance, and HR, will also be operated out of the campus.
- Cleveland-Cliffs, the largest flat-rolled steel company in North America and a leading supplier of automotive-grade steel, opened a regional office in Novi in 2023. The move represented an \$8 million investment and brought 80 high paying jobs to the City.
- Lineage, a global leader in the temperature-controlled warehousing and logistics industry, is headquartered in Novi. Lineage has been named a CNBC Disruptor 50 Company for three consecutive years, twice named a US Best Managed Company, named the No. 1 Data Science company, and 23rd overall, on Fast Company's list of The World's Most Innovative Companies, and was included on Fortune's Change the World list.
- Harman International, a global leader in connected car technology, lifestyle audio innovations, professional audio and lighting solutions, and digital transformation, maintains a strong and growing presence in Novi, with 948 employees.

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). In 2022, Novi was named #10 Best Places to Live for Families in the US by Forbes Magazine. Niche.com also rated Novi as the #12th best places to live in the State of Michigan.

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, and
- 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 Census data is required to be used for the Constitutional portion of State Shared Revenue distributions. 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. In fiscal year 2022, the City received approximately \$1.476 million in a one time additional State Shared Revenue payment for the fiscal years 2021 and 2022 census adjustment. 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, 2023, Novi's reliance on revenue sharing payments represents 18.6% of total General Fund revenues or \$7,343,927. Novi's revenue sharing distribution decreased \$827,186 or 10% from the prior year due to the additional census adjustment payment received in the prior year.

The City of Novi has made great strides over the past 20 years in both managing and reducing debt while recognizing savings from refunded/called debt activities. For the fiscal year ended June 30, 2023, debt obligations were reduced by \$2,550,000 from the prior fiscal year. Total direct debt at June 30, 2023 was \$8,785,000.

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 program millage (CIP) which was first levied July 2017. The City continues to invest in infrastructure to maintain its current structures as well as provide investments in new acquisitions. In fiscal year 2023, the CIP millage was used to provide for pathways and ADA a pedestrian tunnel at Lakeshore Park and a splash pad at Bosco Fields. In addition, the City amended the budget during the year for \$3,315,859 of capital/repair projects related to property purchases, purchase of a fire truck and additional costs for the splash pad.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Excellence in Financial Reporting to the City of Novi for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This was the 25th year that the City of Novi has received this prestigious award.

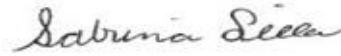
Acknowledgements

The preparation of this Annual Comprehensive 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, 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

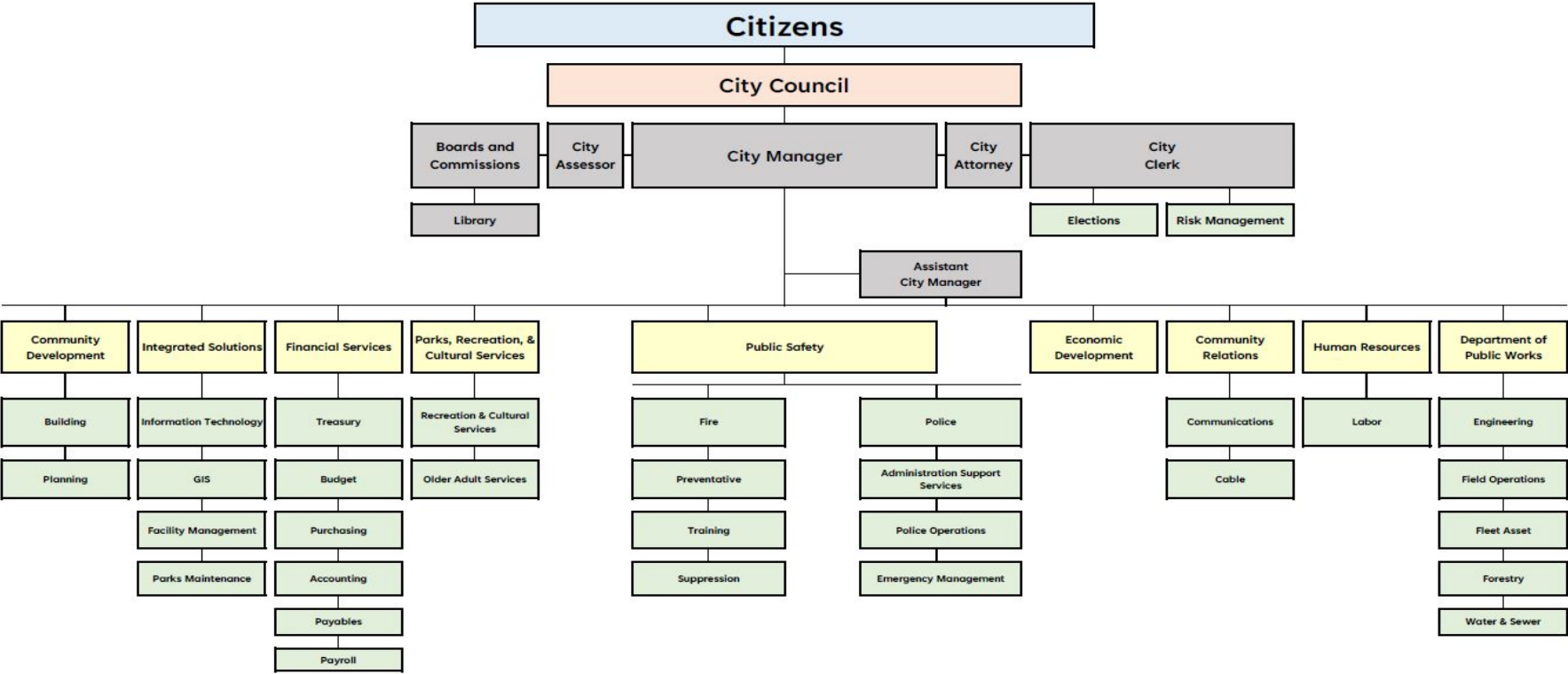
Title	Name
Mayor	Robert Gatt
Mayor Pro-Tem	David Staudt
Council Member	Laura Casey
Council Member	Hugh Crawford
Council Member	Justin Fischer
Council Member	Brian Smith
Council Member	Ericka Thomas
City Manager	Victor Cardenas
Assistant City Manager	Vacant
Assessor	Vacant
Deputy Assessor	Jan Ziozios
City Clerk	Cortney A. Hanson
Deputy City Clerk	Melissa Morris
Human Resources Director	Tia M. Gronlund-Fox
Human Resources Deputy Director	Elise Marra
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	Alan Hall
Parks, Recreation and Cultural Services Director	Jeff Muck
Parks, Recreation and Cultural Services Deputy Director	Tracie Ringle
Public Safety Director/Police Chief	Erick Zinser
Assistant Police Chief	Scott Baetens
Fire Chief	John Martin
Assistant Fire Chief	Vacant
Library Director	Julie E. Farkas
Finance Director/Treasurer/CFO	Carl Johnson
Deputy Finance Director	Sabrina Lilla
Assistant Treasurer	Tina Glenn

CITY OF NOVI, MICHIGAN
Organizational 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 Streets Parks, Recreation, and Cultural Services Tree Drain Revenue Community Development Block Grant Forfeiture Library Library Contribution Rubbish Collection West Oak Street Lighting West Lake Drive Street Lighting Town Center Street Lighting Opioid Settlement
<u>Capital Projects Funds</u>	
Capital Improvement Program Special Assessment Revolving Gun Range Facility PEG Cable	
<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 Collection

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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

This page intentionally left blank.

FINANCIAL SECTION

This page intentionally left blank.

INDEPENDENT AUDITORS' REPORT

November 20, 2023

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparisons for the general fund and the major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



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

Independent Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the schedules for the pension and other postemployment benefit plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated November 20, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Rehmann Lohman LLC

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, 2023. 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	\$ 404,948,155
· Change in total net position	8,778,358
· Fund balances, governmental funds	45,180,972
· Change in fund balances, governmental funds	3,233,356
· Unassigned fund balance, general fund	10,877,896
· Change in fund balance, general fund	(1,963,759)
· Total installment debt outstanding	9,169,091
· Change in installment debt	(2,678,030)

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 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 street 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 and schedules.

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 \$404,948,155 at the close of the most recent fiscal year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 61,406,259	\$ 58,592,226	\$ 49,650,291	\$ 60,294,396	\$ 111,056,550	\$ 118,886,622
Capital assets, net	195,858,680	190,090,919	172,161,373	159,556,680	368,020,053	349,647,599
Net other postemployment benefit asset	3,978,965	3,472,366	123,061	107,393	4,102,026	3,579,759
Total assets	261,243,904	252,155,511	221,934,725	219,958,469	483,178,629	472,113,980
Deferred outflows of resources	12,959,964	11,413,780	391,112	340,864	13,351,076	11,754,644
Long-term liabilities	55,432,314	45,946,685	5,040,151	6,059,428	60,472,465	52,006,113
Other liabilities	14,400,626	14,990,421	7,889,388	4,579,687	22,290,014	19,570,108
Total liabilities	69,832,940	60,937,106	12,929,539	10,639,115	82,762,479	71,576,221
Deferred inflows of resources	5,414,664	12,541,035	3,404,407	3,581,571	8,819,071	16,122,606
Net position:						
Net investment in capital assets	190,523,575	183,511,281	168,641,373	154,681,680	359,164,948	338,192,961
Restricted	38,880,938	33,451,932	127,404	95,842	39,008,342	33,547,774
Unrestricted (deficit)	(30,448,249)	(26,872,063)	37,223,114	51,301,125	6,774,865	24,429,062
Total net position	\$ 198,956,264	\$ 190,091,150	\$ 205,991,891	\$ 206,078,647	\$ 404,948,155	\$ 396,169,797

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 (9.6 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 in governmental activities was primarily the result of net pension liability and related deferred amounts.

CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

The City's assets and deferred outflows of resources increased approximately \$12.7 million from the prior year. This is largely due to the following:

- Net other postemployment benefit (OPEB) asset increased from \$3,579,759 to \$4,102,026 for an increase of \$522,267. Good market conditions accounted for the OPEB increase. Net change in fair value of investments was an increase of \$2,786,324 in fiscal year 2023. In the prior year the net change in fair value of investments was a decrease of \$6,223,750.
- Total net capital assets increased from fiscal year 2022 to fiscal year 2023 by a total of \$18,372,454. The City prides itself on maintaining its capital assets and providing new and improved assets to its residents. Noteworthy asset additions include the 8 Mile Equalization Basin project for \$10.1 million, 9 Mile Road Gravity Relief Sewer for \$11.3 million and the Neighborhood Road Asphalt and Concrete Programs for 2021 and 2022 for \$10.3 million.

The City's liabilities and deferred inflows of resources increased approximately \$3.9 million from the prior year. This is largely due to the following:

- Accounts payable and accrued liabilities increased from \$11,927,715 to \$14,468,873 in fiscal year 2023. The majority of the increase is due to the timing of water and sewer construction payments included in accounts payable at June 30, 2023.
- Net pension liability increased \$11,028,372. Total membership is up from 410 to 412.

The City's net position increased by \$8,778,358 from the prior year net position, compared to the prior year's \$9,981,014 increase. This is largely due to the City's continued investment in capital investments. The net capital investment in capital assets increased \$21 million from fiscal year 2022 to fiscal year 2023.

CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

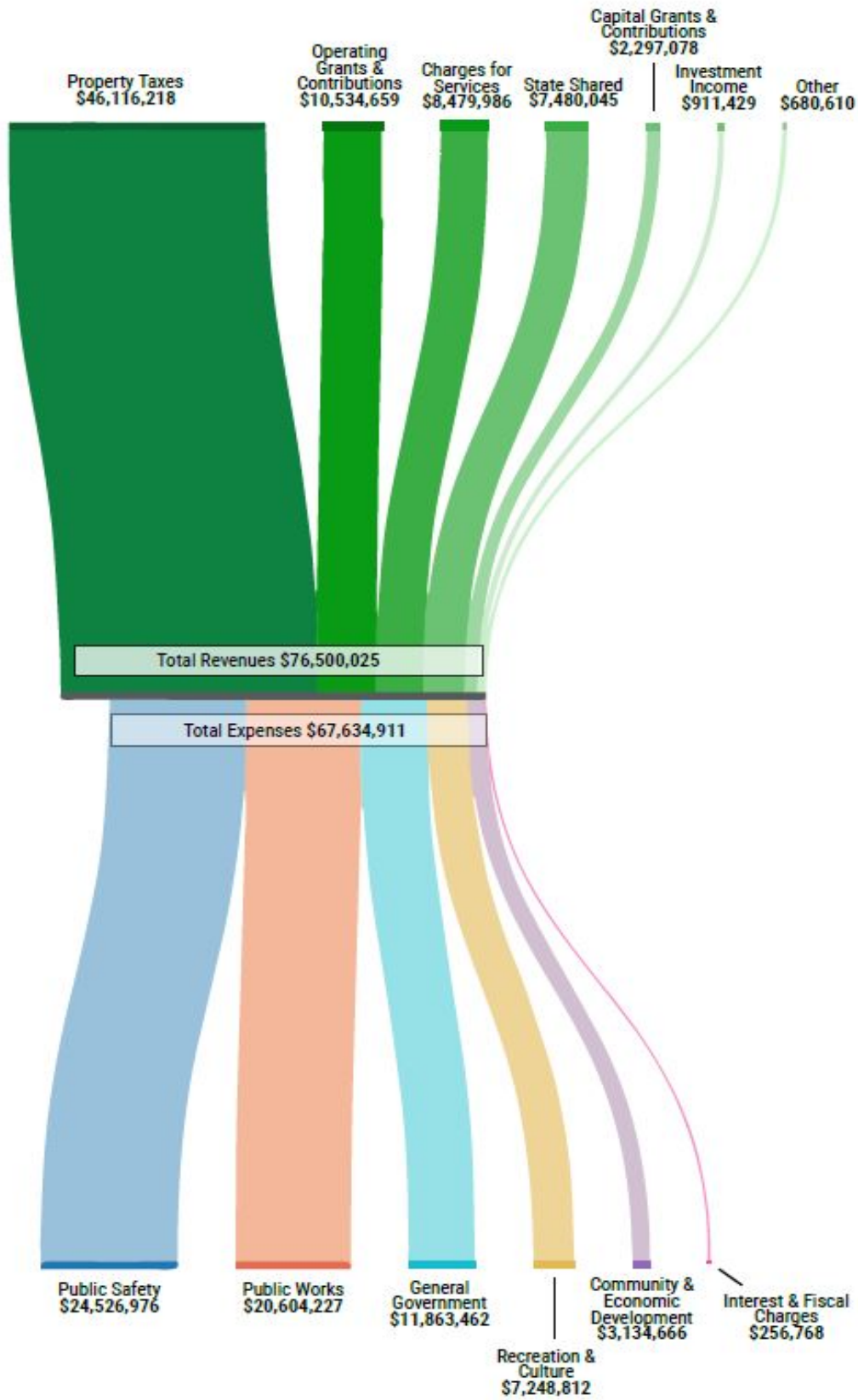
	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 8,479,986	\$ 7,745,479	\$ 30,902,312	\$ 28,917,124	\$ 39,382,298	\$ 36,662,603
Operating grants and contributions	10,534,659	11,231,630	-	179,713	10,534,659	11,411,343
Capital grants and contributions	2,297,078	2,693,631	2,743,881	1,163,815	5,040,959	3,857,446
General revenues:						
Property taxes	46,116,218	44,332,235	-	-	46,116,218	44,332,235
State shared revenues	7,480,045	8,263,773	-	-	7,480,045	8,263,773
Investment income (loss)	911,429	(368,897)	858,208	(1,000,052)	1,769,637	(1,368,949)
Other	680,610	640,568	-	-	680,610	640,568
Total revenues	76,500,025	74,538,419	34,504,401	29,260,600	111,004,426	103,799,019
Expenses						
General government	11,863,462	9,905,432	-	-	11,863,462	9,905,432
Public safety	24,526,976	22,497,361	-	-	24,526,976	22,497,361
Public works	20,604,227	18,111,865	-	-	20,604,227	18,111,865
Community and economic development	3,134,666	2,897,554	-	-	3,134,666	2,897,554
Recreation and culture	7,248,812	6,937,364	-	-	7,248,812	6,937,364
Interest and fiscal charges	256,768	364,139	-	-	256,768	364,139
Water and sewer	-	-	31,163,262	29,992,246	31,163,262	29,992,246
Ice arena	-	-	1,998,428	1,768,305	1,998,428	1,768,305
Senior housing	-	-	1,429,467	1,343,739	1,429,467	1,343,739
Total expenses	67,634,911	60,713,715	34,591,157	33,104,290	102,226,068	93,818,005
Change in net position	8,865,114	13,824,704	(86,756)	(3,843,690)	8,778,358	9,981,014
Net position:						
Beginning of year	190,091,150	176,266,446	206,078,647	209,922,337	396,169,797	386,188,783
End of year	\$ 198,956,264	\$ 190,091,150	\$ 205,991,891	\$ 206,078,647	\$ 404,948,155	\$ 396,169,797

Governmental activities. Governmental activities increased the City's net position by \$8,865,114 (as compared to a prior year increase of \$13,824,704). Key elements of this increase and the change from the prior year include:

- The fluctuation in total investment income. The volatility in the market caused a swing in investment income of a loss of \$368,897 in fiscal year 2022 to an investment gain of \$911,429.
- In the prior year, total federal grants were \$3.1 million compared to the current year of only \$408,400.
- Total expenses were higher than the prior year by \$6.9 million. Of this increase \$2.5 million is due to the increase in pension expenses related to the increase in net pension liability.

CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

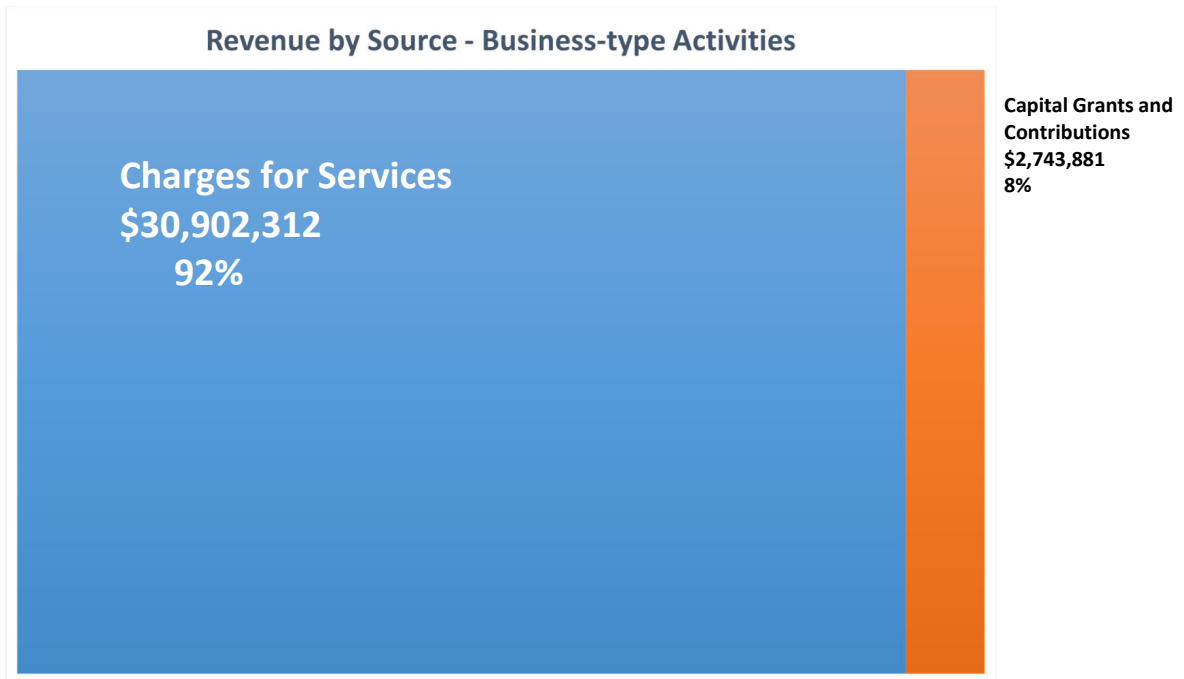


CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

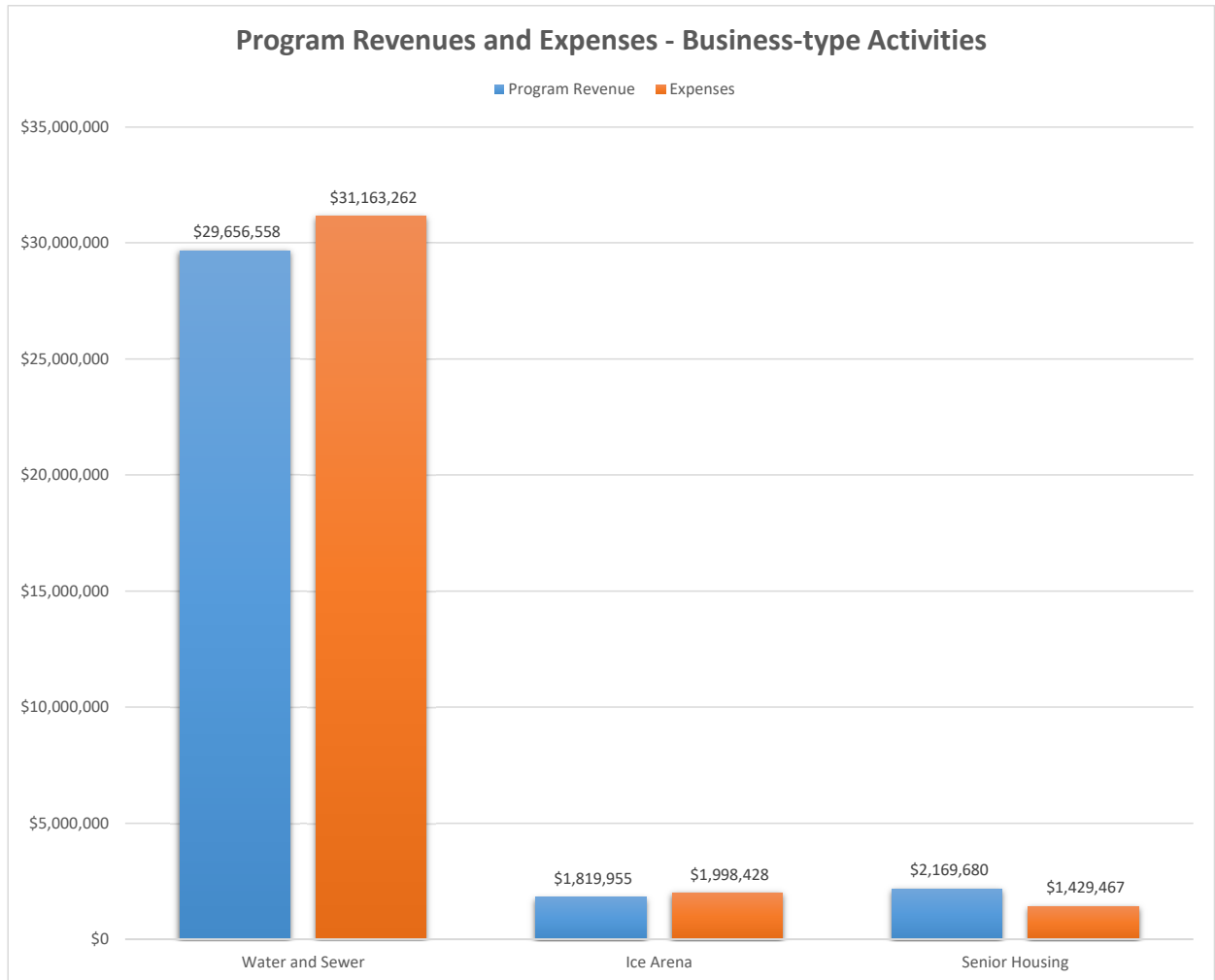
Business-type activities. Business-type activities decreased the City's net position by \$86,756, as compared to a decrease of \$3,843,690 in the prior year. Key elements of this decrease and the change from the prior year include:

- The fluctuation in total investment income. The volatility in the market caused a swing in investment income of a loss of \$1,000,052 in fiscal year 2022 to an investment gain of \$858,208.



CITY OF NOVI, MICHIGAN

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 \$45,180,972, an increase of \$3,233,356. The nonspendable portion of fund balance increased from \$7,385,318 to \$7,464,804. 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 (\$477,553); and
- for perpetual drain fund maintenance (\$6,987,251).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$10,877,896, while total fund balance was \$14,445,394. As of June 30, 2023, the unassigned fund balance represented 75.3% of total fund balance.

CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

The fund balance of the City's general fund decreased by \$1,963,759 during the current fiscal year. This can be attributed to a \$2.4 million decrease in federal funding in fiscal year 2023. An additional \$700,000 of capital outlay was expensed in fiscal year 2023 compared to fiscal year 2022. In addition, personnel expenses increased by \$2 million due to rising costs in health care and salaries (per union contracts).

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 \$1,092,449 at year end, all of which is restricted for roads. The fund balance increased from prior year in the amount of \$84,244, largely due to the timing of capital projects and costs spanning two fiscal years. Significant projects in fiscal year 2023 include the City's Neighborhood Road Program and the 12 Mile Road Reconstruction.

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 \$3,695,068 at year end. The fund balance increased from prior year in the amount of \$1,126,284, compared to an increase of \$5,477,288 in the prior year. This is largely due to \$3 million sale of property located on Grant River in the prior year.

Total net position of the water and sewer fund at the end of the year amounted to \$192,453,996. Of this amount, \$157,564,537 represents the investment in capital assets and \$34,762,055 represents unrestricted net position. The fund had a decrease in total net position for the year of \$805,277. This decrease is largely due to the sale of rising depreciation expense. Depreciation expense increased by \$489,000 from fiscal year 2022 to 2023. In addition, the City purchases water from Great Lakes Water Authority and sewer from Oakland County. Total costs paid to these two third parties increased \$954,000 or 4.4% from the prior year.

Total net position of the ice arena fund at the end of the year amounted to \$5,159,158. Of this amount, \$4,132,630 represents the net investment in capital assets and \$1,026,528 represents unrestricted net position. The fund had a decrease in total net position for the year of \$45,525. Revenues are starting to stabilize after the COVID pandemic. Expenses in the current year were slightly higher than in prior year due to higher building maintenance costs and management staff costs.

Total net position of the senior housing fund at the end of the year amounted to \$8,274,905. Of this amount, \$6,944,206 represents the net investment in capital assets and \$1,330,699 represents unrestricted net position. The fund had an increase in total net position for the year of \$765,290. 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 \$1,618,121, all of which is unrestricted. The fund had an increase in total net position for the year of \$15,917. 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 2023 general fund original budget estimated expenditures and other financing uses to be greater than revenues and other financing sources (decrease in fund balance) by \$424,850. The final amended budget estimated revenues and other financing sources to be \$1,168,353 more than the original budget, and expenditures and other financing uses that were \$4,579,857 more than the original budget. Significant budget amendments included:

- \$1,121,800 increase in State shared revenues and grants
- \$2 million rollover of capital projects budgeted in fiscal year 2022 to be continued in fiscal year 2023
- \$875,000 police in-car cameras and body cameras
- \$390,000 storm response

The fiscal year 2023 general fund amended budget estimated expenditures and other financing uses to be more than revenues and other financing sources (decrease in fund balance) by \$3,836,354. The actual expenditures and other financing uses were more than revenues and other financing sources (decrease of fund balance) by \$1,963,759.

Revenues and other financing sources were \$1,328,517 less than expected primarily due to:

- Licenses, permits and charges for services were \$924,754 less than budget. The City has continued to see an impact in building revenues due to the COVID-19 pandemic. While revenues are greater than the prior year, they are still below pre pandemic levels.
- The actual August State shared revenue payment was \$109,000 lower than the June 30, 2023 estimates per the State's website.
- \$140,000 unrealized loss on the general fund's investments at June 30, 2023.

Expenditures and other financing uses were \$3,201,112 less than expected primarily due to:

- Capital expenditures rollovers total \$3,134,485 of the favorable variance and represents contracts/commitments the City has entered into that were not completed as of June 30, 2023, and will require a budget rollover amendment for fiscal year 2024.
- The remaining variance represents actual savings within each department. Every department, in total and within each budget category, is under their expenditure final budget.

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, 2023, amounted to \$368,020,053 (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 3.0% and for business-type activities increased by 7.9%.

	Capital Assets (Net of Depreciation)					
	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 33,791,141	\$ 31,691,141	\$ 2,272,256	\$ 2,272,256	\$ 36,063,397	\$ 33,963,397
Construction in progress	11,831,437	18,560,799	17,303,657	27,188,786	29,135,094	45,749,585
Roads	77,378,225	66,469,383	-	-	77,378,225	66,469,383
Nonmotorized pathway improvements	8,084,126	7,763,095	-	-	8,084,126	7,763,095
Bridges	489,383	577,658	-	-	489,383	577,658
Drains	9,161,530	8,010,167	-	-	9,161,530	8,010,167
Buildings and improvements	36,741,369	38,009,680	17,624,315	17,655,114	54,365,684	55,664,794
Machinery and equipment	6,768,043	7,432,764	915,023	979,309	7,683,066	8,412,073
Land improvements	8,558,504	8,603,622	2,617,877	2,622,851	11,176,381	11,226,473
Library books	3,054,922	2,972,610	-	-	3,054,922	2,972,610
Water and sewer distribution systems	-	-	131,428,245	108,838,364	131,428,245	108,838,364
Total	\$ 195,858,680	\$ 190,090,919	\$ 172,161,373	\$ 159,556,680	\$ 368,020,053	\$ 349,647,599

Major capital asset events during the current fiscal year included:

- Meadowbrook (senior housing) roof replacement
- Drain projects at Bishop Creek, Cranbrook Drive, and Martin Avenue
- Non-motorized improvements at Meadowbrook Gateway to 11 Mile and various segments along 10 Mile
- Road projects at Crescent Boulevard, Neighborhood Replacement Program, Cranbrook Drive, 12 Mile Reconstruction, Bolingbrook Streets, and Dunhill Park
- Sewer improvements including: 8 Mile equalization basin and 9 Mile road gravity relief system
- Various equipment and vehicles purchases

Additional information on the City's capital assets can be found in Note 8 to the financial statements.

CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

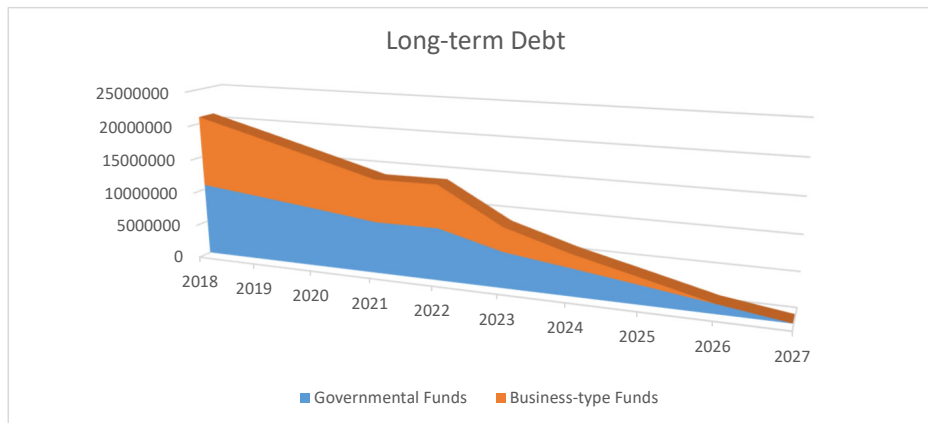
Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$8,785,000. Of this amount, \$5,265,000 is comprised of debt backed by the full faith and credit of the government. The remainder of the City's bonded debt represents bonds secured solely by specified revenue sources.

	General Obligation and Revenue Bonds					
	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 5,265,000	\$ 6,460,000	\$ -	\$ -	\$ 5,265,000	\$ 6,460,000
Special assessment bonds	-	-	3,520,000	4,875,000	3,520,000	4,875,000
Unamortized premium	384,091	512,121	-	-	384,091	512,121
Compensated absences	2,545,966	2,434,828	59,205	54,333	2,605,171	2,489,161
Total	\$ 8,195,057	\$ 9,406,949	\$ 3,579,205	\$ 4,929,333	\$ 11,774,262	\$ 14,336,282

The City's total bonded debt decreased by \$2,550,000 (22.5 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 \$526,863,541.

The outstanding bonded debt by year is show below:



Additional information on the City's long-term debt can be found in Note 9 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- The budget plan, as originally approved for fiscal year 2024, has general fund expenditures greater than revenues of \$812,770. The use of fund balance will be used for one-time purchases of public safety vehicles (historically purchased by the forfeiture fund). In addition, a one-time \$250,000 budget placeholder was created for costs associated with the possible creatin of a stand-alone Senior Department within the General Fund.
- The 2024 fiscal year approved tax millage rate remained at 10.5376 from fiscal year 2023. The total general fund tax revenue is expected to increase \$1.6 million or 5.8%.
- State Shared Revenues and Act 51 revenues are both expected to increase slightly due to the population factor used in the formula calculation. The City's population increased from 55,224 in 2010 to 66,243 in 2020.
- Licenses, permits and charges for services have continued to be lower than pre-Covid-19 years. The City's building activity has not fully recovered due to the COVID-19 pandemic and the negative impact to the local economy. The City is assuming revenue will return to pre-COVID levels by fiscal year 2023/2024.

CITY OF NOVI, MICHIGAN

Management's Discussion and Analysis

- The City continues to place an importance on its infrastructure in fiscal year 2023. The City has \$40,305,090 of budgeted costs in its capital improvement plan for fiscal year 2024. The CIP includes \$10.4 million of road improvements, \$400,000 of sidewalks and pathways, \$1.54 million of storm sewer and drainage projects, \$5.2 million of water distribution improvements, \$18.7 million of sanitary sewer improvements, \$1 million in parks projects, \$1.1 million in building and property developments, and \$1.8 million in machinery, equipment and vehicles.

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 or contact the finance department directly at 248-347-0465.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

CITY OF NOVI, MICHIGAN

Statement of Net Position

June 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 1,427,277	\$ 747,385	\$ 2,174,662	\$ 101,910
Investments	53,341,792	34,921,196	88,262,988	-
Receivables	5,876,895	10,905,258	16,782,153	1,142
Advance to component unit	2,999,077	-	2,999,077	-
Internal balances	(2,903,832)	2,903,832	-	-
Other assets	665,050	172,620	837,670	-
Net other postemployment benefit asset	3,978,965	123,061	4,102,026	-
Capital assets not being depreciated	45,622,578	19,575,913	65,198,491	35,000
Capital assets being depreciated, net	150,236,102	152,585,460	302,821,562	3,807,606
Total assets	261,243,904	221,934,725	483,178,629	3,945,658
Deferred outflows of resources				
Deferred charge on refunding	313,986	-	313,986	-
Deferred pension amounts	8,712,137	269,447	8,981,584	-
Deferred other postemployment benefit amounts	3,933,841	121,665	4,055,506	-
Total deferred outflows of resources	12,959,964	391,112	13,351,076	-
Liabilities				
Accounts payable and accrued liabilities	6,866,544	7,602,329	14,468,873	-
Refundable deposits	7,520,309	287,059	7,807,368	-
Unearned revenue	13,773	-	13,773	-
Advance from primary government	-	-	-	2,999,077
Bonds and other long-term liabilities:				
Due within one year	3,404,802	1,559,205	4,964,007	-
Due in more than one year	4,790,255	2,020,000	6,810,255	-
Net pension liability (due in more than one year)	47,237,257	1,460,946	48,698,203	-
Total liabilities	69,832,940	12,929,539	82,762,479	2,999,077
Deferred inflows of resources				
Deferred pension amounts	1,034,836	32,005	1,066,841	-
Deferred other postemployment benefit amounts	3,793,397	117,322	3,910,719	-
Deferred lease amounts	586,431	3,255,080	3,841,511	-
Total deferred inflows of resources	5,414,664	3,404,407	8,819,071	-
Net position				
Net investment in capital assets	190,523,575	168,641,373	359,164,948	843,529
Restricted for:				
Roads	11,623,717	-	11,623,717	-
Public safety	795,972	-	795,972	-
Community and economic development	15,578	-	15,578	-
Debt service	281,746	-	281,746	-
Infrastructure improvements	5,825,213	-	5,825,213	-
Parks, recreation, and cultural services	1,798,642	-	1,798,642	-
Library	4,297,327	-	4,297,327	-
Stormwater systems	529,179	-	529,179	-
Tree replacement and maintenance	2,523,352	-	2,523,352	-
Street lighting improvement	83,552	-	83,552	-
Perpetual drain maintenance	6,987,251	-	6,987,251	-
Other postemployment benefits	4,119,409	127,404	4,246,813	-
Unrestricted (deficit)	(30,448,249)	37,223,114	6,774,865	103,052
Total net position	\$ 198,956,264	\$ 205,991,891	\$ 404,948,155	\$ 946,581

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, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
General government	\$ 11,863,462	\$ 3,017,318	\$ 352,161	\$ -	\$ (8,493,983)
Public safety	24,526,976	1,001,550	342,293	-	(23,183,133)
Public works	20,604,227	2,119,912	9,388,434	2,297,078	(6,798,803)
Community and economic development	3,134,666	304,592	151,751	-	(2,678,323)
Recreation and culture	7,248,812	2,036,614	300,020	-	(4,912,178)
Interest and fiscal charges	256,768	-	-	-	(256,768)
Total governmental activities	67,634,911	8,479,986	10,534,659	2,297,078	(46,323,188)
Business-type activities:					
Water and sewer	31,163,262	26,912,677	-	2,743,881	(1,506,704)
Ice arena	1,998,428	1,819,955	-	-	(178,473)
Senior housing	1,429,467	2,169,680	-	-	740,213
Total business-type activities	34,591,157	30,902,312	-	2,743,881	(944,964)
Total primary government	\$ 102,226,068	\$ 39,382,298	\$ 10,534,659	\$ 5,040,959	\$ (47,268,152)
Component units					
Economic Development Corporation	\$ 10,000	\$ -	\$ -	\$ -	\$ (10,000)
Corridor Improvement Authority	250,487	-	-	-	(250,487)
Total component units	\$ 260,487	\$ -	\$ -	\$ -	\$ (260,487)

continued...

CITY OF NOVI, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Change in net position				
Net expense	\$ (46,323,188)	\$ (944,964)	\$ (47,268,152)	\$ (260,487)
General revenues:				
Property taxes	46,116,218	-	46,116,218	526,808
State shared revenues	7,480,045	-	7,480,045	-
Investment income	911,429	858,208	1,769,637	-
Other	680,610	-	680,610	50,000
Total general revenues	55,188,302	858,208	56,046,510	576,808
Change in net position	8,865,114	(86,756)	8,778,358	316,321
Net position, beginning of year	190,091,150	206,078,647	396,169,797	630,260
Net position, end of year	<u>\$ 198,956,264</u>	<u>\$ 205,991,891</u>	<u>\$ 404,948,155</u>	<u>\$ 946,581</u>

concluded.

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

CITY OF NOVI, MICHIGAN

Balance Sheet

Governmental Funds
June 30, 2023

	General Fund	Local Street Fund	Capital Improvement Program Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 198,780	\$ 20,913	\$ -	\$ 1,040,370	\$ 1,260,063
Investments	20,089,467	2,355,610	9,943	28,968,282	51,423,302
Receivables:					
Accrued interest	327,614	-	-	-	327,614
Leases	586,431	-	-	-	586,431
Other	520,547	-	-	345,723	866,270
Due from other governments	1,168,894	351,527	-	1,188,200	2,708,621
Advances to other governments	-	-	-	1,323,044	1,323,044
Due from other funds	825,796	-	-	-	825,796
Advances to component units	-	-	-	2,999,077	2,999,077
Prepaid items and other assets	426,373	-	-	51,180	477,553
Total assets	<u>\$ 24,143,902</u>	<u>\$ 2,728,050</u>	<u>\$ 9,943</u>	<u>\$ 35,915,876</u>	<u>\$ 62,797,771</u>
Liabilities					
Accounts payable	\$ 840,617	\$ 1,635,601	\$ 104,700	\$ 1,761,442	\$ 4,342,360
Accrued salaries and wages	655,421	-	-	69,230	724,651
Other accrued liabilities	58,500	-	7,900	350,721	417,121
Refundable deposits	7,515,409	-	-	4,900	7,520,309
Unearned revenue	13,737	-	-	36	13,773
Advances from other funds	-	-	2,800,000	-	2,800,000
Due to other funds	-	-	792,411	33,385	825,796
Total liabilities	<u>9,083,684</u>	<u>1,635,601</u>	<u>3,705,011</u>	<u>2,219,714</u>	<u>16,644,010</u>
Deferred inflows of resources					
Unavailable revenue - grants	-	-	-	15,578	15,578
Unavailable revenue - other	28,393	-	-	342,387	370,780
Deferred lease amounts	586,431	-	-	-	586,431
Total deferred inflows of resources	<u>614,824</u>	<u>-</u>	<u>-</u>	<u>357,965</u>	<u>972,789</u>
Fund balances					
Nonspendable:					
Prepaid items and other assets	426,373	-	-	51,180	477,553
Perpetual drain maintenance	-	-	-	6,987,251	6,987,251
Restricted:					
Roads	-	1,092,449	-	10,450,771	11,543,220
Public safety	6,640	-	-	609,803	616,443
Debt service	-	-	-	330,546	330,546
Infrastructure improvements	-	-	-	5,825,213	5,825,213
Parks, recreation, and cultural services	-	-	-	1,691,724	1,691,724
Library	-	-	-	4,282,726	4,282,726
Stormwater systems	-	-	-	517,657	517,657
Tree replacement and maintenance	-	-	-	2,523,352	2,523,352
Street lighting improvement	-	-	-	83,552	83,552
Assigned -					
Subsequent year's budget	3,134,485	-	-	-	3,134,485
Unassigned (deficit)	10,877,896	-	(3,695,068)	(15,578)	7,167,250
Total fund balances	<u>14,445,394</u>	<u>1,092,449</u>	<u>(3,695,068)</u>	<u>33,338,197</u>	<u>45,180,972</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 24,143,902</u>	<u>\$ 2,728,050</u>	<u>\$ 9,943</u>	<u>\$ 35,915,876</u>	<u>\$ 62,797,771</u>

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, 2023

Fund balances - total governmental funds \$ 45,180,972

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	45,622,578
Capital assets being depreciated, net	150,236,102

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	386,358
--	---------

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	1,618,121
Portion of internal service fund net position attributed to business-type activities	(103,832)

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 bonds payable	(49,300)
Bonds payable	(5,265,000)
Unamortized bond premium	(384,091)
Accrued compensated absences	(2,545,966)
Unamortized deferred charge on refunding	313,986
Claims and judgments	(613,117)

Certain pension and other postemployment benefit-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	(47,237,257)
Deferred outflows related to the net pension liability	8,712,137
Deferred inflows related to the net pension liability	(1,034,836)
Net other postemployment benefit asset	3,978,965
Deferred outflows related to the net other postemployment benefit asset	3,933,841
Deferred inflows related to the net other postemployment benefit asset	(3,793,397)

Net position of governmental activities \$ 198,956,264

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, 2023

	General Fund	Local Street Fund	Capital Improvement Program Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 26,829,318	\$ -	\$ 4,145,914	\$ 15,140,986	\$ 46,116,218
Special assessments	-	-	-	35,829	35,829
Licenses, permits, and charges for services	3,349,536	-	-	2,544,504	5,894,040
Intergovernmental:					
Federal grants	253,278	-	-	155,122	408,400
State-shared revenue and grants	7,487,770	2,071,470	-	6,483,899	16,043,139
Other grants	-	-	-	149,992	149,992
Fines and forfeitures	251,190	-	-	288,225	539,415
Investment income	508,103	39,844	35,464	708,189	1,291,600
Other:					
Local donations	34,500	-	-	39,098	73,598
Recreational programs	-	-	-	2,036,614	2,036,614
Miscellaneous	696,846	389,013	-	338,772	1,424,631
Total revenues	39,410,541	2,500,327	4,181,378	27,921,230	74,013,476
Expenditures					
Current:					
General government	11,551,460	-	2,102,559	-	13,654,019
Public safety	22,337,012	-	32,475	198,987	22,568,474
Public works	4,428,036	7,975,283	11,617	9,915,293	22,330,229
Community and economic development	2,990,604	-	-	167,603	3,158,207
Recreation and culture	42,188	-	811,792	6,701,960	7,555,940
Debt service:					
Principal	-	-	-	1,195,000	1,195,000
Interest and fiscal charges	-	-	96,651	221,600	318,251
Total expenditures	41,349,300	7,975,283	3,055,094	18,400,443	70,780,120
Revenues over (under) expenditures	(1,938,759)	(5,474,956)	1,126,284	9,520,787	3,233,356
Other financing sources (uses)					
Transfers in	-	5,559,200	-	25,000	5,584,200
Transfers out	(25,000)	-	-	(5,559,200)	(5,584,200)
Total other financing sources (uses)	(25,000)	5,559,200	-	(5,534,200)	-
Net change in fund balances	(1,963,759)	84,244	1,126,284	3,986,587	3,233,356
Fund balances (deficit), beginning of year	16,409,153	1,008,205	(4,821,352)	29,351,610	41,947,616
Fund balances (deficit), end of year	\$ 14,445,394	\$ 1,092,449	\$ (3,695,068)	\$ 33,338,197	\$ 45,180,972

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, 2023

Net change in fund balances - total governmental funds \$ 3,233,356

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	15,293,439
Donated capital assets	1,232,340
Contributed capital	1,028,909
Depreciation expense	(11,762,242)
Loss on disposal of capital assets	(24,685)

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	187,896
--	---------

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 loss from governmental internal service fund	(21,487)
Investment earnings from governmental internal service fund	37,404
Net operating loss attributable to business-type activities	1,244

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 bonds, notes and other long-term liabilities	1,195,000
--	-----------

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	61,483
Change in net pension liability and related deferred amounts	(2,493,513)
Change in net other postemployment benefit asset and related deferred amounts	1,020,522
Change in the accrual for compensated absences	(111,138)
Change in the claims and judgments liability	(13,414)

Change in net position of governmental activities \$ 8,865,114

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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Current property taxes	\$ 26,552,963	\$ 26,636,119	\$ 26,646,204	\$ 10,085
Trailer fees	12,250	11,000	10,790	(210)
Penalties and interest	220,000	168,094	172,324	4,230
Licenses, permits, and charges for services	4,413,411	4,274,290	3,349,536	(924,754)
Intergovernmental:				
Federal grants	155,000	270,470	253,278	(17,192)
State grants	6,356,000	7,610,949	7,487,770	(123,179)
Fines and forfeitures	375,000	340,000	251,190	(88,810)
Investment income	706,961	629,646	508,103	(121,543)
Other:				
Local donations	26,000	37,000	34,500	(2,500)
Miscellaneous	753,120	761,490	696,846	(64,644)
Total revenues	39,570,705	40,739,058	39,410,541	(1,328,517)
Expenditures				
Current:				
General government:				
City council	64,889	50,889	49,952	(937)
City manager	672,669	733,950	675,298	(58,652)
Finance	983,466	1,002,112	998,525	(3,587)
Treasury	413,014	443,078	435,986	(7,092)
Integrated solutions	1,674,190	1,769,726	1,637,831	(131,895)
Assessing	927,620	804,068	746,503	(57,565)
City attorney, insurance, and claims	881,800	786,800	740,544	(46,256)
City clerk	1,111,850	1,063,350	1,006,396	(56,954)
Facility management	1,747,804	2,395,894	1,578,513	(817,381)
Park maintenance	1,234,719	1,489,634	1,416,379	(73,255)
Human resources	644,178	760,646	751,532	(9,114)
Community relations	744,891	1,053,090	1,024,532	(28,558)
Studio 6	236,411	280,411	274,959	(5,452)
Economic development	198,883	214,883	214,510	(373)
Total general government	11,536,384	12,848,531	11,551,460	(1,297,071)
Public safety:				
Police	15,317,765	16,533,015	15,632,927	(900,088)
Fire	6,435,115	6,757,056	6,704,085	(52,971)
Total public safety	21,752,880	23,290,071	22,337,012	(953,059)
Public works:				
Administration	517,825	600,041	591,066	(8,975)
Engineering	297,920	373,632	358,487	(15,145)
Field operations	1,606,469	2,532,110	2,280,359	(251,751)
Fleet asset	1,253,418	1,546,374	1,198,124	(348,250)
Total public works	3,675,632	5,052,157	4,428,036	(624,121)

continued...

CITY OF NOVI, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded):				
Current (concluded):				
Community and economic development:				
Building	\$ 2,276,356	\$ 2,296,216	\$ 2,144,838	\$ (151,378)
Planning	667,103	1,010,237	845,766	(164,471)
Total community and economic development	<u>2,943,459</u>	<u>3,306,453</u>	<u>2,990,604</u>	<u>(315,849)</u>
Recreation and culture:				
Youth assistance	48,200	39,200	34,407	(4,793)
Historical commission	14,000	14,000	7,781	(6,219)
Total recreation and culture	<u>62,200</u>	<u>53,200</u>	<u>42,188</u>	<u>(11,012)</u>
Total expenditures	<u>39,970,555</u>	<u>44,550,412</u>	<u>41,349,300</u>	<u>(3,201,112)</u>
Revenues under expenditures	(399,850)	(3,811,354)	(1,938,759)	1,872,595
Other financing uses				
Transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Net change in fund balance	<u>(424,850)</u>	<u>(3,836,354)</u>	<u>(1,963,759)</u>	<u>1,872,595</u>
Fund balance, beginning of year	<u>12,085,677</u>	<u>16,409,153</u>	<u>16,409,153</u>	<u>-</u>
Fund balance, end of year	<u>\$ 11,660,827</u>	<u>\$ 12,572,799</u>	<u>\$ 14,445,394</u>	<u>\$ 1,872,595</u>

concluded.

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

This page intentionally left blank.

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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental - state shared:				
Gas and weight tax	\$ 1,800,000	\$ 2,063,937	\$ 2,071,470	\$ 7,533
Investment income	15,080	46,017	39,844	(6,173)
Other -				
Miscellaneous	-	389,013	389,013	-
Total revenues	1,815,080	2,498,967	2,500,327	1,360
Expenditures				
Current -				
Public works	7,588,080	8,767,992	7,975,283	(792,709)
Revenues under expenditures	(5,773,000)	(6,269,025)	(5,474,956)	794,069
Other financing sources				
Transfers in	5,524,000	6,353,263	5,559,200	(794,063)
Net change in fund balance	(249,000)	84,238	84,244	6
Fund balance, beginning of year	1,008,252	1,008,205	1,008,205	-
Fund balance, end of year	\$ 759,252	\$ 1,092,443	\$ 1,092,449	\$ 6

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

CITY OF NOVI, MICHIGAN

Statement of Net Position

Proprietary Funds
June 30, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Ice Arena	Senior Housing	Total	Internal Service Fund
Assets					
Current assets:					
Cash and cash equivalents	\$ 341,517	\$ 322,147	\$ 83,721	\$ 747,385	\$ 167,214
Investments	31,944,065	1,352,524	1,624,607	34,921,196	1,918,490
Receivables:					
Taxes	238,674	-	-	238,674	-
Special assessments	60,624	-	-	60,624	-
Water and sewer billing	6,854,567	-	-	6,854,567	-
Leases	-	21,605	-	21,605	-
Other	-	25,701	-	25,701	64,915
Inventory	167,204	1,309	-	168,513	-
Prepaid items and other assets	432	2,445	1,230	4,107	187,497
Total current assets	39,607,083	1,725,731	1,709,558	43,042,372	2,338,116
Noncurrent assets:					
Receivables:					
Special assessments	470,612	-	-	470,612	-
Leases	-	3,233,475	-	3,233,475	-
Advances to other funds	2,800,000	-	-	2,800,000	-
Net other postemployment benefit asset	123,061	-	-	123,061	-
Capital assets not being depreciated	16,495,867	874,372	2,205,674	19,575,913	-
Capital assets being depreciated, net	141,068,670	3,778,258	7,738,532	152,585,460	-
Total noncurrent assets	160,958,210	7,886,105	9,944,206	178,788,521	-
Total assets	200,565,293	9,611,836	11,653,764	221,830,893	2,338,116
Deferred outflows of resources					
Deferred pension amounts	269,447	-	-	269,447	-
Deferred other postemployment benefit amounts	121,665	-	-	121,665	-
Total deferred outflows of resources	391,112	-	-	391,112	-
Liabilities					
Current liabilities:					
Accounts payable	6,751,668	544,274	161,104	7,457,046	995
Accrued salaries and wages	21,665	9,771	12,021	43,457	119,000
Other accrued liabilities	59,598	5,457	36,771	101,826	600,000
Refundable deposits	-	118,096	168,963	287,059	-
Current portion of bonds, notes and other long-term liabilities	59,205	520,000	980,000	1,559,205	-
Total current liabilities	6,892,136	1,197,598	1,358,859	9,448,593	719,995
Noncurrent liabilities:					
Bonds, notes and other long-term liabilities, net of current portion	-	-	2,020,000	2,020,000	-
Net pension liability	1,460,946	-	-	1,460,946	-
Total noncurrent liabilities	1,460,946	-	2,020,000	3,480,946	-
Total liabilities	8,353,082	1,197,598	3,378,859	12,929,539	719,995
Deferred inflows of resources					
Deferred pension amounts	32,005	-	-	32,005	-
Deferred other postemployment benefit amounts	117,322	-	-	117,322	-
Deferred lease amounts	-	3,255,080	-	3,255,080	-
Total deferred inflows of resources	149,327	3,255,080	-	3,404,407	-
Net position					
Net investment in capital assets	157,564,537	4,132,630	6,944,206	168,641,373	-
Restricted for other postemployment benefits	127,404	-	-	127,404	-
Unrestricted	34,762,055	1,026,528	1,330,699	37,119,282	1,618,121
Total net position	\$ 192,453,996	\$ 5,159,158	\$ 8,274,905	\$ 205,888,059	\$ 1,618,121

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, 2023

Net position - enterprise funds \$ 205,888,059

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.

103,832

Net position of business-type activities \$ 205,991,891

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, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Ice Arena	Senior Housing	Total	Internal Service Fund
Operating revenues					
Charges for services:					
Sale of water	\$ 12,978,443	\$ -	\$ -	\$ 12,978,443	\$ -
Sewage disposal charges	13,560,308	-	-	13,560,308	-
Concession sales	-	24,905	-	24,905	-
Installation fees	146,383	-	-	146,383	-
Rentals and other	-	1,795,050	2,161,906	3,956,956	-
Insurance	-	-	-	-	3,953,060
Fines and forfeitures	168,884	-	-	168,884	-
Other	58,659	-	7,774	66,433	1,495,473
Total operating revenues	26,912,677	1,819,955	2,169,680	30,902,312	5,448,533
Operating expenses					
Sewage treatment	12,471,425	-	-	12,471,425	-
Maintenance and operation	11,858,697	823,441	412,995	13,095,133	-
Depreciation	4,922,025	309,798	463,527	5,695,350	-
Salaries and fringes	1,740,016	-	-	1,740,016	5,470,020
Professional services	-	842,039	479,264	1,321,303	-
Supplies and other	169,855	-	-	169,855	-
Total operating expenses	31,162,018	1,975,278	1,355,786	34,493,082	5,470,020
Operating income (loss)	(4,249,341)	(155,323)	813,894	(3,590,770)	(21,487)
Nonoperating revenues (expenses)					
Interest income	700,183	132,948	25,077	858,208	37,404
Interest and fiscal charges	-	(23,150)	(73,681)	(96,831)	-
Total nonoperating revenues (expenses)	700,183	109,798	(48,604)	761,377	37,404
Income (loss) before capital contributions	(3,549,158)	(45,525)	765,290	(2,829,393)	15,917
Capital contributions					
Lines donated by developers and others	1,200,114	-	-	1,200,114	-
Customer assessments - tap fees	1,543,767	-	-	1,543,767	-
Total capital contributions	2,743,881	-	-	2,743,881	-
Change in net position	(805,277)	(45,525)	765,290	(85,512)	15,917
Net position, beginning of year	193,259,273	5,204,683	7,509,615	205,973,571	1,602,204
Net position, end of year	\$ 192,453,996	\$ 5,159,158	\$ 8,274,905	\$ 205,888,059	\$ 1,618,121

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, 2023

Net change in net position - total enterprise funds \$ (85,512)

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 loss attributable to those funds is reported with business-type activities.

(1,244)

Change in net position of business-type activities \$ (86,756)

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, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Ice Arena	Senior Housing	Total	Internal Service Fund
Cash flows from operating activities					
Cash received from customers	\$ 26,222,384	\$ 1,815,090	\$ 2,169,680	\$ 30,207,154	\$ 6,105,525
Cash payments for goods and services	(20,047,210)	(1,075,660)	(764,987)	(21,887,857)	-
Cash payments to employees	(1,728,115)	-	-	(1,728,115)	(5,502,520)
Net cash provided by operating activities	<u>4,447,059</u>	<u>739,430</u>	<u>1,404,693</u>	<u>6,591,182</u>	<u>603,005</u>
Cash flows from noncapital financing activities					
Repayment of advances to other funds	1,472,000	-	-	1,472,000	-
Cash flows from capital and related financing activities					
Acquisition/construction of capital assets	(15,246,078)	(471,664)	(1,382,418)	(17,100,160)	-
Principal paid on bonds, notes and other long-term liabilities	-	(485,000)	(870,000)	(1,355,000)	-
Interest paid on bonds, notes and other long-term liabilities	-	(23,150)	(73,681)	(96,831)	-
Customer assessments - tap fees received	1,543,767	-	-	1,543,767	-
Net cash used in capital and related financing activities	<u>(13,702,311)</u>	<u>(979,814)</u>	<u>(2,326,099)</u>	<u>(17,008,224)</u>	<u>-</u>
Cash flows from investing activities					
Purchase of securities	-	-	-	-	(485,211)
Sale of securities	4,598,972	189,613	899,888	5,688,473	-
Interest and dividends received	700,183	132,948	25,077	858,208	37,404
Net cash provided by (used in) investing activities	<u>5,299,155</u>	<u>322,561</u>	<u>924,965</u>	<u>6,546,681</u>	<u>(447,807)</u>
Net change in cash and cash equivalents	<u>(2,484,097)</u>	<u>82,177</u>	<u>3,559</u>	<u>(2,398,361)</u>	<u>155,198</u>
Cash and cash equivalents, beginning of year	2,825,614	239,970	80,162	3,145,746	12,016
Cash and cash equivalents, end of year	<u>\$ 341,517</u>	<u>\$ 322,147</u>	<u>\$ 83,721</u>	<u>\$ 747,385</u>	<u>\$ 167,214</u>

continued...

CITY OF NOVI, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Ice Arena	Senior Housing	Total	Internal Service Fund
Reconciliation of operating loss to net cash provided by operating activities:					
Operating loss	\$ (4,249,341)	\$ (155,323)	\$ 813,894	\$ (3,590,770)	\$ (21,487)
Adjustments to reconcile operating loss to net cash provided by operating activities:					
Depreciation expense	4,922,025	309,798	463,527	5,695,350	-
Loss on disposal of capital assets	231	-	-	231	-
Change in assets and liabilities:					
Receivables:					
Taxes	(13,209)	-	-	(13,209)	-
Special assessments	121,530	-	-	121,530	-
Water and sewer billing	(686,012)	-	-	(686,012)	-
Leases	-	(42,214)	-	(42,214)	-
Other	-	(5,443)	-	(5,443)	47,277
Inventory	(112,833)	578	-	(112,255)	-
Prepaid items and other assets	1,817,248	5,203	(821)	1,821,630	9,612
Net other postemployment benefit asset	(15,668)	-	-	(15,668)	-
Deferred outflows of resources - pension amounts	(111,921)	-	-	(111,921)	-
Deferred outflows of resources - other postemployment benefit amounts	61,673	-	-	61,673	-
Accounts payable	2,635,919	489,825	149,734	3,275,478	103
Accrued salaries and wages	(38,528)	6,565	-	(31,963)	(32,500)
Other accrued liabilities	(400)	(1,902)	(19,639)	(21,941)	600,000
Refundable deposits	-	90,129	(2,002)	88,127	-
Compensated absences	4,872	-	-	4,872	-
Net pension liability	330,851	-	-	330,851	-
Deferred inflows of resources - pension amounts	(141,811)	-	-	(141,811)	-
Deferred inflows of resources - other postemployment benefit amounts	(77,567)	-	-	(77,567)	-
Deferred lease amounts	-	42,214	-	42,214	-
Net cash provided by operating activities	<u>\$ 4,447,059</u>	<u>\$ 739,430</u>	<u>\$ 1,404,693</u>	<u>\$ 6,591,182</u>	<u>\$ 603,005</u>

Noncash item: During the year ended June 30, 2023, developers and others constructed water and sewer lines with an estimated value of \$1,200,114 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, 2023

	Postemployment Benefits - Retiree Health Care Benefits Trust Fund	Tax Collection Custodial Fund
Assets		
Cash and cash equivalents	\$ 22,797	\$ -
Investments, at fair value:		
U.S. government securities	5,489,048	-
U.S. agency securities	387,881	-
Corporate bonds	2,027,650	-
Equities	14,241,907	-
Mutual funds	4,906,598	-
MERS Retiree Healthcare Funding Vehicle	6,899,025	-
Total assets	<u>33,974,906</u>	<u>-</u>
Net position		
Restricted for other postemployment benefits	<u>\$ 33,974,906</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, 2023

	Postemployment Benefits - Retiree Health Care Benefits Trust Fund	Tax Collection Custodial Fund
Additions		
Contributions - Employer	\$ 114,329	\$ -
Investment income:		
Net change in fair value of investments	2,786,324	-
Interest	447,352	-
Other	200	-
Total investment income	3,233,876	-
Less: investment expense	(275,414)	-
Net investment income	2,958,462	-
Taxes collected for other governments	-	131,627,413
Total additions	3,072,791	131,627,413
Deductions		
Healthcare insurance premiums	1,441,898	-
Administrative expense	17,900	-
Payments of taxes to other governments	-	131,627,413
Total deductions	1,459,798	131,627,413
Change in net position	1,612,993	-
Net position, beginning of year	32,361,913	-
Net position, end of year	\$ 33,974,906	\$ -

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, 2023

	Economic Development Corporation	Corridor Improvement Authority	Totals
Assets			
Cash and cash equivalents	\$ 101,910	\$ -	\$ 101,910
Receivables	-	1,142	1,142
Capital assets not being depreciated	35,000	-	35,000
Capital assets being depreciated, net	-	3,807,606	3,807,606
Total assets	<u>136,910</u>	<u>3,808,748</u>	<u>3,945,658</u>
Liabilities			
Advance from primary government	-	2,999,077	2,999,077
Net position			
Net investment in capital assets	35,000	808,529	843,529
Unrestricted	101,910	1,142	103,052
Total net position	<u>\$ 136,910</u>	<u>\$ 809,671</u>	<u>\$ 946,581</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, 2023

	Economic Development Corporation	Corridor Improvement Authority	Totals
Expenses			
Economic development corporation	\$ 10,000	\$ -	\$ 10,000
Corridor Improvement Authority	-	250,487	250,487
Total expenses	<u>10,000</u>	<u>250,487</u>	<u>260,487</u>
General revenues			
Property taxes	-	526,808	526,808
Other	50,000	-	50,000
Total general revenues	<u>50,000</u>	<u>526,808</u>	<u>576,808</u>
Change in net position	40,000	276,321	316,321
Net position, beginning of year	<u>96,910</u>	<u>533,350</u>	<u>630,260</u>
Net position, end of year	<u>\$ 136,910</u>	<u>\$ 809,671</u>	<u>\$ 946,581</u>

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

This page intentionally left blank.

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.

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, 2023 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 local street portion (as defined by State Act 51) of the City's street network. Of the 195.69 total centerline miles that make up the City of Novi road network, the City has 149.78 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.

The *debt service fund* is 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.

The *permanent fund* accounts 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.

The *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.

The *retiree health care benefits trust fund* accumulates resources for future retiree healthcare payments to retirees.

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, 2023, 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.

Leases

Lessor. The City is a lessor for noncancellable leases of cell towers and an ice arena. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, proprietary fund and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for prepaid lease payments received at lease inception. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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.

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
Component units -	
Roads	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 assets 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.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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).

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 assets 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. Finally, the statements of net position and governmental funds balance sheets report deferred inflows related to leases. The amounts are deferred and amortized over the remaining life of the lease.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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.

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'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.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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.

The City's 2022 property tax revenue was levied and collectible on July 1, 2022 and is recognized as revenue in the year ended June 30, 2023 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	4.7505	\$ 21,013,000
Police and fire supplemental millage	1.3518	5,971,000
Parks and recreation operations	0.3648	1,613,000
Library operations	0.7303	3,229,000
Street maintenance operations	1.4197	6,277,000
Drains maintenance operations	0.6107	2,700,000
Debt levies for library	0.3471	1,534,000
Capital improvements	0.9514	4,206,000
Economic development	0.0113	50,000
		<u>\$ 46,593,000</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. GAAP serves as the basis of budgeting.

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, 2023, 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 unassigned fund balance deficits in the capital improvement program capital projects fund and the nonmajor community development block grant special revenue fund of \$3,695,068 and \$15,578, 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, 2022 and will be updating the plan based on the final June 30, 2023 audit. The deficit in the community development block grant special revenue 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, 2022	\$ (3,258,918)
Current year building permit revenue	1,525,843
Related costs	<u>(1,792,568)</u>
Cumulative shortfall at June 30, 2023	<u>\$ (3,525,643)</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, 2023:

	Primary Government	Component Units	Totals
Statement of net position			
Cash and cash equivalents	\$ 2,174,662	\$ 101,910	\$ 2,276,572
Investments	88,262,988	-	88,262,988
Statement of fiduciary net position			
Postemployment benefits -			
Retiree healthcare benefits trust fund:			
Cash and cash equivalents	22,797	-	22,797
Investments	33,952,109	-	33,952,109
Total	<u>\$ 124,412,556</u>	<u>\$ 101,910</u>	<u>\$ 124,514,466</u>
Deposits and investments			
Bank deposits:			
Checking / savings accounts			\$ 2,285,131
Certificates of deposit			13,864,424
Portfolio cash - Retiree Health Care Benefits Trust Fund			10,033
Investments:			
City pool			74,398,564
Retiree Health Care Benefits Trust Fund			33,952,109
Cash on hand			4,205
Total			<u>\$ 124,514,466</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, 2023, \$17,187,953 of the City's bank balance of \$19,282,376 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, 2023, 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	\$ -	\$ 5,489,048
U.S. agency securities	23,121,751	387,881
Corporate bonds	-	2,027,650
Municipal bonds	30,164,380	-
Equities	-	14,241,907
Mutual funds	-	4,906,598
Money market funds	10,143,014	-
Michigan CLASS government investment pool	6,006,213	-
Commercial paper	4,960,781	-
MERS Retiree Healthcare Funding Vehicle	-	6,899,025
Bank investment pool - Oakland County	2,425	-
	<hr/>	<hr/>
Total investments	<u>\$ 74,398,564</u>	<u>\$ 33,952,109</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 AAA	\$ 196,034	\$ 77,210
Standard & Poor's AA+	24,817,265	-
Standard & Poor's AA	9,776,794	-
Standard & Poor's AA-	6,183,569	-
Standard & Poor's A+	1,875,078	491,516
Standard & Poor's A	2,829,200	691,869
Standard & Poor's A-	304,400	612,494
Standard & Poor's BBB+	-	154,561
Standard & Poor's A1	4,960,781	-
Moody's Aaa	996,154	5,489,048
Moody's Aa1	2,894,608	-
Moody's Aa3	221,887	-
Moody's A1	1,143,119	-
Unrated	-	387,881
Not subject to credit risk	18,199,675	26,047,530
Total investments	<u>\$ 74,398,564</u>	<u>\$ 33,952,109</u>

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, 2023, maturities of the City's investments were as follows:

	City	Retiree Health Care Benefits Trust Fund
Less than 1 year	\$ 17,562,767	\$ 441,513
1 - 5 years	34,745,231	5,425,555
6 - 10 years	5,655,370	1,649,630
More than 10 years	283,545	387,881
No maturity	16,151,651	26,047,530
Total	<u>\$ 74,398,564</u>	<u>\$ 33,952,109</u>

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, 2023, 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	20.3%
MFS International Diversification Fund Class A Mutual Fund	Morgan Stanley	N/A	9.4%
Municipal Bond	State of Michigan	6.2%	N/A
Municipal Bond	State of Michigan	6.1%	N/A
Municipal Bond	Kent Hospital Finance Authority	6.7%	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, 2023:

	Level 1	Level 2	Level 3	Total
U.S. government securities	\$ 5,489,048	\$ -	\$ -	\$ 5,489,048
U.S. agency securities	23,509,632	-	-	23,509,632
Corporate bonds	2,027,650	-	-	2,027,650
Municipal bonds	-	30,164,380	-	30,164,380
Equities	13,707,991	533,916	-	14,241,907
Mutual funds	-	4,906,598	-	4,906,598
Money market funds	10,143,014	-	-	10,143,014
Commercial paper	4,960,781	-	-	4,960,781
MERS Retiree Healthcare Funding Vehicle	6,899,025	-	-	6,899,025
	<u>\$ 66,737,141</u>	<u>\$ 35,604,894</u>	<u>\$ -</u>	<u>102,342,035</u>
Investments measured at NAV				
Michigan CLASS investment pool				6,006,213
Investments measured at amortized cost				
Bank investment pool - Oakland County				<u>2,425</u>
				<u><u>\$ 108,350,673</u></u>

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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. The investments in the Michigan CLASS government investment pool are not categorized as they are measured at net asset value per share or its equivalent.

Investments in Entities that Calculate Net Asset Value per Share. The City holds share in Michigan CLASS whereby the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment pool as a practical expedient.

At year end, the net asset value of the City's investment in Michigan CLASS was \$6,006,213. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

4. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Taxes receivable	\$ -	\$ 238,674	-
Special assessments receivable	-	531,236	-
Water and sewer billing receivable	-	6,854,567	-
Accrued interest receivable	327,614	-	-
Leases receivable	586,431	3,255,080	-
Other receivables	931,185	25,701	-
Due from other governments	2,708,621	-	1,142
Advances to other governments	1,323,044	-	-
	<u>\$ 5,876,895</u>	<u>\$ 10,905,258</u>	<u>\$ 1,142</u>
Amount not expected to be collected within one year	<u>\$ 1,875,351</u>	<u>\$ 3,704,087</u>	<u>\$ -</u>

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

5. LEASES

The City is involved in three agreements as a lessor that qualify as long-term lease agreements. Below is a summary of these agreements. These agreements qualify as long-term lease agreements as the City will not surrender control of the asset at the end of the term and the noncancelable term of the agreement surpasses one year. Total lease revenue for the year ended June 30, 2023 was \$52,318.

Asset type	Remaining Term of Agreements
Cell towers	3-33 years
Ice arena	3 years

Lease receivable activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Governmental activities				
Leases receivable	\$ 619,552	\$ -	\$ (33,121)	\$ 586,431
Business-type activities				
Leases receivable	\$ 3,212,866	\$ 61,411	\$ (19,197)	\$ 3,255,080

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following at year-end:

	Governmental Activities	Business-type Activities
Accounts payable	\$ 4,343,355	\$ 7,457,046
Accrued salaries and wages	843,651	43,457
Other accrued liabilities	1,017,121	101,826
Accrued interest payable	49,300	-
Claims and judgments payable	613,117	-
	<u>\$ 6,866,544</u>	<u>\$ 7,602,329</u>

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

7. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2023, was as follows:

	Due from Other Funds	Due to Other Funds
General fund	\$ 825,796	\$ -
Capital improvement program fund	-	792,411
Nonmajor governmental funds	-	33,385
	<u> </u>	<u> </u>
Total	<u>\$ 825,796</u>	<u>\$ 825,796</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	\$ -	\$ 2,800,000
Water and sewer enterprise fund	2,800,000	-
	<u> </u>	<u> </u>
Total	<u>\$ 2,800,000</u>	<u>\$ 2,800,000</u>

To minimize the overall cost of securing funds to maximize the amount of capital projects that be completed using the capital improvements millage, the City identified long-term capital reserves in the water and sewer enterprise fund that were available for temporary 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 would 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 is not to exceed 10 years, with amounts to be repaid monthly, via internal transfers, using the proceeds from the voter-approved capital improvements millage or other funds at the City's discretion. Principal payments on the outstanding loan are straight-line over the 10 year period beginning July 2017 through June 2027. Payments 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	\$ 2,999,077	\$ -
Corridor improvement authority	-	2,999,077
Total	<u>\$ 2,999,077</u>	<u>\$ 2,999,077</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		Total
	Local Street Fund	Nonmajor Governmental Funds	
General fund	\$ -	\$ 25,000	\$ 25,000
Nonmajor governmental funds	5,559,200	-	5,559,200
	<u>\$ 5,559,200</u>	<u>\$ 25,000</u>	<u>\$ 5,584,200</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 municipal streets fund (a nonmajor special revenue fund) and the local street 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 older adult transportation rides within the city limits, and to help subsidize capital expenditure purchases.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

8. CAPITAL ASSETS

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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 31,691,141	\$ 2,100,000	\$ -	\$ -	\$ 33,791,141
Construction in progress	18,560,799	7,633,156	-	(14,362,518)	11,831,437
	<u>50,251,940</u>	<u>9,733,156</u>	<u>-</u>	<u>(14,362,518)</u>	<u>45,622,578</u>
Capital assets being depreciated:					
Roads	145,226,744	5,663,799	(2,940,877)	11,450,113	159,399,779
Nonmotorized pathway improvements	14,386,026	283,271	-	707,409	15,376,706
Bridges	2,256,131	-	-	-	2,256,131
Drains	18,251,520	51,189	(1,975,482)	1,826,314	18,153,541
Buildings and improvements	63,235,129	130,661	-	57,833	63,423,623
Machinery and equipment	24,120,391	1,045,055	(1,224,836)	153,881	24,094,491
Land improvements	9,834,278	195,796	-	166,968	10,197,042
Library books	3,597,631	451,761	(537,977)	-	3,511,415
	<u>280,907,850</u>	<u>7,821,532</u>	<u>(6,679,172)</u>	<u>14,362,518</u>	<u>296,412,728</u>
Less accumulated depreciation for:					
Roads	(78,757,361)	(6,205,070)	2,940,877	-	(82,021,554)
Nonmotorized pathway improvements	(6,622,931)	(669,649)	-	-	(7,292,580)
Bridges	(1,678,473)	(88,275)	-	-	(1,766,748)
Drains	(10,241,353)	(726,140)	1,975,482	-	(8,992,011)
Buildings and improvements	(25,225,449)	(1,456,805)	-	-	(26,682,254)
Machinery and equipment	(16,687,627)	(1,838,972)	1,200,151	-	(17,326,448)
Land improvements	(1,230,656)	(407,882)	-	-	(1,638,538)
Library books	(625,021)	(369,449)	537,977	-	(456,493)
	<u>(141,068,871)</u>	<u>(11,762,242)</u>	<u>6,654,487</u>	<u>-</u>	<u>(146,176,626)</u>
Total capital assets being depreciated, net	<u>139,838,979</u>	<u>(3,940,710)</u>	<u>(24,685)</u>	<u>14,362,518</u>	<u>150,236,102</u>
Governmental activities capital assets, net	<u>\$ 190,090,919</u>	<u>\$ 5,792,446</u>	<u>\$ (24,685)</u>	<u>\$ -</u>	<u>\$ 195,858,680</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
Business-type activities					
Capital assets not being depreciated:					
Land	\$ 2,272,256	\$ -	\$ -	\$ -	\$ 2,272,256
Construction in progress	27,188,786	15,205,326	-	(25,090,455)	17,303,657
	<u>29,461,042</u>	<u>15,205,326</u>	<u>-</u>	<u>(25,090,455)</u>	<u>19,575,913</u>
Capital assets being depreciated:					
Water and sewer distribution systems	198,380,271	2,120,515	(717,340)	24,901,964	224,685,410
Buildings and improvements	31,862,020	856,820	-	-	32,718,840
Machinery and equipment	3,640,721	104,354	(170,605)	66,233	3,640,703
Land improvements	3,115,823	13,259	-	122,258	3,251,340
	<u>236,998,835</u>	<u>3,094,948</u>	<u>(887,945)</u>	<u>25,090,455</u>	<u>264,296,293</u>
Less accumulated depreciation for:					
Water and sewer distribution systems	(89,541,907)	(4,432,598)	717,340	-	(93,257,165)
Buildings and improvements	(14,206,906)	(887,619)	-	-	(15,094,525)
Machinery and equipment	(2,661,412)	(234,642)	170,374	-	(2,725,680)
Land improvements	(492,972)	(140,491)	-	-	(633,463)
	<u>(106,903,197)</u>	<u>(5,695,350)</u>	<u>887,714</u>	<u>-</u>	<u>(111,710,833)</u>
Total capital assets being depreciated, net	<u>130,095,638</u>	<u>(2,600,402)</u>	<u>(231)</u>	<u>25,090,455</u>	<u>152,585,460</u>
Business-type activities capital assets, net	<u>\$ 159,556,680</u>	<u>\$ 12,604,924</u>	<u>\$ (231)</u>	<u>\$ -</u>	<u>\$ 172,161,373</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
Component Unit - Economic Development Corporation					
Capital assets not being depreciated -					
Historical treasure	\$ 35,000	\$ -	\$ -	\$ -	\$ 35,000
Component Unit - Corridor Improvement Authority					
Capital assets not being depreciated -					
Construction in progress	\$ 3,966,256	\$ -	\$ -	\$ (3,966,256)	\$ -
Capital assets being depreciated -					
Roads	-	-	-	3,966,256	3,966,256
Less accumulated depreciation for -					
Roads	-	(158,650)	-	-	(158,650)
Total capital assets being depreciated, net	-	(158,650)	-	3,966,256	3,807,606
Component Unit - Corridor Improvement Authority capital assets, net	\$ 3,966,256	\$ (158,650)	\$ -	\$ -	\$ 3,807,606

Depreciation expense was charged to governmental activities functions as follows:

General government	\$ 474,818
Public safety	1,310,696
Public works	8,836,570
Community and economic development	61,719
Recreation and culture	1,078,439
Total governmental activities	<u>\$ 11,762,242</u>

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

Water and sewer	\$ 4,922,025
Ice arena	309,798
Senior housing	463,527
Total business-type activities	<u>\$ 5,695,350</u>

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Construction commitments consisted of the following at June 30, 2023:

Governmental activities	
Sidewalks and pathways	\$ 133,902
Street construction	5,394,951
Parks	2,128,209
Buildings	284,882
Drains	<u>61,961</u>
Total governmental activities	<u>\$ 8,003,905</u>
Business-type activities	
Water and sewer	\$ 9,368,063
Parks	71,026
Buildings	<u>220,241</u>
Total business-type activities	<u>\$ 9,659,330</u>

9. BONDS AND OTHER LONG-TERM LIABILITIES

The following is a summary of bonds and other long-term liabilities transactions of the City for the year ended June 30, 2023:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds					
\$8,715,000 2016 Unlimited Tax Library Refunding Bonds, installments of \$165,000 to \$1,390,000 through October 1, 2026, interest at 2.0% to 4.0%	\$ 6,460,000	\$ -	\$ (1,195,000)	\$ 5,265,000	\$ 1,240,000
Unamortized premium					
2016 Unlimited Tax Library Refunding Bonds	512,121	-	(128,030)	384,091	128,030
Compensated absences	<u>2,434,828</u>	<u>2,661,631</u>	<u>(2,550,493)</u>	<u>2,545,966</u>	<u>2,036,772</u>
Total governmental activities	<u>\$ 9,406,949</u>	<u>\$ 2,661,631</u>	<u>\$ (3,873,523)</u>	<u>\$ 8,195,057</u>	<u>\$ 3,404,802</u>

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Business-type activities					
General obligation bonds					
\$4,905,000 2014 Ice Arena Refunding Bonds, installments of \$450,000 to \$520,000 through June 1, 2024, interest at 2.4%	\$ 1,005,000	\$ -	\$ (485,000)	\$ 520,000	\$ 520,000
\$9,075,000 2015 Senior Complex Recreation Facility Refunding Bonds, installments of \$850,000 to \$1,020,000 through October 1, 2025, interest at 2.29%	3,870,000	-	(870,000)	3,000,000	980,000
Total business-type activities general obligation bonds	4,875,000	-	(1,355,000)	3,520,000	1,500,000
Compensated absences	54,333	241,398	(236,526)	59,205	59,205
Total business-type activities	\$ 4,929,333	\$ 241,398	\$ (1,591,526)	\$ 3,579,205	\$ 1,559,205

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ended June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
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	-	-
	\$ 5,265,000	\$ 397,600	\$ 3,520,000	\$ 116,446

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

10. 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,	
	2023	2022
Estimated liability, beginning of year	\$ 599,703	\$ 107,607
Estimated claims incurred, including changes in estimates	114,944	693,151
Claim recoveries (payments)	<u>(101,530)</u>	<u>(201,055)</u>
Estimated liability, end of year	<u>\$ 613,117</u>	<u>\$ 599,703</u>

11. 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, 2023 was \$4.7505 per \$1,000 of taxable value.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

12. TAX ABATEMENTS

The City received reduced property tax revenues during fiscal year 2023 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 \$328,000 in reduced City tax revenues for fiscal year 2023.

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 \$314,000 in reduced City tax revenues for fiscal year 2023.

13. 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.

Employees Covered by Benefit Terms. At the December 31, 2022 valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	228
Inactive employees entitled to but not yet receiving benefits	65
Active employees	<u>119</u>
Total membership	<u><u>412</u></u>

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Contributions and Benefits Provided

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2023, employer contribution amounts for closed plans were based on projected payroll and for open plans were based on a percentage of payroll.

Employee contribution amounts or rates and benefits provided, by division/bargaining unit, were as follows for the year ended June 30, 2023:

- **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, 2022, 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, 2022 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	7.00%, 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
- Disabled 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, 2022 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%	4.50%	2.70%
Global fixed income	20.0%	2.00%	0.40%
Private investments	<u>20.0%</u>	7.00%	1.40%
	<u><u>100.0%</u></u>		
Inflation			2.50%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u><u>7.25%</u></u>

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2022 was 7.25%. 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, 2021	\$ 122,099,274	\$ 84,429,443	\$ 37,669,831
Changes for the year:			
Service cost	1,208,770	-	1,208,770
Interest	8,633,411	-	8,633,411
Differences between expected and actual experience	(1,600,261)	-	(1,600,261)
Employer contributions	-	5,464,228	(5,464,228)
Employee contributions	-	453,554	(453,554)
Net investment loss	-	(8,549,268)	8,549,268
Benefit payments, including refunds of employee contributions	(7,244,224)	(7,244,224)	-
Administrative expense	-	(154,966)	154,966
Net changes	997,696	(10,030,676)	11,028,372
Balances at December 31, 2022	\$ 123,096,970	\$ 74,398,767	\$ 48,698,203

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 7.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's net pension liability	\$ 62,912,090	\$ 48,698,203	\$ 36,785,234

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, 2023, the City recognized pension expense of \$8,089,596. 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	\$ 321,548	\$ 1,066,841	\$ (745,293)
Changes in assumptions	1,481,000	-	1,481,000
Net difference between projected and actual earnings on pension plan investments	6,700,259	-	6,700,259
	<u>8,502,807</u>	<u>1,066,841</u>	<u>7,435,966</u>
Contributions subsequent to the measurement date	478,777	-	478,777
Total	<u><u>\$ 8,981,584</u></u>	<u><u>\$ 1,066,841</u></u>	<u><u>\$ 7,914,743</u></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, 2024. 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
2024	\$ 1,834,109
2025	722,171
2026	1,956,345
2027	<u>2,923,341</u>
Total	<u><u>\$ 7,435,966</u></u>

Payable to the Pension Plan. At June 30, 2023, the City had \$155,357 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

14. 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 9 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 185 members participating in the DC plan as of June 30, 2023. During the year ended June 30, 2023, the City contributed \$969,303 to the plan.

15. OTHER 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, POLC employees hired after April 1, 2012, and COAM officers promoted into the Commander bargaining group on or after July 1, 2021, will bring with them the retirement healthcare which they qualify for in the police officer group. 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.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Plans Membership. Membership of the plans consisted of the following at June 30, 2021 (the date of the most recent valuation):

Inactive plan members receiving or entitled to future benefits	90
Active plan members	<u>98</u>
Total	<u><u>188</u></u>

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, 2023, employer contributions totaled \$114,329, which was entirely comprised of the implicit rate subsidy.

Actuarial Assumptions. The total other postemployment liability was determined by respective actuarial valuations as of June 30, 2021 (and rolled forward to June 30, 2023), 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	16 years, closed
Asset valuation method	Market value of assets
Price inflation	2.5%
Salary increases	3.0% to 9.7%, 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 rates of mortality used for individual members are based upon the sex distinct Pub-2010 tables, as published by the Society of Actuaries, and include a margin for future mortality improvements projected using a fully generational improvement scale. The tables used were as follows:

1) **Healthy Pre-Retirement Mortality:** Sex distinct Pub-2010 General Employees table without adjustment. The base year is 2010 and future mortality improvements are assumed each year using scale MP-2019, as published by the Society of Actuaries. 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.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

2) **Healthy Post-Retirement Mortality:** Sex distinct Pub-2010 General Healthy Retiree tables scaled by a factor of 106%. The base year is 2010 and future mortality improvements are assumed each year using scale MP-2019, as published by the Society of Actuaries.

3) **Disability Retirement Mortality:** Sex distinct PubNS-2010 Disabled tables without adjustment. The base year is 2010 and future mortality improvements are assumed each year using scale MP-2019, as published by the Society of Actuaries.

Healthcare cost trend rate

Non-Medicare: 7.5%, gradually decreasing to 3.5% in year 12
 Medicare: 6.25%, gradually decreasing to 3.5% in year 12

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, 2023 (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%	4.50%	2.70%
Global fixed income	20.0%	2.00%	0.40%
Private investments	20.0%	7.00%	1.40%
	<u>100.0%</u>		
Inflation			<u>2.50%</u>
Investment rate of return			<u><u>7.00%</u></u>

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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.

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, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 9.77%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Changes in the Net Other Postemployment Benefit 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, 2022	\$ 28,782,154	\$ 32,361,913	\$ (3,579,759)
Changes for the year:			
Service cost	333,568	-	333,568
Interest	1,975,959	-	1,975,959
Differences between expected and actual experience	223,097	-	223,097
Employer contributions	-	114,329	(114,329)
Net investment income	-	2,958,462	(2,958,462)
Benefit payments, including refunds of employee contributions	(1,441,898)	(1,441,898)	-
Administrative expense	-	(17,900)	17,900
Net changes	<u>1,090,726</u>	<u>1,612,993</u>	<u>(522,267)</u>
Balances at June 30, 2023	<u>\$ 29,872,880</u>	<u>\$ 33,974,906</u>	<u>\$ (4,102,026)</u>

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%)
City's net OPEB asset	\$ (206,284)	\$ (4,102,026)	\$ (7,320,307)

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability (asset) of the City, calculated using the healthcare cost trend rates as follows:

- Non-Medicare: Initial rate of 7.50%, graded down to 3.50% in year 12, as well as what the City's net OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate that is 1% lower (6.50% graded down to 2.50% over 12 years) or 1% higher (8.50% graded down to 4.50% over 12 years) than the current rate.
- Medicare: Initial rate of 6.25%, decreasing 0.25% per year to a 3.50% long-term rate, as well as what the City's net OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate that is 1% lower (5.25% graded down to 2.50%) or 1% higher (7.25% graded down to 4.50%) than the current rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
City's net OPEB liability (asset)	\$ (8,017,959)	\$ (4,102,026)	\$ 703,426

Other Postemployment Benefit Expense and Deferred Outflows/Inflows of Resources Related to Other Postemployment Benefits. For the year ended June 30, 2023, the City recognized other postemployment benefit expense of \$(937,755). At June 30, 2023, 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	\$ 170,324	\$ 3,910,719	\$ (3,740,395)
Changes in assumptions	1,959,133	-	1,959,133
Net difference between projected and actual earnings on other postemployment benefit plan investments	1,926,049	-	1,926,049
Total	<u>\$ 4,055,506</u>	<u>\$ 3,910,719</u>	<u>\$ 144,787</u>

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

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

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
2024	\$ (700,707)
2025	(458,204)
2026	1,439,737
2027	<u>(136,039)</u>
	<u>\$ 144,787</u>

16. NET INVESTMENT IN CAPITAL ASSETS

The composition of the net investment in capital assets as of June 30, 2023, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 45,622,578	\$ 19,575,913	\$ 35,000
Capital assets being depreciated, net	<u>150,236,102</u>	<u>152,585,460</u>	<u>3,807,606</u>
	<u>195,858,680</u>	<u>172,161,373</u>	<u>3,842,606</u>
Related debt:			
Bonds payable	5,265,000	3,520,000	-
Unamortized bond premium	384,091	-	-
Advance from primary government	-	-	2,999,077
Less unamortized deferred charge on refunding	<u>(313,986)</u>	<u>-</u>	<u>-</u>
	<u>5,335,105</u>	<u>3,520,000</u>	<u>2,999,077</u>
Net investment in capital assets	<u>\$ 190,523,575</u>	<u>\$ 168,641,373</u>	<u>\$ 843,529</u>

17. 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. Over the past two years, the City has been awarded funds from various sources to be used to respond to the impacts of the COVID-19 pandemic. Of the amount awarded, approximately \$179,000 was recognized as revenue during the current fiscal year. With these additional Federal resources, at this time management does not believe that the negative financial impact of the pandemic, if any, would be material to the City.

CITY OF NOVI, MICHIGAN

Notes to Financial Statements

18. OPIOID SETTLEMENT

The City is part of a \$21 billion nationwide settlement reached in July 2021 to resolve all Opioids litigation brought by states and local political subdivisions against the three largest pharmaceutical distributors: McKesson, Cardinal Health, and AmerisourceBergen (Distributors), and a \$5 billion nationwide settlement with manufacturer Janssen Pharmaceuticals, Inc. and its parent company Johnson & Johnson (Janssen). The term of the settlement varies by entity; however, the City expects to receive eighteen (18) installments from the Distributors with the first two installments being paid early in 2023 in the amount of \$12,758 and the remaining 16 installments expected to be made annually beginning in 2024. Additionally, the City expects to receive eleven (11) installments from Janssen with the first five installments being paid early in 2023 in the amount of \$37,853 and the remaining installments expected to be made annually beginning in 2026. The City is currently allocated approximately 0.0846% of the total State of Michigan local unit settlement and the total amount of the settlement is expected to be \$220,013 and \$50,570 from the Distributors and Janssen, respectively.

As a result of the payment terms issued to the Directing Administrator of the National Opioid Settlements, the receivable for the Distributor and Janssen settlement agreements was recorded at the net present value, using a discount rate for payments to be received subsequent to 2023 of 3%. The net present value of the combined settlement payments to be received as of June 30, 2023 is \$169,177.

Additional settlements with pharmacies and manufacturers were entered into during 2022 and 2023, including CVS, Walgreens, Walmart, Allergan and Teva. However, as of June 30, 2023, the amounts to be allocated to and collected by the City were not able to be determined, and as such, no amounts have been reported related to these settlements in the financial statements.



This page intentionally left blank.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NOVI, MICHIGAN

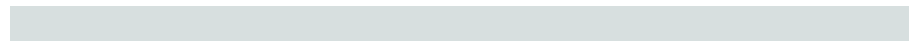
Required Supplementary Information

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,			
	2023	2022	2021	2020
Change in total pension liability				
Service cost	\$ 1,208,770	\$ 1,165,302	\$ 1,177,587	\$ 1,197,540
Interest	8,633,411	8,443,443	7,991,416	7,897,801
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(1,600,261)	964,642	365,639	617,296
Changes of assumptions	-	4,442,998	3,299,601	3,298,884
Benefit payments, including refunds of member contributions	(7,244,224)	(6,943,708)	(6,738,163)	(6,409,461)
Net change in total pension liability	<u>997,696</u>	<u>8,072,677</u>	<u>6,096,080</u>	<u>6,602,060</u>
Total pension liability, beginning	<u>122,099,274</u>	<u>114,026,597</u>	<u>107,930,517</u>	<u>101,328,457</u>
Total pension liability, ending (a)	<u>123,096,970</u>	<u>122,099,274</u>	<u>114,026,597</u>	<u>107,930,517</u>
Change in plan fiduciary net position				
Contributions - employer	5,464,228	5,661,548	4,245,191	4,359,997
Contributions - member	453,554	487,219	495,015	520,863
Net investment income (loss)	(8,549,268)	10,489,200	8,618,891	8,323,727
Benefit payments, including refunds of member contributions	(7,244,224)	(6,943,708)	(6,738,163)	(6,409,461)
Administrative expense	(154,966)	(120,330)	(136,616)	(143,529)
Net change in plan fiduciary net position	<u>(10,030,676)</u>	<u>9,573,929</u>	<u>6,484,318</u>	<u>6,651,597</u>
Plan fiduciary net position, beginning	<u>84,429,443</u>	<u>74,855,514</u>	<u>68,371,196</u>	<u>61,719,599</u>
Plan fiduciary net position, ending (b)	<u>74,398,767</u>	<u>84,429,443</u>	<u>74,855,514</u>	<u>68,371,196</u>
City's net pension liability, ending (a)-(b)	<u>\$ 48,698,203</u>	<u>\$ 37,669,831</u>	<u>\$ 39,171,083</u>	<u>\$ 39,559,321</u>
Plan fiduciary net position as a percentage of the total pension liability	60.4%	69.1%	65.6%	63.3%
Covered payroll	\$ 10,486,885	\$ 10,865,211	\$ 10,519,199	\$ 10,574,181
City's net pension liability as a percentage of covered payroll	464.4%	346.7%	372.4%	374.1%

See notes to required supplementary information.



Year Ended June 30,				
2019	2018	2017	2016	2015
\$ 1,225,434	\$ 1,255,498	\$ 1,279,328	\$ 1,402,754	\$ 1,495,687
7,788,580	7,586,392	7,325,066	6,983,009	6,687,807
-	-	-	23,615	-
(1,404,136)	(366,993)	248,579	301,433	-
-	-	-	3,305,619	-
<u>(6,051,911)</u>	<u>(5,813,104)</u>	<u>(5,335,884)</u>	<u>(4,731,967)</u>	<u>(4,385,711)</u>
1,557,967	2,661,793	3,517,089	7,284,463	3,797,783
<u>99,770,490</u>	<u>97,108,697</u>	<u>93,591,608</u>	<u>86,307,145</u>	<u>82,509,362</u>
<u>101,328,457</u>	<u>99,770,490</u>	<u>97,108,697</u>	<u>93,591,608</u>	<u>86,307,145</u>
4,389,615	3,725,305	3,115,902	3,024,626	3,648,998
528,872	558,097	602,714	652,652	712,076
(2,592,555)	7,797,188	6,176,312	(898,140)	3,399,244
(6,051,911)	(5,813,104)	(5,335,884)	(4,731,967)	(4,385,711)
<u>(126,495)</u>	<u>(123,263)</u>	<u>(122,174)</u>	<u>(124,928)</u>	<u>(126,196)</u>
(3,852,474)	6,144,223	4,436,870	(2,077,757)	3,248,411
<u>65,572,073</u>	<u>59,427,850</u>	<u>54,990,980</u>	<u>57,068,737</u>	<u>53,820,326</u>
<u>61,719,599</u>	<u>65,572,073</u>	<u>59,427,850</u>	<u>54,990,980</u>	<u>57,068,737</u>
<u>\$ 39,608,858</u>	<u>\$ 34,198,417</u>	<u>\$ 37,680,847</u>	<u>\$ 38,600,628</u>	<u>\$ 29,238,408</u>
60.9%	65.7%	61.2%	58.8%	66.1%
\$ 10,645,669	\$ 10,616,668	\$ 10,614,530	\$ 11,371,927	\$ 12,101,246
372.1%	322.1%	355.0%	339.4%	241.6%

This page intentionally left blank.

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
6/30/2023	\$ 5,494,020	\$ 5,518,963	\$ (24,943)	\$ 11,360,424	48.6%
6/30/2022	5,029,860	5,083,057	(53,197)	11,057,881	46.0%
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,		
	2023	2022	2021
Change in total other postemployment benefit liability			
Service cost	\$ 333,568	\$ 320,367	\$ 360,278
Interest	1,975,959	2,069,304	1,996,301
Differences between expected and actual experience	223,097	(5,422,973)	(217,034)
Changes of assumptions	-	3,011,009	-
Benefit payments, including refunds of member contributions	(1,441,898)	(1,193,717)	(959,652)
Net change in total other postemployment benefit liability	<u>1,090,726</u>	<u>(1,216,010)</u>	<u>1,179,893</u>
Total other postemployment benefit liability, beginning	<u>28,782,154</u>	<u>29,998,164</u>	<u>28,818,271</u>
Total other postemployment benefit liability, ending (a)	<u>29,872,880</u>	<u>28,782,154</u>	<u>29,998,164</u>
Change in plan fiduciary net position			
Contributions - employer	114,329	117,308	73,750
Net investment income (loss)	2,958,462	(6,123,365)	9,140,709
Benefit payments, including refunds of member contributions	(1,441,898)	(1,193,717)	(959,652)
Administrative expense	(17,900)	(6,500)	(9,000)
Other	-	-	-
Net change in plan fiduciary net position	<u>1,612,993</u>	<u>(7,206,274)</u>	<u>8,245,807</u>
Plan fiduciary net position, beginning	<u>32,361,913</u>	<u>39,568,187</u>	<u>31,322,380</u>
Plan fiduciary net position, ending (b)	<u>33,974,906</u>	<u>32,361,913</u>	<u>39,568,187</u>
City's net other postemployment benefit liability (asset), ending (a)-(b)	<u>\$ (4,102,026)</u>	<u>\$ (3,579,759)</u>	<u>\$ (9,570,023)</u>
Plan fiduciary net position as a percentage of the total other postemployment benefit liability	113.73%	112.44%	131.90%
Covered payroll	\$ 9,047,472	\$ 8,862,466	\$ 8,785,682
City's net other postemployment benefit liability (asset) as a percentage of covered payroll	-45.34%	-40.39%	-108.93%

See notes to required supplementary information.



Year Ended June 30,			
2020	2019	2018	2017
\$ 359,236	\$ 416,798	\$ 372,847	\$ 440,432
2,117,673	2,017,676	2,136,783	2,030,554
(3,397,416)	(15,504)	(4,022,732)	(86,522)
1,222,422	-	1,819,912	-
<u>(1,026,609)</u>	<u>(995,230)</u>	<u>(983,213)</u>	<u>(885,353)</u>
(724,694)	1,423,740	(676,403)	1,499,111
<u>29,542,965</u>	<u>28,119,225</u>	<u>28,795,628</u>	<u>27,296,517</u>
<u>28,818,271</u>	<u>29,542,965</u>	<u>28,119,225</u>	<u>28,795,628</u>
315,689	363,994	647,350	617,207
1,222,103	2,224,284	2,845,010	3,399,591
(1,026,609)	(995,230)	(983,213)	(885,353)
(20,774)	(293,630)	(293,400)	(245,933)
-	1,397	244	-
<u>490,409</u>	<u>1,300,815</u>	<u>2,215,991</u>	<u>2,885,512</u>
<u>30,831,971</u>	<u>29,531,156</u>	<u>27,315,165</u>	<u>24,429,653</u>
<u>31,322,380</u>	<u>30,831,971</u>	<u>29,531,156</u>	<u>27,315,165</u>
<u>\$ (2,504,109)</u>	<u>\$ (1,289,006)</u>	<u>\$ (1,411,931)</u>	<u>\$ 1,480,463</u>
108.69%	104.36%	105.02%	94.86%
\$ 9,388,956	\$ 10,505,955	\$ 10,800,824	\$ 10,711,843
-26.67%	-12.27%	-13.07%	13.82%

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
6/30/2023	\$ -	\$ 114,329	\$ (114,329)	\$ 9,047,472	1.3%
6/30/2022	34,487	117,308	(82,821)	8,862,466	1.3%
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

Fiscal Year Ended	Annual Money-Weighted Rate of Return, net of Investment Expense
6/30/2023	9.77%
6/30/2022	-14.36%
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

MERS Agent Multiple-Employer Defined Benefit Pension Plan

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

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

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.

The significant changes in assumptions for the year ended June 30, 2022 were as follows:

- The assumed rate of return decreased from 7.35% to 7.00%.

CITY OF NOVI, MICHIGAN

Notes to Required Supplementary Information

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 (2023, based on the 12/31/2020 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	18 years
Asset valuation method	5-year smooth market
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
Normal retirement age	Age 60
Mortality	<ul style="list-style-type: none">• 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• Disabled 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

CITY OF NOVI, MICHIGAN

Notes to Required Supplementary Information

Retiree Healthcare Benefits Plan

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

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.

The June 30, 2022 changes in assumptions are due to the following:

- Updating the mortality tables and other demographic assumptions to be consistent with the MERS pension assumptions.
- Updating the health care cost trend rates.

CITY OF NOVI, MICHIGAN

Notes to Required Supplementary Information

Notes to Schedule of Contributions

Valuation date Actuarially determined contribution rates are calculated as of June 30 that is 12 months prior to the beginning of the fiscal year for which the contributions are reported.

Methods and assumptions used to determine contribution rates (2023, based on the 6/30/2021 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level dollar
Remaining amortization period	16 years, closed
Asset valuation method	5-year smoothed market value
Price inflation	2.5%
Salary increases	3.0% to 9.7%, including 3.0% wage 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 **Healthy Pre-Retirement Mortality:** Sex distinct Pub-2010 General Employees table without adjustment. The base year is 2010 and future mortality improvements are assumed each year using scale MP-2019, as published by the Society of Actuaries. 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.

Healthy Post-Retirement Mortality: Sex distinct Pub-2010 General Healthy Retiree tables scaled by a factor of 106%. The base year is 2010 and future mortality improvements are assumed each year using scale MP-2019, as published by the Society of Actuaries.

Disability Retirement Mortality: Sex distinct PubNS-2010 Disabled tables without adjustment. The base year is 2010 and future mortality improvements are assumed each year using scale MP-2019, as published by the Society of Actuaries.

Healthcare cost trend rate Non-Medicare (Pre-65): Initial trend of 7.50%, gradually decreasing to 3.50% in year 12
 Medicare (post-65): Initial trend of 6.25%, gradually decreasing to 3.50% in year 12

Aging factors Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

This page intentionally left blank.

**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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Current property taxes	\$ 26,552,963	\$ 26,636,119	\$ 26,646,204	\$ 10,085
Trailer fees	12,250	11,000	10,790	(210)
Penalties and interest	220,000	168,094	172,324	4,230
Licenses, permits, and charges for services	4,413,411	4,274,290	3,349,536	(924,754)
Intergovernmental:				
Federal grants	155,000	270,470	253,278	(17,192)
State grants	6,356,000	7,610,949	7,487,770	(123,179)
Fines and forfeitures	375,000	340,000	251,190	(88,810)
Investment income	706,961	629,646	508,103	(121,543)
Other:				
Local donations	26,000	37,000	34,500	(2,500)
Miscellaneous	753,120	761,490	696,846	(64,644)
Total revenues	39,570,705	40,739,058	39,410,541	(1,328,517)
Expenditures				
Current:				
General government:				
City council:				
Personnel services	36,089	36,081	36,080	(1)
Supplies	200	200	58	(142)
Other services and charges	28,600	14,608	13,814	(794)
Total city council	64,889	50,889	49,952	(937)
City manager:				
Personnel services	555,759	503,899	503,838	(61)
Supplies	1,500	8,700	8,490	(210)
Other services and charges	115,410	221,351	162,970	(58,381)
Total city manager	672,669	733,950	675,298	(58,652)
Finance:				
Personnel services	894,516	906,992	906,415	(577)
Supplies	9,300	8,200	7,251	(949)
Other services and charges	79,650	86,920	84,859	(2,061)
Total finance	983,466	1,002,112	998,525	(3,587)
Treasury:				
Personnel services	340,714	361,814	361,731	(83)
Supplies	29,500	30,984	30,465	(519)
Other services and charges	42,800	50,280	43,790	(6,490)
Total treasury	413,014	443,078	435,986	(7,092)

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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued):				
Current (continued):				
General government (continued):				
Integrated solutions:				
Personnel services	\$ 881,260	\$ 954,257	\$ 954,252	\$ (5)
Supplies	106,360	102,482	101,273	(1,209)
Other services and charges	480,020	494,547	388,539	(106,008)
Capital outlay	206,550	218,440	193,767	(24,673)
Total integrated solutions	1,674,190	1,769,726	1,637,831	(131,895)
Assessing:				
Personnel services	681,990	546,878	546,821	(57)
Supplies	18,500	19,100	17,952	(1,148)
Other services and charges	200,790	238,090	181,730	(56,360)
Capital outlay	26,340	-	-	-
Total assessing	927,620	804,068	746,503	(57,565)
City attorney, insurance, and claims:				
Other services and charges	844,800	741,887	705,631	(36,256)
Capital outlay	37,000	44,913	34,913	(10,000)
Total city attorney, insurance, and claims	881,800	786,800	740,544	(46,256)
City clerk:				
Personnel services	596,680	714,910	714,867	(43)
Supplies	57,500	104,480	87,072	(17,408)
Other services and charges	207,670	243,960	204,457	(39,503)
Capital outlay	250,000	-	-	-
Total city clerk	1,111,850	1,063,350	1,006,396	(56,954)
Facility management:				
Personnel services	290,304	380,880	379,998	(882)
Supplies	21,100	18,100	15,416	(2,684)
Other services and charges	755,370	1,098,248	873,654	(224,594)
Capital outlay	681,030	898,666	309,445	(589,221)
Total facility management	1,747,804	2,395,894	1,578,513	(817,381)
Park maintenance:				
Personnel services	645,759	674,942	674,937	(5)
Supplies	32,000	42,160	42,148	(12)
Other services and charges	413,260	458,991	457,225	(1,766)
Capital outlay	143,700	313,541	242,069	(71,472)
Total park maintenance	1,234,719	1,489,634	1,416,379	(73,255)
Human resources:				
Personnel services	491,188	526,126	526,040	(86)
Supplies	1,000	1,500	1,479	(21)
Other services and charges	151,990	233,020	224,013	(9,007)
Total human resources	644,178	760,646	751,532	(9,114)

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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued):				
Current (continued):				
General government (concluded):				
Community relations:				
Personnel services	\$ 318,991	\$ 401,404	\$ 401,391	\$ (13)
Supplies	10,900	38,800	35,857	(2,943)
Other services and charges	385,000	453,104	427,502	(25,602)
Capital outlay	30,000	159,782	159,782	-
Total community relations	744,891	1,053,090	1,024,532	(28,558)
Studio 6:				
Personnel services	186,491	215,541	215,534	(7)
Supplies	5,000	1,950	226	(1,724)
Other services and charges	44,920	62,920	59,199	(3,721)
Total Studio 6	236,411	280,411	274,959	(5,452)
Economic development:				
Personnel services	157,773	173,073	172,984	(89)
Other services and charges	41,110	41,810	41,526	(284)
Total economic development	198,883	214,883	214,510	(373)
Total general government	11,536,384	12,848,531	11,551,460	(1,297,071)
Public safety:				
Police:				
Personnel services	13,331,865	13,916,154	13,914,358	(1,796)
Supplies	403,500	399,392	393,181	(6,211)
Other services and charges	1,156,610	1,164,179	1,099,053	(65,126)
Capital outlay	425,790	1,053,290	226,335	(826,955)
Total police	15,317,765	16,533,015	15,632,927	(900,088)
Fire:				
Personnel services	5,573,365	5,673,421	5,673,410	(11)
Supplies	185,500	194,950	189,547	(5,403)
Other services and charges	676,250	850,485	814,928	(35,557)
Capital outlay	-	38,200	26,200	(12,000)
Total fire	6,435,115	6,757,056	6,704,085	(52,971)
Total public safety	21,752,880	23,290,071	22,337,012	(953,059)
Public works:				
Administration:				
Personnel services	347,715	383,013	382,946	(67)
Supplies	10,400	15,685	15,496	(189)
Other services and charges	152,630	182,359	173,641	(8,718)
Capital outlay	7,080	18,984	18,983	(1)
Total administration	517,825	600,041	591,066	(8,975)

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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued):				
Current (continued):				
Public works (concluded):				
Engineering:				
Personnel services	\$ 568,090	\$ 555,103	\$ 555,029	\$ (74)
Supplies	2,000	1,900	704	(1,196)
Other services and charges	99,610	188,413	174,538	(13,875)
Allocated to other funds	(371,780)	(371,784)	(371,784)	-
Total engineering	297,920	373,632	358,487	(15,145)
Field operations:				
Personnel services	1,953,279	2,151,266	2,151,221	(45)
Supplies	113,500	115,868	115,203	(665)
Maintenance	195,300	187,017	187,017	-
Other services and charges	519,230	914,736	914,696	(40)
Allocated to other funds	(1,500,000)	(1,388,504)	(1,388,504)	-
Capital outlay	325,160	551,727	300,726	(251,001)
Total field operations	1,606,469	2,532,110	2,280,359	(251,751)
Fleet asset:				
Personnel services	454,968	480,135	480,077	(58)
Supplies	28,000	24,204	22,398	(1,806)
Other services and charges	338,120	365,960	331,852	(34,108)
Allocated to other funds	(37,000)	(105,811)	(105,811)	-
Capital outlay	469,330	781,886	469,608	(312,278)
Total fleet asset	1,253,418	1,546,374	1,198,124	(348,250)
Total public works	3,675,632	5,052,157	4,428,036	(624,121)
Community and economic development:				
Building:				
Personnel services	1,904,036	1,869,448	1,869,393	(55)
Supplies	27,300	49,200	44,916	(4,284)
Other services and charges	295,940	310,593	226,729	(83,864)
Capital outlay	49,080	66,975	3,800	(63,175)
Total building	2,276,356	2,296,216	2,144,838	(151,378)
Planning:				
Personnel services	525,593	611,939	611,853	(86)
Supplies	5,600	4,200	3,019	(1,181)
Other services and charges	106,480	394,098	230,894	(163,204)
Capital outlay	29,430	-	-	-
Total planning	667,103	1,010,237	845,766	(164,471)
Total community and economic development	2,943,459	3,306,453	2,990,604	(315,849)

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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded):				
Current (concluded):				
Recreation and culture:				
Youth assistance:				
Personnel services	\$ 42,200	\$ 27,200	\$ 25,296	\$ (1,904)
Supplies	5,500	11,500	9,015	(2,485)
Other services and charges	500	500	96	(404)
Total youth assistance	48,200	39,200	34,407	(4,793)
Historical commission -				
Other services and charges	14,000	14,000	7,781	(6,219)
Total recreation and culture	62,200	53,200	42,188	(11,012)
Total expenditures	39,970,555	44,550,412	41,349,300	(3,201,112)
Revenues under expenditures	(399,850)	(3,811,354)	(1,938,759)	1,872,595
Other financing uses				
Transfers out	(25,000)	(25,000)	(25,000)	-
Net change in fund balance	(424,850)	(3,836,354)	(1,963,759)	1,872,595
Fund balance, beginning of year	12,085,677	16,409,153	16,409,153	-
Fund balance, end of year	\$ 11,660,827	\$ 12,572,799	\$ 14,445,394	\$ 1,872,595

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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental - state shared -				
Gas and weight tax	\$ 1,800,000	\$ 2,063,937	\$ 2,071,470	\$ 7,533
Investment income	15,080	46,017	39,844	(6,173)
Other -				
Miscellaneous	-	389,013	389,013	-
Total revenues	<u>1,815,080</u>	<u>2,498,967</u>	<u>2,500,327</u>	<u>1,360</u>
Expenditures				
Current -				
Public works:				
Other services and charges	2,720,850	1,917,561	1,823,376	(94,185)
Capital outlay	4,867,230	6,850,431	6,151,907	(698,524)
Total expenditures	<u>7,588,080</u>	<u>8,767,992</u>	<u>7,975,283</u>	<u>(792,709)</u>
Revenues under expenditures	(5,773,000)	(6,269,025)	(5,474,956)	794,069
Other financing sources				
Transfers in	5,524,000	6,353,263	5,559,200	(794,063)
Net change in fund balance	<u>(249,000)</u>	<u>84,238</u>	<u>84,244</u>	<u>6</u>
Fund balance, beginning of year	<u>1,008,252</u>	<u>1,008,205</u>	<u>1,008,205</u>	<u>-</u>
Fund balance, end of year	<u>\$ 759,252</u>	<u>\$ 1,092,443</u>	<u>\$ 1,092,449</u>	<u>\$ 6</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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 4,126,924	\$ 4,126,924	\$ 4,145,914	\$ 18,990
Investment income	-	-	35,464	35,464
Total revenues	<u>4,126,924</u>	<u>4,126,924</u>	<u>4,181,378</u>	<u>54,454</u>
Expenditures				
Current:				
General government:				
Other services and charges	830	800	800	-
Capital outlay	-	2,101,759	2,101,759	-
Total general government	<u>830</u>	<u>2,102,559</u>	<u>2,102,559</u>	<u>-</u>
Public safety -				
Capital outlay	934,500	1,022,898	32,475	(990,423)
Public works -				
Capital outlay	-	11,618	11,617	(1)
Recreation and culture -				
Capital outlay	2,057,530	3,327,150	811,792	(2,515,358)
Debt service -				
Interest and fiscal charges	<u>285,594</u>	<u>130,088</u>	<u>96,651</u>	<u>(33,437)</u>
Total expenditures	<u>3,278,454</u>	<u>6,594,313</u>	<u>3,055,094</u>	<u>(3,539,219)</u>
Net change in fund balance	848,470	(2,467,389)	1,126,284	3,593,673
Fund balance (deficit), beginning of year	<u>(5,559,730)</u>	<u>(4,821,352)</u>	<u>(4,821,352)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (4,711,260)</u>	<u>\$ (7,288,741)</u>	<u>\$ (3,695,068)</u>	<u>\$ 3,593,673</u>

CITY OF NOVI, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2023

	Special Revenue Funds	2008 Library Construction Debt Service Fund	Capital Projects Funds	Drain Perpetual Maintenance Permanent Fund	Total Nonmajor Governmental
Assets					
Cash and investments	\$ 559,526	\$ 333,946	\$ 111,523	\$ 35,375	\$ 1,040,370
Investments	18,904,487	-	3,111,294	6,952,501	28,968,282
Receivables:					
Other	260,574	-	85,149	-	345,723
Due from other governments	1,188,200	-	-	-	1,188,200
Advances to other governments	1,323,044	-	-	-	1,323,044
Advances to component units	-	-	2,999,077	-	2,999,077
Prepaid items and other assets	40,328	500	10,352	-	51,180
Total assets	<u>\$ 22,276,159</u>	<u>\$ 334,446</u>	<u>\$ 6,317,395</u>	<u>\$ 6,987,876</u>	<u>\$ 35,915,876</u>
Liabilities					
Accounts payable	\$ 1,748,013	\$ -	\$ 12,804	\$ 625	\$ 1,761,442
Accrued salaries and wages	69,230	-	-	-	69,230
Other accrued liabilities	347,321	3,400	-	-	350,721
Refundable deposits	4,900	-	-	-	4,900
Unearned revenue	36	-	-	-	36
Due to other funds	33,385	-	-	-	33,385
Total liabilities	<u>2,202,885</u>	<u>3,400</u>	<u>12,804</u>	<u>625</u>	<u>2,219,714</u>
Deferred inflows of resources					
Unavailable revenue - grants	15,578	-	-	-	15,578
Unavailable revenue - other	342,387	-	-	-	342,387
Total deferred inflows of resources	<u>357,965</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>357,965</u>
Fund balances					
Nonspendable:					
Prepays	40,328	500	10,352	-	51,180
Perpetual drain maintenance	-	-	-	6,987,251	6,987,251
Restricted:					
Roads	10,450,771	-	-	-	10,450,771
Public safety	140,777	-	469,026	-	609,803
Debt service	-	330,546	-	-	330,546
Infrastructure improvements	-	-	5,825,213	-	5,825,213
Parks, recreation, and cultural services	1,691,724	-	-	-	1,691,724
Library	4,282,726	-	-	-	4,282,726
Stormwater systems	517,657	-	-	-	517,657
Tree replacement and maintenance	2,523,352	-	-	-	2,523,352
Street lighting improvement	83,552	-	-	-	83,552
Unassigned (deficit)	(15,578)	-	-	-	(15,578)
Total fund balances	<u>19,715,309</u>	<u>331,046</u>	<u>6,304,591</u>	<u>6,987,251</u>	<u>33,338,197</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 22,276,159</u>	<u>\$ 334,446</u>	<u>\$ 6,317,395</u>	<u>\$ 6,987,876</u>	<u>\$ 35,915,876</u>

CITY OF NOVI, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds	2008 Library Construction Debt Service Fund	Capital Projects Funds	Drain Perpetual Maintenance Permanent Fund	Total Nonmajor Governmental
Revenues					
Property taxes	\$ 13,620,515	\$ 1,520,471	\$ -	\$ -	\$ 15,140,986
Special assessments	35,829	-	-	-	35,829
Licenses, permits, and charges for services	2,119,912	-	424,592	-	2,544,504
Intergovernmental:					
Federal grants	155,122	-	-	-	155,122
State-shared revenue and grants	6,460,122	23,777	-	-	6,483,899
Other grants	149,992	-	-	-	149,992
Fines and forfeitures	288,225	-	-	-	288,225
Investment income	417,174	-	153,776	137,239	708,189
Other:					
Local donations	39,098	-	-	-	39,098
Recreational programs	2,036,614	-	-	-	2,036,614
Miscellaneous	338,772	-	-	-	338,772
Total revenues	25,661,375	1,544,248	578,368	137,239	27,921,230
Expenditures					
Current:					
Public safety	138,643	-	60,344	-	198,987
Public works	9,914,873	-	420	-	9,915,293
Community and economic development	147,603	-	20,000	-	167,603
Recreation and culture	6,701,560	400	-	-	6,701,960
Debt service:					
Principal	-	1,195,000	-	-	1,195,000
Interest and fiscal charges	-	221,600	-	-	221,600
Total expenditures	16,902,679	1,417,000	80,764	-	18,400,443
Revenues over expenditures	8,758,696	127,248	497,604	137,239	9,520,787
Other financing sources (uses)					
Transfers in	25,000	-	-	-	25,000
Transfers out	(5,559,200)	-	-	-	(5,559,200)
Total other financing uses	(5,534,200)	-	-	-	(5,534,200)
Net change in fund balances	3,224,496	127,248	497,604	137,239	3,986,587
Fund balances, beginning of year	16,490,813	203,798	5,806,987	6,850,012	29,351,610
Fund balances, end of year	\$ 19,715,309	\$ 331,046	\$ 6,304,591	\$ 6,987,251	\$ 33,338,197

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.

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.

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.

Opioid Settlement Fund - This fund was established to track the funds received from the nationwide settlement reached in July 2021 to resolve all Opioids litigation brought by states and local political subdivisions against several major pharmaceutical distributors.

This page intentionally left blank.

CITY OF NOVI, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds
 Special Revenue Funds
 June 30, 2023

	Major Street	Municipal Streets	Parks, Recreation, and Cultural Services	Tree	Drain Revenue
Assets					
Cash and cash equivalents	\$ 38,552	\$ 15,615	\$ 2,146	\$ 25,354	\$ 25,934
Investments	5,589,619	3,835,520	1,839,556	2,635,103	649,143
Receivables:					
Other	-	68,217	20,787	-	-
Due from other governments	1,028,627	-	114,024	-	-
Advances to other governments	-	1,323,044	-	-	-
Prepaid items and other assets	-	12,280	1,925	-	11,522
Total assets	\$ 6,656,798	\$ 5,254,676	\$ 1,978,438	\$ 2,660,457	\$ 686,599
Liabilities					
Accounts payable	\$ 737,313	\$ 369,000	\$ 135,443	\$ 76,625	\$ 152,420
Accrued salaries and wages	-	-	36,417	1,052	-
Other accrued liabilities	-	273,893	3,000	59,428	5,000
Refundable deposits	-	-	4,900	-	-
Unearned revenue	-	-	36	-	-
Due to other funds	-	-	-	-	-
Total liabilities	737,313	642,893	179,796	137,105	157,420
Deferred inflows of resources					
Unavailable revenue - grants	-	-	-	-	-
Unavailable revenue - other	-	68,217	104,993	-	-
Total deferred inflows of resources	-	68,217	104,993	-	-
Fund balances					
Nonspendable for prepaids	-	12,280	1,925	-	11,522
Restricted:					
Roads	5,919,485	4,531,286	-	-	-
Public safety	-	-	-	-	-
Parks, recreation, and cultural services	-	-	1,691,724	-	-
Library	-	-	-	-	-
Stormwater systems	-	-	-	-	517,657
Tree replacement and maintenance	-	-	-	2,523,352	-
Street lighting improvement	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficits)	5,919,485	4,543,566	1,693,649	2,523,352	529,179
Total liabilities, deferred inflows of resources and fund balances	\$ 6,656,798	\$ 5,254,676	\$ 1,978,438	\$ 2,660,457	\$ 686,599



Community Development Block Grant	Forfeiture	Library	Library Contribution	Rubbish Collection
\$ -	\$ 90,167	\$ 22,746	\$ 26,584	\$ 175,823
-	-	2,683,491	1,672,055	-
-	-	1,604	-	789
45,549	-	-	-	-
-	-	-	-	-
-	-	14,601	-	-
<u>\$ 45,549</u>	<u>\$ 90,167</u>	<u>\$ 2,722,442</u>	<u>\$ 1,698,639</u>	<u>\$ 176,612</u>
\$ 12,164	\$ -	\$ 85,941	\$ 52	\$ 176,612
-	-	31,761	-	-
-	-	6,000	-	-
-	-	-	-	-
-	-	-	-	-
33,385	-	-	-	-
<u>45,549</u>	<u>-</u>	<u>123,702</u>	<u>52</u>	<u>176,612</u>
15,578	-	-	-	-
-	-	-	-	-
<u>15,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	14,601	-	-
-	-	-	-	-
-	90,167	-	-	-
-	-	-	-	-
-	-	2,584,139	1,698,587	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(15,578)	-	-	-	-
<u>(15,578)</u>	<u>90,167</u>	<u>2,598,740</u>	<u>1,698,587</u>	<u>-</u>
<u>\$ 45,549</u>	<u>\$ 90,167</u>	<u>\$ 2,722,442</u>	<u>\$ 1,698,639</u>	<u>\$ 176,612</u>

continued...

CITY OF NOVI, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds
 Special Revenue Funds
 June 30, 2023

	West Oak Street Lighting	West Lake Drive Street Lighting	Town Center Street Lighting	Opioid Settlement	Total
Assets					
Cash and cash equivalents	\$ 51,975	\$ 4,319	\$ 29,701	\$ 50,610	\$ 559,526
Investments	-	-	-	-	18,904,487
Receivables:					
Other	-	-	-	169,177	260,574
Due from other governments	-	-	-	-	1,188,200
Advances to other governments	-	-	-	-	1,323,044
Prepaid items and other assets	-	-	-	-	40,328
Total assets	<u>\$ 51,975</u>	<u>\$ 4,319</u>	<u>\$ 29,701</u>	<u>\$ 219,787</u>	<u>\$ 22,276,159</u>
Liabilities					
Accounts payable	\$ 429	\$ 263	\$ 1,751	\$ -	\$ 1,748,013
Accrued salaries and wages	-	-	-	-	69,230
Other accrued liabilities	-	-	-	-	347,321
Refundable deposits	-	-	-	-	4,900
Unearned revenue	-	-	-	-	36
Due to other funds	-	-	-	-	33,385
Total liabilities	<u>429</u>	<u>263</u>	<u>1,751</u>	<u>-</u>	<u>2,202,885</u>
Deferred inflows of resources					
Unavailable revenue - grants	-	-	-	-	15,578
Unavailable revenue - other	-	-	-	169,177	342,387
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>169,177</u>	<u>357,965</u>
Fund balances					
Nonspendable for prepaids	-	-	-	-	40,328
Restricted:					
Roads	-	-	-	-	10,450,771
Public safety	-	-	-	50,610	140,777
Parks, recreation, and cultural services	-	-	-	-	1,691,724
Library	-	-	-	-	4,282,726
Stormwater systems	-	-	-	-	517,657
Tree replacement and maintenance	-	-	-	-	2,523,352
Street lighting improvement	51,546	4,056	27,950	-	83,552
Unassigned (deficit)	-	-	-	-	(15,578)
Total fund balances (deficits)	<u>51,546</u>	<u>4,056</u>	<u>27,950</u>	<u>50,610</u>	<u>19,715,309</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 51,975</u>	<u>\$ 4,319</u>	<u>\$ 29,701</u>	<u>\$ 219,787</u>	<u>\$ 22,276,159</u>

concluded.

This page intentionally left blank.

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, 2023

	Major Street	Municipal Streets	Parks, Recreation, and Cultural Services	Tree	Drain Revenue
Revenues					
Property taxes	\$ -	\$ 6,186,798	\$ 1,590,121	\$ -	\$ 2,661,112
Special assessments	-	-	-	-	-
Licenses, permits, and charges for services	-	4,087	-	-	-
Intergovernmental:					
Federal grants	-	-	-	-	-
State-shared revenue and grants	6,064,643	297,962	6,680	-	11,172
Other grants	-	149,992	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	87,097	86,642	38,988	51,948	36,772
Other:					
Local donations	-	-	3,600	-	-
Recreational programs	-	-	2,036,614	-	-
Miscellaneous	-	-	652	166,657	27,467
Total revenues	6,151,740	6,725,481	3,676,655	218,605	2,736,523
Expenditures					
Current:					
Public safety	-	-	-	-	-
Public works	3,138,525	1,749,300	-	655,951	2,225,295
Community and economic development	-	-	-	-	-
Recreation and culture	-	-	3,210,445	-	-
Total expenditures	3,138,525	1,749,300	3,210,445	655,951	2,225,295
Revenues over (under) expenditures	3,013,215	4,976,181	466,210	(437,346)	511,228
Other financing sources (uses)					
Transfers in	-	-	25,000	-	-
Transfers out	-	(5,559,200)	-	-	-
Total other financing sources (uses)	-	(5,559,200)	25,000	-	-
Net change in fund balances	3,013,215	(583,019)	491,210	(437,346)	511,228
Fund balances (deficits), beginning of year	2,906,270	5,126,585	1,202,439	2,960,698	17,951
Fund balances (deficits), end of year	\$ 5,919,485	\$ 4,543,566	\$ 1,693,649	\$ 2,523,352	\$ 529,179

Community Development Block Grant	Forfeiture	Library	Library Contribution	Rubbish Collection
\$ -	\$ -	\$ 3,182,484	\$ -	\$ -
-	-	-	-	-
-	-	-	-	2,115,825
151,751	3,371	-	-	-
-	-	79,665	-	-
-	-	-	-	-
-	180,197	108,028	-	-
-	1,160	80,760	33,146	661
-	-	7,713	27,785	-
-	-	-	-	-
-	44,082	49,304	-	-
<u>151,751</u>	<u>228,810</u>	<u>3,507,954</u>	<u>60,931</u>	<u>2,116,486</u>
-	138,643	-	-	-
-	-	-	-	2,116,486
147,603	-	-	-	-
-	-	3,472,716	18,399	-
<u>147,603</u>	<u>138,643</u>	<u>3,472,716</u>	<u>18,399</u>	<u>2,116,486</u>
<u>4,148</u>	<u>90,167</u>	<u>35,238</u>	<u>42,532</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
4,148	90,167	35,238	42,532	-
(19,726)	-	2,563,502	1,656,055	-
<u>\$ (15,578)</u>	<u>\$ 90,167</u>	<u>\$ 2,598,740</u>	<u>\$ 1,698,587</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, 2023

	West Oak Street Lighting	West Lake Drive Street Lighting	Town Center Street Lighting	Opioid Settlement	Total
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 13,620,515
Special assessments	7,529	3,300	25,000	-	35,829
Licenses, permits, and charges for services	-	-	-	-	2,119,912
Intergovernmental:					
Federal grants	-	-	-	-	155,122
State-shared revenue and grants	-	-	-	-	6,460,122
Other grants	-	-	-	-	149,992
Fines and forfeitures	-	-	-	-	288,225
Investment income	-	-	-	-	417,174
Other:					
Local donations	-	-	-	-	39,098
Recreational programs	-	-	-	-	2,036,614
Miscellaneous	-	-	-	50,610	338,772
Total revenues	7,529	3,300	25,000	50,610	25,661,375
Expenditures					
Current:					
Public safety	-	-	-	-	138,643
Public works	5,146	3,157	21,013	-	9,914,873
Community and economic development	-	-	-	-	147,603
Recreation and culture	-	-	-	-	6,701,560
Total expenditures	5,146	3,157	21,013	-	16,902,679
Revenues over (under) expenditures	2,383	143	3,987	50,610	8,758,696
Other financing sources (uses)					
Transfers in	-	-	-	-	25,000
Transfers out	-	-	-	-	(5,559,200)
Total other financing sources (uses)	-	-	-	-	(5,534,200)
Net change in fund balances	2,383	143	3,987	50,610	3,224,496
Fund balances (deficits), beginning of year	49,163	3,913	23,963	-	16,490,813
Fund balances (deficits), end of year	\$ 51,546	\$ 4,056	\$ 27,950	\$ 50,610	\$ 19,715,309

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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental -				
State-shared revenue and grants -				
Gas and weight tax	\$ 5,121,000	\$ 6,077,707	\$ 6,064,643	\$ (13,064)
Investment income	13,640	83,640	87,097	3,457
Total revenues	<u>5,134,640</u>	<u>6,161,347</u>	<u>6,151,740</u>	<u>(9,607)</u>
Expenditures				
Current -				
Public works:				
Other services and charges	1,791,800	1,697,952	1,582,609	(115,343)
Capital outlay	5,052,840	6,077,051	1,555,916	(4,521,135)
Total expenditures	<u>6,844,640</u>	<u>7,775,003</u>	<u>3,138,525</u>	<u>(4,636,478)</u>
Revenues over (under) expenditures	(1,710,000)	(1,613,656)	3,013,215	4,626,871
Other financing uses				
Transfers in	-	558,900	-	(558,900)
Net change in fund balance	(1,710,000)	(1,054,756)	3,013,215	4,067,971
Fund balance, beginning of year	<u>2,395,481</u>	<u>2,906,270</u>	<u>2,906,270</u>	<u>-</u>
Fund balance, end of year	<u>\$ 685,481</u>	<u>\$ 1,851,514</u>	<u>\$ 5,919,485</u>	<u>\$ 4,067,971</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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 6,168,945	\$ 6,198,945	\$ 6,186,798	\$ (12,147)
Licenses, permits, and charges for services	10,000	72,305	4,087	(68,218)
Intergovernmental:				
State-shared revenue and grants	220,000	297,963	297,962	(1)
Other grants	116,000	149,993	149,992	(1)
Investment income	82,820	116,282	86,642	(29,640)
Total revenues	<u>6,597,765</u>	<u>6,835,488</u>	<u>6,725,481</u>	<u>(110,007)</u>
Expenditures				
Current -				
Public works:				
Other services and charges	708,765	596,557	596,216	(341)
Capital outlay	200,000	2,199,337	1,153,084	(1,046,253)
Total expenditures	<u>908,765</u>	<u>2,795,894</u>	<u>1,749,300</u>	<u>(1,046,594)</u>
Revenues over expenditures	5,689,000	4,039,594	4,976,181	936,587
Other financing uses				
Transfers out	<u>(5,524,000)</u>	<u>(6,912,163)</u>	<u>(5,559,200)</u>	<u>(1,352,963)</u>
Net change in fund balance	165,000	(2,872,569)	(583,019)	2,289,550
Fund balance, beginning of year	<u>945,572</u>	<u>5,126,585</u>	<u>5,126,585</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,110,572</u>	<u>\$ 2,254,016</u>	<u>\$ 4,543,566</u>	<u>\$ 2,289,550</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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 1,585,383	\$ 1,585,383	\$ 1,590,121	\$ 4,738
Intergovernmental -				
State-shared revenue and grants	-	6,680	6,680	-
Investment income	16,092	16,092	38,988	22,896
Other:				
Local donations	13,500	3,600	3,600	-
Recreational programs	1,444,300	1,863,639	2,036,614	172,975
Miscellaneous	5,000	1,300	652	(648)
Total revenues	<u>3,064,275</u>	<u>3,476,694</u>	<u>3,676,655</u>	<u>199,961</u>
Expenditures				
Current -				
Recreation and culture:				
Personnel services	1,426,265	1,474,416	1,474,368	(48)
Supplies	96,750	106,660	86,857	(19,803)
Other services and charges	1,392,670	1,693,754	1,600,033	(93,721)
Capital outlay	113,060	263,444	49,187	(214,257)
Total expenditures	<u>3,028,745</u>	<u>3,538,274</u>	<u>3,210,445</u>	<u>(327,829)</u>
Revenues over (under) expenditures	35,530	(61,580)	466,210	527,790
Other financing sources				
Transfers in	25,000	25,000	25,000	-
Net change in fund balance	60,530	(36,580)	491,210	527,790
Fund balance, beginning of year	802,572	1,202,439	1,202,439	-
Fund balance, end of year	<u>\$ 863,102</u>	<u>\$ 1,165,859</u>	<u>\$ 1,693,649</u>	<u>\$ 527,790</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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment income	\$ 89,248	\$ 89,248	\$ 51,948	\$ (37,300)
Other - Miscellaneous	315,000	177,307	166,657	(10,650)
Total revenues	<u>404,248</u>	<u>266,555</u>	<u>218,605</u>	<u>(47,950)</u>
Expenditures				
Current - Public works:				
Personnel services	83,448	90,656	90,645	(11)
Supplies	1,000	1,000	105	(895)
Other services and charges	588,800	599,018	565,201	(33,817)
Capital outlay	-	20,000	-	(20,000)
Total expenditures	<u>673,248</u>	<u>710,674</u>	<u>655,951</u>	<u>(54,723)</u>
Net change in fund balance	(269,000)	(444,119)	(437,346)	6,773
Fund balance, beginning of year	<u>3,369,152</u>	<u>2,960,698</u>	<u>2,960,698</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,100,152</u>	<u>\$ 2,516,579</u>	<u>\$ 2,523,352</u>	<u>\$ 6,773</u>

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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 2,647,544	\$ 2,664,644	\$ 2,661,112	\$ (3,532)
Intergovernmental -				
State-shared revenue and grants	-	11,172	11,172	-
Investment income	11,374	11,374	36,772	25,398
Other -				
Miscellaneous	9,000	10,053	27,467	17,414
Total revenues	<u>2,667,918</u>	<u>2,697,243</u>	<u>2,736,523</u>	<u>39,280</u>
Expenditures				
Current -				
Public works:				
Other services and charges	1,142,328	1,307,627	1,228,265	(79,362)
Capital outlay	1,466,590	3,937,593	997,030	(2,940,563)
Total expenditures	<u>2,608,918</u>	<u>5,245,220</u>	<u>2,225,295</u>	<u>(3,019,925)</u>
Revenues over (under) expenditures	<u>59,000</u>	<u>(2,547,977)</u>	<u>511,228</u>	<u>3,059,205</u>
Other financing sources (uses)				
Transfers in	-	2,530,026	-	(2,530,026)
Transfers out	(59,000)	-	-	-
Total other financing sources (uses)	<u>(59,000)</u>	<u>2,530,026</u>	<u>-</u>	<u>(2,530,026)</u>
Net change in fund balance	-	(17,951)	511,228	529,179
Fund balance, beginning of year	198	17,951	17,951	-
Fund balance, end of year	<u>\$ 198</u>	<u>\$ -</u>	<u>\$ 529,179</u>	<u>\$ 529,179</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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal grants	\$ 131,000	\$ 189,726	\$ 151,751	\$ (37,975)
Expenditures				
Current -				
Community and economic development -				
Other services and charges	131,000	170,000	147,603	(22,397)
Net change in fund balance	-	19,726	4,148	(15,578)
Fund balance (deficit), beginning of year	-	(19,726)	(19,726)	-
Fund balance (deficit), end of year	\$ -	\$ -	\$ (15,578)	\$ (15,578)

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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental -				
Federal grants	\$ -	\$ 3,372	\$ 3,371	\$ (1)
Fines and forfeitures	17,940	227,449	180,197	(47,252)
Investment income	-	628	1,160	532
Other -				
Miscellaneous	3,000	44,314	44,082	(232)
Total revenues	20,940	275,763	228,810	(46,953)
Expenditures				
Current -				
Public safety:				
Supplies	20,000	-	-	-
Other services and charges	940	-	-	-
Capital outlay	-	275,763	138,643	(137,120)
Total expenditures	20,940	275,763	138,643	(137,120)
Net change in fund balance	-	-	90,167	90,167
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ 90,167	\$ 90,167

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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 3,169,904	\$ 3,178,607	\$ 3,182,484	\$ 3,877
Intergovernmental -				
State-shared revenue and grants	33,000	79,664	79,665	1
Fines and forfeitures	103,000	107,552	108,028	476
Investment income	40,000	78,372	80,760	2,388
Other:				
Local donations	3,500	8,200	7,713	(487)
Miscellaneous	48,000	48,306	49,304	998
Total revenues	3,397,404	3,500,701	3,507,954	7,253
Expenditures				
Current -				
Recreation and culture:				
Personnel services	2,192,477	2,215,175	2,172,052	(43,123)
Supplies	643,200	650,091	599,075	(51,016)
Other services and charges	636,200	705,975	633,707	(72,268)
Capital outlay	95,500	95,412	67,882	(27,530)
Total expenditures	3,567,377	3,666,653	3,472,716	(193,937)
Net change in fund balance	(169,973)	(165,952)	35,238	201,190
Fund balance, beginning of year	2,393,720	2,563,502	2,563,502	-
Fund balance, end of year	\$ 2,223,747	\$ 2,397,550	\$ 2,598,740	\$ 201,190

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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment income	\$ 22,500	\$ 22,500	\$ 33,146	\$ 10,646
Other -				
Local donations	20,000	26,300	27,785	1,485
Total revenues	<u>42,500</u>	<u>48,800</u>	<u>60,931</u>	<u>12,131</u>
Expenditures				
Current -				
Recreation and culture:				
Supplies	39,700	43,200	15,531	(27,669)
Capital outlay	131,300	3,000	2,868	(132)
Total expenditures	<u>171,000</u>	<u>46,200</u>	<u>18,399</u>	<u>(27,801)</u>
Net change in fund balance	(128,500)	2,600	42,532	39,932
Fund balance, beginning of year	<u>1,675,980</u>	<u>1,656,055</u>	<u>1,656,055</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,547,480</u>	<u>\$ 1,658,655</u>	<u>\$ 1,698,587</u>	<u>\$ 39,932</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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses, permits, and charges for services	\$ 2,165,000	\$ 2,140,000	\$ 2,115,825	\$ (24,175)
Investment income	-	-	661	661
Total revenues	2,165,000	2,140,000	2,116,486	(23,514)
Expenditures				
Current -				
Public works-				
Other services and charges	2,165,000	2,140,000	2,116,486	(23,514)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Special assessments	\$ 7,529	\$ 7,529	\$ 7,529	\$ -
Expenditures				
Current -				
Public works -				
Other services and charges	5,329	5,329	5,146	(183)
Net change in fund balance	2,200	2,200	2,383	183
Fund balance, beginning of year	46,779	49,163	49,163	-
Fund balance, end of year	<u>\$ 48,979</u>	<u>\$ 51,363</u>	<u>\$ 51,546</u>	<u>\$ 183</u>

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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Special assessments	\$ 3,300	\$ 3,300	\$ 3,300	\$ -
Expenditures				
Current -				
Public works -				
Other services and charges	3,300	3,300	3,157	(143)
Net change in fund balance	-	-	143	143
Fund balance, beginning of year	3,821	3,913	3,913	-
Fund balance, end of year	<u>\$ 3,821</u>	<u>\$ 3,913</u>	<u>\$ 4,056</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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Special assessments	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Expenditures				
Current -				
Public works -				
Other services and charges	21,700	21,700	21,013	(687)
Net change in fund balance	3,300	3,300	3,987	687
Fund balance, beginning of year	23,277	23,963	23,963	-
Fund balance, end of year	<u>\$ 26,577</u>	<u>\$ 27,263</u>	<u>\$ 27,950</u>	<u>\$ 687</u>

CITY OF NOVI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Opioid Settlement Special Revenue Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Other -				
Miscellaneous	\$ -	\$ -	\$ 50,610	\$ 50,610
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,610</u>	<u>\$ 50,610</u>

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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 1,416,420	\$ 1,480,465	\$ 1,520,471	\$ 40,006
Intergovernmental - State-shared revenue and grants	-	7,435	23,777	16,342
Investment income	100	100	-	(100)
Total revenues	<u>1,416,520</u>	<u>1,488,000</u>	<u>1,544,248</u>	<u>56,248</u>
Expenditures				
Current - Recreation and culture - Other services and charges	420	400	400	-
Debt service: Principal	1,195,000	1,195,000	1,195,000	-
Interest and fiscal charges	221,100	221,600	221,600	-
Total expenditures	<u>1,416,520</u>	<u>1,417,000</u>	<u>1,417,000</u>	<u>-</u>
Net change in fund balance	-	71,000	127,248	56,248
Fund balance, beginning of year	<u>150,119</u>	<u>203,798</u>	<u>203,798</u>	<u>-</u>
Fund balance, end of year	<u>\$ 150,119</u>	<u>\$ 274,798</u>	<u>\$ 331,046</u>	<u>\$ 56,248</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, 2023

	Special Assessment Revolving	Gun Range Facility	PEG Cable	Total
Assets				
Cash and cash equivalents	\$ 22,952	\$ 26,295	\$ 62,276	\$ 111,523
Investments	1,507,732	443,535	1,160,027	3,111,294
Receivables -				
Other	-	12,000	73,149	85,149
Advances to component units	2,999,077	-	-	2,999,077
Prepaid items and other assets	-	10,352	-	10,352
Total assets	\$ 4,529,761	\$ 492,182	\$ 1,295,452	\$ 6,317,395
Liabilities				
Accounts payable	\$ -	\$ 12,804	\$ -	\$ 12,804
Fund balances				
Nonspendable -				
Prepays	-	10,352	-	10,352
Restricted:				
Public safety	-	469,026	-	469,026
Infrastructure improvements	4,529,761	-	1,295,452	5,825,213
Total fund balance	4,529,761	479,378	1,295,452	6,304,591
Total liabilities and fund balance	\$ 4,529,761	\$ 492,182	\$ 1,295,452	\$ 6,317,395

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, 2023

	Special Assessment Revolving	Gun Range Facility	PEG Cable	Total
Revenues				
Licenses, permits, and charges for services	\$ -	\$ 120,000	\$ 304,592	\$ 424,592
Investment income	122,575	8,750	22,451	153,776
Total revenues	<u>122,575</u>	<u>128,750</u>	<u>327,043</u>	<u>578,368</u>
Expenditures				
Current:				
Public safety	-	60,344	-	60,344
Public works	420	-	-	420
Community and economic development	-	-	20,000	20,000
Total expenditures	<u>420</u>	<u>60,344</u>	<u>20,000</u>	<u>80,764</u>
Net change in fund balances	122,155	68,406	307,043	497,604
Fund balances, beginning of year	<u>4,407,606</u>	<u>410,972</u>	<u>988,409</u>	<u>5,806,987</u>
Fund balances, end of year	<u>\$ 4,529,761</u>	<u>\$ 479,378</u>	<u>\$ 1,295,452</u>	<u>\$ 6,304,591</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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment income	\$ 105,420	\$ 105,420	\$ 122,575	\$ 17,155
Expenditures				
Current -				
Public works -				
Other services and charges	420	420	420	-
Net change in fund balance	105,000	105,000	122,155	17,155
Fund balance, beginning of year	4,437,591	4,407,606	4,407,606	-
Fund balance, end of year	<u>\$ 4,542,591</u>	<u>\$ 4,512,606</u>	<u>\$ 4,529,761</u>	<u>\$ 17,155</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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses, permits, and charges for services	\$ 70,000	\$ 108,000	\$ 120,000	\$ 12,000
Investment income	1,000	1,782	8,750	6,968
Total revenues	71,000	109,782	128,750	18,968
Expenditures				
Public safety - Capital outlay	24,000	62,782	60,344	(2,438)
Net change in fund balance	47,000	47,000	68,406	21,406
Fund balance, beginning of year	317,217	410,972	410,972	-
Fund balance, end of year	<u>\$ 364,217</u>	<u>\$ 457,972</u>	<u>\$ 479,378</u>	<u>\$ 21,406</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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses, permits, and charges for services	\$ 335,500	\$ 335,500	\$ 304,592	\$ (30,908)
Investment income	1,500	1,500	22,451	20,951
Total revenues	337,000	337,000	327,043	(9,957)
Expenditures				
Community and economic development - Capital outlay	-	20,000	20,000	-
Net change in fund balance	337,000	317,000	307,043	(9,957)
Fund balance, beginning of year	1,027,527	988,409	988,409	-
Fund balance, end of year	<u>\$ 1,364,527</u>	<u>\$ 1,305,409</u>	<u>\$ 1,295,452</u>	<u>\$ (9,957)</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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment income	\$ 82,000	\$ 82,000	\$ 137,239	\$ 55,239
Other - Tap-in fees	5,000	5,000	-	(5,000)
Total revenues	<u>87,000</u>	<u>87,000</u>	<u>137,239</u>	<u>50,239</u>
Other financing sources (uses)				
Transfers in	59,000	-	-	-
Transfers out	-	(2,530,026)	-	(2,530,026)
Total other financing sources (uses)	<u>59,000</u>	<u>(2,530,026)</u>	<u>-</u>	<u>(2,530,026)</u>
Net change in fund balance	146,000	(2,443,026)	137,239	2,580,265
Fund balance, beginning of year	<u>4,937,253</u>	<u>6,850,012</u>	<u>6,850,012</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,083,253</u>	<u>\$ 4,406,986</u>	<u>\$ 6,987,251</u>	<u>\$ 2,580,265</u>

CITY OF NOVI, MICHIGAN

Balance Sheet / Statement of Net Position

Economic Development Corporation Component Unit

June 30, 2023

	Economic Development Corporation	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 101,910	\$ -	\$ 101,910
Capital assets not being depreciated	-	35,000	35,000
Total assets	<u>\$ 101,910</u>	<u>35,000</u>	<u>136,910</u>
Fund balance			
Unassigned	<u>\$ 101,910</u>	<u>(101,910)</u>	<u>-</u>
Net position			
Investment in capital assets		35,000	35,000
Unrestricted		<u>101,910</u>	<u>101,910</u>
Total net position		<u>\$ 136,910</u>	<u>\$ 136,910</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, 2023

	Economic Development Corporation	Adjustments	Statement of Activities
Revenues			
Other	\$ 50,000	\$ -	\$ 50,000
Expenditures / expenses			
Community and economic development	10,000	-	10,000
Change in fund balance / net position	40,000	-	40,000
Fund balance / net position, beginning of year	61,910	35,000	96,910
Fund balance / net position, end of year	<u>\$ 101,910</u>	<u>\$ 35,000</u>	<u>\$ 136,910</u>

CITY OF NOVI, MICHIGAN

Balance Sheet / Statement of Net Position

Corridor Improvement Authority Component Unit

June 30, 2023

	Corridor Improvement Authority	Adjustments	Statement of Net Position
Assets			
Receivables	\$ 1,142	\$ -	\$ 1,142
Capital assets being depreciated, net	-	3,807,606	3,807,606
Total assets	<u>\$ 1,142</u>	<u>3,807,606</u>	<u>3,808,748</u>
Liabilities			
Advance from primary government	\$ 2,999,077	-	2,999,077
Fund balance			
Unassigned (deficit)	<u>(2,997,935)</u>	<u>2,997,935</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 1,142</u>		
Net position			
Net investment in capital assets		808,529	808,529
Unrestricted		<u>1,142</u>	<u>1,142</u>
Total net position		<u>\$ 809,671</u>	<u>\$ 809,671</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, 2023

	Corridor Improvement Authority	Adjustments	Statement of Activities
Revenues			
Property taxes	\$ 526,808	\$ -	\$ 526,808
Expenditures / expenses			
Community and economic development	-	158,650	158,650
Debt service -			
Interest and fiscal charges	91,837	-	91,837
Total expenditures / expenses	91,837	158,650	250,487
Change in fund balance / net position	434,971	(158,650)	276,321
Fund balance (deficit) / net position, beginning of year	(3,432,906)	3,966,256	533,350
Fund balance (deficit) / net position, end of year	<u>\$ (2,997,935)</u>	<u>\$ 3,807,606</u>	<u>\$ 809,671</u>

STATISTICAL SECTION

This page intentionally left blank.

CITY OF NOVI, MICHIGAN

Statistical Section Table of Contents

This part of the City of Novi's annual comprehensive 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>
Financial Trends	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	166
Revenue Capacity	These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	178
Debt Capacity	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.	185
Demographic and Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	190
Operating Information	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.	194

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)

	2014	2015	2016	2017
Governmental activities				
Net investment in capital assets	\$ 113,868,196	\$ 118,345,243	\$ 126,474,197	\$ 138,682,792
Restricted	35,240,527	38,576,210	37,216,395	31,767,695
Unrestricted (deficit)	(14,622,520)	(15,525,832)	(15,805,367)	(20,402,611)
Total governmental activities	<u>\$ 134,486,203</u>	<u>\$ 141,395,621</u>	<u>\$ 147,885,225</u>	<u>\$ 150,047,876</u>
Business-type activities				
Net investment in capital assets	\$ 116,089,327	\$ 122,420,958	\$ 123,718,769	\$ 125,665,962
Restricted	1,136,154	-	-	-
Unrestricted	58,721,199	58,968,795	62,575,016	66,158,721
Total business-type activities	<u>\$ 175,946,680</u>	<u>\$ 181,389,753</u>	<u>\$ 186,293,785</u>	<u>\$ 191,824,683</u>
Primary government				
Net investment in capital assets	\$ 229,957,523	\$ 240,766,201	\$ 250,192,966	\$ 264,348,754
Restricted	36,376,681	38,576,210	37,216,395	31,767,695
Unrestricted	44,098,679	43,442,963	46,769,649	45,756,110
Total primary government	<u>\$ 310,432,883</u>	<u>\$ 322,785,374</u>	<u>\$ 334,179,010</u>	<u>\$ 341,872,559</u>

Source: City's annual financial statements

2018	2019	2020	2021	2022	2023
\$ 143,347,891	\$ 163,467,366	\$ 174,166,371	\$ 180,144,479	\$ 182,188,251	\$ 190,523,575
33,060,671	29,889,601	28,300,716	30,070,067	33,451,932	38,880,938
(26,055,697)	(32,788,366)	(37,880,102)	(33,948,100)	(25,549,033)	(30,448,249)
<u>\$ 150,352,865</u>	<u>\$ 160,568,601</u>	<u>\$ 164,586,985</u>	<u>\$ 176,266,446</u>	<u>\$ 190,091,150</u>	<u>\$ 198,956,264</u>
\$ 126,934,551	\$ 127,568,547	\$ 134,704,908	\$ 145,842,809	\$ 153,326,680	\$ 168,641,373
-	-	-	48,782	95,842	127,404
70,232,964	74,023,410	72,415,363	64,030,746	52,656,125	37,223,114
<u>\$ 197,167,515</u>	<u>\$ 201,591,957</u>	<u>\$ 207,120,271</u>	<u>\$ 209,922,337</u>	<u>\$ 206,078,647</u>	<u>\$ 205,991,891</u>
\$ 270,282,442	\$ 291,035,913	\$ 308,871,279	\$ 325,987,288	\$ 335,514,931	\$ 359,164,948
33,060,671	29,889,601	28,300,716	30,118,849	33,547,774	39,008,342
44,177,267	41,235,044	34,535,261	30,082,646	27,107,092	6,774,865
<u>\$ 347,520,380</u>	<u>\$ 362,160,558</u>	<u>\$ 371,707,256</u>	<u>\$ 386,188,783</u>	<u>\$ 396,169,797</u>	<u>\$ 404,948,155</u>

CITY OF NOVI, MICHIGAN

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2014	2015	2016	2017
Expenses				
Governmental activities:				
General government	\$ 6,378,078	\$ 6,073,981	\$ 7,260,647	\$ 5,064,097
Public safety	17,216,678	17,649,289	18,811,184	22,712,180
Public works	12,455,654	11,305,231	12,136,916	15,781,996
Community and economic development	3,072,448	3,065,875	3,954,669	3,565,698
Recreation and culture	6,100,940	6,004,747	5,666,367	5,697,673
Interest and fiscal charges	963,702	839,175	777,562	399,077
Total governmental activities	46,187,500	44,938,298	48,607,345	53,220,721
Business-type activities:				
Water and sewer	23,001,139	24,413,229	27,282,209	25,569,364
Ice arena	1,771,615	2,107,211	1,735,010	1,657,727
Senior housing	1,548,478	1,556,956	1,898,830	1,393,543
Total business-type activities	26,321,232	28,077,396	30,916,049	28,620,634
Total primary government expenses	72,508,732	73,015,694	79,523,394	81,841,355
Program revenues				
Governmental activities:				
Charges for services:				
General government	-	-	-	-
Public safety	1,198,711	1,026,876	1,017,405	986,285
Public works	-	-	-	-
Community and economic development	-	-	-	-
Recreation and culture	1,592,012	1,622,497	2,176,230	1,688,012
Other activities	2,547,217	3,524,521	3,706,651	4,964,178
Operating grants and contributions	4,525,924	5,289,006	5,663,304	5,663,346
Capital grants and contributions	651,597	777,202	847,547	1,561,439
Total governmental activities	10,515,461	12,240,102	13,411,137	14,863,260
Business-type activities:				
Charges for services:				
Water and sewer	21,663,401	21,474,451	24,666,297	24,184,714
Ice arena	2,143,962	2,171,061	2,202,031	2,132,426
Senior housing	1,992,761	2,004,464	2,020,797	2,037,187
Operating grants and contributions	-	-	-	-
Capital grants and contributions	2,905,677	6,764,583	5,337,278	5,718,715
Total business-type activities	28,705,801	32,414,559	34,226,403	34,073,042
Total primary government program revenues	39,221,262	44,654,661	47,637,540	48,936,302
Net (expense)/revenue				
Government activities	(35,672,039)	(32,698,196)	(35,196,208)	(38,357,461)
Business-type activities	2,384,569	4,337,163	3,310,354	5,452,408
Total primary government net expense	(33,287,470)	(28,361,033)	(31,885,854)	(32,905,053)

2018	2019	2020	2021	2022	2023
\$ 7,822,056	\$ 9,773,538	\$ 9,387,526	\$ 8,898,409	\$ 9,905,432	\$ 11,863,462
21,046,372	21,159,849	21,208,513	21,551,905	22,497,361	24,526,976
18,638,195	19,254,786	18,850,707	19,252,805	18,111,865	20,604,227
4,060,811	2,994,733	3,061,226	2,600,165	2,897,554	3,134,666
6,236,403	5,926,881	6,163,622	5,646,891	6,937,364	7,248,812
367,467	340,183	530,373	530,246	364,139	256,768
<u>58,171,304</u>	<u>59,449,970</u>	<u>59,201,967</u>	<u>58,480,421</u>	<u>60,713,715</u>	<u>67,634,911</u>
26,211,694	25,278,115	27,569,649	28,870,835	29,992,246	31,163,262
1,597,966	1,682,737	1,572,998	1,327,214	1,768,305	1,998,428
1,358,521	1,366,882	1,408,239	1,272,985	1,343,739	1,429,467
<u>29,168,181</u>	<u>28,327,734</u>	<u>30,550,886</u>	<u>31,471,034</u>	<u>33,104,290</u>	<u>34,591,157</u>
<u>87,339,485</u>	<u>87,777,704</u>	<u>89,752,853</u>	<u>89,951,455</u>	<u>93,818,005</u>	<u>102,226,068</u>
-	4,127,393	3,562,331	2,840,437	2,617,673	3,017,318
438,432	948,648	863,033	894,287	984,832	1,001,550
-	2,436,551	2,535,094	2,651,784	2,128,289	2,119,912
-	362,344	302,931	393,919	318,061	304,592
1,644,806	1,498,614	918,821	1,014,449	1,696,624	2,036,614
5,244,540	-	-	-	-	-
6,662,970	8,946,984	9,374,675	13,062,153	11,231,630	10,534,659
1,846,192	1,319,020	1,115,277	67,698	2,693,631	2,297,078
<u>15,836,940</u>	<u>19,639,554</u>	<u>18,672,162</u>	<u>20,924,727</u>	<u>21,670,740</u>	<u>21,311,723</u>
23,997,466	23,725,843	24,106,703	26,196,210	24,966,499	26,912,677
1,957,549	2,021,295	1,563,471	1,143,307	1,806,725	1,819,955
2,050,896	2,084,754	2,103,672	2,116,622	2,143,900	2,169,680
-	190,521	262,487	261,668	179,713	-
5,747,324	4,835,047	3,495,517	3,701,535	1,163,815	2,743,881
<u>33,753,235</u>	<u>32,857,460</u>	<u>31,531,850</u>	<u>33,419,342</u>	<u>30,260,652</u>	<u>33,646,193</u>
<u>49,590,175</u>	<u>52,497,014</u>	<u>50,204,012</u>	<u>54,344,069</u>	<u>51,931,392</u>	<u>54,957,916</u>
(42,334,364)	(39,810,416)	(40,529,805)	(37,555,694)	(39,042,975)	(46,323,188)
4,585,054	4,529,726	980,964	1,948,308	(2,843,638)	(944,964)
<u>(37,749,310)</u>	<u>(35,280,690)</u>	<u>(39,548,841)</u>	<u>(35,607,386)</u>	<u>(41,886,613)</u>	<u>(47,268,152)</u>

continued...

CITY OF NOVI, MICHIGAN

Changes in Net Position

Last Ten Years

(accrual basis of accounting)

	2014	2015	2016	2017
General revenues and transfers				
Governmental activities:				
Property taxes	\$ 30,059,401	\$ 31,673,469	\$ 32,932,970	\$ 33,087,219
State shared revenues	4,170,809	4,696,805	4,963,301	4,651,780
Cable franchise fees	801,256	1,105,163	1,334,136	1,304,367
Investment income (loss)	1,436,616	2,132,177	2,455,405	219,207
Other	216,711	-	-	1,017,539
Gain on sale of capital assets	-	-	-	-
Transfers	-	-	-	240,000
Total governmental activities	<u>36,684,793</u>	<u>39,607,614</u>	<u>41,685,812</u>	<u>40,520,112</u>
Business-type activities:				
Investment income (loss)	622,902	1,104,990	1,593,678	318,490
Other	495,955	920	-	-
Transfers	-	-	-	(240,000)
Total business-type activities	<u>1,118,857</u>	<u>1,105,910</u>	<u>1,593,678</u>	<u>78,490</u>
Total primary government	<u>37,803,650</u>	<u>40,713,524</u>	<u>43,279,490</u>	<u>40,598,602</u>
Change in net position				
Governmental activities	1,012,754	6,909,418	6,489,604	2,162,651
Business-type activities	<u>3,503,426</u>	<u>5,443,073</u>	<u>4,904,032</u>	<u>5,530,898</u>
Total primary government	<u>\$ 4,516,180</u>	<u>\$ 12,352,491</u>	<u>\$ 11,393,636</u>	<u>\$ 7,693,549</u>

Source: City's annual financial statements

2018	2019	2020	2021	2023	2023
\$ 36,658,748	\$ 38,636,830	\$ 40,650,305	\$ 42,583,648	\$ 44,332,235	\$ 46,116,218
5,173,080	5,658,307	4,977,778	5,646,493	8,263,773	7,480,045
1,288,833	-	-	-	-	-
733,912	1,468,783	1,332,096	723,864	(368,897)	911,429
1,195,623	266,640	249,270	126,134	387,625	680,610
-	114,911	-	155,016	252,943	-
-	2,421,260	(2,661,260)	-	-	-
<u>45,050,196</u>	<u>48,566,731</u>	<u>44,548,189</u>	<u>49,235,155</u>	<u>52,867,679</u>	<u>55,188,302</u>
828,498	2,220,521	1,886,090	853,758	(1,000,052)	858,208
-	33,061	-	-	-	-
-	(2,421,260)	2,661,260	-	-	-
<u>828,498</u>	<u>(167,678)</u>	<u>4,547,350</u>	<u>853,758</u>	<u>(1,000,052)</u>	<u>858,208</u>
<u>45,878,694</u>	<u>48,399,053</u>	<u>49,095,539</u>	<u>50,088,913</u>	<u>51,867,627</u>	<u>56,046,510</u>
2,715,832	8,756,315	4,018,384	11,679,461	13,824,704	8,865,114
5,413,552	4,362,048	5,528,314	2,802,066	(3,843,690)	(86,756)
<u>\$ 8,129,384</u>	<u>\$ 13,118,363</u>	<u>\$ 9,546,698</u>	<u>\$ 14,481,527</u>	<u>\$ 9,981,014</u>	<u>\$ 8,778,358</u>

concluded.

CITY OF NOVI, MICHIGAN

Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2014	2015	2016	2017
General fund				
Nonspendable	\$ 13,915	\$ 16,111	\$ 164,628	\$ 486,817
Restricted	272,654	30,176	25,240	24,189
Assigned	-	981,736	1,884,723	1,408,718
Unassigned	9,203,448	11,329,627	11,670,611	10,986,117
Total general fund	<u>9,490,017</u>	<u>12,357,650</u>	<u>13,745,202</u>	<u>12,905,841</u>
All other governmental funds				
Nonspendable	-	200	-	18,951
Restricted	35,240,527	36,911,606	36,323,281	31,696,279
Assigned	-	-	2,100,000	2,493
Unassigned (deficit)	-	(15,848)	(33,932)	(1,487)
Total all other governmental funds	<u>35,240,527</u>	<u>36,895,958</u>	<u>38,389,349</u>	<u>31,716,236</u>
Total all governmental funds	<u>\$ 44,730,544</u>	<u>\$ 49,253,608</u>	<u>\$ 52,134,551</u>	<u>\$ 44,622,077</u>

Source: City's annual financial statements

2018	2019	2020	2021	2022	2023
\$ 229,382	\$ 242,421	\$ 232,326	\$ 465,889	\$ 428,259	\$ 426,373
22,700	21,722	19,670	17,377	15,028	6,640
1,033,033	1,310,001	727,865	2,773,299	2,040,575	3,134,485
<u>10,533,951</u>	<u>9,722,965</u>	<u>9,616,267</u>	<u>10,418,637</u>	<u>13,925,291</u>	<u>10,877,896</u>
<u>11,819,066</u>	<u>11,297,109</u>	<u>10,596,128</u>	<u>13,675,202</u>	<u>16,409,153</u>	<u>14,445,394</u>
740	495,625	6,712,569	7,000,108	6,957,059	7,038,431
32,712,155	29,475,530	21,593,522	21,513,093	23,483,865	27,407,793
-	-	-	-	-	-
<u>275,737</u>	<u>(6,762,839)</u>	<u>(11,174,362)</u>	<u>(10,333,452)</u>	<u>(4,902,461)</u>	<u>(3,710,646)</u>
<u>32,988,632</u>	<u>23,208,316</u>	<u>17,131,729</u>	<u>18,179,749</u>	<u>25,538,463</u>	<u>30,735,578</u>
<u>\$ 44,807,698</u>	<u>\$ 34,505,425</u>	<u>\$ 27,727,857</u>	<u>\$ 31,854,951</u>	<u>\$ 41,947,616</u>	<u>\$ 45,180,972</u>

CITY OF NOVI, MICHIGAN

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2014	2015	2016	2017
Revenues				
Property taxes	\$ 30,059,401	\$ 31,673,469	\$ 32,932,970	\$ 33,087,219
Special assessments	1,678,070	1,878,475	1,604,014	25,336
Licenses, permits, and charges for services	3,848,403	3,521,819	4,542,923	4,005,981
Intergovernmental	8,262,964	8,651,460	9,653,887	9,870,824
Fines and forfeitures	1,054,660	639,474	757,403	661,549
Investment income (loss)	1,491,790	813,221	1,862,098	219,945
Other	2,763,087	5,545,676	5,007,027	5,759,163
Total revenues	49,158,375	52,723,594	56,360,322	53,630,017
Expenditures				
Current:				
City council	10,911	42,436	44,292	47,834
City manager	399,885	508,805	605,833	601,402
Finance	649,156	856,709	906,575	860,661
Treasury	285,976	320,633	314,398	329,479
Integrated solutions	864,178	774,627	1,058,956	1,094,249
Assessing	800,480	717,972	680,102	727,634
City attorney, insurance, and claims	375,926	707,655	736,524	634,805
City clerk	491,137	709,602	725,047	829,982
Facility management	919,912	1,131,978	1,172,435	1,786,574
Forestry and park maintenance	-	-	-	-
Human resources	423,452	422,818	414,577	394,393
Neighborhood and business relations group	846,432	943,332	1,260,956	958,328
General administration	1,596,080	2,419,173	2,395,339	3,749,428
Public safety - Police department	11,746,975	11,809,219	11,954,737	15,583,586
Public safety - Fire department	5,110,195	4,742,808	4,979,561	5,761,346
Community development - Building division	1,554,167	1,597,622	2,088,270	1,926,104
Community development - Planning division	586,948	513,832	736,558	530,385
Department of public works	2,960,570	173,913	255,647	746,075
Engineering	-	-	-	-
Construction	3,652,031	5,947,254	8,075,475	10,330,582
Street maintenance	3,616,794	3,601,702	3,760,085	5,160,645
Drain maintenance	426,799	-	-	-
Recreational programs	2,345,313	2,377,159	3,772,846	3,765,974
Library programs	2,843,791	2,815,266	2,779,842	2,768,005
Economic development	-	-	-	-
Debt service:				
Principal	3,450,000	3,505,000	4,051,000	2,340,000
Interest and fiscal charges	960,680	833,894	818,163	455,020
Capital outlay	1,555,065	727,121	-	-
Total expenditures	48,472,853	48,200,530	53,587,218	61,382,491

2018	2019	2020	2021	2022	2023
\$ 36,658,748	\$ 38,636,830	\$ 40,650,305	\$ 42,583,648	\$ 44,332,235	\$ 46,116,218
49,598	48,861	35,829	35,829	35,829	35,829
3,466,502	7,408,819	6,811,251	6,297,547	5,571,654	5,894,040
11,580,519	12,048,707	11,784,904	17,888,798	19,373,669	16,601,531
677,681	820,770	567,292	480,860	471,441	539,415
734,650	2,263,009	1,917,241	959,562	(746,873)	1,291,600
6,307,787	3,537,910	2,399,717	2,249,472	2,710,731	3,534,843
<u>59,475,485</u>	<u>64,764,906</u>	<u>64,166,539</u>	<u>70,495,716</u>	<u>71,748,686</u>	<u>74,013,476</u>
59,258	46,815	83,873	63,165	45,178	49,952
633,358	647,112	684,132	594,169	679,226	675,298
962,018	960,130	867,556	869,678	899,174	998,525
346,965	331,059	325,683	382,789	442,560	435,986
995,548	1,168,737	1,332,851	1,526,898	1,387,063	1,637,831
796,566	788,255	785,872	782,795	916,200	746,503
681,227	747,932	696,458	697,077	1,059,326	740,544
707,748	884,283	1,021,388	901,185	811,120	1,006,396
2,155,715	2,302,322	1,244,818	1,432,810	1,273,596	1,638,857
-	1,389,177	1,121,928	1,054,029	1,062,152	1,416,379
487,489	498,429	507,682	522,690	539,817	751,532
756,466	1,046,015	937,573	894,707	914,557	1,299,491
3,486,735	3,367,005	3,489,033	3,909,603	3,161,031	2,983,003
13,686,649	13,286,226	13,711,285	14,530,407	14,756,986	15,632,927
5,791,591	7,697,519	6,693,640	6,703,280	7,357,554	6,736,560
2,040,944	1,963,524	2,142,362	1,855,640	1,905,997	2,144,838
590,816	591,019	513,348	520,413	671,858	845,766
6,852,777	11,387,750	1,354,702	3,191,538	3,172,522	4,069,549
-	516,477	187,517	333,346	363,257	358,487
7,826,415	6,166,795	5,059,575	2,185,750	2,112,370	3,384,151
1,875,569	9,925,159	10,370,753	13,178,389	11,808,368	12,863,109
-	578,171	703,158	724,534	717,907	975,320
3,752,479	6,826,606	9,932,172	4,835,649	3,526,437	4,022,237
2,928,428	3,049,354	3,039,985	3,053,271	3,256,463	3,491,515
529,753	161,225	128,836	150,762	353,226	362,113
920,000	965,000	1,015,000	1,070,000	1,135,000	1,195,000
425,350	398,292	588,731	591,630	425,026	318,251
-	-	-	-	-	-
<u>59,289,864</u>	<u>77,690,388</u>	<u>68,539,911</u>	<u>66,556,204</u>	<u>64,753,971</u>	<u>70,780,120</u>

continued...

CITY OF NOVI, MICHIGAN

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2014	2015	2016	2017
Revenues over (under) expenditures	\$ 685,522	\$ 4,523,064	\$ 2,773,104	\$ (7,752,474)
Other financing sources (uses)				
Issuance of long-term debt	-	-	9,995,301	-
Proceeds from sale of capital assets	-	-	-	-
Insurance recovery	-	-	-	-
Payment to refund bond escrow agent	-	-	(9,887,462)	-
Transfers in	13,758,461	13,615,847	13,834,940	7,561,984
Transfers out	(13,758,461)	(13,615,847)	(13,834,940)	(7,321,984)
Total other financing sources (uses)	-	-	107,839	240,000
Net changes in fund balances	<u>\$ 685,522</u>	<u>\$ 4,523,064</u>	<u>\$ 2,880,943</u>	<u>\$ (7,512,474)</u>
Debt services as a percentage of noncapital expenditures	<u>9.4%</u>	<u>9.1%</u>	<u>9.1%</u>	<u>4.6%</u>

Source: City's annual financial statements



2018	2019	2020	2021	2022	2023
\$ 185,621	\$ (12,925,482)	\$ (4,373,372)	\$ 3,939,512	\$ 6,994,715	\$ 3,233,356
-	-	-	-	-	-
-	114,911	215,383	157,230	3,089,374	-
-	87,038	41,681	30,352	8,576	-
-	-	-	-	-	-
5,551,500	10,797,120	6,342,329	7,746,716	6,997,881	5,584,200
(5,551,500)	(8,375,860)	(9,003,589)	(7,746,716)	(6,997,881)	(5,584,200)
-	2,623,209	(2,404,196)	187,582	3,097,950	-
<u>\$ 185,621</u>	<u>\$ (10,302,273)</u>	<u>\$ (6,777,568)</u>	<u>\$ 4,127,094</u>	<u>\$ 10,092,665</u>	<u>\$ 3,233,356</u>
<u>2.3%</u>	<u>2.8%</u>	<u>3.2%</u>	<u>3.3%</u>	<u>3.0%</u>	<u>2.7%</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		
2023	\$ 2,941,366,920	\$ 1,123,579,520	\$ 64,247,100	\$ 273,415,990	\$ 4,402,609,530
2022	2,775,266,092	1,085,214,260	60,114,070	278,095,777	4,198,690,199
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

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

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

Schedule 5
Unaudited



Tax Rate (mills)	State Equalized Value (SEV)	Taxable Value as a Percentage of Actual Value
10.5376	\$ 5,268,635,410	83.56%
10.5376	5,117,122,329	82.05%
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%

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
2023	4.7505	0.0113	1.4197	1.3518	0.3648	0.6107	0.9514	0.7303
2022	4.7505	0.0119	1.4197	1.3518	0.3648	0.6101	0.9514	0.7303
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

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	9.0442	28.8580	7.0000	25.0000	4.5969	21.3430	4.3396	22.3396
0.3471	10.5376	9.1832	25.1550	7.0000	25.0000	6.0742	21.5648	4.5816	22.5816
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

continued...

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
2023	5.7577	1.4891	2.2700	3.1658	5.4275	6.0000
2022	4.0132	1.5057	2.2700	3.2012	5.4520	6.0000
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

concluded.

Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	Fiscal 2014 (2013 Taxable Value)			Fiscal 2023 (2022 Taxable Value)		
	Taxable Value	Rank	Percentage of Total	Taxable Value	Rank	Percentage of Total
Redwood-ERC Novi LLC/Fox Run Village	\$ 32,827,540	4	1.1%	\$ 70,200,820	1	1.6%
TVO Mall Owner LLC/Twelve Oaks Mall (Ta	50,060,570	1	1.6%	56,879,690	2	1.3%
Singh Development /Waltonwood	43,786,500	3	1.4%	45,480,860	3	1.0%
International Transmission Co	28,007,760	5	0.9%	36,612,580	4	0.8%
Providence Hospital	23,211,650	9	0.8%	37,860,250	5	0.9%
Detroit Edison	27,083,160	7	0.9%	37,283,210	6	0.8%
Occidental Development Ltd.	27,467,160	6	0.9%	33,086,230	7	0.8%
Haggerty Corp./HCP Land LLC				30,820,970	8	0.7%
TBON LLC (Bowman)	25,450,990	8	0.8%	29,490,750	9	0.7%
GR Meadowbrook LLC				22,211,100	10	0.5%
Northern Equities, et al	49,828,970	2	1.6%			
Sun Valley, Ltd./Foundation Walk	15,195,400	10	0.5%			
	<u>\$ 322,919,700</u>		<u>10.51%</u>	<u>\$ 399,926,460</u>		<u>9.08%</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 ⁽¹⁾	Total Collections to Date	
		Current Tax Collection	Percent of Levy Collected		Total Tax Collection ⁽²⁾	Collections as a Percent of Levy
2023	\$ 48,736,463	\$ 48,258,357	99.02%	\$ 388,721	\$ 48,647,078	99.82%
2022	47,433,163	46,807,690	98.68%	541,820	47,349,510	99.82%
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%

⁽¹⁾ Delinquent Tax Collection represents amounts received in the indicated fiscal year.

⁽²⁾ 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			
2023	\$ 5,265,000	\$ 384,091	\$ -	\$ 3,520,000	\$ -	\$ 9,169,091	0.21%	137.71
2022	7,655,000	640,151	-	6,230,000	-	14,525,151	0.35%	219.27
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

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
2023	\$ 9,169,091	\$ 281,746	\$ 8,887,345	0.20%	\$ 133.48
2022	14,525,151	142,548	14,382,603	0.34%	217.12
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

Source: City's finance department records

Direct and Overlapping Governmental Activities Debt

June 30, 2023

	Net Debt Outstanding	Percentage Applicable to City	Estimated Share of Overlapping Debt
Direct debt			
City of Novi	\$ 5,649,091	100.00%	<u>\$ 5,649,091</u>
Overlapping debt			
Novi School District	154,205,000	99.86%	153,989,113
Northville School District	143,075,000	19.00%	27,184,250
Walled Lake School District	313,745,000	12.88%	40,410,356
South Lyon School District	178,470,000	4.05%	7,228,035
Oakland County	181,894,707	6.18%	11,241,093
Oakland Intermediate School District	39,675,000	5.22%	2,071,035
Wayne Intermediate School District	-	1.37%	-
Oakland Community College	-	5.02%	-
Schoolcraft Community College	49,360,000	4.98%	<u>2,458,128</u>
Net overlapping debt			<u>244,582,010</u>
Total direct and overlapping debt			<u><u>\$ 250,231,101</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

Assessed value			<u>\$ 5,268,635,410</u>
Legal debt limit (10% of SEV)			\$ 526,863,541
Gross indebtedness	\$ 9,169,091		
Amount available in debt service funds	<u>(281,746)</u>		
Net bonded debt			<u>8,887,345</u>
Legal debt margin			<u>\$ 517,976,196</u>
Net bonded debt as a percentage of assessed value			<u>0.17%</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
2023	\$ 526,863,541	\$ 8,887,345	\$ 517,976,196	1.69%
2022	511,712,233	11,704,573	500,007,660	2.29%
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%

Source: City's finance department records

Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Special Assessment Collections	Debt Service	Coverage
2023	\$ -	\$ -	-
2022	-	-	-
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

Source: City's annual financial statements

Demographic and Economic Statistics

Last Ten Fiscal Years

Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2023	66,584	*	*	2.00%
2022	66,243	*	*	2.40%
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%

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	2014			2023		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
St. John Health/Ascension Providence	878	2	1.34%	2,230	1	3.45%
Novi Community Schools	950	1	1.45%	905	2	1.40%
Harman				848	3	1.31%
Ryder System	700	4	1.07%	660	4	1.02%
Lineage Logistics				655	5	1.01%
ITC Holding, Inc.	442	5	0.67%	544	6	0.84%
Yanfeng				475	7	0.74%
Intier/Magna	354	6	0.54%	379	8	0.59%
Hanon				351	9	0.54%
Fox Run	768	3	1.17%	306	10	0.47%
Cooper-Standard Automotive	270	7	0.41%			
Comau North America	256	8	0.39%			
Michigan Cat	255	9	0.39%			
CVS Michigan, LLC	250	10	0.38%			
	<u>5,123</u>		<u>7.81%</u>	<u>7,353</u>		<u>11.38%</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	2014	2015	2016	2017
Full-time				
City Manager	3.00	3.00	3.00	3.00
Finance Department (1)	9.00	9.00	9.00	9.00
Information Technology	5.00	5.00	6.00	7.00
Assessing	5.00	5.00	5.00	5.00
City Clerk	5.00	5.00	5.00	5.00
Facility Operations	2.00	2.00	3.00	3.00
Human Resources (3)	4.00	4.00	4.00	4.00
Department of Public Safety	113.00	115.00	115.00	118.00
Department of Public Services (4)	35.00	34.00	36.00	36.00
Parks, Recreation, and Cultural Services	11.00	11.00	12.00	12.00
Water and sewer	14.00	14.00	14.00	14.00
Library	20.00	20.00	17.00	16.00
Community Relations	4.00	3.00	6.00	6.00
Economic Development	-	-	-	-
Community Development (2)	21.00	21.00	21.00	21.00
	<u>251.00</u>	<u>251.00</u>	<u>256.00</u>	<u>259.00</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

2018	2019	2020	2021	2022	2023
3.00	3.00	3.00	3.00	3.00	3.00
9.00	9.00	9.00	8.00	9.00	8.25
7.00	8.00	8.00	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	4.00	4.00
4.00	4.00	4.00	4.00	4.00	5.00
123.00	125.00	121.00	121.00	126.00	129.00
36.00	37.25	37.00	36.00	36.25	36.50
12.00	12.00	12.00	10.00	13.00	11.00
14.00	13.75	12.00	12.00	13.75	15.25
16.00	16.00	17.00	19.00	19.00	20.00
6.00	6.00	6.00	5.00	5.00	5.00
1.00	1.00	-	1.00	1.00	1.00
21.00	21.00	20.00	20.00	22.00	23.00
<u>265.00</u>	<u>269.00</u>	<u>262.00</u>	<u>260.00</u>	<u>274.00</u>	<u>279.00</u>

CITY OF NOVI, MICHIGAN

Operating Indicators by Function / Program

Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017
Election Data				
Registered voters	39,248	39,341	38,706	39,706
Voters at polls	4,719	14,341	3,423	20,160
Absentee ballots	2,599	5,029	2,588	9,937
Percent voting	19%	49%	154%	76%
Police				
Part A crimes	1,736	1,654	1,508	1,596
Part B crimes	673	622	638	577
Injury accidents	276	295	300	273
Property damage	1,153	1,037	1,084	1,174
Moving traffic violations	8,487	8,216	7,916	5,904
Parking violations	185	75	231	392
Adult arrests	2,355	2,574	2,428	1,965
Juvenile arrests	142	98	98	100
OUIL arrests	268	164	217	145
False alarms	2,538	2,164	2,094	2,074
Fire				
Fire incidents	120	113	124	78
Service incidents	1,345	457	642	502
Fire inspections conducted	2,929	3,108	2,898	2,944
Medical emergencies	3,425	3,811	3,784	4,064
Paid-on-call staff	54	39	71	63
Parks and Recreation				
Youth classes/clinics	1,149	1,584	1,475	1,577
Adult classes/clinics	462	1,244	549	3,268
Youth leagues	2,471	2,199	2,934	3,403
Adult leagues	5,279	5,300	3,868	3,630
Summer day camp	334	498	747	691
Lakeshore Park vehicle entry (3)	15,462	14,391	14,995	14,620
Lakeshore Park attendance (3)	38,655	35,978	37,488	37,217
Lakeshore Park picnic shelter rental	125	120	231	150
Senior citizens served (4)	75,832	79,172	77,687	66,845
Special event attendance	20,028	16,840	18,153	26,026
Civic Center Rentals	1,560	1,058	1,203	916
Civic Center Attendance (5)	44,200	33,988	23,023	21,731
Novi Theaters - Cast (2)	293	86	-	-
Novi Theaters - Audience (2)	4,997	1,705	-	-

Schedule 17
Unaudited

2018	2019	2020	2021	2022	2023
40,661	40,720	41,877	45,457	46,161	46,822
4,126	18,472	4,027	9,811	4,143	14,434
4,141	8,921	6,333	25,945	7,625	14,637
20%	67%	25%	78%	25%	62%
1,454	1,246	1,115	1,133	1,208	1,337
1,128	1,009	808	474	525	618
339	262	254	262	299	368
1,413	1,446	1,457	904	1,607	1,448
5,427	3,376	2,742	6,039	4,825	4,107
755	317	389	22	27	104
2,101	1,996	1,306	955	810	926
119	64	25	14	15	95
186	135	119	92	111	130
1,885	1,312	1,847	2,290	1,929	1,666
95	84	80	133	98	109
543	720	687	616	1,910	2,356
2,322	2,057	2,945	4,048	2,581	2,390
4,175	4,439	4,516	4,566	5,246	5,708
67	59	54	62	40	30
1,790	2,172	1,801	2,011	2,618	3,167
2,750	2,856	2,201	823	2,593	3,599
2,724	2,652	2,229	2,381	2,850	3,106
4,373	3,549	2,319	3,217	3,423	3,556
864	1,017	295	495	1,867	1,998
10,285	-	-	-	-	-
25,713	-	-	-	-	-
166	48	-	204	773	433
65,395	73,015	58,587	50,261	78,623	70,914
27,670	26,645	14,321	2,268	5,289	6,512
1,074	747	214	12	104	370
22,156	20,135	12,030	284	4,695	-
-	-	-	-	-	-
-	-	-	-	-	-

continued...

CITY OF NOVI, MICHIGAN

Operating Indicators by Function / Program

Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017
Library (2)				
Items circulated	799,475	734,643	793,991	833,558
Book collections	152,236	149,941	140,895	141,129
Audio/Video/CD collections	25,677	27,776	29,077	29,737
Periodical subscriptions	242	207	207	218
Requests of Information	115,392	115,392	113,778	117,235
Youth Summer Reading	2,340	2,584	2,084	2,362
Program participants	40,010	40,901	46,854	56,026
Visitors	401,984	392,047	404,979	424,401
Interlibrary loans	106,250	105,588	112,016	115,222
Water and Sewer Customers:				
Residential	13,760	13,946	14,105	14,220
Commercial (1)	1,204	1,259	1,264	1,239
Water (in thousand gallons)				
Purchased from Detroit	2,216,075	1,835,567	2,276,389	2,349,960
Sold to residents	2,138,305	1,811,910	1,963,221	2,231,717
Rates				
Fixed rate quarterly water charge	\$ 57.00	\$ 57.00	\$ 80.00	\$ 56.00
Additional usage per 1,000 gallons	4.13	4.13	3.05	3.20
Fixed rate quarterly sewer charge	6.00	6.00	30.00	30.00
Sewer(per thousand gallons of water usage)	4.30	4.30	3.40	3.60

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

(2) Program eliminated in Fiscal Year 2016.

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

(4) As of June 30, 2022, department changed the way they calculate the number of seniors served. Seniors participating in fitness classes are included in the adult classes and leagues in 2022 since programs offered by class and skill, not by age.

(5) The City stopped tracking attendance after June 30, 2022.

Source: City's finance department records

Schedule 17
Unaudited

2018	2019	2020	2021	2022	2023
812,025	857,854	719,842	952,505	822,947	836,089
141,638	139,449	138,683	141,928	141,503	137,566
30,642	30,100	29,193	26,073	23,918	23,639
203	190	167	166	152	129
116,219	114,709	88,345	67,245	65,317	62,322
2,465	2,029	1,338	1,918	2,050	1,956
60,246	75,595	54,334	30,762	23,167	36,914
488,778	463,818	325,645	178,569	348,353	388,677
111,236	102,655	74,748	129,224	89,439	90,016
14,411	13,648	13,856	13,794	14,161	14,250
928	935	936	922	939	943
2,298,596	2,144,615	2,212,444	2,328,828	2,239,768	2,392,407
2,159,537	2,106,440	1,958,177	2,180,865	2,042,883	2,097,418
\$ 56.00	\$ 56.00	\$ 56.00	\$ 56.00	\$ 56.00	\$ 56.00
3.20	3.26	3.33	3.43	3.43	3.73
30.00	30.00	30.00	30.00	30.00	30.00
3.60	3.89	4.01	4.33	4.33	4.72

concluded.

CITY OF NOVI, MICHIGAN

Capital Asset Statistics by Function / Program

Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017
Police stations	1	1	1	1
Fire stations	4	4	4	4
Public works				
Miles of major streets	39	39	44	44
Miles of local streets	144	146	143	144
Estimated sidewalks in miles (1)	256	261	272	275
Bridges	4	10	10	10
Street lights	504	689	691	680
Parks and recreation				
Acres	1,260	1,288	1,276	1,277
Locations	13	15	17	17
Library				
Library branches	1	1	1	1
Water and sewer				
Miles of water mains	328	333	336	341
Miles of sanitary sewers	252	255	268	271
Fire hydrants	4,192	4,211	4,181	4,267

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



2018	2019	2020	2021	2022	2023
1	1	1	1	1	1
4	4	4	5	5	5
44	44	44	45	45	45
147	148	162	149	149	150
293	296	305	307	311	311
10	10	10	17	12	12
689	777	864	877	915	915
1,329	1,419	1,419	1,419	1,419	1,419
21	30	30	30	30	30
1	1	1	1	1	1
359	362	366	367	361	363
285	290	292	287	288	288
4,344	4,382	4,411	4,473	4,508	4,530

This page intentionally left blank.