

# MEMORANDUM



**TO:** Honorable Mayor and City Council Members

**FROM:** Clay J. Pearson, City Manager  
Kathy Smith-Roy, Finance Director/Treasurer

**CC:** Leadership Group

**SUBJECT:** Quarterly Financial Information Report  
*Q2 FY 2011/12*

**DATE:** January 18, 2012

*1/18/12*  
*To: Mayor & City Council Members*  
*For your review*  
*[Signature]*

The purpose of this memorandum is to transmit certain financial information for the second quarter ended December 31, 2011. Given the economic conditions the City is facing currently and moving forward; this transmittal will also highlight several short-term (current fiscal year) topics that we are most closely managing. Community Development fees are tracking higher with nearly 86% of budgeted revenue received during through the second quarter. There are no other significant items to highlight.

## Revenue and Expenditures/Budget and Actual Second Quarter Ended December 31, 2011 Review Highlights

### I. General Fund Revenue

Overall, actual revenue for the six months ended December 31, 2011 was \$21.3 million representing 73% of budgeted revenue.

- A. Property Tax budget of \$14.5 million represents 50% of General Fund Revenue Budget of \$29 million.
  1. Tax Tribunals – The City has recorded a liability for unsettled cases in all funds with property tax revenue as of the fiscal year ended June 30, 2011. Additionally, \$75 million of taxable value has been set as a reserve against the 2012 taxable value. At this time the combination of these reserves appears adequate to cover the outstanding cases and projections for the fiscal year.
  2. State Shared Revenue – Budgeted for \$3.57 million represents 12.3% of fiscal year ended June 30, 2012 General Fund Annual Revenue. Receipts from the State Treasury are scheduled to be received in October, December, February, April, June and August (generally received the first week of the following month). The City is expected to receive an additional \$600,000 in 2011-12 as compared to the prior year as a result of the 2010 census. The State revised the 2011-12 constitutional revenue payment projections, the City's estimated state shared revenue is \$3.9 million; **\$360,900 greater than budgeted.**
- B. Investment Income – The budget of \$261,000 compares to the actual through December of approximately \$113,600. Investments are made in institutions meeting the requirements of State regulations and the City's investment policy. Please see the quarterly investment report for additional information.

- C. Licenses, Permits and Charges for Services Revenue – The budget of \$2.31 million, compares to the actual through December of \$1.83 million. The building permit activity and police revenue collections are tracking higher than anticipated.

## **II. General Fund Expenditures**

Overall, total actual expenditures for the six months ended were \$14.48 million or 49.7% of the \$29.1 million expenditure budget.

- A. Several steps have been taken to align resources with workload. Savings continue from a reduction in positions as well as reductions in smaller operating line items. Future savings are anticipated through future contract awards.
- B. Other expenditures appear to be in line with the budget when cyclical items are taken into consideration. For example, the property and liability insurance was paid in entirety for the fiscal year in July. Included in the Personnel Services category are the transfers to the Retiree Health Care Fund for the entire fiscal year was made in September in the amount of \$1,498,004 (City-wide). The Personnel Services category includes the payroll ended December 23, 2011.

## **III. Other Funds**

### **A. Special Revenue Funds**

There are no significant items to highlight in this report. Those Special Revenue Funds with property tax revenue have included an allowance of \$75 million in taxable value the same as the General Fund (as well as a liability account for unresolved cases as of June 30, 2011). The Special Revenue Funds like the General Fund are reported on a modified accrual basis at year-end, and the budgeted amounts represent the amended budget as approved by City Council.

### **B. Debt Service Funds**

There are no significant items to highlight in this report. Those Debt Service Funds with property tax revenue have included an allowance of \$75 million in taxable value the same as the General Fund (as well as a liability account for unresolved cases as of June 30, 2011). The State Budgeting Act does not require the budget for these funds be adopted by City Council.

### **C. Enterprise Funds**

The Enterprise Funds are business-type funds that are reported on a full-accrual accounting basis (adjustments made at the end of the fiscal year). As such, certain items are like debt service and capital outlay are recorded differently than the governmental funds. The budget for these funds is not required by the State Budgeting Act.

### **D. Fiduciary Fund – Retiree Health Care fund**

This expendable trust fund accounts for medical benefits provided to retirees that retired after June 30, 1994. Medical benefits for individuals that retired prior to that



date are recorded in the General Fund, and are reported as additional contributions in the City's annual financial report. The net investment loss for the period of approximately \$700,000 is in line with the City's benchmarks (loss less than other market indices), and should be considered against the gain in the prior fiscal year of approximately 15%, or \$2.55 million. The activity in this fund should be viewed on a long-term basis.

E. Component Unit – Economic Development Corporation (EDC)

This fund is a component unit of the City. The annual financial statements are provided to the EDC and the City Council.

If you have any questions, or need any additional information, please do not hesitate to contact us.

**CITY OF NOVI**  
**REVENUES & EXPENDITURES**  
**Period Ended December 31, 2011**

DESCRIPTION	AMENDED BUDGET	FISCAL YEAR-TO-DATE	% OF BUDGET USED
<b>Fund 101 - GENERAL FUND 101</b>			
<b>Revenues</b>			
Property tax revenue	\$ 14,526,000	\$ 14,776,299	101.7%
Trailer fees	7,900	3,885	49.2%
Penalty and interest	195,000	(8)	0.0%
Licenses, permits & charges for services	2,309,450	1,826,081	79.1%
Federal grants	35,400	25,035	70.7%
State sources	3,599,720	1,386,376	38.5%
Other revenue	493,095	515,290	104.5%
Fines and forfeitures	484,500	246,898	51.0%
Interest income	261,000	113,638	43.5%
Transfers in	2,380,000	2,380,000	100.0%
Appropriation of fund balance	4,842,110		
<b>Total Revenue</b>	<b>\$ 29,134,175</b>	<b>\$ 21,273,494</b>	<b>73.0%</b>
<b>Expenditures</b>			
<b>Dept 101.00: CITY COUNCIL</b>			
Personnel services	\$ 4,625	\$ 1,788	38.7%
Other services and charges	9,647	2,203	22.8%
	<b>\$ 14,272</b>	<b>\$ 3,991</b>	<b>28.0%</b>
<b>Dept 172.00: CITY MANAGER</b>			
Personnel services	\$ 380,127	\$ 189,616	49.9%
Other services and charges	32,424	10,691	33.0%
Supplies	472	295	62.4%
Capital outlay	24,000	0	0.0%
	<b>\$ 437,023</b>	<b>\$ 200,601</b>	<b>45.9%</b>
<b>Dept 201.00: FINANCE DEPARTMENT</b>			
Personnel services	\$ 695,561	\$ 350,433	50.4%
Other services and charges	72,080	57,043	79.1%
Capital outlay	40,700	3,235	8.0%
	<b>\$ 808,341</b>	<b>\$ 410,711</b>	<b>50.8%</b>
<b>Dept 205.00: INFORMATION TECHNOLOGY</b>			
Personnel services	488,461	224,781	46.0%
Other services and charges	126,030	66,629	52.9%
Supplies	34,100	12,440	36.5%
	<b>\$ 648,591</b>	<b>\$ 303,851</b>	<b>46.8%</b>

**CITY OF NOVI**  
**REVENUES & EXPENDITURES**  
**Period Ended December 31, 2011**

DESCRIPTION	AMENDED BUDGET	FISCAL YEAR-TO-DATE	% OF BUDGET USED
<b>Dept 209.00: ASSESSING DEPARTMENT</b>			
Personnel services	\$ 461,955	\$ 210,600	45.6%
Other services and charges	257,455	158,408	61.5%
Supplies	11,300	924	8.2%
	<b>\$ 730,710</b>	<b>\$ 369,932</b>	<b>50.6%</b>
<b>Dept 210.00: CITY ATTORNEY</b>			
Other services and charges	<b>\$ 372,000</b>	<b>\$ 229,579</b>	<b>61.7%</b>
<b>Dept 215.00: CLERKS OFFICE</b>			
Personnel services	\$ 455,511	\$ 235,192	51.6%
Other services and charges	32,050	8,607	26.9%
Supplies	27,000	7,335	27.2%
Capital outlay	27,380	0	0.0%
	<b>\$ 541,941</b>	<b>\$ 251,135</b>	<b>46.3%</b>
<b>Dept 253.00: TREASURY</b>			
Personnel services	\$ 223,173	\$ 113,029	50.7%
Other services and charges	49,691	18,132	36.5%
Supplies	15,550	6,966	44.8%
	<b>\$ 288,414</b>	<b>\$ 138,128</b>	<b>47.9%</b>
<b>Dept 265.00: FACILITY OPERATIONS</b>			
Personnel services	\$ 255,727	\$ 118,503	46.3%
Other services and charges	395,690	208,392	52.7%
Supplies	22,800	6,829	30.0%
Capital outlay	284,000	29,920	10.5%
	<b>\$ 958,217</b>	<b>\$ 363,644</b>	<b>38.0%</b>
<b>Dept 270.00: HUMAN RESOURCES</b>			
Personnel services	\$ 330,642	\$ 168,460	51.0%
Other services and charges	67,625	31,450	46.5%
	<b>\$ 398,267</b>	<b>\$ 199,910</b>	<b>50.2%</b>
<b>Dept 295.00: NEIGHBORHOOD &amp; BUSINESS RELATIONS GROUP</b>			
Personnel services	\$ 379,307	\$ 180,622	47.6%
Other services and charges	391,580	125,803	32.1%
Supplies	9,800	5,242	53.5%
Capital outlay	281,340	0	0.0%
	<b>\$ 1,062,027</b>	<b>\$ 311,667</b>	<b>29.3%</b>
<b>Dept 299.00: GENERAL ADMINISTRATION</b>			
Personnel services	\$ 1,014,874	\$ 438,261	43.2%
Other services and charges	500,516	340,832	68.1%
Supplies (timing of postage allocations)	42,490	11,250	26.5%
Capital outlay	6,300	6,221	98.7%
	<b>\$ 1,564,180</b>	<b>\$ 796,563</b>	<b>50.9%</b>

**CITY OF NOVI**  
**REVENUES & EXPENDITURES**  
**Period Ended December 31, 2011**

DESCRIPTION	AMENDED BUDGET	FISCAL YEAR-TO-DATE	% OF BUDGET USED
<b>Dept 301.00 &amp; 337.00: PUBLIC SAFETY</b>			
Personnel services	\$ 14,351,061	\$ 7,670,337	53.4%
Other services and charges	1,318,941	625,305	47.4%
Supplies	301,310	132,589	44.0%
Capital outlay	6,300	6,486	103.0%
	<b>\$ 15,977,612</b>	<b>\$ 8,434,717</b>	<b>52.8%</b>
<b>Dept 371.00 &amp; 807.00: COMMUNITY DEVELOPMENT</b>			
Personnel services	\$ 1,611,011	\$ 863,796	53.6%
Other services and charges	294,570	93,384	31.7%
Supplies	48,900	15,691	32.1%
Capital outlay	59,300	13,100	22.1%
	<b>\$ 2,013,781</b>	<b>\$ 985,971</b>	<b>49.0%</b>
<b>Dept 442: DEPARTMENT OF PUBLIC SERVICES</b>			
Personnel services	\$ 2,942,271	\$ 1,441,739	49.0%
Other services and charges	845,363	392,305	46.4%
Supplies	143,525	47,321	33.0%
Capital outlay	1,149,810	315,192	27.4%
Allocated to other funds	(2,071,120)	(1,009,881)	48.8%
	<b>\$ 3,009,849</b>	<b>\$ 1,186,675</b>	<b>39.4%</b>
<b>Dept 800.00: PLANNING COMMISSION</b>			
Other services and charges	\$ 12,800	\$ 475	3.7%
Supplies	250	224	89.6%
	<b>\$ 13,050</b>	<b>\$ 699</b>	<b>5.4%</b>
<b>Dept 940.00: TRANSFER TO OTHER FUNDS</b>			
Transfers out	\$ 295,900	\$ 289,173	97.7%
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>\$ 29,134,175</b>	<b>\$ 14,476,949</b>	<b>49.7%</b>

**CITY OF NOVI**  
**REVENUES & EXPENDITURES**  
**Period Ended December 31, 2011**

DESCRIPTION	AMENDED BUDGET	FISCAL YEAR-TO-DATE	% OF BUDGET USED
<b>Fund 202 - MAJOR STREET FUND</b> (excluding SAD's)			
<b>Revenue</b>			
Gas and Weight Tax	\$ 2,080,400	\$ 761,873	36.6%
Interest income	2,300	433	18.8%
Appropriation of fund balance	737,920		
<b>Total Revenue</b>	<b>\$ 2,820,620</b>	<b>\$ 762,305</b>	<b>27.0%</b>
<b>Expenditures</b>			
Transfers out	\$ 520,100	\$ 272,981	52.5%
Construction	1,139,620	487,872	42.8%
Administration	500	500	100.0%
Maintenance	1,160,400	346,831	29.9%
<b>Total Expenditures</b>	<b>\$ 2,820,620</b>	<b>\$ 1,108,183</b>	<b>39.3%</b>
<b>Fund 203 - LOCAL STREET FUND</b> (excluding SAD's)			
<b>Revenue</b>			
Gas and Weight Tax	\$ 728,300	\$ 274,411	37.7%
Other income	0	592	100.0%
Interest income	1,900	993	52.3%
Transfers in	1,420,100	1,172,981	82.6%
Appropriation of fund balance	1,138,050		
<b>Total Revenue</b>	<b>\$ 3,288,350</b>	<b>\$ 1,448,977</b>	<b>44.1%</b>
<b>Expenditures</b>			
Construction	\$ 2,367,250	\$ 906,702	38.3%
Maintenance	920,600	459,579	49.9%
Administration	500	500	100.0%
<b>Total Expenditures</b>	<b>\$ 3,288,350</b>	<b>\$ 1,366,781</b>	<b>41.6%</b>
<b>Fund 204 - MUNICIPAL STREET FUND</b> (excluding SAD's)			
<b>Revenue</b>			
Special assessments levied	\$ 15,370	\$ 18,442	120.0%
Property tax revenue	2,234,000	2,272,370	101.7%
Interest income	14,880	11,748	78.9%
Other revenue	93,390	34,486	36.9%
Appropriation of fund balance	1,391,020		
<b>Total Revenue</b>	<b>\$ 3,748,660</b>	<b>\$ 2,337,045</b>	<b>62.3%</b>
<b>Expenditures</b>			
Construction	\$ 3,253,010	\$ 1,183,995	36.4%
Maintenance	430,000	64,389	15.0%
Administration	15,200	14,300	94.1%
Capital outlay	48,750	-	0.0%
<b>Total Expenditures</b>	<b>\$ 3,746,960</b>	<b>\$ 1,262,684</b>	<b>33.7%</b>

**CITY OF NOVI**  
**REVENUES & EXPENDITURES**  
**Period Ended December 31, 2011**

DESCRIPTION	AMENDED BUDGET	FISCAL YEAR-TO-DATE	% OF BUDGET USED
<b>Fund 205 - PUBLIC SAFETY FUND</b>			
<b>Revenue</b>			
Property tax revenue	\$ 4,134,000	\$ 4,204,430	101.7%
Interest income	38,900	3,144	8.1%
Appropriation to fund balance	<u>(1,792,900)</u>		
<b>Total Revenue</b>	<u>\$ 2,380,000</u>	<u>\$ 4,207,574</u>	<u>176.8%</u>
<b>Expenditures</b>			
Transfers out	<u>\$ 2,380,000</u>	<u>\$ 2,380,000</u>	<u>100.0%</u>
<b>Fund 208 - PARKS, RECREATION &amp; FOREST 208</b>			
<b>Revenue</b>			
Property tax revenue	\$ 1,116,000	\$ 1,135,449	101.7%
Federal grants	550,806	7,702	1.4%
Program revenue	977,140	628,406	64.3%
Older adult program revenue	150,059	79,891	53.2%
Interest income	5,000	3,971	79.4%
Other revenue	5,000	4,171	83.4%
Transfers in	51,000	1,306	2.6%
Appropriation of fund balance	736,430		
<b>Total Revenue</b>	<u>\$ 3,591,435</u>	<u>\$ 1,860,897</u>	<u>51.8%</u>
<b>Expenditures</b>			
Personnel services	\$ 893,188	\$ 422,025	47.2%
Other services and charges	534,821	185,258	34.6%
Supplies	50,180	8,345	16.6%
Capital outlay	1,169,290	142,176	12.2%
Program expenditures	693,841	379,010	54.6%
Older Adult Program expenditures	250,115	90,540	36.2%
<b>Total Expenditures</b>	<u>\$ 3,591,435</u>	<u>\$ 1,227,354</u>	<u>34.2%</u>
<b>Fund 209 - TREE FUND</b>			
<b>Revenue</b>			
Interest income	\$ 10,200	\$ 3,802	37.3%
Other revenue	10,500	10,000	95.2%
Appropriation of fund balance	279,300	-	
<b>Total Revenue</b>	<u>\$ 300,000</u>	<u>\$ 13,802</u>	<u>4.6%</u>
<b>Expenditures</b>			
Other services and charges	\$ 75,000	\$ 2,850	3.8%
Capital - trees	225,000	15,060	6.7%
	<u>\$ 300,000</u>	<u>\$ 17,910</u>	<u>6.0%</u>



**CITY OF NOVI**  
**REVENUES & EXPENDITURES**  
 Period Ended December 31, 2011

DESCRIPTION	AMENDED BUDGET	FISCAL YEAR-TO-DATE	% OF BUDGET USED
<b>Fund 210 - DRAIN FUND</b> (excluding SAD's)			
<b>Revenue</b>			
Property tax revenue	\$ 765,000	\$ 779,560	101.9%
Federal grants	202,500	-	0.0%
Interest income	54,800	20,372	37.2%
Other income	5,000	24,675	493.5%
Appropriation of fund balance	1,028,690		
<b>Total Revenue</b>	<b>\$ 2,055,990</b>	<b>\$ 824,608</b>	<b>40.1%</b>
<b>Expenditures</b>			
Construction	\$ 1,177,640	\$ 633,927	53.8%
Administration	50,400	7,388	14.7%
Maintenance	779,200	473,068	60.7%
Capital outlay	48,750	-	0.0%
<b>Total Expenditures</b>	<b>\$ 2,055,990</b>	<b>\$ 1,114,383</b>	<b>54.2%</b>
<b>Dept 211 - DRAIN PERPETUAL MAINTENANCE</b>			
<b>Revenue</b>			
Tap-in fees	\$ -	\$ 36,275	100.0%
Interest income	89,500	46,531	52.0%
Appropriation to fund balance	(89,500)		
<b>Total Revenue</b>	<b>\$ -</b>	<b>\$ 82,806</b>	<b>-</b>
<b>Fund 235 - SPECIAL ASSESSMENT REVOLVING FUND</b>			
<b>Revenue</b>			
Interest income	\$ 25,000	\$ 3,822	15.3%
Appropriation to fund balance	875,500		
	<b>\$ 900,500</b>	<b>\$ 3,822</b>	<b>-</b>
<b>Expenditures</b>			
Other services and charges	\$ 500	\$ 410	82.0%
Transfers out	900,000	900,000	100.0%
	<b>\$ 900,500</b>	<b>\$ 900,410</b>	<b>-</b>
<b>Fund 265 - CONTRIBUTIONS &amp; DONATIONS FUND</b>			
<b>Revenue</b>			
Interest income	\$ 1,520	\$ 561	36.9%
Donations	51,000	2,510	4.9%
Appropriation to fund balance	(1,520)		
<b>Total Revenue</b>	<b>\$ 51,000</b>	<b>\$ 3,071</b>	<b>6.0%</b>
<b>Expenditures</b>			
Supplies & program expenditures	\$ -	\$ 1,484	100.0%
Transfers out	51,000	1,306	2.0%
<b>Total Expenditures</b>	<b>\$ 51,000</b>	<b>\$ 2,790</b>	<b>5.5%</b>

**CITY OF NOVI**  
**REVENUES & EXPENDITURES**  
**Period Ended December 31, 2011**

DESCRIPTION	AMENDED BUDGET	FISCAL YEAR-TO-DATE	% OF BUDGET USED
<b>Fund 266 - FORFEITURE FUND</b>			
<b>Revenue</b>			
Fines and forfeitures	\$ 90,000	\$ 62,998	69.8%
Interest income	1,100	648	10.0%
Other revenue	-	8,016	100.0%
Appropriation of fund balance	372,370		
<b>Total Revenue</b>	<b>\$ 463,470</b>	<b>\$ 71,662</b>	<b>15.5%</b>
<b>Expenditures</b>			
Other services and charges	\$ 69,420	\$ 17,928	25.8%
Supplies	10,000	1,261	12.6%
Capital outlay	384,050	316,943	82.5%
<b>Total Expenditures</b>	<b>\$ 463,470</b>	<b>\$ 336,132</b>	<b>72.5%</b>
<b>Fund 268 - LIBRARY FUND</b>			
<b>Revenue</b>			
Property tax revenue	\$ 2,234,000	\$ 2,272,370	101.7%
State sources	20,000	9,889	49.5%
Fines and forfeitures	107,600	95,899	89.1%
Interest income	14,000	16,393	117.1%
Other revenue	35,850	26,709	74.5%
Donations	2,000	6,752	337.6%
Appropriation of fund balance	282,537		
<b>Total Revenue</b>	<b>\$ 2,695,987</b>	<b>\$ 2,428,012</b>	<b>90.1%</b>
<b>Expenditures</b>			
Personnel services	\$ 1,764,450	\$ 829,898	47.0%
Other services and charges	415,337	194,184	46.8%
Supplies	503,700	222,774	44.2%
Capital outlay	12,500	-	0.0%
Transfers out	-	10,258	100.0%
<b>Total Expenditures</b>	<b>\$ 2,695,987</b>	<b>\$ 1,257,115</b>	<b>46.6%</b>
<b>Fund 269 - WALKER LIBRARY FUND</b>			
<b>Revenue</b>			
Interest income	\$ 16,300	\$ 10,571	64.9%
Donations	-	20,705	100.0%
Transfers in	-	10,258	100.0%
Appropriation to fund balance	(16,300)		
<b>Total Revenue</b>	<b>\$ -</b>	<b>\$ 41,535</b>	<b>-</b>
<b>Expenditures</b>			
Other services and charges	\$ -	\$ -	0.0%
Supplies	-	5,372	100.0%
<b>Total Expenditures</b>	<b>\$ -</b>	<b>\$ 5,372</b>	<b>-</b>

**CITY OF NOVI**  
**REVENUES & EXPENDITURES**  
 Period Ended December 31, 2011

<b>Debt Service Funds</b>
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DESCRIPTION	BUDGET	FISCAL YEAR-TO-DATE	% OF BUDGET USED
<b>Fund 310 - 2002 GENERAL OBLIGATION LIMITED TAX BONDS</b>			
<b>Revenue - Transfers In</b>	\$ 295,900	\$ 289,173	97.7%
<b>Expenditures</b>			
Principal	\$ 275,000	\$ 275,000	100.0%
Interest expense	20,900	14,173	67.8%
<b>Total Expenditures</b>	<b>\$ 295,900</b>	<b>\$ 289,173</b>	<b>97.7%</b>
<b>Fund 317 - 2008 LIBRARY CONSTRUCTION DEBT FUND</b>			
<b>Revenue</b>			
Property tax revenue	\$ 558,700	\$ 569,204	101.9%
Interest on investments	800	482	60.3%
Appropriation of fund balance	600,000		
<b>Total Revenue</b>	<b>\$ 1,159,500</b>	<b>\$ 569,686</b>	<b>49.1%</b>
<b>Expenditures</b>			
Principal	\$ 500,000	\$ 500,000	100.0%
Interest expense	659,500	334,410	50.7%
<b>Total Expenditures</b>	<b>\$ 1,159,500</b>	<b>\$ 834,410</b>	<b>72.0%</b>

**CITY OF NOVI**  
**REVENUES & EXPENDITURES**  
**Period Ended December 31, 2011**

DESCRIPTION	BUDGET	FISCAL YEAR-TO-DATE THRU 3/31/11	% OF BUDGET USED
<b>Fund 395 - 2010 REFUNDING DEBT FUND</b>			
<b>Revenue</b>			
Property tax revenue	\$ 1,112,520	\$ 1,144,376	102.9%
Interest on investments	800	61	7.6%
Appropriation to fund balance	(25,000)		
<b>Total Revenue</b>	<b>\$ 1,088,320</b>	<b>\$ 1,144,437</b>	<b>105.2%</b>
<b>Expenditures</b>			
Principal	\$ 935,000	\$ 935,000	100.0%
Interest expense	153,320	81,354	53.1%
<b>Total Expenditures</b>	<b>\$ 1,088,320</b>	<b>\$ 1,016,354</b>	<b>93.4%</b>
<b>Fund 396 - 2003 REFUNDING DEBT</b>			
<b>Revenue</b>			
Property tax revenue	\$ 1,001,250	\$ 1,030,654	102.9%
Interest on investments	200	84	42.0%
Appropriation of fund balance	50,000		
<b>Total Revenue</b>	<b>\$ 1,051,450</b>	<b>\$ 1,030,738</b>	<b>98.0%</b>
<b>Expenditures</b>			
Principal	\$ 1,000,000	\$ 1,000,000	100.0%
Interest expense	51,450	34,010	66.1%
<b>Total Expenditures</b>	<b>\$ 1,051,450</b>	<b>\$ 1,034,010</b>	<b>98.3%</b>
<b>Fund 397 - 2002 STREET &amp; REFUNDING DEBT</b>			
<b>Revenue</b>			
Property tax revenue	\$ 2,831,940	\$ 2,848,347	100.6%
Interest on investments	1,000	2,741	274.1%
Appropriation of fund balance	200,000		
<b>Total Revenue</b>	<b>\$ 3,032,940</b>	<b>\$ 2,851,088</b>	<b>94.0%</b>
<b>Expenditures</b>			
Principal	\$ 2,745,000	\$ 2,745,000	100.0%
Interest expense	287,940	178,441	62.0%
<b>Total Expenditures</b>	<b>\$ 3,032,940</b>	<b>\$ 2,923,441</b>	<b>96.4%</b>



**CITY OF NOVI**  
**INTERIM STATEMENT OF CHANGES IN NET ASSETS**  
For the six months ended December 31, 2011

**Enterprise Funds**

DESCRIPTION	BUDGET	FISCAL YEAR-TO-DATE THRU 3/31/11	% OF BUDGET USED
<b>Fund 592 - WATER AND SEWER FUND</b> (excluding SAD's)			
<b>Operating Revenue</b>			
Sewer service charges	\$ 8,819,000	\$ 5,558,339	63.0%
Water sales	9,596,000	6,031,232	62.9%
Water installations	130,000	167,805	129.1%
IWC Charges	404,760	229,059	56.6%
Sewer inspection fees	10,000	11,340	113.4%
Penalty and interest	160,000	100,349	62.7%
Other revenue	25,500	4,962	19.5%
<b>Total operating revenue</b>	<b>\$ 19,145,260</b>	<b>\$ 12,103,086</b>	<b>63.2%</b>
<b>Operating Expenses</b>			
Personnel services	\$ 1,026,040	\$ 474,924	46.3%
Other services and charges	17,048,305	8,088,290	47.4%
Depreciation	3,600,000	1,722,456	47.9%
Supplies	53,500	35,730	66.8%
<b>Total operating expenses</b>	<b>\$ 21,727,845</b>	<b>\$ 10,321,400</b>	<b>47.5%</b>
<b>Income (Loss) - before non-operating and capital contributions</b>	<b>\$ (2,582,585)</b>	<b>\$ 1,781,686</b>	<b>-69.0%</b>
<b>Nonoperating - Interest Income</b>	<b>280,500</b>	<b>233,974</b>	<b>83.4%</b>
<b>Capital contributions</b>	<b>1,230,000</b>	<b>684,491</b>	<b>32.8%</b>
<b>Change in Net Assets</b>	<b>\$ (1,072,085)</b>	<b>\$ 2,700,151</b>	<b>-251.9%</b>

**CITY OF NOVI**  
**INTERIM STATEMENT OF CHANGES IN NET ASSETS**  
For the five months ended November 30, 2011

DESCRIPTION	BUDGET	FISCAL YEAR-TO-DATE THRU 3/31/11	% OF BUDGET USED
<b>Fund 590 - ICE ARENA FUND</b>			
<b>Operating Revenue</b>			
Program revenue	\$ 1,931,280	\$ 797,955	41.3%
Cell tower revenue	65,960	-	0.0%
Other revenue	1,500	-	0.0%
Pro Shop lease	18,000	7,500	25.0%
<b>Total operating revenue</b>	<b>\$ 2,016,740</b>	<b>\$ 805,455</b>	<b>39.9%</b>
<b>Operating Expenses</b>			
Other services and charges	\$ 999,822	\$ 398,425	39.9%
Program expenditures	171,979	55,961	32.5%
Depreciation	259,330	106,066	40.9%
Supplies	29,300	5,565	19.0%
<b>Total operating expenses</b>	<b>\$ 1,460,431</b>	<b>\$ 566,017</b>	<b>38.8%</b>
<b>Nonoperating Income (Expense)</b>			
Interest income	\$ 14,700	\$ 2,583	17.6%
Interest expense	(276,940)	(131,317)	47.4%
	<b>\$ (262,240)</b>	<b>\$ (128,734)</b>	<b>49.1%</b>
<b>Change in Net Assets</b>	<b>\$ 294,069</b>	<b>\$ 110,704</b>	<b>37.6%</b>
<b>Fund 594 - SENIOR HOUSING FUND</b>			
<b>Operating Revenue</b>			
Rental income	\$ 1,866,495	\$ 798,397	42.8%
Other revenue	19,120	8,031	42.0%
<b>Total operating revenue</b>	<b>\$ 1,885,615</b>	<b>\$ 806,428</b>	<b>42.8%</b>
<b>Operating Expenses</b>			
Other services and charges	\$ 638,962	\$ 230,183	36.0%
Depreciation	362,910	151,873	41.9%
Supplies	27,100	15,142	55.9%
<b>Total operating expenses</b>	<b>\$ 1,028,972</b>	<b>\$ 397,198</b>	<b>38.6%</b>
<b>Nonoperating Income (Expense)</b>			
Interest income	\$ 10,000	\$ 2,046	20.5%
Interest expense	(534,890)	(265,717)	49.7%
	<b>(524,890)</b>	<b>(263,671)</b>	<b>50.2%</b>
<b>Change in Net Assets</b>	<b>\$ 331,753</b>	<b>\$ 145,559</b>	<b>43.9%</b>

<b>Fiduciary Fund</b>
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**CITY OF NOVI**  
**STATEMENT OF ADDITIONS AND DEDUCTIONS**  
**For the six months ended December 31, 2011**

**Fund 710 - RETIREE HEALTH CARE FUND**

**Additions**

Contributions employer	\$ 1,498,004
Net investment loss	<u>(699,957)</u>
<b>Total Additions</b>	<u>798,047</u>

**Deductions** - Healthcare insurance premiums & actuary services (277,243)

**Change in Net Assets** \$ 520,804

<b>Component Unit</b>
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**CITY OF NOVI**  
**For the six months ended December 31, 2011**

**Fund 566 - ECONOMIC DEVELOPMENT CORPORATION**

**Revenue** - Interest income \$ 30

**Expenditures**

Personnel services	\$ 3,599
Other services and charges	<u>3,381</u>
	<u><u>\$ 6,980</u></u>